

SECOND DIVISION

[G.R. NO. 150862, August 03, 2006]

**THE HEIRS OF ATTY. JOSE C. REYES, NAMELY ELVIRA G. REYES,
JOSE G. REYES, MA. GUIA R. CANCIO, CARMELO G. REYES, MA.
GRACIA R. TINIO AND MA. REGINA PAZ G. REYES, PETITIONERS,
VS. REPUBLIC OF THE PHILIPPINES, RESPONDENT.**

D E C I S I O N

CORONA, J.:

Of all the issues to be resolved in this instant petition for review^[1] from a decision^[2] and resolution^[3] of the Court of Appeals, the most compelling is the question of when estoppel applies against the government and if such is the case here.

The history of the case, which spans a total of 44 years, follows.^[4]

It all began on July 17, 1961, when the spouses Dr. Casiano A. Sandoval and Luz Marquez de Sandoval applied for the registration of title over Cadastral Lot 7453 of the Santiago Cadastral Survey 211, situated in Cordon, Isabela containing an area of 15,303.5928^[5] hectares. This was docketed as LRC Case No. II-N-36, Court of First Instance^[6] of Isabela, Branch 2.

Philippine Cacao and Farm Products, Inc. opposed the application claiming ownership over a portion of the property.

The initial hearing was on March 30, 1962, during which the trial court issued an order of general default against the whole world except for respondent Republic of the Philippines. For nearly 20 years thereafter, nothing more transpired in the case.

On March 3, 1981, the heirs of Sandoval and Marquez, together with the Directors of the Bureau of Lands (now the Lands Management Bureau) and the Bureau of Forest Development, submitted a compromise agreement dated February 6, 1981 to the trial court for approval. The parties to the agreement were the heirs of Sandoval, represented by their attorney-in-fact Emmanuel Sandoval, the heirs of Clemencia Parasac, heirs of Liberato Bayaua, Atty. Jose C. Reyes, petitioners' predecessor-in-interest, Philippine Cacao and Farm Products, Inc. Bureau of Lands and the Bureau of Forest Development (with the last two represented by the provincial fiscal^[7] of Nueva Vizcaya, Justino A.R. Vigilia).

Judge Andres B. Plan, presiding judge of Regional Trial Court (RTC) of Isabela, Branch 2, rendered a decision dated March 3, 1981, based on that agreement. In accordance therewith, the land was distributed to the different parties in the following manner:^[8] to the Bureau of Lands 1,750 hectares; to the Bureau of Forest

Development 5,661 hectares; to the heirs of Clemencia Parasac and Liberato Bayaua 1,000 hectares; to the Philippine Cacao and Farm Products, Inc. 4,000 hectares, and to the heirs of Casiano Sandoval 2,892.5928 hectares. Of the area adjudicated to them, the Sandoval heirs assigned 892.5928 hectares to Atty. Jose C. Reyes as his attorney's fees.

On August 18, 1999, respondent, through the Office of the Solicitor General (OSG), filed with the Court of Appeals a petition to annul the decision of the RTC under Rule 47 of the Rules of Court, on the ground of lack of jurisdiction. Petitioners, the heirs of Liberato Bayaua and Clemencia Parasac, and Philippine Cacao Farm Products, Inc. all filed separate motions to dismiss. The Court of Appeals denied these motions and annulled the decision of the RTC.

The Court of Appeals decision was based on the following salient points:

- 1) the adjudication of the lands in question through the compromise agreement was unconstitutional, the concerned parcels of land being forest lands; the RTC acted in excess of its jurisdiction when it made the award;
- 2) no evidence was presented by petitioners to prove their ownership, the decision being based entirely on the compromise agreement, and
- 3) the petition was not barred by laches or estoppel because the RTC was without jurisdiction to render the decision based on the compromise agreement; also, the OSG was barred by estoppel because it did not give its consent to the compromise agreement; neither did it deputize the provincial fiscal to enter into it.

The Court of Appeals also cited our decision in *Republic v. Sayo*^[9] in which **the exact same parties** divided among themselves, by virtue of a compromise agreement, a parcel of land immediately adjacent to that which was being contested. Judge Sofronio G. Sayo rendered judgment in that case, LRC No. N-109, LRC Record No. 20850, based on the compromise agreement.

In *Republic v. Sayo*, we granted the government's petition for certiorari which sought the annulment of the judgment of Judge Sayo on the following grounds: (1) the private parties had failed to adduce any evidence establishing their alleged proprietary rights over the land; (2) neither the Director of Lands nor the Director of Forest Development had legal authority to enter into the compromise agreement which was the only basis for the award and (3) the agreement was concluded without the participation of the OSG which only learned of the judgment some years later from the Sangguniang Panlalawigan of Quirino Province.

Petitioners herein filed a motion for reconsideration of the decision of the Court of Appeals. Upon denial of the motion, they filed this petition.

Petitioners assign the following errors:

- I. THE COURT OF APPEALS [ERRED] IN FAILING TO CONSIDER THAT THE JUDGMENT SOUGHT TO BE ANNULLED BY THE [RESPONDENT] IN CA-G.R. SP NO. 54618 IS CLEARLY NOT WITHIN THE COVERAGE OF SECTION 1 OF RULE 47.