

SECOND DIVISION

[G.R. No. 123586, August 12, 2004]

**SPOUSES BEDER MORANDARTE AND MARINA FEBRERA,
PETITIONERS, VS. COURT OF APPEALS, REPUBLIC OF THE
PHILIPPINES, AND SPOUSES VIRGINIO B. LACAYA AND NENITA
LACAYA, RESPONDENTS.**

D E C I S I O N

AUSTRIA-MARTINEZ, J.:

Before us is a petition for review on *certiorari* under Rule 45 of the Rules of Court which seeks the reversal of the Decision,^[1] dated August 23, 1995, of the Court of Appeals (CA for brevity) in CA-G.R. CV No. 36258, affirming the Decision, dated November 5, 1991, rendered by the Regional Trial Court (Branch 7), Dipolog City, Zamboanga del Norte (RTC for brevity) in Civil Case No. 3890, declaring Free Patent No. (IX-8) 785^[2] and Original Certificate of Title No. P-21972, in the name of petitioner Beder Morandarte (Morandarte for brevity), and all its derivative titles, null and void *ab initio*.

The factual antecedents are as follows:

Morandarte filed an application for free patent, dated December 5, 1972, before the Bureau of Lands, Dipolog City District Land Office (BOL for brevity), covering a parcel of land located at Sta. Filomena, Dipolog City with an area of 4.5499 hectares and described as a portion of Lot 1038 of Dipolog Cadastre No. 85.^[3]

On July 27, 1976, the District Land Officer of the BOL approved the free patent application of Morandarte and directed the issuance of a free patent in his favor.^[4] Accordingly, Free Patent No. (IX-8) 785 for Lot No. 7, Csd-09-05-00078-D was issued in the name of Morandarte. On September 20, 1976, the Register of Deeds of Zamboanga del Norte issued the corresponding Original Certificate of Title No. (P-21972) 5954.^[5]

Subsequently, Morandarte caused a subdivision survey of the lot, dividing the same into Lot No. 6781-A, with an area of 13,939 square meters, and Lot No. 6781-B, with an area of 32,819 square meters. As a result of the subdivision survey, Transfer Certificates of Title Nos. T-1835 and T-1836 covering Lots 6781-A and 6781-B, respectively, were issued in favor of Morandarte on May 12, 1980 by the Registry of Deeds of Dipolog City.^[6]

On May 22, 1981, Morandarte and his wife, Marina Febrera, executed a real estate mortgage over Lot 6781-B, subject of TCT No. 1836, in favor of the Development Bank of the Philippines, Dipolog City branch (DBP for brevity), in consideration of a loan in the amount of P52,160.00.^[7]

More than ten years after the issuance of the OCT in Morandarte's name, or on March 19, 1987, respondent Republic of the Philippines (Republic for brevity), represented by the Director of Lands, filed before the RTC a Complaint for Annulment of Title and Reversion against the Morandarte spouses, the Register of Deeds of Zamboanga del Norte, the Register of Deeds of Dipolog City, and DBP, docketed as Civil Case No. 3890.^[8]

The Republic alleged that the BOL found that the subject land includes a portion of the Miputak River which cannot be validly awarded as it is outside the commerce of man and beyond the authority of the BOL to dispose of. It claimed that the Morandarte spouses deliberately and intentionally concealed such fact in the application to ensure approval thereof. Considering that the Morandarte spouses are guilty of fraud and misrepresentation in the procurement of their title, the Republic stressed that their title is *void*.^[9]

The Register of Deeds of Dipolog City filed a Motion to Dismiss, dated April 7, 1987, praying for the dismissal of the complaint as against her since the complaint failed to state a claim against her.^[10]

In their Answer dated April 13, 1987, the Morandarte spouses denied the allegations of the complaint and claimed that they were able to secure the title in accordance and in compliance with the requirements of the law. They alleged that the land is a portion of inherited property from Antonio L. Morandarte whose ownership thereof is covered by Tax Declaration No. 2296.

As regards the Miputak River, they argued that the river changed its course brought about by the fact that a portion of the Miputak River was leased by the Bureau of Fisheries (BOF for brevity) to a certain Aguido Realiza whose rights were subsequently transferred to Virginio Lacaya. They alleged that they indicated in their survey plan the actual location of the Miputak River in relation to the property but the BOL returned the survey with the directive that the existence of the river should not be indicated as the original survey did not show its existence, to which they complied with by submitting a new survey plan which did not indicate the existence of the river.

In the alternative, they alleged that inclusion of the Miputak River should not render the title void; only the portion of the property covered by the Miputak River should be nullified but their title to the remaining portion should be maintained.^[11]

For its part, DBP filed its Answer dated April 13, 1987 praying for the dismissal of the complaint as against it since it had nothing to do with the issuance of the title to the spouses.^[12] DBP interposed a cross-claim against the spouses for the payment of their outstanding obligations.^[13] The Morandarte spouses filed an Answer to the Crossclaim dated April 29, 1987.^[14]

No answer was filed by the Register of Deeds of Zamboanga del Norte.

On March 4, 1988, upon prior leave of court, herein respondent spouses Virginio B. Lacaya and Nenita Lacaya filed their Complaint-In-Intervention which alleged that

they are holders of a fishpond lease agreement covering a fishpond area of about 5.0335 hectares, 1.2681 hectares of which have been included in the title issued to the Morandarte spouses. Considering that the land of the Morandarte spouses encroaches on the area leased to them, the Lacaya spouses submit that the former's title thereto is *void*.^[15]

In their Answer to the complaint-in-intervention, dated March 19, 1988, the Morandarte spouses denied the allegations of the Lacaya spouses.^[16] They maintained that the portion of the fishpond originally belonged to Antonio L. Morandarte, their predecessor-in-interest, and the Lacaya spouses have never been in possession thereof but are actually squatters therein.

On the other hand, the Republic, in its Answer to the complaint-in-intervention, dated March 21, 1988, adopted the allegations of the complaint-in-intervention to further support its claim that the title of the Morandarte spouses is *void*.^[17] The Lacaya spouses filed their Reply and Answer on March 30, 1988, denying the arguments of the Morandarte spouses and reiterating the allegations in their complaint-in-intervention.^[18]

Following trial on the merits, on November 5, 1992, the RTC rendered a Decision^[19] in favor of the Republic and the Lacaya spouses. The RTC declared that while fraud in the procurement of the title was not established by the State, Morandarte's title is, nonetheless, void because it includes a portion of the Miputak River which is outside the commerce of man and beyond the authority of the BOL to dispose of. In addition, the RTC sustained the fishpond rights of the Lacaya spouses over a portion included in Morandarte's title based on a Deed of Transfer of Fishpond Rights from Felipe B. Lacaya and a Fishpond Lease Agreement with the BOF.

The dispositive portion of the decision of the trial court reads:

WHEREFORE, judgment is hereby rendered:

1. Declaring null and void *ab initio* Free Patent No. (IX-5) (sic) 785 and Original Certificate of Title No. P-21972 in the name of Beder Morandarte, as well as all derivative titles issued thereafter;
2. Ordering defendants spouses Beder Morandarte and Marina Febrera to surrender their owner's duplicate copies of Transfer Certificate of Title Nos. T-1835 and T-1836, which were the derivative titles of Original Certificate of Title No. P-21972;
3. Directing the Register of Deeds of Zamboanga del Norte to cancel Original Certificate of Title No. P-21972 in the name of Beder Morandarte, and the Register of Deeds of Dipolog City to cancel Transfer Certificate of Title Nos. T-1835 and T-1836 in the name of the same defendant;
4. Ordering the reversion of the land in question to the state, free from liens and encumbrances;

5. Enjoining defendants spouses Beder Morandarte and Marina Febrera from exercising any act of ownership or possession of the subject property;
6. Dismissing the Cross-Claim of defendant Development Bank of the Philippines against Cross Defendants Spouses Beder Morandarte and Marina Febrera, for being premature, but ordering the latter cross defendants to give a substitute security in favor of DBP as indicated in this decision;
7. Declaring valid and enforceable the Lease Agreement for a period of twenty five years over the fishpond area of Intervenors;
8. Denying Intervenors' prayer for damages against defendants-spouses Morandarte; and
9. Dismissing, for lack of merit, the counterclaim and prayer for damages of defendants spouses Morandarte against the Intervenors.

No costs against defendant-spouses Morandarte.

IT IS SO ORDERED.^[20]

Dissatisfied, the Morandarte spouses appealed to the CA.^[21] In a Decision dated August 23, 1995, the CA affirmed the decision of the RTC,^[22] ratiocinating, as follows:

The present controversial Miputak River used to occupy the area adjacent to the northern and western boundaries of Lot No. 6781 Cad-85 (Exh. J). As time passed, it changed its course and occupies (sic) Lot No. 6781 Cad-85 (identical to Lot 7, Exh. H). This will explain Beder Morandarte's argument that when he applied for the Sales Patent Lot 7 (identical to Lot 6781), the original technical description did not show the Miputak River. But it is inescapable though, that while originally, Lot 6781 is not occupied by the river, at the time that the Sales Application was filed by Beder Morandarte, the Miputak River was actually occupying said Lot 6781 or Lot 7 covered by his Sales Application and the titles sought to be annulled in this case.

Rivers and their natural beds are undoubtedly properties of public dominion (Art. 502 par. 1, Civil Code of the Philippines). Whether navigable or not, rivers belong to the public and cannot be acquired by prescription (Com vs. Meneses, 38 O.G. 2839, Paras, Civil Code, p. 328, Vol. II, 12th Edition). In fact, a stream located within private land is still property of public dominion, even if the Torrens Title of the land does not show the existence of said stream (Talion vs. Sec. of Public Works and Highways, L-24281, May 16, 1967; Paras, supra).

Correspondingly, Art. 462 of the same Civil Code provides:

Art. 462. Whenever a river, changing its course by natural causes, opens a new bed through a private estate, this bed shall become of public dominion.

The rule is the same that even if the new bed is on private property. The bed becomes property of public dominion. Just as the old bed had been of public dominion before the abandonment, the new riverbed shall likewise be of public dominion (Hilario vs. City of Manila, L-19570, April 27, 1967).^[23]

On October 10, 1995, the Morandarte spouses filed a motion for reconsideration.^[24] In its Resolution dated January 19, 1996, the CA found no justifiable cause or reason to modify or reverse its decision.^[25]

Hence, the instant petition for review anchored on the following assigned errors:

A.

RESPONDENT COURT COMMITTED A GRAVE ERROR OF LAW IN APPLYING ARTICLE 462 OF THE CIVIL CODE TO THIS CASE WHEN THE CHANGE IN COURSE OF THE OLD MIPUTAK RIVER WAS NOT DUE TO NATURAL CAUSES BUT WAS ACCIDENTAL.

B.

ASSUMING ARGUENDO THAT THE CHANGE OF COURSE OF THE OLD MIPUTAK RIVER WAS DUE TO NATURAL CAUSE ONLY A PORTION OF THE SUBJECT PROPERTY OF PETITIONERS WAS AFFECTED THEREBY SO THAT THE TITLE OF PETITIONERS TO THE REMAINING PORTION IS VALID AND CANNOT BE NULLIFIED AS IT REMAINED PRIVATE PROPERTY.

C.

RESPONDENT COURT GRAVELY ERRED IN ORDERING THE REVERSION OF LOT 7, CSD-09-05-00078-D TO THE PUBLIC DOMAIN.

D.

RESPONDENT COURT GRAVELY ERRED IN NOT DECLARING AS NULL AND VOID THE LEASE AGREEMENT EXECUTED IN FAVOR OF INTERVENORS.

E.

RESPONDENT COURT GRAVELY ERRED IN NOT DISMISSING THE COMPLAINT CONSIDERING THAT NO FRAUD OR MISREPRESENTATION WAS EMPLOYED BY THE SPOUSES MORANDARTE IN OBTAINING THE TITLE.^[26]

The Morandarte spouses emphatically argue that the CA failed to take into consideration the true state of the present Miputak River in relation to Lot 7. They contend that the Miputak River changed its course due to the closure of the river bed through the construction of dikes by the Lacaya spouses, forcing the river to be