

THIRD DIVISION

[G.R. No. 149117, December 16, 2004]

HEIRS OF CERILA GAMOS AND RICARDO GALAG, NAMELY, FELICITAS G. GARCERA, ENCARNACION G. FORTE, NARCISA G. GALAN; AND DOMINGO, EDILBERTO, ROBERTO, HELEN, VIRGILIO, RICARDO, CONSTANTINO AND VIOLETA, ALL SURNAMED GALAG, REPRESENTED BY VIOLETA GALAG AS THEIR ATTORNEY-IN-FACT; AMBROCIO GUATAO, MIGUEL FUNGO AND THE DIRECTOR, BUREAU OF LANDS, PETITIONERS, VS. HEIRS OF JULIANO FRANDO, NAMELY, PACIENCIA GALLANOSA FUELLAS; AND RODOLFO, NERI, JUAN AND ANTONIO, ALL SURNAMED GIMPES, RESPONDENTS.

PANGANIBAN, J.:

A sales patent applicant who has complied with all the legal requirements is entitled to a grant of the disposable land of the public domain applied for. The execution and formal delivery of the patent becomes merely ministerial. Under these circumstances, the property applied for is, for all purposes, considered segregated from the public domain. Hence, the subsequent issuance to a third person of a free patent covering the same property is null and void. The government can no longer convey the ownership of a parcel of land it no longer owns.

The Case

Before the Court is a Petition for Review^[1] under Rule 45, seeking to nullify the August 23, 2000 Decision^[2] and the July 12, 2001 Resolution^[3] of the Court of Appeals (CA) in GR CV No. 61230. The decretal portion of the assailed Decision reads:

"WHEREFORE, upon the premises, the appealed decision is AFFIRMED *in toto*."^[4]

The challenged Resolution denied petitioners' Motion for Reconsideration.

The Facts

The subject of the present controversy is a parcel of agricultural land located in Sta. Magdalena, Sorsogon, particularly described as follows:

"Location:	Poblacion, Sta. Magdalena, Sorsogon
"Area:	2.4969 hectares
"Boundaries:	N-R. Frando & P. Frilles E-I. Gallanosa & P. Frilles S-I. Gallanosa & P. Frilles

Juliana Frando, respondents' predecessor-in-interest, was in possession of the above-described property. Since 1925, she had planted several trees and other plants thereon, including coconuts, pili, bananas and cacao.^[6] Sometime in 1946, the property was traversed by a national road that effectively divided it into two portions, denominated as Lot Nos. 7 and 1855, respectively.^[7] The latter, Lot No. 1855, is the subject of the present controversy.

Evident from certified copies of existing records of the Bureau of Lands introduced in evidence is the fact that on February 14, 1952, Frando filed Insular Government Property Sales (IGPS) Application No. 162 for the parcel in question. Pursuant thereto, a representative of the Bureau of Lands inspected the area and found it to be inside an agricultural zone, free from private claims and conflicts.

After the secretary of agriculture appraised the property at P240, a notice calling for bids was published. At the auction sale conducted on April 22, 1955, the only bidder was Frando. On even date she deposited P24, which represented 10 percent of the appraised value, as evidenced by Official Receipt (OR) No. 9654851 dated April 22, 1955.

Full payment of the purchase price was effected approximately a year later, on April 6, 1956, when Frando paid the balance of P216 as evidenced by OR No. A-2675530. On the same day, an Order/Award was made in her favor by Director of Lands Zoilo Castrillo.^[8] Apparent from a survey plan executed pursuant to an Order of the Bureau was the fact that the property awarded to her covered both Lots 7 and 1855 with an aggregate area of 4.000 hectares.

One of her two children, Salvacion Gallanosa who was married to Abdon Gimpes, continued possession of the property. Sometime in 1940, the couple constructed their house on the southwestern portion thereof.

The other child of Frando, Paciencia Gallanosa-Fuellas, chose to settle in Manila. The Gimpes spouses helped her in the administration of the land. Their children -- particularly Respondents Rodolfo, Neri, Juan and Antonio -- were born on the property, where they also grew up. After their parent's death, they continued possession of the land; and harvested and received the fruits of the improvements for themselves and on behalf of their grandmother, Juliana Frando, even after her death in 1971.^[9]

Purportedly unknown to private respondents, a cadastral survey of the Municipality of Sta. Magdalena, Sorsogon, was conducted in 1958. According to the Bureau of Lands, during the said survey, Lot No. 1855 became the subject of Case No. P1s-611-D, Sta. Magdalena Public Land Subdivision; as a result, Free Patent No. 459501^[10] dated July 24, 1969 was awarded to Defendant Cerila Gamos on October 27, 1969. Allegedly, the free patent became the basis for the issuance of OCT No. P-10548 in her name. Private respondents claimed to be unaware of these developments, as neither she nor her heirs had taken possession of the disputed portion until 1981. In that year, Ambrocio Guatno and the other petitioners, who had joined him later, entered the property, gathered its produce and built their houses thereon.

On August 3, 1988, the heirs of Juliana Frando filed with the Regional Trial Court (RTC) a Complaint against Cerila Gamos and the director of the Bureau of Lands. The complainants challenged the validity of Free Patent No. 459501 and OCT No. P-10548. As the plaintiffs therein, they alleged that the Bureau of Lands had no authority to award the patent covering an area it had earlier awarded to Frando. They further alleged that fraud had attended the issuance of the subject OCT when Miguel Fungo, an employee of the Office of the Provincial Assessor of Sorsogon, purportedly forged the signature of Cerila Gamos in all the documents. Those documents were used in the transfer of the Tax Declaration to her name, as well as in the application for the issuance of Free Patent No. 459501 and OCT No. P-10548.

In their Answer, Cerila Gamos and her co-defendants alleged that they had been in actual and open possession of the land as early as 1952; and that the Bureau of Lands' October 27, 1969 issuance in their favor of a free patent title, which subsequently became the basis of OCT No. P-10548, was valid and lawful. They pointed out that respondents' suit to contest a title nineteen years after its issuance was already barred by prescription.

In its Answer, the Bureau of Lands, represented by the Office of the Solicitor General (OSG), admitted that Juliana Frando had filed an IGPS application for a parcel of land with an area of 2.4969 hectares located at Poblacion, Sta. Magdalena, Sorsogon, Sorsogon. Admittedly, she won the public bidding and deposited the amount of P24 under OR No. 9654851 dated April 22, 1955, but allegedly failed to pay the balance price of P216. Thus, concluded the Bureau, while the land had previously been awarded to her, the Complaint was rendered dismissible for lack of merit, as a consequence of her failure to pay the balance price to assert her right to perfect her title thereto, and to controvert the subsequent cadastral survey covering a portion thereof. In its Answer, however, the Bureau made no mention of OCT No. P-10548.

On July 7, 1998, the Sorsogon RTC rendered the following judgment in favor of respondents (the plaintiffs therein):

"WHEREFORE, the court renders judgment:

- a. Finding the defendant Cerila Gamos of having fraudulently secured a free patent title to that portion of the property in question described in paragraph 3 of the complaint and indicated in Exhibit "X-1" as that portion shaded by red lines;
- b. Ordering the defendant Cerila Gamos or her successors-in-interest to execute a deed of reconveyance of that portion of Lot No. 1855 under Original Certificate of Title No. 10548 as delineated and described in Exhibit "X-1", shaded by red lines;
- c. Ordering the defendants to surrender the possession of the same to the plaintiffs and to remove whatever improvements said defendants had introduced on said property;
- d. Ordering the defendants to pay the plaintiffs the amount of P15,000.00 x x x as damages representing attorneys' fees and

necessary litigation expenses, jointly and severally and;

e. To pay the costs.”

Aggrieved, petitioners appealed to the Court of Appeals.

Ruling of the Court of Appeals

Affirming the RTC, the appellate court noted that the trial court’s Decision was fully supported by the evidence on record. The CA dismissed petitioners’ submission that, on the basis of the Report of the Bureau of Lands, the claim of Juliana Frando had yet to be perfected, because she had paid only 10 percent of the total value of the land covered by her application. The appellate court pointed out that the foregoing argument was belied by the Bureau’s Order/Award to her in 1956.

Further, the CA upheld the lower court’s award of attorney’s fees, because the appellees had been compelled “to litigate or incur expenses to protect their interest by reason of the unjustified act of the [appellants].” ^[11]

Hence, this Petition. ^[12]

Issues

In their Memorandum, petitioners raise the following issues for our consideration:

I

“Whether or not the order award given to Juliana Frando has been perfected

II

“Whether or not Cerila Gamos’ free patent was secured through fraud

III

“Whether or not action of the heirs of Juliana Frando has already been barred by laches/prescription” ^[13]

The Court’s Ruling

The Petition has no merit. However, the challenged judgment should be partly modified.

First Issue:

Perfection of Sales Patent

The Philippine Constitution provides that “all lands of the public domain x x x are owned by the State.” ^[14] They “are classified into agricultural, forest or timber, mineral lands and national parks. x x x. Alienable lands of the public domain shall be limited to agricultural lands.” ^[15]

The origin of the foregoing provisions can be traced to the Roman law concept of *dominium*, the power of the State to own or acquire property. Under this concept, which became the basis for the regalian theory predominant during the Spanish times, all lands belonged to the Spanish Crown.^[16] In our present republican form of government, the concept remains, albeit stripped of its colonial overtones. Now, ownership of all lands of the public domain is vested in the State.^[17]

As in ordinary ownership, *dominium* embraces the capacity to alienate the property owned. The constitutional limitation on the State's power to alienate agricultural lands of the public domain is intended to prevent monopoly and foreign control of our natural resources, as well as to enable the government to control the exploitation, development and utilization thereof for the benefit of all.

Private persons gain title to agricultural lands of the public domain by virtue of a public grant,^[18] adverse possession (or prescription), accretion and -- in certain cases --reclamation. One who seeks to register one's title has the burden of proving that it has been acquired through any of the foregoing modes, by virtue of which the land has effectively been segregated from the public domain.

A perusal of the Complaint filed by private respondents before the trial court shows that their asserted claim over the disputed portion ostensibly rested on the Order/Award issued to their predecessor-in-interest, Juliana Frando, in 1956. The issue is now narrowed down to whether this piece of evidence sufficiently vested private respondents with an uncontroverted and indefeasible title over the disputed property.

Acquisition of Public Land Through a Sales Patent

Disposal of public agricultural land through a sales patent, as in the instant case, is governed by Commonwealth Act No. 141, the Public Land Act. Under this law, a sales patent may be granted to a Filipino citizen who may or may not be of lawful age, provided that one who is below the age of majority is the head of a family. The law provides that after winning the bid and paying the purchase price, the applicant must comply with the necessary requirements -- specifically the cultivation, occupation and introduction of improvements over at least one fifth of the land applied for.

After the applicant meets the legal requirements, the director of lands then orders the survey of the land and the issuance of the sales patent in the applicant's favor. Section 107 of Commonwealth Act 141 further requires the registration of the patent under the Land Registration Act by furnishing the registrar of deeds a certified copy thereof, after which the corresponding certificate of title would accordingly be issued to the patentee.

In the present case, the Bureau of Lands did not issue the patent to Frando, because she had allegedly failed to pay the P216 balance of the sale price. The Bureau's assertion is, however, soundly disproved by evidence. Clearly appearing on the Order/Award^[19] issued to Frando in 1956 is the following proviso: