

FIRST DIVISION

[CA – G.R. CV. NO. 75774, August 17, 2006]

**LOURDES DE JESUS PASILABAN, PLAINTIFF-APPELLANT, VS.
RUPERTO V. TALAN, DEFENDANT-APPELLEE.**

DECISION

ROXAS, J.:

Legal Principle sin this Case: The 5-year prohibitory period on alienation of lands covered by free patents is a mandatory express provision of law. The State policy behind the 5-year prohibition on encumbering or alienating of lands titled pursuant to patents is to preserve and keep in the family of the public land grantee that portion of the public domain which the State has gratuitously given to him for his home and cultivation.

The Case

In this action, plaintiff-appellant Lourdes De Jesus Pasilaban (PASILABAN) sought to compel defendant-appellee Ruperto V. Talan (TALAN) to execute a Deed of Sale for a parcel of land – covered by an Original Certificate of Title issued pursuant to a Free Patent – she allegedly purchased from him. Defendant-appellee TALAN denied that there existed a sale of the land between him and plaintiff-appellant PASILABAN; instead TALAN alleged that the sale was between plaintiff-appellant and the true owner of the property, Emiliano Enriquez (ENRIQUEZ); that ENRIQUEZ only agreed to have the land titled in his TALAN’s name because there existed between them, at an earlier time, a Deed of Conditional Sale; that defendant-appellee TALAN was unable to fully pay the purchase price and so the ownership once again reverted to ENRIQUEZ; that plaintiff-appellant PASILABAN had full knowledge of these events; and that there even existed a Conditional Sale between ENRIQUEZ and plaintiff-appellant PASILABAN.

The trial court ruled in favor of defendant-appellee TALAN and dismissed the complaint filed by PASILABAN. Hence, this appeal by plaintiff-appellant PASILABAN.

The Facts

This is an appeal from the April 30, 2002 Decision^[1] of the Regional Trial Court of Malolos, Bulacan, Branch 85, in Civil Case No. 536-M-94 which denied plaintiff-appellant Lourdes De Jesus Pasilaban’s (PASILABAN) prayer for defendant-appellee Ruperto V. Talan (TALAN) to execute a Deed of Sale over a parcel of land denominated as Lot 3343-A, 14,090 square meters in area, covered by Original Certificate of Title No. RP-879 (P-10249) pursuant to Free Patent No. IV-4 012841 which was issued on May 27, 1980.

On January 14, 1980, a Deed of Conditional Sale^[2] was executed between Emiliano

Enriquez (ENRIQUEZ) and defendant-appellee TALAN over a parcel of land denominated as Lot 3343-A of Balubad, Bulacan wherein TALAN agreed to pay ENRIQUEZ the amount of P238,000.00 for the ownership of Lot 3343-A. Defendant-appellant TALAN initially paid ENRIQUEZ P15,000.00, with the rest to follow once he secured a loan from a bank. In the interim period, defendant-appellee TALAN used the Deed of Conditional Sale to apply to have Lot 3343-A registered under TALAN's name, resulting in OCT No. RP-879 (P-10249)/ Free Patent No. IV-4 012841 being issued to TALAN. TALAN then used this certificate of title to apply for a loan, but his application was rejected by the bank because the bank knew that the land could not be loaned at this time because of the 5-year prohibitory period for alienation of land covered by a Free Patent. Due to the denial of the loan application of TALAN, TALAN was never able to pay the entire purchase price but TALAN was nevertheless allowed by ENRIQUEZ to continue in possession of the property.

On August 12, 1982,^[3] a Deed of Conditional Sale covering Lot 3343-A was executed by ENRIQUEZ in favor of plaintiff-appellant PASILABAN and her husband, Eddy G. Pasilaban for the consideration of P248,000.00. Of this amount, P40,000.00 would be paid by plaintiff-appellant PASILABAN to defendant-appellee TALAN to reimburse him for the improvements he had made on the property. Of the P208,000.00 due ENRIQUEZ, plaintiff-appellant PASILABAN was only able to pay P50,000.00; she was also only able to partially pay defendant-appellee TALAN.

On June 13, 1994, plaintiff-appellant PASILABAN filed against TALAN a complaint for specific performance, wherein PASILABAN alleged that defendant-appellee TALAN sold her Lot 3343-A covered by OCT No. RP-879 (P-10249) for P40,000.00; that the sale was covered by a receipt but no Deed of Sale was executed; and that TALAN had been in possession of the land since 1982. Plaintiff-appellant PASILABAN prayed that the court compel defendant-appellee TALAN to execute the Deed of Sale in order for PASILABAN to register the property in PASILABAN's name.

The receipt alleged to be proof of sale of Lot 3343-A in her favor reads as follows:

Received from Mrs. Lourdes J. Pasilaban, residing at 546-H Tahimik St., Bo. Frisco, Balintawak, Quezon City the amount of Five Thousand (P5,000.00) Pesos as additional partial payment for the sale of a certain parcel of land located in Balubad, Bulacan being evidenced by Original Certificate of Title No. P-10249 issued pursuant to Free Patent No. (IV-4) 012841 by the Register of Deeds of the Province of Bulacan and more particularly described as Lot No. 3343-A of the subdivision plan Cas-303-D.

The said amount which the undersigned received, is considered as an advance payment and shall form part of the entire consideration which amounting to FORTY THOUSAND (P40,000.00) PESOS for the purchase of the house & lot.

It is clearly understood that the balance of TWENTY THOUSAND (P20,000.00) PESOS will be paid on or before June 1, 1985 by the buyer or after the elapsed of Free Patent issued by the President of the Philippines on the 27th day of May, 1980, in Guiguinto, Bulacan in favor of Mr. Ruperto Talan, OCT# P-10249.

It is further understood that the BUYER will be allowed to use and occupy the premises and harvest the grain, fruit in season's(sic).

Signed on this 22nd day of May 1984.

In his Answer, defendant-appellee TALAN alleged that the P40,000.00 was never fully paid to him; that TALAN was tricked by plaintiff-appellant PASILABAN into signing several receipts; that TALAN never sold the land to PASILABAN; and that TALAN only surrendered possession to PASILABAN of the portion containing the improvements – roughly 4,400 square meters – because of plaintiff-appellant PASILABAN's manipulations.

During trial, plaintiff-appellant PASILABAN testified on direct examination that defendant-appellee TALAN sold her Lot 3343-A sometime in 1982 for P40,000.00; that she initially gave P20,000.00 as partial payment, which was paid in three installments^[4]; that PASILABAN began paying the electrical bills for the improvements on the property; that PASILABAN decided not to pay the additional P20,000.00 after PASILABAN learned that the land was covered by a Free Patent; that PASILABAN and defendant-appellee TALAN agreed that the payment of the balance would take place after the lapse of the five-year prohibitory period of the Free Patent; and that after the period had lapsed, she sought to pay the balance but defendant-appellee TALAN refused to accept.

On cross-examination, plaintiff-appellant PASILABAN testified that she knew that the owner of the property was ENRIQUEZ; that when PASILABAN took possession of the property, PASILABAN noticed several improvements; that PASILABAN introduced further improvements of her own; that PASILABAN learned that the actual cost of the land was P248,000.00 from the January 14, 1980 Deed of Conditional Sale between ENRIQUEZ and defendant-appellee TALAN; that ENRIQUEZ showed her that there was a P15,000.00 down payment made by defendant-appellee TALAN and told her that the sale did not push through; that she agreed to purchase the property; that after making partial payments to ENRIQUEZ, she later discovered that a Deed of Absolute Sale had been issued to defendant-appellee TALAN; that a conference took place between her, ENRIQUEZ and defendant-appellee TALAN where she was told that the Deed of Absolute Sale was only meant to help TALAN obtain the necessary loan to pay the purchase price of Lot 3343-A and that the loan was denied by the bank; that she was aware that ENRIQUEZ was the actual owner of Lot 3343-A; and that she agreed to purchase the property for P248,000.00, with P40,000.00 going to defendant-appellee TALAN to pay for the improvements he introduced. She testified further that she was only able to pay ENRIQUEZ P50,000.00; that she later tried to pay the rest but ENRIQUEZ refused; and that a second conference between her, ENRIQUEZ and defendant-appellee TALAN took place where she sought to make her payment through check, to no avail.

Defendant-appellee TALAN, during direct examination, admitted that he indeed failed to pay the purchase price of Lot 3343-A and testified that he later learned of plaintiff-appellant PASILABAN's attempt to buy the property; that TALAN sought to ask for a refund for the improvements he built; that TALAN was informed by ENRIQUEZ that it was plaintiff-appellant PASILABAN who would pay TALAN P40,000.00; that he did not object; that the P15,000.00 paid to him by plaintiff-appellant PASILABAN represented the down payment that he paid to ENRIQUEZ for the property and formed part of the P40,000.00 to be refunded to him; that he met