

Republic of the Philippines  
 Supreme Court  
 Manila

SUPREME COURT OF THE PHILIPPINES  
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**SECOND DIVISION**

**REPUBLIC OF THE PHILIPPINES**, represented by the  
**REGIONAL EXECUTIVE DIRECTOR, DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES (DENR), REGIONAL OFFICE NO. III**,  
 Petitioner,

**G.R. No. 223822**

Present:

CARPIO, J., Chairperson,  
 CAGUIOA,  
 J. REYES, JR.,  
 LAZARO-JAVIER, and  
 ZALAMEDA, JJ.

- versus -

**TANDUAY LUMBER, INC., VERBO REALTY AND DEVELOPMENT CORP., SPOUSES CLEMENTE and MA. LOURDES GARCIA, JOHN MICHAEL H. ARTIENDA, SPOUSES TEODORO D.G. CHAN and ANGELITA G. CHAN, LICERIO M. LIBUNAO, MARICRIS A. MELCHOR, MARICRIS C. ARMADO, WINSTON T. CAPATI and the REGISTER OF DEEDS OF BULACAN**,  
 Respondents.

Promulgated:

16 OCT 2019

x-----x

**DECISION**

**CAGUIOA, J.:**

Before the Court is a Petition for Review on *Certiorari*<sup>1</sup> (Petition) under Rule 45 of the Rules of Court assailing the Resolution<sup>2</sup> dated September 3, 2015 of the Regional Trial Court, Third Judicial Region, Branch 13, Malolos, Bulacan (RTC) in Civil Case No. 622-M-2014 (RTC Resolution), granting

<sup>1</sup> *Rollo* (Vol. I), pp. 29-61, exclusive of Annexes.  
<sup>2</sup> *Id.* at 62-73. Penned by Presiding Judge Efren B. Tienzo.

the Special and Affirmative Defenses of the respondents and dismissing the Complaint for Cancellation of Title/Reversion<sup>3</sup> on the grounds of equitable estoppel and laches, and the Resolution<sup>4</sup> dated March 4, 2016 of the RTC, denying the motion for reconsideration filed by the petitioner.

### The Facts and Antecedent Proceedings

The facts, as culled from the RTC Resolution, are as follows:

4. By virtue of Free Patent (FP) No. (III-12) 17306 dated May 20, 1987, Original Certificate of Title (OCT) No. P-22-C was issued and registered on May 25, 1987, in the name of Epifania San Pedro. It covers Lot No. 3070, Cad-333 situated in San Juan, Balagtas, Bulacan with an area of 12,108 square meters.

5. After the death of Epifania San Pedro, Pelagio Francisco[, Sr.<sup>5</sup>] executed an Affidavit of Self Adjudication declaring that he was the sole surviving heir of the patentee. As a consequence thereof, OCT No. P-22-C was cancelled and Pelagio Francisco was issued Transfer Certificate of Title (TCT) No. T-7836 on October 25, 1990.

6. On December 3, 1990, Pelagio Francisco sold the subject property to defendant Tanduay Lumber. Thus, TCT No. T-7836 was cancelled and TCT No. P-8582 was issued in the name of Tanduay Lumber.

7. Defendant Tanduay Lumber thereafter caused the subdivision of the subject lot in[to] Lot Nos. 3070-A and 3070-B under Plan Psd-03-0778111, approved by the Land Management Service of the DENR, Regional Office No. III. Consequently, TCT No. T-24663 [P(M)<sup>6</sup>] was issued in the name of Nolasco R. Capati[, Sr.] covering Lot No. 3070-A[, by virtue of a Deed of Exchange wherein Lot No. 3070-A was exchanged with Lot No. 3069-B-1<sup>7</sup>], while TCT No. T-24664 [P(M)<sup>8</sup>] was issued in the name of Tanduay Lumber covering Lot No. 3070-B.

8. On February 4, 2003, Nolasco R. Capati[, Sr.] transferred Lot No. 3070-A to Winston T. Capati. Accordingly, TCT No. T-24663 [P(M)] was cancelled and in lieu thereof, TCT No. T-44191 [P(M)<sup>9</sup>] was issued in the name of Winston T. Capati.

9. Lot No. 3070-A was subsequently further subdivided into two (2) lots: Lot Nos. 3070-A-1 and 3070-A-2, under Subdivision Plan Psd-03-124704. Lot 3070-A-1 was registered under TCT No. T-55635 [P(M)<sup>10</sup>] in the name of Verbo Realty, [by virtue of a sale<sup>11</sup>] and Lot 3070-A-2 was registered under TCT No. T-55636 [P(M)<sup>12</sup>] in the name of Winston T. Capati.

<sup>3</sup> Id. at 96-106, excluding Annexes.

<sup>4</sup> Id. at 74-79.

<sup>5</sup> In the *Sinumpaang Salaysay* (or Affidavit of Self-Adjudication), the affiant's name is Pelagio S. Francisco, Sr. (id. at 111) while in TCT No. T-7836, the registered owner is Pelagio S. Francisco (id. at 112).

<sup>6</sup> *Rollo* (Vol. I), pp. 120-123.

<sup>7</sup> Per Entry No. 246907(M) annotated on page 4 of TCT No. T-8582, id. at 119.

<sup>8</sup> *Rollo* (Vol. I), pp. 124-126.

<sup>9</sup> Id. at 127-130.

<sup>10</sup> Id. at 131-134.

<sup>11</sup> Per Entry No. 683196 annotated on page 2 of TCT No. T-44191 P(M), id. at 128.

<sup>12</sup> Id. at 135-137.

10. Meanwhile, on December 31, 2002, Lot 3070-B was further subdivided into Lot Nos. 3070-B-1 to 3070-B-9, under Subdivision Plan Psd-03-125214. In a Deed of Conveyance dated July 8, 2003, Tanduary Lumber transferred Lot Nos. 3070-B-1, 3070-B-3, 3070-B-5 and 3070-B-6 in favor of Verbo Realty, which were registered under TCT Nos. T-50387 [P(M)<sup>13</sup>], T-50389 [P(M)<sup>14</sup>], T-50391 [P(M)<sup>15</sup>] and T-50392 [P(M)<sup>16</sup>], respectively. On the other hand, Lot Nos. 3070-B-2, 3070-B-4, 3070-B-7, 3070-B-8 and 3070-B-9 were registered in favor of Tanduary Lumber, under TCT Nos. T-50388 [P(M)<sup>17</sup>], T-50390 [P(M)<sup>18</sup>], T-50393 [P(M)<sup>19</sup>], T-50394 [P(M)<sup>20</sup>] and T-50395 [P(M)<sup>21</sup>], respectively.

11. Lot No. 3070-B-1 was sold to Spouses Clemente and Maria Lourdes Garcia. Thus, TCT No. T-64971 [P(M)<sup>22</sup>] was issued in their name[s].

12. Tanduary Lumber sold Lot No. 3070-B-2 to the Garcia spouses. This was accordingly registered under TCT No. T-54606 [P(M)<sup>23</sup>], issued in their name[s].

13. Lot No. 3070-B-4 was transferred to Jeffrey B. Miranda, who was accordingly issued TCT No. T-59827 [P(M)<sup>24</sup>]. Subsequently, Jeffrey B. Miranda sold the same to John Michael H. Artienda, as a result of which TCT No. T-59827 [P(M)] was cancelled and in lieu thereof, TCT No. T-75785 [P(M)<sup>25</sup>] was issued.

14. Lot No. 3070-B-5 was conveyed to Spouses Ruben and Amalia Nicolas, which was later on registered under TCT No. T-6348[6]<sup>26</sup> [P(M)<sup>27</sup>]. In turn, they sold the subject lot back to Verbo Realty. As a consequence of the transfer, TCT No. 040-2012008381 was issued in the name of Verbo Realty.

15. Lot No. 3070-B-6 was transferred to the Garcia spouses. This was registered under TCT No. T-54943 [P(M)<sup>28</sup>] in their name[s].

16. Lot No. 3070-B-7 was also transferred to the Garcia spouses. Accordingly, TCT No. T-52118 [P(M)<sup>29</sup>] was issued in their favor.

17. Lot No. 3070-B-8 was similarly conveyed to the Garcia spouses, as a result of which, TCT No. 60193 [P(M)<sup>30</sup>] was issued. Later, the Garcia spouses sold the subject lot to Spouses Teodoro and Angelita

<sup>13</sup> Id. at 143-146.

<sup>14</sup> Id. at 147-151.

<sup>15</sup> Id. at 152-155.

<sup>16</sup> Id. at 156-159.

<sup>17</sup> Id. at 160-163.

<sup>18</sup> Id. at 164-167.

<sup>19</sup> Id. at 168-171.

<sup>20</sup> Id. at 172-175.

<sup>21</sup> Id. at 176-179.

<sup>22</sup> Id. at 180-183.

<sup>23</sup> Id. at 184-188.

<sup>24</sup> Id. at 189-192.

<sup>25</sup> Id. at 193-197.

<sup>26</sup> Stated as TCT No. T-63485 in the RTC Resolution dated September 3, 2015, p. 3, id. at 64.

<sup>27</sup> *Rollo* (Vol. I), pp. 198-202.

<sup>28</sup> Id. at 206-211.

<sup>29</sup> Id. at 212-216.

<sup>30</sup> Id. at 217-221.



Chan. Thus, TCT No. T-66304 [P(M)<sup>31</sup>] was registered and issued in favor of the Chan spouses.

18. Lot No. 3070-B-9 was transferred to Licerio M. Libunao. Consequently, TCT No. T-54989 [P(M)<sup>32</sup>] was issued in his favor.

19. Meanwhile, under the Consolidation-Subdivision Plan Pcs-03-015689, the Garcia spouses caused the consolidation of Lot Nos. 3070-B-1, 3070-B-2, 3070-B-6 and 3070-B-7 with Lot Nos. 3083 and 3084-C. Accordingly, TCT Nos. 040-2011005318, 040-2011005319 and 040-2011005320 were issued in the name[s] of the Garcia spouses.

20. Later, the Garcia spouses sold the lots covered by TCT No. 040-201100[5319] and TCT No. 040-2011[00]5320 to Maricris A. Melchor and Maricris C. Armado, respectively. By virtue of the transfer, TCT Nos. 040-2011008933 and 040-2012005417 were respectively registered in their names.

21. In a letter dated January 31, 2011, [a certain] Arturo and Teresita Mendoza[, represented by their lawyer, Tabalingcos & Associates,<sup>33</sup> wrote the OSG a petition to request] the OSG to cause the cancellation of Patent No. P-22-C issued to Epifania San Pedro, and all subsisting derivative titles. They alleged that the patentee sold the lot covered by said patent within five (5) years from the issuance of the patent, in violation of the provisions of Commonwealth Act (C.A.) No. 141 or the Public Land Act.

22. On February 7, 2011, the OSG forwarded the letter-petition to the RED of the DENR Regional Office No. III and requested the conduct of the appropriate investigation.

23. After investigation, the RED of the DENR Regional Office No. III recommended the filing of a reversion suit since the alienation made by Pelagio Francisco in favor of Tanduay Lumber violated Sections 118, 121 and 122 of C.A. No. 141.

x x x x

[A Complaint for Cancellation of Title/Reversion dated August 31, 2014 was filed by the Republic of the Philippines, represented by the Regional Executive Director (RED), DENR, Regional Office No. III (the petitioner) against Tanduay Lumber, Inc., Verbo Realty and Development Corp., Spouses Clemente and Ma. Lourdes Garcia, John Michael H. Artienda, Spouses Teodoro D.G. Chan and Angelita G. Chan, Licerio M. Libunao, Maricris A. Melchor, Maricris C. Armado and Winston T. Capati (the private respondents).<sup>34</sup>]

After service of summons upon the [private respondents], except for Tanduay Lumber, Inc. (Tanduay) whose location is unknown as it is said to have closed, the [private respondents] submitted their respective answers with Counter-claim and Special and Affirmative Defenses on laches, estoppels and prescription.

<sup>31</sup> Id. at 222-226.

<sup>32</sup> Id. at 227-230.

<sup>33</sup> See Letter dated January 31, 2011, id. at 246-251.

<sup>34</sup> See Complaint, id. at 96-106.

On June 17, 2015, the [private respondents] adduced evidence in support of their special and affirmative defenses. After submission of the respective memoranda for the [private respondents], this incident was submitted for resolution. A late memorandum was filed by the government despite its Motion for Extension of time to do so x x x.<sup>35</sup>

The RTC issued a Resolution dated September 3, 2015, the dispositive portion of which states:

WHEREFORE, the Special and Affirmative Defenses of the Defendants are GRANTED.

Accordingly, this Complaint for Cancellation of Title and Reversion is DISMISSED on the grounds of equitable estoppels and laches.

SO ORDERED.<sup>36</sup>

The petitioner filed a motion for reconsideration, which was denied by the RTC in its Resolution dated March 4, 2016, the dispositive portion of which reads:

WHEREFORE, the Motion for Reconsideration is DENIED for lack of merit.

SO ORDERED.<sup>37</sup>

On May 23, 2016, the petitioner filed the instant Rule 45 Petition. Subsequently, the private respondents, except Tanduy Lumber, Inc., filed their comments.<sup>38</sup>

### *Issue*

The singular issue raised in the Petition is: Whether the petitioner's complaint for reversion and cancellation of titles is barred by estoppel and laches.<sup>39</sup>

### *The Court's Ruling*

The passage of Republic Act No. (RA) 11231<sup>40</sup> or the "Agricultural Free Patent Reform Act" has rendered this issue moot and academic.

<sup>35</sup> RTC Resolution dated September 3, 2015, pp. 2-5; id. at 63-66.

<sup>36</sup> Id. at 12; id. at 73.

<sup>37</sup> RTC Resolution dated March 4, 2016, p. 6; id. at 79.

<sup>38</sup> *Rollo* (Vol. I), pp. 352-359, 361-383.

<sup>39</sup> Id. at 38.

<sup>40</sup> AN ACT REMOVING THE RESTRICTIONS IMPOSED ON THE REGISTRATION, ACQUISITION, ENCUMBRANCE, ALIENATION, TRANSFER AND CONVEYANCE OF LAND COVERED BY FREE PATENTS UNDER SECTIONS 118, 119 AND 121 OF COMMONWEALTH ACT NO. 141, OTHERWISE KNOWN AS "THE PUBLIC LAND ACT", AS AMENDED. Approved on February 22, 2019, published on March 15, 2019 and took effect on March 30, 2019 or 15 days after publication in the *Official Gazette* or in a newspaper of general circulation. RA 11231, Sec. 7.

Pursuant to *David v. Macapagal-Arroyo*,<sup>41</sup> a moot and academic case is one that ceases to present a justiciable controversy by virtue of supervening events so that a declaration thereon would have no practical use or value.<sup>42</sup>

Section 3 of RA 11231 provides:

SEC. 3. Agricultural public lands alienated or disposed in favor of qualified public land applicants under Section 44 of Commonwealth Act No. 141, as amended, shall not be subject to restrictions imposed under **Sections 118, 119 and 121** thereof regarding acquisitions, encumbrances, conveyances, transfers, or dispositions. Agricultural free patent shall now be considered as **title in fee simple and shall not be subject to any restriction on encumbrance or alienation**. (Emphasis and underscoring supplied)

The removal of the restrictions imposed under Sections 118, 119 and 121 of Commonwealth Act No. (CA) 141 was given retroactive effect under Section 4 of RA 11231, which provides:

SEC. 4. This Act shall have retroactive effect and any restriction regarding acquisitions, encumbrances, conveyances, transfers, or dispositions imposed on agricultural free patents issued under Section 44 of Commonwealth Act No. 141, as amended, before the effectivity of this Act shall be removed and are hereby immediately lifted: *Provided*, That nothing in this Act shall affect the right of redemption under Section 119 of Commonwealth Act No. 141, as amended, for transactions made in good faith prior to the effectivity of this Act.

The Complaint for Cancellation of Title/Reversion<sup>43</sup> dated August 31, 2014 filed by the OSG is anchored on the following allegations:

23. After investigation, the RED of the DENR Regional Office No. III recommended the filing of a reversion suit since the alienation made by Pelagio Francisco in favor of Tanduary Lumber violated Sections 118, 121 and 122 of C.A. No. 141.

**For failure to comply with the requirements of Section 118, in relation to Section 124, of C.A. No. 141, the State as the grantor of FP No. (III-12) 17306 has the right to petition the annulment of the patent and the cancellation of titles derived from said patent.**

24. Section 118 of C.A. No. 141 proscribes the alienation and encumbrance of a parcel of land acquired under free patent, within five (5) years from its grant:

x x x x

<sup>41</sup> 522 Phil. 705 (2006).

<sup>42</sup> Id. at 753; citations omitted.

<sup>43</sup> *Rollo* (Vol. I), pp. 96-106, excluding Annexes.



25. In the case at bar, FP No. (III-12) 17306 was issued on May 20, 1987 and the corresponding OCT No. P-22-C was issued on May 25, 1987. On August 24, 1990, or three (3) years and three (3) months after the grant of the free patent, Pelagio Francisco transferred the subject lot by executing an Affidavit of Self-Adjudication. Nevertheless, this transfer is not covered by the five-year prohibition as Section 118 of C.A. No. 141 does not cover transmission by inheritance, because the land gratuitously given by the State is preserved and kept in the family of the patentee.

26. However, on December 3, 1990 or just after three (3) years and six (6) months from the date of grant of the free patent, Pelagio Francisco transferred the subject land to Tanduy Lumber. This subsequent transfer **falls squarely within the five-year prohibition** against the alienation or sale of the patented land under Section 118 of C.A. No. 141. Accordingly, such transfer nullifies the said alienation and constitutes a cause for the reversion of the property to the State.

27. The prohibition against any alienation or encumbrance of the land grant is a *proviso* attached to the approval of every application. Prior to the fulfillment of the requirements of law, a patentee only has an inchoate right to the property; such property remains part of the public domain and, therefore, not susceptible to alienation or encumbrance. Conversely, when a patentee has complied with all the terms and conditions which entitles him to the issuance of a patent for a particular tract of public land, he acquires a vested interest therein and has to be regarded an equitable owner thereof.

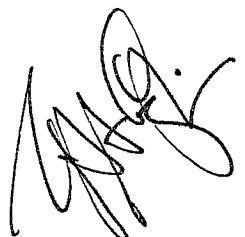
28. Here, considering that Pelagio Francisco failed to comply with the statutory requirement to maintain the property for himself and his family within the prescribed period of five (5) years, the grant in their favor did not ripen into ownership.

29. Since the sale of the subject lot by Pelagio Francisco to Tanduy Lumber is null and void *ab initio*, it produces no legal effect whatsoever. Accordingly, Tanduy Lumber could not have transferred title to the subsequent holders of title.<sup>44</sup>

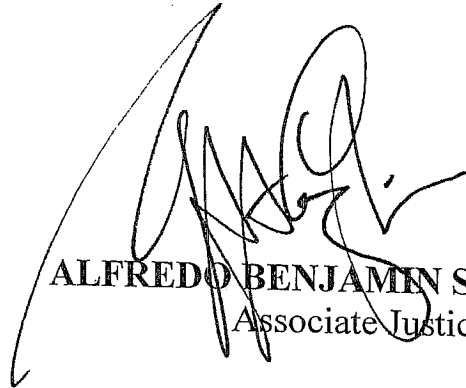
Clearly, the State's complaint for reversion is based **solely** on Section 118 of CA 141. Since the restriction on the conveyance, transfer or disposition of the patented land subject of this case within five years from and after the issuance of the patent pursuant to Section 118 of CA 141 has been removed and the title of the patentee Epifania San Pedro is, under RA 11231, now considered as title in fee simple, which is not subject to any restriction on alienation or encumbrance, the Government no longer has any legal basis to seek the reversion or reconveyance of the subject land.

**WHEREFORE**, the Petition is hereby **DENIED** for being moot and academic. The Complaint for Cancellation of Title/Reversion, docketed as Civil Case No. 622-M-2014 and filed with the Regional Trial Court of Malolos, Bulacan, Branch 13, is **DISMISSED** for lack of cause of action.

<sup>44</sup> Id. at 101-103.



**SO ORDERED.**

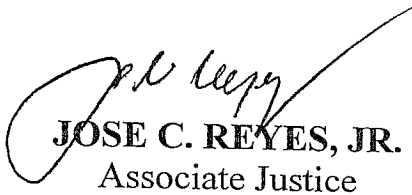


**ALFREDO BENJAMIN S. CAGUIOA**  
Associate Justice

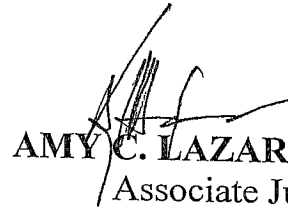
WE CONCUR:



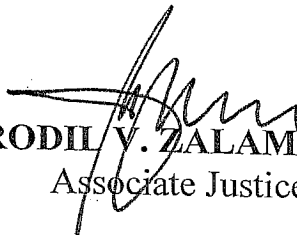
**ANTONIO T. CARPIO**  
Associate Justice  
Chairperson



**JOSE C. REYES, JR.**  
Associate Justice



**AMY C. LAZARO-JAVIER**  
Associate Justice



**RODIL V. ZALAMEDA**  
Associate Justice

**ATTESTATION**

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

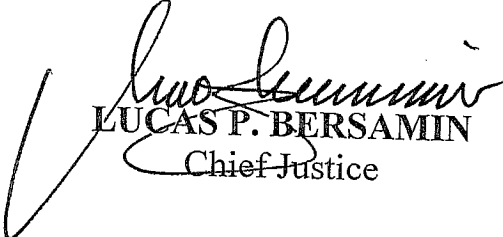


**ANTONIO T. CARPIO**  
Associate Justice  
Chairperson, Second Division



**CERTIFICATION**

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

  
LUCAS P. BERSAMIN  
Chief Justice

