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REPORT OF CASES

DETERMINED IN THE

SUPREME COURT OF THE PHILIPPINES

FIRST DIVISION

[G.R. No. L-44204. July 11, 1985]

BEATERIO DEL SANTISIMO ROSARIO DE MOLO, *petitioner, vs.* **COURT OF APPEALS, JOSE ARROYO, MARIANO ARROYO, PEDRO ARROYO, IGNACIO ARROYO and JESUSA LACSON *VDA. DE* ARROYO,** *respondents.*

SYLLABUS

1. **CIVIL LAW; CONTRACTS; DONATION; NOT VALID WHEN THE DONOR HAS NO RIGHT OF OWNERSHIP OVER THE PROPERTY DONATED.**— Even if it were so included, since it was declared public land as early as October 29, 1917, IGNACIO had no rights of ownership to transmit to petitioner when he executed the donation in its favor in 1928; much less could the property be the subject of a valid donation. It is apparent that IGNACIO took no steps to reopen the cadastral case nor to initiate proper proceedings for the confirmation of his title.

2. **ID.; PUBLIC LAND ACT; APPLICATION FOR FREE PATENT.**— Being public land, the Arroyo Brothers were well within their rights when they filed their applications for free patent for Lot No. 756 after it had been subdivided into four principal lots. The Director of Lands could validly dispose of them by any of the means of disposition of public lands.

3. **ID.; ID.; ID.; JUDICIAL CONFIRMATION OF AN IMPERFECT TITLE, WHEN NOT REQUIRED.**— Contrary to petitioner's

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assertion, at the time that free patents had been applied for by the Arroyo Brothers, it did not possess the essential requisites for judicial confirmation of an imperfect title under the Public Land Act (C.A. No. 141). It had derived no registerable title to the property from its original possession. IGNACIO.

RESOLUTION

MELENCIO-HERRERA, *J.*:

A Petition for Review on *Certiorari* of the Decision of respondent Appellate Court affirming *in toto* the judgment of the then Court of First Instance of Negros Occidental, Branch V, which dismissed petitioner's Complaint.

IGNACIO Arroyo, during his lifetime, owned extensive properties, one of them being "Hacienda Alipion." His first wife was Maria Pidal, who predeceased him. They had three children, namely, the late Senator Jose Ma. Arroyo, Sor Rosario Arroyo, who was the first prioress of petitioner Beaterio del Santisimo Rosario de Molo, and Dr. Mariano Arroyo. Sor Rosario Arroyo died on June 14, 1957.

Private respondent Jesusa Lacson *Vda. de* Arroyo is the widow of Jose Ma. Arroyo, who died intestate on March 8, 1927, leaving as his only heirs his aforesaid wife and seven (7) children, namely, the five private respondents Jose, Mariano, Pedro, Ignacio, and Antonio, and their two sisters.

Petitioner, Beaterio del Santisimo de Molo, is a corporation sole with domicile in Molo, City of Iloilo. On March 5, 1962, it instituted in the lower court an action for reconveyance of a parcel of land and damages against private respondents Jose, Mariano, Pedro, Ignacio, Antonio, all surnamed Arroyo, Jesusa Lacson *Vda. de* Arroyo, and the Development Bank of the Philippines.

Lot No. 756 of the Pontevedra cadastre, and Lot No. 1269 of the Isabela cadastre, both in Negros Occidental, are adjoining sugar lands collectively known as the "Hacienda Alipion." Lot No. 1269 has an approximate area of 6.7 hectares, while Lot

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No. 756 is the major portion with an area of 88.8 hectares. Lot No. 1269 is covered by Original Certificate of Title No. 10749, issued on May 14, 1918, in the names of the spouses IGNACIO Arroyo and Maria Pidal; while Lot No. 756 was declared public land on October 29, 1917 in Cadastral Case No. 15, G.L.R.O. Record No. 118.

On July 2, 1924, IGNACIO Arroyo adjudicated "Hacienda Alipion" to himself as his conjugal share in an extrajudicial partition with his children (Exhibit "A"), his first wife having previously died. The description of the property thus allocated reads:

"a) *La Hacienda 'ALIPION' radicada en el Municipio de la Castellana, Provincia de Negros Occidental, I.F. . . ,* ***Lote No. 1269****, Expediente No. 100, Catastro de Isabela, N.O."* (Italics ours).

Of note is the fact that no mention was made of Lot No. 756, nor does it seem to have been included among the properties adjudicated to any party in the Extrajudicial Partition.

On January 9, 1928, IGNACIO executed a donation *inter vivos* of Hacienda Alipion and other properties in favor of petitioner (Exhibit "B"). The pertinent provision reads:

"*Los bienes que son objeto de esta donacion son los siguientes*:

"*Una hacienda ubicada en el sitio de Alipion de la jurisdiccion del municipio de la Castellana, Neg. Occ.,* ***Lote No. 1269****, Expediente No. 100 del Catastro de Isabela, Neg. Occ., cuyos linderos: son: al Norte camino para La Castellana y terrenos de los herederos de Gabriel Benedicto; al Este herederos de Antonio Dulaca, al Sur Juan Saonoy, Procopio Gayon y otro y al Oeste Arroyo Alipion.*" (Italics ours)

Again, no mention was made of Lot No. 756. The donation was duly accepted by petitioner in the same document.

On October 3, 1947, on the assumption that it was the owner by virtue of the aforesaid donation, petitioner through its prioress, Sor Rosario Arroyo, leased Hacienda Alipion to private respondent Jesusa Lacson. *Vda. de* Arroyo, for a period of five crop years beginning 1948-1949 (Exhibit "M").

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During the first year of the lease contract, required to show the title of the property for a crop loan that she was applying for, Jesusa was informed by the one administering the Hacienda on behalf of petitioner that there was no title to the leased property because it was public land. Jesusa took up the matter with Sor Rosario at Iloilo City and, according to Jesusa in her deposition (Exhibit "3"), the conversation between them went something like this:

"*Chayong, he descubierto que el Lote 756, conocido como Hacienda Alipion es terreno publico y esta es una gran sorpresa para mi porque hemos firmado el contrato de arriendo de dicha hacienda y yo he estado pagandote alquileres sin que tengas derecho a cobrarlos. Ya que esto ha ocurrido mis cuatros hijos, Jose, Ignacio, Mariano y Pedro, que son los unicos (miembros de nuestras familias que estan cualificados) segun la ley, lo van a solicitar en free patent applications pues si no lo hacen otros lo van a solicitar porque el terreno es de dominio publico.*" Deposition, pp. 26-27, Nov. 21, 1967).[1]

Sor Rosario, on her part, then allegedly replied:

"*Pues bien, si esa es la situacion antes que el terreno vaya a manos de otros, que son extraños, prefiero que vaya a mis sobrinos.*" (Deposition, pp. 27-28, Nov. 21, 1967)."[2]

Private respondents Jose, Mariano, Pedro and Ignacio (the Arroyo Brothers, for short), then filed their respective applications for free patents and on March 29, 1952, they were individually awarded free patents followed by the corresponding original certificates of title.

It is these titles issued to the Arroyo Brothers that petitioner seeks to annul on the ground of fraud and misrepresentation, at the same time that it asks for reconveyance of Lot No. 756 in order "to pave the way for the confirmation of its imperfect title." Private respondent, Antonio Arroyo, in the meantime, had acquired the property on November 10, 1961 in a raffle

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[1] Record on Appeal, p. 144.

[2] *Ibid.*, p. 144.

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among the Brothers. Antonio mortgaged the property to private respondent Development Bank of the Philippines, but the loan has since been paid.

After trial on the merits, the lower Court opined that since the donor, IGNACIO, was not the owner of Lot No. 756 which he had donated, petitioner neither became the rightful owner thereof and, therefore, could not lease the same. It then decreed in the dispositive portion of its Decision:

> WHEREFORE, in view of the foregoing, the complaint is hereby dismissed, and the Extra-Judicial Partition, Exh. 'A', Donation Intervivos, Exh. 'B', and the Contract of Lease, Exh. 'M', are hereby declared null and void and without legal force and effect. With costs against the plaintiff.
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> "Bacolod City, Philippines, May 21, 1969."[3]

On appeal, respondent Appellate Court also found that petitioner had no cause of action for annulment of titles nor for reconveyance of Lot No. 756 and affirmed the appealed judgment.

Upon the facts and the law and applicable jurisprudence, we sustain the rulings of both Courts *a quo*, upon the following principal considerations:

(1) Lot No. 756 of the Pontevedra cadastre does not seem to have been included, neither in the list of properties adjudicated to himself by IGNACIO when he partitioned his properties among his children of the first marriage, nor in the Deed of Donation to petitioner.

(2) Even if it were so included, since it was declared public land as early as October 29, 1917, IGNACIO had no rights of ownership to transmit to petitioner when he executed the donation in its favor in 1928; much less could the property be the subject of a valid donation. It is apparent that IGNACIO took no steps to reopen the cadastral case nor to initiate proper proceedings for the confirmation of his title.

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[3] *Ibid.*, p. 152.

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(3) Being public land, the Arroyo Brothers were well within their rights when they filed their applications for free patent for Lot No. 756 after it had been subdivided into four principal lots. The Director of lands could validly dispose of them by any of the means of disposition of public lands.

If, as petitioner contends, the free patent titles were invalid because of false statements made in the patent applications, Section 101 of the Public Land Act (C.A. No. 141)[4] prescribes the remedy, which is an action for reversion by the State.

And if, as petitioner claims, the four patentees had fraudulently and through misrepresentation obtained titles to its prejudice knowing fully well that the property belonged to it in reality, it had four years from the discovery of the fraud, or from March 29, 1952, the date certificates of title were issued in the respective names of the Arroyo Brothers, within which to bring an action for annulment. Petitioner, filed suit for reconveyance only on March 5, 1962. Besides, Sor Rosario had apparently acquiesced to the Arroyo Brothers' filing their respective applications to keep the property within the family. It is a matter of fact that petitioner's Complaint was filed before the trial Court five (5) years after her death in 1957. But even without such assent, the validity of the free patent titles covering the land in question would not be affected by reason of its character as public land.

By virtue of that classification as public land, neither can petitioner invoke the doctrine of implied trust since it could claim no better right nor any prior equity.

The case petitioner cites, *Herico vs. Dar*, 95 SCRA 437 (1980), is inapplicable to the factual setting herein. In that case, a tenant had secured a free patent title in fraud of his landlord besides the fact that the landlord had been in possession of the disputed property since 1892 and had acquired by operation of law a right to a government grant. Additionally, in that case, the litigated property had not been declared public land.

[4] "SEC. 101. All actions for the reversion to the Government of lands of the public domain or improvements thereon shall be instituted by the Solicitor General or the officer acting in his stead in the proper court, in the name of the Republic of the Philippines."

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(4) Contrary to petitioner's assertion, at the time that free patents had been applied for by the Arroyo Brothers, it did not possess the essential requisites for judicial confirmation of an imperfect title under the Public Land Act (C.A. No. 141). It had derived no registerable title to the property from its original possessor, IGNACIO. As Mr. Justice Jose Leuterio had expounded in his Concurring Opinion:

"x x x Section 48 of CA 141 provides that those who by themselves or through their predecessor-in-interest had been in open, continuous, exclusive and notorious possession of agricultural land of the public domain under a *bona fide* claim of ownership since July 26, 1894, preceding the filing of the application for confirmation of title, shall be conclusively presumed to have performed all the conditions essential to a government grant and shall be entitled to a certificate of title. The possession of Ignacio Arroyo, the predecessor-in-interest of the plaintiff-appellant, according to the evidence, began at the earliest in 1905. This does not satisfy the requirements of CA 141 that possession must have began on or prior to July 26, 1894. When the Director of Lands issued the patent for lot 756 to the defendants, plaintiff-appellant was not entitled to confirmation of the title as it and its predecessor-in-interest had not been in possession of lot 756 on or prior to July 26, 1894. It had not, therefore, complied with the conditions essential to a government grant as to entitle it to a certificate of title.

x x x x x x x x x

"Republic Act 1942 which amended Section 48(b) of CA 141 by limiting the possession to 30 years immediately preceding the filing of the application for confirmation of the title took effect only on June 22, 1957. Plaintiff-appellant may not, therefore, claim an imperfect title under RA 1942 for at the time that it took effect, lot 756 had already been disposed of by the Director of Lands in favor of the defendant who had thereby acquired a vested right. This vested right may not be defeated by the subsequent passage and approval of RA 1942. Plaintiff-appellant could have claimed an imperfect title under RA 1942 if lot 756 had not been disposed of by the Director of Lands by the issuance of a free patent, and no third persons had acquired a vested right thereto."[5]

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[5] *Rollo*, pp. 36-38.

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ACCORDINGLY, the judgment under review is hereby affirmed. No costs.

SO ORDERED.

Plana, Relova, Gutierrez, Jr., De la Fuente, and *Alampay, JJ.*, concur.

Teehankee (Chairman), J., took no part.

SECOND DIVISION

[G.R. No. 63578. July 11, 1985]

PHILIPPINE AIRLINES EMPLOYEES ASSOCIATION (PALEA), CECILIO V. BAUTISTA, PANTALEON ARAYATA, CATALINO BAÑEZ, LUCIO CANTILLO, ROBERTO ESPINELI, JASMIN A. ILANO, ALFONSO JOSE, ROMULO NERY, *ET AL.*, *petitioners, vs.* **NATIONAL LABOR RELATIONS COMMISSION (NLRC), PHILIPPINE AIRLINES, INC. (PAL), BENIGNO TODA, JR. and GOVERNMENT SERVICE INSURANCE SYSTEM (GSIS),** *respondents.*

SYLLABUS

REMEDIAL LAW; SPECIAL CIVIL ACTIONS; *CERTIORARI*; DISMISSAL THEREOF, PROPER IN CASE AT BAR.— Petitioners' cause of action questioning respondent Commission's resolution of May 31, 1977 is almost six (6) years late as the present petition for *certiorari* was filed only on March 29, 1983. The questioned resolution having long become final and executory, this Court has no jurisdiction to entertain the present petition.