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People v. Malones,[47] this is not the first time that a child has been snatched from the cradle of innocence by some beast to sate its deviant sexual appetite. To curb this disturbing trend, appellant should, likewise, be made to pay exemplary damages which is pegged at ₱25,000.00 for each count of rape.

WHEREFORE, the Decision of the Court of Appeals dated April 21, 2005 in CA-G.R. CR-HC No. 00002, is *AFFIRMED with MODIFICATIONS*. The appellant is sentenced to suffer the penalty of *Reclusion Perpetua* for each count of rape without eligibility for parole. He is likewise ordered to pay private complainant ₱100,000.00 as civil indemnity; ₱100,000.00 as moral damages; and ₱50,000.00 as exemplary damages.

SO ORDERED.

Ynares-Santiago (Chairperson), Austria-Martinez, Chico-Nazario, and *Reyes, JJ.,* concur.

SECOND DIVISION

[G.R. No. 168661. October 26, 2007]

ESTATE OF THE LATE JESUS S. YUJUICO, represented by ADMINISTRATORS BENEDICTO V. YUJUICO and EDILBERTO V. YUJUICO; and AUGUSTO Y. CARPIO, *petitioners, vs.* **REPUBLIC OF THE PHILIPPINES and the COURT OF APPEALS,** *respondents.*

SYLLABUS

1. CIVIL LAW; LAND REGISTRATION; PUBLIC LAND ACT; RECONVEYANCE; REVERSION SUITS, WHEN PROPER.— An action for reversion seeks to restore public land fraudulently

[47] *Supra* note 21, at 333.

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awarded and disposed of to private individuals or corporations to the mass of public domain. This remedy is provided under Commonwealth Act (CA) No. 141 (Public Land Act) which became effective on December 1, 1936. Said law recognized the power of the state to recover lands of public domain. Section 124 of CA No. 141 reads: xxx Pursuant to Section 124 of the Public Land Act, reversion suits are proper in the following instances, to wit: 1. Alienations of land acquired under free patent or homestead provisions in violation of Section 118, CA No. 141; 2. Conveyances made by non-Christians in violation of Section 120, CA No. 141; and 3. Alienations of lands acquired under CA No. 141 in favor of persons not qualified under Sections 121, 122, and 123 of CA No. 141. From the foregoing, an action for reversion to cancel titles derived from homestead patents or free patents based on transfers and conveyances in violation of CA No. 141 is filed by the OSG pursuant to its authority under the Administrative Code with the RTC. It is clear therefore that reversion suits were originally utilized to annul titles or patents administratively issued by the Director of the Land Management Bureau or the Secretary of the DENR.

2. ID.; ID.; ID.; REVERSION SUITS, WHERE FILED.— While CA No. 141 did not specify whether judicial confirmation of titles by a land registration court can be subject of a reversion suit, the government availed of such remedy by filing actions with the RTC to cancel titles and decrees granted in land registration applications. The situation changed on August 14, 1981 upon effectivity of Batas Pambansa (BP) Blg. 129 which gave the Intermediate Appellate Court the exclusive original jurisdiction over actions for annulment of judgments of RTCs. When the 1997 Rules of Civil Procedure became effective on July 1, 1997, it incorporated Rule 47 on annulment of judgments or final orders and resolutions of the RTCs. The two grounds for annulment under Sec. 2, Rule 47 are extrinsic fraud and lack of jurisdiction. If based on extrinsic fraud, the action must be filed within four (4) years from its discovery, and if based on lack of jurisdiction, before it is barred by laches or estoppel as provided by Section 3, Rule 47. Thus, effective July 1, 1997, any action for reversion of public land instituted by the Government was already covered by Rule 47. The instant Civil Case No. 01-0222 for annulment and cancellation of Decree No. N-150912 and its derivative titles was filed on June 8, 2001

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with the Parañaque City RTC. It is clear therefore that the reversion suit was erroneously instituted in the Parañaque RTC and should have been dismissed for lack of jurisdiction. The proper court is the CA which is the body mandated by BP Blg. 129 and prescribed by Rule 47 to handle annulment of judgments of RTCs.

3. ID.; ID.; EQUITABLE ESTOPPEL MAY BE INVOKED AGAINST PUBLIC AUTHORITIES WHEN THE LOT WAS ALREADY ALIENATED TO INNOCENT BUYERS FOR VALUE AND THE GOVERNMENT DID NOT UNDERTAKE ANY ACT TO CONTEST THE TITLE FOR AN UNREASONABLE LENGTH OF TIME.— Assuming that the Parañaque RTC has jurisdiction over the reversion case, still the lapse of almost three decades in filing the instant case, the inexplicable lack of action of the Republic and the injury this would cause constrain us to rule for petitioners. While it may be true that estoppel does not operate against the state or its agents, deviations have been allowed. In *Manila Lodge No. 761 v. Court of Appeals*, we said: Estoppels against the public are little favored. They should not be invoked except in rare and unusual circumstances, and may not be invoked where they would operate to defeat the effective operation of a policy adopted to protect the public. They must be applied with circumspection and should be applied only in those special cases where the interests of justice clearly require it. *Nevertheless, the government must not be allowed to deal dishonorably or capriciously with its citizens, and must not play an ignoble part or do a shabby thing; and subject to limitations . . ., the doctrine of equitable estoppel may be invoked against public authorities as well as against private individuals.* Equitable estoppel may be invoked against public authorities when as in this case, the lot was already alienated to innocent buyers for value and the government did not undertake any act to contest the title for an unreasonable length of time.

4. ID.; ID.; ID.; FRAUDULENT ACQUISITION CANNOT AFFECT THE TITLES OF INNOCENT PURCHASERS FOR VALUE.— *Republic v. Court of Appeals* is reinforced by our ruling in *Republic v. Umali*, where, in a reversion case, we held that even if the original grantee of a patent and title has obtained the same through fraud, reversion will no longer prosper as the land had become private land and the fraudulent acquisition

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cannot affect the titles of innocent purchasers for value. Considering that innocent purchaser for value Yujuico bought the lot in 1974, and more than 27 years had elapsed before the action for reversion was filed, then said action is now barred by laches.

5. ID.; ID.; TORRENS SYSTEM; EVERY SUBSEQUENT PURCHASER OF REGISTERED LAND TAKING A CERTIFICATE OF TITLE FOR VALUE AND IN GOOD FAITH SHALL HOLD THE SAME FREE FROM ALL ENCUMBRANCES EXCEPT THOSE NOTED IN THE CERTIFICATE AND ANY OF THE ENCUMBRANCES WHICH MAY BE SUBSISTING.— While the general rule is that an action to recover lands of public domain is imprescriptible, said right can be barred by laches or estoppel. Section 32 of PD 1592 recognized the rights of an innocent purchaser for value over and above the interests of the government. xxx. In this petition, the LRC (now LRA), on May 30, 1974, issued Decree No. N-150912 in favor of Fermina Castro and OCT No. 10215 was issued by the Rizal Registrar of Deeds on May 29, 1974. OCT No. 10215 does not show any annotation, lien, or encumbrance on its face. Relying on the clean title, Yujuico bought the same in good faith and for value from her. He was issued TCT No. 445863 on May 31, 1974. There is no allegation that Yujuico was a buyer in bad faith, nor did he acquire the land fraudulently. He thus had the protection of the Torrens System that every subsequent purchaser of registered land taking a certificate of title for value and in good faith shall hold the same free from all encumbrances except those noted on the certificate and any of the . . . encumbrances which may be subsisting. The same legal shield redounds to his successors-in-interest, the Yujuicos and Carpio, more particularly the latter since Carpio bought the lot from Jesus Y. Yujuico for value and in good faith.

6. ID.; SPECIAL CONTRACTS; MORTGAGE; THE MORTGAGE RIGHTS OF A MORTGAGEE IN GOOD FAITH CANNOT BE NULLIFIED BY THE DECLARATION THAT THE TITLE IS NULL AND VOID.— Likewise protected are the rights of innocent mortgagees for value, the PISO, Citibank, N.A., PDC, RCBC, PCIB, and DBP. Even if the mortgagor's title was proved fraudulent and the title declared null and void, such declaration cannot nullify the mortgage rights of a mortgagee in good faith.

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7. ID.; LACHES; DOCTRINE; APPLIED TO CASE AT BAR.— Laches is the failure or neglect, for an unreasonable and unexplained length of time, to do that which by exercising due diligence could or should have been done earlier. It is negligence or omission to assert a right within a reasonable time, warranting a presumption that the party entitled thereto has either abandoned or declined to assert it. xxx. From the undisputed facts of the case, it is easily revealed that respondent Republic took its sweet time to nullify Castro's title, notwithstanding the easy access to ample remedies which were readily available after OCT No. 10215 was registered in the name of Castro. *First,* it could have appealed to the CA when the Pasig-Rizal CFI rendered a decision ordering the registration of title in the name of applicant Castro on April 26, 1974. Had it done so, it could have elevated the matter to this Court if the appellate court affirms the decision of the land registration court. *Second,* when the entry of Decree No. N-150912 was made on May 29, 1974 by the Rizal Register of Deeds, the Republic had one (1) year from said date or up to May 28, 1975 to file a petition for the reopening and review of Decree No. N-150912 with the Rizal CFI (now RTC) on the ground of actual fraud under Section 32 of PD 1592. Again, respondent Republic did not avail of such remedy. *Third,* when Jesus Yujuico filed a complaint for *Removal of Cloud and Annulment of Title with Damages* against PEA before the Parañaque RTC in Civil Case No. 96-0317, respondent could have persevered to question and nullify Castro's title. Instead, PEA undertook a compromise agreement on which the May 18, 1998 Resolution was issued. PEA in effect admitted that the disputed land was owned by the predecessors-in-interest of petitioners and their title legal and valid; and impliedly waived its right to contest the validity of said title; respondent Republic even filed the petition for relief from judgment beyond the time frames allowed by the rules, a fact even acknowledged by this Court in *Public Estates Authority. Lastly,* respondent only filed the reversion suit on June 8, 2001 after the passage of 27 years from the date the decree of registration was issued to Fermina Castro. Such a Rip Van Winkle, coupled with the signing of the settlement with PEA, understandably misled petitioners to believe that the government no longer had any right or interest in the disputed lot to the extent that the two lots were even mortgaged to several banks including a government financing institution. Any

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nullification of title at this stage would unsettle and prejudice the rights and obligations of innocent parties. All told, we are constrained to conclude that laches had set in.

8. REMEDIAL LAW; JUDGMENT; *STARE DECISIS*; RULING IN THE CASE OF *FIRESTONE CERAMICS, INC.* (G.R. NO. 127022, SEPTEMBER 2, 1999) APPLICABLE TO CASE AT BAR.— The doctrine on precedents is expressed in the latin maxim — *Stare decisis et non quieta movere*. Follow past precedents and do not disturb what has been settled. In order however that a case can be considered as a precedent to another case which is pending consideration, the facts of the first case should be similar or analogous to the second case. A perusal of the facts of the Firestone case and those of the case at bar reveals that the facts in the two (2) cases are parallel. *First,* in *Firestone* and in this case, the claimants filed land registration applications with the CFI; both claimants obtained decrees for registration of lots applied for and were issued OCTs. *Second,* in *Firestone,* the Republic filed a reversion case alleging that the land covered by the OCT was still inalienable forest land at the time of the application and hence the Land Registration Court did not acquire jurisdiction to adjudicate the property to the claimant. In the instant case, respondent Republic contend that the land applied for by Yujuico was within Manila Bay at the time of application and therefore the CFI had no jurisdiction over the subject matter of the complaint. *Third,* in *Firestone,* the validity of the title of the claimant was favorably ruled upon by this Court in *G.R. No. 109490* entitled *Patrocinio E. Margolles v. CA.* In the case at bar, the validity of the compromise agreement involving the disputed lot was in effect upheld when this Court in *Public Estates Authority v. Yujuico* dismissed the petition of PEA seeking to reinstate the petition for relief from the May 18, 1998 Resolution approving said compromise agreement. With the dismissal of the petition, the May 18, 1998 Resolution became final and executory and herein respondent Republic through PEA was deemed to have recognized Castro's title over the disputed land as legal and valid. In *Romero v. Tan,* we ruled that "a judicial compromise has the effect of *res judicata*." We also made clear that a judgment based on a compromise agreement is a judgment on the merits, wherein the parties have validly entered into stipulations and the evidence was duly considered by the trial

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court that approved the agreement. In the instant case, the May 18, 1998 Resolution approving the compromise agreement confirmed the favorable decision directing the registration of the lot to Castro's name in LRC Case No. N-8239. Similarly, in *Firestone*, the Margolles case confirmed the decision rendered in favor of Gana in Land Registration Case No. 672 ordering the issuance of the decree to said applicant. *Fourth*, in *Firestone*, the Supreme Court relied on the letter of then Solicitor General Francisco Chavez that the evidence of the Bureau of Lands and the LRC was not sufficient to support an action for cancellation of OCT No. 4216. In the instant case, both the Solicitor General and the Government Corporate Counsel opined that the Yujuico land was not under water and that "there appears to be no sufficient basis for the Government to institute the action for annulment." *Fifth*, in *Firestone*, we ruled that "the Margolles case had long become final, thus the validity of OCT No. 4216 should no longer be disturbed and should be applied in the instant case (reversion suit) based on the principle of *res judicata* or, otherwise, the rule on conclusiveness of judgment." Clearly from the above, *Firestone* is a precedent case. The *Public Estates Authority* had become final and thus the validity of OCT No. 10215 issued to Castro could no longer be questioned.

9. ID.; ID.; *RES JUDICATA*; REQUISITES.— Even granting for the sake of argument that *Firestone* is not squarely applicable, still we find the reversion suit already barred by *res judicata*. For *res judicata* to serve as an absolute bar to a subsequent action, the following requisites must concur: (1) there must be a final judgment or order; (2) the court rendering it must have jurisdiction over the subject matter and the parties; (3) it must be a judgment or order on the merits; and (4) there must be between the two cases, identity of parties, subject matter and causes of action.

10. ID.; COURTS; JURISDICTION; THE AUTHORITY TO DECIDE A CASE AND NOT THE DECISION RENDERED THEREIN MAKES UP JURISDICTION.— Firmly entrenched is the principle that jurisdiction over the subject matter is conferred by law. Consequently, the proper CFI (now the RTC) under Section 14 of PD 1529 (Property Registration Decree) has jurisdiction over applications for registration of title to land. xxx Conformably, the Pasig-Rizal CFI, Branch XXII has

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jurisdiction over the subject matter of the land registration case filed by Fermina Castro, petitioners' predecessor-in-interest, since jurisdiction over the subject matter is determined by the allegations of the initiatory pleading — the application. Settled is the rule that "the authority to decide a case and not the decision rendered therein is what makes up jurisdiction. When there is jurisdiction, the decision of all questions arising in the case is but an exercise of jurisdiction."

11. CIVIL LAW; LAND REGISTRATION; REVERSION SUIT IN CASE AT BAR IS ALREADY BARRED BY *RES JUDICATA*.— In our view, it was imprecise to state in *Municipality of Antipolo* that the "**Land Registration Court [has] no jurisdiction to entertain the application for registration of public property** x x x" for such court precisely has the jurisdiction to entertain land registration applications since that is conferred by PD 1529. The applicant in a land registration case usually claims the land subject matter of the application as his/her private property, as in the case of the application of Castro. Thus, the conclusion of the CA that the Pasig-Rizal CFI has no jurisdiction over the subject matter of the application of Castro has no legal mooring. The land registration court initially has jurisdiction over the land applied for at the time of the filing of the application. After trial, the court, in the exercise of its jurisdiction, can determine whether the title to the land applied for is registrable and can be confirmed. In the event that the subject matter of the application turns out to be inalienable public land, then it has no jurisdiction to order the registration of the land and perforce must dismiss the application. Based on our ruling in *Antipolo*, the threshold question is whether the land covered by the titles of petitioners is under water and forms part of Manila Bay at the time of the land registration application in 1974. If the land was within Manila Bay, then *res judicata* does not apply. Otherwise, the decision of the land registration court is a bar to the instant reversion suit. After a scrutiny of the case records and pleadings of the parties in LRC Case No. N-8239 and in the instant petition, we rule that the land of Fermina Castro is registrable and not part of Manila Bay at the time of the filing of the land registration application.

12. ID.; ID.; RESPONDENT REPUBLIC'S WAIVER OF ITS RIGHT TO CHALLENGE THE PETITIONERS' TITLES, DECLARED VALID.— Notably, the land in question has been the subject

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of a compromise agreement upheld by this Court in *Public Estates Authority*. In that compromise agreement, among other provisions, it was held that the property covered by TCT Nos. 446386 and S-29361, the land subject of the instant case, would be exchanged for PEA property. The fact that PEA signed the May 15, 1998 Compromise Agreement is already a clear admission that it recognized petitioners as true and legal owners of the land subject of this controversy. Moreover, PEA has waived its right to contest the legality and validity of Castro's title. Such waiver is clearly within the powers of PEA since it was created by PD 1084 as a body corporate "which shall have the attribute of perpetual succession and possessed of the powers of the corporations, to be exercised in conformity with the provisions of this Charter [PD 1084]." It has the power "to enter into, make, perform and carry out contracts of every class and description, including loan agreements, mortgages and other types of security arrangements, necessary or incidental to the realization of its purposes with any person, firm or corporation, private or public, and with any foreign government or entity." It also has the power to sue and be sued in its corporate name. Thus, the Compromise Agreement and the Deed of Exchange of Real Property signed by PEA with the petitioners are legal, valid and binding on PEA. In the Compromise Agreement, it is provided that it "settles in full all the claims/counterclaims of the parties against each other." The waiver by PEA of its right to question petitioners' title is fortified by the manifestation by PEA in the Joint Motion for Judgment based on Compromise Agreement that 4. The parties herein hereto waive and abandon any and all other claims and counterclaims which they may have against each other arising from this case or related thereto. Thus, there was a valid waiver of the right of respondent Republic through PEA to challenge petitioners' titles.

13. REMEDIAL LAW; JUDGMENT; *RES JUDICATA*; PRECLUDES THE RELITIGATION OF THE ISSUE OF REGISTRABILITY OF PETITIONERS' LOT.— The recognition of petitioners' legal ownership of the land is further bolstered by the categorical and unequivocal acknowledgment made by PEA in its September 30, 2003 letter where it stated that: "Your ownership thereof was acknowledged by PEA when it did not object to your membership in the CBP-IA Association, in which an owner of a piece of land in CBP-IA automatically becomes a member

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thereof." Section 26, Rule 130 provides that "the act, declaration or omission of a party as to a relevant fact may be given in evidence against him." The admissions of PEA which is the real party in interest in this case on the nature of the land of Fermina Castro are valid and binding on respondent Republic. Respondent's claim that the disputed land is underwater falls flat in the face of the admissions of PEA against its interests. Hence, *res judicata* now effectively precludes the relitigation of the issue of registrability of petitioners' lot.

APPEARANCES OF COUNSEL

Villaraza & Angcangco Law Offices for petitioners.
The Solicitor General for respondents.

D E C I S I O N

VELASCO, JR., *J.*:

In 1973, Fermina Castro filed an application for the registration and confirmation of her title over a parcel of land with an area of 17,343 square meters covered by plan (LRC) Psu-964 located in the Municipality of Parañaque, Province of Rizal (now Parañaque City), in the Pasig-Rizal Court of First Instance (CFI), Branch 22. The application was docketed LRC Case No. N-8239. The application was opposed by the Office of the Solicitor General (OSG) on behalf of the Director of Lands, and by Mercedes Dizon, a private party. Both oppositions were stricken from the records since the opposition of Dizon was filed after the expiration of the period given by the court, and the opposition of the Director of Lands was filed after the entry of the order of general default. After considering the evidence, the trial court rendered its April 26, 1974 Decision. The dispositive portion reads:

WHEREFORE, the Court hereby declares the applicant, Fermina Castro, of legal age, single, Filipino and a resident of 1515 F. Agoncillo St., Corner J. Escoda St., Ermita, Manila, the true and absolute owner of the land applied for situated in the Municipality of Parañaque, Province of Rizal, with an area of 17,343 square meters and covered

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by plan (LRC) Psu-964 and orders the registration of said parcel of land in her name with her aforementioned personal circumstances.

Once this decision becomes final and executory, let the corresponding order for the issuance of the decree be issued.

SO ORDERED.[1]

The Director of Lands and Mercedes Dizon did not appeal from the adverse decision of the Pasig-Rizal CFI. Thus, the order for the issuance of a decree of registration became final, and Decree No. N-150912 was issued by the Land Registration Commission (LRC).[2] Original Certificate of Title (OCT) No. 10215 was issued in the name of Fermina Castro by the Register of Deeds for the Province of Rizal on May 29, 1974.[3]

The land was then sold to Jesus S. Yujuico, and OCT No. 10215 was cancelled. On May 31, 1974,[4] Transfer Certificate of Title (TCT) No. 445863 was issued in Yujuico's name, who subdivided the land into two lots. TCT No. 446386[5] over Lot 1 was issued in his name, while TCT No. S-29361[6] over Lot 2 was issued in the name of petitioner Augusto Y. Carpio.

Annotations at the back of TCT No. 446386 show that Yujuico had, at one time or another, mortgaged the lot to the Philippine Investments System Organization (PISO) and Citibank, N.A. Annotations in the title of petitioner Carpio reveal the lot was mortgaged in favor of Private Development Corporation (PDC), Rizal Commercial Banking Corporation (RCBC) and then Philippine Commercial and Industrial Bank (PCIB) and the Development Bank of the Philippines (DBP) to secure various loans.

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[1] *Rollo*, pp. 390-396, 396.

[2] *Id*. at 398-399.

[3] *Id*. at 401-402.

[4] *Id*. at 403-404

[5] *Id*. at 406-410.

[6] *Id*. at 411-413.

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Sometime in 1977, Presidential Decree No. (PD) 1085 entitled *Conveying the Land Reclaimed in the Foreshore and Offshore of the Manila Bay (The Manila-Cavite Coastal Road Project) as Property of the Public Estates Authority as well as Rights and Interests with Assumptions of Obligations in the Reclamation Contract Covering Areas of the Manila Bay between the Republic of the Philippines and the Construction and Development Corporation of the Philippines (1977)* was issued. Land reclaimed in the foreshore and offshore areas of Manila Bay became the properties of the Public Estates Authority (PEA), a government corporation that undertook the reclamation of lands or the acquisition of reclaimed lands. On January 13, 1989, OCT No. SP 02 was issued in favor of PEA. The PEA also acquired ownership of other parcels of land along the Manila Bay coast, some of which were subsequently sold to the Manila Bay Development Corporation (MBDC), which in turn leased portions to Uniwide Holdings, Inc.[7]

The PEA undertook the construction of the Manila Coastal Road. As this was being planned, Yujuico and Carpio discovered that a verification survey they commissioned showed that the road directly overlapped their property, and that they owned a portion of the land sold by the PEA to the MBDC.

On July 24, 1996, Yujuico and Carpio filed before the Parañaque City Regional Trial Court (RTC), a complaint for the Removal of Cloud and Annulment of Title with Damages docketed as Civil Case No. 96-0317 against the PEA. On May 15, 1998 the parties entered into a compromise agreement approved by the trial court in a Resolution dated May 18, 1998. On June 17, 1998, the parties executed a Deed of Exchange of Real Property, pursuant to the compromise agreement, where the PEA property with an area of 1.4007 hectares would to be conveyed to Jesus Yujuico and petitioner Carpio in exchange for their property with a combined area of 1.7343 hectares.

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[7] *Id*. at 17.

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On July 31, 1998, the incumbent PEA General Manager, Carlos P. Doble, informed the OSG that the new PEA board and management had reviewed the compromise agreement and had decided to defer its implementation and hold it in abeyance following the view of the former PEA General Manager, Atty. Arsenio Yulo, Jr., that the compromise agreement did not reflect a condition of the previous PEA Board, requiring the approval of the Office of the President. The new PEA management then filed a petition for relief from the resolution approving the compromise agreement on the ground of mistake and excusable negligence.

The petition was dismissed by the trial court on the ground that it was filed out of time and that the allegation of mistake and excusable negligence lacked basis.

The PEA fared no better in the Court of Appeals (CA), as the petition was dismissed for failure to pay the required docket fees and for lack of merit.

The matter was raised to the Supreme Court in *Public Estates Authority v. Yujuico*[8] but PEA's petition was denied, upholding the trial court's dismissal of the petition for relief for having been filed out of time. The allegation of fraud in the titling of the subject property in the name of Fermina Castro was not taken up by the Court.

On June 8, 2001, in a Complaint for Annulment and Cancellation of Decree No. N-150912 and its Derivative Titles, entitled *Republic of the Philippines v. Fermina Castro, Jesus S. Yujuico, August Y. Carpio and the Registry of Deeds of Parañaque City* docketed as Civil Case No. 01-0222, filed with the Parañaque City RTC, respondent Republic of the Philippines, through the OSG, alleged that when the land registered to Castro was surveyed by Engr. H. Obreto on August 3, 1972 and subsequently approved by the LRC on April 23, 1973, the land was still a portion of Manila Bay as evidenced by Namria Hydrographic Map No. 4243, Surveys to 1980; 1st Ed/. January 9/61: Revised 80-11-2; that Roman Mataverde, the then OIC

[8] G.R. No. 140486, February 6, 2001, 351 SCRA 280.

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of the Surveys Division, Bureau of Lands, informed the OIC of the Legal Division that "[w]hen projected on Cadastral Maps CM 14 deg. 13' N-120 deg, 59'E, Sec.2-A of Parañaque Cadastre (Cad. 299), (LRC) Psu-964 falls inside Manila Bay, outside Cad. 299"; that then Acting Regional Lands Director Narciso V. Villapando issued a Report dated November 15, 1973 stating that plan (LRC) Psu-964 is a portion of Manila Bay; that then Officer-in-Charge, Assistant Director of Lands, Ernesto C. Mendiola, submitted his Comment and Recommendation re: Application for Registration of Title of FERMINA CASTRO, LRC Case No. N-8239, dated Dec. 1, 1977, praying that the instant registration case be dismissed; and that Fermina Castro had no registrable rights over the property.

More significantly, respondent Republic argued that, first, since the subject land was still underwater, it could not be registered in the name of Fermina Castro. Second, the land registration court did not have jurisdiction to adjudicate inalienable lands, thus the decision adjudicating the subject parcel of land to Fermina Castro was void. And third, the titles of Yujuico and Carpio, being derived from a void title, were likewise void.[9]

On September 13, 2001, Yujuico and Carpio filed a Motion to Dismiss (With Cancellation of Notice of *Lis Pendens*),[10] on the grounds that: (1) the cause of action was barred by prior judgment; (2) the claim had been waived, abandoned, or otherwise extinguished; (3) a condition precedent for the filing of the complaint was not complied with; and (4) the complaint was not verified and the certification against forum shopping was not duly executed by the plaintiff or principal party.

On November 27, 2001, respondent Republic filed an Opposition[11] to the motion to dismiss to which defendants filed a Reply[12] on January 14, 2002, reiterating the grounds for the motion to dismiss.

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[9] *Rollo*, p. 11.

[10] *Id*. at 40.

[11] *Id*. at 313.

[12] *Id*. at 442.

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In the August 7, 2002 Order of the RTC,[13] Civil Case No. 01-0222 was dismissed. The trial court stated that the matter had already been decided in LRC Case No. N-8239, and that after 28 years without being contested, the case had already become final and executory. The trial court also found that the OSG had participated in the LRC case, and could have questioned the validity of the decision but did not. Civil Case No. 01-0222 was thus found barred by prior judgment.

On appeal to the CA, in CA-G.R. CV No. 76212, respondent Republic alleged that the trial court erred in disregarding that appellant had evidence to prove that the subject parcel of land used to be foreshore land of the Manila Bay and that the trial court erred in dismissing Civil Case No. 01-0222 on the ground of *res judicata*.[14]

The CA observed that shores are properties of the public domain intended for public use and, therefore, not registrable and their inclusion in a certificate of title does not convert the same into properties of private ownership or confer title upon the registrant.

Further, according to the appellate court *res judicata* does not apply to lands of public domain, nor does possession of the land automatically divest the land of its public character.

The appellate court explained that rulings of the Supreme Court have made exceptions in cases where the findings of the Director of Lands and the Department of Environment and Natural Resources (DENR) were conflicting as to the true nature of the land in as much as reversion efforts pertaining foreshore lands are embued with public interest.

The dispositive portion of the CA decision reads,

> WHEREFORE, premises considered, the present appeal is hereby GRANTED. The appealed Order dated August 7, 2002 of the trial court in Civil Case No. 01-0222 is hereby REVERSED and SET ASIDE.

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[13] *Id*. at 538.

[14] *Id*. at 30.

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The case is hereby REMANDED to said court for further proceedings and a full-blown trial on the merits with utmost dispatch.[15]

Hence, this petition.

The Issues

Petitioners now raise the following issues before this Court:

THE COURT OF APPEALS COMMITTED REVERSIBLE ERROR AND DECIDED A QUESTION OF SUBSTANCE IN A WAY NOT IN ACCORDANCE WITH LAW AND THE APPLICABLE DECISIONS OF THE HONORABLE COURT AND HAS DEPARTED FROM THE ACCEPTED AND USUAL COURSE OF JUDICIAL PROCEEDINGS NECESSITATING THE HONORABLE COURT'S EXERCISE OF ITS POWER OF SUPERVISION CONSIDERING THAT:

I. THE REVERSAL BY THE COURT OF APPEALS OF THE TRIAL COURT'S APPLICATION OF THE PRINCIPLE OF *RES JUDICATA* IN THE INSTANT CASE IS BASED ON ITS ERRONEOUS ASSUMPTION THAT THE SUBJECT LAND IS OF PUBLIC DOMAIN, ALLEGEDLY PART OF MANILA BAY.

   A. IN THE *FIRESTONE* CASE, THE HONORABLE COURT APPLIED THE PRINCIPLE OF *RES JUDICATA* NOTWITHSTANDING ALLEGATIONS OF LACK OF JURISDICTION OF A LAND REGISTRATION COURT, FORECLOSING ANY FURTHER ATTEMPT BY RESPONDENT THEREIN, AS IN THE INSTANT CASE, TO RESURRECT A LONG-SETTLED JUDICIAL DETERMINATION OF REGISTRABILITY OF A PARCEL OF LAND BASED ON THE SHEER ALLEGATION THAT THE SAME IS PART OF THE PUBLIC DOMAIN.

   B. THE LAND REGISTRATION COURT HAD JURISDICTION TO DETERMINE WHETHER THE SUBJECT LAND WAS PART OF THE PUBLIC DOMAIN.

   C. RESPONDENT'S REVERSION CASE SEEKS TO RETRY THE VERY SAME FACTUAL ISSUES THAT HAVE

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[15] *Id*. at 35. The Decision was penned by Associate Justice Martin S. Villarama, Jr. and concurred in by Associate Justices Regalado E. Maambong and Lucenito N. Tagle.

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ALREADY BEEN JUDICIALLY DETERMINED OVER THIRTY (30) YEARS AGO.

D. THE JURISPRUDENTIAL BASES APPLIED BY THE COURT OF APPEALS IN ITS QUESTIONED DECISION ARE MISPLACED, CONSIDERING THAT THEY ARE ALL PREDICATED ON THE ERRONEOUS PREMISE THAT IT IS UNDISPUTED THAT THE SUBJECT LAND IS PART OF THE PUBLIC DOMAIN.

II. RESPONDENT IS BARRED BY JURISDICTIONAL ESTOPPEL AND LACHES FROM QUESTIONING THE JURISDICTION OF THE LAND REGISTRATION COURT.

III. RELIANCE BY THE COURT OF APPEALS ON THE ISOLATED PRONOUNCEMENT OF THE HONORABLE COURT IN THE *PEA* CASE IS UNWARRANTED AND MISLEADING CONSIDERING THAT THE MATTER OF WHETHER *RES JUDICATA* APPLIES WITH RESPECT TO THE LAND REGISTRATION COURT'S DECISION IN 1974 WAS NOT IN ISSUE IN SAID CASE.

A. THE INSTANT REVERSION CASE IS NOT THE PROPER RECOURSE.

B. THE VALIDITY OF THE COURT-APPROVED COMPROMISE AGREEMENT 15 MAY 1998 HAS ALREADY BEEN AFFIRMED BY THE HONORABLE COURT IN THE *PEA* CASE.

IV. EQUITABLE CONSIDERATIONS MANDATE THE APPLICATION OF THE RULE ON ORDINARY ESTOPPEL AND LACHES IN THE INSTANT CASE AGAINST RESPONDENT.

V. RESPONDENT CANNOT BE GIVEN SPECIAL CONSIDERATION AND EXCUSED FOR TRANSGRESSING RULES OF PROCEDURE.[16]

Essentially, the issues boil down to three: (1) Is a reversion suit proper in this case? (2) Is the present petition estopped by laches? (3) Did the CA erroneously apply the principle of *res judicata*?

[16] *Id*. at 72-74.

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An action for reversion seeks to restore public land fraudulently awarded and disposed of to private individuals or corporations to the mass of public domain.[17] This remedy is provided under Commonwealth Act (CA) No. 141 (Public Land Act) which became effective on December 1, 1936. Said law recognized the power of the state to recover lands of public domain. Section 124 of CA No. 141 reads:

> SEC. 124. Any acquisition, conveyance, alienation, transfer, or other contract made or executed in violation of any of the provisions of Sections one hundred and eighteen, one hundred and twenty, one hundred and twenty-one, one hundred and twenty-two, and one hundred twenty-three of this Act shall be unlawful and null and void from its execution and shall produce the effect of annulling and cancelling the grant, title, patent, or permit originally issued, recognized or confirmed, actually or presumptively, **and cause the reversion of the property and its improvements to the State**. (Emphasis supplied.)

Pursuant to Section 124 of the Public Land Act, reversion suits are proper in the following instances, to wit:

1. Alienations of land acquired under free patent or homestead provisions in violation of Section 118, CA No. 141;
2. Conveyances made by non-Christians in violation of Section 120, CA No. 141; and
3. Alienations of lands acquired under CA No. 141 in favor of persons not qualified under Sections 121, 122, and 123 of CA No. 141.

From the foregoing, an action for reversion to cancel titles derived from homestead patents or free patents based on transfers and conveyances in violation of CA No. 141 is filed by the OSG pursuant to its authority under the Administrative Code with the RTC. It is clear therefore that reversion suits were originally utilized to annul titles or patents administratively issued by the Director of the Land Management Bureau or the Secretary of the DENR.

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[17] O.D. Agcaoili, *PROPERTY REGISTRATION DECREE AND RELATED LAWS (LAND TITLES AND DEEDS)* 352 (2006).

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While CA No. 141 did not specify whether judicial confirmation of titles by a land registration court can be subject of a reversion suit, the government availed of such remedy by filing actions with the RTC to cancel titles and decrees granted in land registration applications.

The situation changed on August 14, 1981 upon effectivity of Batas Pambansa (BP) Blg. 129 which gave the Intermediate Appellate Court the exclusive original jurisdiction over actions for annulment of judgments of RTCs.

When the 1997 Rules of Civil Procedure became effective on July 1, 1997, it incorporated Rule 47 on annulment of judgments or final orders and resolutions of the RTCs. The two grounds for annulment under Sec. 2, Rule 47 are extrinsic fraud and lack of jurisdiction. If based on extrinsic fraud, the action must be filed within four (4) years from its discovery, and if based on lack of jurisdiction, before it is barred by laches or estoppel as provided by Section 3, Rule 47. Thus, effective July 1, 1997, any action for reversion of public land instituted by the Government was already covered by Rule 47.

The instant Civil Case No. 01-0222 for annulment and cancellation of Decree No. N-150912 and its derivative titles was filed on June 8, 2001 with the Parañaque City RTC. It is clear therefore that the reversion suit was erroneously instituted in the Parañaque RTC and should have been dismissed for lack of jurisdiction. The proper court is the CA which is the body mandated by BP Blg. 129 and prescribed by Rule 47 to handle annulment of judgments of RTCs.

In *Collado v. Court of Appeals*,[18] the government, represented by the Solicitor General pursuant to Section 9(2) of BP Blg. 129, filed a petition for annulment of judgment with the CA. Similarly in the case of *Republic v. Court of Appeals*,[19] the Solicitor General correctly filed the annulment of judgment with the said appellate court.

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[18] G.R. No. 107764, October 4, 2002, 390 SCRA 343, 351.

[19] G.R. No. 126316, June 25, 2004, 432 SCRA 593, 597.

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This was not done in this case. The Republic misfiled the reversion suit with the Parañaque RTC. It should have been filed with the CA as required by Rule 47. Evidently, the Parañaque RTC had no jurisdiction over the instant reversion case.

Assuming that the Parañaque RTC has jurisdiction over the reversion case, still the lapse of almost three decades in filing the instant case, the inexplicable lack of action of the Republic and the injury this would cause constrain us to rule for petitioners. While it may be true that estoppel does not operate against the state or its agents,[20] deviations have been allowed. In *Manila Lodge No. 761 v. Court of Appeals*, we said:

> Estoppels against the public are little favored. They should not be invoked except in rare and unusual circumstances, and may not be invoked where they would operate to defeat the effective operation of a policy adopted to protect the public. They must be applied with circumspection and should be applied only in those special cases where the interests of justice clearly require it. **Nevertheless, the government must not be allowed to deal dishonorably or capriciously with its citizens, and must not play an ignoble part or do a shabby thing; and subject to limitations** x x x**, the doctrine of equitable estoppel may be invoked against public authorities as well as against private individuals**.[21] (Emphasis supplied.)

Equitable estoppel may be invoked against public authorities when as in this case, the lot was already alienated to innocent buyers for value and the government did not undertake any act to contest the title for an unreasonable length of time.

In *Republic v. Court of Appeals*, where the title of an innocent purchaser for value who relied on the clean certificates of the title was sought to be cancelled and the excess land to be reverted to the Government, we ruled that "[i]t is only **fair and reasonable to apply the equitable principle of estoppel by laches against**

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[20] *Manila Lodge No. 761 v. Court of Appeals*, No. L-41001, September 30, 1976, 73 SCRA 166.

[21] 31 CJS 675-676; cited in *Republic v. CA*, G.R. No. 116111, January 21, 1999, 301 SCRA 366, 377.

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the government to avoid an injustice to innocent purchasers for value (emphasis supplied)."[22] We explained:

Likewise time-settled is the doctrine that where innocent third persons, relying on the correctness of the certificate of title, acquire rights over the property, courts cannot disregard such rights and order the cancellation of the certificate. Such cancellation would impair public confidence in the certificate of title, for everyone dealing with property registered under the Torrens system would have to inquire in every instance whether the title has been regularly issued or not. This would be contrary to the very purpose of the law, which is to stabilize land titles. Verily, all persons dealing with registered land may safely rely on the correctness of the certificate of title issued therefore, and the law or the courts do not oblige them to go behind the certificate in order to investigate again the true condition of the property. They are only charged with notice of the liens and encumbrances on the property that are noted on the certificate.[23]

x x x x x x x x x

But in the interest of justice and equity, neither may the titleholder be made to bear the unfavorable effect of the mistake or negligence of the State's agents, in the absence of proof of his complicity in a fraud or of manifest damage to third persons. *First*, the real purpose of the Torrens system is *to quiet title to land to put a stop forever to any question as to the legality of the title*, except claims that were noted in the certificate at the time of the registration or that may arise subsequent thereto. *Second*, as we discussed earlier, estoppel by laches now bars petitioner from questioning private respondents' titles to the subdivision lots. *Third*, it was never proven that Private Respondent St. Jude was a party to the fraud that led to the increase in the area of the property after its subdivision. *Finally*, because petitioner even failed to give sufficient proof of any error that might have been committed by its agents who had surveyed the property, the presumption of regularity in the performance of their functions must be respected. Otherwise, the integrity of the Torrens system, which petitioner purportedly aims to protect by filing this case, shall forever be sullied by the ineptitude and inefficiency

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[22] G.R. No. 116111, January 21, 1999, 301 SCRA 366, 379.

[23] *Id*. at 379-380.

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of land registration officials, who are ordinarily presumed to have regularly performed their duties.[24]

Republic v. Court of Appeals is reinforced by our ruling in *Republic v. Umali*,[25] where, in a reversion case, we held that even if the original grantee of a patent and title has obtained the same through fraud, reversion will no longer prosper as the land had become private land and the fraudulent acquisition cannot affect the titles of innocent purchasers for value.

Considering that innocent purchaser for value Yujuico bought the lot in 1974, and more than 27 years had elapsed before the action for reversion was filed, then said action is now barred by laches.

While the general rule is that an action to recover lands of public domain is imprescriptible, said right can be barred by laches or estoppel. Section 32 of PD 1592 recognized the rights of an innocent purchaser for value over and above the interests of the government. Section 32 provides:

SEC. 32. *Review of decree of registration; Innocent purchaser for value.*—The decree of registration shall not be reopened or revised by reason of absence, minority, or other disability of any person adversely affected thereby, nor by any proceeding in any court for reversing judgments, **subject, however, to the right of any person, including the government and the branches thereof, deprived of land or of any estate or interest therein by such adjudication or confirmation of title obtained by actual fraud, to file in the proper Court of First Instance a petition for reopening and review of the decree of registration not later than one year from and after the date of the entry of such decree of registration, but in no case shall such petition be entertained by the court where an innocent purchaser for value has acquired the land or an interest therein, whose rights may be prejudiced**. Whenever the phrase "innocent purchaser for value" or an equivalent phrase occurs in this Decree, it shall be deemed to include an innocent lessee, mortgagee, or other encumbrances for value. (Emphasis supplied.)

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[24] *Id*. at 370.

[25] G.R. No. 80687, April 10, 1989, 171 SCRA 647, 653.

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In this petition, the LRC (now LRA), on May 30, 1974, issued Decree No. N-150912 in favor of Fermina Castro and OCT No. 10215 was issued by the Rizal Registrar of Deeds on May 29, 1974. OCT No. 10215 does not show any annotation, lien, or encumbrance on its face. Relying on the clean title, Yujuico bought the same in good faith and for value from her. He was issued TCT No. 445863 on May 31, 1974. There is no allegation that Yujuico was a buyer in bad faith, nor did he acquire the land fraudulently. He thus had the protection of the Torrens System that every subsequent purchaser of registered land taking a certificate of title for value and in good faith shall hold the same free from all encumbrances except those noted on the certificate and any of the x x x encumbrances which may be subsisting.[26] The same legal shield redounds to his successors-in-interest, the Yujuicos and Carpio, more particularly the latter since Carpio bought the lot from Jesus Y. Yujuico for value and in good faith.

Likewise protected are the rights of innocent mortgagees for value, the PISO, Citibank, N.A., PDC, RCBC, PCIB, and DBP. Even if the mortgagor's title was proved fraudulent and the title declared null and void, such declaration cannot nullify the mortgage rights of a mortgagee in good faith.[27]

All told, a reversion suit will no longer be allowed at this stage.

More on the issue of laches. Laches is the failure or neglect, for an unreasonable and unexplained length of time, to do that which by exercising due diligence could or should have been done earlier. It is negligence or omission to assert a right within a reasonable time, warranting a presumption that the party entitled thereto has either abandoned or declined to assert it.[28]

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[26] PD 1529, Sec. 44.

[27] *Blanco v. Esquierdo*, 110 Phil. 494 (1960); cited in O.D. Agcaoili, *supra* note 17.

[28] *Felizardo v. Fernandez*, G.R. No. 137509, August 15, 2001, 363 SCRA 182, 191.

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When respondent government filed the reversion case in 2001, 27 years had already elapsed from the time the late Jesus Yujuico purchased the land from the original owner Castro. After the issuance of OCT No. 10215 to Castro, no further action was taken by the government to question the issuance of the title to Castro until the case of *Public Estates Authority*, brought up in the oral argument before this Court on September 6, 2000.[29] We then held that allegation of fraud in the issuance of the title was not proper for consideration and determination at that stage of the case.

From the undisputed facts of the case, it is easily revealed that respondent Republic took its sweet time to nullify Castro's title, notwithstanding the easy access to ample remedies which were readily available after OCT No. 10215 was registered in the name of Castro. *First*, it could have appealed to the CA when the Pasig-Rizal CFI rendered a decision ordering the registration of title in the name of applicant Castro on April 26, 1974. Had it done so, it could have elevated the matter to this Court if the appellate court affirms the decision of the land registration court. *Second*, when the entry of Decree No. N-150912 was made on May 29, 1974 by the Rizal Register of Deeds, the Republic had one (1) year from said date or up to May 28, 1975 to file a petition for the reopening and review of Decree No. N-150912 with the Rizal CFI (now RTC) on the ground of actual fraud under Section 32 of PD 1592. Again, respondent Republic did not avail of such remedy. *Third*, when Jesus Yujuico filed a complaint for *Removal of Cloud and Annulment of Title with Damages* against PEA before the Parañaque RTC in Civil Case No. 96-0317, respondent could have persevered to question and nullify Castro's title. Instead, PEA undertook a compromise agreement on which the May 18, 1998 Resolution[30] was issued. PEA in effect admitted that the disputed land was owned by the predecessors-in-interest of petitioners and their title legal and valid; and impliedly waived its right to contest the validity of said title; respondent Republic

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[29] *Supra* note 8, at 292.

[30] *Rollo*, p. 294.

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even filed the petition for relief from judgment beyond the time frames allowed by the rules, a fact even acknowledged by this Court in *Public Estates Authority*. *Lastly*, respondent only filed the reversion suit on June 8, 2001 after the passage of 27 years from the date the decree of registration was issued to Fermina Castro.

Such a Rip Van Winkle, coupled with the signing of the settlement with PEA, understandably misled petitioners to believe that the government no longer had any right or interest in the disputed lot to the extent that the two lots were even mortgaged to several banks including a government financing institution. Any nullification of title at this stage would unsettle and prejudice the rights and obligations of innocent parties. All told, we are constrained to conclude that laches had set in.

Even granting *arguendo* that respondent Republic is not precluded by laches from challenging the title of petitioners in the case at bar, still we find that the instant action for reversion is already barred by *res judicata*.

Petitioners relying on *Firestone Ceramics, Inc. v. Court of Appeals*[31] as a precedent to the case at bar contend that the instant reversion suit is now barred by *res judicata*.

We agree with petitioners.

The doctrine on precedents is expressed in the latin maxim—*Stare decisis et non quieta movere.* Follow past precedents and do not disturb what has been settled.[32] In order however that a case can be considered as a precedent to another case which is pending consideration, the facts of the first case should be similar or analogous to the second case.

A perusal of the facts of the Firestone case and those of the case at bar reveals that the facts in the two (2) cases are parallel. *First*, in *Firestone* and in this case, the claimants filed land registration applications with the CFI; both claimants

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[31] G.R. No. 127022, September 2, 1999, 313 SCRA 522.

[32] *J.M. Tuazon and Co., Inc. v. Mariano*, No. L-33140, October 23, 1978, 85 SCRA 644.

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obtained decrees for registration of lots applied for and were issued OCTs. *Second*, in *Firestone*, the Republic filed a reversion case alleging that the land covered by the OCT was still inalienable forest land at the time of the application and hence the Land Registration Court did not acquire jurisdiction to adjudicate the property to the claimant. In the instant case, respondent Republic contend that the land applied for by Yujuico was within Manila Bay at the time of application and therefore the CFI had no jurisdiction over the subject matter of the complaint. *Third*, in *Firestone*, the validity of the title of the claimant was favorably ruled upon by this Court in *G.R. No. 109490* entitled *Patrocinio E. Margolles v. CA.* In the case at bar, the validity of the compromise agreement involving the disputed lot was in effect upheld when this Court in *Public Estates Authority v. Yujuico* dismissed the petition of PEA seeking to reinstate the petition for relief from the May 18, 1998 Resolution approving said compromise agreement. With the dismissal of the petition, the May 18, 1998 Resolution became final and executory and herein respondent Republic through PEA was deemed to have recognized Castro's title over the disputed land as legal and valid. In *Romero v. Tan*,[33] we ruled that "a judicial compromise has the effect of *res judicata*." We also made clear that a judgment based on a compromise agreement is a judgment on the merits, wherein the parties have validly entered into stipulations and the evidence was duly considered by the trial court that approved the agreement. In the instant case, the May 18, 1998 Resolution approving the compromise agreement confirmed the favorable decision directing the registration of the lot to Castro's name in LRC Case No. N-8239. Similarly, in *Firestone*, the Margolles case confirmed the decision rendered in favor of Gana in Land Registration Case No. 672 ordering the issuance of the decree to said applicant. *Fourth*, in *Firestone*, the Supreme Court relied on the letter of then Solicitor General Francisco Chavez that the evidence of the Bureau of Lands and the LRC was not sufficient to support an action for cancellation of OCT No. 4216. In the instant case, both the Solicitor General and the Government

[33] G.R. No. 147570, February 27, 2004, 424 SCRA 108, 123.

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Corporate Counsel opined that the Yujuico land was not under water and that "there appears to be no sufficient basis for the Government to institute the action for annulment." *Fifth*, in *Firestone*, we ruled that "the Margolles case had long become final, thus the validity of OCT No. 4216 should no longer be disturbed and should be applied in the instant case (reversion suit) based on the principle of *res judicata* or, otherwise, the rule on conclusiveness of judgment."[34]

Clearly from the above, *Firestone* is a precedent case. The *Public Estates Authority* had become final and thus the validity of OCT No. 10215 issued to Castro could no longer be questioned.

While we said in *Public Estates Authority* that the court does not foreclose the right of the Republic from pursuing the proper recourse in a separate proceedings as it may deem warranted, the statement was *obiter dictum* since the inquiry on whether or not the disputed land was still under water at the time of its registration was a non-issue in the said case.

Even granting for the sake of argument that *Firestone* is not squarely applicable, still we find the reversion suit already barred by *res judicata*.

For *res judicata* to serve as an absolute bar to a subsequent action, the following requisites must concur: (1) there must be a final judgment or order; (2) the court rendering it must have jurisdiction over the subject matter and the parties; (3) it must be a judgment or order on the merits; and (4) there must be between the two cases, identity of parties, subject matter and causes of action.[35]

There is no question as to the first, third and last requisites. The threshold question pertains to the second requisite, whether or not the then Pasig-Rizal CFI, Branch 22 had jurisdiction over the subject matter in LRC Case No. N-8239. In Civil Case No. 01-0222, the Parañaque City RTC, Branch 257 held

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[34] *Supra* note 31, at 540.

[35] *San Pedro v. Binalay*, G.R. No. 126207, August 25, 2005, 468 SCRA 47, 57.

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that the CFI had jurisdiction. The CA reversed the decision of the Parañaque City RTC based on the assertion of respondent Republic that the Pasig-Rizal CFI had no jurisdiction over the subject matter, and that there was a need to determine the character of the land in question.

The Parañaque City RTC Order dismissing the case for *res judicata* must be upheld.

The CA, in rejecting the dismissal of the reversion case by the Parañaque RTC, relied on two cases, namely: *Municipality of Antipolo v. Zapanta*[36] and *Republic v. Vda. De Castillo*.[37]

In *Municipality of Antipolo,* we held that the land registration court had no jurisdiction to entertain any land registration application if the land was public property, thus:

> Since the Land Registration Court had no jurisdiction to entertain the application for registration of public property of ANTIPOLO, its Decision adjudicating the DISPUTED PROPERTY as of private ownership is null and void. It never attained finality, and can be attacked at any time. It was not a bar to the action brought by ANTIPOLO for its annulment by reason of *res judicata*.
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> "[x x x] the want of jurisdiction by a court over the subject matter renders the judgment void and a mere nullity, and considering that a void judgment is in legal effect no judgment, by which no rights are divested, from which no rights can be obtained, which neither binds nor bars any one, and under which all acts performed and all claims flowing out of are void, and considering, further, that the decision, for want of jurisdiction of the court, is not a decision in contemplation of law, and hence, can never become executory, it follows that such a void judgment cannot constitute a bar to another case by reason of *res judicata*."
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> x x x x x x x x x
>
> "It follows that 'if a person obtains a title under the Public Land Act which includes, by oversight, lands which cannot

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[36] No. 65334, December 26, 1984, 133 SCRA 820.

[37] No. 69002, June 30, 1988, 163 SCRA 286.

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> be registered under the Torrens System, or when the Director of Lands did not have jurisdiction over the same because it is a public forest, the grantee does not, by virtue of the said certificate of title alone, become the owner of the land illegally included' (*Republic vs. Animas*, 56 SCRA 499, 503; *Ledesma vs. Municipality of Iloilo*, 49 Phil. 769)."
>
> [x x x x x x x x x]
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> "Under these circumstances, the certificate of title may be ordered cancelled (*Republic vs. Animas, et al., supra*), and the cancellation maybe pursued through an ordinary action therefore. *This action cannot be barred by the prior judgment of the land registration court, since the said court had no jurisdiction over the subject matter.* And if there was no such jurisdiction, then the principle of *res judicata* does not apply. [x x x] Certainly, one of the essential requisites, *i.e.*, jurisdiction over the subject matter, is absent in this case." (Italics supplied).[38]

The plain import of *Municipality of Antipolo* is that a land registration court, the RTC at present, has no jurisdiction over the subject matter of the application which respondent Republic claims is public land. This ruling needs elucidation.

Firmly entrenched is the principle that jurisdiction over the subject matter is conferred by law.[39] Consequently, the proper CFI (now the RTC) under Section 14 of PD 1529[40] (Property Registration Decree) has jurisdiction over applications for registration of title to land.

Section 14 of PD 1592 provides:

SEC. 14. *Who may apply.*—**The following persons may file in the proper Court of First Instance an application for registration of title to land**, whether personally or through their duly authorized representatives:

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[38] *Supra* note 35, at 825-826.

[39] I Regalado, *REMEDIAL LAW COMPENDIUM* 8 (6th rev. ed.).

[40] "Amending and Codifying the Laws Relative to Registration of Property and for Other Purposes" (1978).

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(1) Those who by themselves or through their predecessors-in-interest have been in open, continuous, exclusive and notorious possession and occupation of alienable and disposable lands of the public domain under a *bona fide* claim of ownership since June 12, 1945, or earlier. (Emphasis supplied.)

Conformably, the Pasig-Rizal CFI, Branch XXII has jurisdiction over the subject matter of the land registration case filed by Fermina Castro, petitioners' predecessor-in-interest, since jurisdiction over the subject matter is determined by the allegations of the initiatory pleading–the application.[41] Settled is the rule that "the authority to decide a case and not the decision rendered therein is what makes up jurisdiction. When there is jurisdiction, the decision of all questions arising in the case is but an exercise of jurisdiction."[42]

In our view, it was imprecise to state in *Municipality of Antipolo* that the "**Land Registration Court [has] no jurisdiction to entertain the application for registration of public property** x x x" for such court precisely has the jurisdiction to entertain land registration applications since that is conferred by PD 1529. The applicant in a land registration case usually claims the land subject matter of the application as his/her private property, as in the case of the application of Castro. Thus, the conclusion of the CA that the Pasig-Rizal CFI has no jurisdiction over the subject matter of the application of Castro has no legal mooring. The land registration court initially has jurisdiction over the land applied for at the time of the filing of the application. After trial, the court, in the exercise of its jurisdiction, can determine whether the title to the land applied for is registrable and can be confirmed. In the event that the subject matter of the application turns out to be inalienable public land, then it has no jurisdiction to order the registration of the land and perforce must dismiss the application.

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[41] *Ganadin v. Ramos*, No. L-23547, September 11, 1980, 99 SCRA 613; *Time, Inc. v. Reyes*, No. L-28882, May 31, 1971, 39 SCRA 303.

[42] I Regalado, *supra* note 39, at 7; citations omitted.

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Based on our ruling in *Antipolo*, the threshold question is whether the land covered by the titles of petitioners is under water and forms part of Manila Bay at the time of the land registration application in 1974. If the land was within Manila Bay, then *res judicata* does not apply. Otherwise, the decision of the land registration court is a bar to the instant reversion suit.

After a scrutiny of the case records and pleadings of the parties in LRC Case No. N-8239 and in the instant petition, we rule that the land of Fermina Castro is registrable and not part of Manila Bay at the time of the filing of the land registration application.

The trial court's Decision in 1974 easily reveals the basis for its conclusion that the subject matter was a dry land, thus:

> On February 1, 1974, the applicant presented her evidence before the Deputy Clerk of this Court and among the evidence presented by her were certain documents which were marked as Exhibits D to J, inclusive. The applicant testified in her behalf and substantially declared that: she was 62 years old, single, housekeeper and residing at 1550 J. Escoda, Ermita, Manila; that she was born on June 3, 1911; that she first came to know of the land applied for which is situated in the Municipality of Parañaque, province of Rizal, with an area of 17,343 square meters and covered by plan (LRC) Psu-964 while she was still ten (10) years old or sometime in 1921; that when she first came to know of the land applied for, the person who was in possession and owner of said land was her father, Catalino Castro; that during that time her father used to plant on said land various crops like pechay, mustard, eggplant, *etc.*; that during that time, her father built a house on said land which was used by her father and the other members of the family, including the applicant, as their residential house; that the land applied for was inherited by her father from her grandfather Sergio Castro; that Catalino Castro continuously possessed and owned the land in question from 1921 up to the time of his death in 1952; and that during that period of time nobody ever disturbed the possession and ownership of her father over the said parcel of land; that after the death of her father in 1952 she left the place and transferred her place of residence but she had also occasions to visit said land twice or thrice a week and sometimes

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once a week; that after she left the land in question in 1952, she still continued possessing said land, through her caretaker Eliseo Salonga; that her possession over the land in question from the time she inherited it up to the time of the filing of the application has been continuous, public, adverse against the whole world and in the concept of an owner; that it was never encumbered, mortgaged, or disposed of by her father during his lifetime and neither did she ever encumber or sell the same; that it was declared for taxation purposes by her father when he was still alive and her father also paid the real estate taxes due to the government although the receipt evidencing the payment of said real estate taxes for the property applied for have been lost and could no longer be found inspite of diligent effort exerted to locate the same.

The other witness presented by the applicant was Emiliano de Leon, who declared that he was 70 years old, married, farmer and residing at San Jose, Baliwag, Bulacan; that he knew Catalino Castro, the father of the applicant because said Catalino Castro was his neighbor in Tambo, Parañaque, Rizal, he had a house erected on the land of Catalino Castro; that he was born in 1903 and he first came to know of the land in question when in 1918 when he was about 18 years old; that the area of the land owned and possessed by Catalino Castro where he constructed a residential house has an area of more than one and one-half (1 ½) hectares; that the possession of Catalino Castro over the land in question was peaceful, continuous, notorious, adverse against the whole world and in the concept of an owner; that during the time that Catalino Castro was in possession of the land applied for he planted on said parcel of land mango, coconut and banana, *etc*.; that Catalino Castro continuously possessed and owned said parcel of land up to the year 1952 when he died; that during the time that Catalino Castro was in possession of said land, nobody ever laid claim over the said property; that said land is not within any military or naval reservation; that upon the death of Catalino Castro, the applicant took possession of the land applied for and that up to the present the applicant is in possession of said land; that he resided in the land in question from 1918 up to the time he transferred his place of residence in Baliwag, Bulacan in the year 1958.

On February 11, 1974, the Court, pursuant to the provision of Presidential Decree No. 230 issued by his Excellency, Ferdinand E. Marcos dated July 9, 1973 held in abeyance the rendition of a decision in this case and directed the applicant to submit a white print copy

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of plan (LRC) Psu-964 to the Director of lands who was directed by the Court to submit his comment and recommendation thereon.

The property in question is declared for taxation purposes under Tax Declaration No. 51842 (Exhibit G) and real estate taxes due thereon have been paid up to the year 1973 (Exhibit H).

In compliance with the Order of this Court February 11, 1974, the Director of Lands, thru Special Attorney Saturnino A. Pacubas, submitted a report to this Court dated April 25, 1974, stating among other things, that upon ocular inspection conducted by Land Inspector Adelino G. Gorospe and the subsequent joint ocular inspection conducted by Geodetic Engineer Manuel A. Cervantes and Administrative Assistant Lazaro G. Berania, it was established that the parcel of land covered by plan (LRC) Psu-964 no longer forms part of the Manila Bay but is definitely solid and dry land.

In this connection, it should be noted that Administrative Assistant Lazaro G. Berania and Geodetic Engineer Manuel A. Cervantes, in their report dated March 22, 1974 have also stated that ***the land applied for cannot be reached by water even in the highest tide and that the said land is occupied by squatter families who have erected makeshift shanties and a basketball court which only prove that the same is dry and solid land away from the shores of Manila Bay***.

Furthermore, Land Inspector Adelino G. Gorospe in his letter-report dated November 28, 1973 has also stated that there is a house of pre-war vintage owned by the applicant on the land in question which in effect corroborates the testimony of the applicant and her witness that they have lived on the land in question even prior to the outbreak of the second world war and that the applicant has been in possession of the land in question long time ago.[43]

To counter the evidence of applicant Castro, and bolster its claim that she has no valid title, respondent Republic relies on the July 18, 1973 Office Memorandum[44] of Roman Mataverde, OIC, Surveys Division, to the OIC, Legal Division, of the Bureau of Lands, stating that "when projected on cadastral maps CM

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[43] *Supra* note 1, at 395-396.

[44] Records, p. 217.

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14º 13'N - 120º 59'E., Sec. 3-D and CM 14º 30'N - 120º 59'E., Sec. 2-A of Paranaque [sic] Cadastre (Cad-299), (LRC) Psu-964 falls inside Manila Bay, outside Cad-299."[45]

The same conclusion was adopted in a November 15, 1973 letter of Narciso Villapando, Acting Regional Lands Director to the Chief, Legal Division, Bureau of Lands and in the Comment and Recommendation of Ernesto C. Mendiola, Assistant Director, also of the Bureau of Lands.

Respondent likewise cites Namria Hydrographic Map No. 4243 Revised 80-11-2 to support its position that Castro's lot is a portion of Manila Bay.

The burden of proving these averments falls to the shoulders of respondent Republic. The difficulty is locating the witnesses of the government. Roman Mataverde, then OIC of the Surveys Division retired from the government service in 1982. He should by this time be in his 90s. Moreover, Asst. Regional Director Narciso Villapando and Asst. Director Ernesto C. Mendiola are no longer connected with the Bureau of Lands since 1986.

Assuming that OIC Roman Mataverde, Asst. Regional Director Narciso Villapando and Assistant Director Ernesto C. Mendiola are still available as witnesses, the projections made on the cadastral maps of the then Bureau of Lands cannot prevail over the results of the two ocular inspections by several Bureau of Lands officials that the disputed lot is definitely "dry and solid land" and not part of Manila Bay. Special Attorney Saturnino A. Pacubas, Land Inspector Adelino G. Gorospe, Geodetic Engineer Manuel A. Cervantes and Administrative Asst. Lazaro A. Berana, all officials of the Bureau of Lands, were positive that the disputed land is solid and dry land and no longer forms part of Manila Bay. Evidence gathered from the ocular inspection is considered direct and firsthand information entitled to great weight and credit while the Mataverde and Villapando reports are evidence weak in probative value, being merely based on theoretical projections "in the cadastral map

[45] *Id*.

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or table surveys."[46] Said projections must be confirmed by the actual inspection and verification survey by the land inspectors and geodetic engineers of the Bureau of Lands. Unfortunately for respondent Republic, the bureau land inspectors attested and affirmed that the disputed land is already dry land and not within Manila Bay.

On the other hand, the Namria Hydrographic Map No. 4243 does not reveal what portion of Manila Bay was Castro's lot located in 1974. Moreover, a hydrographic map is not the best evidence to show the nature and location of the lot subject of a land registration application. It is derived from a hydrographic survey which is mainly used for navigation purposes, thus:

> Surveys whose principal purpose is the determination of data relating to bodies of water. A hydrographic survey may consist of the determination of one or several of the following classes of data: depth water; configuration and nature of the bottom; directions and force of currents; heights and times of tides and water stages; and location of fixed objects for survey and navigation purposes.[47]

Juxtaposed with finding of the ocular inspection by Bureau of Lands Special Attorney Pacubas and others that Castro's lot is dry land in 1974, Namria Hydrographic Map No. 4243 is therefore inferior evidence and lacking in probative force.

Moreover, the reliability and veracity of the July 18, 1973 report of Roman Mataverde based on the alleged projection on cadastral maps and the Villapando report dated November 15, 1973 are put to serious doubt in the face of the opinion dated October 13, 1997 of the Government Corporate Counsel, the lawyer of the PEA, which upheld the validity of the titles of petitioners, thus:

> We maintain to agree with the findings of the court that the property of Fermina Castro was registrable land, as based on the two (2) ocular inspections conducted on March 22, 1974 by Lands

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[46] *Rollo*, p. 94.

[47] Sec. 01. Surveying, National Mapping and Resource Information Authority (NAMRIA), <http://www.namria.gov.ph/serv.asp> (visited October 16, 2007).

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Administrative Assistant Lazaro G. Berania and Lands Geodetic Engr. Manuel Cervantes,

finding '… the same no longer forms part of Manila Bay but is definitely solid land which cannot be reached by water even in the highest of tides.' **This Berania-Cervantes report based on ocular inspections literally overturned the findings and recommendations of Land Director Narciso V. Villapando dated November 15, 1973, and that of Director Ernesto C. Mendiola dated December 1, 1977, and the fact that the Villapando-Mendiola reports were merely based on projections in the cadastral map or table surveys**.

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A. The Legal prognosis of the case is not promising in favor of PEA.

4.1 LRC Case No. N-8239 has already become final and executory and OCT No. 10215 was already issued in favor of Fermina Castro. Any and all attempts to question its validity can only be entertained in a *quo warranto* proceedings (sic), assuming that there are legal grounds (not factual grounds) to support its nullification. Subjecting it to a collateral attack is not allowed under the Torrens Title System. In *Calalang vs. Register of Deeds of Quezon City*, 208 SCRA 215, the Supreme Court held that the present petition is not the proper remedy in challenging the validity of certificates of titles since the judicial action required is a direct and not a collateral attack (refer also to: *Toyota Motor Philippine Corporation vs. CA*, 216 SCRA 236).

4.2 OCT No. 10215 in favor of Fermina Castro was issued pursuant to a cadastral proceeding, hence is a rem proceedings which is translated as a constructive notice to the whole world, as held in *Adez Realty Incorporated vs. CA*, 212 SCRA 623.

4.3 From the cursory and intent reading of the decision of Judge Sison in LRC Case No. N-8239, we cannot find any iota of fraud having been committed by the court and the parties. In fact, due process was observed when the Office of the Solicitor General represented ably the Bureau of Lands. In *Balangcad vs. Justices of the Court of Appeals*, 206 SCRA 169, the Supreme Court held that title to registered property becomes indefeasible after one-year from date of registration except where there is actual fraud in which case it may be challenged in a direct proceeding within that period. This is also the ruling in *Bishop vs. CA*, 208 SCRA 636, that to sustain an action for annulment

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of a torrens certificate for being void *ab initio*, it must be shown that the registration court had not acquired jurisdiction over the case and there was actual fraud in securing the title.

4.4 As to priority of torrens title, PEA has no defense, assuming that both PEA and Yujuico titles are valid, as held in *Metropolitan Waterworks and Sewerage System vs. CA*, 215 SCRA 783, where two (2) certificates purport to include the same land, the earlier in date prevails.

4.5 **The documents so far submitted by the parties to the court indicate that the mother title of the Yujuico land when registered in 1974 was not underwater. This was shown in the two (2) ocular inspections conducted by the officials of the Land Bureau**.

4.6 The provision of P.D. 239 that no decree of registration may be issued by the court unless upon approval and recommendation of the Bureau of Lands was substantially complied with in the Report of Lands Special Attorney Saturnino Pacubas, submitted to the court.[48]

Even the counsel of respondent Republic, the OSG, arrived at the conclusion that there is no sufficient legal basis for said respondent to institute action to annul the titles of petitioners, thus:

It may be stated at the outset that a petition for annulment of certificate of title or reconveyance of land may be based on fraud which attended the issuance of the decree of registration and the corresponding certificate of title.

Based on the decision in the LRC Case No. N-8239 involving the petition for registration and confirmation of title filed by Fermina Castro, there is no showing that fraud attended the issuance of OCT No. 10215. it appears that the evidence presented by Fermina Castro was sufficient for the trial court to grant her petition.

The testimony of Fermina Castro, which was corroborated by Emiliano de Leon, that she and her predecessors-in-interest had been in possession of the land for more than thirty (30) years sufficiently established her vested right over the property initially covered by OCT No. 10215. The report dated April 25, 1974 which was submitted

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[48] *Rollo*, pp. 93-95.

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to the trial court by the Director of Lands through Special Attorney Saturnino Pacubas showed that the parcel of land was solid and dry land when Fermina Castro's application for registration of title was filed. It was based on the ocular inspection conducted by Land Inspector Adelino Gorospe and the joint circular inspection conducted by Geodetic Engineer Manuel A. Cervantes and Administrative Assistant Lazaro Berania on November 28, 1973 and March 22, 1974 respectively.

The aforesaid report must be requested unless there is a concrete proof that there was an irregularity in the issuance thereof. In the absence of evidence to the contrary, the ocular inspection of the parcel of land, which was made the basis of said report, is presumed to be in order.

Based on the available records, there appears to be no sufficient basis for the Government to institute an action for the annulment of OCT No. 10215 and its derivative titles. It is opined that a petition for cancellation/annulment of Decree No. N-150912 and OCT No. 10215 and all its derivative titles will not prosper unless there is convincing evidence to negate the report of the then Land Management Bureau through Special Attorney Pacubas. Should the Government pursue the filing of such an action, the possibility of winning the case is remote.[49]

More so, respondent Government, through its counsel, admits that the land applied by Fermina Castro in 1973 was solid and dry land, negating the nebulous allegation that said land is underwater. The only conclusion that can be derived from the admissions of the Solicitor General and Government Corporate Counsel is that the land subject of the titles of petitioners is alienable land beyond the reach of the reversion suit of the state.

Notably, the land in question has been the subject of a compromise agreement upheld by this Court in *Public Estates Authority*.[50] In that compromise agreement, among other provisions, it was held that the property covered by TCT Nos. 446386 and S-29361, the land subject of the instant case, would

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[49] *Id*. at 95-96.

[50] *Supra* note 8.

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be exchanged for PEA property. The fact that PEA signed the May 15, 1998 Compromise Agreement is already a clear admission that it recognized petitioners as true and legal owners of the land subject of this controversy.

Moreover, PEA has waived its right to contest the legality and validity of Castro's title. Such waiver is clearly within the powers of PEA since it was created by PD 1084 as a body corporate "which shall have the attribute of perpetual succession and possessed of the powers of the corporations, to be exercised in conformity with the provisions of this Charter [PD 1084]."[51] It has the power "to enter into, make, perform and carry out contracts of every class and description, including loan agreements, mortgages and other types of security arrangements, necessary or incidental to the realization of its purposes with any person, firm or corporation, private or public, and with any foreign government or entity."[52] It also has the power to sue and be sued in its corporate name.[53] Thus, the Compromise Agreement and the Deed of Exchange of Real Property signed by PEA with the petitioners are legal, valid and binding on PEA. In the Compromise Agreement, it is provided that it "settles in full all the claims/counterclaims of the parties against each other."[54] The waiver by PEA of its right to question petitioners' title is fortified by the manifestation by PEA in the Joint Motion for Judgment based on Compromise Agreement that

> 4. The parties herein hereto waive and abandon any and all other claims and counterclaims which they may have against each other arising from this case or related thereto.[55]

Thus, there was a valid waiver of the right of respondent Republic through PEA to challenge petitioners' titles.

The recognition of petitioners' legal ownership of the land is further bolstered by the categorical and unequivocal

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[51] PD 1084, Sec. 1.

[52] PD 1084, Sec. 5, letter m.

[53] PD 1084, Sec. 5, letter b.

[54] *Rollo*, p. 286.

[55] *Id*. at 291.

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acknowledgment made by PEA in its September 30, 2003 letter where it stated that: "Your ownership thereof was acknowledged by PEA when it did not object to your membership in the CBP-IA Association, in which an owner of a piece of land in CBP-IA automatically becomes a member thereof."[56] Section 26, Rule 130 provides that "the act, declaration or omission of a party as to a relevant fact may be given in evidence against him." The admissions of PEA which is the real party-in-interest in this case on the nature of the land of Fermina Castro are valid and binding on respondent Republic. Respondent's claim that the disputed land is underwater falls flat in the face of the admissions of PEA against its interests. Hence, *res judicata* now effectively precludes the relitigation of the issue of registrability of petitioners' lot.

In sum, the Court finds that the reversion case should be dismissed for lack of jurisdiction on the part of the Parañaque RTC. Even if we treat said case as a petition for annulment of judgment under Rule 47 of the 1997 Rules of Civil Procedure, the dismissal of the case nevertheless has to be upheld because it is already barred by laches. Even if laches is disregarded, still the suit is already precluded by *res judicata* in view of the peculiar facts and circumstances obtaining therein.

WHEREFORE, premises considered, the petition is *GRANTED*. The Decision of the Court of Appeals in CA-G.R. CV No. 76212 is *REVERSED* and *SET ASIDE*, and the August 7, 2002 Order of the Parañaque City RTC, Branch 257 in Civil Case No. 01-0222 entitled *Republic of the Philippines v. Fermina Castro, et al.* dismissing the complaint is *AFFIRMED*.

No costs.

SO ORDERED.

Quisumbing (Chairperson), Carpio Morales, and *Nachura,*[*] *JJ.,* concur.

Tinga, J., in the result.

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[56] *Id.* at 105.

[*] As per September 3, 2007 raffle.