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FIRST DIVISION

[G.R. No. L-27473. September 30, 1977]

REPUBLIC OF THE PHILIPPINES, REPRESENTED BY THE DIRECTOR OF LANDS, *plaintiff-appellant, vs.* **HEIRS OF FELIX CABALLERO *y* ABAD,** *defendants-appellees.*

SYLLABUS

1. **CIVIL LAW; FRIAR LANDS ACT (ACT 1120); CANCELLATION OF SALE CERTIFICATE; CANNOT BE DONE UNILATERALLY BY THE DIRECTOR OF LANDS.**— As correctly contended by the defendants-appellees, under the Friar Lands Act (1120), the Director of Lands has no power to cancel unilaterally the sale certificate or contract for failure to pay subsequent installments. Section 17 of said Act merely "authorizes said Director of Lands to enforce payment of any past due installment and interest by bringing suit to recover the same with interest thereon, and also to enforce the lien of the Government against the land by selling the same in the manner provided by Act No. 190 for the foreclosure of mortgages. "The purchaser, even before the payment of the full price and before the execution of the final deed of conveyance, is considered by law as the actual owner of the lot purchased under obligation to pay in full the purchase price, the role or position of the Government being that of a mere lienholder or mortgagee.

2. **ID.; LACHES; MEANING AND CONCEPT; APPLICATION; CASE AT BAR.**— Laches, in a general sense, is a 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 length of time, warranting a presumption that a party entitled to assert it either has abandoned it or declined to assert it. (*Castañeda vs. Ago*, 65 SCRA 505; *Heirs of Batiog Lacamen vs. Heirs of Laruan*, 65 SCRA 605) The defense of laches is an equitable one and does not concern itself with the character of the defendant's title, but only with whether or not by reason of the plaintiff's long inaction or inexcusable neglect he should be barred from asserting this claim at all.

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(*Pabalate vs. Echarri, Jr.*, 37 SCRA 518) The principle of laches require the following essential elements: (1) conduct on the part of the defendant or one under whom he claims, giving rise to the situation that led to the complaint and for which the complaint seeks a remedy; (2) delay in asserting the complainant's rights, the complainant having had knowledge or notice of the defendant's conduct and having been afforded an opportunity to institute a suit; (3) lack of knowledge or notice on the part of the defendant that the complainant would assert the right on which he bases his suit; and (4) injury or prejudice to the defendant in the event relief is accorded to the complainant or the suit is not held barred. (*Yusingco vs. Ong Hing Lian,* 42 SCRA 589)

3. **REMEDIAL LAW; ACTIONS; ESTOPPEL; DOES NOT LIE AGAINST THE GOVERNMENT OR ANY OF ITS AGENCIES ARISING FROM UNAUTHORIZED OR ILLEGAL ACTS OF PUBLIC OFFICERS.**— We are not unmindful of the fact that the government acting thru its public officers, had demanded and collected the balance of the purchase price of Lot 5211 in the amount of ₱964.59, executed the final deed of conveyance No. V-5973 by the Secretary of Agriculture and Natural Resources and issued certificate of title No. 5597 by the Register of Deeds of Cebu in the name of Felix Caballero y Abad. The government is not, however, estopped from seeking reconveyance of the land, for it is a basic rule of law that estoppel does not lie against the government or any of its agencies arising from unauthorized or illegal acts of public officers. (*Pacheco & Sons Co. vs. Provincial Board of Antique,* 31 SCRA 321; and other cases). The government is never estopped by mistake or error on the part of its agents. (*Balmaceda vs. Corominas & Co., Inc.,* 66 SCRA 553).

APPEARANCES OF COUNSEL

Solicitor General Arturo A. Alafriz, Assistant Solicitor General Isidro C. Borromeo, Solicitor Santiago M. Kapunan and *Special Attorney Jovito C. Oreta* for plaintiff-appellant.

Leonardo Garcillano for defendant-appellee.

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DECISION

GUERRERO, *J.*:

This case was certified to Us by the Court of Appeals as the question presented before it involves purely questions of law in the appealed case entitled "*Republic of the Philippines, represented by the Director of Lands, versus Heirs of Felix Caballero y Abad, et al.*," Civil Case No. R-7320 of the Court of First Instance of Cebu, which is an action for reconveyance of Lot 5211 of the Talisay-Minglanilla Friar Lands Estate and decided against the plaintiff Republic of the Philippines, declaring the title of defendant heirs of Felix Caballero *y* Abad over said lot perfectly legal and valid.

The facts established in the record are as follows:

A sale certificate covering Lot No. 5211 was originally issued by the Director of Lands in favor of Mamerta Caballero on April 25, 1911, but was cancelled for non-payment of installments. After the required auction sale, another sale certificate (No. 9094) covering the said lot was issued to Felix Caballero *y* Abad who paid thereon two (2) installments in the amount of ₱41.00 each on August 1, 1919 and on November 3, 1919. No further installments having been paid, Sale Certificate No. 9094 was cancelled on July 15, 1935 by the Secretary of Agriculture and Commerce. Two years later, on December 1, 1937, the District Land Officer of Cebu sent a collection letter to Felix Caballero *y* Abad demanding payment of his indebtedness on Lot 5211. This demand was reiterated on March 1, 1938, this time the District Land Officer demanding not only the payment of his (Felix Caballero *y* Abad) indebtedness on Lot 5211 but also of his total indebtedness on all the other thirteen (13) lots applied for by him, and giving him up to March 31, 1938 within which to pay; otherwise, said Lot 5211 would be disposed of in accordance with law. Felix Caballero *y* Abad did not make further payments until his death in 1941.

In 1941, an ocular inspection made by the Public Lands Inspector showed that Lot 5211 was actually occupied by Carlos

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Mantalaba, Juan Caballero and Bernarda Mantalaba, as a result of which the Public Lands Inspector recommended that the lot be subdivided and sold to them. In September, 1941, Carlos Mantalaba, Bernarda Mantalaba and Juan Caballero filed their applications to purchase their respective portions of Lot 5211, all of them paying their initial installments.

On June 22, 1957, Bernarda Mantalaba received a collection letter from District Land Officer Apolinar Gil, but her attempt to pay was refused by the said District Land Officer on the ground that Cresencio Caballero had already paid the full price of said lot in behalf of his deceased father, Felix Caballero *y* Abad, on September 2, 1957, his payment having been made in compliance with a collection letter sent by District Land Officer Apolinar Gil dated August 26, 1957, or 38 years after the last payment made by Felix Caballero *y* Abad, or 22 years after the disputed cancellation of Sale Certificate No. 9094 made on July 15, 1935.

On October 31, 1957, a final deed of conveyance (No. V-59733) for Lot 5211 was executed and issued in the name of Felix Caballero *y* Abad by the Secretary of Agriculture and Natural Resources.

Upon formal protest filed by Bernarda Mantalaba, the Chief of the Land Management Division sent a letter to the Register of Deeds of Cebu requesting the return of the Deed of Conveyance No. V-5973 for Lot No. 5211; but was informed that a Transfer Certificate of Title (No. 5591) had already been issued thereon in the name of Felix Caballero *y* Abad on January 2, 1958.

The Director of Lands ordered an investigation of the protest of Bernarda Mantalaba. The defendants-appellees moved to set aside the investigation on the ground that the land is already a private property of Felix Caballero *y* Abad but was denied. Appeal was taken to the Secretary of Agriculture and Natural Resources but the same was also dismissed. The Director of Lands was thereupon directed to institute the necessary court action for the reconveyance of Lot 5211.

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On December 22, 1961, the Republic of the Philippines, represented by the Director of Lands, filed before the Court of First Instance of Cebu a complaint praying that the Deed of Conveyance over Lot No. 5211 of the Talisay-Minglanilla Estate and the Transfer Certificate of Title No. 5591 issued by virtue thereof and entered in the name of Felix Caballero *y* Abad be declared null and void; and, that the aforesaid lot be reconveyed to the Republic of the Philippines. Before a trial on the merits should be held, the parties agreed to a stipulation of facts, which We quote:

STIPULATION OF FACTS

COME NOW the parties assisted by their respective counsel, and to this Honorable Court most respectfully submit the following stipulation of facts:

EVIDENCE OF PLAINTIFF

1. That Mamerta Caballero was the original lessee of Lot No. 5211 under Temporary Lease No. 2358; that on April 25, 1911, the Director of Lands acting in representation of the Government of the Philippine Islands agreed to sell the said land to Mamerta Caballero for ₱365.00 and Sale Certificate No. 3761 was issued in her favor, a certified copy of which is hereto attached as Exhibit "A";

2. That Felix Caballero appears in the records of the Bureau of Lands to be the registered purchaser of fourteen (14) lots in the Talisay-Minglanilla Estate including Lot No. 5211 for which Sale Certificate No. 9094 was issued to him, the Sale Certificate No. 3761 of Mamerta Caballero having been cancelled;

3. That Felix Caballero *y* Abad failed to pay the installments due on Lot 5211 so that on December 1, 1937, the then District Land Officer at Cebu, Jose Ma. Paredes, wrote him a letter informing him that he had an indebtedness of ₱699.49 on the said land and he was advised that if he failed to pay the amount within thirty (30) days from his receipt of this letter the land would be disposed of in accordance with law; a certified copy of this letter is hereto attached as Exhibit "B";

4. That Felix Caballero *y* Abad failed to pay the amount so that on March 1, 1938, the District Land Officer wrote him another letter this time demanding not only the payment of his indebtedness on

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Lot 5211 but the payment of his total indebtedness on all the lots applied for by him in the total amount of ₱4,941.76 and he was given an extension of time up to March 31, 1938, within which to pay. A certified copy of this letter is hereto attached as Exhibit "C", and as Exhibit "C-2" a certified copy of his statement of accounts; together with the letter of the District Land Officer to the Director of Lands marked Exhibit "C-1";

5. That an ocular inspection of Lot 5211 was made by Public Lands Inspector Jose V. Sison and he submitted his report thereon under a 1st Ind. dated September 26, 1941 stating that he found Lot 5211 actually occupied by Carlos Mantalaba, Juan Caballero and Bernarda Mantalaba and he made a recommendation that the said land be subdivided among them; a certified copy of this report is attached hereto as Exhibit "D"; and the District Land Officer at Cebu concurred in his recommendation under a 2nd Ind. of even date which is found on the lower part of Exh. "D" and the same is marked as Exhibit "D-1";

6. That it appears in the Information Sheet in the records of the Bureau of Lands, a certified copy of which is hereto attached as Exh. "E", that the said Lot 5211 was declared vacant; that it was found occupied by Carlos Mantalaba, Juan Caballero and Bernarda Mantalaba who first occupied the same in 1926 and that they have filed their respective application to purchase friar lands for the portion occupied by each one of them; and the same was recommended to be sold to them as shown in a certified copy of the 1st Ind. dated September 29, 1941 attached hereto as Exhibit "F";

7. That on October 7, 1941, Bernarda Mantalaba, Juan Caballero and Carlos Mantalaba executed a joint affidavit on their proposed partition of Lot 5211 as occupied by each one of them, a copy of their affidavit is hereto attached as Annex "G";

8. That on September 23, 1941, Carlos Mantalaba filed his application to purchase Friar Lands for a portion of Lot 5211 a duplicate original of which is hereto attached as Exhibit "H" and he paid the amount of Ten Pesos (₱10.00) on September 26, 1941 as part payment on the 1st installment of the sale value of a portion of Lot 5211 for which O. R. No. 763315 was issued to him and the same is hereto attached as Exhibit "I";

9. That on September 26, 1941, Bernarda Mantalaba filed her application to purchase Friar Lands for her portion of Lot 5211 a

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duplicate original of which is hereto attached as Exhibit "J" and on the same date she paid the amount of Ten Pesos (₱10.00) as part payment of the 1st Installment on the sale value of a portion of Lot 5211 for which O. R. No. 763314 B was issued to her and the same is hereto attached as Exhibit "E";

10. That on February 3, 1947, Bernarda Mantalaba made a second payment on her application to purchase in the amount of Forty four pesos (₱44.00) for which O. R. No. G-171474 was issued to her and hereto attached as Exhibit "L";

11. That on September 19, 1941, Juan Caballero filed his application to purchase Friar Lands a duplicate original of which is hereto attached as Exh. "M" and on October 3, 1941, he paid the amount of Ten Pesos (₱10.00) as part payment of the 1st installment on the sale value of his portion of Lot 5211 for which O. R. No. 763324 was issued to him and which is attached hereto as Exhibit "N";

12. That in a letter dated May 31, 1951, Friar Lands Agent Jose V. Sison informed the Director of Lands that Lot 5211 had been subdivided into sub-lots as occupied by Bernarda Mantalaba, Carlos Mantalaba and Juan Caballero by the Bureau of Lands Surveyor Jose Dermentos sometime in 1941 and he requested that he be furnished with a blue-print of the plan; a certified copy of this letter is attached hereto as Exhibit "O";

13. That Jose Suguitan, Chief, Division of Surveys of the Bureau of Lands informed Friar Lands Agent Jose V. Sison in a letter dated September 19, 1951 that the said sub-division plan is presumed to have been destroyed during the last war as no record thereof is available; a certified copy of Jose Suguitan's letter is hereto attached as Exhibit "P";

14. That District Land Officer Apolinar Gil sent letters of demand of payment to Bernarda Mantalaba, Carlos Mantalaba and Juan Caballero, a copy of the said letter is attached as Exhibit "Q"; but when she went to the Office of the Bureau of Lands her payment was refused on the ground that Cresencio Caballero had already paid for the same;

15. That upon an undated petition filed by Cresencio Caballero, a duplicate original of which is hereto attached as Exhibit "R", in which he requested in his own behalf and in behalf of his co-heirs that the cancelled sales certificates of his late father, Felix Caballero y Abad be reinstated and that they be allowed to pay for his accounts,

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the amount of ₱964.59 was paid by Cresencio Caballero for Lot 5211 after 37 years, 9 months and 29 days from the last payment made by his father;

16. That the final deed of Conveyance No. V-5973 was executed by the Secretary of Agriculture and Natural Resources on October 31, 1957 but on October 18, 1957, Bernarda Mantalba wired the Director of Lands in Manila to suspend all actions on Lot 5211 as she was filing a protest against the said deed of conveyance, the said telegram is hereto attached as Exhibit "S";

17. That upon the protest filed by Bernarda Mantalaba the Chief of the Land Management Division in a letter to the Register of Deeds of Cebu dated January 17, 1958, requested that Deed of Conveyance No. V-5973 which was transmitted to him on November 26, 1957, be returned to the Bureau of Lands, a certified copy of the said letter is hereto attached as Exhibit "T";

18. That the Director of Lands entered an order on February 20, 1959, directing investigation of the protest of Bernarda Mantalaba a certified copy of which is hereto attached as Exhibit "U";

19. That in a motion dated March 20, 1959, filed by Atty. Leonardo Garcillano in behalf of the Heirs of Felix Caballero *y* Abad, he requested that the order of investigation be set aside on the ground that the land is already the private property of Felix Caballero;

20. That in a letter dated July 16, 1959, the Director of Lands denied the said motion stating that the allegations in the protest of Bernarda Mantalba have raised in issue the regularity of the issuance of the deed of conveyance in favor of Felix Caballero *y* Abad; a certified true copy of the said letter is hereto attached as Exhibit "V";

21. An appeal was taken from the order of the Director of Lands dated February 20, 1959 and the letter dated July 16, 1959, by Atty. Leonardo Garcillano, to the Office of the Secretary of Agriculture and Natural Resources but the said appeal was dismissed by the Secretary in a decision dated March 15, 1960 a photostatic copy of which is hereto attached as Exhibit "W";

EVIDENCE OF THE DEFENDANTS

22. That according to the records of the Friar Lands Agency, Bureau of Lands, Felix Caballero *y* Abad is the original registered

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purchaser of Lot No. 5211 of the Talisay-Minglanilla Friar Lands Estate, situated in the Municipality of Minglanilla, Province of Cebu;

23. That on July 15, 1920, the Director of Lands, acting for and in representation of the Government of the Philippine Islands, as Vendor executed Sale Certificate No. 9040, in favor of Caballero Abad, Felix, as Vendee, affecting Lot No. 5211, for the consideration of ₱489.00 to be paid on installment basis and for the period of 10 years, a certified true copy of said Sales Certificate No. 9040, is hereto attached and marked as Exhibit 1; and Official Receipt No. 3930665 as certification fee as Exhibit 1-A;

24. That on account of said Lot No. 5211, the following payments were made by the registered purchaser, itemized as follows:

August 1, 1919 ..... ₱41.00, Official Receipt No. 442661;
November 3, 1919 ... ₱41.00 Official Receipt No. 1311482; and
September 3, 1957 ... ₱964.59, Official Receipt No. 1643821,

as evidenced by a certificate signed by the District Land Officer, dated February 21, 1963, marked as Exhibit 2; and Official Receipt No. 3519874 as certification fee marked as Exhibit 2-A;

25. That Felix Caballero *y* Abad died intestate on October 31, 1941, in Minglanilla, Cebu, and was survived by legitimate children Gerarda, Cecilio, Mercedes, Catalina, and Cresencio, all surnamed Caballero; Son Cresensio also died intestate on April 27, 1960, in Minglanilla, Cebu and was survived by his widow, Defendant Celedonia M. de Caballero, and legitimate children defendants Josefine, Thelma, Cresencio, Jr., Divina, Diosdidit, Abel, Maria Socorro, Ben Hur, Lourdes and Joan Maria, all surnamed Caballero who became the successors in interests of the deceased Felix Caballero *y* Abad;

26. That on October 26, 1948, Friar Land Agent Jose V. Sison, acting by authority of the Director of Lands issued a subpoena *duces tecum* to the following persons — Cresencio Caballero, Bernarda Mantalaba, Carlos Mantalaba, Juan Caballero, Jacinto Sillote, Anastacio Alicamen, Inocencio Caballero, Canuto Mantalaba and requesting them to be and appear before him (Sison) at the Bureau of Lands, Frair Lands Agency No. 4, Tabunoc, Talisay Cebu, in an investigation and to present documents regarding among others Lot No. 5211; said subpoena is hereto attached and marked as Exhibit 3;

27. That on August 26, 1957, District Land Officer Apolinar Gil, furnishing a copy thereof to the Director of Lands, Manila, sent a

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letter of collection to Felix Caballero *y* Abad, of Minglanilla, Cebu, requesting payment of the total amount of ₱972.73 to the Office of the District Land Officer, within 30 days from date of receipt, a copy of said letter is hereto attached and marked as Exhibit 4;

28. That on September 2, 1957, the amount of ₱964.59, on account of and in full payment of Lot No. 5211 was paid by Cresencio Caballero, as evidenced by Official Receipt No. A-1643824, hereto attached and marked as Exhibit 5;

29. That on October 31, 1957, the Secretary of Agriculture and Natural Resources, the then Hon. Juan de O. Rodriguez executed final Deed of Conveyance No. V-5973, in favor of Felix Caballero *y* Abad, affecting said Lot No. 5211, which deed is hereto attached and marked as Exhibit 6;

30. That on November 26, 1957, a letter signed by Alejo Manalang, Chief Land Management Division for the Director of Lands, transmitting Deed No. V-5973, for Lot No. 5211, and for the issuance of the necessary transfer certificate of title to said Lot No. 5211 to the Registered purchaser, Felix Caballero *y* Abad, a copy of which has been furnished Felix Caballero *y* Abad which is hereto attached and marked as Exhibit 7;

31. That transfer Certificate of Title No. 5597 was issued to Lot No. 5211 by the Register of Deeds of Cebu in the name of Felix Caballero *y* Abad, a photostat copy of which certificate of title is hereto attached and marked as Exhibit 8;

32. That Lot No. 5211 is now declared for taxation purposes as shown by Tax Declaration No. 05440, in the name of Felix Caballero *y* Abad, hereto attached and marked as Exhibit 9;

33. That the taxes from 1958 to 1962, have been paid by the Heirs of Felix Caballero as shown by Tax Receipts marked as Exhibits 10, 10-a, 10-b and 10-c;

34. That a certificate, dated January 3, 1958 showing that Lot No. 5211 is declared in the name of Felix Caballero *y* Abad under Tax Declaration No. 05440 and is not delinquent in the payment of realty taxes up to and including the year 1958, hereto attached and marked as Exhibit 11; and the Heirs of Felix Caballero *y* Abad are in the present occupation and possession of said Lot No. 5211;

35. That a letter, dated July 30, 1952, signed by Vicente Tordesillas, Chief, Public Lands Division addressed to the Friar Lands

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Agent, recognizing that administrative cancellation of sale certificates without observing the procedure prescribed in Sec. 17, of Act 1120, as amended is void and without effect, which letter is marked as Exhibit 12;

That the parties hereby submit the above stipulation of facts for the decision of this Honorable Court, without the necessity of introducing further evidence.

Cebu City, February 21, 1963.

XXX XXX XXX

Based on the above-quoted stipulation of facts, the Court of First Instance of Cebu dismissed the complaint and declared the title of Felix Caballero *y* Abad valid and legal. Hence, this appeal by the Government.

The principal issue presented to Us is whether or not the title of Felix Caballero *y* Abad over Lot No. 5211 as evidenced by Transfer Certificate of Title No. 5591 issued pursuant to a Final Deed of Conveyance executed by the then Secretary of Agriculture and Natural Resources is valid and binding, there having been an administrative cancellation of the Sale Certificate issued to Felix Caballero *y* Abad on which the aforesaid final deed of conveyance was predicated.

The Government rests its case on the administrative cancellation of Sale Certificate No. 9094 issued to Felix Caballero *y* Abad, the legality of which is being assailed by the defendants-appellees, and estoppel by laches in that appellees failed to take the necessary steps to question and set aside the action of the Secretary of Agriculture and Natural Resources in cancelling the certificate of sale in favor of their father.

The administrative cancellation was made by the Secretary of Agriculture and Commerce pursuant to Sec. 32 of Lands Administrative Order No. 3-4 promulgated on January 1, 1934, and as amended by Lands Administrative Order No. 3-5 dated November 30, 1956, which reads:

SEC. 32. Cancellation of Sale Certificates — causes: — Sale certificate may be cancelled by the Secretary of Agriculture and

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Commerce for the following causes: (c) When the purchaser shall have been delinquent for two or more successive years in the payment of installments, except when granted an extension of time within which to pay in accordance with section 10 hereof. (p. 40, ROA)

The Government contends that Felix Caballero *y* Abad failed to pay his obligation from the year 1919 until his death on October 31, 1941; that the full amount of the purchase price was paid by Cresencio Caballero on his misrepresentation that they were still the occupants of Lot 5211 and that the sale certificate of his father for the said lot had not yet been cancelled; that in truth and in fact, Bernarda Mantalaba, Carlos Mantalaba and Juan Caballero were found to be the actual occupants of the said lot, and the sale certificate issued to Felix Caballero *y* Abad was cancelled by the Secretary of Agriculture and Commerce for non-payment of further installments on the purchase price; that the administrative cancellation of the aforesaid sale certificate is legal, having been made pursuant to Lands Administrative Order No. 3-4 as amended by Lands Administrative Order No. 3-5; and that, therefore, the sale of Lot 5211 to Felix Caballero *y* Abad is wrongful, and the Final Deed of Conveyance and Transfer Certificate of Title No. 5591 issued pursuant thereto in the name of Felix Caballero *y* Abad are null and void.

As correctly contended by the defendants-appellees, under the Friar Lands Act (Act 1120), the Director of Lands has no power to cancel unilaterally the sale certificate or contract for failure to pay subsequent installments. Section 17 of said Act merely "authorizes said Director of Lands to enforce payment of any past due installment and interest by bringing suit to recover the same with interest thereon, and also to enforce the lien of the Government against the land by selling the same in the manner provided by Act No. 190 for the foreclosure of mortgages.

"The purchaser, even before the payment of the full price and before the execution of the final deed of conveyance, is considered by law as the actual owner of the lot purchased under obligation to pay in full the purchase price, the role or

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position of the Government being that of a mere lienholder or mortgagee.

"It is true that the Government under Section 15 of Act 1120 reserves title to any parcel of land sold under said Act until the full payment of all installments of the sales price. But this must refer to the bare, naked title. The equitable and beneficial title really went to the purchaser the moment he paid the first installment and was given a certificate of sale. The reservation of the title in favor of the Government is made merely to protect the interest of the Government so as to preclude or prevent the purchaser from encumbering or disposing of the lot purchased before the payment in full of the purchased price. Outside of this protection the Government retains no right as owner." (*Director of Lands v. Rizal*)[1]

The facts of the case at bar, however, go beyond the unauthorized cancellation of the sale certificate in favor of the appellees by the Secretary of Agriculture and Natural Resources on July 15, 1935. The evidence undisputably show that for 13 years thereafter, appellees kept silent and slept on their rights without lifting a finger in protest against such an illegal act of the Secretary. They sought no redress of the wrong committed against them; they failed to go to the courts to protect their rights; neither did they move to reconsider or set aside the order of the Secretary of Agriculture and Natural Resources, much less sought recourse to the Director of Lands or to the District Lands Officer in Cebu. It was only on July 17, 1948 that Cresencio Caballero's letter was received by the Director of Lands requesting reinstatement of the sale certificate to his late father, Felix Caballero *y* Abad, and that they be allowed to pay for his account in the amount of ₱964.59 for Lot 5211, which amount was paid on September 2, 1957 under O. R. 1643821 (Exh. 2, Folio of Exhibits, p. 52) or 37 years after the date of the last payment made by his father on November 3, 1919.

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[1] 87 Phil. 806 (1950). cited in *Alvarez vs. Alvarez*, 14 SCRA 893; also cited in *Pugeda v. Trias*. 4 SCRA 849. See also *Fabian v. Fabian*. 22 SCRA 231; *Balicudiong v. Balicudiong*. 39 SCRA 386.

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Appellees are clearly guilty of laches. Laches, in a general sense, is a 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 length of time, warranting a presumption that a party entitled to assert it either has abandoned it or declined to assert it. (*Castañeda vs. Ago*, 65 SCRA 505; *Heirs of Batiog Lacamen vs. Heirs of Laruan*, 65 SCRA 605)

The defense of laches is an equitable one and does not concern itself with the character of the defendant's title, but only with whether or not by reason of the plaintiff's long inaction or inexcusable neglect he should be barred from asserting this claim at all. (*Pabalate vs. Echarri, Jr.*, 37 SCRA 518)

The principle of laches require the following essential elements: (1) conduct on the part of the defendant or one under whom he claims, giving rise to the situation that led to the complaint and for which the complaint seeks a remedy; (2) delay in asserting the complainant's rights, the complainant having had knowledge or notice of the defendant's conduct and having been afforded an opportunity to institute a suit; (3) lack of knowledge or notice on the part of the defendant that the complainant would assert the right on which he bases his suit; and (4) injury or prejudice to the defendant in the event relief is accorded to the complainant or the suit is not held barred. (*Yusingco vs. Ong Hing Lian*, 42 SCRA 589)

In the meantime that appellees remained asleep, neglectful and mute, Bernarda Mantalaba, Carlos Mantalaba and Juan Caballero had entered into the possession and occupancy of the land and applied to purchase their respective portions and then paid the initial installments of the sale value of the lot in question on September 23, 1941, September 26, 1941 and September 19, 1941, respectively. Bernarda Mantalaba also made a second payment on her application to purchase her portion on February 3, 1947. There is proof that Lot 5211 had been subdivided into sublots as occupied by these applicants who were ready to complete payments of their respective lots but were refused on the ground that Cresencio Caballero had finally after 38 years paid fully for the same on September 2, 1957.

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It would not be fair and just to deny and disapprove the applications of the occupants Bernarda Mantalaba, Carlos Mantalaba and Juan Caballero whose initial payments to buy their respective portions of Lot 5211 were paid to, received and collected by the government. It appears in the records that Felix Caballero *y* Abad had applied and purchased 14 lots of the Talisay-Minglanilla Friar Lands Estate for which he was being demanded to pay a total of P4,941.76 as listed in Exhibits "C", "C-1" and "C-2" (pp. 4-6, *Rollo* of Exhibits).

The social justice program of the government to ensure the dignity, welfare and security of all the people (New Constitution, Art. I, Sec. 6) by improving the economic condition of the poor and providing land for the landless would be an idle and meaningless policy were we to allow the privileged and the rich to grow richer and the landed gentry to amass more land holdings at the expense of the less fortunate and the less privileged. A fairer and more equitable distribution of the country's land resources to a greater number of tillers of the soil as farmer-owners and not as mere agricultural tenants will go a long way in effectively achieving the agrarian or land reform program in our country today.

We are not unmindful of the fact that the government acting thru its public officers, had demanded and collected the balance of the purchase price of Lot 5211 in the amount of ₱964.59, executed the final deed of conveyance No. V-5973 by the Secretary of Agriculture and Natural Resources and issued certificate of title No. 5597 by the Register of Deeds of Cebu in the name of Felix Caballero *y* Abad. The government is not, however, estopped from seeking reconveyance of the land, for it is a basic rule of law that estoppel does not lie against the government or any of its agencies arising from unauthorized or illegal acts of public officers. (*Pacheco & Sons Co. vs. Provincial Board of Antique,* 31 SCRA 321; *Favis vs. Municipality of Sabangan*, 27 SCRA 90; *City of Manila vs. Tarlac Development Corp.*, 24 SCRA 466; *Tan Guan vs. Court of Tax Appeals*, 19 SCRA 903). The government is never estopped by mistake or error on the part of its agents. (*Balmaceda vs. Corominas & Co., Inc.*, 66 SCRA 553).

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PREMISES CONSIDERED, the judgment appealed from is reversed, and another one entered (1) declaring the deed of conveyance over Lot 5211 null and void, and the Transfer Certificate of Title No. 5597 issued by virtue thereof cancelled as well as the owner's duplicate certificate which is hereby ordered surrendered by the appellees, and (2) directing the Register of Deeds of Cebu to issue a new certificate of title of Lot 5211 of the Talisay-Minglanilla Friar Lands Estate in the name of the Republic of the Philippines.

No costs.

SO ORDERED.

Teehankee (Chairman), Makasiar, Muñoz Palma, Martin, and *Fernandez, JJ.*, concur.

FIRST DIVISION

[G.R. No. L-27696. September 30, 1977]

MIGUEL FLORENTINO, ROSARIO ENCARNACION de FLORENTINO, MANUEL ARCE, JOSE FLORENTINO, VICTORINO FLORENTINO, ANTONIO FLORENTINO, REMEDIOS ENCARNACION and SEVERINA ENCARNACION, *petitioners-appellants, vs.* **SALVADOR ENCARNACION, SR., SALVADOR ENCARNACION, JR., and ANGEL ENCARNACION,** *oppositors to encumbrance-petitioners-appellees.*

SYLLABUS

1. CIVIL LAW; CONTRACTS; STIPULATION *POUR AUTRUI*; REQUISITES.— A stipulation *pour autrui* is a stipulation in