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Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

HEIRS OF SOLEDAD ALIDO,
Petitioners,

G.R. No. 226065

Present:

CARPIO, J., *Chairperson,*
PERLAS-BERNABE,
CAGUIOA,
REYES, J. JR., and
LAZARO-JAVIER, *JJ.*

- versus -

**FLORA CAMPANO, or her
representatives and THE
REGISTER OF DEEDS,
PROVINCE OF ILOILO,**
Respondents.

Promulgated:

29 JUL 2019

[Signature]

X ----- X

DECISION

REYES, J. JR., J.:

Before the Court is a Petition for Review on *Certiorari* under Rule 45 of the Rules of Court seeking to reverse and set aside the January 20, 2016 Decision¹ and the May 31, 2016 Resolution² of the Court of Appeals-Cebu City (CA) in CA-G.R. CV No. 04983, which reversed the September 24, 2012 Decision³ of the Regional Trial Court, Branch 33, Iloilo City (RTC).

¹ Penned by Associate Justice Pamela Ann Abella Maxino, with Associate Justices Pablito A. Perez and Gabriel T. Robeniol, concurring; *rollo*, pp. 7-18.

² Id. at 19-21.

³ Penned by Judge Narciso M. Aguilar; id. at 76-81.

The present controversy revolves around a parcel of land in Barangay Abang-Abang,^{*} Alimondian, Iloilo covered by Original Certificate of Title (OCT) No. F-16558 and registered under the name of Soledad Alido (Alido).

Factual background

On March 17, 1975, Alido was able to register the said parcel of land under her name. In 1978, Flora Campano (respondent) was able to take possession of the land and the owner's duplicate of OCT No. F-16558, and paid its realty taxes. Allegedly, Alido had sold the property to her.⁴

On September 18, 1996, Alido died leaving behind her children, namely Reynaldo Almendral, Maggie Almendral-Sencil and Rodrigo Almendral. On September 8, 2009, the heirs of Alido (petitioners) executed a Deed of Adjudication of the above-mentioned property and sought to register the property in their names. As such, they needed to retrieve OCT No. F-16558, but respondent refused to do so. Thus, they were constrained to file a verified petition before the RTC for respondent to surrender the owner's duplicate of the title.⁵

RTC Decision

In its September 24, 2012 Decision, the RTC granted petitioners' petition and ordered respondent to surrender the owner's duplicate of OCT No. F-16558. The trial court ruled that since Alido is the registered owner of the property, respondent cannot assert any right over the same and that the payment of realty taxes does not prove ownership over the property. It explained that as registered owner of the land, Alido's right cannot be defeated by prescription. The RTC also expounded that the purported sale between Alido and respondent was not valid because it was an oral sale. The trial court posited that the law requires that the sale of real property must appear in a public instrument. It expounded that the delivery of the certificate of title did not create a valid sale. Thus, it disposed:

IN VIEW THEREOF, judgment is hereby rendered in favor of the petitioners and against the respondent, whereby respondent Flora Campano is ordered to surrender the owner's duplicate certificate of Original Certificate of Title No. F-16558 with the Register of Deeds for the Province of Iloilo. In the event that the said respondent is not amenable to the process of this Court, the Register of Deeds is directed to annul the owner's duplicate certificate of Original Certificate of Title No. F-16558 in the possession of the latter and to issue new owner's duplicate certificate of Original Certificate of Title No. F-16558 in lieu thereof which shall contain a memorandum of the annulment of the outstanding

^{*} "Abangabang" in some parts of the *rollo*.

⁴ *Id.* at 8.

⁵ *Id.*

duplicate copy and to carry whatever entries or annotations made thereat before its annulment but shall, in all respects, be entitled to like faith and credence as the original owner's duplicate certificate of title, upon payment of the required fees thereof.

SO ORDERED.⁶

Aggrieved, respondent moved for reconsideration, but it was denied by the RTC in its January 23, 2013 Resolution.⁷

Undeterred, respondent appealed to the CA.

CA Decision

In its January 20, 2016 Decision, the CA granted respondent's appeal and dismissed the verified petition of petitioners. The appellate court explained that an oral sale of real property is not void, but only unenforceable under the Statute of Frauds. Nevertheless, it elucidated that it was only applicable to executory contracts and not to partially or completely executed contracts. The CA highlighted that the oral sale of the subject parcel of land between respondent and Alido had been executed. The appellate court noted that respondent possessed the owner's duplicate of title, she had paid the realty taxes, and was in peaceful possession of the land since 1978.

However, the CA observed that the sale between Alido and respondent was void because it violated the terms of the former's free patent application. The appellate court noted that the free patent was issued on March 17, 1975 while the sale took place in 1978 — violating the five-year restriction of alienating lands subject of a free patent.

Nonetheless, the CA postulated that petitioners cannot seek redress because their action had been barred by laches. The appellate court pointed out that respondent had possessed the property and had custody of OCT No. F-16558 since 1978 without Alido ever questioning her occupation over the property. In addition, it noted that petitioners waited for 14 more years before they filed their verified petition against respondents. Thus, it disposed:

IN LIGHT OF THE FOREGOING, the instant appeal is GRANTED. The Decision dated September 24, 2012 of the RTC, Branch 33, Iloilo City in Cad. Case No. Free Patent, is REVERSED and SET ASIDE. The complaint filed by the heirs of Soledad Alido is DISMISSED.

⁶ Id. at 80-81.

⁷ Issued by Pairing Judge Globert J. Justalero; id. at 87-88.

SO ORDERED.⁸

Unsatisfied, petitioners moved for reconsideration, but it was denied by the CA in its May 31, 2016 Resolution.

Hence, this present petition, raising:

The Issues

I

WHETHER THERE WAS A VALID SALE OF REAL PROPERTY BETWEEN ALIDO AND RESPONDENT; and

II

WHETHER PETITIONERS' ACTION HAD BEEN BARRED BY LACHES.

Petitioners argue that a Torrens Title is indefeasible, incontrovertible and imprescriptible. As such, they believe that Alido's title cannot be defeated by respondent's adverse possession. In addition, petitioners lament that respondent had no document to prove that Alido really sold the parcel of land to her. They insist that as legal owners of the parcel of land, they are entitled to recover the owner's duplicate of OCT No. F-16558 from respondent.

Further, petitioners aver that in the interest of higher justice, laches should not be applied as injustice would be perpetrated should the owner's duplicate of the title be not returned to them. They reiterate that a certificate of title is proof of ownership that cannot be defeated even by adverse possession or acquisitive prescription.

In its Comment⁹ dated March 9, 2017, respondent countered that laches barred petitioners from instituting their verified petition before the RTC because for more than three decades, she had possessed the land in the concept of an owner with the explicit knowledge of Alido and her heirs. She manifested that it took 32 years before petitioners had acted on their rights.

Likewise, respondent pointed out that petitioners failed to show proof to dispute the sale between her and Alido. She highlighted that Alido and her heirs had stopped paying the realty taxes over the property after it was sold

⁸ Id. at 18.

⁹ Id. at 149-158.

to her. Also, respondent explained that the fact the sale was not reflected in a public document did not render it void. She expounded that petitioners' argument that a Torrens Title cannot be defeated by prescription is misplaced because Alido had already sold the property to her.

In their Reply¹⁰ dated September 14, 2017, petitioners reiterated the arguments they had raised in their Petition for Review on *Certiorari*.

The Court's Ruling

The petition is meritorious.

A Torrens Title is indefeasible in that it could not be assailed collaterally and it cannot be altered, modified or cancelled except in a direct proceeding in accordance with law.¹¹ In addition, ownership supported by a certificate of title can neither be defeated by adverse, open and notorious possession nor prescription.¹² As such, prescription and laches do not apply to registered land covered by the Torrens System.¹³

Acting on this premise, petitioners believe that respondent cannot defeat their claim of ownership because it is supported by a certificate of title issued in the name of their predecessor. A circumspect analysis of respondent's position, however, shows that the validity of OCT No. F-16558 was never assailed in any way. Respondent never challenged the certificate of title based on an independent and adverse possession. Rather, she claims ownership over the property by virtue of an oral sale between her and Alido. Thus, it can be readily seen that respondent never contested petitioners' rights based on acquisitive prescription. She simply asserts that petitioners no longer derived any right over the property upon Alido's death because it was already sold to her prior to the demise of their mother.

Thus, petitioners err in harping on the indefeasibility of title in asserting their right to possess OCT No. F-16558. The validity of OCT No. F-16558 was never questioned. Respondent anchors her claim on a transmission of rights by virtue of an oral sale between her and Alido.

Oral Sale of real property

The RTC granted petitioners' verified petition as it ruled that they were the legal owners of the land covered by OCT No. F-16558. The trial court postulated that there was no valid sale between Alido and respondent because Article 1358 of the Civil Code expressly requires that the sale of

¹⁰ Id. at 164-171.

¹¹ *Hortizuela v. Tagufa*, 754 Phil. 499, 506 (2015).

¹² *Wee v. Mardo*, 735 Phil. 420, 430 (2014).

¹³ *Spouses Ocampo v. Heirs of Bernardino U. Dionisio*, 744 Phil. 716, 730 (2014).

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real property must appear in a public document and that the delivery of OCT No. F-16558 did not validate the transaction. On the other hand, the CA explained that an executed oral sale of real property is valid and binding among the parties.

Contracts which have all essential requisites for their validity are obligatory regardless of the form they are entered into, except when the law requires that a contract be in some form to be valid or enforceable.¹⁴ Article 1358 of the Civil Code provides that the following must appear in a public instrument:

- (1) Acts and contracts which have for their object the creation, transmission, modification or extinguishment of real rights over immovable property; **sales of real property or of an interest therein are governed by articles 1403, No. 2, and 1405;**
- (2) The cession, repudiation or renunciation of hereditary rights or of those of the conjugal partnership of gains;
- (3) The power to administer property, or any other power which has for its object an act appearing or which should appear in a public document, or should prejudice a third person;
- (4) The cession of actions or rights proceeding from an act appearing in a public document. (Emphasis supplied)

Article 1403(2) of the Civil Code, or otherwise known as the Statute of Frauds, requires that covered transactions must be reduced in writing, otherwise the same would be unenforceable by action. In other words, sale of real property must be evidenced by a written document as an oral sale of immovable property is unenforceable.

Nevertheless, it is erroneous to conclude that contracts of sale of real property without its term being reduced in writing are void or invalid. In *The Estate of Pedro C. Gonzales v. The Heirs of Marcos Perez*,¹⁵ the Court explained that failure to observe the prescribed form of contracts do not invalidate the transaction, to wit:

Nonetheless, it is a settled rule that the failure to observe the proper form prescribed by Article 1358 does not render the acts or contracts enumerated therein invalid. It has been uniformly held that the form required under the said Article is not essential to the validity or enforceability of the transaction, but merely for convenience. The Court agrees with the CA in holding that a sale of real property, though not consigned in a public instrument or formal writing, is, nevertheless, valid and binding among the parties, for the time-honored rule is that even a verbal contract of sale of real estate produces legal effects between the

¹⁴ CIVIL CODE, Art. 1356.

¹⁵ 620 Phil. 47, 61-62 (2009).

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parties. Stated differently, although a conveyance of land is not made in a public document, it does not affect the validity of such conveyance. Article 1358 does not require the accomplishment of the acts or contracts in a public instrument in order to validate the act or contract but only to insure its efficacy.

Further, the Statute of Frauds applies only to executory contracts and not to those which have been executed either fully or partially.¹⁶ In *Swedish Match, AB v. Court of Appeals*,¹⁷ the Court expounded on the purpose behind the requirement that certain contracts be reduced in writing, *viz.*:

The Statute Frauds embodied in Article 1403, paragraph (2), of the Civil Code requires certain contracts enumerated therein to be evidenced by some note or memorandum in order to be enforceable. The term "Statute of Frauds" is descriptive of statutes which require certain classes of contracts to be in writing. **The Statute does not deprive the parties of the right to contract with respect to the matters therein involved, but merely regulates the formalities of the contract necessary to render it enforceable.** Evidence of the agreement cannot be received without the writing or a secondary evidence of its contents.

The Statute, however, simply provides the method by which the contracts enumerated therein may be proved but does not declare them invalid because they are not reduced to writing. By law, contracts are obligatory in whatever form they may have been entered into, provided all the essential requisites for their validity are present. However, when the law requires that a contract be in some form in order that it may be valid or enforceable, or that a contract be proved in a certain way, that requirement is absolute and indispensable. **Consequently, the effect of non-compliance with the requirement of the Statute is simply that no action can be enforced unless the requirement is complied with.** Clearly, the form required is for evidentiary purposes only. Hence, if the parties permit a contract to be proved, without any objection, it is then just as binding as if the Statute has been complied with.

The purpose of the Statute is to prevent fraud and perjury in the enforcement of obligations depending for their evidence on the unassisted memory of witnesses, by requiring certain enumerated contracts and transactions to be evidenced by a writing signed by the party to be charged. (Emphases supplied)

While the Statute of Frauds aim to safeguard the parties to a contract from fraud or perjury, its non-observance does not adversely affect the intrinsic validity of their agreement. The form prescribed by law is for evidentiary purposes, non-compliance of which does not make the contract void or voidable, but only renders the contract unenforceable by any action. In fact, contracts which do not comply with the Statute of Frauds are ratified

¹⁶ *Vda. de Ouano v. Republic*, 657 Phil. 391, 411 (2011).

¹⁷ 483 Phil. 735, 747-748 (2004).

by the failure of the parties to object to the presentation of oral evidence to prove the same, or by an acceptance of benefits under them.¹⁸

Further, the Statute of Frauds is limited to executory contracts where there is a wide field for fraud as there is no palpable evidence of the intention of the contracting parties.¹⁹ It has no application to executed contracts because the exclusion of parol evidence would promote fraud or bad faith as it would allow parties to keep the benefits derived from the transaction and at the same time evade the obligations imposed therefrom.²⁰

The RTC errs in summarily dismissing respondent's claim of ownership simply because the sale between her and Alido was not supported by a written deed. As above-mentioned, an oral sale of real property is not void and even enforceable and binding between the parties if it had been totally or partially executed.

The Court agrees with the observations of the CA that the Statute of Frauds is inapplicable in the present case as the verbal sale between respondent and Alido had been executed. From the time of the purported sale in 1978, respondent peacefully possessed the property and had in her custody OCT No. F-16558. Further, she had been the one paying the real property taxes and not Alido. Possession of the property, making improvements therein and paying its real property taxes may serve as indicators that an oral sale of a piece of land had been performed or executed.²¹

In addition, while tax declarations are not conclusive proof of ownership, they may serve as *indicia* that the person paying the realty taxes possesses the property in concept of an owner. In *Heirs of Simplicio Santiago v. Heirs of Mariano E. Santiago*²² the Court, thus, explained:

In the instant case, it was established that Lot 2344 is a private property of the Santiago clan since time immemorial, and that they have declared the same for taxation. Although tax declarations or realty tax payment of property are not conclusive evidence of ownership, nevertheless, **they are good *indicia* of possession in the concept of owner, for no one in his right mind would be paying taxes for a property that is not in his actual or constructive possession.** They constitute at least proof that the holder has a claim of title over the property. **The voluntary declaration of a piece of property for taxation purposes manifests not only one's sincere and honest desire to obtain title to the property and announces his adverse claim against the State and all other interested parties,** but also the intention to contribute

¹⁸ CIVIL CODE, Art. 1405.

¹⁹ *Carbonnel v. Poncio*, 103 Phil. 655, 659 (1958).

²⁰ *Id.*

²¹ *Ortega v. Leonardo*, 103 Phil. 870, 872 (1958).

²² 452 Phil. 238, 248 (2003).

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needed revenues to the Government. Such an act strengthens one's *bona fide* claim of acquisition of ownership. (Emphases supplied)

From 1978 until her death, Alido never questioned respondent's continued possession of the property, as well as of OCT No. F-16558. Neither did she stop respondent from paying realty taxes under the latter's name. Alido allowed respondent to exercise all the rights and responsibilities of an owner over the subject parcel of land. Even after her death, neither her heirs disturbed respondent's possession of the property nor started paying for the real property taxes on the said lot. Further, it is noteworthy that petitioners do not assail that respondent had acquired the property fraudulently or illegally as they merely rely on the fact that there was no deed of sale to support the said transaction. However, as manifested by the actions or inactions of Alido and respondent, it can be reasonably concluded that Alido had sold the property to respondent and that the said transaction had been consummated.

Having settled that a sale had indeed occurred between respondent and Alido, a determination of its validity and whether petitioners can still assail the same is necessary.

By virtue of a free patent application, Alido secured OCT No. F-16558 on March 17, 1975. Thereafter, she sold the property covered by OCT No. F-16558 to respondent in 1978. It is settled that lands acquired through free patent cannot be alienated or encumbered within five years from the date of issuance of the patent.²³ This is so considering that the grant of free patent is done out of the benevolence of the State to provide lots for land-destitute citizens for their home and cultivation.²⁴ As such, any sale in violation of the five-year prohibition on alienation is void and produces no effect whatsoever.²⁵ As a result, the law still regards the original owner as the rightful owner subject to escheat proceedings by the State.²⁶

In the present case, Alido had already sold the property to respondent within three years from the time she had acquired title thereto pursuant to her free patent application. Clearly, the said transaction is void because it transgresses the five-year prohibition on alienation of lands acquired through free patent.

²³ *Spouses De Guzman v. Court of Appeals*, 782 Phil. 71, 81 (2016).

²⁴ *Republic v. Court of Appeals*, 346 Phil. 637, 649 (1997), citing *Pascua v. Talens*, 80 Phil. 792, 793-794 (1948).

²⁵ *Metropolitan Bank and Trust Company v. Viray*, 627 Phil. 398, 408 (2010).

²⁶ *Binayug v. Ugaddan*, 700 Phil. 382, 397 (2012).

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Under Article 1412(1) of the Civil Code,²⁷ parties in a void contract who are of equal fault cannot demand recovery, enforcement or performance from the other. The said provision embodies the doctrine of *in pari delicto* which “is a universal doctrine that holds that no action arises, in equity or at law, from an illegal contract; no suit can be maintained for its specific performance, or to recover the property agreed to be sold or delivered, or the money agreed to be paid, or damages for its violation; and where the parties are *in pari delicto*, no affirmative relief of any kind will be given to one against the other.”²⁸

Nevertheless, Article 1416 of the Civil Code provides that when the agreement is not illegal *per se*, but is merely prohibited, and the prohibition by the law is designed for the protection of the plaintiff, he may, if public policy is thereby enhanced, recover what he has paid or delivered. In other words, the doctrine of *in pari delicto* cannot apply when it contravenes well-established public policy as whenever public policy is advanced by either party, they may be allowed to sue for relief against the transaction.²⁹

The doctrine of *in pari delicto* does not apply in the sale of a homestead which has been illegally sold, in violation of the homestead law.³⁰ In *Spouses Maltos v. Heirs of Eusebio Borromeo*,³¹ the Court explained that the doctrine of *in pari delicto* cannot preclude a grantee from recovering a parcel of land sold in violation of the five-year prohibition on alienation of land acquired through free patent, to wit:

Santos involved the sale of a parcel of land within the five-year prohibitory period. The Roman Catholic Church raised the defense of *in pari delicto*. It was also argued by the Roman Catholic Church that the effect of the sale would be the reversion of the property to the state. This court held that:

Section 124 of the Public Land Act indeed provides that any acquisition, conveyance or transfer executed in violation of any of its provisions shall be null and void and shall produce the effect of annulling and cancelling the grant or patent and cause the reversion of the property to the State, and the principle of *pari delicto* has been applied by this Court in a number of cases wherein the parties to a transaction have proven to be guilty of effected the transaction with knowledge of the cause of its invalidity. **But we doubt if these principles can now be invoked considering the philosophy and the policy behind the**

²⁷ Art. 1412. If the act in which the unlawful or forbidden cause consists does not constitute a criminal offense, the following rules shall be observed:

(1) When the fault is on the part of both contracting parties, neither may recover what he has given by virtue of the contract, or demand the performance of the other’s undertaking.

²⁸ *Gonzalo v. Tarnate, Jr.*, 724 Phil. 198, 206 (2014).

²⁹ *Fullido v. Grilli*, 781 Phil. 840, 859 (2016)

³⁰ *Angeles v. Court of Appeals*, 102 Phil. 1006, 1011 (1958).

³¹ 769 Phil. 598, 615-620 (2015).

approval of the Public Land Act. The principle underlying *pari delicto* as known here and in the United States is not absolute in its application. It recognizes certain exceptions one of them being when its enforcement or application runs counter to an avowed fundamental policy or to public interest. As stated by us in the [*Rellosa*] case, "This doctrine is subject to one important limitation, namely, [“]whenever public policy is considered advanced by allowing either party to sue for relief against the transaction. [”]"

The case under consideration comes within the exception above adverted to. Here appellee desires to nullify a transaction which was done in violation of the law. Ordinarily the principle of *pari delicto* would apply to her because her predecessor-in-interest has carried out the sale with the presumed knowledge of its illegality, but **because the subject of the transaction is a piece of public land, public policy requires that she, as heir, be not prevented from re-acquiring it because it was given by law to her family for her home and cultivation. This is the policy on which our homestead law is predicated.** This right cannot be waived. "It is not within the competence of any citizen to barter away what public policy by law seeks to preserve." We are, therefore, constrained to hold that appellee can maintain the present action it being in furtherance of this fundamental aim of our homestead law.

x x x x

As the *in pari delicto* rule is not applicable, the question now arises as to who between the parties have a better right to possess the subject parcel of land. x x x

x x x x

In *Binayug v. Ugaddan*, which involved the sale of two properties covered by a homestead patent, this court cited jurisprudence showing that **in cases involving the sale of a property covered by the five-year prohibitory period, the property should be returned to the grantee.**

Applying the ruling in *Santos* and *Binayug*, this court makes it clear that petitioners have no better right to remain in possession of the property against respondents.

Hence, **the Court of Appeals did not err in ruling that while there is yet no action for reversion filed by the Office of the Solicitor General, the property should be conveyed by petitioners to respondents.** (Emphases supplied, citation in the original omitted)

The doctrine of *in pari delicto* is inapplicable in the present case because to do so would contravene public policy of preserving the grantee's right to the land under the homestead law. As explained above, in sales of land in violation of the five-year prohibition, the land should revert to the

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grantee in the absence of any reversion proceedings instituted by the State. Thus, respondent has no better right to remain in possession of the property against petitioners.

The CA, however, found that petitioners can no longer assail the sale between Alido and respondent on account of laches. The appellate court highlighted that respondent had possessed the property since 1978 and was never disturbed either by Alido or petitioners until the latter had filed the present complaint only in 2010.

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 to assert it either has abandoned it or declined to assert it.³² It is a **creation of equity** which seeks to avoid the assertion or enforcement of a right which has become inequitable or unfair to permit by virtue of one's negligence, folly or inattention.³³

Laches, however, do not apply if the assailed contract is void *ab initio*.³⁴ In *Heirs of Ingjug-Tiro v. Spouses Casals*,³⁵ the Court expounded that laches cannot prevail over the law that actions to assail a void contract are imprescriptible it being based on equity, to wit:

In actions for reconveyance of property predicated on the fact that the conveyance complained of was null and void *ab initio*, a claim of prescription of action would be unavailing. "The action or defense for the declaration of the inexistence of a contract does not prescribe." Neither could *laches* be invoked in the case at bar. *Laches* is a doctrine in equity and our courts are basically courts of law and not courts of equity. **Equity, which has been aptly described as "justice outside legality," should be applied only in the absence of, and never against, statutory law. *Aequetas [nunquam] contravenit legis*. The positive mandate of Art. 1410 of the New Civil Code conferring imprescriptibility to actions for declaration of the inexistence of a contract should preempt and prevail over all abstract arguments based only on equity. Certainly, *laches* cannot be set up to resist the enforcement of an imprescriptible legal right, and petitioners can validly vindicate their inheritance despite the lapse of time. (Emphasis and underscoring supplied)**

As above-mentioned, a sale of a parcel of land in violation of the five-year prohibition on the alienation of land acquired *via* a free patent application is void and produces no legal effect. As successors-in-interest of

³² *Pangasinan v. Disonglo-Almazora*, 762 Phil. 492, 502-503 (2015).

³³ *Id.* at 503.

³⁴ *Heirs of Tomas Arao v. Heirs of Pedro Eclipse*, G.R. No. 211425, November 19, 2018.

³⁵ 415 Phil. 665, 673-674 (2011).

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Alido, petitioners' right to challenge the sale between Alido and respondent cannot be barred by laches as it was in violation of the restriction on the sale of land acquired through free patent.

Consequently, petitioners may recover the parcel of land Alido had sold to respondent. However, as a result of the annulment of the sale between Alido and respondent, the latter may claim the purchase price and interest. In *Tingalan v. Spouses Melliza*,³⁶ the Court explained that while property sold in violation of the five-year prohibition on alienation may be recovered, the purchaser is entitled to recover the purchase price and interest, to wit:

Following the declaration that the contract of sale over the subject property is void for being in violation of Section 118 of the Public Land Act, as amended, jurisprudence dictates that the subject land be returned to the heirs of petitioner Anastacio. x x x

x x x x

The Court made the same ruling on the issue of ownership in the earlier cited case of *Manzano* in 1961, including a disposition that the buyer therein is entitled to a reimbursement of the purchase price plus interest, viz.:

x x x Being void from its inception, the approval thereof by the Undersecretary of Agriculture and Natural Resources after the lapse of five years from Manzano's patent did not legalize the sale x x x The result is that the homestead in question must be returned to Manzano's heirs, petitioners herein, who are, in turn, bound to restore to appellee Ocampo the sum of P3,000.00 received by Manzano as the price thereof x x x The fruits of the land should equitably compensate the interest on the price.

Prior to *Manzano*, we made a similar ruling in the case of *De los Santos v. Roman Catholic Church of Midsayap* that "[u]pon annulment of the sale, the purchaser's claim is reduced to the purchase price and its interest."

We shall apply the same rule in the case at bar. However, since the trial court ruled that petitioners were barred by laches in asserting any claim to the subject property, it did not make a factual determination of the total purchase price paid by respondent-spouses to petitioner Anastacio which must be returned to the heirs of respondents, including interest on such amount. The trial court also did not make a ruling on the amount of interest to be paid by petitioners to respondent-spouses, and if the fruits realized by respondent-spouses from their long possession of the subject land since 1977 would "equitably compensate the interest on the price." This Court is not a trier of facts and we remand the instant case for the trial court to make a factual determination of the aforesaid amounts.

³⁶ 762 Phil. 114, 127-128 (2015).


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In the present case, the RTC simply invalidated the sale between Alido and respondent due to it being an oral sale of land. The trial court deemed the case submitted for decision after the parties were required to file their respective position papers without proceeding to trial on the merits. On appeal, the CA then brushed aside petitioners' complaint on the ground of laches. Similar to *Tingalan*, no factual determination was made with regard to the purchase price respondent had paid to Alido in exchange of the subject land. Thus, the case should be remanded to determine the amount of purchase price respondent may recover and whether the fruits she had enjoyed from the long possession of the subject land would equitably compensate the interest on the price.


WHEREFORE, the January 20, 2016 Decision and the May 31, 2016 Resolution of the Court of Appeals-Cebu City in CA-G.R. CV No. 04983 are **REVERSED** and **SET ASIDE**. The present case is **REMANDED** to the Regional Trial Court, Branch 33, Iloilo City to determine the purchase price and interest respondent Flora Campano may recover.


This is without prejudice to any appropriate action the Government may take against the heirs of Soledad Alido.

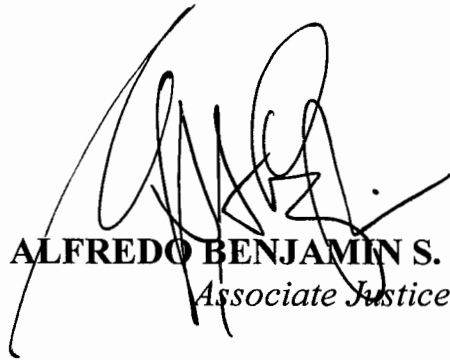
SO ORDERED.



JOSE C. REYES, JR.
Associate Justice

WE CONCUR:


ANTONIO T. CARPIO
Senior Associate Justice
Chairperson

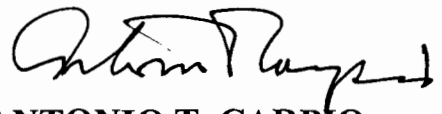

ESTELA M. PERLAS-BERNABE
Associate Justice


ALFREDO BENJAMIN S. CAGUIOA
Associate Justice


AMY C. LAZARO-JAVIER
Associate Justice

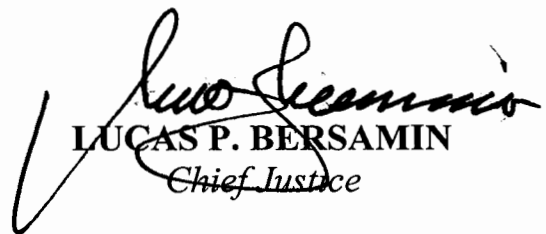
ATTESTATION

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


ANTONIO T. CARPIO
Senior Associate Justice
Chairperson, Second Division

CERTIFICATION

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


LUCAS P. BERSAMIN
Chief Justice

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