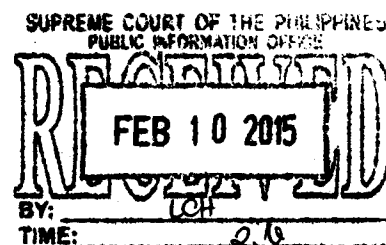




Republic of the Philippines  
Supreme Court  
Manila  
FIRST DIVISION



NOTICE

Sirs/Mesdames:

*Please take notice that the Court, First Division, issued a Resolution dated January 14, 2015 which reads as follows:*

**“G.R. No. 193785 (*Imperial Development Corporation v. Republic of the Philippines, represented by the Regional Executive Director, DENR, Region X, Cagayan de Oro City*).— This is a Petition for Review on Certiorari under Rule 45 of the Rules of Court assailing the Decision<sup>1</sup> dated 28 January 2010 and the Resolution<sup>2</sup> dated 3 September 2010 issued by the Court of Appeals Cagayan de Oro City (CA) in CA-G.R. CV No. 01088-MIN.**

The CA Decision reinstated the complaint for cancellation of title and/or reversion filed by the Republic, and remanded the case to the trial court for further proceedings. The CA Resolution denied the motion for reconsideration filed by petitioner.

FACTS

Presidential Proclamation No. 1795 dated 10 October 1978 withdrew from sale or settlement and reserved for cultural site purposes Lot No. 3843, Case 5 of the cadastral survey of Cagayan, Cad-237. The lot, which had an area of 145,460 square meters, was situated in Barrio Carmen, Cagayan de Oro City.<sup>3</sup>

- over – seven (7) pages .....

<sup>1</sup> *Rollo*, pp. 43-47; The Decision issued by the Court of Appeals Cagayan de Oro City Twenty-First Division was penned by Associate Justice Edgardo T. Lloren, with Associate Justices Romulo V. Borja and Angelita A. Gacutan concurring.

<sup>2</sup> *Id.* at 60-61.

<sup>3</sup> *Id.* at 69-71.

A year later, on 13 November 1979, Original Certificate of Title (OCT) No. 0-762<sup>4</sup> was issued to Carmel Realty and Development Corporation (Carmel). OCT No. 0-762 covered Lots 3843-A and 3843-B, which together comprised a 51,608-square-meter portion of Lot No. 3843.

By virtue of a Confirmation of Sale<sup>5</sup> dated 6 December 1979, Carmel conveyed Lots 3843-A and 3843-B to petitioner. On even date, Transfer Certificate of Title (TCT) No. T-30720<sup>6</sup> was issued in the name of petitioner.

On 6 February 2003, the Republic filed before the Regional Trial Court, Branch 39, Cagayan de Oro City (RTC), a Complaint<sup>7</sup> against Carmel and petitioner docketed as Civil Case No. 2003-055. The Complaint was for cancellation of OCT No. 0-762 and all derivative titles issued thereunder, particularly TCT No. T-30720 in the name of petitioner. It also prayed for the reversion of Lots 3843-A and 3843-B to the mass of land of public domain. The Republic alleged that these two lots were not susceptible to private acquisition, as they were within the cultural center site reserved under Proclamation No. 1795.

Petitioner filed its Answer with Cross Claim,<sup>8</sup> as well as Motion for Preliminary Hearing on the Affirmative Defenses Pleaded in the Answer.<sup>9</sup> The latter pleading was considered by the RTC as a motion to dismiss.<sup>10</sup> Instead of conducting a hearing, the trial court directed the parties to submit their memoranda.<sup>11</sup>

In an Order dated 6 December 2006,<sup>12</sup> the RTC dismissed the Complaint of the Republic. The trial court found that OCT No. 0-762 was issued to Carmel by virtue of Decree No. N-176369, which in turn was issued pursuant to a final judgment in Land Registration Case No. N-524.<sup>13</sup> Keeping in mind that a certificate of title shall become incontrovertible

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<sup>4</sup> Id. at 163-165.

<sup>5</sup> Id. at 74-77. On 22 December 1975, Carmel and petitioner had entered into a Deed of Sale with Mortgage covering several titled and untitled parcels of land situated in Cagayan de Oro City, including Lots 3843-A and 3843-B, which were then untitled. (Id. at 91-102.)

<sup>6</sup> Id. at 166-168.

<sup>7</sup> Id. at 62-68.

<sup>8</sup> Id. at 83-90.

<sup>9</sup> Id. at 105-113.

<sup>10</sup> Id. at 22.

<sup>11</sup> Id.

<sup>12</sup> Id. at 22-38.

<sup>13</sup> Id. at 34.

upon the expiration of one year from its issuance, the RTC observed that no petition for the reopening of the land registration case had been filed by the Republic within the one-year period from the issuance of OCT No. 0-762 on 13 November 1979. According to the RTC, the final judgment became conclusive upon and against all persons, including the national government.

Aggrieved, the Republic filed an appeal before the CA. In the assailed Decision, the CA reversed and set aside the RTC Order. The Complaint of the Republic was reinstated, and the case was remanded to the RTC for further proceedings.

The CA pointed out the Republic's contention that Lots 3843-A and 3843-B are inalienable lands of public domain. This allegation can only be properly resolved during a hearing on the merits of the case. Furthermore, the appellate court emphasized that the right of reversion to the State is not barred by prescription.<sup>14</sup>

Petitioner's Motion for Reconsideration was denied by the CA in the challenged Resolution.

Hence, the present petition,<sup>15</sup> in which petitioner alleges:

- A. x x x THE HONORABLE COURT OF APPEALS COMMITTED MANIFEST AND SERIOUS ERROR WHEN IT IGNORED AND DISREGARDED TO APPLY THE EXEMPTING CLAUSE OR CIRCUMSTANCE EXPRESSLY RECOGNIZED UNDER THE PRESIDENTIAL PROCLAMATION (P.P. No. 1795, 10 October 1978).
- B. x x x THE HONORABLE COURT OF APPEALS COMMITTED PALPABLE AND SERIOUS ERRORS BY ITS FAILURE AND REFUSAL TO APPLY THE PRINCIPLES UNDERLYING *IN REM* PROCEEDINGS IN CADASTRAL CASES, *RES JUDICATA*, LACK OF EXERCISE OF JURISDICTION AND POWER OF EMINENT DOMAIN.<sup>16</sup>

### OUR RULING

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<sup>14</sup> Id. at 47.

<sup>15</sup> Id. at 3-21.

<sup>16</sup> Id. at 7.

We deny the appeal.

Reversion is a remedy availed of by the State to place inalienable land found under private ownership back to the public domain.<sup>17</sup> Considering the degree of public interest involved as the government proceeds to assert its rights and recover its property, no defense grounded on laches or prescription can be sustained thereon.<sup>18</sup>

In this regard, we cannot sustain the dismissal by the RTC of the Republic's Complaint for the sole reason that a certificate of title becomes incontrovertible upon the expiration of one year from its issuance. As we stated in *Republic v. CA*:<sup>19</sup>

First, the one-year period provided for in Section 38 of Act No. 496 merely refers to a petition for review and is reckoned from the entry of the decree. In the second place, there are other remedies available to an aggrieved party after the said one-year period, e.g., reconveyance, covered by Section 65 of Act No. 496 which, inter alia, provides that "in all cases of registration procured by fraud, the owner may pursue all his legal and equitable remedies against the parties to such fraud, without prejudice, however, to the rights of any innocent holder for value of a certificate of title." Likewise, an action for damages is sanctioned in cases where the property has been transferred to an innocent purchaser for value, which may be filed within four years from discovery of the fraud. Recourse may also be had against the Assurance Fund.

Finally, prescription never lies against the State for the reversion of property which is part of the public forest or of a forest reservation which was registered in favor of any party. Then too, public land registered under the Land Registration Act may be recovered by the State at any time. In *Republic vs. Animas*, we ruled:

Public land fraudulently included in patents or certificates of title may be recovered or reverted to the state in accordance with Section 101 of the Public Land Act. Prescription does not lie against the state in such cases for the Statute of Limitation does not run against the state. The right of reversion or reconveyance to the state is not barred by prescription.<sup>20</sup>

Section 101 of Commonwealth Act No. 141 (Public Land Act) provides:

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<sup>17</sup> *Saad Agro-Industries, Inc. v. Republic*, 534 Phil. 648 (2006).

<sup>18</sup> *Republic v. Heirs of Angeles*, 439 Phil. 349 (2002).

<sup>19</sup> 327 Phil. 852 (1996).

<sup>20</sup> *Id.* at 866-867.

All actions for the reversion to the Government of lands of the public domain or improvements thereon shall be instituted by the Solicitor-General or the officer acting in his stead, in the proper courts, in the name of the Commonwealth of the Philippines.

In this jurisdiction, we have had a number of occasions to rule that the indefeasibility of titles does not operate to deprive the State of its right to recover lands of the public domain from private ownership, if the lands were obtained through fraud or misrepresentation.<sup>21</sup> Likewise, indefeasibility does not obtain when the title to the land or decree is void due to reasons other than fraud, such as when it was issued by mistake and oversight because the land was in reality inalienable, or when the grantee violated the conditions for the homestead patent grant.<sup>22</sup> In these cases, the State may seek the cancellation of the certificate of title and reversion of the land to the mass of land of public domain even after the lapse of one year from the issuance of the title.

The Complaint of the Republic alleges that “Lots 3843-A and 3843-B, Cad-237, Cagayan Cadastre [were] within [the] Cultural Center Site for the City of Cagayan de Oro under Presidential Proclamation No. 1795 issued on October 10, 1978, and therefore, not susceptible of acquisition under the Public Land Act.”<sup>23</sup> The Complaint further states that “[t]he issuance of [the] Decree and title x x x are improper” and that they are “null and void.”<sup>24</sup>

The Complaint clearly alleges that Lots 3843-A and 3843-B are inalienable lands of the public domain, and that the issuance of the decree and of the title to the land was irregularly done. In *East Asia Traders, Inc. v. Republic*,<sup>25</sup> we held that the question whether a parcel of land that is the subject of reversion proceedings is alienable can only be properly resolved during trial on the merits, in which both parties may present their respective sets of evidence. This is because the question of alienability is a matter that requires the presentation and/or determination of facts. Even when raised in a motion to dismiss, alienability is an issue that can be best resolved after trial on the merits.

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<sup>21</sup> *Republic v. Bellate*, G.R. No. 175685, 7 August 2013; *Republic v. Mendoza, Sr.*, 548 Phil. 140 (2007); *Heirs of Alcaraz v. Republic*, 502 Phil. 521 (2005); *Republic v. Heirs of Alejaga, Sr.*, 441 Phil. 656 (2002); *Republic v. Spouses de Guzman*, 383 Phil. 151 (2000); *Baguio v. Republic*, 361 Phil. 374 (1999).

<sup>22</sup> *Republic v. Mangotara*, G.R. Nos. 170375, 170505, 173355-56, 173401, 173563-64, 178779 & 178894, 7 July 2010, 624 SCRA 360.

<sup>23</sup> *Rollo*, p. 65.

<sup>24</sup> *Id.*

<sup>25</sup> G.R. No. 152947, 7 July 2004, 433 SCRA 716.

In this case, petitioner did not even file a motion to dismiss before the RTC. Rather, petitioner filed a Motion for Preliminary Hearing on the Affirmative Defenses Pleaded in the Answer. It was presumably cognizant of the fact that the matters raised in the pleadings so far needed to be threshed out in a hearing. However, the RTC treated the motion as a motion to dismiss, and granted it through an erroneous application of the law.

It is beyond doubt that OCT No. 0-762 covering Lots 3843-A and 3843-B was issued on 13 November 1979, or a year into the effectivity of Proclamation No. 1795. The proclamation reserved the lots as part of a bigger tract of land for cultural center site purposes.

On the other hand, petitioner asserts that even prior to the issuance of Proclamation No. 1795, Carmel was already an applicant/claimant in Land Registration Case No. N-524, which resulted in the issuance of Decree No. N-176369 and, eventually, OCT No. 0-762.<sup>26</sup> It is argued that the private right and ownership of petitioner and its predecessor-in-interest were recognized by the proclamation when it provided as follows:

Upon recommendation of the Minister of Natural Resources and by virtue of the powers vested in me by law, I, FERDINAND E. MARCOS, President of the Philippines, do hereby **withdraw from sale or settlement** and reserve for cultural center site purposes under the administration of the Sangguniang Panglungsod of Cagayan de Oro City, **subject to private rights, if any there be**, a certain parcel of land of the public domain situated in the City of Cagayan de Oro, island of Mindanao, which parcel is more particularly described as follows:

Lot No. 3843, Case 5, Cad-237  
Cagayan Cadastre<sup>27</sup>

x x x (Emphases supplied)

We have ruled that the wording “withdraw from sale or settlement” means that the land it comprises was previously subject to sale or settlement, and thus alienable and disposable, until it was withdrawn therefrom.<sup>28</sup> It was in this light that Proclamation No. 1795 was careful to respect private rights that had already accrued prior to the reservation of the land for cultural center site purposes.

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<sup>26</sup> *Rollo*, pp. 11, 86.

<sup>27</sup> *Id.* at 69.

<sup>28</sup> *Republic v. AFP Retirement and Separation Benefits System*, G.R. No. 180463, 16 January 2013, 688 SCRA 628.

If petitioner is able to prove its assertion, a real issue arises on whether the alleged claim of Carmel in the land registration case over Lots 3843-A and 3843-B comes under the purview of "private rights," which are respected by Proclamation No. 1795.

We are not in a position to answer the question at this point. Together with other issues involved in this case, it is a matter properly resolved after a determination of the facts threshed out in a full-blown trial on the merits.

**WHEREFORE**, the petition is **DENIED**. The Decision dated 28 January 2010 and Resolution dated 3 September 2010 issued by the Court of Appeals Cagayan de Oro City in CA-G.R. CV No. 01088-MIN are **AFFIRMED**. The Complaint in Civil Case No. 2003-055 is ordered **REINSTATED**, and the original record of the case returned to the court of origin for further proceedings.

**SO ORDERED."**

Very truly yours,

  
**EDGAR O. ARICHETA**

Division Clerk of Court *m/f/r*  
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ACSAY PASCUAL CAPELLAN  
& ASSOCIATES LAW OFFICE  
Counsel for Petitioner  
3762-C Cuenca St., Palanan  
1235 Makati City

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9000 Cagayan de Oro City

The Regional Executive Director  
Department of Environment and  
Natural Resources  
Region X 9000 Cagayan de Oro City

The Hon. Presiding Judge  
Regional Trial Court, Br. 39  
9000 Cagayan de Oro City  
(Civil Case No. 2003-055)

SR



