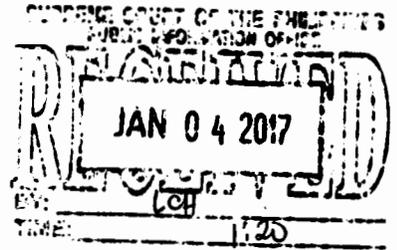




Republic of the Philippines
Supreme Court
 Manila



FIRST DIVISION

REPUBLIC OF THE PHILIPPINES,
 Petitioner,

G.R. No. 217210

Present:

- versus -

SERENO, C.J., Chairperson,
 LEONARDO-DE CASTRO,
 BERSAMIN,
 PERLAS-BERNABE, and
 CAGUIOA, JJ.

**CAPITAL RESOURCES
 CORPORATION, ROMEO ROXAS,
 and the REGISTER OF DEEDS OF
 THE PROVINCE OF LA UNION,**
 Respondents.

Promulgated:

NOV 07 2016

X-----X

DECISION

CAGUIOA, J.:

This is an Appeal by *Certiorari*¹ under Rule 45 of the Rules of Court (Petition) filed by petitioner Republic of the Philippines (Republic) against the respondents herein, questioning the Decision dated February 26, 2015² of the Court of Appeals-Fourteenth Division (CA) in CA-G.R. CV No. 98040 (questioned Decision), which affirmed the Decision dated May 31, 2011 rendered by the Regional Trial Court of Bauang, La Union, Branch 33 (RTC) in Civil Case No. 1844-BG.

In this case, petitioner Republic, through the Office of the Solicitor General, is seeking the reversion of a parcel of land situated at Barangay Pugo, Bauang, La Union (Subject Property), which is covered by Transfer Certificate of Title (TCT) No. T-23343 and registered in the name of respondents Capital Resources Corporation (CRC) and Romeo Roxas (collectively, Respondents). The reversion of a portion of the Subject Property declared as foreshore lands has already been ordered by the RTC,

¹ *Rollo*, pp. 10-23.

² *Id.* at 25-40. Penned by Associate Justice Ramon M. Bato, Jr., with Associate Justices Manuel M. Barrios and Maria Elisa Sempio Diy concurring.

and affirmed by the CA. The instant Petition is directed merely towards the remainder of the Subject Property.

The Facts

The antecedents of this case are undisputed. The Court adopts the summary of the CA in the questioned Decision:

Vitaliano Dumuk submitted Homestead Survey Plan H-6811 covering a parcel of land situated at La Union with an area of 15.8245 hectares [hereafter referred to as the subject property] which was approved by the Bureau of Lands on May 10, 1924. A Homestead Patent was granted to Dumuk on July 26, 1924 which resulted in the issuance of Original Certificate of Title [OCT] No. 137 on August 25, 1924. OCT No. 137 was cancelled and superseded by Transfer Certificate of Title (TCT) No. T-6603 in the name of spouses Cecilio and Laura Milo. Capital Resources Corporation and Romeo Roxas [Capital Resources and Roxas are hereafter jointly referred to as defendants-appellants] acquired the subject property from spouses Milo resulting in the cancellation of TCT No. T-6603 and the issuance of TCT No. T-23343 on December 16, 1982.

Defendants-appellants then caused the subdivision of the subject property on May 27, 1985 *via* the subdivision plan Psd-1-009891 prepared by Geodetic Engineer Rosario Mercado [Engr. Mercado] and it was subdivided into several blocks, among which are Block 35 (18,079 sq.m.) and Block 36 (16,856 sq.m.). The plan indicated that Block 35 is a "salvage zone" while a portion of Block 36 appeared to overlap a portion of the China Sea. On July 15, 1988, subdivision plan Psd-1-009891 was approved but was subsequently cancelled pursuant to an Order of Cancellation issued by DENR Regional Technical Director Josefino Daquioag on January 25, 2005.

It appears that sometime in 1987, the town of Bauang, La Union was cadastrally surveyed and based on the Cadastral Survey Map, Block 35 (identified therein as Lot No. 400480) and Block 36 (identified therein as Lot No. 400475) were projected therein as part of the identified foreshore land and seabed, respectively.

On March 13, 2003, Alberto Hidalgo ["Hidalgo"] filed a Foreshore Lease Application (FLA) No. 012209-02 over a parcel of land with an area of 0.9971 hectares located at Barangay Pugo, Bauang, La Union. Defendants-appellants filed a formal protest, docketed as Claim Case No. 01-LU-046, on the ground that the parcel of land being applied for encroaches upon a portion of the subject property. In turn, Hidalgo filed a counter Protest assailing the validity of TCT No. T-23343 on the ground that: (1) it covers foreshore land, salvage zone, and portions of the South China Sea; and (2) his right to the foreshore land is prejudiced by the existence of this fraudulent title. The protest and counter-protest were later consolidated under the same docket number and were assigned to Land Management Officer Orlando "Mahar" Santos [Mahar Santos] for investigation.

Thereafter, a Panel of Investigators was organized by the DENR which recommended to the Office of the Regional Executive Director to direct the OPLAN: Anti-Fake Title Investigation Unit to determine the validity of TCT No. T-23343. Thus, a Regional Fact-Finding Committee



[hereafter referred to as the Committee] was established. The Committee sought the help of Engr. Santiago Santiago [Engr. Santiago], Chief of the Field Network and Survey Party (FNSP) of the DENR, who previously conducted a relocation survey of the subject property in the forcible entry case involving defendants-appellants and Hidalgo filed before the RTC [Branch 67; Bauang, La Union; Civil Case No. 1617-BG]. After receiving a copy of Engr. Santiago's relocation survey report, the Committee conducted an ocular inspection on February 26, 2007 and found that Blocks 35 and 36 are within the existing foreshore area.

In its Terminal Report, the Committee concluded that the submission by defendants-appellants of subdivision plan Psd-1-009891 is tantamount to an admission that the northwestern portion of the subject property was eaten up and eroded due to the adverse effects of sea waters. It also concluded that the Order dated January 25, 2005 cancelling subdivision plan Psd-1-009891 is not valid since it was neither accompanied by a standard investigation report nor by any evidence of payment. Further, it pointed out that Capital Resources may not validly acquire the subject property pursuant to Section 119 of Act No. 2874 and the 1973 Constitution. Thus, the Committee recommended that an order be issued revoking the Order of Cancellation dated January 25, 2005 and declaring Homestead Patent H-6811 null and void. It also recommended the filing of appropriate reversion proceedings to effect the cancellation of OCT No. 137 superseded by TCT No. T-6603 and TCT No. T-23343.

Accordingly, on July 27, 2007, DENR-Regional Executive Director Victor Ancheta rendered a Decision recommending that an action be instituted for the cancellation of TCT No. T-23343 and for the reversion of Blocks 35 and 36 to the State. Later on, a Joint Resolution was issued by DENR-Regional Executive Director Ancheta denying Hidalgo's foreshore lease application.

Consequently, the Republic of the Philippines, through the Office of the Solicitor General (OSG), filed a Complaint for *Cancellation of Title and Reversion* against defendants-appellants and the Register of Deeds of La Union before the Regional Trial Court [Bauang, La Union; Branch 33], docketed as Civil Case No. 1844-BG. The Republic alleged that from the time that Homestead Survey Plan H-6811 was approved in 1924 until the cadastral survey in 1987, the northwestern portion of the subject property had been washed out and eaten up by the sea waters. Per the ocular inspection, Blocks 35 to 36 formed part of the public domain. This fact is clearly supported by subdivision plan Psd-1-009891 submitted by defendants-appellants wherein the area already consumed by the sea has already been demarcated or isolated. Thus, the Republic prayed for judgment: (a) declaring TCT No. T-23343 and its derivative titles as null and void; (b) ordering defendants-appellants to surrender the owner's duplicate of TCT No. T-23343 for cancellation; (c) ordering the defendants, their heirs, agents, assigns or anyone acting in their behalf to cease and desist from exercising acts of ownership over the subject property and to vacate the same, if they are in possession thereof; and (d) ordering the reversion of the subject land to the public domain.

Defendants-appellants filed their Answer wherein they denied the allegations in the Complaint and averred that they, as well as their predecessors-in-interest, had purchased the subject property for valuable consideration and in good faith. They insisted that the cadastral survey map did not indicate that Blocks 35 and 36 had become foreshore land and

formed part of the seabed. They had not been washed out and eaten up by the sea though, for a brief period, they have been inundated because of strong precipitation and typhoons. Contrary to what was projected in the cadastral survey map, Blocks 35 and 36 are suitable for agricultural, residential, industrial and commercial purposes and are not alternatively covered and uncovered by the movement of the tide. Further, defendants-appellants posited that the action should be dismissed because it was not filed at the behest of the Director of Lands and that there was a violation of the equal protection of laws since there were other areas adjacent to the sea which were not subjected to reversion proceedings.³

Ruling of the RTC

On May 31, 2011, after trial on the merits, the RTC rendered its Decision of even date, ordering the cancellation of TCT No. T-23343 and the reversion of Blocks 35 and 36 to the public domain, as follows:

WHEREFORE, in view of the foregoing considerations, the Court renders judgment in FAVOR of [petitioner Republic] and AGAINST [Respondents]:

- (1) DECLARING Blocks 35 and 36 embraced in TCT No. T-23343 (Exhibit 'A') in the name of Capital Resources Corporation represented by its President Francisco Joaquin, Jr. and Romeo Roxas as FORESHORE LANDS;
- (2) ORDERING the Register of Deeds of the Province of La Union to **cancel only the portions pertaining to Blocks 35 and 36 embraced in said title which are hereby declared null and void**, and for this purpose, the private defendants are directed to surrender the owner's duplicate copy of TCT No. T-23343 to the Register of Deeds for cancellation;
- (3) ORDERING the private defendants, their heirs, agents, assigns or anyone acting on their behalf to cease and desist from exercising acts of ownership over Blocks 35 and 36 thereof; and
- (4) **ORDERING Blocks 35 and 36 of the Subdivision Plan Psd-1-009891 reverted to the public domain.**

SO ORDERED.⁴ (Emphasis supplied)

On June 30, 2011, petitioner Republic filed a Motion for Partial Reconsideration,⁵ raising the following issues, *inter alia*: (i) that there were inconsistencies between TCT No. T-23343 and Psd-1-009891 pertaining to the land area of the Subject Property; and (ii) that respondent CRC, being a corporation, is ineligible to acquire the Subject Property under Act No. 2874, otherwise known as the "Public Land Act".⁶

³ Id. at 26-29.

⁴ Id. at 26.

⁵ Id. at 29.

⁶ Id. at 50.



Notably, the said issues were not included in the Complaint dated May 30, 2008⁷ (Complaint) filed by petitioner Republic as well as in the Pre-Trial Order dated January 19, 2009 issued by the RTC. Hence, in its Order dated March 11, 2009,⁸ the RTC summed up the main issues as follows: (i) whether or not Blocks 35 and 36 of the Subject Property as reflected in subdivision plan Psd-1-009891 are foreshore lands; and (ii) whether or not Blocks 35 and 36 are salvaged zones and should therefore be reverted to the public domain in accordance with law.⁹

Subsequently, in an Order dated October 17, 2011, the RTC modified its Decision dated May 31, 2011 to the extent that Respondents were further directed to surrender the owner's duplicate copy of TCT No. T-23343 to the Register of Deeds for cancellation.¹⁰

Both parties appealed to the CA.¹¹

On appeal, petitioner Republic sought the reversion of the remaining portion of the Subject Property, again invoking the same issues raised in its Motion for Partial Reconsideration dated June 30, 2011.¹² Meanwhile, in their appeal, the Respondents mainly disputed the findings of the RTC insofar as it ruled that Blocks 35 and 36 were foreshore lands and therefore appropriate subjects of an action for reversion.¹³

Ruling of the CA

On February 26, 2015, the CA rendered the questioned Decision, affirming the Decision of the RTC dated May 31, 2011. In addition, the CA ordered the conduct of a resurvey of the Subject Property to determine the actual area encompassed by the technical descriptions in TCT No. T-23343 in order to effectively segregate Blocks 35 and 36 therefrom. The Register of Deeds of the Province of La Union was likewise directed to cancel TCT No. T-23343 and thereafter issue a new title reflecting the technical descriptions of the resurvey plan upon approval. The dispositive portion of the questioned Decision stated:

WHEREFORE, the Decision dated May 31, 2011 of the Regional Trial Court of Bauang, La Union, Branch 33 in Civil Case No. 1844-BG, is hereby AFFIRMED. However, **prior to the cancellation of TCT No. T-23343, the defendants-appellants Capital Resources Corporation and Romeo Roxas are hereby ordered to cause the resurvey of the subject property registered under TCT No. T-23343** to determine the actual area encompassed by the technical descriptions on TCT No. T-23343 and to effectively segregate Blocks 35 and 36 therefrom. The costs

⁷ Id. at 56-68.

⁸ Id. at 69-70.

⁹ Id. at 69.

¹⁰ Id. at 29-30.

¹¹ Id. at 30.

¹² Id.

¹³ Id.



of the resurvey shall be shouldered by the defendants-appellants and the corresponding resurvey plan shall be subject to the approval of the Land Management Bureau. Thereafter, **the Register of Deeds of the Province of La Union is hereby ordered to cancel TCT No. T-23343 and to issue a new title reflecting the technical descriptions appearing in the approved resurvey plan.**

SO ORDERED.¹⁴ (Emphasis supplied)

Without moving for reconsideration, petitioner Republic filed the instant Petition. Parenthetically, on April 6, 2015, Respondents filed a Motion for Reconsideration of the questioned Decision,¹⁵ which was eventually denied by the CA in a Resolution dated January 15, 2016.¹⁶

In its Petition, petitioner Republic harps on the same grounds alleged in its Motion for Partial Reconsideration dated June 30, 2011, to wit: (i) that there were inconsistencies between TCT No. T-23343 and Psd-1-009891 pertaining to the land area of the Subject Property; and (ii) that respondent CRC, being a corporation, is ineligible to acquire the Subject Property under the Public Land Act.¹⁷

Meanwhile, in their Comment dated October 7, 2015 (Comment),¹⁸ Respondents pointedly argue that the issues raised in the Petition were not alleged in the Complaint and therefore can no longer be considered on appeal. Particularly, Respondents claim that petitioner Republic raised the said issues for the first time only in its Motion for Partial Reconsideration dated June 30, 2011 and without amending the Complaint.¹⁹ Respondents further posit that the mere existence of the alleged discrepancies in various public documents was not a ground to cancel TCT No. T-23343.²⁰ Finally, anent the issue of ineligibility, Respondents argue that there was no violation of the Public Land Act and that the CA correctly resolved such issue despite being belatedly raised by petitioner Republic.²¹

On May 12, 2016, petitioner Republic filed its Reply dated April 19, 2016.²²

Issue

Stripped of verbiage, the core issues before the Court may be summed up as follows: (i) whether or not the Court may consider the issues raised by petitioner Republic, and (ii) whether or not the remaining portion of the Subject Property may be reverted to the public domain.

¹⁴ Id. at 39-40.

¹⁵ Id. at 46.

¹⁶ Id. at 78-79.

¹⁷ Id. at 14.

¹⁸ Id. at 46-55.

¹⁹ Id. at 50.

²⁰ Id. at 52.

²¹ Id. at 52-53.

²² Id. at 94-100.



The Court's Ruling

The Petition is unmeritorious.

It has been a long-standing principle that issues not timely raised in the proceedings before the lower court are barred by estoppel.²³ As a rule, new issues can no longer be considered by the appellate court because a party is not permitted to change his theory on appeal; to allow him to do so would be offensive to the rules of fair play, justice and due process.²⁴

In this case, petitioner Republic does not dispute the fact that it failed to raise the contested issues in its Complaint²⁵ and pre-trial brief. Instead, petitioner Republic argues that such issues are “within the bounds x x x of the initial issues”, being “germane to the sole purpose of cancelling [TCT No. T-23343] in its entirety”.²⁶

Petitioner Republic's contention is not well-taken.

A judicious review of the records reveals that while petitioner Republic's Complaint prayed for the reversion of the **entire** Subject Property, the allegations are predicated merely on their assertion that **Blocks 35 and 36** have become foreshore lands. In this regard, basic is the rule that it is the allegations of the complaint and not the prayer that determines the basis of the plaintiff's relief.²⁷ In the same vein, the prayer will not be construed as enlarging the complaint so as to embrace a cause of action not pleaded therein.²⁸ As stated in the Complaint:

10. Based on the above findings, DENR Regional Executive Director Victor J. Ancheta, CESO IV, rendered a Decision dated July 27, 2007, recommending that an action be instituted for the cancellation of TCT No. T-23343 and for the **reversion to the State of Blocks 35 and 36, the portion of the subject land found to be within the foreshore area.**

x x x x

14. From the time Homestead Survey Plan H-6811 was approved until the cadastral survey in 1987, the northwestern portion of the subject land had been washed out and eaten up by sea waters, resulting to erosion. The ocular inspection revealed that the status of the washed out portion has not changed. **Thus, Blocks 35 and 36 of TCT No. T-23343 form part of the public domain.**²⁹ (Emphasis supplied)

²³ *Lazaro v. Court of Appeals*, 423 Phil. 554, 558 (2001); see *Espadera v. Court of Appeals*, 247-A Phil. 445, 448 (1988).

²⁴ *Balitaosan v. The Secretary of Education*, 457 Phil. 300, 304 (2003).

²⁵ *Rollo*, pp. 56-68.

²⁶ *Id.* at 94.

²⁷ *Asian Transmission Corp. v. Canlubang Sugar Estates*, 457 Phil. 260, 285 (2003); see *Schenker v. Gemperle*, 116 Phil. 194, 199 (1962).

²⁸ *Id.*

²⁹ *Rollo*, pp. 61-63.

Correspondingly, the Pre-Trial Order dated January 19, 2009 reflected only the following issues:

1. Whether or not the land covered by TCT No. 23343 **more specifically blocks 35 and 36 of the subdivision plan H-6811 [Psb(sic)-1-009891] are foreshore** and therefore, should be reverted to the public domain in accordance with law;
2. Whether or not the land covered by TCT No. 23343 **more particularly blocks 35 and 36 of the same subdivision plan are salvaged zones** and therefore, should be reverted to the public domain in accordance with law;³⁰ (Emphasis supplied)

Thus, after trial, in its Decision dated May 31, 2011, the RTC declared Blocks 35 and 36 as foreshore lands and ordered the **cancellation of the portions pertaining to Blocks 35 and 36 only** and not of the entire Subject Property.³¹ In the same manner, the CA, in the questioned Decision, affirmed the RTC's Decision dated May 31, 2011 and likewise ordered the issuance of a new title without Blocks 35 and 36 in favor of Respondents after conducting a resurvey of the technical descriptions in TCT No. T-23343.³²

As correctly underscored by the Respondents, when petitioner Republic filed its Motion for Partial Reconsideration on June 30, 2011,³³ it was only then that it tendered issues pertinent to the reversion of the **entire** Subject Property, suddenly shifting the focus on alleged inconsistencies between TCT No. T-23343 and Psd-1-009891 and respondent CRC's purported ineligibility to acquire the Subject Property.³⁴ This, petitioner Republic cannot do without violating the basic rules of fair play and due process as Respondents did not have the opportunity to counteract the new issues.³⁵

As already mentioned above, the allegations of the Complaint were limited to the claim that Blocks 35 and 36 were foreshore lands and/or salvaged zones. Nowhere in the Complaint did petitioner Republic make mention of inconsistencies in TCT No. T-23343 or the ineligibility of respondent CRC. On the basis thereof, only evidence tending to prove whether or not the said portion of the Subject Property had indeed been consumed by the sea water was presented during trial.³⁶ Perforce, Respondents were effectively deprived of the opportunity to meet the new allegations and present countervailing evidence to support their defense. Thus, for its failure to timely raise the contested issues, petitioner Republic can no longer rely on the same before this Court.

³⁰ Id. at 69.

³¹ Id. at 26.

³² Id. at 39-40.

³³ Id. at 29.

³⁴ Id. at 50.

³⁵ See *Marine Culture, Inc. v. Court of Appeals*, G.R. No. 102417, February 19, 1993, 219 SCRA 148, 152.

³⁶ *Rollo*, p. 34.

In sum, while the Complaint prayed for the reversion of the entire Subject Property,³⁷ the allegations contained therein pertained only to Blocks 35 and 36. Hence, considering that the body of the Complaint merely supported the reversion of Blocks 35 and 36, it is of no moment that there was a general prayer for the reversion of the entire Subject Property. Any relief granted beyond the allegations of the Complaint would be baseless and would amount to grave abuse of discretion.³⁸

Accordingly, contrary to the asseverations of petitioner Republic in its Reply dated April 19, 2016,³⁹ the issues raised in its Motion for Partial Reconsideration dated June 30, 2011 cannot be considered as “within the bounds of the original issues”.⁴⁰

Moreover, considering the non-inclusion of the contested issues in the Pre-Trial Order dated January 19, 2009, such delimitation made by the RTC had effectively barred the consideration of the said issues, whether during the trial or on appeal.⁴¹ In fact, as adverted to by the Respondents in their Comment, petitioner Republic likewise failed to proffer such issues in its pre-trial brief.⁴² In *Villanueva v. Court of Appeals*, where the petitioners failed to have the issue of prescription and laches included in the pre-trial order *despite* having raised it in their Answer, this Court held that such issues could no longer be considered on appeal, the parties being bound by the stipulations made during pre-trial:

Petitioners argue that in past instances we have reviewed matters raised for the first time during appeal. True, but we have done so only by way of exception involving clearly meritorious situations. This case does not fall under any of those exceptions. **The fact that the case proceeded to trial, with the petitioners actively participating without raising the necessary objection, all the more requires that they be bound by the stipulations they made at the pre-trial. Petitioners were well aware that they raised the defense of prescription and laches since they included it in their answer.** However, for reasons of their own, they did not include this defense in the pre-trial.

x x x Parties are not allowed to flip-flop. Courts have neither the time nor the resources to accommodate parties who choose to go to trial haphazardly. **Moreover, it would be grossly unfair to allow petitioners the luxury of changing their mind to the detriment of private respondents at this late stage. To put it simply, since petitioners did not raise the defense of prescription and laches during the trial, they cannot now raise this defense for the first time on appeal.**⁴³
(Emphasis supplied)

³⁷ Id. at 64.

³⁸ See *Bucal v. Bucal*, G.R. No. 206957, June 17, 2015, 759 SCRA 262.

³⁹ *Rollo*, pp. 94-100.

⁴⁰ Id. at 94.

⁴¹ See *Villanueva v. Court of Appeals*, 471 Phil. 394, 406 (2004).

⁴² *Rollo*, p. 50.

⁴³ *Supra* note 41, at 407-408.

Thus, following *Villanueva*, it would be highly inequitable for this Court to consider the contested issues raised by petitioner Republic as it had effectively waived such grounds when it failed to have them included in the Pre-Trial Order and in its pre-trial brief. On this score alone and proceeding from the foregoing discussion, the instant Petition may already be denied.

Be that as it may, in light of the Court's policy of deciding cases on the merits rather than technicalities,⁴⁴ the Court now proceeds to resolve the substantive aspect of this case.

Petitioner Republic insists that the CA erred in ordering only the reversion of the portion of the Subject Property pertaining to Blocks 35 and 36, on the ground that: (i) there are inconsistencies in the land area of the Subject Property, specifically between TCT No. T-23343 and subdivision plan Psd-1-009891, and (ii) respondent CRC is ineligible to be a "transferor (*sic*)" of a homestead patent.⁴⁵ In its questioned Decision, the CA, in response to the first issue, ordered a resurvey of the Subject Property. Likewise, it rejected the second issue and sustained the RTC's Decision dated May 31, 2011.

The Court agrees with, and accordingly affirms the ruling of, the CA.

Anent the first issue, petitioner Republic makes much of the fact that the land area of the Subject Property reflected in TCT No. T-23343 is 158,345 square meters, while in subdivision plan Psd-1-009891, the land area is 165,582 square meters.⁴⁶ However, aside from such observations, petitioner Republic failed to allege any legal basis that would warrant the outright cancellation of TCT No. T-23343 and correspondingly, the reversion of the entire Subject Property.

In fact, such discrepancies were already directly addressed by the CA when it ordered the conduct of a resurvey of the Subject Property to determine the actual area encompassed by the technical descriptions on TCT No. T-23343 for the purpose of segregating Blocks 35 and 36 therefrom.⁴⁷ Clearly, petitioner Republic's prayer for the cancellation of TCT No. T-23343 based on mere discrepancies is unfounded. Hence, as correctly observed by Respondents, the cancellation of TCT No. T-23343 on such grounds is neither supported by law nor by jurisprudence.

With respect to the second issue, petitioner Republic insists that respondent CRC is ineligible to acquire the Subject Property under the Public Land Act, which was the law in force at the time OCT No. 137 was issued.⁴⁸ Further, petitioner Republic argues that the transfer of the Subject

⁴⁴ See *Heirs of Amada Zaulda v. Zaulda*, 729 Phil. 639, 651 (2014).

⁴⁵ *Rollo*, p. 14.

⁴⁶ *Id.*

⁴⁷ *Id.* at 39.

⁴⁸ *Id.* at 17.

Property to respondent CRC is violative of Section 11 of the 1973 Constitution, which prohibits private corporations from holding alienable lands of the public domain except through a lease agreement.⁴⁹

Petitioner Republic is mistaken.

On this issue, we adopt the following disquisition of the CA in the questioned Decision:

Anent the eligibility of Capital Resources to acquire the subject property, it should be noted that under Section 121 of CA 141 (which superseded Section 119 of Act No. 2874) a corporation may acquire land granted under the free patent or homestead only if it was with the consent of the grantee and the approval of the Secretary of Natural Resources and the land will be used solely for commercial, industrial, educational, religious or charitable purposes or for a right of way. Nevertheless, as clarified in the case of *Villaflor vs. Court of Appeals*, **Section 121 pertains to acquisitions of public land by a corporation from a grantee. In this particular case, the original grantee was Vitaliano Dumuk and he subsequently transferred the subject property to spouses Cecilio and Laura Milo. In turn, the spouses were the ones who sold the subject property to Capital Resources and Romeo Roxas. Evidently, Capital Resources did not acquire the subject property from the original grantee.** Even if we were to assume that Capital Resources is ineligible to be a transferee, the fact remains that the subject property was purchased by Capital Resources and Romeo Roxas and the latter is an individual who is not barred from acquiring the subject property.

As to the provision of the 1973 Constitution proscribing corporations from acquiring “alienable lands” of the public domain, the consistent ruling of the Supreme Court is that the prohibition will not apply if the property acquired by the corporation is private property and not alienable lands of the public domain. The rule is that once a patent is registered and the corresponding certificate of title is issued, the land covered by it ceases to be part of the public domain and becomes private property. **In the present case, the subject property became private property upon the issuance of OCT No. 137 to Vitaliano Dumuk on August 25, 1924. Necessarily, when the defendants-appellants acquired the subject property in 1982, the same was no longer a part of the alienable lands of the public domain but a private property.** Hence the prohibition will not apply.⁵⁰ (Emphasis supplied)

All told, after careful review, this Court finds no cogent reason to disturb the CA’s findings – for while petitioner Republic was able to show its entitlement to the reversion of Blocks 35 and 36 to the public domain, it failed to do the same with respect to the remaining portion of the Subject Property.

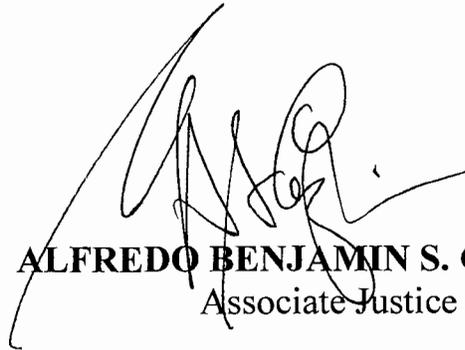
⁴⁹ Id. at 19.

⁵⁰ Id. at 32-33.



WHEREFORE, premises considered, we **DENY** the Petition for lack of merit and hereby **AFFIRM** the Decision dated February 26, 2015 of the Court of Appeals-Fourteenth Division in CA-G.R. CV No. 98040.

SO ORDERED.



ALFREDO BENJAMIN S. CAGUIOA
Associate Justice

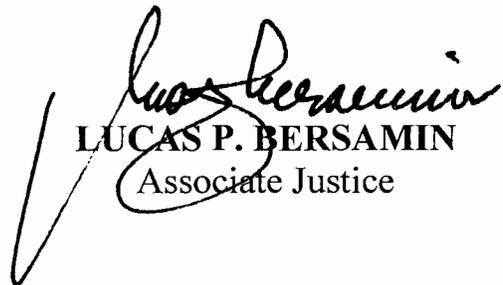
WE CONCUR:



MARIA LOURDES P. A. SERENO
Chief Justice
Chairperson



TERESITA J. LEONARDO-DE CASTRO
Associate Justice



LUCAS P. BERSAMIN
Associate Justice



ESTELA M. PERLAS-BERNABE
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, 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.



MARIA LOURDES P. A. SERENO
Chief Justice