

102 Phil. 596

[ G. R. No. L-8451. December 20, 1957 ]

**THE ROMAN CATHOLIC APOSTOLIC ADMINISTRATOR OF DAVAO, INC.,  
PETITIONER, VS. THE LAND REGISTRATION COMMISSION AND THE REGISTER  
OF DEEDS OF DAVAO CITY, RESPONDENTS.**

**D E C I S I O N**

**FELIX, J.:**

This is a petition for mandamus filed by the Roman Catholic Apostolic Administrator of Davao seeking the reversal of a resolution issued by the Land Registration Commissioner in L.R.C. Consulta No. 14. The facts of the case are as follows:

On October 4, 1954, Mateo L. Rodis, a Filipino citizen and resident of the City of Davao, executed a deed of sale of a parcel of land located in the same city covered by Transfer Certificate of Title No. 2263, in favor of the Roman Catholic Administrator of Davao, Inc., a corporation sole organized and existing in accordance with Philippine laws, with Msgr. Clovis Thibault, a Canadian citizen, as actual incumbent. When the deed of sale was presented to the Register of Deeds of Davao for registration, the latter

having in mind a previous resolution of the Fourth Branch of the Court of First Instance of Manila wherein the Carmelite Nuns of Davao were, made to prepare an affidavit to the effect that 60 per cent of the members of their corporation were Filipino citizens when they 'sought to register in favor of their congregation a deed of donation of a parcel of land—

required said corporation sole to submit a similar affidavit declaring that 60 per cent of the members thereof were Filipino citizens.

The vendee in a letter dated June 28, 1954, expressed willingness to submit an affidavit, but not in the same tenor as that made by the Prioress of the Carmelite Nuns because the

two cases were not similar, for whereas the congregation of the Carmelite Nuns had five incorporators, the corporation sole has only one; that according to their articles of incorporation, the organization of the Carmelite Nuns became the owner of properties donated to it, whereas the case at bar, the totality of the Catholic population of Davao would become the owner of the property sought to be registered.

As the Register of Deeds entertained some doubts as to the registerability of the document, the matter was referred to the Land Registration Commissioner *en consulta* for resolution in accordance with section 4 of Republic Act No. 1151. Proper hearing on the matter was conducted by the Commissioner and after the petitioner corporation had filed its memorandum, a resolution was rendered on September 21, 1954, holding that in view of the provisions of Sections 1 and 5 of Article XIII of the Philippine Constitution, the vendee was not qualified to acquire private lands in the Philippines in the absence of proof that at least 60 per centum of the capital, property, or assets of the Roman Catholic Administrator of Davao, Inc., was actually owned or controlled by Filipino citizens, there being no question that the present incumbent of the corporation sole was a Canadian citizen. It was also the opinion of the Land Registration Commissioner that section 159 of the Corporation Law relied upon by the vendee was rendered inoperative by the aforementioned provisions of the Constitution with respect to real estate, unless the precise condition set therein—that at least 60 per cent of its capital is owned by Filipino citizens—be present, and, therefore, ordered the Register of Deeds of Davao to deny registration of the deed of sale in the absence of proof of compliance with such condition.

After the motion to reconsider said resolution was denied, an action for mandamus was instituted with this Court by said corporation sole, alleging that under the Corporation Law, the Canon Law as well as the settled jurisprudence on the matter, the deed of sale executed by Mateo L. Rodis in favor of petitioner is actually a deed of sale in favor of the Catholic Church which is qualified to acquire private agricultural lands for the establishment and maintenance of places of worship, and prayed that judgment be rendered reserving and setting aside the resolution of the Land Registration Commissioner in question. In its resolution of November 15, 1954, this Court gave due course to this petition providing that the procedure prescribed for appeals from the Public Service Commission or the Securities and Exchange Commission (Rule 43), be followed.

Section 5 of Article XIII of the Philippine Constitution reads as follows:

SEC. 5. Save in cases of hereditary succession, no private agricultural land shall be transferred or assigned except to individuals, corporations, or associations qualified to acquire or hold lands of the public domain in the Philippines.

Section 1 of the same Article also provides the following:

Section 1. *All agricultural, timber, and mineral lands of the public domain, waters, minerals, coal, petroleum, and other mineral oils, all forces of potential energy, and other natural resources of the Philippines belong to the State, and their disposition, exploitation, development, or utilization shall be limited to citizens of the Philippines, or to corporations or associations at least sixty per centum of the capital of which is owned by such citizens, SUBJECT TO ANY EXISTING RIGHT, GRANT, LEASE, OR CONCESSION AT THE TIME OF THE INAUGURATION OF THE GOVERNMENT ESTABLISHED UNDER THIS CONSTITUTION.* Natural resources, with the exception of public agricultural land, shall not be alienated, and no license, concession, or lease for the exploitation, development, or utilization of any of the natural resources shall be granted for a period exceeding twenty-five years, renewable for another twenty-five years, except as to water rights for irrigation, water supply, fisheries, or industrial uses other than the development of water power, in which cases beneficial use may be the measure and limit of the grant

In virtue of the foregoing mandates of the Constitution, who are considered “qualified” to acquire and hold agricultural lands in the Philippines? What is the effect of these constitutional prohibition on the right of a religious corporation recognized by our Corporation Law and registered as a *corporation sole*, to possess, acquire and register real estates in its name when the Head, Manager, Administrator or actual incumbent is an alien?

Petitioner consistently maintained that a corporation sole, irrespective of the citizenship of its incumbent, is not prohibited or disqualified to acquire and hold real properties. The Corporation Law and the Canon Law are explicit in their provisions that a corporation sole or “ordinary” is not the owner of the properties that he may acquire but merely the administrator thereof. The Canon Law also specified that church temporalities are owned by the Catholic Church as a “moral person” or by the dioceses as minor

“moral persons” with the ordinary or bishop as administrator.

And elaborating on the composition of the Catholic Church in the Philippines, petitioner explained that as a religious society or organization, it is made up of 2 elements or divisions—the clergy or religious members and the faithful or lay members. The 1948 figures of the Bureau of Census and Statistics showed that there were 277,551 Catholics in Davao and aliens residing therein numbered 3,465. Even granting that all these foreigners are Catholics, petitioner contends that Filipino citizens form more than 80 per cent of the entire Catholics population of that area. As to its clergy and religious composition, counsel for petitioner presented the Catholic Directory of the Philippines for 1954 (Annex A) which revealed that as of that year, Filipino clergy and women novices comprise already 60.5 per cent of the group. It was, therefore, alleged that the constitutional requirement was fully met and satisfied.

Respondents, on the other hand, averred that although it might be true that petitioner is not the owner of the land purchased, yet he has control over the same, with full power to administer, take possession of, alienate, transfer, encumber, sell or dispose of any or all lands and their improvements registered in the name of the corporation sole and can collect, receive, demand or sue for all money or values of any kind that may become due or owing to said corporation, and vested with authority to enter into agreements with any persons, concerns or entities in connection with said real properties, or in other words, actually exercising all rights of ownership over the properties. It was their stand that the theory that properties registered in the name of the corporation sole are held in trust for the benefit of the Catholic population of a place, as of Davao in the case at bar, should not be sustained because a conglomeration of persons cannot just be pointed out as the *cestui que trust* or recipient of the benefits from the property allegedly administered in their behalf. Neither can it be said that the mass of people referred to as such beneficiary exercise any right of ownership over the same. This set-up, respondents argued, falls short of a trust. Respondents instead tried to prove that in reality, the beneficiary of ecclesiastical properties are not the members or faithful of the church but someone else, by quoting a portion of the oath of fidelity subscribed by a bishop upon his elevation to the episcopacy wherein he promises to render to the Pontifical Father or his successors an account of his *pastoral* office and of all things appertaining to the *state* of this church.

Respondents likewise advanced the opinion that in construing the constitutional provision calling for 60 per cent Filipino citizenship, the criterion is not membership in the

society but ownership of the properties or assets thereof.

In solving the problem thus submitted to our consideration, We can say the following: A corporation sole is a special form of corporation usually associated with the clergy. Conceived and introduced into the common law by sheer necessity, this legal creation which was referred to as "that unhappy freak of English law" was designed to facilitate the exercise of the functions of ownership carried on by the clerics for and on behalf of the church which was regarded as the property owner (See I Bouvier's Law Dictionary, p. 682-683).

A corporation sole consists of one person only, and his successors (who will always be one at a time), in some particular station, who are incorporated by law in order to give them some legal capacities and advantages, particularly that of perpetuity, which in their natural persons they could not have had. In this sense, the king is a sole corporation; so is a bishop, or deans, distinct from their several chapters (Reid vs. Barry, 93 Fla. 849, 112 So. 846).

The provisions of our Corporation law on religious corporations are illuminating and sustain the stand of petitioner. Section 154 thereof provides:

*SEC. 154.—For the administration of the temporalities of any religious denomination, society or church and the management of the estates and properties thereof, it shall be lawful for the bishop, chief priest, or presiding elder of any such religious denomination, society or church to become a corporation sole, unless inconsistent with the rules, regulations or discipline of his religious denomination, society, or church or forbidden by competent authority thereof.*

See also the pertinent provisions of the succeeding sections of the same Corporation Law copied hereunder;

SEC. 155. In order to become a corporation sole the bishop, chief priest, or presiding- elder of any religious denomination, society, or church must file with the Securities and Exchange Commissioner articles of incorporation setting forth the following facts:

\* \* \* \* \*

(3) That as such bishop, chief priest, or presiding elder he is charged with the administration of the temporalities and the management of the estates and properties of his religious denomination, society, or church within its territorial jurisdiction, describing it;

\* \* \* \* \*

(As amended by Commonwealth Act No. 287).

SEC. 157. From and after the filing with the Securities & Exchange Commissioner of the said articles of incorporation, verified by affidavit or affirmation as aforesaid and accompanied by the copy of the commission, certificate of election, or letters of appointment of the bishop, chief priest, or presiding elder, duly certified as prescribed in the section immediately preceding such *bishop*, chief priest, or presiding elder, as the case may be, shall become a corporation sole, and all *temporalities, estates, and properties of the religious denomination, society, or church therefore administered or managed by him as such bishop, chief priest, or presiding elder shall be held in trust by him as a corporation sole, for the use, purpose, behalf, and sole benefit of his religious denomination, society, or church*, including hospitals, schools, colleges, orphan asylums, parsonages, and cemeteries thereof. For the filing of such articles of incorporation, the Securities & Exchange Commissioner shall collect twenty-five pesos. (As amended by Commonwealth Act No. 287); and

SEC. 163. The right to administer all temporalities and all property held or owned by a religious order or society, or by the diocese, synod, or district organization of any religious denomination or church shall, on its incorporation, pass to the corporation and shall be held in trust for the use, purpose, behoof, and benefit of the religious society, or order so incorporated or of the church of which the diocese, synod, or district organization is an organized and constituent part.

The Canon Law contains similar provisions regarding the duties of the corporation sole

or ordinary as administrator of the church properties, as follows:

“Al Ordinario local pertenece vigilar diligentemente sobre la *administracion* de todos los bienes eclesiasticos que se hallan en su territorio y no estuvieren sustraídos de su jurisdiccion, salvas las proscriciones legitimas que le concedan inas amplios derechos,

“Teniendo an cuenta los derechos y las legitimas . eostumbres y circunstancias, procuraran los Ordinarios regular todo lo coneer- niente a la *administracion* de los bienes eelesiasticos, dando laa oportunas instrucciones particulares dentro del marco del derecho comun”, (Title XXVIII,Codigo de Derecho Canonico, Lib. Ill, Canon 1519).\*

That leaves no room for doubt that the bishops or archbishops, as the case may be, as corporation's sole are merely *administrators* of the church properties that come to their possession, and which they hold in trust for the church. It can also be said that while it is true that church properties could be administered by a natural person, problems regarding succession to said properties can not be avoided to rise upon his death. Through this legal fiction, however, church properties acquired by the incumbent of a corporation sole pass, by operation of law, upon his death not to his personal heirs but to his successor in office. It could be seen, therefore, that a corporation sole is created not only to administer the temporalities of the church or religious society where he belongs but also to hold and transmit the same to his successor in said office. If the ownership or title to the properties do not pass to the administrators, who are the owners of church properties?

Bouacaren and Elis, S. J., authorities on canon law, on their treatise comment:

“In matters regarding property belonging to the Universal Church and to the Apostolic See, the Supreme Pontiff exercises his office of supreme administrator through the Roman Curia; *in matters regarding other church property*, through the administrators of ths individual moral persons in the Church according to that norms, laid down ia the Code of Cannon Law. *This does not mean, however, that the Roman Pontiff is this owner of ad church property; but, merely that he is the supreme guardian*” (Bouscaren and Ellis, Canon Law, A Text and Commentary, p. 764).

And this Court, citing *Campos y Pulido, Legislation y Jurisprudencia Canonica*, ruled in the case of *Trinidad vs. Roman Catholic Archbishop of Manila*, 63 Phil. 881, that:

“The second question to be decided is in whom the ownership of the properties constituting the endowment of the ecclesiastical or collative chaplaincies is rested.

‘Canonists entertain different opinions as to the person in whom the ownership of the ecclesiastical properties is vested, with respect to which we shall, for our purpose, confine ourselves to stating with Donoso that, while many doctors cited by Fagnano believe that it resides in the Roman Pontiff as Head of the Universal Church, it is more probable that ownership, strictly speaking, does not reside in the latter, and, consequently, ecclesiastical properties are owned by churches, institutions and canonically established private corporations to which said properties have been donated.’”

Considering that nowhere can We find any provision conferring ownership of church properties on the Pope although he appears to be the supreme *administrator* or guardian of his flock, nor on the corporations sole or heads of dioceses as they are admittedly mere administrators of said properties, ownership of these temporalities logically fall and devolve upon the church, diocese or congregation acquiring the same. Although this question of ownership of ecclesiastical properties has off and on been mentioned in several decisions of this Court yet in no instance was the subject of citizenship of this religious society been passed upon.

We are not unaware of the opinion expressed by the late Justice Perfecto in his dissent in the case of *Agustines vs. Court of First Instance of Bulacan*, 80 Phil. 565, to the effect that “the Roman Catholic Archbishop of Manila is only a branch of a universal church by ‘the Pope, with permanent residence in Rome, Italy’”. There is no question that the Roman Catholic Church existing in the Philippines is a tributary and part of that international religious organization, for the word “Roman” clearly expresses its unity with and recognizes the authority of the Pope in Rome. However, lest We become hasty in drawing conclusions, “We have to analyze and take note of the nature of the government established in the Vatican City, of which it was said:

“GOVERNMENT. In the Roman Catholic Church supreme authority and jurisdiction over clergy and laity alike is held by the pope who (since the Middle Ages) is elected by the cardinals assembled in conclave, and holds office until his death or legitimate abdication, \* \* \*. While the pope is obviously independent of the laws made, and the officials appointed, by himself or his predecessors, he usually exercises his administrative authority according to the code of canon law and through the congregations, tribunals and offices of the Curia Romana. In their respective territories (called generally dioceses) and over their respective subjects, the patriarchs, metropolitans or archbishops and bishops exercise a jurisdiction which is called ordinary (as attached by law to an office and so distinguished from delegated jurisdiction which is given to a person, \* \* \*)” (Collier’s Encyclopedia, Vol. 17, p. 93.)

While it is true and We have to concede that in the profession of their faith, the Roman Pontiff is the supreme head; that in religious matters, in the exercise of their belief, the Catholic congregation of the faithful throughout the world seeks the guidance and direction of their Spiritual Father in the Vatican, yet it cannot be said that there is a merger of personalities resultant therein. Neither can it be said that the political and civil rights of the faithful, inherent or acquired under the laws of their country, are affected by that relationship with the Pope. The fact that the Roman Catholic Church in almost every country springs from that society that saw its beginning in Europe and the fact that the clergy of this faith derive their authorities and receive orders from the Holy See do not give or bestow the citizenship of the Pope upon these branches. Citizenship is a political right which cannot be acquired by a sort of “radiation”. We have to realize that although there is a fraternity among all the catholic countries and the dioceses therein all over the globe, this universality that the word “catholic” implies, merely characterize their faith, a uniformity in the practice and interpretation of their dogma and in the exercise of their belief, but certainly they are separate and independent from one another in jurisdiction, governed by different laws under which they are incorporated, and entirely independent of the others in the management and ownership of their temporalities. To allow theory that the Roman Catholic Churches all over the world follow the citizenship of their Supreme Head, the Pontifical Father, would lead to the absurdity of finding the citizens of a country who embrace the Catholic faith and become members of that religious society, likewise citizens of the Vatican or of Italy. And this is more so if We consider that the Pope himself may be an Italian or national of any other country of the world. The same thing may be said with regard to the nationality or citizenship of the

corporation sole created under the laws of the Philippines, which is not altered by the change of citizenship of the incumbent bishops or heads of said corporations sole.

We must, therefore, declare that although a branch of the Universal Roman Catholic Apostolic Church, every Roman Catholic Church in different countries, if it exercises its mission and is lawfully incorporated in accordance with the laws of the country where it is located, is considered an entity or person with all the rights and privileges granted to such artificial being under the laws of that country, separate and distinct from the personality of the Roman Pontiff or the Holy See, without prejudice to its religious relations with the latter which are governed by the Canon Law or their rules and regulations.

We certainly are conscious of the fact that whatever conclusion We may draw on this matter will have a far-reaching influence, nor can We overlook the pages of history that arouse indignation and criticisms against church landholdings. This nurtured feeling that snow-balled into a strong nationalistic sentiment manifested itself when the provisions on natural resources to be embodied in the Philippines Constitution were framed, but all that has been said on this regard referred more particularly to landholdings of religious corporations known as "Friar Estates" which have already been acquired by our Government, and not to properties held by corporations sole which, We repeat, are properties held in trust for the benefit of the faithful residing within its territorial jurisdiction. Though that same feeling probably precipitated and influenced to a large extent the doctrine laid down in the celebrated Krivenko decision, We have to take this matter in the light of legal provisions and jurisprudence actually obtaining, irrespective of sentiments.

The question now left for our determination is whether the Roman Catholic Apostolic Church in the Philippines, or better still, the corporation sole named the Roman Catholic Apostolic Administrator of Davao, Inc., is qualified to acquire private agricultural lands in the Philippines pursuant to the provisions of Article XIII of the Constitution.

We see from sections 1 and 5 of said Article quoted before, that only persons or corporations *qualified* to acquire or hold lands of the public domain in the Philippines may acquire or be assigned and hold private agricultural lands. Consequently, the decisive factor in the present controversy hinges on the proposition of whether or not the petitioner in this case can acquire agricultural lands of the public domain.

From the data secured from the Securities and Exchange Commission, We find that the Roman Catholic Bishop of Zamboanga was incorporated (as a corporation sole) in *September, 1912, principally to administer its temporalities and manage its properties.* Probably due to the ravages of the last war, its articles of incorporation were *reconstructed* in the Securities and Exchange Commission on *April 8, 1948.* At first, this corporation sole administered all the *temporalities* of the church existing or located in the island of Mindanao. Later on, however, new dioceses were formed and new corporations sole were created to correspond with the territorial jurisdiction of the new dioceses, one of them being petitioner herein, the Roman Catholic Apostolic Administrator of Davao, Inc., which was registered with the Securities and Exchange Commission on September 12, 1950, and succeeded in the administration of all the "*temporalities*" of the Roman Catholic Church existing in Davao.

According to our Corporation Law, Public Act No. 1459, approved April ], 1906, a corporation sole

is organized and composed of a single individual, the head of any religious society or church, for the administration of the temporalities of such society or church. By "temporalities" is meant estates and properties not used exclusively for' religious worship. The successors in office of such religious head or chief priest incorporal as a corporation sole shall become the corporation solo on to office, and shall be permitted to transact business as such on filing with, the Securities and Exchange Commission a copy of his commission, certificate of election or letter of appointment duly certified by any notary public or clerk of court of record (Guevara's The Philippine Corporation Law, p. 223).

The Corporation Law also contains the follojwing provisions :

SECTION 159. Any corporation sole may *purchase and hold real estate and personal property for its church, charitable, benevolent, or educational purposes, and may receive bequests or gifts for suck purposes.* Such, corporation may mortgage op sell real property held by it upon obtaining an order for that purpose from the Court of First Instance of the province in which the property is situated; but before making the order proof must ho made to the satisfaction of the Court that notice of the application for leave to

mortgage or sell has been given by publication or otherwise in such manner and for such time as said Court or the Judge thereof may have directed, and that it is to the interest of the corporation that leave to mortgage or sell should be granted. The application for leave to mortgage or sell must be made by petition, duly verified by the bishop, chief priest, or presiding elder, acting as corporation sole, and may be opposed by any member of: the religious denomination, society or church represented by the corporation sole: *Provided, however, That in cases where the rules, regulations, and discipline of the religious denomination, society or church concerned, represented by such corporation sole regulate the methods of acquiring, holding, selling and mortgaging real estate and personal property, such rules, regulations, and discipline shall control and the intervention of the Courts shall not be necessary.*

It can, therefore, be noticed that the power of a corporation *sole to purchase* real property, like the power exercised in the case at bar, is not restricted although the power to *sell or mortgage* sometimes is, depending upon the rules, regulations, and discipline of the church concerned represented by said corporation sole. If corporations sole can purchase and sell real estate for its church, charitable, benevolent, or educational purposes, can they register said real properties? As provided by law, lands held in trust for specific purposes may be subject of registration (section 69, Act 496), and the capacity of a corporation sole, like petitioner herein, to register lands belonging to it is acknowledged, and title thereto may be issued in its name (Bishop of Nueva Segovia vs. Insular Government, 26 Phil. 300-1913). Indeed it is absurd to conceive that while the corporations sole that might be in need of acquiring lands for the erection of temples where the faithful can pray, or schools and cemeteries which they are expressly authorized by law to acquire in connection with the propagation of the Roman Catholic Apostolic faith or in furtherance of their freedom of religion, they could not register said properties in their name. As professor Javier J. Nepomuceno very well says "Man in his search for the immortal and imponderable, has, even before the dawn of recorded history, erected temples to the Unknown God, and there is no doubt that he will continue to do so for all time to come, as long as he continues 'imploring the aid of Divine Providence' " (Nepomuceno's Corporation Sole, VI Ateneo Law Journal, No. 1, p. 41, September, 1956). Under the circumstances of this case, We might safely state that even before the establishment of the Philippine Commonwealth and of the Republic of the Philippines every corporation sole then organized and registered had by express provision of law the

necessary power and qualification to purchase in its name private lands located in the territory in which it exercised its functions or ministry and for which it was created, independently of the nationality of its incumbent unique and single member and head, the bishop of the diocese. It can be also maintained without fear of being gainsaid that the Roman Catholic Apostolic Church in the Philippines has no nationality and that the framers of the Constitution, as will be hereunder explained, did not have in mind the religious corporations sole when they provided that 60 per centum of the capital thereof be owned by Filipino citizens.

There could be no controversy as to the fact that a duly registered corporation sole is an artificial being having the right of succession and the power, attributes, and properties expressly authorized by law or incident to its existence (section 1, Corporation Law). In outlining the general powers of a corporation. Public Act No. 1459 provides among others:

Sec. 13. Every corporation has the power:

\* \* \*

(5) To purchase, hold, convey, sell, lease, let, mortgage, encumber, and otherwise deal with such real and personal property as the purposes for which the corporation was formed may permit, and the transaction of the lawful business of the corporation may reasonably and necessarily require, unless otherwise prescribed in this Act: \* \* \*.

In implementation of the same and specifically made applicable to a form of corporation recognized by the same law, Section 159 aforequoted expressly allowed the corporation sole to purchase and hold real as well as personal properties necessary for the promotion of the objects for which said corporation sole is created. Respondent Land Registration Commissioner, however, maintained that since the Philippine Constitution is a later enactment than Public Act No. 1459, the provisions of Section 159 in amplification of Section 13 thereof, as regard real properties, should be considered repealed by the former.

There is reason to believe that when the specific provision of the Constitution invoked by respondent Commissioner was under consideration, the framers of the same did not have in mind or overlooked this particular form of corporation. It is undeniable that the

nationalization and conservation of our natural resources was one of the dominating objectives of the Convention and in drafting the present Article XIII of the Constitution, the delegates were goaded by the desire (1) to insure their conservation for Filipino posterity; (2) to serve as an instrument of national defense, helping prevent the extension into the country of foreign control through, peaceful economic penetration; and (3) to prevent making the Philippines a source of international conflicts with the consequent danger to its internal security and independence (*See The Framing of the Philippine Constitution by Professor Jose M. Aruego, a Delegate to the Constitutional Convention, Vol. II. P. 592-604*). In the same book Delegate Aruego, explaining the reason behind the first consideration, wrote:

“At the time of the framing of the Philippine Constitution, Filipino capital had been known to be rather shy. Filipinos hesitated as a general rule to invest a considerable sum of their capital for the development, exploitation and utilization of the natural resources of the country. They had not as yet been so used to corporate enterprises as the peoples of the west. This general apathy, the delegates knew, would mean the retardation of the development of the natural resources, unless foreign capital would be encouraged to come and help in that development. *They knew that the nationalization of the natural resources would certainly not encourage the INVESTMENT OF FOREIGN CAPITAL into them.* But there was a general feeling in the Convention that it was better to have such a development retarded or even postponed together until such time when the Filipinos would be ready and willing to undertake it rather than permit the natural resources to be placed under the ownership or control of foreigners in order that they might be immediately developed, with the Filipinos of the future serving not as owners but at most as tenants or workers under foreign masters. By all means, the delegates believed, the natural resources should be conserved for Filipino posterity”.

It could be distilled from the foregoing that the framers of the Constitution intended said provisions as barrier for foreigners or corporations financed by such foreigners to acquire, exploit and develop our natural resources, saving these undeveloped wealth for our people to clear and enrich when they are already prepared and capable of doing so. But that is not the case of corporations sole in the Philippines, for, We repeat, they are mere administrators of the “temporalities” or properties titled in their name and for the

benefit of the members of their respective religion composed of an overwhelming majority of Filipinos. No mention nor allusion whatsoever is made in the Constitution as to the prohibition against or the ability of the Roman Catholic Church in the Philippines to acquire and hold agricultural lands. Although there were some discussions on landholdings, they were mostly confined in the inclusion of the provision allowing the Government to break big landed estates to put an end to absentee landlordism.

But let us suppose, for the sake of argument, that the above referred to inhibitory clause of Section 1 of Article XIII of the Constitution does have bearing on the petitioner's case; even so the clause requiring that at least 60 per centum of the capital of the corporation be owned by Filipinos is subordinated to the petitioner's aforesaid right already existing at the time of the inauguration of the Commonwealth and the Republic of the Philippines. In the language of Mr. Justice Jose P. Laurel (a Delegate to the Constitutional Convention), in his concurring opinion in the case of Gold Creek Mining Corporation, petitioner vs. Eulogio Rodriguez, Secretary of Agriculture and Commerce, and Quirico Abadilla, Director of the Bureau of Mines, respondent, 66 Phil. 259:

*"The saving clause in the section involved of the Constitution was originally embodied in the report submitted by the Committee on Nationalization and Preservation of Lands and Other Natural Resources to the Constitutional Convention on September 3 7, 1934. It was later inserted in the first draft of the Constitution as section 13 of Article XIII thereof, and finally incorporated as we find it now. Slight have been the changes undergone by the proviso from the time when it came out of the committee until it was finally adopted. When first submitted and as inserted in the first draft of the Constitution it reads: subject to any right, grant, lease or concession existing in respect thereto on the date of the adoption of the Constitution'. As finally adopted, the proviso reads: 'subject to any existing right, grant, lease or concession at the time of the inauguration of the Government established under this Constitution'. This recognition is not mere graciousness but springs from the just character of the government established. The framers of the Constitution were not obscured by the rhetoric of democracy or swayed to hostility by an intense spirit of nationalism. They well knew that conservation of our natural resources did not mean destruction or annihilation of acquired property rights. Withal, they erected a government neither episodic nor stationary but well-high conservative in the protection of property rights. This notwithstanding nationalistic and socialistic traits discoverable upon even a sudden dip into a variety of the provisions embodied in the instrument."*

The writer of this decision wishes to state at this juncture that during the deliberation of this case he submitted to the consideration of the Court the question that may be termed the "vested right saving clause" contained in Section 1, Article XIII of the Constitution, but some of the members of this Court either did not agree with the theory of the writer, or were not ready to take a definite stand on the particular point I am now to discuss deferring our ruling on such debatable question for a better occasion, inasmuch as the determination thereof is not absolutely necessary for the solution of the problem involved in this case. In his desire to face the issues squarely, the writer will endeavour, at least as a digression, to explain and develop his theory, not as a lucubration of the Court, but of his own, for he deems it better and convenient to go over the cycle of reasons that are linked to one another and that step by step lead Us to conclude as We do in the dispositive part of this decision.

It will be noticed that Section 1 of Article XIII of the Constitution provides, among; other things, that "*all agricultural lands of the public domain and their disposition shall be limited to citizens of the Philippines or to corporations at least 60 per centum of the capital of which is owned by such citizens, SUBJECT TO ANY EXISTING RIGHT AT THE TIME OF THE INAUGURATION OF THE GOVERNMENT ESTABLISHED UNDER THIS CONSTITUTION.*"

As recounted by Mr. Justice Laurel in the aforementioned case of Gold Creek Mining Corporation vs. Rodriguez et al., 66 Phil. 259, "this recognition (in the clause already quoted), is not mere graciousness *but springs from the just character of the government established. The framers of the Constitution were not obscured by the rhetoric of democracy or swayed to hostility by an intense spirit of nationalism. They well knew that conservation of our natural resources did not mean destruction' or annihilation of ACQUIRED PROPERTY RIGHTS*".

But respondents' counsel may argue that the *preexisting* right of acquisition of public or private lands by a corporation which does not fulfill this 60 per cent requisite, refers to purchases or acquisitions made *prior* to the effectivity of the Constitution and not to *later* transactions. This argument would imply that even assuming that petitioner had at the time of the enactment of the Constitution the right to purchase real property, that power or right could not be exercised after the effectivity of our Constitution, because said power or right of corporations sole, like the herein petitioner, conferred in virtue of the aforequoted provisions of the Corporation Law, could no longer be exercised in view of the requisite therein prescribed that at least 60 per centum of the capital of the corporation had

to be Filipino. It has been shown before that: (1) the corporation sole, unlike the ordinary corporations which are formed by no less than 5 incorporators, is composed of only one person, usually the head or bishop of the diocese, a unit which is not subject to expansion for the purpose of determining any percentage whatsoever; (2) the corporation sole is only the *administrator* and not the owner of the temporalities located in the territory comprised by said corporation sole; (3) such temporalities are administered for and on behalf of the faithful residing in the diocese or territory of the corporation sole; and (4) the latter, as such, has no nationality and the citizenship of the incumbent Ordinary has nothing to do with the operation, management or administration of the corporation sole, nor affects the citizenship of the faithful connected with their respective diocese or corporation sole.

In view of these peculiarities of the corporation sole, it would seem obvious that when the specific provision of the Constitution invoked by respondent Commissioner (section 1, Art. XIII), was under consideration, the framers of the same did not have in mind or overlooked this particular form of corporation. If this were so, as the facts and circumstances already indicated tend to prove, it to be so, then the inescapable conclusion would be that this requirement of at least 60 per cent of Filipino capital was never intended to apply to corporations sole, and the existence or not of a vested right becomes unquestionably immaterial.

But let us assume that the questioned proviso is material, yet We might say that a reading of said Section 1 will show that it does not refer to any actual acquisition of land but to the *right, qualification or power to acquire* and hold private real property. The population of the Philippines, Catholic to a high percentage, is ever increasing. In the practice of religion of their faithful the corporation sole may be in need of more temples where to pray, more schools where the children of the congregation could be taught in the principles of their religion, more hospitals where their sick could be treated, more hallow or consecrated grounds or cemeteries where Catholics could be buried, many more than those actually existing at the time of the enactment of our Constitution. This being the case, could it be logically maintained that because the corporation sole which, by express provision of law, has the power to hold and acquire real estate and personal property for its churches, charitable benevolent, or educational purposes (section 159, Corporation Law) it has to stop "its growth and restrain its necessities just because the corporation sole is a non-stock corporation composed of only one person who in his unity does not admit of any percentage, especially 'when that person is not the owner but merely an administrator of the temporalities of the corporation sole? The writer leaves the answer to whoever may read and consider this portion of the decision.

Anyway, as stated before, this question is not a decisive factor in disposing this case, for even if We were to disregard such saving clause of the Constitution, which reads: *subject to any existing right, grant, etc., at the time of the inauguration of the Government established under this Constitution*, yet We would have, under the evidence on record, sufficient grounds to uphold petitioner's contention on this matter.

In this case of the Register of Deeds of Rizal vs. Ung Sui Si Temple,<sup>\*</sup> G. R. No. L-6776, promulgated May 21, 1955, wherein this question was considered from a different angle, this Court, through Mr. Justice J. B. L. Reyes, said:

“The fact that the appellant religious organization has no capital stock does not suffice to escape the Constitutional inhibition, since it is admitted that its members are of foreign nationality. The purpose of the sixty per centum requirement is obviously to ensure that corporation or associations allowed to acquire agricultural land or to exploit natural resources shall be controlled by Filipinos; and the spirit of the Constitution demands that *in the absence of capital stock, the controlling membership should be composed of Filipino citizens*”

In that case respondent-appellant Ung Siu Si Temple was not a corporation sole but a corporation aggregate, i.e., an unregistered organization operating through 3 trustees, all of Chinese nationality, and that is why this Court laid down the doctrine just quoted. With regard to petitioner, the Roman Catholic Administrator of Davao, Inc., which likewise is a non-stock corporation, the case is different, because it is a registered corporation sole, evidently of no nationality and registered mainly to administer the temporalities and manage the properties belonging to the faithful of said church residing in Davao. But even if we were to go over the record to inquire into the composing membership to determine whether the citizenship requirement is satisfied or not, we would find undeniable proof that the members of the Roman Catholic Apostolic faith within the territory of Davao are predominantly Filipino citizens. As indicated before, petitioner has presented evidence to establish that the clergy and lay members of this religion fully covers the percentage of Filipino citizens required by the Constitution. These facts are not controverted by respondents and our conclusion in this point is sensibly obvious.

*Dissenting Opinion—Discussed.*—After having developed our theory in this case and arrived at the findings and conclusions already expressed in this decision. We now deem it

proper to analyze and delve into the basic foundation on which the dissenting opinion stands up. Being aware of the transcendental and far-reaching effects that Our ruling on the matter might have, this case was thoroughly considered from all points of view, the Court sparing no effort to solve the delicate problems involved herein.

At the deliberations had to attain this end, two ways were open to a prompt dispatch of the case: (1) the reversal of the doctrine We laid down in the celebrated Krivenko case by excluding *urban* lots and properties from the grasp of the term "private agricultural lands" used in section 5, Article XIII of the Constitution; and (2) by driving Our reasons to a point that might indirectly cause the appointment of Filipino bishops or Ordinary to head the corporations sole created to administer the temporalities of the Roman Catholic Church in the Philippines. With regard to the first way, a great majority of the members of this Court were not yet prepared nor agreeable to follow that course, for reasons that are obvious. As to the second way, it seems to be misleading because the nationality of the head of a diocese constituted as a corporation sole has no material bearing on the functions of the latter, which are limited to the administration of the temporalities of the Roman Catholic Apostolic Church in the Philippines.

Upon going over the grounds on which the dissenting opinion is based, it may be noticed that its author lingered on the outskirts of the issues, thus throwing the main points in controversy out of focus. Of course We fully agree, as stated by Professor Aruego, that the framers of our Constitution had at heart to insure the conservation of the natural resources of Our motherland for Pilipino posterity; to serve them as an instrument of national defense, helping prevent the extension into the country of *foreign control* through peaceful economic penetration; and to prevent making the Philippines a source of international conflicts with the consequent danger to its internal security and independence. But all these precautions adopted by the Delegates to Our Constitutional Assembly could not have been intended for or directed against cases like the one at bar. The emphasis and wonderings on the statement that once the capacity of a corporation sole to acquire *private* agricultural lands is admitted there will be no limit to the areas that it may hold and that this will pave the way for the "revival or revitalization of religious landholdings that proved so troublesome in our past", cannot even furnish the "penumbra" of a threat to the future of the Filipino people. In the first place, the right of Filipino citizens, including those of foreign extraction, and Philippine corporations, to acquire *private* lands is not subject to any restriction or limit as to quantity or area, and We certainly do not see any wrong in that. The right of Filipino citizens and corporations to acquire *public* agricultural lands is already limited by law. In the second place,

corporations sole cannot be considered as aliens because they have no nationality at all.  
Corporations

sole are, under the law, mere *administrators* of the temporalities of the Roman Catholic Church in the Philippines. In the third place, every corporation, be it aggregate or sole, is *only* entitled to purchase, convey, sell, lease, let, mortgage, encumber and otherwise deal with real properties when it is pursuant to or in consonance with the purposes for which the corporation was formed, and when the transactions of the lawful business of the corporation reasonably and necessarily require such dealing—section 13-(5) of the Corporation Law, Public Act No. 1459— and considering these provisions in conjunction with Section 159 of the same law which provides that a corporation sole may *only* “purchase and hold real estate and personal properties for its church, charitable, benevolent or educational purposes”, the above mentioned fear of revitalization of religious landholdings in the Philippines is absolutely dispelled. The fact that the law thus expressly authorizes the corporations sole to *receive bequests or gifts of real properties* (which were the main source that the friars had to acquire their big *haciendas* during the Spanish regime), is a clear indication that the *requisite* that bequests or gifts of real estate be for charitable, benevolent, or educational purposes, was, in the opinion of the legislators, considered sufficient and adequate protection against the revitalization of religious landholdings.

Finally, and as previously stated, We have reason to believe that when the Delegates to the Constitutional Convention drafted and approved Article XIII of the Constitution, they did not have in mind the corporation sole. We come to this finding because the Constitutional Assembly, composed as it was by a great number of eminent lawyers and jurists, was like any other legislative body empowered to enact either the Constitution of the country or any public statute, presumed to know the conditions existing as to particular subject matter when it enacted a statute (Board of Com’rs of Orange County vs. Bain, 92 S. E. 176; 173 N. C. 377).

“Immemorial customs are presumed to have been always in the mind of the Legislature in enacting legislation,” (In re Kruger’s Estate, 121 A. 109; 277 Pa. 326).

“The Legislative is presumed to have a knowledge of the state of the law on the subjects upon which it legislates.” (Clover Valley Land & Stock Co. vs.

Lamb et al., 187, p. 723, 726.)

“The Court in construing a statute, will assume that the legislature acted’ with full knowledge of the prior legislation on the subject and its construction by the courts.” (Johns vs. Town of Sheridan, 89 N. E. 899, 44 Ind. App. 620.)

“The Legislature is presumed to have been familiar with the subject with which it was dealing \* \* \*” (Landers vs. Commonwealth, 101 S. E. 778, 781.)

“The Legislature is presumed to know principles of statutory construction.” (People vs. Lowell, 230 N. W. 202, 250 Mich. 349, followed in P. vs. Woodworth, 230 N. W. 211, 250 Mich. 436.)

“It is not to be presumed that a provision was inserted in a constitution or statute without reason, or that a result was intended inconsistent with the judgment of men of common sense guided by reason.” (Mitchell vs. Lawden, 123 H, B. 566, 288 111. 326.) See City of Decatur vs. German, 142 N. E. 2S2, 310 III. 591, and many other authorities that can be cited in support hereof.

Consequently, the Constitutional Assembly must have known:

1. That a corporation sole is organized by and composed of a *single individual*, the head of any religious society or church operating within the zone, area or jurisdiction covered by said ‘corporation sole (Article 155, Public Act No. 1459);
2. That a corporation sole is a non-stock corporation;
3. That the Ordinary (the corporation sole proper) does not own the temporalities which he merely administers;
4. That under the law the nationality of said Ordinary or of any administrator has absolutely no bearing on the nationality of the person desiring to acquire real property in the Philippines by purchase or other lawful means other than by hereditary succession, who, according to the Constitution must be a Filipino (sections 1 and 5, Article XIII);
5. That section 159 of the Corporation Law *expressly* authorised the corporation sole to *purchase and hold* Teal estate for its church, charitable, benevolent or educational purposes, and to *receive bequests or gifts* for such purposes;

6. That in approving our Magna Carta the Delegates to the Constitutional Convention, almost all of whom were Roman Catholics.

could not have intended to curtail the propagation of the Roman Catholic faith or the expansion of the activities of their church, knowing pretty well that with the growth of our population more places of worship, more schools where our youth could be taught and trained; more hallow grounds where to bury our dead would be needed in the course of time.

Long before the enactment of our Constitution the law authorized the corporations sole even to receive bequests or gifts of real estates and this Court could not, without any clear and specific provision of the Constitution, declare that any real property *donated*, let us say this year, could no longer be registered in the name of the corporation sole to which it was conveyed. That would be an absurdity that should not receive bur sanction on the pretext that corporations sole which have no nationality and are non-stock corporations composed of only one person in the capacity of administrator, have to establish first that at least sixty per centum of their capital belong to Filipino citizens. The new Civil Code even provides:

“ART. 10.—In case of doubt in the *interpretation or application of lawn*, it is presumed that the lawmaking body intended right and justice to prevail.”

Moreover, under the laws of the Philippines, the administrator of the properties of a Filipino can acquire, *in the name of the latter*, private lands without any limitation whatsoever, and that is so because the properties thus acquired are not for and would not belong to the administrator but to the Filipino whom he represents. But the dissenting Justice inquires: If the Ordinary is only the administrator, for whom does he administer? And who can alter or overrule his acts? We will forthwith proceed to answer these questions. The corporations sole by reason of their peculiar constitution and form of operation have no designed owner of its temporalities, although by the terms of the law it can be safely implied that the Ordinary holds them *in trust* for the benefit of the Roman Catholic faithful of their respective locality or diocese. Borrowing the very words of the law, We may say that the temporalities of every corporation sole are held *in trust* for the use, purpose, behoof and benefit of the religious society, or *order so incorporated* or of the church to which the diocese, synod, or district organization is an

organized and constituent part (section 163 of the Corporation Law).

In connection with the powers of the Ordinary over the temporalities of the corporation sole, let us see now what is the meaning and scope of the word "control". According to the Merriam-Webster's New International Dictionary, 2nd ed., p. 580, one of the acceptations of the word "control" is:

"4. To exercise restraining or directing influence over; to dominate; regulate; hence, to hold from action; to curb; subject; also, Obn.—to overpower.

"SYN: restrain, rule, govern, guide, direct; check, subdue.

" It is true that under section 159 of the Corporation Law, the intervention of the courts is not necessary, to mortgage or sell real property held by the corporation sole where the rules, regulations and discipline of the religious denomination, society or church concerned represented by such corporation sole regulate the methods of acquiring, holding, selling and mortgaging real estate, and that the Roman Catholic faithful residing in the jurisdiction of the corporation sole has no say either in the manner of acquiring or of selling real property. It may be also admitted that the faithful of the diocese cannot govern or overrule the acts of the Ordinary, but all this does not mean that the latter can administer the temporalities of the corporation sole without check or restraint. We must not forget that when a corporation sole is incorporated under Philippine laws, the head and only member thereof subjects himself to the jurisdiction of the Philippine courts of justice and these tribunals can thus entertain grievances arising out of or with respect to the temporalities of the church which came into the possession of the corporation sole as administrator. It may be alleged that the courts cannot intervene as to the matters of doctrine or teachings of the Roman Catholic Church. That is correct, but the courts may step in, at the instance of the faithful for whom the temporalities are being held in trust, to check undue exercise by the corporation sole of its powers as administrator to insure that they are used for the purpose or purposes for which the corporation sole was created.

American authorities have these to say:

*It has been held that the, courts have jurisdiction over an action brought by persons claiming to be members of a church, who- allege a wrongful and fraudulent diversion of the church 'property to uses foreign to the purposes of*

*the church, since no ecclesiastical question is involved and equity will protect from wrongful diversion of the property* (Hondryx vs. Peoples United Church, 42 Wash. 336, 4 L.R.A.—n.s. 4).

The courts of the State have no general jurisdiction and control over the officers of such corporations in respect to the performance of their official duties; *but as in respect to the property which they hold for the corporation, they stand in position of TRUSTEES and the courts may exercise the same supervision as in other cases of trust* (Ramsey vs. Hicks, 174 Ind. 428, 91 N. E. 344, 92 N. E. 164, 30 L.R.A.—n.s.-665; Hendryx vs. Peoples United Church, *supra*.)

Courts of the state do not interfere with the administration of church rules or discipline unless civil rights become involved and which must be protected (Morris St., Baptist Church vs. Dart, 67 S. C. S38, 45 S. E. 753, and others). (All cited in Vol. II, Cooley's Constitutional Limitations, p. 960-964.)

If the Constitutional Assembly was aware of all the facts above enumerated and of the provisions of law relative to existing conditions as to management and operation of corporations sole in the Philippines, and if, on the other hand, almost all of the Delegates thereto embraced the Roman Catholic faith, can it be imagined even for an instant that when Article XIII of the Constitution was approved the framers thereof intended to prevent or curtail from then on the acquisition by corporations sole, either by purchase or donation, of real properties that they might need for the propagation of the faith and for other religious and Christian activities such as the moral education of the youth, the care, attention and treatment of the sick and the burial of the dead of the Roman Catholic faithful residing in the jurisdiction of the respective corporations sole? The mere indulgence in said thought would impress upon Us a feeling of apprehension and absurdity. And that is precisely the *leit motiv* that permeates the whole fabric of the dissenting opinion.

It seems from the foregoing that the main problem We are confronted with in this appeal, hinges around the necessity of a proper and adequate interpretation of sections 1 and 5 of Article XIII of the Constitution. Let Us then be guided by the principles of statutory construction laid down by the authorities on the matter:

“The most important single factor in determining the intention of the people

from whom the constitution emanated is the language in which it is expressed. The words employed are to be taken in their natural sense, except that legal or technical terms are to be given their technical meaning. The imperfections of language as a vehicle for conveying meanings result in ambiguities that must be resolved by resort to extraneous aids for discovering the intent of the framers. Among the more important of these are a consideration of the history of the times when the provision was adopted and of the purposes aimed at in its adoption. The debates of constitutional conventions, contemporaneous construction, and practical construction by the legislative and executive departments, especially if long continued, may be resorted to to resolve, but not to create, ambiguities. \* \* \*. *Consideration of the consequences flowing from alternative constructions of doubtful provisions constitutes an important interpretative device.* \* \* \*. *The purposes of many of the broadly phrased constitutional limitations were the promotion of policies that do not lend themselves to definite and specific formulation.* The courts have had to define those policies and have often drawn on natural law and natural rights theories in doing so. The interpretation of constitutions tends to respond to changing conceptions of political and social values. The extent to which these extraneous aids affect the judicial construction of constitutions cannot be formulated in precise rules, but their influence cannot be ignored in describing the essentials of the process” (Kottschaefter on Constitutional Law, 1939 ed., p. 18-19).

“There are times when even the literal expression of legislation may be inconsistent with the general objectives of policy behind it, and on the basis of the equity or spirit of the statute the courts rationalize a restricted meaning of the latter. A restricted interpretation is usually applied where the effect of a literal interpretation will make for injustice and absurdity or, in the words of one court, the language must be so unreasonable ‘as to shock general common sense’”. (Vol. 3, Sutherland on Statutory Construction, 3rd ed., 150.)

“A constitution is not intended to be a limitation on the development of a country nor an obstruction to its progress and foreign relations” (Moscow Fire Ins. Co. of Moscow, Russia vs. Bank of New York & Trust Co., 294 N. Y. S. 643; 56 N. E. 2d 745, 293 N. Y. 749).

“Although the meaning or principles of a constitution remain fixed and unchanged from the time of its adoption, a constitution must be construed as if intended to stand for a great length of time, and it is progressive and not static. Accordingly, it should not receive too narrow or literal an interpretation but rather the meaning given it should be applied in such manner as to meet new or changed conditions as they arise” (U.S. vs. *Lassie*, 313 U.S. 299, 85 L. Ed., 1368).

“Effect should be given to the purpose indicated by a fair interpretation of the language used and that construction which effectuates, rather than that which destroys a plain intent or purpose of a constitutional provision, is not only favored but will be adopted” (State ex rel. *Randolph Country, vs. Walden*, 206 S. W. 2d 979).

“It is quite generally held that in arriving at the intent and purpose the construction should be broad or liberal or equitable, as the better method of ascertaining that intent, rather than technical” (Great Southern Life Ins. Co. vs. *City of Austin*, 243 S.W. 778).

All these authorities uphold our conviction that the framers of the Constitution had not in mind the corporations sole, nor intended to apply them the provisions of sections 1 and 5 of said Article XIII when they passed and approved the same. And if it were so as We think it is, herein petitioner, the Roman Catholic Apostolic Administrator of Davao, Inc., could not be deprived of the right to acquire by purchase or donation real properties for charitable, benevolent and educational purposes, nor of the right to register the same in its name with the Register of Deeds of Davao, an indispensable requisite prescribed by the Land Registration Act for lands covered by the Torrens system.

We leave as the last theme for discussion the much debated question above referred to as “the vested right saving clause” contained in section 1, Article XIII of the Constitution. The dissenting Justice hurls upon the personal opinion expressed on the matter by the writer of the decision the most pointed darts of his severe criticism. We think, however, that this strong dissent should have been spared, because as clearly indicated before, some members of this Court either did not agree with the theory of the writer or were not ready to take a definite stand on that particular point, so that there being no majority opinion thereon there was no need of any dissension therefrom. But as the

criticism has been made the writer deems it necessary to say a few words of explanation.

The writer fully agrees with the dissenting Justice that ordinarily "a capacity to acquire (property) in futuro, is not in itself a vested or existing property right that the Constitution protects from impairment. For a property right to be vested (or acquired) there must be a transition from the potential or contingent to the actual, and the proprietary interest must have attached to a thing; it must have become 'fixed and established'" (Balboa vs. Farrales, 51 Phil. 498). But the case at bar has to be considered as an exception to the rule because among the rights granted by section 159 of the Corporation Law was the right to receive bequests or gifts of real properties for charitable, benevolent and educational purposes. And this right to receive such bequests or gifts (which implies donations *in futuro*), is not a mere potentiality that could be impaired without any specific provision in the Constitution to that effect, especially when the impairment would disturbingly affect the propagation of the religious faith of the immense majority of the Filipino people and the curtailment of the activities of their Church. That is why the writer gave as a basis of his contention what Professor Aruego said in his book "The Framing of the Philippine Constitution" and the enlightening opinion of Mr. Justice Jose P. Laurel, another Delegate to the Constitutional Convention, in his concurring opinion in the case of Goldcreek Mining Company vs. Eulogio Rodriguez et al., 66 Phil. 259. Anyway the majority of the Court did not deem necessary to pass upon said "vested right saving clause" for the final determination of this case.

## JUDGMENT

Wherefore, the Resolution of the respondent Land Registration Commission of September 21, 1954, holding that in view of the provisions of sections 1 and 5 of Article XIII of the Philippine Constitution the vendee (petitioner) is not qualified to acquire lands in the Philip-pines in the absence of proof that at least 60 per centum of the capital, properties or assets of the Roman Catholic Apostolic Administrator of Davao, Inc., is actually owned or controlled by Filipino citizens, and denying the registration of the deed of sale in the absence of proof of compliance with such requisite, is hereby reversed. Consequently, the respondent Register of Deeds of the City of Davao is ordered to register the deed of sale executed by Mateo L. Bodis in favor of the Roman Catholic Apostolic Administrator of Davao, Inc., which is the subject of the present litigation. No pronouncement is made as to costs. It is so ordered.

*Bautista Angelo and Endencia, JJ., concur.*

*Paras, C. J., and Bengzon, J., concur in the result.*

---

\* *Translation.*—Unless by lawful provisions more ample rights are conferred upon him, to the local Ordinary pertains the duty to exercise diligence in the administration of all the ecclesiastical properties located within his territory and to avoid their removal from, his jurisdiction.

Taking into account the rights and the legitimate customs and circumstances, every Ordinary shall endeavour to regulate everything concerning the administration of the ecclesiastical properties and shall give, within the bounds of Common Law, timely and particular instructions therefor.

\* 97 Phil., 58.

---

## CONCURRING

LABRADOR, J., :

The case at bar squarely presents this important legal question: Has the bishop or ordinary of the Roman Catholic Church who is not a Filipino citizen, as corporation sole, the right to register land, belonging to the Church over which he presides, in view of the Krivenko decision? Mr. Justice Felix sustains the affirmative view while Mr. Justice J. B. L. Reyes, the negative. As the undersigned understands it, the reason given for this last view is that the constitutional provision prohibiting land ownership by foreigners also extends to control because this lies within the scope and purpose of the prohibition.

To our way of thinking, the question at issue depends for its resolution upon another, namely, who is the owner of the land or property of the Church sought to be registered? Under the Canon Law the parish and the diocese have the right to acquire and own property.

“SEC. 1. La Iglesia eatdlica y la Sede Apostolica, libre e inde- pendentementc de la potestad civil, tiene dcrecho innato de adquirir, retcner y administrar bienes temporales para el logro de sus propios fines.

“SEC. 2. Tambien las iglesias particulares y demas personas morales erigidas por la auloridad eclesiastica en persona juridica, tietien dcerecho, a tenor de los sagTados canones, de adquirir, retcner y administrar bienes temporales.” (Canon 1495) (Codigo de Derecho Canonieo por Miguelez-Alonso-Cabreros, 4a ed., p. 562.)

The Canon Law further states that Church property belongs to the non-collegiate moral person called the parish, or to the diocese.

“In canon law the ownership of ecclesiastical goods belongs to each separate juridical person in the Church (C. 1499). The property of St. John’s Church does not belong to the Pope, the bishop, the pastor, or even to the people of the parish. It belongs to the non-collegiate moral person called the parish, which has been lawfully erected. It is not like a stock company. The civil law docs not recognize this canonical principle; it insists on an act of civil incorporation or some other legal device.” (Ready Answers in Canon Law by Rev. P. J. Lydon, DP., 3rd ed., 194S, p. 576.)

“*Parish*. 3. A portion or subdivision of a diocese committed to the spiritual jurisdiction or care of a priest or minister, called rector or pastor. In the Protestant Episcopal Church, it is a territorial division usually following civil bounds, as those of a town. In the Roman Catholic Church, it is usually territorial, but whenever, as in some parts of the United States there arc different rites and languages, the boundaries and jurisdiction arc determined by rite or language; as, a Ruthenian or a Polish parish.

“5, The inhabitants or members of a parish, collectively.”

“*Diocese*. 3. Eccl. The circuit or extent of a bishop’s jurisdiction; the district in which a bishop has authority.” (Webster’s New International Dictionary.)

We are aware of the fact that some writers believe that ownership of ecclesiastical properties resides in the Roman Catholic Pontiff as Head of the Universal Church, but the better opinion seems to be that they do belong” to the parishes and dioceses as above indicated.

“Canonists entertain different opinions as to the person in whom the ownership

of the ecclesiastical properties is vested, with respect to which we shall, for our purpose, confine ourselves to stating with Donoso that, while many doctors cited by Fagmano believe that it resides in the Roman Pontiff as Head of the Universal Church, it is more probable that ownership, strictly speaking, does not reside in the latter and, consequently, ecclesiastical properties are owned by the churches, institutions and canonically established private corporations to which said properties have been donated." (3 Campos y Pulido, Legislacion y Jurisprudencia Canonica, P. 420, cited in Trinidad vs. Roman Catholic Archbishop of Manila, 63 Phil., 881, S88-889

The property in question, therefore, appears to belong to the parish or the diocese of Davao. But the Roman Catholics of Davao are not organized as a juridical person, either under the Canon Law or under the Civil Law. Neither is there any provision in either for their organization as a juridical person. Registration of the property in the name of the Roman Catholics of Davao is, therefore, impossible.

As under the Civil Law, however, the organization of parishes and dioceses as juridical persons is not expressly provided for, the corporation law has set up the fiction known as the "corporation sole."

"It tolerates the *corporation* sole wherever and as long as the state law does not permit the legal incorporation of the parish or diocese. The bishop officially is the legal owner." (Ready Answers in Canon Law, *supra*, p. 577.)

and authorizes it to purchase and hold real estate for the Church.

"SEC. 159. Any corporation sole may purchase and hold real estate and personal property for its church, charitable, benevolent, or educational purposes, and may receive bequests or gifts for such purposes. Such corporation may mortgage or sell real property held by it upon obtaining an order for that purpose from the Court of First Instance of the province in which the property is situated; but before making the order proof must be made to the satisfaction of the court that notice of the application for leave to mortgage or sell has been given by publication or otherwise in such manner and for such time as said court or the judge thereof may have directed, and that it is to the

interest of the corporation that leave to mortgage or sell should be granted. The application for leave to mortgage or sell must be made by petition, duly verified by the bishop chief priest, or presiding elder, acting as corporation sole, and may be opposed by any member of the religious denomination, society, or church represented by the corporation sole: *Provided, however,* That in cases when the rules, regulations and discipline of the religious denomination, society or church concerned represented by such corporation sole regulate the methods of acquiring, holding, selling, and mortgaging real estate and personal property, such rules, regulations, and discipline shall control and the intervention of the courts shall not be necessary." (The Corporation Law. )

And in accordance with the above section, the temporalities of the Church or of a parish or diocese are allowed to be registered in the name of the corporation sole for purposes of administration and in trust for the real owners.

The mere fact that the Corporation Law authorizes the corporation sole to acquire and hold real estate or other property does not make the latter the real owner thereof, as his tenure of Church property is merely for the purposes of administration. As stated above, the bishop is only the legal (technical) owner or trustee, the parish or diocese being the beneficial owner, or cestui que trust.

Having arrived at the conclusion that the property in question belongs actually either to the parish or the diocese of Davao, the next question that possess for solution is, In case of said property, whose nationality must be considered for the purpose of determining the applicability of the constitutional provision limiting ownership of land to Filipinos, that of the bishop or chief priest who registers as corporation sole, or that of the constituents of the parish or diocese who are the beneficial owners of the land? We believe that that of the latter must be considered, and not that of the priest clothed with the corporate fiction and denominated as the corporation sole. The corporation sole is a mere contrivance to enable a church to acquire, own and manage properties belonging to the church. It is only a means to an end. The constitutional provision could not have been meant to apply to the means through which and by which property may be owned or acquired, but to the ultimate owner of the property. Hence, the citizenship of the priest forming the corporation sole should be no impediment if the parish or diocese which owns the property is qualified to own and possess the property.

We can take judicial notice of the fact that a great majority of the constituents of the parish or diocese of Davao are Roman Catholics. The affidavit demanded is, therefore, a mere formality.

The dissenting opinion sustains the proposition that control, not actual ownership, is the factor that determines whether the constitutional prohibition against alien ownership of lands should or should not apply. We may assume the correctness of the proposition that the Holy See exercises control over Church properties everywhere, but the control cannot be real and actual but merely theoretical. In any case, the constitutional prohibition is limited by its terms to ownership and ownership alone. And should the corporation sole abuse its powers and authority in relation to the administration or disposal of the property contrary to the wishes of the constituents of the parish or the diocese, the act may always be questioned as *ultra vires*.

We agree, therefore, with the reversal of the order.

*Montemayor and Reyes, A., JJ., concur.*

---

## **DISSENTING**

REYES, J. B. L., J.:

I regret not being able to assent to the opinion of Mr. Justice Felix. The decision of the Supreme Court in this case will be of far reaching results, for once the capacity of corporations sole to acquire public and private agricultural lands is admitted, there will be no limit to the areas they may hold until the Legislature implements section 3 of Article XII of the Constitution, empowering it to set a limit to the size of private agricultural land that may be held; and even then it can only be done *without prejudice to rights acquired prior to the enactment of such law*. In other words, even if a limitative law is adopted, it will not affect the landholdings acquired before the law become effective, no matter how vast the estate should be.

The Constitutional restrictions to the acquisition of agricultural land are well known:

“SECTION 1. All agricultural, timber, and mineral lands of the public domain, waters, minerals, coal, petroleum, and other mineral oils, all forces of potential

energy, and other natural resources of the Philippines belong to the State, and their disposition, exploitation, development, or utilization shall be limited to citizens of the Philippines, or to corporations or associations at least sixty per centum of the capital of which is owned by such citizens, subject to any existing right, grant, lease, or concession at the time of the inauguration of the Government established under this Constitution. Natural resources, with the exception of public agricultural land, shall not be alienated, and no license, concession, or lease for the exploitation, development, or utilization of any of the natural resources shall be granted for a period exceeding twenty-five years, renewable for another twenty-five years, except as to water rights for irrigation, water supply fisheries, or industrial uses other than the development of water power, in which cases beneficial use may be the measure and the limit of the grant.” (Article XII, Constitution of the Phil.)

“SEC. 5. Save in cases of hereditary succession, no private agricultural land shall be transferred or assigned except to individuals, corporations, or associations qualified to acquire or hold lands of the public domain in the Philippines.” (Art. XII, Constitution of the Phil.)

In requiring corporations or associations to have sixty per cent (60%) of their capital owned by Filipino citizens, the constitution manifestly disregarded the corporate fiction, i.e., the juridical personality of such corporations or associations. It went behind the corporate entity and looked at the natural persons that composed it, and demanded that a clear majority in interest (60%) should be Filipino. To me this was done to ensure that the control of its properties (not merely the beneficial ownership thereof) remained in Filipino hands. (Aruego, Framing of the Constitution, Vol. 2. pp. 604, 606.)

“The nationalization of the natural resources of the country, was intended (1) to insure their conservation for Filipino posterity; (2) to serve as an instrument of national defense, helping prevent the extension into the country of foreign control through peaceful economic penetration; and (3) to prevent making the Philippines a source of international conflicts with the consequent danger to its internal security and independence. \* \* \*

“The Convention permitted aliens to acquire an interest in the natural resources of the country and in private agricultural lands as component

elements of corporations or associations. The maximum limit of interest that they could hold in a corporation or association would be only forty *per centum* of the capital. Accordingly in control of *the corporation or association would remain in Filipino hands.*

In its report the committee on nationalisation and preservation of lands and other natural resources recommended that the maximum limit of interest that aliens could hold in a corporation or association should be only twenty-five *per centum* of the capital. The purpose of this committee was to enable *Filipino-controlled* corporations or associations, if necessary, to interest aliens to join their technical or managerial staff by giving them a part interest in the same. The sub-committee of seven embodied this recommendation in the first draft of the Constitution; but in the revised article on General Provisions, it raised the amount to forty *per centum.*" (emphasis supplied.)

It was in recognition of this basic rule that we held in *Register of Deeds vs. Ung Siu Si Temple*, 51 Off. Gaz. p. 2866, that if the association had no capital, its *controlling membership* must be composed of Filipinos. Because *ownership divorced from control is not true ownership.*

From these premises it can be deduced that the preliminary question to be decided by the court is the following: what and who exercises the power of control in the corporation sole known as "The Roman Catholic Apostolic Administrator of Davao, Inc."?

Under section 155 of the Corporation Law, the bishop, or other religious head, as corporation sole, is "charged with the administration of the temporalities of his church." It becomes then pertinent to inquire: if he is only an administrator, for whom does he administer? And who can alter or overrule his acts?

If his acts as administrator can not be overridden, or altered, except by himself, then obviously the control of the corporation and its temporalities is in the bishop himself, and he must be a Filipino citizen. If, on the other hand, the final say as to management, exploitation, encumbrance or disposition of the temporalities resides in another individual or body of individuals, then the control resides there. To possess constitutional capacity to acquire agricultural land or other natural resources, that body making the final decision for the corporation must have at least 60 per cent Filipino membership.

By this test, the body of members professing the Catholic faith in the diocese of Davao does not constitute the controlling membership. For under the rules of the Roman Catholic Church the faithful can not control the acts of the Ordinary; they can not override his decision, just as they do not elect or remove him. Only his hierarchical superiors can do that; the control is from above, not from below. Hence, the fact that 90 per cent (or even 100 per cent) of the faithful in the diocese should be composed of Filipino citizens is totally devoid of significance from the standpoint of the constitutional restrictions in question (see Codex, Canons 1518 and 1530, paragraph 1, No. 3).

Moreover, I do not think that the body of Catholic faithful in the Davao diocese can be taken, for the purpose here under consideration, as the Church represented by the Ordinary of Davao. That body does not constitute an entity or unit separate and apart from the rest of the faithful throughout the world that compose the Roman Catholic Church that has always claimed ecumenical (universal) character. There is no Catholic Church of Davao district and independent of the Catholic Church of Manila, Lipa or Rome. All those professing Catholic faith are members of only one single church or religious group. Thus the Iglesia Filipina Independiente is not part of the Catholic Church, precisely because of its independence.

If, then, the Catholic Church of Davao is part and parcel of the universal Catholic Church, it can not be considered separate and apart from it in this case. And if considered with it, obviously the condition of 60 per cent Filipino membership is not satisfied when all the Catholic faithful in the world are taken into account.

The unity and singleness of the various dioceses of the church appears expressly recognized in section 163 of the Corporation Law, which provides that the corporation (sole) shall hold the temporalities, not for the diocese; but for the benefit "of the *church* of which the diocese—is an *organized or constituent part.*"

"SEC. 163. The right to administer all temporalities and all property held or owned by a religious order or society, or by the diocese, synod, or district organization of any religious denomination or church shall, on its incorporation, pass to the corporation and shall be held in trust for the use, purpose, behoof, and benefit of the religious society or order so incorporated or of the church of which the diocese, synod, or district organization is an organized and constituent part."

So that, even from the standpoint of beneficial ownership, the diocese of Davao can not be viewed as a group legally isolated from the Catholic Church as a whole.

Nor does court control over the acts of the corporation sole constitute a guarantee of Filipino control that would satisfy the purposes of the constitution, for the reason that under section 159 (last proviso) of the Corporation law, the court intervention is *dispensed with* where the rules and discipline of the church already regulate the acquisition and disposition of real estate and personal property.

*“Provided however, That in cases where the rules, regulations and discipline of the religious denomination, society, or church concerned represented by such corporation sole regulate the methods of acquiring, holding, selling, and mortgaging real estate and personal property, such rules, regulations, and discipline shall control and the intervention of the courts shall not be weessary.”*  
(emphasis supplied.)

It is argued that a distinction must be drawn between the lands to be devoted to purely religious purposes and the lands held in ordinary ownership. But where in the Constitution is such a distinction drawn? Under it, capacity to acquire agricultural land for the erection of a church is capacity to acquire agricultural land for any lawful purpose, whether it be for convents or schools or seminaries or haciendas for their support or land to be held solely for enjoyment of the revenue. Once the capacity to acquire is granted, the way is paved for the revitalization of religious landholdings that proved so troublesome in our past. I can not conceive that the Constitution intended to revive them.

It is also argued that, before the Constitution was adopted, the corporations sole had, by express statute, the right to acquire agricultural land; and that the Constitution was not intended to destroy such “acquired property rights.” If followed, the argument destroys the constitutional restrictions. All aliens had a capacity to acquire agricultural land before the Constitution came into effect, because no prohibition existed previously. Must their right to acquire and hold agricultural land be conceded in spite of the Constitution?

That the law should have expressly conferred capacity to acquire land upon corporations sole was not due to any special predilection for them; it was exclusively due to the

principle that corporation, as artificial entities, have no inherent rights, but only those granted by the sovereign. Unless conferred, the corporate right would not exist.

Furthermore, a capacity to acquire *in futuro*, is not in itself a vested or existing property right that the Constitution protects from impairment. For a property right to be vested (or acquired) there must be a transition from the *potential*, or contingent, to the *actual*, and the proprietary interest must have attached to a thing; it must have become "fixed or established" (*Balboa vs. Farrales*, 51 Phil. 498). If mere potentialities can not be impaired, then the law would become unchangeable, for every variation in it will reduce some one's legal ability to do or not to do. Already in *Benguet Consolidated vs. Pineda*,\* 52 Off. Gaz. 1961, we have ruled that no one has a vested right in statutory privileges or exemptions. And in his concurring opinion in *Gold Creek Mining Corp. vs. Rodriguez*, 66 Phil. 259 (cited by Justice Felix), Mr. Justice Laurel squarely declared that "contingency or expectation is neither property nor property right." (cas. cit., p. 269.)

Finally, the point is also made that the Ordinary, as religious corporation sole, has no citizenship, and is not an alien. The answer is that under the Constitution of the Republic, it is not enough that the acquirer of agricultural land be not an alien; he must be a B'lipino or controlled by Filipinos.

Wherefore, I am constrained to conclude:

- (1) That the capacity of religious corporations sole to acquire agricultural land depends upon 60 per cent Filipino membership of the group or body exercising control of the corporation;
- (2) That if control of any such corporation should be vested in a single person, then such person must be a Filipino citizen;
- (3) That in the absence of evidence on these points, the order appealed from, denying registration of the conveyance, should be affirmed.

*Concepcion, J.*, concur.

---

\* 98 Phil., 711.

Date created: October 14, 2014