

**\*\*Title: HI-LON Manufacturing, Inc. vs. Commission on Audit\*\***

**\*\*Facts:\*\***

In 1978, the government, through the Ministry of Public Works and Highways (now DPWH), appropriated part of a property for the Manila South Expressway Extension Project, without formal expropriation or compensation. The property underwent various ownership changes, with Philippine Polymide Industrial Corporation (PPIC) acquiring it and later being foreclosed by the Development Bank of the Philippines (DBP). Under Administrative Order No. 14, the DBP transferred its assets, including this property, to the Asset Privatization Trust (APT) for disposal.

In a 1987 public bidding, Fibertex Corporation emerged as the highest bidder for assets including this property, but a subsequent division of the sale between land and improvements led to titles in the names of TG Property, Inc. (TGPI, for land) and Fibertex (for improvements) despite TGPI not being a listed bidder. TGPI later sold the entire property to HI-LON Manufacturing, Inc., which then sought compensation for the road right-of-way used by the government.

The Commission on Audit (COA) disallowed the compensation claim through a series of decisions, culminating in rejecting HI-LON's motion for reconsideration, affirming that HI-LON must refund a partial payment received, and finding that the RROW was always government property.

**\*\*Procedural Posture:\*\***

HI-LON sought judicial review in the Supreme Court, challenging COA's decision on grounds including ownership provenance and entitlement to just compensation. The Supreme Court denied the petition, affirming COA's findings and requiring HI-LON to refund received payments plus interest.

**\*\*Issues:\*\***

1. Whether HI-LON had ownership rights over the portion of the property used as a road right-of-way (RROW) by the government.
2. Whether HI-LON was entitled to just compensation for the RROW.
3. The legitimacy of COA's denial of HI-LON's compensation claims and the mandating of a refund for the received payment.

**\*\*Court's Decision:\*\***

The Supreme Court affirmed COA's decisions, holding that:

- HI-LON, nor its predecessor TGPI, could legally claim ownership of the RROW land.
- The sale agreement clearly excluded the RROW from what was conveyed to TGPI and, by extension, HI-LON.
- HI-LON was not entitled to just compensation as it never owned the RROW.
- The refund of payments received by HI-LON, based on mistaken compensation claims, was justified.
- The legality of HI-LON's ownership of the RROW portion of the land, affected by procedural anomalies in asset transfer and bidding processes, did not entitle it to compensation.

**\*\*Doctrine:\*\***

Properties of public dominion are beyond the commerce of man and cannot be acquired through titles or contracts when designated for public use. The Supreme Court reiterated that actual notice of government use is equivalent to registration, affecting all subsequent purchasers.

**\*\*Class Notes:\*\***

- **\*\*Public Dominion Property\*\***: Defined and excluded from private ownership if designated or used for public service.
- **\*\*Notice and Registration\*\***: Actual notice of a government claim or use of a property serves as effective notice to all, despite the lack of formal registration or annotation on title documents.
- **\*\*Estoppel and Government\*\***: The principle that the government is not estopped by the mistakes of its agents, particularly in matters involving public property.
- **\*\*Compensation for Expropriation\*\***: Just compensation requires legal ownership or claim; no compensation is due when the property is part of public domain.

**\*\*Historical Background:\*\***

The case underscored issues regarding asset privatization procedures, inter-agency coordination concerning public property, and the safeguarding of government interests against possible irregular or mistaken private claims over public domain properties. It reflects the complexities in managing state assets transitioned through privatization mechanisms, highlighting the COA's oversight role in ensuring legal and equitable public expenditure.