

Title:

****Republic of the Philippines vs. Daclan****

Facts:

In May 1972, the Republic of the Philippines, through the Department of Agriculture's Bureau of Animal Industry (BAI), established a cattle breeding station in Agoo, La Union for a livelihood program. To support this, the Daclans and others donated approximately 13 hectares of land under certain conditions via Deed of Donation. These conditions stated the lands were solely for the breeding station and with automatic reversion clauses in cases of non-use or purpose alteration without donor consent.

Following the Local Government Code's enactment in 1991, operation responsibilities of the breeding station were transferred from the national government to the Province of La Union. Subsequently, part of the donated land was used to construct the La Union Medical Center (LUMC), leading to the Daclans demanding the return of their donated lands due to perceived abandonment and misuse of the property.

This led to litigation in the Regional Trial Court (RTC) of Agoo, La Union. The RTC ruled in favor of the Republic, stating the breeding station remained operational and was validly transferred to the Province. The Daclans appealed, and the Court of Appeals (CA) partly reversed the RTC decision, ordering the return of the portion used by LUMC to the donors. Both parties then filed Petitions for Review on Certiorari to the Supreme Court, which consolidated the cases.

Issues:

1. Whether the Republic violated the Deeds of Donation by altering the use of the donated lands without donors' consent.
2. Whether the devolution of the Department of Agriculture's functions to local government units permitted changes in land use stipulated in the Deeds of Donation.
3. Whether the CA erred in ordering the return of a portion of the donated land used by LUMC, especially when that portion was not donated by the Daclans.

Court's Decision:

The Supreme Court:

- Granted the Republic's petition, reinstating the RTC's decision that dismissed the Daclans' claim for the return of their donated lands.
- Denied the Daclans' petition, affirming that the breeding station's operations continued

under the Province's management despite the devolution of government functions.

- Highlighted that devolution did not affect the donation's terms and that operations consistent with the donation's purpose continued, negating the basis for automatic reversion.
- Noted that the CA's order for the return of the land used by LUMC was invalid since the Daclans admitted that the specific portion was not from their donation.

Doctrine:

This case reaffirmed the principle that donations subject to conditions must be respected according to their terms, and the operations or functions of a donated property devolved to local government units do not inherently violate such terms, provided the original purpose is maintained.

Class Notes:

- Presence and operational continuity of projects like breeding stations can fulfill the terms of conditional land donations, even after devolution of functions to local government units.
- Automatically triggered reversion clauses in deeds of donation are strictly construed and enforceable only when the stipulated conditions are clearly breached.
- Donation agreements may inherently include the expectation of adaptability in project management, unless expressly limited by the terms of the donation.

Historical Background:

This case plays a significant role in understanding the implications of the Local Government Code of 1991 on national government projects and the validity of conditions attached to donations made for public purposes. It highlights the balancing act between adhering to the conditions of land donations and adapting to new governance structures in the Philippines.