

Title: City of Manila vs. Tarlac Development Corporation and Others

Facts:

The City of Manila, petitioned against Tarlac Development Corporation (Tarlac), Manila Lodge No. 761, Benevolent and Protective Order of Elks (BPOE), and Army and Navy Club of Manila (ANC). These cases sprung from the reclamation of two parcels of land from the Bay of Manila, entrusted to the City by Act 1360 of the Philippine Commission in 1905 and subsequently titled under the City's name. In 1911 and 1918, respectively, the City sold these lands to BPOE and ANC under conditional terms that included a right of repurchase for public purposes after 50 years, which were annotated on their Transfer Certificate of Titles (TCTs).

Over time, legal actions were initiated by BPOE and ANC for cancellation of the City's repurchase options, arguing that under the Civil Code, the right to repurchase could not extend beyond ten years. With no opposition from the City, largely based on an opinion by the city fiscal and subsequent court orders, entries annotating the City's repurchase rights were deleted.

The scenario escalated when BPOE sold its parcel to Tarlac in 1963, after which the City commenced actions to reannotate its repurchase rights on the titles. The lower court favored the City, sparking the appeals in question.

Issues:

The core legal issues revolve around:

1. Whether the orders canceling the annotations of the City's repurchase rights were final and conclusive (*res judicata*).
2. The City's right and capacity to repurchase the lands.
3. Whether proceedings under Section 112 of the Land Registration Act were appropriate for reannotating the City's repurchase rights.
4. The validity of the City officers' consent to the deletion of the repurchase annotations.
5. The status of Tarlac Development Corporation as a purchaser in good faith and its rights.

Court's Decision:

The Supreme Court asserted that:

1. The cancellation orders were not conclusive due to the City officers' lack of authority to dispense with the City's repurchase rights, rendering such orders null and void.
2. The City's repurchase rights were likened to its inherent eminent domain power, making

the rights inalienable and imprescriptible.

3. Reannotation petitions properly belonged under Section 112 proceedings, especially since the parties extensively argued merits beyond mere jurisdictional questions.

4. The 1911 and 1918 deeds granted the City a repurchase right for public purposes, which could not be unilaterally annulled by city officials or through consent judgments.

5. The case left open the question of Tarlac's good faith but preserved the City's preventive rights against future transfers.

Doctrine:

This case reiterated doctrines on the inalienability of eminent domain rights and expanded on the limitations of municipal officers' authority to consent to judgment affecting public interest. It also clarified the scope of Section 112 of the Land Registration Act, allowing for substantive issue resolution when parties fully engage in litigation.

Class Notes:

- Consent judgment by public officials beyond their authority is null and void.
- Eminent domain rights are inalienable and not subject to statutes of limitations or contractual modifications.
- Land Registration Act (Section 112) can resolve substantive issues if parties litigate on merits.
- Municipal rights for public purposes (like repurchase rights) cannot be waived by unauthorized official consent.

Historical Background:

This case highlights the early 20th-century practice of land reclamation and conditional sales by local governments in the Philippines, demonstrating the lasting legal implications of such transactions. It underscores the evolving interpretation of property rights and government powers within Philippine jurisprudence, particularly in the context of urban development and public welfare.