

**\*\*Title:\*\***

Francisco I. Chavez vs. Public Estates Authority and Amari Coastal Bay Development Corporation, G.R. No. 133250 (2002)

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

1. **\*\*Background and Initial Agreements:\*\***

- The Philippine government undertakes a reclamation project in Manila Bay, resulting in the creation of the Freedom Islands.
- The Public Estates Authority (PEA) is involved in managing and selling these reclaimed lands.
- PEA enters into a joint venture agreement (JVA) with Amari Coastal Bay Development Corporation (Amari) in April 1995. The purpose is to develop and further reclaim additional land around the Freedom Islands.
- A renegotiation occurs, resulting in the Amended JVA in March 1999.

2. **\*\*Legal Complications and Petitions:\*\***

- Petitioner Francisco I. Chavez files a case on April 27, 1998, questioning the legality of the agreements between PEA and Amari. He contends the agreements violate constitutional provisions preventing private corporations from acquiring alienable lands of the public domain.
- Multiple motions and supplements for reconsideration are filed by respondents after the Supreme Court's decision of July 9, 2002, nullifying the Amended JVA.

3. **\*\*Proceedings:\*\***

- Several motions, including a Motion to Inhibit Justice Carpio from deliberating the case, were filed by Amari, which the Court denied.
- Petitioner files a consolidated opposition against these motions.
- Supreme Court reaffirms its original decision on November 13, 2002, stating that public lands cannot be sold or transferred to private corporations retroactively.

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

1. **\*\*Whether the agreements transferring reclaimed land (Freedom Islands) to Amari violated constitutional restrictions prohibiting private corporations from acquiring alienable**

public domain lands.

2. **Whether the Court should retroactively apply its decision voiding the agreements.**
3. **Whether Justice Carpio should be inhibited from the case due to alleged bias.**

**Court's Decision:**

1. **Violation of Constitutional Provisions:**

- The Court held that transferring ownership of 77.34 hectares of the Freedom Islands to Amari, a private corporation, was unconstitutional under Section 3, Article XII of the 1987 Constitution, which restricts private corporations from acquiring alienable lands of the public domain.
- Similarly, the Court voided the transfer of 290.156 hectares of submerged areas as they are inalienable at the time of the agreement.

2. **Prospective vs. Retroactive Application:**

- The Court rejected Amari's argument for the prospective application of its decision, emphasizing that the prevailing law at both the signing and implementation of the agreement prohibited the transaction. No new doctrine was introduced that would justify non-retroactive application.
- The Court maintained that existing doctrines and constitutional provisions, which have remained consistent since the effectivity of the 1973 Constitution, prohibit such transfers.

3. **Inhibition of Justice Carpio:**

- The Court denied the motion to inhibit Justice Carpio. It ruled that previous statements made by him as a private lawyer were not part of the ratio decidendi of the decision. Moreover, there is no rule that prior legal opinions should disqualify a justice from participating in a case.

**Doctrine:**

1. **Constitutional Prohibition on Land Ownership:**

- Reaffirmation of Section 3, Article XII of the 1987 Constitution which prohibits private corporations from acquiring alienable lands of the public domain except through lease.

2. **Public Domain Principles:**

- Lands submerged and part of natural resources remain inalienable until reclaimed, classified, and declared as disposable by the government. Only then can they be designated as alienable.

3. **Judicial Interpretations and Operative Fact Doctrine:**

- The prospective application of decisions only applies in specific settings where a doctrine is reversed or a new legal position is adopted, not when simply applying long-standing legal principles.

**Class Notes:**

- **Constitutional Limitations on Land Ownership:** Article XII of the 1987 Constitution restricts private corporations from acquiring alienable lands of the public domain.
- **Alienability of Public Lands:** Only lands classified, reclaimed, and declared as disposable by the government can be subjected to ownership transfer.
- **Operative Fact Doctrine in Judicial Decisions:** Legal pronouncements that declare contracts or laws void operate retroactively when no new doctrine is established.

**Historical Background:**

The case was grounded amid extensive land reclamations in Manila Bay aimed at national development. The transactions involving vast areas of reclaimed land drew significant legal scrutiny, underscoring fundamental constitutional doctrines dating back to the American colonial period and the Spanish Law of Waters. The decision mirrors the persistent vigilant application of constitutional safeguards against corporate overreach into public domain assets, reflecting a continuation of historical precedents safeguarding public land.