

**SAN MAURICIO MINING COMPANY, MARSMAN AND COMPANY, INC.,
AND PEDRO L. MOYA, PETITIONERS-APPELLANTS, VS. HONORABLE
CONSTANTE A. ANCHETA, AS PRESIDING JUDGE OF BRANCH III,
COURT OF...**

G.R. Nos. L-47859 & 57132. October 30, 1981

Ponente: BARREDO, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/5d6aa8cc4d66/>

BARREDO, J.:

Motion dated July 30, 1981 filed by petitioners-appellants in these cases for the reconsideration of the decision of this Court rendered on July 10, 1981. Comment thereon was filed by private respondents under date of August 31, 1981 and a reply of petitioners dated October 22, 1981 to said comment.

Acting on the foregoing pleadings, the Court studied carefully and deliberated maturely on the following considerations:

1. Originally, petitioners filed the petition in G.R. No. L-17859 for review under Republic Act 5440 only of the partial summary judgment of the trial court of September 22, 1977 and the subsequent order of said court of November 8, 1977 for the immediate execution of its partial judgment. As such, that appeal was purely on questions of law. Later, upon agreement of the parties during the hearing on March 28, 1979, We issued an order on April 18, 1979, modifying an earlier restraining order We had issued, by allowing the trial court to proceed with the hearing of the whole case. Still later, on May 30, 1979, We resolved to permit the trial court to render judgment, provided it should not order execution thereof.
2. When the trial court rendered final judgment on August 21, 1979, petitioners herein perfected an appeal to the Court of Appeals which was docketed therein as CA-G.R. No. 65677.
3. Under date of December 13, 1979, respondents filed a motion for joint consolidation and joint decision. In other words, respondent prayed that the Court order the elevation by the Court of Appeals to this Court of the records of CA-G.R. No. 65677 in order that the same may be treated by Us also as an appeal under Republic Act 5440. In regard to this motion, petitioners filed the following:

"COMMENT

"COME NOW the petitioners, through the undersigned counsel, and to this Honorable Court respectfully state that they offer no objection to the Joint Motion for Consolidation and Joint Decision, dated December 13, 1979, filed by private respondents, as -

"1. Undoubtedly, the main legal issues in the instant case and in CA-G.R. No. 65677-R pending before the Court of Appeals being the validity of:

- (a) The issuance of Original Certificate of Title No. 0440 and, thereafter, Transfer Certificates of Title to the respondent PHILIPPINE SMELTERS CORPORATION (SMELTERS) over lands of the public domain, pursuant

to P. D. No. 837, dated December 6, 1975, over the mineral claims of the petitioners SAN MAURICIO MINING CO. and MARSMAN & CO., INC. which had been duly located, staked, registered, occupied, explored and exploited in accordance with the provisions of the Act of Congress of the United States of America of July 1, 1902, and amendatory laws, and which were later recognized and recorded by the Director of Mines on September 23, 1976, pursuant to Section 101 of Presidential Decree No. 463, and the applicable judicial pronouncements in the leading cases of *McDaniel v. Apacible*, 42 Phil. 749; *Gold Creek Mining Corp. vs. Rodriguez*, 66 Phil. 259; *Salacot Mining Company v. Rodriguez*, 67 Phil. 97; *Salacot Mining Company v. Abadilla*, 67 Phil. 110; *Bambao v. Lednicky*, L-15495, January 28, 1961, 1 SCRA 330; and *Comilang v. Buendia*, L-24757, October 25, 1967, 21 SCRA 468; and

"(b) The validity and effectivity of the Deed of Sale between the National Shipyards and Steel Corporation (NASSCO) and SMELTERS, dated December 29, 1975, marked as Annex B to the complaint; and

"2. That petitioners are not precluded from raising other issues, both legal and factual, as may be pertinent for a just consideration of the cases at bar.

"WHEREFORE, in the interest of a speedy and fair administration of justice, petitioners hereby conform to the instant motion." (Pp. 754-755, Record.)

4. While it is true that petitioners qualified their conformity to the consolidation proposed by respondents by stating that "petitioners are not precluded from raising other issues, both legal and factual, etc.", in resolving the questions of fact We cannot but give due consideration to the findings of the trial court sustained by substantial evidence. Anyway, whatever issues petitioners have claimed in their brief as well as in their motion for reconsideration to be of fact are actually legal questions, for all that they ask of Us is to interpret, construe or otherwise evaluate the legal import of documents that are in the records and in this connection.

For instance, in one portion of the trial court's decision, it found and held:

"5. MARSMAN and SAN MAURICIO contend that Proclamation 500, and for that matter P.D. 837, should be construed to respect existing private rights claiming that MARSMAN by a series of transactions had acquired existing mining rights under the Philippine Bill of 1902. We consider the evidence presented in support of the claim as not competent because it does not sufficiently show how MARSMAN or SAN MAURICIO acquired said rights. In fact, there is no proof as to who was in possession of the property upon the passage of the Philippine Bill of 1902 and the successional rights thereto from 1902 to the present. But assuming, however, that SAN MAURICIO, as predecessor-in-interest of MARSMAN had some interest in the land prior to 1957, that interest was conveyed or sold by SAN MAURICIO to NASSCO by the Contract of Sale and Assignment of Rights of 1957. While it may be true that in 1973, NASSCO resold the same property or right of SAN MAURICIO and the latter was succeeded thereto by MARSMAN, it is equally true that at the time of the sale on November 23, 1973, NASSCO was merely an administrator of the property under Proclamation No. 500, Series of 1968 and it had no authority to sell or dispose of the land or any interest therein. Defendants cannot disclaim knowledge of the effects of Proclamation No. 500 and/or its provisions. They should know or ought to have known that on November 23, 1973 said Proclamation was still in effect, not having been repealed and/or recalled. The effectivity of Proclamation on said date is an indisputable proof that the Office of the President could not have approved the supposed Sale (Exh. C-2) for the simple reason that a Deed of Sale or Assignment of Rights cannot repeal and/or adversely affect a Proclamation.

"With respect to the contract of June 26, 1975 (Exh. C-8), we have already discussed on it earlier. The Court believes that its findings and conclusions with respect to said contract applies with greater force in disposing of the argument of MARSMAN as to its right under the Philippine Bill of 1902.

"Moreover, as the Court has pointed out, the approval of the Contract of Sale with Assignment of Rights of

November 23, 1973 (Exh. C-2) by the then Assistant Executive Secretary, Mr. Ronaldo B. Zamora, is a forgery and no right could spring therefrom, no obligations were created as if no contract was executed by the parties. The contract on the other hand, the contract of June 26, 1975 (Exh. C-8) is subject to the right of the government to withdraw at anytime from the assignee the use of surface rights in the land subject matter of said agreement. This was withdrawn by P.D. 837 when it vested in NASSCO absolute ownership of the land covered by it and authorized NASSCO to sell or dispose of the land either by public bidding or by negotiation, as NASSCO did with the sale thereof to SMELTERS on December 29, 1975." (Pp. 742-743, Record, underscoring Ours.)

We cannot take the above conclusions of the trial court lightly. True it is that the matter of whether or not the signature of Secretary Zamora was a forgery or not and whether or not there was in fact an approval by Secretary Reyes of the 1975 document may be deemed as involving weighing of the respective evidence of the parties, but aside from Our view expressed in Our decision as well as elsewhere in this resolution that, at any rate, if indeed there were such approvals by Secretaries Zamora and Reyes, the transactions purportedly sanctioned by them are in law ultra vires. Our own appraisal of the evidence on these factual matters is that the same preponderates in favor of respondents' position in regard thereto.

In the light of these considerations, and after giving due attention and studying the arguments of the parties in the pleadings aforementioned, the Court resolved to DENY petitioners' motion for reconsideration on the following grounds inter alia:

a. That this Court took into account Appendix A of respondent SMELTERS' brief reading verbatim as follows:

"DEED OF ABSOLUTE SALE

"KNOW ALL MEN BY THESE PRESENTS:

"That the SAN MAURICIO MINING COMPANY, a corporation duly organized and existing under and by virtue of the laws of the Philippines, with main office at Anda and Sta. Lucia Streets, Intramuros, Manila, is the owner of Twenty (20) mining claims located on those certain Twenty (20) parcels of land with an area of One Hundred Forty-Four Hectares and Sixty-Two (144.62), more or less, situated at the Municipality of Jose Panganiban, Camarines Norte, the respective descriptions and boundaries of which appear in Annex 'A' hereto attached and made an integral part of this instrument;

"That the SAN MAURICIO MINING COMPANY is likewise the owner of all the improvements erected and existing on those parcels of land wherein the mining claims above-mentioned are found, said improvements being more particularly itemized and described in Annex 'B' hereto attached and made an integral part of this instrument;

"That the mining claims of the SAN MAURICIO MINING COMPANY located on those parcels of land described in Annex 'A' hereof, as well as the improvements erected and existing thereon itemized and described in Annex 'B' of this instrument are, among others, mortgaged to the REHABILITATION FINANCE CORPORATION to secure the payment of a principal obligation amounting to ONE MILLION FIVE HUNDRED THOUSAND PESOS (P1,500,000.00), Philippine Currency, and the performance of other obligations under the terms and conditions specified in said Deed of Mortgage executed by the SAN MAURICIO MINING COMPANY in favor of the REHABILITATION FINANCE CORPORATION on August 10, 1951, under faith of Notary Public Felipe Cuaderno, Jr. of Manila and entered as Doc. No. 164; Page No. 47; Book No. XIII, Series of 1951, of said officer's notarial register;

"That for and in consideration of the amount of TWO HUNDRED THOUSAND PESOS (P200,000.00), Philippine Currency, to be paid by the NATIONAL SHIPYARDS AND STEEL CORPORATION, a corporation organized and existing under and by virtue of the laws of the Philippines, with office at Engineer

Island, Port Area, Manila, the SAN MAURICIO MINING COMPANY, convey unto the NATIONAL SHIPYARDS AND STEEL CORPORATION, any and all of its rights, participations, equities and interests in and to those twenty (20) mining claims located on the parcels of land itemized and described in Annex 'A' of this instrument, as well as to all those improvements erected and existing thereon more specifically itemized and described in Annex 'B' hereof;

"It is a specific condition of this instrument that the consideration of TWO HUNDRED THOUSAND PESOS (P200,000.00), Philippine Currency, will be paid to the REHABILITATION FINANCE CORPORATION against a corresponding deduction of an equivalent amount from the indebtedness of the SAN MAURICIO MINING COMPANY to the REHABILITATION FINANCE CORPORATION which is secured by the Deed of Mortgage above recited.

"It is further a condition of this instrument that upon the payment to the REHABILITATION FINANCE CORPORATION of the amount of TWO HUNDRED THOUSAND PESOS (P200,000.00), the REHABILITATION FINANCE CORPORATION will release the mining claims located on those parcels of land described in Annex 'A' as well as the improvements erected and existing thereon itemized and described in Annex 'B' hereof, from the mortgage liability.

"The SAN MAURICIO MINING COMPANY shall forthwith, after such payment by the NATIONAL SHIPYARDS AND STEEL CORPORATION and release by the REHABILITATION FINANCE CORPORATION, waive unto and in favor of the NATIONAL SHIPYARDS AND STEEL CORPORATION any and all of its rights, title and interests in and to those Twenty (20) mining claims located on the parcels of land described in Annex 'A' as well as those buildings and improvements recited in Annex 'B' hereof.

"IN TRUTH WHEREOF, A. L. Velilla and F. H. Burgess, Director and Secretary and Treasurer, respectively, of the SAN MAURICIO MINING COMPANY, duly authorized to represent said company for this purpose, have hereunto signed this instrument on this 19th day of November, 1957, at Manila, Philippines.

SAN MAURICIO MINING

COMPANY

(VENDOR)

By:

(SIGNED)

A.L. VELILLA

Director and Secretary

F. H. BURGESS

Treasurer

SIGNED IN THE PRESENCE OF:

(SGD.) ILLEGIBLE

(SGD.) ILLEGIBLE

"ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES) S.S.

CITY OF MANILA)

"Before me, a notary public in and for the City of Manila, personally appeared on this 19th day of November, 1957, A. L. Velilla with Residence Certificate No. A-0113642, issued at Manila on January 18, 1957, and F. H. Burgess with Residence Certificate No. A-0188950, issued at Manila on January 22, 1957, in their capacities as Director and Secretary and Treasurer, respectively, of San Mauricio Mining Company, the vendor herein, to me known and known to me to be the same persons who executed the foregoing Deed of Absolute Sale and who acknowledged to me that they did so as their free and voluntary act and deed as well as the free and voluntary act and deed of the corporation they represent they being duly authorized so to do for the uses and purposes therein mentioned.

"WITNESS my hand and the official seal on the date and at the place first above-mentioned.

(SGD.) MELCHOR R. FLORES

Notary Public

Until December 31, 1958"

cannot constitute a denial neither of due process nor of an opportunity on the part of petitioners to be heard as to the true import thereof.

(1) The document in question was petitioners' main actionable document to bolster their defense that therein or together therewith there was a collateral agreement that NASSCO would resell "surface" rights to them. Accordingly, the bringing out of the said document by any party at any later stage of the proceedings could not have caught petitioners by surprise. Indeed, under the rules, petitioners should have attached the same to their answer. (Section 7, Rule 8) Instead, in an allegation which, to put it mildly, could mislead any court, in paragraph XXVIII of their answer they alleged, in relation to the deed of November 19, 1957 in question, the following:

"That on November 19, 1957, defendant SAN MAURICIO MINING COMPANY executed in favor of NASSCO a Deed of Absolute Sale of the surface rights over 144.62 hectares of land covering its twenty mineral claims in Jose Panganiban, Camarines Norte, together with all the improvements thereon, subject to a collateral understanding between them to the effect that when NASSCO stops the operation of the smelting plant thereon, or, abandons the site, SAN MAURICIO would have the first option to reacquire from NASSCO the surface rights over its said mineral claims and all the improvements thereon." (Underscoring Ours)

thereby referring very distinctly and definitely to the object of the transaction as only "surface rights", when the naked truth is that the text of the agreement, as can be read above does not even mention surface rights anywhere within its four corners.

If, as petitioners now contend, they could have shown at the trial that the said document did not express the true intent and agree-ment of the parties they should have made such allegation then, were they really candid with the court. Under the parol evidence rule, such allegation of failure of a document to express the true intent of the parties must be alleged in the pleadings as an indispensable predicate for the presentation of any evidence to such effect. And it is not sufficient excuse for the omission of petitioners to make such allegation in their answer that in its own complaint Smelters pre-mised its causes of action on the deeds of November 23, 1973 (Exh. C-2) and June 26, 1975 (Exh. C-8) therein referred to, for evidently, as We understand respondent's theory in its complaint, the reference to said later documents was made only as premise in order to attack their intrinsic legal import in the light of Proclamation 500 and Presidential Decree 837, and, alternatively, albeit hypothetically, to invoke the right of the government therein to withdraw what had been reconveyed to petitioners by NASSCO thereunder.

Certainly, the essence of denial of due process cannot contemplate a situation wherein the party who has knowledge of and holds a document that would bring out the truth as to a given situation withholds such document, whether as a matter of forensic strategy or bad faith. Due process is no more than the indispensability

of fairness and opportunity to be heard. Understandably then, it cannot be pretended that there has been denial thereof in a situation where precisely, as a matter of candidness and honesty to the court, the party claiming to be aggrieved is the one who for tactical reasons or otherwise is the one guilty of not disclosing to the court the vital document that contains the most conclusive evidence regarding the matter in dispute.

(2) As held in Our decision, it is to Us, at most of only secondary significance to dwell on the issue of whether or not the said 1973 and 1975 documents were approved by the Office of the President, albeit Our appraisal of the evidence, with due respect to the arguments of distinguished counsel of petitioners, that Secretary Ronaldo Zamora's signature is a forgery and the alleged approval supposedly signed by Secretary Roberto Reyes has not been satisfactorily proven. And truth to tell, We are in the dark as to how those latter documents came to mention "surface rights". The only explanation We could gather from the record, and in the absence of direct evidence on the part of petitioners that the 1957 document did not intend to mean what it says, is that the government officials who took part in the preparation of the 1973 and 1975 documents invoked by petitioners acted on the basis of an erroneous assumption, which error cannot in law bind the state on a matter adversely affecting the proprietary rights of the government.

(3) To Our mind, the contention of petitioners' counsel that the subsequent acts of NASSCO prove the failure of the 1957 document to express the true intent of the parties cannot be better supported in a new trial, since under the provisions of Proclamation 500, NASSCO was a mere administrator of the properties in question and any actuation thereof bartering away the rights of the state under the clear terms of the 1957 document cannot be but *ultra vires*, if not erroneous, hence not binding on the government and people of the Philippines.

(4) Indeed, it may be noted that seemingly, Smelters' position in the latter stages of the proceedings appear rather variant from the allegations in its complaint, but We are not told and We have not found in the record any indication that such change or alteration, if there was in essence any, of Smelters' fundamental causes of action, was ever objected to by petitioners, so much so that when, quite unnecessarily (from the point of view of Section 5 of Rule 10 providing that "failure to so amend does not affect the result of the trial of these issues"), respondent filed a motion to amend its complaint in order to make a portion thereof conform with the evidence it had unopposedly offered, no wonder said motion for such amendment was allowed.

(5) As to the prayer that these cases be referred to the Court en banc on the ground that a question of unconstitutionality is involved, it is quite clear, as We have already explained, that the factual premises for the attack on constitutional grounds has not been established by petitioners. In other words, Our conclusions of fact that the properties in question, including the mines, were acquired by NASSCO on November 19, 1957 and was never reacquired validly by petitioners leads necessarily to the conclusion that P.D. 837 does not deprive the petitioners of any property at all. In other words, the premise for the issue of whether or not P.D. 837 is unconstitutional to arise has not been established.

The long and short of the merits of these cases is that petitioners would want Us to hold, without complying with the prerequisites of the rule on pleadings on the point, and without convincing evidence before Us or any that they could possibly present in a new trial,[1] that Presidential Decree No. 837 deprives them of property without due process of law. Indeed, there would have been such deprivation, if from the evidence on record it appeared convincingly that the properties in dispute were still owned by petitioners when P.D. 837 was issued. But as We have found and explained above, such is not the fact. By the Deed of Absolute Sale of November 19, 1957, petitioners sold their mining rights to NASSCO. Petitioners omitted to allege and prove at the trial that said document did not mean what it says. And now, on the basis of subsequent actuations of officials which We hold to be *ultra vires*, petitioners claim the said properties were reconveyed to them. Verily, petitioners have the right to contend and argue that their evidence proves their position, but We reject any attempt to impose upon this

Court a theory that is plainly wanting in basis under the rules of pleading and evidence. The resort to the basic principle of right to be heard and denial of due process, as We have already explained, lacks basis. As We see it, petitioners are now trying desperately to make it appear that legally the production of the Deed of Absolute Sale of November 19, 1957 which reveals what really was acquired by NASSCO thereunder was only surface rights was incum-bent upon Smelters. We cannot agree. Without necessarily accusing petitioners of bad faith, it is to Our mind indisputable that even dis-regarding the rule on actionable documents, if only as a matter of fair play and placing all cards on the table without any hidden ace, petitioners should have revealed to the trial court said document by properly attaching or copying the same in their answer, with the appropriate allegation, if such is indeed what happened, that the same failed to express the real intent of the parties, and thereafter supporting such allegation by competent evidence. It is too late in the day now to correct that omission by beclouding the issue with an invocation of denial of an opportunity to be heard, which, to be sure, they were the ones who refrained to avail of such opportunity to themselves for reasons of their own.

Premises considered, the subject motion for reconsideration of petitioners is hereby DENIED for lack of merit, and if the Court has taken pains in this resolution to once more discuss the same issues already raised before Our decision was rendered, it is only to place said decision in clearer light and to set aright, if possible, petitioners' perspectives in regard thereto.

This denial is FINAL.

Concepcion, Jr., Abad Santos, and De Castro, JJ., concur.

Aquino, J., did not take part.

Fernandez, J., was designated to sit in the Second Division.

[1] A careful reading of petitioners' brief and motion for reconsideration and rejoinder indicates that they rely mostly on documents already in evidence and which We say are ultra vires, hence no amount of supposed admissions of Smelters or Nassco in regard thereto can in law improve their invalidity and inefficacy, the object or subject matter in issue herein being portions of the public domain.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.