

**CITY OF ILIGAN, PLAINTIFF-APPELLANT, VS. DIRECTOR OF LANDS,
THE DISTRICT LAND OFFICER OF LANA DEL NORTE, AND
MARCELO STEEL CORPORATION, DEFENDANTS-APPELLEES.***G.R. No. L-30852. February 26, 1988*

Ponente: GANCAYCO, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/6f5cddae3688/>**GANCAYCO, J.:**

On August 9, 1952 the President of the Philippines issued Proclamation No. 335 whereby pursuant to the provision of Section 88 of Commonwealth Act (CA) 141 as amended, upon recommendation of the Secretary of Agriculture and Natural Resources, he withdrew from sale or settlement and reserved for the use of the National Power Corporation (NPC) certain parcels of the public domain situated at Iligan City and more particularly described in the Bureau of Lands Plan No. IR-1028[1]. These parcels of land comprise the Camp Overton Military Reservation which was turned over to the Republic of the Philippines in 1949.

In the meanwhile, the NPC, a public corporation duly organized and existing under and by virtue of Commonwealth Act No. 120, as amended, and Executive Order No. 399 the latter known as the "Uniform Charter for Government Corporations", constructed a fertilizer plant known as Maria Cristina Fertilizer Plant within the reservation covered by Proclamation 335, series of 1952.

On September 15, 1960, under a "Deed of Sale with First Real Estate and Chattel Mortgage" the NPC sold, ceded, transferred and conveyed to Marcelo Tire and Rubber Corporation the Maria Cristina Fertilizer Plant with all appurtenant machineries, equipment, buildings, quarters, structures, etc., "including the right of occupancy and use of the land" described in Proclamation 335, Series of 1952; and further covenanted to "collaborate with the Department of Agriculture and Natural Resources in facilitating the outright sale and/or right to lease for at least 25 years, renewable for another 25 year, the lands wherein the properties of the Maria Cristina Fertilizer Plant are erected, located and/or situated."[2]

Proclamation No. 20, Series of 1962, and Proclamation 198, Series of 1964, were subsequently issued, the first, excluding from the operation of Proclamation No. 335, Series of 1952, certain areas occupied by the Maria Cristina Fertilizer Plant and the Employees Housing Compound, and declaring the same open to disposition under the provisions of Public Land Act and, the second, changing the technical description of said excluded areas. The six (6) lots covered by and described in Proclamation 198 all begin with SGS 2430 (Marcelo Steel Corporation)".[3]

On March 17, 1964, the Marcelo Steel Corporation and/or the Maria Cristina Fertilizer Plant, through the President, Jose P. Marcelo filed in the Bureau of Lands a Miscellaneous Sales Application for tracts of lands containing an area of 356,347 square meters for industrial purposes.[4] Attached to the application which later came to be No. V-81763 was a plan (Exh. 3-c) which contains, among other information, the identifying mark "SGS-2430" at the lower right corner. The Marcelo Tire and Rubber Corporation and Maria Cristina Fertilizer Plant are sister corporations. The purchaser of the fertilizer plant was the Marcelo Tire and Rubber Corporation

but it was another sister enterprise, the Marcelo Steel Corporation which operated and managed the aforesaid plant up to September 30, 1964.

In a notice of sale of public lands issued in Manila on September 30, 1964, the Director of Lands advised the public that the Bureau of Lands of Iligan City will sell to the highest qualified bidder at 10:00 A.M. on December 29, 1965 the tract of land covered by Miscellaneous Sales application No. V-81763 of the Marcelo Steel Corporation.[5]

On October 5, 1965, the President of the Philippines issued Proclamation No. 469 providing "Upon recommendation of the Secretary of Agriculture and Natural Resources and pursuant to the provision of Section 88 of C.A. No. 141, I, Diosdado Macapagal, President of the Philippines, do hereby exclude from the reservation made in favor of the National Power Corporation existing under Proclamation No. 335, Series of 1952, and Proclamation No. 20, Series of 1962, as amended by Proclamation No. 198, Series of 1964, situated in Iligan City, certain parcels of land embraced therein." Lots 1, 1-a, 3 and 4, containing approximately an area of 29,681 square meters are described therein. The Proclamation further stated "that upon the recommendation of the Secretary of Agriculture and Natural Resources and pursuant to Section 60 of C.A. No. 141, I do hereby grant, donate and transfer the aforementioned parcels of land including the foreshores thereof, in favor of Iligan City." [6]

On October 22, 1965, the Mayor of Iligan City wrote the Director of Lands to inform him that the City of Iligan is the owner in fee simple of Lots 1, 1-a, 3 and 4 including the foreshores thereof by virtue of Proclamation No. 469, Series of 1965, and requesting that the said property be excluded from the proposed auction sale." [7] No action was taken on this request for exclusion.

Hence, on December 23, 1965, the City of Iligan filed a complaint for injunction with preliminary injunction in the Court of First Instance of Lanao del Norte against the Director of Lands, District Land Officer of Lanao del Norte and the Marcelo Steel Corporation to enjoin and stop the sale and/or disposition of the aforescribed parcels of land.

On December 28, 1965, a preliminary injunction was issued by the court as prayed for in the complaint.

On August 25, 1966, President Ferdinand Marcos issued Proclamation No. 94 "excluding from the operation of Proclamation No. 469 dated October 4, 1965 certain portions of the land embraced therein, situated in Iligan City and declaring the same open to disposition under the provisions of Public Land Act." Said portions of land, as described therein are Lots 1-a, 2-a and 3 of the parcels of land in question.[8]

On April 13, 1967, after the trial on the merits, the court rendered its decision dismissing the complaint and dissolving the writ of preliminary injunction of December 28, 1965 with costs against the plaintiff Iligan City.

An appeal therefrom was interposed by the City of Iligan to the Court of Appeals wherein in due course a Resolution of July 8, 1969 was issued wherein the records of the case were certified to this Court as the issue of the validity of any executive order and the errors or the questions of the law raised are within the exclusive jurisdiction of this Court.

In this proceeding, the plaintiff-appellant raises the following assignment of errors:

"I.

THAT THE TRIAL COURT ERRED IN HOLDING THAT THE PRESIDENT OF THE PHILIPPINES DOES NOT HAVE THE POWER TO GRANT A PORTION OF THE PUBLIC DOMAIN TO ANY GOVERNMENT ENTITY LIKE THE CITY OF ILIGAN AND THAT THEREFORE THERE WAS NO GRANT TO THE CITY OF ILIGAN.

II.

THAT THE LOWER COURT ERRED IN NOT HOLDING THAT OWNERSHIP HAD ALREADY VESTED IN THE CITY OF ILIGAN.

“III.

THAT THE LOWER COURT ERRED IN NOT HOLDING THAT PROCLAMATION NO. 94, s. 1966 WAS ILLEGAL AND VOID FOR BEING CONTRARY TO THE PROVISIONS OF SECTION 60 OF COMMONWEALTH ACT NO. 141.

“IV.

THAT THE LOWER COURT ERRED IN NOT HOLDING THAT UNDER THE PUBLIC LAND LAW AND REPUBLIC ACT NO. 274, THE CONTROVERTED LANDS MAY NOT BE OPENED TO DISPOSITION BECAUSE THEY ARE NEEDED FOR PUBLIC PURPOSES AND BECAUSE SUCH DISPOSITION WOULD BE DETRIMENTAL TO PUBLIC INTEREST."

Under the first assigned error the plaintiff assails the ruling of the court a quo that "Proc. No. 469 did not confer a title to the City of Iligan because the donation made by the President is not at all sanctioned by the Public Land Act. The plaintiff should have applied for it under any of the ways provided by said law." [9]

Section 60 of C.A. No. 141 provides as follows:

"Sec. 60. Any tract of land comprised under this title may be leased or sold, as the case may be, to any person, corporation, or association authorized to purchase or lease public lands for agricultural purposes. The area of the land so leased or sold shall be such as shall, in the judgment of the Secretary of Agriculture and Natural Resources, be reasonably necessary for the purposes for which such sale or lease is requested, and shall in no case exceed one hundred forty-four hectares; Provided, however, That this limitation shall not apply to grants, donations, or transfers made to a province, municipality, or branch or subdivision of the Government for the purposes deemed by said entities conducive to the public interest; but the land so granted, donated, or transferred to a province, municipality, or branch or subdivision of the Government shall not be alienated, encumbered, or otherwise disposed of in a manner effecting its title, except when authorized by Congress; Provided, further, That any person, corporation, association, or partnership disqualified from purchasing public land for agricultural purposes under the provisions of this Act, may lease land included under this title suitable for industrial or residential purposes referred to. (As amended by Rep. Act 4107, approved June 19, 1964)"

Section 60 aforesaid falls under Title 3 of the Public Land Act referring to "Lands for residential, commercial or industrial purposes or other similar purposes."

Any of the said tracts of land can be disposed either by lease or sale to any person, corporation or association authorized to purchase or lease public lands for agriculture purposes with an area not exceeding 144 hectares, when in the judgment of the Secretary of Agriculture and Natural Resources it reasonably for the purposes for which the sale or lease is made. It may also be disposed of by grant, donation, or transfer made to a province, municipality, branch or subdivision of the government for purposes conducive to the public interest by said entities without any limitations to area.

The question that arises is who has the authority to donate the said public land to such a province, municipality, branch or subdivision of the government?

Under Section 60 aforesaid, the lease or sale of any tract of land comprised under the said title may be leased or sold by the Secretary of Agriculture and Natural Resources thru the Director of Lands who acts under his immediate control.[10] The limitation is that the area to be sold or leased shall not exceed 144 hectares.[11] However, it is also provided therein that the limitation shall not apply to grants, donations or transfers made to a province, municipality or branch or subdivision of the government for the purposes deemed by said entities conducive to the public interest.[12] It logically follows therefore that when it is a grant, donation or transfer made to a province, municipality or branch or subdivision, as aforesaid the same may also be made by the Secretary of Agriculture and Natural Resources thru the Director of Lands.

However, if such grant, donation or transfer it is desired to alienate, encumber or otherwise dispose of the property effecting its title, such disposition must be upon authority of Congress.[13]

The next question that arises is whether the President of the Philippines can make such grant, donation or transfer to a province, municipality or subdivision of the government for the purpose as provided and in accordance with Section 60 aforesaid of the Public Land Act instead of the Director of Lands and/or the Secretary of Agriculture and Natural Resources. The answer should be in the affirmative. As herein before stated the Secretary of Agriculture and Natural Resources is the executive officer charged with the duty of carrying out the provision of the Public Land Act thru the Director of Lands who acts under his immediate control.[14]

Section 4 thereof, also provides:

"Sec. 4. Subject to said control, the Director of Lands shall have direct executive control of the survey, classification, lease, sale or any other form of concession or disposition and management of the lands of the public domain and his decisions as to questions of fact shall be conclusive when approved by the Secretary of Agriculture and Natural Resources."

Since it is the Director of Lands who has direct executive control among others in the lease, sale or any form of concession or disposition of the land of the public domain subject to the immediate control of the Secretary of Agriculture and Natural Resources, and considering that under the Constitution the President of the Philippines has control over all executive departments, bureaus, and offices, etc.,[15] the President of the Philippines has therefore the same authority to dispose of portions of public domain as his subordinates, the Director of Lands, and his alter ego the Secretary of Agriculture and Natural Resources.[16]

Such power of the President is recognized under Section 69 aforesaid of the Public Land Act as it provides:

"Sec. 69. When ever any province, municipality, or other branch or subdivision of the Government shall need any portion of the land of the public domain open to concession for educational, charitable, or others similar purposes, the President, upon recommendation of the Secretary of Agriculture and Natural Resources, may execute contracts in favor of the same, in the form of donation, sale, lease, exchange, or any other form, under terms, and conditions to be inserted in the contract; but land to be granted shall in no case be encumbered or alienated, except when the public service requires their being leased or exchanged, with the approval of the President, for other lands belonging to private parties, or if the Congress disposes otherwise."

From the foregoing provision it is clear that the President of the Philippines may execute contracts in favor of any province, municipality or other branch or subdivision of the government who shall need any portion of the land of the public domain open to concession for educational, charitable or other similar purposes, in the form of donation, sale, lease, exchange, or any other form.

Having found that the President of the Philippines has the authority to donate or grant lands of the public domain for residential, commercial or industrial purposes or other similar purposes, Proclamation No. 469, donating the parcels of lands in question to the plaintiff is thus valid and binding and consequently the second assigned error is

well taken. The ownership of the parcels of land in question had thereby been vested in the plaintiff City of Iligan by the issuance of said Proclamation No. 469 on October 4, 1965. Indeed what the records show is that the Mayor of the City of Iligan upon said proclamation immediately had the lots surveyed and entered into negotiation with the National Investment & Development Corporation and those interested in promoting a coco-chemical plant in Iligan City with the end in view of accelerating the economic expansion of the City.[17]

The observation of the court a quo that this land grant to the plaintiff City of Iligan is not valid and that plaintiff should have filed the appropriate public land application by way of lease or sale as provided by the Public Land Act has no lawful basis.

As the said parcels of land had since been segregated from the land of the public domain and became of the exclusive ownership and property of the plaintiff as of October 4, 1965, Proclamation No. 94 of August 25, 1966 of President Ferdinand E. Marcos excluding from the operation of said Proclamation No. 469 dated October 4, 1965 and declaring the same open to dispositions Lots 1-a, 2-a and 3 is null and void and of no force and effect. Under Section 60 aforecited it is specifically provided that "the land so granted, donated or transferred to a province, municipality or branch or subdivision of the government shall not be alienated, encumbered or otherwise disposed of in a manner affecting its title, except when authorized by Congress x x x x."

From the foregoing, it is clear that it is only Congress not the President of the Philippines that may authorize the alienation, encumbrance or disposition of such land already donated to a province, municipality or branch or subdivision of the government. This disposes of the third assigned error.

In the light of the foregoing, the fourth and last assigned error needs no further discussion. There is no more legal obstacle to the economic development of the City of Iligan now that the cloud over its title to the parcels of land in question has been cleared.

WHEREFORE, the decision of the Court of First Instance of Iligan dated April 13, 1967 is hereby REVERSED and SETASIDE and another judgment is hereby rendered declaring that the parcels of land in question are the properties of and belong to the plaintiff Iligan City by virtue of Proclamation No. 469 of October 4, 1965. No pronouncement as to costs.

SO ORDERED.

Teehankee, C.J., Narvasa, Cruz, and Griño-Aquino, JJ., concur.

[1] Exhibit 5.

[2] Exhibit 1

[3] Exhibit 2.

[4] Exhibit 3.

[5] Exhibits E & 8.

[6] Exhibit B.

[7] Exhibit C.

[8] Exhibit 4

[9] Page 45 R.A.; P. 34 Rollo.

[10] Section 3, Commonwealth Act No. 141, as amended.

[11] Section 60, *supra*.

[12] *Supra*.

[13] *Supra*.

[14] Section 3, Public Land Act.

[15] Section 10, Article 7, 1935 Constitution; Section 70, Article 7 of the 1987 Constitution.

[16] *Villena vs. Secretary of Interior*, 67 Phil. 464; *Araneta vs. Hon. M. Gatmaitan*, 101 Phil. 328, 345-346.

[17] Page 40 Republic Act, Page 34, Rollo.

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.