

REGISTER OF DEEDS OF MANILA, PETITIONER AND APPELLEE, VS. CHINA BANKING CORPORATION, RESPONDENT AND APPELLANT.*G.R. No. L-11964. April 28, 1962*

Ponente: DIZON, J.

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Appeal from a resolution of the Land Registration Commission holding "that the deed of transfer in favor of an alien bank, subject of the present Consulta, is unregistrable for being in contravention of the Constitution of the Philippines".

In an information filed on June 16, 1953 in the Court of First Instance of Manila (Criminal Case No. 22908) Alfonso Pangilinan and one Guillermo Chua were charged with qualified theft, the money involved amounting to P275,000.00. On September 18, 1956, Pangilinan and his wife, Belen Sta. Ana, executed a public instrument entitled deed of transfer whereby, after admitting his civil liability in favor of his employer, the China Banking Corporation, in relation to the offense aforesaid, he ceded and transferred to the latter, in satisfaction thereof, a parcel of land located in the City of Manila, registered in the name of "Belen Sta. Ana, married to Alfonso Pangilinan" (Transfer Certificate of Title No. 32230). On October 24, 1956 the deed was presented for registration to the Register of Deeds of the City of Manila, but because the transferee—the China Banking Corporation—was alien-owned and, as such, barred from acquiring lands in the Philippines in accordance with the provisions of Section 5, Article XIII of the Constitution of the Philippines, said officer submitted the matter of its registration to the Land Registration Commission for resolution. After granting the parties concerned ample opportunity to submit their views upon the issue, the Commission issued the resolution appealed from.

Plainly stated, the question before Us is whether appellant—an alien-owned bank—can acquire ownership of the residential lot covered by Transfer Certificate of Title No. 32230 by virtue of the deed of transfer mentioned heretofore (Vide pages 1—6 of the Record on Appeal).

Maintaining the affirmative, appellant argues that: (a) the temporary holding of land by an alien-owned commercial bank under a public instrument such as the deed of transfer in question "bears no reasonable connection with the constitutional purpose" underlying the provisions of Section 5, Article XIII of the Constitution of the Philippines; hence, such holding or acquisition "was not within the contemplation of the framers of the Constitution"; (b) by judicial as well as by executive-administrative and legislative construction, the constitutional prohibition against alien landholding does not preclude enjoyment by aliens of temporary rights in land; and (c) under the provisions of Section 25 of Republic Act No. 337 (General Banking Act) an alien or an alien-owned commercial bank may acquire land in the Philippines subject to the obligation of disposing of it within 5 years from the date of its acquisition.

Upon the other hand, the argument supporting the appealed resolution is that the privilege of acquiring real estate granted to commercial banks under the provisions of Section 25 of Republic Act No. 337 was not intended as an amendment, much less as a nullification of the constitutional prohibition against alien acquisition of lands in the

Philippines, the same being merely an exception to the general rule, under existing banking and corporation laws, that banks and corporations can engage only in the particular business for which they were specifically created; that a mere statute, like the republic act relied upon by appellant, cannot amend the Constitution; that in connection with the particular constitutional prohibition involved herein, it is the character and nature of the possession—whether in strict ownership or otherwise—and not the length of possession that is material, the result being that, if real property is to be held in ownership, an alien may not legally do so even for a single day.

After considering the arguments adduced by appellant in its brief, jointly with those expounded in the briefs submitted by Alfonso Ponce Enrile and William H. Quasha and Associates, as amici curiae, on the one hand, and, on the other, those relied upon in the brief submitted by the Office of the Solicitor General on behalf of the Commission, we are inclined to uphold, as we do uphold, the appealed resolution.

To support its view appellant relies particularly upon paragraphs (c) and (d), Section 25 of Republic Act 337 which reads as follows:

"SEC. 25. Any commercial bank may purchase, hold, and convey real estate for the following purposes:

"* * * * *

"(c) Such as shall be conveyed to it in satisfaction of debts previously contracted in the course of its dealings;

"(d) Such as it shall purchase at sales under judgments, decrees; mortgages, or trust deeds held by it and such as it shall purchase to secure debts due to it.

"But no such bank shall hold the possession of any real estate under mortgage or trust deed, or the title and possession of any real estate purchased to secure any debt due to it, for a longer period than five years."

Assuming, arguendo, that under the provisions of the aforesaid Act any commercial bank, whether alien-owned or controlled or not, may purchase and hold real estate for the specific purposes and in the particular cases enumerated in Section 25 thereof, we find that the case before Us does not fall under anyone of them.

Paragraph (c), Section 25 of Republic Act-337 allows a commercial bank to purchase and hold such real estate as shall be conveyed to it in satisfaction of debts previously contracted in the course of its dealings. We deem it quite clear and free from doubt that the "debts" referred to in this provision are only those resulting from previous loans and other similar transactions made or entered into by a commercial bank in the ordinary course of its business as such. Obviously, whatever "civil liability"—arising from the criminal offense of qualified theft—was admitted in favor of appellant bank by its former employee, Alfonso Pangilinaiv was not a debt resulting from a loan or a similar transaction had between the two parties in the ordinary course of banking business.

Neither do the provisions of paragraph (d) of the same section apply to the present case because the deed of transfer in question can in no sense be considered as a sale made by virtue of a judgment, decree, mortgage, or trust deed held by appellant bank. In the same manner it can not be said that the real property in question was purchased by appellant "to secure debts due to it", considering that, as stated heretofore, the term debt employed in the pertinent legal provision can logically refer only to such debts as may become payable to appellant bank as a result of a banking transaction.

That the constitutional prohibition under consideration has for its purpose the preservation of the patrimony of the nation can not be denied, but appellant and the amici curiae claim that it should be liberally construed so that the prohibition be limited to the permanent acquisition of real estate by aliens—whether natural or juridical persons. This, of course, would make legal the ownership acquired by appellant bank by virtue, of the deed of transfer mentioned heretofore, subject to its obligation to dispose of it in accordance with law, within 5 years from the

date of its acquisition. We can not give assent to this contention, in view of the fact that the constitutional prohibition in question is absolute in terms. We have so held in *Ong Sui Si Temple vs. The Register of Deeds of Manila* 97 Phil., 58; 50 Off. Gaz., [6] 2866 where we said, inter alia, the following:

"We are of the opinion that the Court below has correctly held that in view of the absolute terms of section 5, Title XIII, of the Constitution, the provisions of Act 271 of the old Philippine Commission must be deemed repealed since the Constitution was enacted, in so far as incompatible therewith. In providing that

'Save in cases of hereditary succession, no private agricultural land shall be transferred or assigned except to individuals, corporations or associations qualified to acquire the lands of the public domain in the Philippines',

the Constitution makes no exception in favor of religious associations. Neither is there any such saving found in Sections 1 and 2 of Article XIII, restricting the acquisition of public agricultural lands and other natural resources to 'corporations or associations at least sixty per centum of the capital of which is owned by such citizens' (of the Philippines)." (Italics ours)

Even in the case of *Smith Bell & Co. vs. Register of Deeds of Davao* (96 Phil. 53, 50 Off. Gaz. 5239) where a lease of a parcel of land for a total period of 50 years in favor of an alien corporation was held to be registerable, the reason we gave for such ruling was that a lease—unlike a sale—does not involve the transfer of dominion over the land, the clear implication from this being that transfer of ownership over land, even for a limited period of time, is not permissible in view of the constitutional prohibition. The reason for this is manifestly the desire and purpose of the Constitution to place and keep in the hands of the people the ownership over private lands in order not to endanger the integrity of the nation. Inasmuch as when an alien buys land he acquires and will naturally exercise ownership over the same, either permanently or temporarily, to that extent his acquisition jeopardizes the purpose of the Constitution. Some may say that this construction is too narrow and unwise; to this we answer that it is not our privilege to determine the wisdom or lack of wisdom of this constitutional mandate. It is, rather, Our sworn duty to enforce it free from qualifications and distinctions that tend to render futile the constitutional intent.

Wherefore, the resolution appealed from is hereby affirmed, with costs.

Bengzon, C. J., Bautista Angelo, Concepcion, Reyes, J. B. L., Barrera, and Paredes, JJ., concur.

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