

**REPUBLIC OF THE PHILIPPINES AND/OR THE SOLICITOR GENERAL,
PETITIONERS, VS. WILLIAM H. QUASHA, RESPONDENT.***G.R. No. L-30299. August 17, 1972*

Ponente: REYES, J.B.L., J.

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This case involves a judicial determination of the scope and duration of the rights acquired by American citizens and corporations controlled by them, under the Ordinance appended to the Constitution as of 18 September 1946, or the so-called Parity Amendment.

The respondent, William R. Quasha, an American citizen, had acquired by purchase on 26 November 1954 a parcel of land with the permanent improvements thereon, situated at 22 Molave Place, in Forbes Park, Municipality of Makati, Province of Rizal, with an area of 2,616 sq. m. more or less, described in and covered by T.C.T. 36862. On 19 March 1968, he filed a petition in the Court of First Instance of Rizal, docketed as its Civil Case No. 10732, wherein he (Quasha) averred the acquisition of the real estate aforesaid; that the Republic of the Philippines, through its officials, claimed that upon expiration of the Parity Amendment on 3 July 1974, rights acquired by citizens of the United States of America shall cease and be of no further force and effect; that such claims necessarily affect the rights and interest of the plaintiff, and that continued uncertainty as to the status of plaintiff's property after 3 July 1974 reduces the value thereof, and precludes further improvements being introduced thereon, for which reason plaintiff Quasha sought a declaration of his rights under the Parity Amendment, said plaintiff contending that the ownership of properties during the effectivity of the Parity Amendment continues notwithstanding the termination and effectivity of the Amendment.

The then Solicitor General Antonio P. Barredo (and later on his successors in office, Felix V. Makasiar and Felix Q. Antonio) contended that the land acquired by plaintiff constituted private agricultural land and that the acquisition violated section 5, Article XIII, of the Constitution of the Philippines, which prohibits the transfer of private agricultural land to non-Filipinos, except by hereditary succession; and assuming, without conceding, that Quasha's acquisition was valid, any and all rights by him so acquired "will expire ipso facto and ipso jure at the end of the day on 3 July 1974, if he continued to hold the property until then, and will be subject to escheat or reversion proceedings" by the Republic.

After hearing, the Court of First Instance of Rizal (Judge Pedro A. Revilla presiding) rendered a decision, dated 6 March 1969, in favor of plaintiff, with the following dispositive portion:

WHEREFORE, judgment is hereby rendered declaring that acquisition by the plaintiff on 26 November 1954 of, the private agricultural land described in and covered by Transfer Certificate of Title No. 36862 in his name was valid, and that plaintiff has a right to continue in ownership of the said property even beyond July 3, 1974."

Defendants appealed directly to this Court on questions of law, pleading that the court below erred:

- (1) In ruling that under the Parity Amendment American citizens and American owned and/or controlled

business enterprises "are also qualified to acquire private agricultural lands" in the Philippines; and

(2) In ruling that when the Parity Amendment ceases to be effective on 3 July 1974, "what must be considered to end should be the right to acquire land, and not the right to continue in ownership of land already acquired prior to that time.

As a historical background, requisite to a proper understanding of the issues being litigated, it should be recalled that the Constitution as originally adopted, contained the following provisions:

"Article XIII – CONSERVATION AND UTILIZATION OF NATURAL RESOURCES

"Section 1. All agricultural, timber, and mineral lands of the public domain, waters, minerals, coal, petroleum, and other mineral oils, all forces of potential energy, and other natural resources of the Philippines belong to the State, and their disposition, exploitation, development, or utilization shall be limited to citizens of the Philippines, or to corporations or associations at least sixty per centum of the capital of which is owned by such citizens subject to any existing right, grant, lease, or concession at the time of the inauguration of the Government established under this Constitution. Natural Resources, with the exception of public agricultural land, shall not be alienated, and no license, concession, or lease for the resources shall be granted for a period exceeding twenty-five years, renewable for another twenty-five years, except as to water right for irrigation, water supply, fisheries, or industrial uses other than the development of water power, in which cases beneficial use may be the measure and the limit of the grant.

"Section 2. No private corporation or association may acquire, lease, or hold public agricultural lands in excess of one thousand and twenty-four hectares, nor may any individual acquire such lands by purchase in excess of one hundred and forty-four hectares, or by lease in excess of one thousand and twenty-four hectares, or by homestead in excess of twenty-four hectares. Lands adapted to grazing, not exceeding two thousand hectares, may be leased to an individual, private corporation, or association."

* * * * *

"Section 5. Save in cases of hereditary succession, no private agricultural land shall be transferred or assigned except to individuals, corporations, or associations qualified to acquire or hold lands of the public domain in the Philippines."

"Article XIV – GENERAL PROVISIONS

"Section 8. No franchise, certificate, or any other form of authorization for the operation of a public utility shall be granted except to citizens of the Philippines or to corporations or other entities organized under the laws of the Philippines, sixty per centum of the capital of which is owned by citizens of the Philippines, nor shall such franchise, certificate, or authorization be exclusive in character or for a longer period than fifty years. No franchise or right shall be granted to any individual, firm, or corporation, except under the condition that it shall be subject to amendment, alteration, or repeal by the Congress when the public interest so requires."

The nationalistic spirit that pervaded these and other provisions of the Constitution are self-evident and require no further emphasis.

From the Japanese occupation and the reconquest of the Archipelago, the Philippine nation emerged with its industries destroyed and its economy dislocated. It was described in this Court's opinion in *Commissioner of Internal Revenue vs. Guerrero, et al.*, L-20942, 22 September 1967, 21 SCRA 181, 187, penned by Justice Enrique M. Fernando, in the following terms:

"It was fortunate that the Japanese Occupation ended when it did. Liberation was hailed by all, but the problems faced by the legitimate government were awesome in their immensity. The Philippine treasury was

bankrupt and her economy prostrate. There were no dollar-earning export crops to speak of; commercial operations were paralyzed; and her industries were unable to produce with mills, factories and plants either destroyed or their machineries obsolete or dismantled. It was a desolate and tragic sight that greeted the victorious American and Filipino troops. Manila, particularly that portion south of the Pasig, lay in ruins; its public edifices and business buildings lying in a heap of rubble and numberless houses razed to the ground. It was in fact, next to Warsaw, the most devastated city in the expert opinion of the then General Eisenhower. There was thus a clear need of help from the United States. American aid was forthcoming but on terms proposed by her government and later on accepted by the Philippines."

The foregoing description is confirmed by the 1945 Report of the Committee on Territories and Insular Affairs to the United States Congress:

"When the Philippines do become independent next July, they will start on the road to independence with a country whose commerce, trade and political institutions have been very, very seriously damaged. Years of rebuilding are necessary before the former physical conditions of the islands can be restored. Factories, homes, government and commercial buildings roads, bridges, docks, harbors and the like are in need of complete reconstruction or widespread repairs. It will be quite some while before the Philippines can produce sufficient food with which to sustain themselves.

"The internal revenues of the country have been greatly diminished by war. Much of the assessable property basis has been destroyed. Foreign trade has vanished. Internal commerce is but a fraction of what it use to be. Machinery, farming implements, ships, bus and truck lines, inter-island transportation and communications have been wrecked."

Shortly thereafter, in 1946, the United States 79th Congress enacted Public Law 3721, known as the Philippine Trade Act, authorizing the President of the United States to enter into an Executive Agreement with the President of the Philippines, which should contain a provision that –

"The disposition, exploitation, development, and utilization of all agricultural, timber, and mineral lands of the public domain, waters, minerals, coal, petroleum, and other mineral oils; all forces and sources of potential energy, and other natural resources of the Philippines, and the operation of public utilities shall, if open to any person, be open to citizens of the United States and to all forms of business enterprise owned or controlled, directly or indirectly, by United States citizens."

and that:

"The President of the United States is not authorized * * * to enter into such executive agreement unless in the agreement the Government of the Philippines * * * will promptly take such steps as are necessary to secure the amendment of the Constitution of the Philippines so as to permit the taking effect as laws of the Philippines of such part of the provisions of section 1331 * * * as is in conflict with such Constitution before such amendment."

The Philippine Congress, by Commonwealth Act No. 733, authorized the President of the Philippines to enter into the Executive Agreement. Said Act provided, inter alia, the following:

"ARTICLE VII

"1. The disposition, exploitation, development, and utilization of all agricultural, timber, and mineral, lands of the public domain, waters, mineral, coal, petroleum, and other mineral oils, all forces and sources of potential energy, and other natural resources of the Philippines, and the operation of public utilities, shall, if open to any person, be open to citizens of the United States and to all forms of business enterprise owned or controlled, directly or indirectly, by United States citizens, except that (for the period prior to the amendment of the Constitution of the Philippines referred to in Paragraph 2 of this Article) the Philippines shall not be required to

comply with such part of the foregoing provisions of this sentence as are in conflict with such Constitution.

"2. The Government of the Philippines will promptly take such steps as are necessary to secure the amendment of the Constitution of the Philippines so as to permit the taking effect as laws of the Philippines of such part of the provisions of Paragraph 1 of this Article as is in conflict with such Constitution before such amendment."

Thus authorized, the Executive Agreement was signed on 4 July 1946, and shortly thereafter the President of the Philippines recommended to the Philippine Congress the approval of a resolution proposing amendments to the Philippine Constitution pursuant to the Executive Agreement. Approved by the Congress in joint session, the proposed amendment was submitted to a plebiscite and was ratified in November of 1946. Generally known as the Parity Amendment, it was in the form of an Ordinance appended to the Philippine Constitution, reading as follows:

"Notwithstanding the provision of section one, Article Thirteen, and section eight, Article Fourteen, of the foregoing Constitution, during the effectivity of the Executive Agreement entered into by the President of the Philippines with the President of the United States on the fourth of July, nineteen hundred and forty-six, pursuant to the provisions of Commonwealth Act Numbered Seven hundred and thirty-three, but in no case to extend beyond the third of July, nineteen hundred and seventy-four, the disposition, exploitation, development, and utilization of all agricultural, timber, and mineral lands of the public domain, waters, minerals, coals, petroleum, and other mineral oils, all forces and sources of potential energy, and other natural resources of the Philippines, and the operation of public utilities, shall, if open to any person, be open to citizens of the United States and to all forms of business enterprise owned or controlled, directly or indirectly, by citizens of the United States in the same manner as to, and under the same conditions imposed upon, citizens of the Philippines or corporations or associations owned or controlled by citizens of the Philippines."

A revision of the 1946 Executive Agreement was authorized by the Philippines by Republic Act 1355, enacted on June, 1955. The revision was duly negotiated by representatives of the Philippines and the United States, and a new agreement was concluded of on 6 September 1955 to take effect on 1 January 1956, becoming known as the Laurel Langley Agreement.

This later agreement, however, has no direct application to the case at bar, since the purchase by herein respondent Quasha of the property in question was made in 1954, more than one year prior to the effectivity of the Laurel-Langley Agreement.

I

Bearing in mind the legal provisions previously quoted and their background, We turn to the first main issue posed in this appeal: whether under or by virtue of the so-called Parity Amendment to the Philippine Constitution respondent Quasha could validly acquire ownership of the private residential land in Forbes Park, Makati, Rizal, which is concededly classified private agricultural land.

Examination of the "Parity Amendment", as ratified, reveals that it only establishes an express exception to two (2) provisions of our Constitution, to wit: (a) Section 1, Article XIII, re disposition, exploitation, development and utilization of agricultural, timber and mineral lands of the public domain and other natural resources of the Philippines; and (b) Section 8, Article XIV, regarding operation of public utilities. As originally drafted by the framers of the Constitution, the privilege to acquire and exploit agricultural lands of the public domain, and other natural resources of the Philippines, and to operate public utilities, were reserved to Filipinos and entities owned or controlled by them: but the "Parity Amendment" expressly extended the privilege to citizens of the United States of America and/or to business enterprises owned or controlled by them.

No other provision of our Constitution was referred to by the "Parity Amendment"; not Section 2 of Article XIII

limiting the maximum area of public agricultural lands that could be held by individuals or corporations or associations; nor Section 5 restricting the transfer or assignment of private agricultural lands to those qualified to acquire or hold lands of the public domain (which under the original Section 1 of Article XIII meant Filipinos exclusively), save in cases of hereditary succession. These sections 2 and 5 were therefore left untouched and allowed to continue in operation as originally intended by the Constitution's framers.

Respondent Quasha argues that since the amendment permitted United States citizens or entities controlled by them to acquire agricultural lands of the public domain, then such citizens or entities became entitled to acquire private agricultural land in the Philippines, even without hereditary succession, since said section 5 of Article XIII only negates the transfer or assignment of private agricultural land to individuals or entities not qualified to acquire or hold lands of the public domain. Clearly, this argument of respondent Quasha rests not upon the text of the Constitutional Amendment but upon a mere inference therefrom. If it was ever intended to create also an exception to section 5 of Article XIII, why was mention therein made only of Section 1 of Article XIII and Section 8 of Article XIV and of no other? When the text of the Amendment was submitted for popular ratification, did the voters understand that three sections of the Constitution were to be modified, when only two sections were therein mentioned?

A reading of Sections 1 and 4 of Article XIII, as originally drafted by its framers, leaves no doubt that the policy of the Constitution was to reserve to Filipinos the disposition, exploitation, development or utilization of agricultural lands, public (section 1) or private (section 5), as well as all other natural resources of the Philippines. The "Parity Amendment" created exceptions to that Constitutional policy and in consequence to the sovereignty of the Philippines. By all canons of construction, such exceptions must be given strict interpretation; and this Court has already so ruled in *Commissioner of Internal Revenue vs. Guerrero, et al.*, L-20942, 22 September 1967, 21 SCRA 181, per Justice Enrique M. Fernando:

"While good faith, no less than adherence to the categorical wording of the Ordinance, requires that all the rights and privileges thus granted to Americans and business enterprises owned and controlled by them be respected, anything further would not be warranted. Nothing less would suffice but anything more is not justified."

The basis for the strict interpretation was given by former President of the University of the Philippines, Hon. Vicente G. Sinco (Congressional Record, House of Representatives, Volume 1, No. 26, page 561):

"It should be emphatically stated that the provisions of our Constitution which limit to Filipinos the rights to develop the natural resources and to operate the public utilities of the Philippines is one of the bulwarks of our national integrity. The Filipino people decided to include it in our Constitution in order that it may have the stability and permanency that its importance requires. It is written in our Constitution so that it may neither be the subject of barter nor be impaired in the give and take of politics. With our natural resources, our sources of power and energy, our public lands, and our public utilities, the material basis of the nation's existence, in the hands of aliens over whom the Philippine Government does not have complete control, the Filipinos may soon find themselves deprived of their patrimony and living as it were, in a house that no longer belongs to them."

The true extent of the Parity Amendment, as understood by its proponents in the Philippine Congress, was clearly expressed by one of its advocates, Senator Lorenzo Sumulong:

"It is a misconception to believe that under this amendment Americans will be able to acquire all kinds of natural resources of this country, and even after the expiration of 28 years their acquired rights cannot be divested from them. If we read carefully the language of this amendment which is taken verbatim from the provisions of the Bell Act, and, which in turn, is taken also verbatim from certain sections of the Constitution, you will find out that the equality of rights granted under this amendment refers only to two subjects. Firstly, it

refers to exploitation of natural resources, and secondly, it refers to the operation of public utilities. Now, when it comes to exploitation of natural resources, it must be pointed out here that under our Constitution and under this amendment, only public agricultural land may be acquired, may be bought, so that on the supposition that we give way to this amendment and on the further supposition that it is approved by our people, let not the mistaken belief be entertained that all kinds of natural resources may be acquired by Americans because under our Constitution forest lands cannot be bought, mineral lands cannot be bought, because by explicit provision of the Constitution they belong to the State, they belong to our Government, they belong to our people. That is why we call them rightly the patrimony of our race. Even if the Americans should so desire, they can have no further privilege than to ask for a lease of concession of forest lands and mineral lands because it is so commanded in the Constitution. And under the Constitution, such a concession is given only for a limited period. It can be extended only for 25 years, renewable for another 25. So that with respect to mineral or forest lands, all they can do is to lease it for 25 years, and after the expiration of the original 25 years they will have to extend it, and I believe it can be extended provided that it does not exceed 28 years because this agreement is to be effected only as an ordinance and for the express period of 28 years. So that it is my humble belief that there is nothing to worry about insofar as our forest and mineral lands are concerned.

Now, coming to the operation of public utilities, as every member of the Congress knows, it is also for a limited period, under our Constitution, for a period not exceeding 50 years. And since this amendment is intended to endure only for 28 years, it is my humble opinion that when Americans try to operate public utilities they cannot take advantage of the maximum provided in the Constitution but only the 28 years which is expressly provided to be the life of this amendment .

There remains for us to consider the case of our public agricultural lands. To be sure, they may be bought, and if we pass this amendment, Americans may buy our public agricultural lands, but the very same Constitution applying even to Filipinos, provides that the sale of public agricultural lands to a corporation can never exceed one thousand and twenty-four hectares. That is to say, if an American corporation, and American enterprise, should decide to invest its money in public agricultural lands, it will be limited to the amount of 1,024 hectares, no more than 1,024 hectares' (Italics supplied)."

No views contrary to these were ever expressed in the Philippine Legislature during the discussion of the Proposed Amendment to our Constitution, nor was any reference made to acquisition of private agricultural lands by non-Filipinos except by hereditary succession. On the American side, it is significant to observe that the draft of the Philippine Trade Act submitted to the House of Representatives by Congressman Bell, provided in the first portion of Section 19 the following:

"SEC. 19. Notwithstanding any existing provision of the constitution and statutes of the Philippine Government, citizens and corporations of the United States shall enjoy in the Philippine Islands during the period of the validity of this Act, or any extension thereof by statute or treaty, the same rights as to property, residence, and occupation as citizens of the Philippine Islands.' * * *."

But as finally approved by the United States Congress, the equality as to property residence and occupation provided in the bill was eliminated and Section 341 of the Trade Act limited such parity to the disposition, exploitation, development, and utilization of lands of the public domain, and other natural resources of the Philippines (V. ante, page 5 of this opinion).

Thus, whether from the Philippine or the American side, the intention was to secure parity for United States citizens only in two matters: (1) exploitation, development and utilization of public lands, and other natural resources of the Philippines; and (2) the operation of public utilities. That and nothing else.

Respondent Quasha avers that as of 1935 when the Constitution was adopted, citizens of the United States were

already qualified to acquire public agricultural lands, so that the literal text of section 5 must be understood as permitting transfer or assignment of private agricultural lands to Americans even without hereditary succession. Such capacity of United States citizens could exist only during the American sovereignty over the Islands. For the Constitution of the Philippines was designed to operate even beyond the extinction of the United States sovereignty, when the Philippines would become fully independent. That is apparent from the provision of the original Ordinance appended to the Constitution as originally approved and ratified. Section 17 of said Ordinance provided that:

"(17) Citizens and corporation of the United States shall enjoy in the Commonwealth of the Philippines all the civil rights of the citizens and corporations, respectively, thereof." (Italics supplied)

The import of paragraph (17) of the Ordinance was confirmed and reenforced by Section 127 of Commonwealth Act 141 (the Public Land Act of 1936) that prescribes:

"SEC. 127. During the existence and continuance of the Commonwealth, and before the Republic of the Philippines is established, citizens and corporations of the United States shall enjoy the same rights granted to citizens and corporations of the Philippines under this Act."

thus clearly evidencing once more that equal rights of citizens and corporations of the United States to acquire agricultural lands of the Philippines vanished with the advent of the Philippine Republic. Which explains the need of introducing the "Parity Amendment" of 1946.

It is then indubitable that the right of United States citizens and corporations to acquire and exploit private or public lands and other natural resources of the Philippines was intended to expire when the Commonwealth ended on 4 July 1946. Thereafter, public and private agricultural lands and natural resources of the Philippines were or became exclusively reserved by our Constitution for Filipino citizens. This situation lasted until the "Parity Amendment", ratified in November, 1946, once more reopened to United States citizens and business enterprises owned or controlled by them the lands of the public domain, the natural resources of the Philippines, and the operation of the public utilities, exclusively, but not the acquisition or exploitation of private agricultural lands, about which not a word is found in the Parity Amendment.

Respondent Quasha's pretenses can find no support in Article VI of the Trade Agreement of 1955, known popularly as the Laurel-Langley Agreement, establishing a sort of reciprocity rights between citizens of the Philippines and those of the United States, couched in the following terms:

A R T I C L E VI

"2. The rights provided for in Paragraph 1 may be exercised, in the case of citizens of the Philippines with respect to natural resources in the United States which are subject to Federal control or regulations, only through the medium of a corporation organized under the laws of the United States or one of the States hereof and likewise, in the case of citizens of the United States with respect to natural resources in the public domain in the Philippines only through the medium of a corporation organized under the laws of the Philippines and at least 60% of the capital stock of which is owned or controlled by citizens of the United States. This provision, however, doesnot affect the right of citizens of the United States to acquire or own private agricultural lands in the Philippines or citizens of the Philippines to acquire or own land in the United States which is subject to the jurisdiction of the United States and not within the jurisdiction of any state and which is not within the public domain. The Philippines reserves the right to dispose of the public lands in small quantities on especially favorable terms exclusively to actual settlers or other users who are its own citizens. The United States reserves the right to dispose of its public lands in small quantities on especially favorable terms exclusively to actual settlers or other users who are its own citizens or aliens who have declared their intention to become citizens. Each party reserves the right to limit the extent to which aliens may engage in fishing, or engage in enterprises

which furnish communications services and air or water transport. The United States also reserves the right to limit the extent to which aliens may own land in its outlying territories and possessions, but the Philippines will extend to Americans nationals who are residents of any of those outlying territories and possessions only the same rights, with respect to ownership of lands, which are granted therein to citizens of the Philippines. The rights provided for in this paragraph shall not, however, be exercised by either party so as to derogate from the rights previously acquired by citizens or corporations or associations owned or controlled by citizens of the other party."

The words used in Article VI to the effect that –

" * * * This provision does not affect the right of citizens of the United States to acquire or own private agricultural lands in the Philippines, or citizens of the Philippines to acquire or own land in the United States which is subject to the jurisdiction of the United States * * * .",

must be understood as referring to rights of United States citizens to acquire or own private agricultural lands before the independence of the Philippines since the obvious purpose of the article was to establish rights of the United States and Filipino citizens on a basis of reciprocity. For as already shown, no such right to acquire or own private agricultural lands in the Philippines has existed since the independent Republic was established in 1946. The quoted expressions of the Laurel-Langley Agreement could not expand the rights of United States citizens as to public agricultural lands of the Philippines to private lands, when the Parity Amendment and the Constitution authorize such United States citizens and business entities only to acquire and exploit agricultural lands of the public domain. If the reopening of only public lands to Americans required a Constitutional Amendment, how could a mere Trade Agreement, like the Laurel-Langley, by itself enable United States citizens to acquire and exploit private agricultural lands, a right that ceased to exist since the independence of the Philippines by express prescription of our Constitution?

We turn to the second issue involved in this appeal: On the assumption that respondent Quasha's purchase of the private agricultural land involved is valid and constitutional, will or will not his rights expire on 3 July 1974?

For the solution of this problem, We again turn to the "Parity Amendment". Under it,

"Notwithstanding the provision of section one, Article Thirteen, and section eight, Article Fourteen, of the foregoing Constitution, during theeffectivity of the Executive Agreement entered into by the President of the Philippines with the President of the United States on the fourth ofJuly, nineteen hundred and forty-six, pursuant to the provisions of Commonwealth Act Numbered Seven hundred and thirty-three, but in nocase to extend beyond the third of July, nineteen hundred and seventy-four, the disposition, exploitation, development, and utilization of all agricultural, timber, and mineral lands of the public domain, waters, minerals, coals, petroleum, and other mineral oils, all forces and sources of potential energy, and other natural resources of the Philippines, and the operation of public utilities, shall, if open to any person, be open to citizens of the United States and to all forms of business enterprise owned or controlled, directly or indirectly, by citizens of the United States in the same manner as to, and under the same conditions imposed upon, citizens of the Philippines or corporations or associations owned or controlled by citizens of the Philippines." (Italics supplied)

It is easy to see that all the exceptional rights conferred upon United States citizens and business entities owned or controlled by them, under the Amendment, are subject to one and the same resolatory term or period: they are to last "during the effectivity of the Executive Agreement entered into on 4 July 1946", "but in no case to extend beyond the third of July, 1974". None of the privileges conferred by the "Parity Amendment" are excepted from this resolatory period.

This limitation of time is in conformity with Article X, Section 2, of the Philippine Trade Act of 1946, as

embodied in Commonwealth Act No. 733. It says:

"ARTICLE X

'2. This Agreement shall have no effect after 3 July 1974. It may be terminated by either the United States or the Philippines at any time, upon not less than five years' written notice. If the President of the United States or the President of the Philippines determines and proclaims that the other country has adopted or applied measures or practices which would operate to nullify or impair any right or obligation provided for in this Agreement, then the Agreement may be terminated upon not less than six months' written notice.'"

Respondent Quasha argues that the limitative period set in the "Parity Amendment" should be understood not to be applicable to the disposition, or correlative acquisition, of alienable agricultural lands of the public domain, since such lands can be acquired in full ownership, in which event, under Article 428 of the Civil Code of the Philippines –

"ART. 428. The owner has the right to enjoy and dispose of a thing, without other limitations than those established by law.

"The owner has also a right of action against the holder and possessor of the thing in order to recover it.",

and that "since any period or condition which produces the effect of loss or deprivation of valuable rights is in derogation of due process of law, there must be "a law which expressly and indubitably limits and extinguishes the ownership of non-citizens over private agricultural lands situated in the Philippines validly acquired under the law existing at the time of acquisition."

Strangely enough, this argument ignores the provisions of the "Parity Amendment" prescribing that the disposition of agricultural lands of the public domain are in no case to extend beyond the third of July, 1974. This limitation already existed when Quasha in 1954 purchased the Forbes Park property, and the acquisition was subject to it. If the Philippine government can not dispose of its alienable public agricultural lands beyond that date under the "Parity Amendment", then, logically, the Constitution, as modified by the Amendment, only authorizes either of two things: (a) alienation or transfer of rights less than ownership or (b) a resolvable ownership that will be extinguished not later than the specified period. For the Philippine government to dispose of the public agricultural land for an indefinite time would necessarily be in violation of the Constitution. There is nothing in the Civil Law of this country that is repugnant to the existence of ownership for a limited duration; thus the title of a "reservista" (ascendant inheriting from a descendant) in *reserva troncal*, under Article 891 of the Civil Code of the Philippines, is one such owner, holding title and dominion, although under condition subsequent; he can do anything that a genuine owner can do, until his death supervenes with "reservataires" surviving, i.e., relatives within the third degree (*Edroso vs. Sablan*, 25 Phil. 295; *Lunsod vs. Ortega*, 46 Phil. 661, 695). In truth, respondent himself invokes Article 428 of the Civil Code to the effect that "the owner has the right to enjoy and dispose of a thing, without other limitations than those established by law". One such limitation is the period fixed in the "Parity Amendment", which forms part of the Constitution, the highest law of the land. How then can he complain of deprivation of due process?

That the Legislature has not yet determined what is to be done with the property when the respondent's rights thereto terminate on 3 July 1974 is irrelevant to the issues in this case. The law making power has until that date full power to adopt the apposite measures, and it is expected to do so.

One last point: under the "Parity Amendment" the disposition, exploitation, development and utilization of lands of the public domain, and other natural resources of the Philippines, and the operation of public utilities are open

"to citizens of the United States and to all forms of business enterprises owned or controlled, directly or

indirectly, by citizens of the United States",

while under the Philippine Constitution (section 1, Article XIII, and section 8, Article XIV) utilization of such lands, natural resources and public utilities are open to citizens of the Philippines or to –

"corporations or associations at least sixty per centum of the capital of which is owned by such citizens * * *."

It is thus apparent that American business enterprises are more favored than Philippine organizations during the period of parity in that, first, they need not be owned by American citizens up to 60% of their capital; all that is required is that they be controlled by United States citizens, a control that is attained by ownership of only 51%^[a] of the capital stock; and second, that the control by United States citizens may be direct or indirect (voting trusts, pyramiding, etc.) which indirect control is not allowed in the case of Philippine nationals.

That Filipinos should be placed under the so-called Parity in a more disadvantageous position than United States citizens in the disposition, exploitation, development and utilization of the public lands, forests, mines, oils and other natural resources of their own country is certainly rank injustice and inequity that warrants a most strict interpretation of the "Parity Amendment", in order that the dishonorable inferiority in which Filipinos find themselves at present in the land of their ancestors should not be prolonged more than is absolutely necessary.

FOR THE FOREGOING REASONS, the appealed decision of the Court of First Instance of Rizal is hereby reversed and set aside; and judgment is rendered declaring that, under the "Parity Amendment" to our Constitution, citizens of the United States and corporations and business enterprises owned or controlled by them can not acquire and own, save in cases of hereditary succession, private agricultural lands in the Philippines and that all other rights acquired by them under said Amendment will expire on 3 July 1974.

Concepcion, C.J., Makalintal, Zaldivar, Castro, Fernando, and Esguerra, JJ., concur.

Teehankee, Barredo, Makasiar, and Antonio, JJ., did not take part.

[a] Or even much less than a majority of the stock, where the other shares are widely dispersed among many stockholders (Berle & Means, "Modern Corporations and Private Property", Ch. IV, et. seq.).

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