

REPUBLIC OF THE PHILIPPINES, PETITIONER, VS. HON. LUIS LARDIZABAL, AS MAYOR OF BAGUIO CITY, PEDRO Z. CLARAVALL, BERT FLORESCA, ANTONIO S. ROMERO, TEOFISTO RONDEZ, CLEMENTE CALPU...

G.R. No. L-41351. October 28, 1977

Ponente: FERNANDEZ, J.

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FERNANDEZ, J.:

This is an appeal by certiorari from the decision of the Court of First Instance of Baguio and Benguet in Civil Case No. 2437, entitled "Republic of the Philippines v. Hon. Luis L. Lardizabal, et al.", the dispositive part of which reads:

"Consequently, finding the leases under Resolutions Nos. 12-70, 355-71 and 535-71 of public respondent City of Baguio and the contracts executed pursuant thereto to be within the intendment of Proclamation No. 312, and in the exercise of the public respondents' governmental and police powers, the said leases are hereby declared legal and valid and the action (Petition) is hereby dismissed without costs.

SO ORDERED.

Done in the City of Laoag for Baguio City, this 6th day of May, 1975.

RICARDO Y. NAVARRO

Judge"[1]

The petitioner, Republic of the Philippines, instituted in the Court of First Instance of Baguio and Benguet Civil Case No. 2437 against the City of Baguio, Mayor Luis L. Lardizabal and Councilors Pedro Z. Claravall, Bert Floresca, Antonio S. Romero, Teopisto Rondez, Clemente Calputora and Leonides Bautista (public respondents), Times Transportation Co., Inc., Dacanay Express, Inc., and Anas-tacio Imson (private respondents), seeking the following reliefs:

"WHEREFORE, it is respectfully prayed of this Honorable Court:

- 1) Pending consideration on the merits of this petition, a writ of preliminary injunction be issued ex-parte and without bond (petitioner is exempt from posting a bond), restraining respondents and all persons under them or acting upon their orders from executing, enforcing and carrying out in any manner Resolution Nos. 12-70, 355-71 and 535-71;
- 2) After hearing, to issue a writ of prohibition commanding respondents to refrain from further executing, enforcing and carrying out said Resolutions which are null and void, making the writ of preliminary injunction permanent; and
- 3) To order respondents to return to petitioner the physical possession and use of such portions of the Baguio Sanitation Camp and Slaughterhouse Reservation as may have been leased to private respondents, with costs.

Petitioner prays for such other reliefs as are just and equitable in the premises."[2]

In their answers, the respondents alleged as defenses that prohibition is not the proper remedy because the acts sought to be stopped have already been performed; that the leases are mere acts of administration within public respondents' authority to perform as administrators of the Slaughterhouse Compound; that at any rate, Executive Proclamation No. 312 vested upon public respondents authority to exercise acts of dominion over the Slaughterhouse Compound; that the leases are necessary to save the reservation from imminent danger of erosion; that private respondents acted in good faith; and that petitioner is estopped from questioning the validity of the Council resolutions and the leases.[3]

By Executive Proclamation No. 312 dated April 23, 1930, the area in Baguio City known as the Slaughterhouse Compound was reserved as a sanitary camp and livestock yard of the city and placed under its administration. On January 7, 1970, the City Council of Baguio passed Resolution No. 12-70 authorizing the lease of 9,195 square meters of the Slaughterhouse Compound to respondent Times Transportation Co. Inc. for a period of twenty-five (25) years renewable for a like period at the option of both parties. The resolution was approved by respondent Mayor Luis L. Lardizabal on January 20, 1970. Said resolution was later amended by Resolution No. 71-71 dated April 7, 1971. By virtue of Resolutions No. 12-70 and No. 71-71, a contract of lease was executed on December 15, 1971 by and between respondent City of Baguio, through respondent Luis L. Lardizabal and the Times Transportation Co., Inc. for a period of 25 years renewable for a like period at the option of both parties over a reduced area of 5,982 square meters which is now used as a bus terminal by the said lessee, respondent Times Transportation Co. Inc..

On July 8, 1971, the City Council of Baguio City passed Resolution No. 355-71 authorizing the lease of 3,214 square meters of the Slaughterhouse Compound to respondent Anastacio Imson for a period of 25 years renewable for a like period at the option of both parties. The resolution was approved by respondent Luis L. Lardizabal on July 29, 1971. Pursuant to said Resolution No. 355-71, a lease contract was executed on February 25, 1972 by and between respondent Anastacio Imson and respondent City of Baguio through respondent Luis L. Lardizabal over said area of 3,214 square meters on which a hotel was constructed.

On September 8, 1971, the City Council of Baguio City passed Resolution No. 535-71 authorizing the lease of 2,411 square meters of the Slaughterhouse Compound to respondent Dacanay Express, Inc. for a period of twenty-five (25) years renewable for a like period at the option of both parties. The resolution was approved by respondent Luis L. Lardizabal on October 14, 1971. Pursuant to said Resolution No. 535-71, a contract of lease was executed on April 3, 1972 by and between respondent Dacanay Express, Inc. and respondent City of Baguio through respondent Luis L. Lardizabal, over a reduced area of 2,160 square meters which is now used by said lessee as a bus terminal.

The resolutions and leases in question were objected to by the City Health Officer of Baguio on the ground that the deviation of portions of the reservation to uses other than as a sanitary camp and livestock yard will endanger public health and safety. The City Legal Officer also rendered an opinion that the leases were invalid because they are acts of dominion beyond the power of public respondents as administrators of the reservation to execute.[4]

The main issue is whether the Council resolutions and leases executed pursuant thereto are valid. The petitioner contends that they are null and void because the subjects thereof are portions of the Slaughterhouse Compound which was set aside by Executive Proclamation No. 312 as sanitary camp and livestock yard reservation.

Executive Proclamation No. 312 dated April 23, 1930 expressly provides:

"De conformidad con las disposiciones del artículo ochenta y uno de la Ley Numero dos mil ocho cientos y cuatro, tal como quedo reformado por la Ley Numero tres mil dos cientos diez y nueve, por la presente reserva,

bajo la administracion de la ciudad de Baguio, para solares para campamento de sanidad y vivero de la ciudad, con sujecion a los derechos privados, si los hubiera excluyendolas de venta o colonizacion, situadas en la ciudad de Baguio, Provincia Montañosa, Isla de Luzon, y descritas en el plano IR-306 de la Oficina de Terrenos, a saber: x x x"[5]

It is clear from the foregoing that the area in question has been reserved for sanitary camp and livestock yard under the administration of the City of Baguio. The proclamation expressly prohibits the disposition of the reserved area. The public respondents admit this fact but state in their brief the following:

"Public respondents-appellees admit that the land embraced by Proclamation No. 312 is a reservation and therefore may not be alienated to private persons. However portions of the said area under Proclamation No. 312 were never alienated to the private respondents-appellees. Ownership remains still with the Republic. A contract of lease does not transfer ownership of the thing leased to the lessee as lease is not a mode of transferring ownership. There is no private appropriation or alienation."[6]

The petitioner, Republic of the Philippines, contends that:

"Respondents try to justify the Council resolutions and the leases by arguing that they are mere acts of administration within their authority, as administrators of the lands, to execute.

This argument is without merit. It should be noted that the leases are uniformly for a period of twenty-five (25) years. Under Article 1878 of the Civil Code, a lease of a parcel of land for a period of more than one (1) year requires a special power of attorney from the principal. This is because a 1-year lease is deemed an act of administration while a long term lease, such as a 25-year lease, is deemed an act of dominion.

It should also be pointed out that the leases contain an option to renew for a like period of twenty-five (25) years at the option of both parties. This makes it more obvious that the contracts are acts of dominion."[7]

We sustain the contention of the petitioner. A lease for a period of twenty-five (25) years renewable for another twenty-five (25) years at the option of both parties is not a mere act of administration. During the period of the lease of twenty-five (25) years, the property cannot be used as sanitary camp or livestock yard reservation. Indeed, the public respondent, City of Baguio, has requested that a portion of the reservation be released. The public appellees state the following:

"It will be noted that the President of the Republic delimited the area embraced by Proclamation No. 312 which areas lifted from the reservation were set aside for residential purposes and a school site (Proclamation No. 1228 dated January 31, 1974). Precisely, the city of Baguio thru the city mayor, addressed a letter to the President of the Republic to lift a portion of the area embraced by Proclamation No. 312 and transfer the same in ownership to the city of Baguio which area applied for is the very same area now under lease to the private respondents-appellees (Exhibit '2' City). This letter has not yet been acted upon for or against the city of Baguio and is pending in the office of the President of the Republic."[8]

The City of Baguio must have realized its lack of authority to execute the leases in question. As an administrator, the City of Baguio cannot perform any act inconsistent with the object of Executive Proclamation No. 312. By leasing portions of the reservation for a period of twenty-five (25) years, said City has violated the proclamation.

In view of the foregoing, it is obvious that the resolutions in question and the leases executed pursuant thereto are null and void.

WHEREFORE, the decision of the Court of First Instance of Baguio and Benguet in Civil Case No. 2437 is hereby set aside and judgment is rendered declaring Resolutions Nos. 12-70, 355-71 and 535-71, and the leases executed pursuant thereto in favor of the respondents Times Transportation Co. Inc., Dacanay Express, Inc., and Anastacio Imson, null and void, with costs against the private respondents.

The respondents are ordered to return the use and pos-session of the leased lands to the petitioner.

SO ORDERED.

Teehankee, (Chairman), Makasiar, Muñoz Palma, Martin, and Guerrero, JJ., concur.

[1] Rollo, p. 74.

[2] Rollo, p. 3.

[3] Rollo, pp. 3-4.

[4] Rollo, pp. 6-8.

[5] Brief for the Public Appellees, p. 2, Rollo, p. 236.

[6] Brief for the Public Appellees, pp. 5-6, Rollo, p. 236.

[7] Brief for the Appellant, p. 11, Rollo, p. 224.

[8] Brief for the Public Appellees, p. 7., Rollo, p. 236

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