

THE DIRECTOR OF LANDS, PETITIONER-APPELLEE, VS. KALAH I INVESTMENTS, INC. CLAIMANT-APPELLANT.

G.R. No. L-48066. January 31, 1989

Ponente: MEDIALDEA, J.

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MEDIALDEA, J.:

This is an appeal from the decision of the Court of First Instance (now Regional Trial Court) of Pampanga,[1] denying the application of Kalahi Investments, Inc. (Kalahi, for short) for registration of Lot No. 1851-B of the Floridablanca Cadastre, certified to this Court by the Court of Appeals on January 11, 1978 on the following legal questions:

Do mining claims, acquired, registered, perfected, and patentable under the Old Mining Law, mature to private ownership which would entitle the claimant-applicant to the ownership thereof?

Which agency has the authority to examine, process, and find out whether or not the requirements of the Act of Congress of 1902 have been complied with, by the applicant -- the courts or the Bureau of Mines?

In its decision, the Court of Appeals found the following facts to be established by the evidence:

"On December 12, 1963, Kalahi Investment, Inc. moved for an advanced hearing of Lot No. 1851-B, Floridablanca Cadastre. Evidence was presented and Kalahi's title was to be registered under the provisions of Act 496." (p. 355, Record on Appeal)

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"It was later on disclosed that Lot No. 1851 was a vast land of mountain ranges containing an area of no less than 886,021,588 square meters. Kalahi's present claim, otherwise known as Lot No. 1851-B is graphically shown in the Plan, Annex A of the Report of the Commissioner shaded in orange color, which Report was made during the pendency of this case for trial. The alleged claim of 123 mineral claims are inside this portion. The very plan of the Commissioner labelled this portion as Project No. 11, Forest Reserve, Proc. No. 82, dated August 8, 1966, under Republic Act No. 3092, labelled 'timber land' also designated as Lot 2 in said Commissioner's Report.

"In the land classification, province of Pampanga and province of Zambales, dated May 26, 1960, known as Exhibit 4, Director of Forestry, these lands were also considered part of the Project No. 11, Timber Land." (pp. 356-357, Record on Appeal)

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"The Bureau of Forestry's opposition is based on the ground that these lands are part of the vast public forest, known as TIMBER LAND of Project No. 11, Exhibit 4, Director of Forestry. Until now these lands are not released by the proper authorities as alienable agricultural lands; instead on August 9, 1966, the President of the Philippines issued Proclamation No. 82, declaring these lands as part of the Mt. Dorst Forest Reserve. Other reservations are also existing in these areas for the so-called minorities, the Negritos." (p. 359, Record on Appeal)

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"Kalahi abandoned its former claim over the entire area of Lot No. 1851-B, covering an area of 886,021,588 square meters (Psd--2387-D). It limited its present claim to 1,730 hectares, known as Lot No. 1 of Plan Sgs-3690, a portion of Lot 2210, Floridablanca Cadastre, formerly a part of Lot No. 1851-B. It is in this Lot No. 1 of Plan Sgs-3690, with an area of 1,284.2340 hectares, and in Lot No. 2, with an area of 446.0870 hectares, giving a total of 1,720 hectares where the alleged 123 lode mining claims are said to be existing and where the alleged 500,000 coffee plants were planted." (p. 360, Record on Appeal)

Kalahi presented evidence to support perfected mining rights over the 123 mineral claims, viz., that it had located in 1934 and prior thereto 123 mineral claims in Floridablanca mountains; made annual assessment work thereto; made declaration of location and paid annual assessment work from 1965-1966; constructed roads traversing the mountains and hills, and planted 500,000 coffee trees. These were, however, not considered by the court a quo as basis sufficient in law and in fact for the registration of title under Act 496.

Kalahi thus contends that these mineral lands are now segregated from the government lands and its mining claims thereon, deemed property rights, based on the following opinion of the Secretary of Justice No. 52, Series of 1956, dated August 31, 1956, viz:

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"The legal effect of a valid location of a mining claim is not only to segregate the area from the public domain, but to grant to the locator the beneficial ownership of the claim and the right to a patent therefore upon compliance with the terms and conditions prescribed by law. 'Where there is a valid location of the mining claim, the area becomes segregated from the public domain and becomes the property of the locator.' (St. Louis Mining & Milling Co. vs. Montana Mining Co., 171 U.S. 650, 855, 43 Law Ed., 320, 323.) When a location of a mining claim is perfected it has the effect of a grant by the United States of the right of present and exclusive possession with the right to the exclusive enjoyment of all the surface ground as well as of all the minerals within the lines of the claim, except as limited by the extralateral rights of adjoining locators; and this is the locator's right before as well as after the issuance of the patent." (Emphasis ours) (p. 376, Record on Appeal)

and the decision of the Court of Appeals in the case of San Mauricio Mining Co., Inc. vs. Dantoy, et. al. (C.A. No. 22274-R, dated March 23, 1963, 60 O.G. No. 3, p. 367):

"MINING LAW; MINING CLAIM; Right perfected under Act of Congress of 1902 is exclusive against whole world -- Under the Act of Congress of 1902, otherwise known as the Philippine Bill, a right or rights acquired by a holder of unpatented but valid and existing claim located and registered under its provisions becomes the property of the locator. The moment the locator discovered some valuable mineral deposits on the land located and proved that such location was in accordance with the rules and regulations, the land located becomes mineral land and is segregated from the public domain. The right of the locator to enjoy the surface ground and the minerals within the limits of his claim becomes exclusive as against the whole world, limited only by the extralateral rights of adjoining locators. He is not required to purchase the claim or secure a patent and as long as he could comply with the mining laws, his possessory rights of ownership is as good as though secured by patent (Wilbur v. U.S. rel. Krusnic, 230 U.S. 306, 74 Law Ed. 455; Salakot Mining Co. vs. Rodriguez, 67 Phil. 97). (Emphasis ours) (cited in the Record on Appeal, p. 372)

Likewise, it claims registration of title based on its actual, open, public, peaceful, continuous, adverse possession in the concept of an owner for more than 30 years, or confirmation of imperfect title under Sec. 48(b) CA141, as amended by RA No. 1942.

In its decision dated September 17, 1980 the court a quo denied the claim for registration, ruling that a) the 123 mineral lode claims are governed by the mining laws; hence, under the jurisdiction of the Bureau of Mines which

is the proper agency to enforce the claims and to adjudicate the rights of claimants, which in fact, Kalahi recognized when it filed an application for lease with said Bureau, and b) that the claim for confirmation of imperfect title can not be sustained, based on the evidence and the Public Land Law provisions:

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x x x The lands in the public domain are classified under three main categories: Mineral, Forest and Agricultural Lands. It is only on agricultural lands in the public domain that title could be issued either under administrative proceedings by application in the Bureau of Lands or under compulsory proceedings under Cadastral Act or ordinary proceedings under Act 496. The Public Land Law never governs private lands (*Susi vs. Razon*, 41 Phil. 420). These lands are never private lands either.

"The Public Land Law (Commonwealth Act 141) is not applicable to forest lands nor to mineral lands. These lands are covered by separate laws. The confirmation of imperfect title under the Public Land Law can not be made the basis for registration of titles over forest (*Vaño vs. Government of the P.I.*, 41 Phil. 161) and/or mineral lands (*Li Seng Giap y Cia vs. Director*, 55 Phil. 963). (p. 368, Record on Appeal)

Kalahi's motion for reconsideration, filed on October 15, 1970, was denied on November 15, 1970.

On appeal, Kalahi invoked anew its vested rights over the mining claims, having been perfected and registered under the Act of Congress of 1902, and its consequent ownership, exclusive even as against the government.

It assigned as errors the following:

"I

"The lower court erred in not considering the basis for the registration of the land in question sufficient in law and in fact.

"II

"The lower court erred in declaring that the doctrines of the Supreme Court and the opinion of the Secretary of Justice never contemplate of a procedure that will entitle the claimants to the registration of the land in question.

"III

"The lower court erred in denying the claim for registration of the claimant's title over the land in question at least a portion thereof covered by the mining claims and their gaps." (pp. 5-6, CA decision)

On the other hand, the Director of Lands contended:

"As regards the first, it is admitted by Kalahi that the land in question is a mining property consisting of mining claims located and registered under the provisions of the Act of the U.S. Congress of July 1, 1902 (Cf. Kalahi's 'Petition for Admission of Attached Answer and for Advanced Hearing,' pp. 2-9, Record on Appeal). Such being the case, said Act requires Kalahi as holder of the mining claims to do no other act except to proceed with the acquisition of mining patents in the Bureau of Mines, which is the proper agency in the Administrative Branch of the government entrusted by law (C.A. 137, the Mining Law) to determine the qualifications of said claimant, and to examine, process and find out whether or not the requirements of the Act of Congress of 1902 are complied with. Said Act does not contemplate a situation where titles covering mining claims should be secured from the Judicial Branch of the government thru the process of land registration or cadastral proceedings. In other words, the Act of the U.S. Congress prescribes an explicit and definite procedure by which mining patents are to be secured administratively after which when registered under Section 122 of the Land Registration Act, said mining patents are transcribed into original certificates of title." (pp. 6-7, Appellee's Brief, p. 115, Rollo)

The Court of Appeals has thus certified the following questions for our resolution:

a)

"Are mining claims acquired, registered, perfected, and patentable under the Old Mining Law matured to private ownership that would entitle the claimant-appellant to the ownership thereof?" (Appellants' Brief, p. 13)

b)

"Who has authority to examine, process, and find out whether or not the requirements of the Act of Congress of 1902 have been complied by the applicant ? the court or the Bureau of Mines? (Appellants' (sic) should be Appellee's Brief, p. 7)

In the recent case of Santa Rosa Mining Co., Inc. vs. Hon. Minister of Natural Resources Jose J. Leido, Jr. and Director of Mines Juanito C. Fernandez, (G.R. No. L-49109, dated Dec. 1, 1987), this Court ruled that while it is recognized that the right of a locator of a mining claim is a property right, "this right is not absolute. It is merely a possessory right x x x, more so where petitioner's claims are still unpatented x x x." (Emphasis ours), viz:

"xxx xxx xxx

"Mere location does not mean absolute ownership over the affected land or the mining claim. It merely segregates the located land or area from the public domain by barring other would-be locators from locating the same and appropriating for themselves the minerals found therein. To rule otherwise would imply that location is all that is needed to acquire and maintain rights over a located mining claim. This, we cannot approve or sanction because it is contrary to the intention of the lawmaker that the locator should faithfully and consistently comply with the requirements for annual work and improvements in the located mining claims." (Emphasis ours)

The aforecited ruling modifies the San Mauricio doctrine cited by petitioner, in that while a perfected location of a mining claim has the effect of segregating said land from the body of public domain, the area covered does not thereby become the private property of the locator. There must be evidence of full, faithful compliance with the requirements of law.

Noteworthy in this regard is the concurring opinion of Justice Jose P. Laurel in the case of Gold Creek Mining Corp. vs. E. Rodriguez and Q. Abadilla (66 Phil. 259), upholding the property rights of a valid location of a mining claim, viz:

"But while regard the recognition and protection of the right here invoked inevitable, I feel constrained to withhold my assent to the invocation of the case of McDaniel vs. Apacible and Cuisia ([1922], 42 Phil. 749), insofar as citation thereof may imply unqualified acceptance of or adherence to the broad rule that where there is a valid and perfected location of a mining claim, the area covered is not only thereby segregated from the body of the public domain but becomes the private property of the locator. My opinion is that while the locator, under the circumstances, secures the beneficial ownership or the dominium utile, the government retains the bare ownership or the dominium directum, until the locator's claim ripens into full ownership upon full compliance with all the requirements of the law for the issuance of a patent."

The dissenting opinion of Justice Pedro Concepcion in the Gold Creek Mining Corp. case, insofar as pertinent, is worthy of mention:

"Location should only be understood as segregating the land located from the public domain in the sense that it is no longer open to location or susceptible of appropriation by another, while the locator has not lost his right to or abandoned the mining claim. To give a broader meaning and a greater effect to the location of a mining claim is to contend - against the express provisions of Sections 36, 37 and 39 of the Act of Congress of July 1, 1902, as amended by Section 9 of another Act of Congress of February 6, 1905, -- that location is all that is necessary to acquire absolute ownership over a located mining claim. This is not the law. From the location of

a claim to the issuance of the patent for or title to the land, is a far cry. Location, without more, confers only the right of possession. Thus Section 36 of the Act of Congress of February 6, 1905 refers to the 'manner of recording, and amount of work necessary to hold possession of a mining claim.' Section 39 of the same Act also speaks of the right of possession of the claim, and the right to the issuance of a patent only arises after the execution of certain works and acts prescribed by law, such as labor or description and identification of the land by means of plat and field notes (Sec. 37); the notice of publication of the application for a patent by the locator, etc., etc., (Sec. 37). x x x" (pp. 273-274, Rollo)

"x x x I gather from the majority opinion that, as long as the location of the mining claim was perfected before the inauguration of the new Government of the Philippines on November 15, 1935, the other conditions may be complied with even after said date in order that the locator may acquire a right to the patent. I dissent on this fundamental point from the majority opinion. I maintain that in prohibiting the alienation of natural resources, save any existing right, the Constitution does not refer to the right of location or to the inherent right of possession, or to any inchoate or contingent right which are only a means to bring about another right; it refers only to the right to obtain a patent. And inasmuch as this right cannot be acquired until after compliance with all the conditions prescribed by law, it is evident that the prescribed conditions should be complied with before the inauguration of the Commonwealth." (Emphasis ours) (p. 274, Rollo)

It is not clear if claimant Kalahi has fully complied with the requirements of the Act of Congress of 1902. This is a factual issue which is not within the scope of our jurisdiction. Nonetheless, even assuming claimant to be a holder of a subsisting and valid patentable mining claim, We hold that it can no longer proceed with the acquisition of a mining patent in view of P.D. No. 1214, issued on October 14, 1977, directing "holders of subsisting and valid patentable mining claims, lode or placer, located under the provisions of the Act of Congress of July 1, 1902, as amended, to file a mining lease application x x x within one year from the approval of the Decree and upon the filing thereof, holders of said claims shall be considered to have waived their rights to the issuance of mining patents therefore: Provided, however, That the non-filing of the application for mining lease by the holders thereby within the period herein prescribed shall cause the forfeiture of all his rights to the claim."

The constitutionality of P.D. No. 1214 was upheld in the case of Santa Rosa Mining Co., supra, as a "valid exercise of the sovereign power of the State as owner over lands of the public domain of which petitioner's mining claims still form a part, and over the patrimony of the nation, of which mineral deposits are a valuable asset."

The records show that claimant has already filed a mining lease application (p. 357, Record on Appeal). Its mining claims, therefore, are deemed covered by P.D. 1214, and the Bureau of Mines may, accordingly process the same as a lease application, in accordance with P.D. 463, pursuant to Sec. 2 of P.D. No. 1214. It is understood of course that prior to the approval of the lease application, the applicant must show that it has fully and faithfully complied with the requirements of the Philippine Bill of 1902, in effect upholding the dissenting opinion of Justice Concepcion in the Gold Creek Mining case, supra.

As to whether or not the Bureau of Mines is likewise qualified to rule on whether there has been full and faithful compliance with the requirements of the Philippine Bill of 1902, as amended, We rule that the Bureau of Mines is so empowered as a corollary function in the processing of mining lease applications.

ACCORDINGLY, the decision of the CFI of Pampanga, (now Regional Trial Court) is hereby AFFIRMED, with the MODIFICATION in that Kalahi's mining claims may be processed as a mining lease application by the Bureau of Mines.

SO ORDERED.

Narvasa, (Chairman), Cruz, Gancayco, and Grino-Aquino, JJ., concur.

[1] Penned by Judge Malcolm G. Sarmiento.

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