

SAN ROQUE REALTY AND DEVELOPMENT CORPORATION, PETITIONER, VS. REPUBLIC OF THE PHILIPPINES (THROUGH THE ARMED FORCES OF THE PHILIPPINES), RESPONDENT.

G.R. No. 163130. September 07, 2007

Ponente: NACHURA, J.

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NACHURA, J.:

This is a petition for review on certiorari of a Decision[1] of the Court of Appeals (CA) in CA-G.R. CV. No. 61758 ordering the cancellation of petitioner San Roque Realty Development Corporation's (SRRDC's) Transfer Certificates of Title (TCT) Nos. 128197 and 128198, thereby reversing the Decision[2] of the Regional Trial Court (RTC) of Cebu City, Branch 12, in Civil Case No. CEB-1843.

The facts, as found by the CA, are as follows:

The subject parcels of land are located at Lahug, Cebu City and were part of Lot No. 933. Lot No. 933 was covered by Transfer Certificate of Title No. 11946. It was originally owned by Ismael D. Rosales, Pantaleon Cabrera and Francisco Racaza. On 5 September 1938, subject parcels of land, together with seventeen (17) others, were the subject of an expropriation proceeding initiated by the then Commonwealth of the Philippines docketed as Civil Case No. 781. On 19 October 1938, Judge Felix Martinez ordered the initial deposit of P9,500.00 as pre-condition for the entry on the lands sought to be expropriated. On 14 May 1940, a Decision was rendered (Exhibit "D," Records, pp. 204-214) condemning the parcels of land. However, the title of the subject parcel of land was not transferred to the government.

Eventually, the land was subdivided and T.C.T. No. 11946 was cancelled and new titles were issued by the Register of Deeds of Cebu. Two parcels covered by T.C.T. Nos. 128197 (Lot No. 933-B-3) and 128198 (Lot No. 933-B-4) were acquired by defendant-appellee. In 1995, defendant-appellee begun construction of townhouses on the subject parcels of land.

On 22 February 1996, plaintiff-appellant filed the present case (Records, pp. 1-15) alleging that it is the owner of the subject parcels of land by virtue of the 1938 Decision in the expropriation case, thus, T.C.T. Nos. 128197 and 128198 are null and void. It argued that defendant-appellee, had no right to possess the subject properties because it was not its lawful owner.

In its Answer (Records, pp. 28-38), defendant-appellee claimed that it was a buyer in good faith. It also claimed that there was no valid expropriation because it was initiated by the executive branch without legislative approval. It also alleged that the expropriation was never consummated because the government did not actually enter the land nor were the owners paid any compensation.[3]

The appellate court then quotes, verbatim, the evidence and positions of the parties, as found by the trial court, viz.:

Plaintiff alleged that the Republic of the Philippines is the absolute owner of Lot No. 933 of Cebu Cadastre (covered by Transfer Certificate of Title 11946), a part and parcel of the Camp Lapu-lapu military reservation;

that said parcel of land was originally private property registered in the names of Francisco Racaza, Pantaleon Cabrera and Josefina Martinez; that on October 19, 1938, plaintiff (then Commonwealth now Republic of the Philippines) instituted condemnation proceeding against the owners of eighteen (18) parcels of land including Lot 933 in Banilad Estate Lahug (Exhibits "A" and "A-1") before the Court of First Instance of the Province of Cebu, 8th Judicial District, that the purpose of expropriation was to carry out the development program of the Philippine Army as provided in the National Defense Act, i.e., military reservation; that sometime in October 1938, Judge Felix Martinez ordered plaintiff to make an initial deposit of P9,500.00 with any depository of the latter payable to the Provincial Treasurer as pre-condition for the entry on the lands sought to be expropriated (Exhibit "B"); that, accordingly, plaintiff deposited said amount with the Philippine National Bank to the credit of the Provincial Treasurer (Exhibit "C"); that said amount was subsequently disbursed in full but due to the destruction of the vouchers, journal and cash book in the Office of the Provincial Treasurer during the last World War, the names of the payees could not reasonably be ascertained (Exhibit "P"); that on May 14, 1940, Judge Martinez issued a Decision condemning the properties in favor of plaintiffs and, at the same time, fixing the just compensation thereof (Exhibits "D" and "E"); that defendant San Roque's predecessors namely Ismael D. Rosales, Pantaleon Cabrera and Francisco Racaza interposed and (sic) Exception and Notice of Intention to Appeal and filed their corresponding appeal bond (Exhibits "N" & "O"); that naturally, the filing held temporarily in abeyance the finality of the Decision and prevented plaintiff from recording the Decision with the Register of Deeds; that plaintiffs, nonetheless, started using the expropriated properties including Lot 933, devoting the properties to military use; that to show use of subject properties, plaintiff submitted (1) the historical account of the National Historical Commission embodied in a metal marker located in Lot 932 adjacent to Lot 933 (TSN, January 21, 1997, pp. 6-7; 9; Exhibits "I," "I-1," "I-2;" (2) the testimonial accounts of Sgt. Suralta, Barangay Captain Rosales, Lt. Colonel Infante and Col. Reynaldo Correa; and, (3) the remnant of the Lahug Airport, particularly its runway (originally devoted exclusively for military airport and landing field as can be gleaned from Executive Orders 73, 75 and 154 dated December 3, 1936, August 12, 1947 and June 24, 1938, respectively) situated on Lot 933 itself; that survey maps of defendant and plaintiff have shown the exact location of the runway; that Lot 933 was devoted to military use by plaintiff not only for building structures but also military training of the Riverine Battalion (Lot 932, as per testimony of M/Sgt. Renato Suralta); that these training continued up to the present (TSN, January 27, 1997, pp. 4-8); that the area where Park Vista is being built was used as training ground (TSN, April 3, 1997, p. 2). Plaintiff further alleged that defendant San Roque secured Certificates of Title in its favor to the prejudice of plaintiff specifically TCT Nos. 128197 and 128198 covering Lot No. 933-B-3 of the subdivision plan Psd-114779 and Lot 933-B-4 of the subdivision plan Psd-27-023209, respectively; that subject parcels of land belong to plaintiff and registration thereof in the name of defendant San Roque is null and void. Consequently, defendant San Roque's possession and ownership over the subject property are without legal basis.

On the other hand, defendant San Roque alleged that subject parcels of land have been covered by the Torrens System for decades and any transactions involving the same including the alleged expropriation should have been registered and annotated on the Transfer Certificates of Title; that there has been no registration much less annotation of said expropriation on TCTs issued to defendant San Roque nor any [of] its predecessors-in-interest. (Exhibits "20" to "24," "25," "25-A" to "25-C," Exhibits "2," "2-A" to "2-C," "3," "3-A" and "3-B"); that plaintiff never secured a title in its name, never actually took possession of subject parcels of land from the date of the Decision in Civil Case No. 781 up to the present; that despite the fact that defendant San Roque's Park Vista Project is within viewing and walking distance from Camp Lapu-lapu, it was able to introduce substantial improvements (Exhibits "36," "36-A" to "36-Q") with no action being taken by plaintiff; that there are other developments on Lot 933 such as the Cebu Civic and Trade Center which include areas within the military camp as well (Exhibits "36-R" to "36-V," "38," "38-A" to "38-R"); that plaintiff's only proof of its claim is the Camp Lapu-lapu Development Plan (Exhibit "F") which is a private survey of plaintiff; that plaintiff knew and was fully aware of all transactions involving Lot No. 933 up to this date; that defendant San Roque is an innocent purchaser for value and, therefore, entitled to the protection of the law as it has every right to rely on the correctness of the certificates of title issued therefor; that defendant San Roque and its

predecessors-in-interest have been in open, notorious and continuous possession and enjoyment of subject property(ies) since 1930; that there is a presumption of regularity in the issuance of subject TCT Nos. 128197 and 128198 by defendant Register of Deeds; that the alleged Camp Lapu-lapu Development Plan, in the absence of any Transfer Certificate of Title in plaintiff's name, cannot prevail over defendant San Roque's Transfer Certificate of Title; that defendant San Roque's (sic) commenced development of subject parcels of land as early as 1993 and started construction in April 1994 upon issuance of titles in its name, two and a half years prior to institution of the instant case; that it has been paying real taxes since the acquisition of subject properties (Exhibits "4," "4-A" and "4-B," "5," "5-A" and "5-B," "26" to "35"); that all requirements for such development, such as securing permits and licenses from government agencies were complied with (Exhibits "9" to "18-C"); that it was only on 24 July 1995 that plaintiff initiated steps to recover possession starting with the letter dated 24 July 1995 (Exhibit "1," "6," "7" and "8") and even addressed to a wrong entity; that it took plaintiff fifty-six (56) years (counted from the Decision dated 14 May 1940) to take action to secure its "claimed" ownership and possession; that private ownership of portions of Lot 933 have been affirmed by the appellate court by ordering the City Government of Cebu to pay the private landowner for the portion used for the expansion of Geongson Road in the case of Perpetua Magno, et al. versus City of Cebu, CA-G.R. No. 40604-CV (Exhibits "51" to "55," "55-A" to "55-C"); that in fact, the plaintiff paid rental for another allegedly expropriated property in the case of another expropriated Lot 934 subject of the case of Segura v. CAA, et al., CA-G.R. No. 12728-CV (Exh. "56," "56-A" to "56-B"); that the alleged expropriation of Lot 933 was never consummated as plaintiff never entered, much less take possession, of subject parcels of land and ever paid any compensation to the original owners despite its being a requisite for valid exercise of the power of eminent domain; that there is no (sic) on record which will show that compensation for the expropriated lots was ever paid to, much less received by the landowners/predecessors-in-interest of defendant San Roque; that plaintiff abandoned the public use, much less did it do so within a reasonable time, the Lahug Airport had long transferred to Mactan and the areas said airport used to occupy are now being developed by or on long term lease to private entities; that alleged initial deposit of P9,500.00 payable to Provincial Treasurer does not specify for which property the same was intended for; that if indeed plaintiff actually entered subject property and introduced improvements thereon it would not have been possible for defendant San Roque or its predecessors-in-interest to have actually possessed and enjoyed the property from 1938 up to the present to the exclusion of plaintiff; that the expropriation requires legislative action and thus the alleged expropriation of Lot 933 is null and void; that City Ordinances have classified Lot 933 and neighboring lots initially as residential and presently as commercial (Exhibits "39," "40," "41"); and, finally that the AFP-Viscom is not the proper party to initiate much less institute suit even assuming the alleged expropriation is valid as the expropriated lots were placed under the control and supervision of the Civil Aeronautics Board.[4]

On August 25, 1998, the RTC rendered a Decision[5] dismissing the Republic's complaint and upholding SRRDC's ownership over the subject properties as supported by SRRDC's actual possession thereof and its unqualified title thereto. The RTC ruled that SRRDC's ownership is borne out by the original owner's title to Lot No. 933 and the subsequent transferees' respective titles all of which bore no annotation of the fact of expropriation and did not indicate the Republic's favorable lien. It also found that there was no valid expropriation since the records are bereft of a showing that consideration was paid for the subject properties.[6]

Aggrieved, the Republic appealed the decision to the CA insisting on its absolute ownership over the subject properties grounded on the following: (1) the CFI Decision in the expropriation case, Civil Case No. 781; (2) the ruling of this Court in *Valdehueza v. Republic*;^[7] and (3) the expropriated properties, including Lot No. 933, are devoted to public use.

The CA reversed the RTC Decision on the finding that the appeal from the CFI Decision in the expropriation case was never perfected by the original owners of the subject properties,^[8] and thus, the expropriation of Lot No. 933 became final and binding on the original owners, and SRRDC, which merely stepped into the latter's shoes, is similarly bound.^[9] The CA further held that laches and estoppel cannot work against the Republic despite its

failure from 1940 to register Lot No. 933 in its name, or to record the decree of expropriation on the title.[10] Accordingly, the CA found no necessity to rule on the applicability of *Valdehueza v. Republic* in the case.[11]

Hence, the instant petition.

In this appeal, SRRDC assigned the following errors:

I.

THE COURT OF APPEALS ERRED IN HOLDING THAT THE VALIDITY OF THE EXPROPRIATION PROCEEDINGS IN CIVIL CASE NO. 781 MAY NO LONGER BE QUESTIONED. RESPONDENT'S OWN (REBUTTAL) EVIDENCE SHOWS THAT THE DECISION IN CIVIL CASE NO. 781 IS NOT YET FINAL. FURTHERMORE, THE CONDUCT OF EXPROPRIATION PROCEEDINGS ALONE DOES NOT CONFER TITLE UPON RESPONDENT.

II.

THE COURT OF APPEALS ERRED IN HOLDING THAT RESPONDENT HAD A BETTER RIGHT TO THE SUBJECT PROPERTIES. THE SUBJECT PROPERTIES BEING UNDER THE TORRENS SYSTEM, PETITIONER'S RIGHT AS THE REGISTERED OWNER FAR OUTWEIGHS RESPONDENT'S. ASIDE FROM THE FACT THAT ITS CLAIM IS OF DOUBTFUL VALIDITY, RESPONDENT, FOR SEVERAL DECADES, FAILED TO REGISTER ITS INTEREST, IF ANY, OVER THE SUBJECT PROPERTIES.

III.

THE COURT OF APPEALS ERRED IN HOLDING THAT RESPONDENT IS NOT GUILTY OF LACHES DESPITE THE FACT THAT IT FAILED TO ASSERT ITS RIGHT, IF ANY, OVER THE SUBJECT PROPERTIES FOR 56 LONG YEARS.

IV.

THE COURT OF APPEALS ERRED IN HOLDING THAT PETITIONER IS NOT A BUYER IN GOOD FAITH.[12]

At the outset, we note that issues of ownership and possession of several lots included in the 18 parcels of land covering the Banilad Friar Lands Estate had been the subject of earlier controversies which we already had occasion to rule upon. Lot Nos. 932 and 939 were the subject of *Valdehueza v. Republic*[13] which is ubiquitously invoked by the Republic in this case. *Republic v. Lim*[14] dealt with the special circumstances surrounding the incomplete and ineffectual expropriation of Lot No. 932. On the other hand, *Federated Realty Corporation v. Court of Appeals*[15] preliminarily determined the state of ownership and possession of a portion of Lot No. 933, particularly Lot 3, covered by TCT No. 119929.

In *Valdehueza*, we held that the registered lot owners were not entitled to recover possession of the expropriated lots considering that the titles contained annotations of the right of the National Airports Corporation (now CAA) to pay for and acquire said lots.[16]

In *Republic v. Lim*,[17] we rejected the Republic's invocation of our Decision in *Valdehueza* to retain ownership over said lots, and upheld the principle that title to the expropriated property shall pass from the owner to the expropriator only upon full payment of just compensation.[18] We struck down the Republic's claim of ownership over Lot No. 932 in light of its blatant disregard of the explicit order in *Valdehueza* to effect payment of just compensation.

In *Federated Realty Corporation v. Court of Appeals*[19] we upheld Federated Realty Corporation's (FRC's) clear and unmistakable right, as the title holder, to the lot in question, necessitating the issuance of a writ of injunction

to prevent serious damage to its interests.[20] Even as the Republic invoked Valdehueza and the CFI Decision in Civil Case No. 781 to defeat the rights of the registered owner and actual possessor, we applied the settled principle in land registration that a certificate of title serves as evidence of an indefeasible and incontrovertible title to the property in favor of the person named therein.[21]

It is against this backdrop that we resolve the main issue at bench: the ownership of Lot Nos. 933-B-3 and 933-B-4. To do so, however, we must answer a number of fundamental questions.

First, was there a valid and complete expropriation of the 18 parcels of land, inclusive of subject Lot No. 933? Corollary thereto, did the CFI Decision in Civil Case No. 781 attain finality and, as such, now evade review?

To these questions, the CA responded in the affirmative. It found that no timely appeal had been filed by the original owners of Lot No. 933, and thus, the CFI Decision became final. Accordingly, the CA ruled that the validity of the expropriation, including the authority to expropriate, was no longer open to question. Therefore, the appellate court saw no necessity to delve into the applicability of Valdehueza.

We cannot subscribe to the CA's ruling.

In its effort to simplify the issues, the CA disregarded relevant facts and ignored the evidence, noteworthy among which is that when the Republic filed its complaint with the RTC, it alleged that the CFI Decision in Civil Case No. 781 had long become final and executory. However, this assertion would compound the Republic's predicament, because the Republic could not adequately explain its failure to register its ownership over the subject property or, at least, annotate its lien on the title. Trying to extricate itself from this quandary, the Republic belatedly presented a copy of an Exception and Notice of Intention to Appeal dated July 9, 1940, to show that an appeal filed by the original owners of Lot No. 933 effectively prevented the Republic from registering its title, or even only annotating its lien, over the property.

The CA's categorical pronouncement that the CFI Decision had become final as no appeal was perfected by SRRDC's predecessor-in-interest is, therefore, contradicted by the Republic's own allegation that an appeal had been filed by the original owners of Lot No. 933. Not only did the CA fail to resolve the issue of the Republic's failure to register the property in its name, it also did not give any explanation as to why title and continuous possession of the property remained with SRRDC and its predecessors-in-interest for fifty-six years. The CA ruling that disregards these established facts and neglects to reconcile the contradiction mentioned above does not deserve concurrence by this Court.

Furthermore, as correctly pointed out by SRRDC, even if the appellate court adverted to our finding in Valdehueza on the finality of the expropriation over the lots subject of that case, still, SRRDC and its predecessors-in-interest would not be bound. The reference to the finality of the CFI Decision in Civil Case No. 781 in Valdehueza applies to different parties and separate parcels of land. We confirmed this in *Federated Realty Corporation v. CA*,^[22] and noted that our decision in Valdehueza and in *Republic v. Lim*^[23] did not involve the ownership of Lot No. 933 which was not subject of those cases.

Second, assuming that the CFI Decision in Civil Case No. 781 is final and executory, and that the expropriation proceedings before that court had been completed, did the Republic pay just compensation for Lot No. 933?

Regrettably, the CA did not dispose of this issue.

The Republic submits that the P9,500.00 initial deposit it made was disbursed in full to the owners of the 18 lots subject of expropriation, and assumes that the owners of Lot No. 933 were among the recipients of such disbursement. The Republic admits that records of payment were destroyed by fire during World War II, and it

cannot be ascertained who received the money. It would rely simply on the presumption that official duty had been regularly performed in assuming that the owners of the 18 lots expropriated were adequately paid.

We are not convinced.

The Republic's bare contention and assumption cannot defeat SRRDC's apparent ownership over the subject properties. As we have previously found in *Valdehueza, Republic v. Lim*[24] and *Federated Realty Corporation v. CA*,[25] by the very admission of the Republic, there was no record of payment of compensation to the land owners.

In *Republic v. Lim*,[26] we emphasized that no piece of land can be finally and irrevocably taken from an unwilling owner until compensation is paid.[27] Without full payment of just compensation, there can be no transfer of title from the landowner to the expropriator.[28] Thus, we ruled that the Republic's failure to pay just compensation precluded the perfection of its title over Lot No. 932.[29] In fact, we went even further and recognized the right of the unpaid owner to recover the property if within five years from the decision of the expropriation court the expropriator fails to effect payment of just compensation.

Time and again, we have declared that eminent domain cases are to be strictly construed against the expropriator.[30] The payment of just compensation for private property taken for public use is an indispensable requisite for the exercise of the State's sovereign power of eminent domain. Failure to observe this requirement renders the taking ineffectual, notwithstanding the avowed public purpose. To disregard this limitation on the exercise of governmental power to expropriate is to ride roughshod over private rights.

From the records of this case and our previous findings in the related cases, the Republic manifestly failed to present clear and convincing evidence of full payment of just compensation and receipt thereof by the property owners.[31] Notably, the CFI Decision in Civil Case No. 781 makes no mention of the initial deposit allegedly made by the Republic.[32] Furthermore, based on the CFI Decision fixing the amount of just compensation for some of the lots, the initial deposit, if it was indeed disbursed, would still not adequately recompense all the owners of the 18 expropriated lots.[33] More importantly, if the Republic had actually made full payment of just compensation, in the ordinary course of things, it would have led to the cancellation of title, or at least, the annotation of the lien in favor of the government on the certificate of title covering Lot No. 933.[34]

In *Federated Realty Corporation v. CA*,[35] we expounded on the registration requirement in expropriation proceedings as provided in the law in force at the time of the CFI Decision, thus:

The registration with the Registry of Deeds of the Republic's interest arising from the exercise of its power of eminent domain is in consonance with Section 88 of Act No. 496 or the Land Registration Act (now Section 85 of P.D. 1529 also known as the Property Registration Decree), to wit:

SEC. 88. Whenever any land of a registered owner, or any right or interest therein, is taken by eminent domain, the Government or municipality or corporation or other authority exercising such right shall file for registration in the proper province a description of the registered land so taken, giving the name of such owner thereof, referring by number and place of registration in the registration book to each certificate of title, and stating what amount or interest in the land is taken, and for what purpose. A memorandum of the right or interest taken, shall be made on each certificate of title by the register of deeds, and where the fee simple is taken a new certificate shall be entered to the owner for the land remaining to him after such taking, and a new certificate shall be entered to the Government, municipality, corporation, or other authority exercising such right for the land so taken. All fees on account of any memorandum of registration or entry of new certificate shall be paid by the authority taking the land.

Furthermore, Section 251 of the Code of Civil Procedure, the law in force at the time of the Commonwealth case likewise provides for the recording of the judgment of expropriation in the Registry of Deeds. Said provision

reads, to wit:

SEC. 251. Final Judgment, Its Record and Effect. — The record of the final judgment in such action shall state definitely by metes and bounds and adequate description. The particular land or interest in land condemned to the public use, and the nature of the public use. A certified copy of the record of judgment shall be recorded in the office of the registrar of deeds for the province in which the estate is situated, and its effect shall be to vest in the plaintiff for the public use stated the land and estate so described. (Emphasis supplied)

There is no showing that the Republic complied with the aforestated registration requirement. Without such compliance, it cannot be said that FRC had notice of the Republic's adverse claim sufficient to consider the former in bad faith, for the law gives the public the right to rely on the face of the Torrens title and to dispense with the need of further inquiry, except only when one has actual knowledge of facts and circumstances that should impel a reasonably cautious man to inquire further into its integrity. Such is the very essence of our Torrens system as ruled in *Legarda v. Saleeby*, 31 Phil. 590, thus:

The real purpose of the system is to quiet title of land; to put a stop forever to any question of the legality of the title, except claims which were noted at the time of registration, in the certificate, or which may arise subsequent thereto. That being the purpose of the law, it would seem that once a title is registered, the owner may rest secure, without the necessity of waiting in the portals of the courts, or sitting in the "mirador de su casa," to avoid the possibility of losing his land. x x x The certificate, in the absence of fraud, is the evidence of title and shows exactly the real interest of its owner. The title once registered, with very few exceptions, should not thereafter be impugned, except in some direct proceeding permitted by law. Otherwise, all security in registered titles would be lost.[36]

From the foregoing, it is clear that it was incumbent upon the Republic to cause the registration of the subject properties in its name or record the decree of expropriation on the title. Yet, not only did the Republic fail to register the subject properties in its name, it failed to do so for fifty-six (56) years.

This brings us to the third question that begs resolution: Is the Republic, by its failure or neglect to assert its claim, barred by laches?

Laches is the failure or neglect, for an unreasonable and unexplained length of time, to do that which by exercising due diligence could or should have been done earlier; it is negligence or omission to assert a right within a reasonable time, warranting a presumption that the party entitled to assert it either has abandoned it or declined to assert it.[37]

The general rule is that the State cannot be put in estoppel or laches by the mistakes or errors of its officials or agents.[38] This rule, however, admits of exceptions. One exception is when the strict application of the rule will defeat the effectiveness of a policy adopted to protect the public[39] such as the Torrens system.

In *Republic v. Court of Appeals*,[40] we ruled that the immunity of government from laches and estoppel is not absolute, and the government's silence or inaction for nearly twenty (20) years (starting from the issuance of St. Jude's titles in 1966 up to the filing of the Complaint in 1985) to correct and recover the alleged increase in the land area of St. Jude was tantamount to laches.

In the case at bench, the Republic failed to register the subject properties in its name and incurred in laches spanning more than five-and-a-half (5 ½) decades. Even if we were to accede to the Republic's contention that the Exception and Notice of Intention to Appeal filed by the original owners of Lot No. 933 initially prevented it from registering said property in its name, we would still be hard pressed to find justification for the Republic's silence and inaction for an excessively long time.

Very telling of the Republic's silence and inaction, whether intentional or by sheer negligence, is the testimony of

Antonio L. Infante, the Republic's witness in the proceedings before the RTC.[41] On cross-examination, he testified that several surveys[42] were conducted on a number of expropriated lots, including Lot No. 933.[43] The results of these surveys showed that Lot No. 933 was still registered in the name of the original owners.[44] As such, Infante recommended in his report that legal action be taken.[45] Yet, despite the aforesaid recommendation, title to Lot No. 933 remained registered in the name of the original owners, and subsequently its transferees. This silence and unexplained inaction by the Republic clearly constitute laches.

A fourth basic question is whether or not SRRDC is a buyer in good faith.

The CA found SRRDC wanting in good faith because it should be imputed with constructive knowledge, or at least, sufficiently warned that the Republic had claims over the property in view of indications that the subject land belonged to a military reservation.

Contrary to the CA's findings, however, Infante testified that there were no facilities installed by the AFP on Lot No. 933, although sometime in 1984 to 1985, there began some illegal construction thereon.[46] He was uncertain as to whether a criminal case was filed against those responsible for the illegal construction, and simply referred to an arrangement between the AFP and an Amores Realty which prevented the former from filing a case against the latter.[47]

Significantly, the records also reveal that the Republic's possession of the 18 expropriated lots pertain only to the lots adjacent to Lot No. 933. At most, the Lahug Airport runway traverses only a portion of Lot No. 933 situated in Lot No. 933-A, and not Lot No. 933-B which is the subject of this case. Even if these lots were originally part of Lot No. 933, the lack of annotation on the title of the decree of expropriation, and its eventual segregation into several lots covered by separate titles enabled SRRDC to purchase the subject properties, for value, free from any lien, and without knowledge of the Republic's adverse claim of ownership.

The trial court correctly held that title registered under the Torrens system is notice to the world.[48] Every person dealing with registered land may safely rely on the correctness of its certificate of title and the law will not oblige him to go beyond what appears on the face thereof to determine the condition of the property.[49]

The conveyance history of the subject properties is clearly shown on the titles of SRRDC's predecessors-in-interest. Absent a showing that SRRDC had any participation, voluntary or otherwise, in the transfers by the original owners of Lot No. 933, prior to its eventual acquisition of the same, we affirm that SRRDC is a buyer in good faith and an innocent purchaser for value.

An innocent purchaser for value is one who, relying on the certificate of title, bought the property from the registered owner, without notice that some other person has a right to, or interest in, such property, and pays a full and fair price for the same, at the time of such purchase, or before he has notice of the claim or interest of some other person in the property.[50]

Likewise, Section 32 of Presidential Decree No. 1529[51] provides:

SECTION 32. Review of decree of registration; Innocent purchaser for value. — The decree of registration shall not be reopened or revised by reason of absence, minority, or other disability of any person adversely affected thereby, nor by any proceeding in any court for reversing judgments, subject, however, to the right of any person, including the government and the branches thereof, deprived of land or of any estate or interest therein by such adjudication or confirmation of title obtained by actual fraud, to file in the proper Court of First Instance a petition for reopening and review of the decree of registration not later than one year from and after the date of the entry of such decree of registration, but in no case shall such petition be entertained by the court where an innocent purchaser for value has acquired the land or an interest therein, whose rights may be prejudiced. Whenever the phrase "innocent purchaser for value" or an equivalent phrase occurs in this Decree,

it shall be deemed to include an innocent lessee, mortgagee, or other encumbrancer for value.

Upon the expiration of said period of one year, the decree of registration and the certificate of title issued shall become incontrovertible. Any person aggrieved by such decree of registration in any case may pursue his remedy by action for damages against the applicant or any other persons responsible for the fraud.

In the instant case, the Republic's adverse claim of ownership over the subject properties may have given SRRDC's predecessors-in-interest, the sellers, voidable title to the subject properties. However, we stress that prior to SRRDC's acquisition of the subject properties, Lot No. 933 had already been subdivided and covered by separate titles of the subsequent transferees. These titles, including the titles to the subject properties, had not been voided at the time of the sale to SRRDC in 1994. As such, SRRDC acquired good title to the subject properties, having purchased them in good faith, for value, and without notice of the seller's defect of title, if any.

Finally, there is a recent development that has sealed the fate of the Republic in its claim of ownership over the subject properties. This is the passage of Republic Act No. 9443 (RA 9443), entitled "AN ACT CONFIRMING AND DECLARING, SUBJECT TO CERTAIN EXCEPTIONS, THE VALIDITY OF EXISTING TRANSFER CERTIFICATES OF TITLE AND RECONSTITUTED CERTIFICATES OF TITLE COVERING THE BANILAD FRIAR LANDS ESTATE, SITUATED IN THE FIRST DISTRICT OF THE CITY OF CEBU." [52] The law confirms and declares valid all existing TCTs and Reconstituted Certificates of Title duly issued by the Register of Deeds of Cebu Province and/or Cebu City covering any portion of the Banilad Friar Lands Estate. [53] Thus, by legislative fiat, SRRDC's titles covering Lot Nos. 933B-3 and 933B-4 must be recognized as valid and subsisting.

In fine, we hold that the operative facts in the case at bar, to wit: (1) the incomplete expropriation of Lot No. 933 in view of Republic's failure to prove payment in full of just compensation; (2) the registration under the Torrens system of the subject properties in the name of SRRDC and its predecessors-in-interest; (3) the estoppel and laches of the Republic for 56 years; (4) the status of SRRDC as an innocent purchaser for value; and (5) the passage of R.A. No. 9443, all warrant the reversal of the CA Decision.

WHEREFORE, premises considered, the petition is GRANTED. The August 15, 2003 Decision of the Court of Appeals is hereby REVERSED and the August 25, 1998 Decision of the Regional Trial Court is REINSTATED. TCT Nos. 128197 and 128198, in the name of petitioner San Roque Realty and Development Corporation, are upheld and declared valid.

SO ORDERED.

Ynares-Santiago, (Chairperson), Austria-Martinez, Chico-Nazario, and Reyes, JJ., concur.

[1] Penned by Associate Justice Andres B. Reyes, Jr., with Associate Justices Eubulo G. Verzola and Regalado E. Maambong, concurring.

[2] Penned by Judge Aproniano B. Taypin.

[3] Rollo, pp. 48-49.

[4] Id. at 49-53.

[5] Id. at 121-136.

[6] Id. at 130-136.

[7]123 Phil. 968 (1966).

[8] Rollo, p. 55.

[9] Id.

[10]Id. at 56.

[11] Id. at 55.

[12] Id. at 22.

[13] Supra note 7.

[14] G.R. No. 161656, June 29, 2005, 462 SCRA 265.

[15]G.R. No. 127967, December 14, 2005, 477 SCRA 707.

[16] Supra note 7, at 112.

[17] Supra note 14.

[18] Id. at 281.

[19] Supra note 15.

[20]Id. at 724.

[21] Id. at 716-717.

[22] Supra note 15.

[23] Supra note 14.

[24] Id.

[25] Supra note 15.

[26] Supra note 14.

[27] Visayan Refining Co. v. Camus, 40 Phil 550, 561 (1919).

[28] Supra note 14, at 282.

[29] Id. at 286.

[30] Id. at 280.

[31] Federated Realty Corporation v. CA, supra note 15, at 711; Republic v. Lim, supra note 14, at 273; Valdehueza v. Republic, supra note 7, at 973; TSN, November 10, 1997, pp. 6-7.

[32] Annex "B," rollo, pp. 75-80.

[33] The decision uniformly fixed the price for all 18 lots, excluding the improvements, at P0.10 per square meter. (TSN, November 10, 1997, p. 6.)

[34]Federated Realty Corporation v. CA, supra note 15, at 719.

[35]Id.

[36] Id. at 719-721.

[37] Olizon v. Court of Appeals, G.R. No. 107075, September 1, 1994, 236 SCRA 148, 157-158.

[38] Republic v. Court of Appeals, G.R. No. 116111, January 21, 1999, 301 SCRA 366, 377.

[39] Id., citing 31 CJS 675-676, p. 377.

[40] Id. at 378-379.

[41] Antonio L. Infante, former military officer and real estate officer of AFP VISCOM.

[42] In 1975, 1977, 1982, 1984, 1992, and 1994.

[43] TSN, April 2, 1997, p. 6.

[44] Id. at 10-11.

[45] Id.

[46] Id. at 9.

[47] Id.

[48] Rollo, p. 130.

[49] Id. at 434.

[50] Realty Sales Enterprise, Inc. v. Intermediate Appellate Court, G.R. No. L-67451, September 28, 1987, 154 SCRA 328, 345, citing Cui v. Henson, 51 Phil 606 (1928), Fule v. DeLegare, 117 Phil. 367 (1963).

[51] Amending and codifying the laws relative to registration of property and for other purposes.

[52] [REPUBLIC ACT NO. 9443]

AN ACT CONFIRMING AND DECLARING SUBJECT TO CERTAIN EXCEPTIONS, THE VALIDITY OF EXISTING TRANSFER CERTIFICATES OF TITLE AND RECONSTITUTED CERTIFICATES OF THE TITLE COVERING THE BANILAD FRIAR LANDS ESTATE, SITUATED IN THE FIRST DISTRICT OF THE CITY OF CEBU.

SECTION 1. All existing Transfer Certificates of Title and Reconstituted Certificates of Title duly issued by the Register of Deeds of Cebu Province and/or Cebu City covering any portion of the Banilad Friar Lands Estate, notwithstanding the lack of signatures and/or approval of the then Secretary of the Interior (later Secretary of Agriculture and Natural Resources) and/or the then Chief of the Bureau of Public Lands (later Director of Public Lands) in the copies of the duly executed Sale Certificates and Assignments of Sales Certificates, as the case may be, now on file with the Community Environment and Natural Resources Office (CENTRO), Cebu City, are hereby confirmed and declared as valid titles and the registered owners recognized as absolute owners thereof.

This confirmation and declaration of validity shall in all respects be entitled to like effect and credit as a decree of registration, binding the land and quieting the title thereto and shall be conclusive upon and against all persons, including the national government and all branches thereof; except when, in a given case involving a certificate of title or a reconstituted certificate of title, there is clear evidence that such certificate of title or reconstituted certificate of title was obtained through fraud, in which case the solicitor general or his duly designated representative shall institute the necessary judicial proceeding to cancel the certificate of title or reconstituted certificate of title as the case may be, obtained through such fraud.

SEC. 2. All laws, decrees, proclamations or issuances contrary to or inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

SEC. 3. This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in at least two national newspapers of general circulation.

[53]Published on July 11 and 12, 2007 in The Daily Tribune and Balita, respectively. Effective 15 days therefrom, or on July 27, 2007.

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