

**MACTAN-CEBU INTERNATIONAL AIRPORT AUTHORITY (MCIAA),
Petitioner, vs. HEIRS OF MARCELINA L. SERO, SUPREMO S. ANCAJAS,
MAXIMA S. ANCAJAS-NUÑEZ, HRS. OF JULIAN L. ANCAJAS,
AGRIPINO...**

G.R. No. 174672. April 16, 2008

Ponente: YNARES-SATIAGO, J.

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YNARES-SATIAGO, J.:

This petition assails the May 12, 2006 Decision[1] of the Court of Appeals in CA-G.R. CV No. 73159, which reversed the June 14, 2001 and August 10, 2001 Orders of the Regional Trial Court (RTC) of Cebu City, Branch 8, in Civil Case No. CEB-24012. Also assailed is the September 12, 2006 Resolution denying the motion for reconsideration.

The facts of the case are as follows:

On July 6, 1999, respondents, through their attorney-in-fact Anecito Invento, filed a complaint against several defendants for recovery of ownership and declaration of nullity of several Transfer Certificates of Title (TCTs), four of which are registered in the names of the petitioner Mactan-Cebu International Airport Authority (MCIAA) and the Republic. They alleged that the subject properties were owned by their predecessor Ysabel Limbaga, but the Original Certificates of Title were lost during the Second World War. Respondents alleged that the mother of therein defendants Ricardo Inocian, Emilia I. Bacalla, Olympia I. Esteves and Restituta I. Montana pretended to be "Isabel Limbaga" and fraudulently succeeded in reconstituting the titles over the subject properties to her name and in selling some of them to the other defendants.[2]

It will be recalled that the subject properties were acquired by the Civil Aeronautics Administration (CAA) through expropriation proceedings for the expansion and improvement of the Lahug Airport,[3] which was granted by the Court of First Instance (CFI) of Cebu City, Branch 3, in Civil Case No. R-1881, on December 29, 1961. Subsequently, however, Lahug airport was ordered closed on November 29, 1989,[4] and all its functions and operations were transferred to petitioner MCIAA[5] after its creation in 1990 pursuant to Republic Act (R.A.) No. 6958, otherwise known as the Charter of the Mactan-Cebu International Airport Authority.

In its Answer, petitioner denied the allegations in the complaint and by way of special and affirmative defenses moved for the dismissal of the complaint. Likewise, defendants Ricardo Inocian, Haide Sun and spouses Victor Arcinas and Marilyn Dueñas filed their separate motions to dismiss.

On June 14, 2001, the RTC dismissed the complaint on the grounds that the respondents had no cause of action, and that the action was barred by prescription and laches.[6] Respondents filed a motion for reconsideration which was denied; hence, they filed an appeal with the Court of Appeals which reversed the Orders of the RTC. The appellate court held that the complaint alleged "ultimate facts" constituting respondents' cause of action; that the respondents cannot be faulted for not including therein "evidentiary facts," thus causing confusion or doubt as

to the existence of a cause of action; and assuming the complaint lacked some definitive statements, the proper remedy for the petitioner and other defendants should have been a motion for bill of particulars, not a motion to dismiss. Further, the determination of whether respondents have a right to recover the ownership of the subject properties, or whether their action is barred by prescription or laches requires evidentiary proof which can be threshed out, not in a motion to dismiss, but in a full-blown trial.[7] The dispositive portion of the Decision reads:

WHEREFORE, the assailed orders dated 14 June 2001 and 10 August 2001, both issued by the Regional Trial Court of Cebu City, Branch 8 in Civil Case No. CEB-24012, are hereby REVERSED and SET ASIDE. Accordingly, we REMAND the case to the court a quo for further proceedings. We are also directing the RTC of Cebu City, Branch 8 to REINSTATE the case, and to conduct a TRIAL ON THE MERITS and thereafter render a decision.

SO ORDERED.[8]

Petitioner moved for reconsideration, however, it was denied in a Resolution dated September 12, 2006.[9] Hence, this petition for review based on the following grounds:

THE COURT OF APPEALS GRAVELY ERRED IN HOLDING THAT RESPONDENTS HAVE A CAUSE OF ACTION AGAINST PETITIONER IN CIVIL CASE NO. CEB-24012.

THE COURT OF APPEALS GRAVELY ERRED IN NOT AFFIRMING THE LOWER COURT'S FINDING THAT RESPONDENTS ARE GUILTY OF LACHES AND THAT THEIR CAUSE OF ACTION, IF ANY, HAS PRESCRIBED.[10]

Respondents argue that the properties which were expropriated in connection with the operation of the Lahug Airport should be reconveyed to the real owners considering that the purpose for which the properties were expropriated is no longer relevant in view of the closure of the Lahug Airport.[11]

A cause of action is an act or omission of one party in violation of the legal right of the other. Its elements are the following: (1) the legal right of plaintiff; (2) the correlative obligation of the defendant, and (3) the act or omission of the defendant in violation of said legal right.[12] The existence of a cause of action is determined by the allegations in the complaint.[13] Thus, in the resolution of a motion to dismiss based on failure to state a cause of action, only the facts alleged in the complaint must be considered. The test in cases like these is whether a court can render a valid judgment on the complaint based upon the facts alleged and pursuant to the prayer therein. Hence, it has been held that a motion to dismiss generally partakes of the nature of a demurrer which hypothetically admits the truth of the factual allegations made in a complaint.[14]

However, while a trial court focuses on the factual allegations in a complaint, it cannot disregard statutes and decisions material and relevant to the proper appreciation of the questions before it. In resolving a motion to dismiss, every court must take judicial notice of decisions this Court has rendered as provided by Section 1 of Rule 129 of the Rules of Court,[15] to wit:

SECTION 1. Judicial notice, when mandatory. -- A court shall take judicial notice, without the introduction of evidence, of the existence and territorial extent of states, their political history, forms of government and symbols of nationality, the law of nations, the admiralty and maritime courts of the world and their seals, the political constitution and history of the Philippines, the official acts of the legislative, executive and judicial departments of the Philippines, laws of nature, the measure of time, and the geographical divisions.

In reversing the Orders of the RTC, the Court of Appeals failed to consider the decision of this Court in *Mactan-Cebu International Airport v. Court of Appeals*,[16] rendered on November 27, 2000, which settled the issue of whether the properties expropriated under Civil Case No. R-1881 will be reconveyed to the original owners if the purpose for which it was expropriated is ended or abandoned or if the property was to be used other

than the expansion or improvement of the Lahug airport.

In said case, the Court held that the terms of the judgment in Civil Case No. R-1881 were clear and unequivocal. It granted title over the expropriated land to the Republic of the Philippines in fee simple without any condition that it would be returned to the owners or that the owners had a right to repurchase the same if the purpose for which it was expropriated is ended or abandoned or if the property was to be used other than as the Lahug airport.[17] When land has been acquired for public use in fee simple, unconditionally, either by the exercise of eminent domain or by purchase, the former owner retains no rights in the land, and the public use may be abandoned, or the land may be devoted to a different use, without any impairment of the estate or title acquired, or any reversion to the former owner.[18]

Had the appellate court considered the import of the ruling in *Mactan-Cebu International Airport v. Court of Appeals*, it would have found that respondents can invoke no right against the petitioner since the subject lands were acquired by the State in fee simple. Thus, the first element of a cause of action, i.e., plaintiff's legal right, is not present in the instant case.

We are not unaware of the ruling in *Heirs of Timoteo Moreno v. Mactan-Cebu International Airport Authority*,[19] concerning still another set of owners of lands which were declared expropriated in the judgment in Civil Case No. R-1881, but were ordered by the Court to be reconveyed to their previous owners because there was preponderant proof of the existence of the right of repurchase. However, we qualified our Decision in that case, thus:

We adhere to the principles enunciated in *Fery* and in *Mactan-Cebu International Airport Authority*, and do not overrule them. Nonetheless the weight of their import, particularly our ruling as regards the properties of respondent Chiongbian in *Mactan-Cebu International Airport Authority*, must be commensurate to the facts that were established therein as distinguished from those extant in the case at bar. Chiongbian put forth inadmissible and inconclusive evidence, while in the instant case we have preponderant proof as found by the trial court of the existence of the right of repurchase in favor of petitioners.[20] (Emphasis provided)

Thus, the determination of the rights and obligations of landowners whose properties were expropriated but the public purpose for which eminent domain was exercised no longer subsist, must rest on the character by which the titles thereof were acquired by the government. If the land is expropriated for a particular purpose with the condition that it will be returned to its former owner once that purpose is ended or abandoned, then the property shall be reconveyed to its former owner when the purpose is terminated or abandoned. If, on the contrary, the decree of expropriation gives to the entity a fee simple title, as in this case, then the land becomes the absolute property of the expropriator. Non-use of the property for the purpose by which it was acquired does not have the effect of defeating the title acquired in the expropriation proceedings.[21]

Even assuming that respondents have a right to the subject properties being the heirs of the alleged real owner Ysabel Limbaga, they still do not have a cause of action against the petitioner because such right has been foreclosed by prescription, if not by laches. Respondents failed to take the necessary steps within a reasonable period to recover the properties from the parties who caused the alleged fraudulent reconstitution of titles.

Respondents' action in the court below is one for reconveyance based on fraud committed by Isabel Limbaga in reconstituting the titles to her name. It was filed on July 6, 1999, or 38 years after the trial court in Civil Case No. R-1881 granted the expropriation, or even longer if we reckon from the time of the fraudulent reconstitution of titles, which date is not stated in the complaint but presumably before the complaint for expropriation was filed by CAA on April 16, 1952.[22]

An action for reconveyance is a legal remedy granted to a landowner whose property has been wrongfully or

erroneously registered in another's name.[23] However, such action must be filed within 10 years from the issuance of the title since the issuance operates as a constructive notice.[24] Thus, the cause of action which respondents may have against the petitioner is definitely barred by prescription.

Rule 9, Section 1 of the Rules of Court provides that when it appears from the pleadings or the evidence on record that the action is already barred by statute of limitations, the court shall dismiss the claim. Further, contrary to respondents' claim that a complaint may not be dismissed based on prescription without trial, an allegation of prescription can effectively be used in a motion to dismiss when the complaint on its face shows that indeed the action has prescribed[25] at the time it was filed.

Thus, in *Gicano v. Gegato*: [26]

We have ruled that trial courts have authority and discretion to dismiss an action on the ground of prescription when the parties' pleadings or other facts on record show it to be indeed time-barred; and it may do so on the basis of a motion to dismiss, or an answer which sets up such ground as an affirmative defense; or even if the ground is alleged after judgment on the merits, as in a motion for reconsideration; or even if the defense has not been asserted at all, as where no statement thereof is found in the pleadings, or where a defendant has been declared in default. What is essential only, to repeat, is that the facts demonstrating the lapse of the prescriptive period, be otherwise sufficiently and satisfactorily apparent on the record: either in the averments of the plaintiffs complaint, or otherwise established by the evidence.[27] (Citations omitted)

In the instant case, although the complaint did not state the date when the alleged fraud in the reconstitution of titles was perpetuated, it is however clear from the allegations in the complaint that the properties sought to be recovered were acquired by the petitioner in Civil Case No. R-1881 which was granted by the trial court on December 29, 1961. Clearly, the filing of the action in 1999 is way beyond the ten 10 year prescriptive period.

Further, while it is by express provision of law that no title to registered land in derogation of that of the registered owner shall be acquired by prescription or adverse possession, it is likewise an enshrined rule that even a registered owner may be barred from recovering possession of property by virtue of laches.[28] The negligence or omission to assert a right within a reasonable time warrants a presumption that the party entitled to assert it had either abandoned it or declined to assert it also casts doubt on the validity of the claim of ownership. Such neglect to assert a right taken in conjunction with the lapse of time, more or less great, and other circumstances causing prejudice to the adverse party, operates as a bar in a court of equity.[29]

Respondents' inaction for a period of 38 years to vindicate their alleged rights had converted their claim into a stale demand. The allegation that petitioner employed threat or intimidation is an afterthought belatedly raised only in the Court of Appeals. As such it deserves scant attention.

WHEREFORE, in view of the foregoing, the petition for review is GRANTED. The May 12, 2006 Decision and September 12, 2006 Resolution of the Court of Appeals in CA-G.R. CV No. 73159 are REVERSED and SET ASIDE. The Orders of the Regional Trial Court of Cebu City, Branch 8 dated June 14, 2001 and August 10, 2001 in Civil Case No. CEB-24012, dismissing respondent's complaint for reconveyance on grounds of lack of cause of action, prescription and laches and denying the motion for reconsideration, respectively, are REINSTATED and AFFIRMED.

SO ORDERED.

Austria-Martinez, Chico-Nazario, Nachura, and Reyes, JJ., concur.

[1] Penned by Associate Justice Pampio A. Abarintos and concurred in by Associate Justices Enrico A. Lanzanas

and Apolinario D. Bruselas, Jr.

[2] Rollo, pp. 59-60.

[3] Id. at 62.

[4] See *Air Transportation Office v. Gopuco, Jr.*, G.R. No. 158563, June 30, 2005, 462 SCRA 544, 548.

[5] See *Heirs of Timoteo Moreno v. Mactan-Cebu International Airport Authority*, G.R. No. 156273, August 9, 2005, 466 SCRA 288, 294.

[6] Rollo, p. 78.

[7] Id. at 50-53.

[8] Id. at 53.

[9] Id. at 56.

[10] Id. at 28.

[11] Id. at 62.

[12] *Heirs of the Late Faustina Adalid v. Court of Appeals*, G.R. No. 122202, May 26, 2005, 459 SCRA 27, 40.

[13] *Banco Filipino Savings and Mortgage Bank v. Court of Appeals*, G.R. No. 143896, July 8, 2005, 463 SCRA 64, 73.

[14] *Peltan Development, Inc. v. Court of Appeals*, 336 Phil. 824, 833-834 (1997).

[15] Id.

[16] 399 Phil. 695 (2000).

[17] Id. at 706, citing the case of *Fery v. Municipality of Cabanatuan*, 42 Phil. 28 (1921).

[18] Id. at 705.

[19] G.R. No. 156273, October 15, 2003, 413 SCRA 502.

[20] Id. at 509.

[21] Id. at 508.

[22] See *Air Transportation Office v. Gopuco*, *supra* note 4 at 547.

[23] *Declaro v. Court of Appeals*, 399 Phil. 616, 623-624 (2000).

[24] Id.

[25] *Balo v. Court of Appeals*, G.R. No. 129704, September 30, 2005, 471 SCRA 227, 240.

[26] G.R. No. L-63574, January 20, 1988, 157 SCRA 140.

[27] G.R. No. L-63575, January 20, 1988, 157 SCRA 140, 145-146.

[28] *Rumarate v. Hernandez*, G.R. No. 168222, April 18, 2006, 487 SCRA 317, 335-336.

[29] *Guerrero v. Court of Appeals*, 211 Phil. 295, 305 (1983).

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