

**REPUBLIC OF THE PHILIPPINES, REPRESENTED BY THE
DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS (DPWH),
PETITIONER, VS. HON. ROSA SAMSON-TATAD, AS PRESIDING JUDGE
OF THE REGIONAL TRIAL ...**

G.R. No. 187677. April 17, 2013

Ponente: SERENO, C.J.

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SERENO, C.J.:

This is an appeal via a Petition for Review on Certiorari[1] dated 19 June 2009 assailing the Decision[2] and Resolution[3] of the Court of Appeals (CA) in C.A. G.R. SP No. 93227 which affirmed the Orders[4] of the Regional Trial Court (RTC), Branch 105, Quezon City in Civil Case No. Q-01-44595. The RTC barred petitioner from presenting evidence to prove its claim of ownership over the subject property, as the presentation thereof would constitute a collateral attack on private respondents' title.

The antecedent facts are as follows:

On 13 July 2001, petitioner Republic of the Philippines, represented by the Department of Public Works and Highways (DPWH), filed a Complaint against several defendants, including private respondents, for the expropriation of several parcels of land affected by the construction of the EDSA-Quezon Avenue Flyover.[5] Private respondents, Spouses William and Rebecca Genato, are the registered owners of a piece of land ("subject property") covered by Transfer Certificate of Title (TCT) No. RT-11603 (383648)[6] and having an area of 460 square meters.

During the pendency of the proceedings, petitioner received a letter dated 14 June 2002 from Engr. Patrick B. Gatan, Project Manager IV of the DPWH-NCR, reporting that the subject property was "government land and that the transfer certificate of title of the said claimant [respondent] x x x is of dubious origin and of fabrication as it encroached or overlapped on a government property." [7] As a result, petitioner filed an Amended Complaint on 24 June 2002,[8] seeking to limit the coverage of the proceedings to an area conforming to the findings of the DPWH:

4. To accomplish said project, which is to be undertaken by the Department of Public Works and Highways [DPWH], it is necessary and urgent for plaintiff to acquire in fee simple portions of the following parcels of land belonging to, occupied, possessed, and/or the ownership of which are being claimed by the defendants, to wit:

x x x x

[c] Defendants William O. Genato and Rebecca G. Genato. –

x x x x

5. The portion of the above properties that are affected by the project and shaded green in the sketch plan hereto attached and made integral part hereof as Annex E, consisting of an area of: x x x [c] 460 square meters of the

aforescribed property registered in the name of defendants spouses William and Rebecca Genato; x x x. (Emphasis in the original)

On 18 July 2002, petitioner filed a Manifestation and Motion[9] to have the subject property “declared or considered of uncertain ownership or subject to conflicting claims.”

In an Order dated 10 December 2002,[10] the RTC admitted petitioner’s Amended Complaint, deferred the release to respondents the amount of eighteen million four hundred thousand pesos (P18,400,000) deposited in the bank, equivalent to the current zonal valuation of the land, and declared the property as the subject of conflicting claims.

While petitioner was presenting evidence to show that the subject property actually belonged to the Government, private respondents interposed objections saying that petitioner was barred from presenting the evidence, as it constituted a collateral attack on the validity of their TCT No. RT-11603 (383648). The RTC then required the parties to submit their respective Memoranda.

Upon receipt of the Memoranda, the trial court issued on 12 July 2005 an Order[11] as follows:

WHEFEFORE, premises considered, the Court finds that the issue of the validity of the TCT No. 11603 (383648) can only be raised in an action expressly instituted for that purpose and not in this instant proceeding. Accordingly, plaintiff is barred from presenting evidence as they [sic] constitute collateral attack on the validity of the title to the subject lot in violation of Sec. 48 of P. D. 1529.

On 4 August 2005, petitioner seasonably filed a Motion for Reconsideration,[12] but the motion was denied by the RTC in an Order dated 17 November 2005.[13]

On 4 January 2006, private respondents filed a Motion for the payment of just compensation amounting to twenty million seven hundred thousand pesos (P20,700,000) and for the release of eighteen million four hundred thousand pesos (P18,400,000) deposited in the Land Bank–South Harbor Branch as partial payment.[14] This Motion remains pending in the RTC to date.

On 9 February 2006, petitioner filed with the CA a Petition for Certiorari with Prayer for the Issuance of a Temporary Restraining Order and/or Writ of Preliminary Injunction.[15]

The appellate court ruled that since the subject property was covered by a Torrens title, Presidential Decree No. 1529, or the Property Registration Decree (P. D. 1529), necessarily finds significance. Thus, it held that the RTC rightly applied Sec. 48. Accordingly, the CA issued its 29 September 2008 Decision,[16] the dispositive portion of which reads:

WHEREFORE, the Petition for Certiorari is DISMISSED. The prayer for the issuance of a Writ of Preliminary Injunction is accordingly DENIED.

On 29 October 2008, petitioner filed a Motion for Reconsideration,[17] but the motion was also denied in a Resolution dated 27 April 2009.[18]

Hence, the instant Petition.

A Comment[19] on the Petition was filed by private respondents on 1 September 2009, and a Reply[20] thereto by petitioner on 27 January 2010.

ISSUE

From the foregoing, the sole issue submitted for resolution before this Court is whether petitioner may be barred from presenting evidence to assail the validity of respondents' title under TCT No. RT-11603 (383648).

THE COURT'S RULING

Petitioner argues that under Section 9, Rule 67 of the Rules of Court, if the ownership of a property to be expropriated is uncertain, the court in the same expropriation proceeding is also given authority to make a proper adjudication of the matter. Section 9 of Rule 67 reads:

SECTION 9. Uncertain Ownership. Conflicting Claims. — If the ownership of the property taken is uncertain, or there are conflicting claims to any part thereof, the court may order any sum or sums awarded as compensation for the property to be paid to the clerk of the court for the benefit of the persons adjudged in the same proceeding to be entitled thereto. But the judgment shall require the payment of the sum or sums awarded to either the defendant or the clerk before the plaintiff can enter upon the property, or retain it for the public use or purpose if entry has already been made.

This view is allegedly supported by *Republic v. Court of First Instance of Pampanga*, presided formerly by Judge L. Pasicolan[21](Republic) in which the trial court hearing the expropriation proceeding was also allowed to resolve the issue of ownership.

Petitioner further argues that the original Complaint was amended "precisely to reflect the fact that herein private respondents, albeit ostensibly appearing as registered owners, are to be considered as mere claimants of one of the properties subject of the expropriation." This is the reason why the RTC issued an Order declaring the property subject of conflicting claims.

Moreover, this being an in rem proceeding, "plaintiff Republic of the Philippines seeks the relief, both in the original and amended complaints, to transfer to plaintiff the titles to said parcels of land together with their improvements free from all liens and encumbrances. For this particular purpose, the expropriation suit is essentially a direct proceeding." [22]

Private respondents, on the other hand, invoke Section 48 of P. D. 1529, viz:

SECTION 48. Certificate Not Subject to Collateral Attack. — A certificate of title shall not be subject to collateral attack. It cannot be altered, modified, or cancelled except in a direct proceeding in accordance with law.

It is their contention that by allowing petitioner to present adversarial evidence, the court is in effect allowing respondents' Torrens title to be collaterally attacked – an action prohibited by P. D. 1529.

We rule that petitioner may be allowed to present evidence to assert its ownership over the subject property, but for the sole purpose of determining who is entitled to just compensation.

I

Proper interpretation of Section 9, Rule 67

Proceeding from the principle of jus regalia, the right to eminent domain has always been considered as a fundamental state power that is inseparable from sovereignty.[23] It is described as the State's inherent power that need not be granted even by the Constitution,[24] and as the government's right to appropriate, in the nature of compulsory sale to the State, private property for public use or purpose.[25]

Expropriation, or the exercise of the State's right to eminent domain, is proscribed by the restraints of public use and just compensation.[26] It is governed by Rule 67 of the Rules of Court, which presents procedural guidelines

for the court to ensure that due process is observed and just compensation rightly paid to the private owners.

Indeed, this Court first had the occasion to interpret Section 9, Rule 67 in the case of *Republic*. In addressing the issue of “whether or not the court that hears the expropriation case has also jurisdiction to determine, in the same proceeding, the issue of ownership of the land sought to be condemned,” the Court answered in the affirmative:

The sole issue in this case, i.e., whether or not the court that hears the expropriation case has also jurisdiction to determine, in the same proceeding, the issue of ownership of the land sought to be condemned, must be resolved in the affirmative. That the court is empowered to entertain the conflicting claims of ownership of the condemned or sought to be condemned property and adjudge the rightful owner thereof, in the same expropriation case, is evident from Section 9 of the Revised Rule 69, which provides:

SEC. 9. Uncertain ownership. Conflicting claims. — If the ownership of the property taken is uncertain, or there are conflicting claims to any part thereof, the court may order any sum or sums awarded as compensation for the property to be paid to the clerk of court for the benefit of the persons adjudged in the same proceeding to be entitled thereto. But the judgment shall require the payment of the sum or sums awarded to either the defendant or the clerk before the plaintiff can enter upon the property, or retain it for the public use or purpose if entry has already been made.

In fact, the existence of doubt or obscurity in the title of the person or persons claiming ownership of the properties to be expropriated would not preclude the commencement of the action nor prevent the court from assuming jurisdiction thereof. The Rules merely require, in such eventuality, that the entity exercising the right of eminent domain should state in the complaint that the true ownership of the property cannot be ascertained or specified with accuracy.[27]

We arrived at the same conclusion in *Republic v. Rural Bank of Kabacan, Inc.*,[28] in which we held thus:

The trial court should have been guided by Rule 67, Section 9 of the 1997 Rules of Court, which provides thus: SEC. 9. Uncertain ownership; conflicting claims. — If the ownership of the property taken is uncertain, or there are conflicting claims to any part thereof, the court may order any sum or sums awarded as compensation for the property to be paid to the court for the benefit of the person adjudged in the same proceeding to be entitled thereto. But the judgment shall require the payment of the sum or sums awarded to either the defendant or the court before the plaintiff can enter upon the property, or retain it for the public use or purpose if entry has already been made.

Hence, the appellate court erred in affirming the trial court’s Order to award payment of just compensation to the defendants-intervenors. There is doubt as to the real owner of Lot No. 3080. Despite the fact that the lot was covered by TCT No. T-61963 and was registered under its name, the Rural Bank of Kabacan manifested that the owner of the lot was no longer the bank, but the defendants-intervenors; however, it presented no proof as to the conveyance thereof. In this regard, we deem it proper to remand this case to the trial court for the reception of evidence to establish the present owner of Lot No. 3080 who will be entitled to receive the payment of just compensation. (Emphases supplied)

However, the authority to resolve ownership should be taken in the proper context. The discussion in *Republic* was anchored on the question of who among the respondents claiming ownership of the property must be indemnified by the Government:

Now, to determine the person who is to be indemnified for the expropriation of Lot 6, Block 6, Psd-2017, the court taking cognizance of the expropriation must necessarily determine if the sale to the Punzalan spouses by Antonio Feliciano is valid or not. For if valid, said spouses must be the ones to be paid by the condemnor; but if invalid, the money will be paid to someone else. x x x.[29]

Thus, such findings of ownership in an expropriation proceeding should not be construed as final and binding on the parties. By filing an action for expropriation, the condemnor (petitioner), merely serves notice that it is taking title to and possession of the property, and that the defendant is asserting title to or interest in the property, not to prove a right to possession, but to prove a right to compensation for the taking.[30]

If at all, this situation is akin to ejectment cases in which a court is temporarily authorized to determine ownership, if only to determine who is entitled to possession. This is not conclusive, and it remains open to challenge through proper actions.[31] The consequences of Sec. 9, Rule 67 cannot be avoided, as they are due to the intimate relationship of the issue of ownership with the claim for the expropriation payment.[32]

II

Inapplicability of Section 48, P. D. 1529

Verily, our interpretation of Sec. 9, Rule 67 does not run counter to Section 48 of P.D. 1529. Under Sec. 48, collateral attacks on a Torrens title are prohibited. We have explained the concept in *Oño v. Lim*,[33] to wit:

An action or proceeding is deemed an attack on a title when its objective is to nullify the title, thereby challenging the judgment pursuant to which the title was decreed. The attack is direct when the objective is to annul or set aside such judgment, or enjoin its enforcement. On the other hand, the attack is indirect or collateral when, in an action to obtain a different relief, an attack on the judgment is nevertheless made as an incident thereof.

In several instances, we have considered an Answer praying for the cancellation of the plaintiff's Torrens title as a form of a collateral attack.[34] We have afforded the similar treatment in a petition questioning the validity of a deed of sale for a registered land,[35] and in a reformation of a deed of sale to include areas registered under the name of another party.[36] But a resolution on the issue of ownership in a partition case was deemed neither to be a direct or collateral attack, for "until and unless this issue of co-ownership is definitely and finally resolved, it would be premature to effect a partition of the disputed properties." [37]

Here, the attempt of petitioner to present evidence cannot be characterized as an "attack." It must be emphasized that the objective of the case is to appropriate private property, and the contest on private respondents' title arose only as an incident to the issue of whom should be rightly compensated.

Contrary to petitioner's allegations, the Complaint and Amended Complaint cannot also be considered as a direct attack. The amendment merely limited the coverage of the expropriation proceedings to the uncontested portion of the subject property. The RTC's Order declaring the property as subject of conflicting claims is a recognition that there are varying claimants to the sums to be awarded as just compensation. This serves as an authority for the court to conduct a limited inquiry on the property's ownership.

WHEREFORE, the Court GRANTS the Petition for Review on Certiorari and the prayer for a Writ of Preliminary Injunction. The assailed Decision and Resolution of the Court of Appeals in CA-G.R. SP No. 93227, as well as the Decision of the Regional Trial Court, Branch 105, Quezon City in Civil Case No. Q-01-44595, are hereby REVERSED and SET ASIDE. This case is REMANDED to the RTC to hear the issue of ownership for the purpose of just compensation.

SO ORDERED.

Leonardo-De Castro, Bersamin, Villarama, Jr., and Reyes, JJ., concur.

[1] Rollo, pp. 34-76.

[2] Id. at 22-32; CA Decision dated 29 September 2008, penned by Associate Justice Monina Arevalo-Zenarosa and concurred in by Associate Justices Regalado Maambong and Marlene Gonzales-Sison.

[3] Id. at 8-10, CA Resolution dated 27 April 2009, penned by Associate Justice Monina Arevalo-Zenarosa and concurred in by Associate Justices Jose C. Mendoza (now a member of this Court) and Marlene Gonzales-Sison.

[4] Id. at 115-118, 125-126; RTC Orders dated 12 July 2005 and 17 November 2005, penned by Presiding Judge Rosa Samson-Tatad.

[5] Id. at 77-82.

[6] Id. at 183-184.

[7] Id. at 83.

[8] Id. At 48-49, cited in the Petition for Review.

[9] Id. at 85-88.

[10] Id. at 91-96.

[11] Id. at 115-118.

[12] Id. at 120-124.

[13] Id. at 125-126.

[14] Id. at 128-130.

[15] Id. at 132-162.

[16] Id. at 163-172.

[17] Id. at 174-180.

[18] Id. at 187-189.

[19] Id. at 198-213.

[20] Id. at 240-255.

[21] Id. at 242-245; Reply dated 26 January 2010; 144 Phil. 643; 648-650 (1970).

[22] Id. at 65; Petition for Review on Certiorari dated 19 June 2009.

[23] *Moday v. Court of Appeals*, 335 Phil. 1057, 1062 (1997); *Visayan Refining Co. v. Camus*, 40 Phil. 550, 559 (1919).

[24] *Republic v. Tagle*, 359 Phil. 892, 903 (1998).

[25] *Moday v. Court of Appeals*, *supra*.

[26] *Reyes v. National Housing Authority*, 443 Phil. 603, 610 (2003).

[27] *Supra* note 21, at 649.

[28] G. R. No. 185124, 25 January 2012, 664 SCRA 233, 251-252.

[29] Id.

- [30] Republic v. Court of Appeals and Heirs of Luis Santos, 433 Phil. 106, 118-119 (2002).
- [31] Refugia v. Court of Appeals, 327 Phil. 982, 1006 (1996); Sps. Padilla v. Velasco, G.R. No. 169956, 19 January 2009, 576 SCRA 219, 229.
- [32] Heirs of Mario Pacres v. Heirs of Cecilia Ygoña, G.R. No. 174719, 5 May 2010, 620 SCRA 213, 230-231.
- [33] G.R. No. 154270, 9 March 2010, 614 SCRA 514, 521.
- [34] Cimafranca v. Intermediate Appellate Court, 231 Phil. 559 (1987); Natalia Realty Corp. v. Valdez, 255 Phil. 510 (1989); Magay v. Estiandan, 162 Phil. 586 (1976); Co v. CA, 274 Phil. 108, 116 (1991).
- [35] Vicente v. Avera, G.R. No. 169970, 20 January 2009, 576 SCRA 634; Zaragoza v. Court of Appeals, 395 Phil. 516 (2000).
- [36] Toyota Motors Philippines Corp. v. Court of Appeals, G.R. No. 102881, 7 December 1992, 216 SCRA 236.
- [37] Lacbayan v. Samoy, Jr., G.R. No. 165427, 21 March 2011, 645 SCRA 677.

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