

REPUBLIC OF THE PHILIPPINES, PETITIONER, VS. TRANSUNION CORPORATION, RESPONDENT.*G.R. No. 191590. April 21, 2014*

Ponente: PERLAS-BERNABE, J.

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Assailed in this petition for review on certiorari[1] are the Decision[2] dated October 9, 2009 and the Resolution[3] dated March 10, 2010 of the Court of Appeals (CA) in CA-G.R. SP No. 106544 which set aside the Order[4] dated August 14, 2008 of the Regional Trial Court of Imus, Cavite, Branch 22 (RTC) denying the motion to dismiss filed by respondent Transunion Corporation (Transunion) in Civil Case No. 2085-08.

The Facts

On April 30, 1999, Leticia Salamat (Salamat) filed an Application to Purchase Friar Lands,[5] specifically Lot No. 5741 of the Imus Estate (Lot No. 5741), with the Community Environment and Natural Resources Office (CENRO) of the Department of Environment and Natural Resources (DENR).[6] Her application was subsequently indorsed to the Land Management Bureau (LMB) for final action.[7] Thereafter, Salamat was informed that Lot No. 5741 was already covered by Transfer Certificate of Title (TCT) No. T-616740[8] in the name of Transunion.[9] This prompted Salamat to file, on June 27, 2000, a Protest[10] against Transunion with the LMB, docketed as LMB Case No. 114, alleging that TCT No. T-616740 was obtained through fraud considering that no deed of conveyance was issued by the LMB for Lot No. 5741 in the name of any person.[11] In this relation, Salamat averred that she and her family had been in continuous possession and occupation of the said lot since time immemorial and had even introduced improvements thereon. She likewise stated that it was only after the LMB favorably endorsed her application, that it was discovered that Lot No. 5741 was already covered by TCT No. T-616740.[12]

On September 13, 2000, LMB OIC-Director Ernesto D. Adobo, Jr. (Director Adobo) issued Special Order No. 2000-175, designating Atty. Rogelio C. Mandar (Atty. Mandar) and one Carlito Manga, Jr. to conduct a formal investigation in order to determine the veracity of the allegations contained in Salamat's protest pursuant to Lands Office Circular No. 68 (LC 68).[13]

On November 8, 2000, Transunion filed with the LMB a motion to dismiss, alleging that Salamat had no legal personality to attack the validity of Transunion's title, and that it is the RTC which has jurisdiction to try and decide cases involving cancellation of titles.[14] On February 8, 2001, Director Adobo denied the motion to dismiss and directed Atty. Mandar to proceed with the investigation.[15]

After due proceedings, Atty. Mandar issued an investigation report[16] dated July 8, 2003 (investigation report) addressed to "The Director Thru the OIC-Chief Legal Division, Lands Management Bureau,"[17] recommending that steps be taken before a competent court of justice for the annulment of TCT No. T-616740 and the reversion of Lot No. 5741 to the government.[18] The recommendation was adopted by the Legal Division in its memorandum[19] dated November 2003 addressed to the Director, which was later approved by LMB Director

Concordio D. Zuñiga (LMB Director).[20] Neither Salamat nor Transunion were furnished copies of the investigation report or memorandum.[21]

On April 20, 2004, the DENR transmitted to the Office of the Solicitor General (OSG) the entire records of LMB Case No. 114.[22] Accordingly, a complaint for cancellation of title and/or reversion, docketed as Civil Case No. 2085-08 (reversion complaint), was filed by herein petitioner the Republic of the Philippines (Republic) against Transunion and its predecessors-in-interest, with the RTC.[23]

In response, Transunion filed a motion to dismiss[24] on the ground that the filing of the reversion complaint was premature. Specifically, it argued that a condition precedent for the filing of the complaint had not been complied with – that is, the failure of the LMB to notify Transunion of its recommendation in the investigation report – thereby depriving it the opportunity to seek a reconsideration or an appeal of the same, and ultimately resulting in a failure to exhaust administrative remedies. Hinged on the foregoing theory, Transunion further claimed that the reversion complaint stated no cause of action.

The RTC Ruling

In an Order[25] dated August 14, 2008, the RTC denied Transunion's motion to dismiss.

It held that the investigation report was merely a recommendation for a “possible action that should be taken” by the LMB Director.[26] Accordingly, Atty. Mandar's actions were not in the exercise of a quasi-judicial function, hence, not subject to a motion for reconsideration or appeal. It is in this regard that the RTC concluded there was any failure to comply with a condition precedent.[27]

Relatedly, the RTC ruled that the Republic's reversion complaint did state a cause of action based on its examination of the allegations and arguments stated therein.[28]

Dissatisfied, Transunion elevated the matter on certiorari.[29]

The CA Ruling

In a Decision[30] dated October 9, 2009, the CA reversed the RTC's ruling, observing that no decision was rendered in LMB Case No. 114 and that Transunion was denied the right to be informed of the DENR's official action as well as the opportunity to contest said action. As such, it pronounced that the filing of the Republic's reversion complaint was premature and that the latter's failure to exhaust administrative remedies was fatal to its cause of action.[31]

At odds with the CA's Decision, the Republic filed a motion for reconsideration,[32] which was, however, denied by the CA in a Resolution[33] dated March 10, 2010, hence, this petition.

The Issue Before the Court

The sole issue for the Court's resolution is whether or not the CA correctly granted Transunion's petition for certiorari against the RTC's order denying the latter's motion to dismiss.

The Court's Ruling

The petition is meritorious.

An order denying a motion to dismiss is an interlocutory order which neither terminates nor finally disposes of a case as it leaves something to be done by the court before the case is finally decided on the merits. Thus, as a general rule, the denial of a motion to dismiss cannot be questioned in a special civil action for certiorari which is a remedy designed to correct errors of jurisdiction and not errors of judgment. However, when the denial of the motion to dismiss is tainted with grave abuse of discretion, the grant of the extraordinary remedy of certiorari may be justified. By grave abuse of discretion is meant such capricious and whimsical exercise of judgment that is

equivalent to lack of jurisdiction. The abuse of discretion must be grave as where the power is exercised in an arbitrary or despotic manner by reason of passion or personal hostility, and must be so patent and gross as to amount to an evasion of positive duty or to a virtual refusal to perform the duty enjoined by or to act at all in contemplation of law.[34]

In the present case, the Court finds that the RTC did not commit any grave abuse of discretion in denying Transunion's motion to dismiss considering that the latter's further reconsideration or appeal of the investigation report was not a condition precedent to the filing of the Republic's reversion complaint. As such, there was no violation of the rule on exhaustion of administrative remedies nor can it be said that the reversion complaint stated no cause of action.

To elaborate, the rule on exhaustion of administrative remedies provides that if a remedy within the administrative machinery can still be resorted to by giving the administrative officer concerned every opportunity to decide on a matter that comes within his jurisdiction, then such remedy should be exhausted first before the court's judicial power can be sought. The underlying principle of the rule rests on the presumption that the administrative agency, if afforded a complete chance to pass upon the matter will decide the same correctly.[35]

Transunion reiterates that the Republic's reversion complaint should be dismissed on the ground that it was not notified of the investigation report, recommending that steps be taken before a competent court of justice for the annulment of TCT No. T-616740 and the reversion of Lot No. 5741 to the government. It argues that it should have been notified of said report and recommendation so that it would have been able to contest the same on reconsideration or on appeal. Without having been able to avail of these remedies, Transunion decries a violation of the rule on exhaustion of administrative remedies and, perforce, prays that the Republic's reversion complaint be dismissed.

Transunion is mistaken.

As may be gleaned from the records,[36] the LMB proceeding subject of Transunion's motion to dismiss was merely investigative in nature since it was conducted as a fact-finding/recommendatory procedure, meant only to determine whether or not the LMB Director should initiate reversion proceedings. This proceeding was taken under LC 68, captioned as "Investigation of Claims and Conflicts." [37] Section 15 of LC 68, which states the parameters to be observed regarding the report and recommendation resulting from the said investigation, is bereft of any indication that the remedies of reconsideration or a further appeal is available to a party disagreeing with the same, viz.:

SEC. 15. Report of Investigation. – Within 30 days from the date of termination of the investigation, the hearing officer concerned shall render his report on the case to the Regional Executive Director. He shall forward together with his report the complete records of the proceedings, evidence of the parties and such other papers, documents and record relevant thereto.

The report of the investigation should contain the following:

- Caption and title of the case;
- Statement as to how the case arose and by virtue of whose authority investigation was conducted;
- Statement that notices have been sent to parties and how they were notified;
- Statement as to when and where formal investigation was conducted;
- Parties appearing thereat including the counsel representing them, if any, and their addresses;
- Findings in the ocular inspection including the description of improvements and sketch of the land showing

the portion contested and statement that efforts had been exerted to settle the case amicably between the parties;

- Summary of the testimony of the parties and witnesses and enumeration and substance of the documentary evidence submitted by them;
- Observation on the case including the demeanor of the persons who testified thereat;
- Recommendations.

The report must be prepared immediately after the hearing while the matter is still fresh in the investigator's mind. In no case shall such report be a brief in support of one of the parties or contain a discussion of the law applicable to the case. The investigator shall present only the facts as he gathered them at the investigation.[38] (Emphases supplied)

Transunion confuses the investigation report and the recommendation made therein with an action of the LMB Regional Executive Director found in Section 3.1 of the Manual on Settlement of Land Disputes[39] (Land Disputes Manual) characterized as follows:

3.1 Matters covered by decisions or orders of the Regional Executive Director.

All actions of the Regional Executive Director in approving, rejecting; reinstating or cancelling a public land application, or deciding a conflict, dismissing a claim or determining any matters in relation thereto, shall be published in the form of a judicial decision or order. All parties concerned or their attorneys or representatives and the Central Office, Lands Management Bureau shall be furnished copies of the decision or order.[40] (Emphases and underscoring supplied)

The distinctions between an investigative function – such as that taken by the LMB in this case – and an adjudicative function – such as that described in Section 3.1 above – have been extensively discussed by the Court in the case of *Cariño v. Commission on Human Rights*,[41] to wit:

“Investigate,” commonly understood, means to examine, explore, inquire or delve or probe into, research on, study. The dictionary definition of “investigate” is “to observe or study closely; inquire into systematically: ‘to search or inquire into’ x x x to subject to an official probe x x x: to conduct an official inquiry.” The purpose of [an] investigation, of course is to discover, to find out, to learn, obtain information. Nowhere included or intimated is the notion of settling, deciding or resolving a controversy involved in the facts inquired into by application of the law to the facts established by the inquiry.

The legal meaning of “investigate” is essentially the same: “(t)o follow up step by step by patient inquiry or observation. To trace or track; to search into; to examine and inquire into with care and accuracy; to find out by careful inquisition; examination; the taking of evidence; a legal inquiry;” “to inquire; to make an investigation,” “investigation” being in turn described as “(a)n administrative function, the exercise of which ordinarily does not require a hearing. 2 Am J2d Adm L Sec. 257; x x x an inquiry, judicial or otherwise, for the discovery and collection of facts concerning a certain matter or matters.”

“Adjudicate,” commonly or popularly understood, means to adjudge, arbitrate, judge, decide, determine, resolve, rule on, settle. The dictionary defines the term as

[“to settle finally (the rights and duties of parties to a court case) on the merits of issues raised: x x x to pass judgment on: settle judicially: x x x act as judge.” And “adjudge”]

means “to decide or rule upon as a judge or with judicial or quasi-judicial powers: x x x to award or grant judicially in a case of controversy x x x.”

In the legal sense, “adjudicate” means: “To settle in the exercise of judicial authority. To determine finally.

Synonymous with adjudge in its strictest sense;" and "adjudge" means: "To pass on judicially, to decide, settle, or decree, or to sentence or condemn. x x x Implies a judicial determination of a fact, and the entry of a judgment." [42] (Emphases supplied)

Based on Section 3.1 of the Land Disputes Manual as above-cited, it is clear that it is the action of the Regional Executive Director in "approving, rejecting; reinstating or cancelling a public land application, or deciding a conflict, dismissing a claim or determining any matters in relation thereto" which is required to be "published in the form of a judicial decision or order," and from which the remedies of reconsideration and appeal may be taken pursuant to Section 3.2 of the Land Disputes Manual, viz.:

3.2 Appeal from decision or order of the Regional Executive Director

An appeal from a decision or order of the Regional Executive Director to the Secretary of Environment and Natural Resources shall be within a period of thirty (30) days to be counted from the date the interested party received the notice thereof unless a motion for reconsideration is filed within the said period, in which case, appeal shall be made within thirty (30) days from his receipt of notice of the order or decision of the Regional Executive Director disposing of the motion [for] reconsideration. The notice of appeal may be delivered or sent to (1) the Community Environment and Natural Resources Officer or provincial Environment and Natural Resources Officer, (2) the Regional Director deciding the case, (3) the Secretary or Undersecretary of Environment and Natural Resources. On receipt thereof, the Community Environment and Natural Resources Officer or Provincial Environment and Natural Resources Officer concerned shall note thereon the date when it is received by him and shall forward the same without delay to the Secretary of Environment and Natural Resources. In case the appeal is delivered or sent to the Director of Lands, he shall forward the same together with the official records pertinent to the case to the Secretary of Environment and Natural Resources. In case the appeal is sent directly to the Secretary of Environment and Natural Resources, the Regional Executive Director shall be served with a notice of appeal. The time of filing the appeal with any one of the said officers, as specified in Section 16 thereof, shall be considered as the time when the appeal is taken. [43] (Emphases and underscoring supplied)

Said course of action is that which may be considered as a form of "adjudication," resulting as it would in the settlement of a public land application, or a decision on a public land conflict or claim. Given its nature, the Land Disputes Manual then requires that it be published in the form of a judicial decision or order and, concomitantly, be subject to further reconsideration and/or appeal. This action is clearly different from the LMB proceeding subject of this case which, as earlier stated, is merely investigative in nature. As further explained by the Republic in its petition, "[t]he investigation carried out by the Director of Lands merely determines the propriety of initiating reversion proceedings and is an internal procedure within the exclusive discretion of the LMB." [44] With this in mind, the latter proceeding and the recommendation reached thereby cannot then be considered to be governed by Sections 3.1 and 3.2 of the Land Disputes Manual which respectively provide the requirement of notice and the remedies of reconsideration or appeal. Corollarily, since these administrative remedies were not available to Transunion against the investigation report and recommendation, there was thus no violation of the rule on exhaustion of administrative remedies. As such, Transunion's claim that a condition precedent was left unfulfilled was properly debunked by the RTC.

Further, barring any violation of the doctrine of exhaustion of administrative remedies as above-discussed, Transunion's assertion on the reversion complaint's purported failure to state a cause of action (or properly speaking, the Republic's lack of cause of action) [45] – hinged as it is solely on the same theory – was also properly denied.

Finally, the Court finds that there was no violation of Transunion's right to administrative due process since, as the Republic pointed out, not only did it file an answer, but it also presented its evidence and formally offered the

same.[46] It is well-established that the touchstone of due process is the opportunity to be heard.[47] This Transunion was unquestionably afforded in this case, despite having been denied the remedies of reconsideration and appeal which, however, remain unavailable, either by statute or regulation, against the investigation report and recommendation assailed herein. At any rate, lack of administrative due process, on the assumption of its truth, is not a ground for a motion to dismiss;[48] hence, the RTC's ruling was altogether proper.

For the reasons above-stated, the Court therefore concludes that the RTC did not gravely abuse its discretion in denying Transunion's motion to dismiss against the Republic's reversion complaint. As such, the CA committed a reversible error in granting Transunion's petition for certiorari, warranting the reversal of its Decision.

WHEREFORE the petition is GRANTED. The Decision dated October 9, 2009 and the Resolution dated March 10, 2010 of the Court of Appeals in CA-G.R. SP No. 106544 are hereby REVERSED and SET ASIDE.

SO ORDERED.

Carpio, (Chairperson), Brion, Del Castillo, and Perez, JJ., concur.

[1] Rollo, pp. 10-34.

[2] Id. at 40-48. Penned by Associate Justice Hakim S. Abdulwahid, with Associate Justices Pampio A. Abarintos and Mario V. Lopez, concurring.

[3] Id. at 49-50.

[4] Id. at 141-144. Penned by Judge Cesar A. Mangrobang.

[5] Id. at 51.

[6] Id. at 40.

[7] Id. at 41.

[8] Id. at 59-61.

[9] Id.

[10] Id. at 54-58.

[11] Id.

[12] Id. at 54-55.

[13] Id. at 62. See also id. at 101-104.

[14] Id. at 41. See also Motion to Dismiss dated October 16, 2000; id. at 63.

[15] Id. at 42. See also Order dated February 8, 2001; id. at 64-65.

[16] Id. at 76-81.

[17] Id. at 76.

[18] Id. at 81.

[19] Id. at 82-85 and 227-230.

[20] Id. at 42 and 230.

[21] Id. at 21-27.

[22] Id. at 42.

[23] Id. at 42-43.

[24] Id. at 128-133.

[25] Id. at 141-144.

[26] Id. at 142.

[27] Id.

[28] Id. at 143.

[29] Id. at 158-174. Petition for Certiorari (with Prayer for a Writ of Preliminary Injunction and Temporary Restraining Order) dated December 8, 2008.

[30] Id. at 40-48.

[31] Id. at 46-47.

[32] Id. at 270-282. Dated October 29, 2009.

[33] Id. at 49-50.

[34] Republic v. Roman Catholic Archbishop of Manila, G.R. Nos. 192975 and 192994, November 12, 2012, 685 SCRA 216, 221-222; citations omitted.

[35] Laguna CATV Network, Inc. v. Hon. Maraan, 440 Phil. 734, 741 (2002).

[36] Pertaining to the Investigation Report. (Rollo, pp. 76-81.)

[37] Id. at 101.

[38] Id. at 103-104.

[39] Id. at 86-119.

[40] Id. at 105.

[41] G.R. No. 96681, December 2, 1991, 204 SCRA 483.

[42] Id. at 495-496.

[43] Rollo, p. 105.

[44] Id. at 26.

[45] “Failure to observe the doctrine of exhaustion of administrative remedies does not affect the jurisdiction of the court. We have repeatedly stressed this in a long line of decisions. The only effect of non-compliance with this rule is that it will deprive the complainant of a cause of action, which is a ground for a motion to dismiss. If not invoked at the proper time, this ground is deemed waived and the court can then take cognizance of the case and try it.” (Rosario v. CA; G.R. No. 89554 July 10, 1992, 211 SCRA 384, 387; citation omitted.)

[46] Rollo, p. 26.

[47] See *Development Bank of the Philippines v. Judge Pundogar*, G.R. No. 96921, January 29, 1993, 218 SCRA 118, 139.

[48] See Section 1, Rule 16 of the Rules of Court.

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