

THE DIRECTOR OF LANDS, PETITIONER, VS. HON. EDUARDO R. BENGZON, CFI OF BATANGAS AND DYNAMARINE CORPORATION SUBSTITUTED BY ENGINEERING EQUIPMENT, INC. (EEI), RESPONDENTS.

G.R. No. 54045. July 28, 1987

Ponente: GANCAYCO, J.

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GANCAYCO, J.:

This is a petition for review on certiorari filed by the Director of Lands from a decision dated May 7, 1980 of the Court of First Instance of Batangas, Branch I in Land Registration Case No. N-900, LRC, Rec. No. N-46755 entitled "Dynamarine Corporation substituted by Engineering Equipment, Inc., (EEI), Applicant, versus The Director of Lands, et al., Oppositors."

The facts of the case are as follows:

On February 10, 1975, Dynamarine Corporation filed an application with the lower court for the registration and confirmation of its title to the following properties:

"Ten (10) parcels of land, situated in the Barrio of Sta. Maria, Municipality of Bauan, Province of Batangas. The boundaries of said parcels are as follows:

1. A parcel of land (Lot 1, plan PSU-238719-Amd). Bounded on the NE, by the Sta. Maria River and property of the Heirs of Pedro Corona; on the SE., by the Batangas Bay; on the SW. by property of the Heirs of Herbert M. Peterson, Jr., and on the NW. by Lot 3. Point '1' is S. 69 deg. 28' W., 4145.24 M. from BLLM 1, Bauan, Batangas. Area: ONE THOUSAND TWO HUNDRED SIXTY ONE (1,261) SQUARE METERS, more or less.
2. A parcel of land (Lot 2, plan Psu-238719-Amd.). Bounded on the NE, by property of Angel Aguila; and on the SE. W. and NW. by the Sta. Maria River: Point '1' is S. 69 deg. 07'W., 4107.64 m. from BLLM 1, Bauan, Batangas, Area: TWO THOUSAND TWO HUNDRED FOURTEEN (2,214) SQUARE METERS, more or less.
3. A parcel of land (Lot 3, plan Psu-238719-Amd.). Bounded on the SW. by the Sta. Maria River and Lot 1; on the SW. by property of the Heirs of Herbert M. Petersen, and on the NW. by Lot 4, Point '1', Bauan, Batangas. Area: ONE THOUSAND FIFTEEN (1,015) SQUARE METERS, more or less.
4. A parcel of land (Lot 1, plan Psu-04-001036). Bounded on the N. by Lot 2; on the E. by property of Dynamarine Corporation; on the S. by the Batangas Bay; on the W. by property of Pedro Manage; and on the NW. by property of Basilia Arevalo. Point '1' is S. 69 deg. 02'W., 4274.20 m. from BLLM 1, Bauan, Batangas. Area: EIGHT HUNDRED SIX (806) SQUARE METERS, more or less.
5. A parcel of land (Lot 3, plan Psu-04-001036). Bounded on the S. by property of Dynamarine Corporation; on the S. by Lot 2; on the SW., by property of Basilia Arevalo; and on the NW. by Lot 4. Point '1' is S. 69 deg.

36'W., 4295.60 m. from BLLM 1, Bauan, Batangas, Area: FOUR HUNDRED SIXTY ONE (461) SQUARE METERS, more or less.

6. A parcel of land (Lot 4 plan Psu-04-001036). Bounded on the NE. by properties of Aurora P. Silang and Dynamarine Corporation; on the SE. by Lot 3; on the SW. by properties of Basilia Arevalo, Pedro Silang and Felipe Marquez; and on the NW. by property of Lolita Panopio. Point '1' is S. 69 deg. 44' N., 4265.30 m. from BLLM 1, Bauan, Batangas. Area: ONE THOUSAND SEVEN HUNDRED TWENTY SIX (1,726) SQUARE METERS, more or less.

7. A parcel of land (plan Psu-239681). Bounded on the NE. by properties of Filomino Hernandez, Emilio Medrano and Pedro Corona; on the S. by the Batangas Bay; on the SW. by properties of the Heirs of Rose Panopio and Pascual Silang & Maria Panopio; and on the NW. by the Provincial Road. Point '1' is S. 71 deg. 05'W., 4166.50 m. from BLLM 1, Bauan, Batangas. Area: FIVE THOUSAND (5,000) SQUARE METERS, more or less.

8. A parcel of land (Lot 2, plan Psu-04-000989). Bounded on the NE. by property of the Heirs of Herbert M. Petersen, Jr., on the S. by the Batangas Bay; on the SW. by property of Encarnacion, Maria and Vicente Panopio; and on the NW. by Lot 1. Point '1' is S. 70 deg. 29'W., 4194.60 m. from BLLM 1, Bauan, Batangas. Area: THREE THOUSAND EIGHT HUNDRED NINETY THREE (3,893) SQUARE METERS, more or less.

9. A parcel of land (Lot 1, plan Psu-239680 Amd.). Bounded on the NE. by property of the Heirs of Rose Panopio (before) Dynamarine Corporation (now); on the SE. by Lot 1; on the SW. by properties of the Heirs of Teodora Ilagan, Aniceto Panopio, Heirs of Ambrosio Panopio and Maximo Panopio, and on the SW. by property of Aurora Silang. Point '1' is S. 70 deg. 29'W., 4256.89 m. from BLLM 1, Bauan, Batangas. Area: FIVE THOUSAND THREE HUNDRED TWENTY SEVEN (5,327) SQUARE METERS, more or less; and

10. a parcel of land (Lot 2, plan Psu-239680 Amd.). Bounded on the NE. by property of the Heirs of Rose Panopio (before) Dynamarine Corporation (now); on the S. by Batangas Bay; on the SW. by property of the Heirs of Teodoro Aniceto and Melchor Panopio and Heirs of Teodora Ilagan; and on the NW. by Lot 1. Point '1' is S. 70 deg. 29'W., 4256.89 m. from BLLM 1, Bauan, Batangas. Area: FOUR THOUSAND FIVE HUNDRED FORTY SIX (4,546) SQUARE METERS, more or less."[1]

Except for one lot which was acquired by exchange, the above-described properties were acquired by Dynamarine Corporation by purchase on the following dates:

Description of Lot

Date of Acquisition

Lot 1 (Plan Psu-239689)

December 8, 1973

Lot 2 (Plan Psu-239680)

November 11, 1973

Lot 2 (Plan Psu-04-000989)

October 30, 1973

Lots 1 & 3 (Plan Psu-04-00136)

December 3, 1974

Lot 4 (Plan Psu-04-00136)

December 3, 1974

Lot 1 (Plan Psu-239681)

November 13, 1973

Lots 1 & 2 (Plan Psu-238719)

October 30, 1973

Lot 3 (Plan Psu-238719)

December 6, 1973[2]

Before acquisition by the Dynamarine Corporation, all the lots in question have been in the possession of the corporation's predecessors-in-interest for more than thirty years, to wit:

Description of Lot

Predecessor-in-Interest

Date of Possession

Lot 1 (Plan Psu-239680)

Cirilo Panopio

1927

Lot 2 (Plan Psu-239680)

Jose Panopio

1927

Lot 2 (Plan Psu-04-

000989)

Cirilo Panopio

1929

Lot 1 (Plan Psu-04-

001036)

Hilarion Marquez

1907

Lot 3 (Plan Psu-04-

001036)

Ambrosio Panopio

1907

Lot 4 (Plan Psu-04-

001036)

Teodoro Ilagan

1907

Lot 1 (Plan Psu-239681)

Cirilo Panopio

1927

Lots 1, 2, 3 (Plan Psu?

238719)

Cirilo Panopio

1932[3]

On April 3, 1978, as security for banking and credit facilities granted to it, a "Real Estate Chattel Mortgages" covering the lots in question was executed by Dynamarine Corporation in favor of Citibank, N.A. and the Manila Banking Corporation. Later, these Mortgages were fore-closed and the properties were sold at public auction wherein the Manila Banking Corporation was the highest bidder.[4]

On October 10, 1978, Dynamarine Corporation, for valuable consideration, executed a Deed of Assignment of Redemption Rights[5] in favor of Engineering Equipment, Inc. (heretofore called respondent corporation), covering its redemption rights over the lots. Subsequently, the Manila Banking Corporation executed a Deed of Assignment[6] covering the same lots in favor of respondent corporation.

On August 2, 1979, the lower court issued an order allowing the substitution by respondent corporation of Dynamarine Corporation as applicant in the case.

After hearing the witnesses and reception of evidence, the lower court on May 7, 1980 rendered the questioned decision decreeing the registration of the ten parcels of land in favor of respondent corporation. The dispositive portion is as follows:

"IN VIEW OF THE FOREGOING CONSIDERATIONS, and finding the application for registration and grant of title under Act 496 as amended, to be well-founded and fully substantiated by evidence sufficient and requisite under the law, the Court hereby decrees the registration of the aforementioned ten (10) parcels of land, shown in the plans Psu-239681 (Exh. 'H'); Psu-04-000989 (Exh. 'N'; Psu-04-001036 (Exh. 'T'); Psu-239680 (Exh. 'JJ'); and Psu-238719 (Exh. 'MM'), and more particularly described in the Technical Descriptions (Exhs. 'K', 'R', 'W', 'X', 'Y', 'NN', '00', '00-1', and '00-2', all situated in the barrio of Sta. Maria, Municipality of Bauan, Province of Batangas, Philippines, in favor of herein-applicant ENGINEERING EQUIPMENT, INC., (EEI), with principal office address at 391 J. Rizal Street, Mandaluyong, Metro Manila.

Once this decision shall have become final, let an order be issued directing the Commissioner of land Registration Commission, Quezon City, to issue the corresponding decree.

SO ORDERED."

The said decision was based on the following findings of the lower court: that the subject properties are ancestral properties transferred hereditarily from ancestors to descendants;^[7] that respondent corporation owned and possessed the subject properties under a bona-fide claim of ownership;^[8] and, that by itself and through predecessors-in-interest, respondent corporation had been in open, peaceful, continuous, public and uninterrupted possession of the properties as owner in fee simple for no less than fifty years.^[9]

In this petition, the Director of Lands assails the lower court's decision as being violative of Article XIV, Section 11 of the 1973 Constitution which reads:

"The National Assembly, taking into account conservation, ecological, and developmental requirements of the natural resources, shall determine by law the size of lands of the public domain which may be developed, held or acquired by, or leased to, any qualified individual, corporation, or association, and the conditions therefor. No private corporation or association may hold alienable lands of the public domain except by lease not to exceed one thousand hectares in area; x x x" (Underscoring supplied.)

Petitioner contends that under the above constitutional provision, respondent corporation, being a private corporation, may not acquire the ten parcels of land as they are part of public domain. In this regard, it is maintained by petitioner that mere possession for more than thirty (30) years did not vest in respondent corporation's predecessors-in-interest any title which could be transmitted to respondent corporation.^[10] According to him, until public lands are actually registered, they retain their public character^[11] and it is only after possessor has been issued a certificate of title that the land can be considered private land.^[12]

To support the above-mentioned arguments, petitioner cites sections 48(b) and 50 of the Public Land Act, the pertinent provisions of which read:

"Sec. 48. The following-described citizens of the Philippines, occupying lands of the public domain or claiming to own any such lands or an interest therein, but whose titles have not been perfected or completed, may apply to the Court of First Instance of the province where the land is located for confirmation of their claims and the issuance of a certificate of title therefor, under the Land Registration Act, to wit: . . .

"(b) Those who by themselves or through their predecessors-in-interest have been in open, continuous, exclusive, and notorious possession and occupation of agricultural lands of the public domain, under a bona fide claim of acquisition or ownership, for at least thirty years immediately preceding the filing of the application for confirmation of title except when prevented by war or force majeure. These shall be conclusively presumed to have performed all the conditions essential, to a Government grant and shall be entitled to a certificate of title under the provisions of this chapter.

"SEC. 50. Any person or persons, or their legal representatives or successors in right, claiming any lands or interest in lands under the provisions of this chapter, must in every case present an application to the proper Court of First Instance, praying that the validity of the alleged title or claim be inquired into and that a certificate of title be issued to them under the provisions of the Land Registration Act. xxx."

Petitioner claims that under the cited laws, respondent corporation may not apply for judicial confirmation of title to the lands.

Clearly, this petition raises two basic issues, to wit: (1) whether the lands in question are part of the public domain; and (2) whether respondent corporation may apply for judicial confirmation of said lands. Both are hereby resolved in favor of respondent corporation.

The ten parcels of land, contrary to petitioner's advancements, are private lands. In the lower court, it was clearly

proven that respondent corporation's predecessors-in-interest have been in continuous and uninterrupted possession of the properties for more than thirty years before they were acquired by respondent corporation. By virtue of such possession, said properties were automatically segregated from the mass of public domain. Hence, the constitutional prohibition does not apply.

Petitioner's position that the properties in question are lands of the public domain must be rejected as it is directly opposed to the doctrine laid down in *The Director of Lands vs. Intermediate Appellate Court and Acme Plywood & Veneer Co., Inc.*,^[13] a case squarely in point. Mr. Justice Andres R. Narvasa who wrote the opinion stated:

"xxx that alienable public land held by a possessor, personally or through his predecessors-in-interest, openly, continuously and exclusively for the prescribed statutory period (30 years under the Public Land Act, as amended) is converted to private property by the mere lapse or completion of said period, ipso jure."

The above is a reaffirmation of the principle established in the earlier cases of *Carino vs. Insular Government*,^[14] *Suzi vs. Razon*,^[15] and *Herico vs. Dar*,^[16] that open, exclusive and undisputed possession of alienable public land for the period prescribed by law creates the legal fiction whereby the land, upon completion of the requisite period ipso jure and without the need of judicial or other sanction, ceases to be public land and becomes private property.

We cannot subscribe to the view of petitioner that it is only after a possessor has been issued a certificate of title that the land can be considered private land. In interpreting the provisions of Section 48(b) of Common-wealth Act No. 1, this Court said in *Herico vs. Dar*,^[17] "xxx when the conditions as specified in the foregoing provision are complied with, the possessor is deemed to have acquired, by operation of law, a right to a grant, a government grant, without the necessity of a certificate of title being issued. The land, therefore, ceases to be of the public domain, and beyond the authority of the Director of Lands to dispose of. The application for confirmation is a mere formality, the lack of which does not affect the legal sufficiency of the title as would be evidenced by the patent and the Torrens title to be issued upon the strength of said patent."

This was well-explained in the case of *Suzi vs. Razon* wherein it was emphasized that it is not necessary that a certificate of title should be issued in order that said grant may be sustained by the Courts, an application therefor being sufficient.

As in *The Director of Lands vs. Intermediate Appellate Court and Acme Plywood & Veneer Co., Inc.*, We hereby incorporate in this decision the dissent (which became the majority opinion in the aforementioned case) of then Justice now Chief Justice Claudio Teehankee in the case of *Manila Electric Company vs. Castro-Bartolome*^[18] to repudiate petitioner's contention that under the Public Land Act respondent corporation, being a corporate entity, may not apply for judicial confirmation of title. Thus,

"6. To uphold respondent judge's denial of Meralco's application on the technicality that the Public Land Act allows only citizens of the Philippines who are natural persons to apply for confirmation of their title would be impractical and would just give rise to multiplicity of court actions. Assuming that there was a technical error in not having filed the application for registration in the name of the Piguing spouses as the original owners and vendors, still it is conceded that there is no prohibition against their sale of the land to the applicant Meralco and neither is there any prohibition against the application being refiled with retroactive effect in the name of the original owners and vendors (as such natural persons) with the end result of their application being granted, because of their indisputable acquisition of ownership by operation of law and the conclusive presumption therein provided in their favor. It should not be necessary to go through all the rituals at the great cost of refiled of all such applications in their names and adding to the overcrowded court dockets when the Court can after all these years dispose of it here and now. (See *Francisco vs. City of Davao*)

The ends of justice would best be served, therefore, by considering the applications for confirmation as

amended to conform to the evidence, i.e. as filed in the names of the original persons who as natural persons are duly qualified to apply for formal confirmation of the title that they had acquired by conclusive presumption and mandate of the Public Land Act and who thereafter duly sold to the herein corporations (both admittedly Filipino corporations duly qualified to hold and own private lands) and granting the applications for confirmation of title to the private lands so acquired and sold or exchanged."

WHEREFORE, in the light of the above, the petition is DENIED for lack of merit. No costs.

SO ORDERED.

Teehankee, C.J., Narvasa, Cruz, and Paras, JJ., concur.

[1] Pp. 29-31, Rollo.

[2] P. 16, Rollo.

[3] P. 113, Rollo.

[4] P. 162, Rollo.

[5] P. 162, Rollo; Exh. EEE.

[6] P. 162, Rollo; Exh. FFF.

[7] Page 5, Decision; p. 33, Rollo.

[8] Page 17, Decision; p. 45, Rollo.

[9] Page 17, Decision; p. 45, Rollo.

[10] P. 20, Rollo.

[11] P. 23, Rollo.

[12] P. 118, Rollo.

[13] G.R. No. 73002; December 29, 1986; 146 SCRA 509, 522.

[14] 42 Phil. 935.

[15] 48 Phil. 424.

[16] 95 SCRA 437

[17] Citing *Suzi vs. Razon, et al.*, 48 Phil. 424 and *Mesina vs. Pineda Vda. de Sonza*, G.R. No. L-14722, May 25, 1960.

[18] 114 SCRA 799.

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