

**E.B. MARCHA TRANSPORT CO., INC. AND EPIFANIO B. MARCHA,  
PETITIONERS, VS. THE HON. INTERMEDIATE APPELLATE COURT  
AND REPUBLIC OF THE PHILIPPINES, RESPONDENTS.**

*G.R. No. 70636. January 21, 1987*

Ponente: CRUZ, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-70636/>

---

**CRUZ, J.:**

There is no need to resolve all the issues raised in this petition for review by certiorari of the decision of the respondent court. The only question we have to decide is whether or not the Republic of the Philippines was the proper party to sue the petitioner for recovery of possession of the property occupied by them and for back rentals thereon.

The said property is indisputably public land which petitioner Epifanio B. Marcha entered in 1949 without any previous authorization from the government.[1] It is located in Tondo, Manila, within the customs zone. On May 11, 1977, the Republic of the Philippines sued for its recovery and rentals.[2] It was sustained by the Court of First Instance of Manila in a decision rendered on July 31, 1980,[3] which was affirmed in toto by the Court of Appeals.[4] That decision is now before us.

The consistent stance of the petitioners, both in the trial court and in the Intermediate Appellate Court, was that the Republic of the Philippines had no capacity to file the complaint in the court a quo because the real owner of the disputed property at that time was no longer the national government but the Philippine Ports Authority. The basis of this argument is P.D. No. 857 which, on December 23, 1975, transferred inter alia all port areas (including the land in question) from the Bureau of Customs to the Philippine Ports Authority, which has a separate juridical personality.[5]

The respondent court held that the petitioners were estopped from raising this argument because of their act in applying for the lease of the land with the Bureau of Customs and not the Philippine Ports Authority.[6] By doing so, they have come under the provisions of Article 1431 of the Civil Code declaring as follows:

"Art. 1431. Through estoppel an admission or representation is rendered conclusive upon the person making it, and cannot be denied or disproved as against the person relying thereon."

Amplifying this point, the Solicitor General stresses that the petitioners' lease application was filed with the Bureau of Customs and disapproved on July 22, 1974. Their motion for reconsideration was denied, and on September 17, 1974, they filed an appeal with the Secretary of Finance, who dismissed it on March 13, 1975. All the while, the Philippine Ports Authority had already been operating, having come into existence on July 11, 1974.[7] By ignoring its authority over the land in dispute, the petitioners are now estopped from challenging the personality of the respondent Republic of the Philippines in this action.[8]

We agree, although this is not really the crucial issue.

More importantly, as we see it, dismissing the complaint on the ground that the Republic of the Philippines is not

the proper party would result in needless delay in the settlement of this matter and also in derogation of the policy against multiplicity of suits. Such a decision would require the Philippine Ports Authority to refile the very same complaint already proved by the Republic of the Philippines and bring back the parties as it were to square one.

It can be said that in suing for the recovery of the rentals, the Republic of the Philippines acted as principal of the Philippine Ports Authority, directly exercising the commission it had earlier conferred on the latter as its agent. We may presume that, by doing so, the Republic of the Philippines did not intend to retain the said rentals for its own use, considering that by its voluntary act it had transferred the land in question to the Philippine Ports Authority effective July 11, 1974. The Republic of the Philippines had simply sought to assist, not supplant, the Philippine Ports Authority, whose title to the disputed property it continues to recognize. We may expect then that the said rentals, once collected by the Republic of the Philippines, shall be turned over by it to the Philippine Ports Authority conformably to the purposes of P.D. No. 857.

Although it is not exactly applicable, we cite the following enlightening lesson from Justice Street in the case of *Orio Hermanos v. Gutierrez Hermanos*,<sup>[9]</sup> decided almost sixty years ago:

"Upon stripping the case of its embellishments, the plaintiff's contention in the end comes to this, that, under section 114 of our Code of Civil Procedure, litigation should be conducted in the name of the real party in interest. This means of course that where an assignable right has been transferred before action brought, the proceeding ought to be instituted in the name of the assignee; and where an assignment is effected pendente lite, it is proper to have the assignee substituted for the original plaintiff. If such substitution should not be effected and the transfer of the right of action should not be brought to the attention of the court, the original plaintiff, if successful in the litigation, would hold the fruits of the action as a sort of trustee for the use and benefit of his assignee. But it would be surprising doctrine to hold that where the assignee has assented to the continued prosecution of the action by the original plaintiff, the defendant can nullify the judgment, after litigation has been concluded, on the ground that the interest in litigation had been transferred. When this feat is attempted, the defendant can be properly met by the proposition that if any irregularity was committed in the prosecution of the case, it was, as to him, error without injury. Certainly it cannot be contended that the transfer of a right of action pendente lite affects the jurisdiction of the court."

We affirm the findings of the court a quo and the Intermediate Appellate Court that as a mere squatter in the disputed land, the petitioners had not acquired a vested right to lease or buy the property under the laws cited by them.

WHEREFORE, the decision of the Intermediate Appellate Court dated October 26, 1984, is hereby affirmed in toto.

**SO ORDERED.**

Yap, (Chairman), Narvasa, Melencio-Herrera, Feliciano, and Gancayco, JJ., concur.

---

[1] Record on Appeal, p. 49.

[2] *Ibid.*, pp. 5-7.

[3] *Id.*, pp. 45-69.

[4] Rollo, pp. 22-35.

[5] P.D. No. 857, Sec. 4.

[6] Rollo, p. 33.

**[7] P.D. 505.**

[8] Id., pp. 60-61.

[9] 52 Phil. 156.

**ABOUT BATAS.ORG**

# Study smarter at BATAS.org

*The Philippine bar review and law-school companion built around how your brain actually remembers.*

**The complete Philippine law library - free for everyone.**

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

**Audio case-brief lectures.**

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

**Bar review built on the science of memory.**

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

**The full law-school curriculum.**

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

**Mock exams that tell you where you stand.**

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

**A study planner that keeps you on pace.**

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

**Start free at <https://batas.org>**

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.