

REPUBLIC OF THE PHILIPPINES REPRESENTED BY THE BOARD OF LIQUIDATORS, PETITIONERS, VS. HON. INTERMEDIATE APPELLATE COURT AND CITY OF ZAMBOANGA, RESPONDENTS.

G.R. No. 73831, February 27, 1987

Ponente: CRUZ, J.

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CRUZ, J.:

The instant case presents an issue of first impression, the respondent court having decided a question of substance not heretofore determined by this Court. The matter is now before us in this petition for review praying for the reversal of the decision below escheating a parcel of land in favor of the City of Zamboanga.

The property in dispute was among the lands taken over by the United States Government under the Philippine Property Act of 1946 enacted by the American Congress. It was registered in 1930 under Transfer Certificate of Title No. 9509 of the Register of Deeds of Zamboanga in the name of Kantiro Koyama, a Japanese national, who has not been heard from since the end of World War II.[1] Under the said Act, the land was supposed to be transferred to the Republic of the Philippines, pursuant to its Section 3 reading as follows:

"All property vested in or transferred to the President of the United States, the Alien Property Custodian, or any such officer or agency as the President of the United States may designate under the Trading with the Enemy Act, as amended, which was located in the Philippines at the time of such vesting, or the proceeds thereof, and which shall remain after the satisfaction of any claim payable under the Trading with the Enemy Act, costs and expenses of administration as may by law be charged against such property or proceeds, shall be transferred by the President of the United States to the Republic of the Philippines."

The transfer was never made, however, and the property remained registered in the name of Koyama. Nevertheless, the lot has since 1978 been covered by Tax Declaration No. 42644 in the name of the Republic of the Philippines with the Board of Liquidators as administrator.[2]

Earlier, in 1976, the Republic of the Philippines had filed escheat proceedings against the said property, claiming that the registered owner of the land "had been absent for the past ten years or more and he, therefore, may be presumed dead for the purpose of appointing his successor." It also alleged that since he left no heirs or persons entitled to the aforementioned property, the State should inherit the same in accordance with Rule 91 of the Rules of Court.[3]

After the required publications, hearing was held at which the City of Zamboanga did not appear and no claim or opposition was filed by any party. The Solicitor General allowed the appearance of the Board of Liquidators as administrator of the disputed land and the City Fiscal of Zamboanga City did not object.[4] Finally, the trial court declared the property —

"x x x escheated to the State in favor of the City of Zamboanga where the property is located for the benefit of public schools and public charitable institutions and centers in the City of Zamboanga."

Not satisfied with the decision, the petitioner elevated the same to the Intermediate Appellate Court, where it was affirmed. The respondent court held that the City of Zamboanga — which had later intervened with leave of court — was entitled to the property in question under the provision of Section 3, Rule 91 of the Rules of Court, providing that —

"Sec. 3 Hearing and judgment. — Upon satisfactory proof in open court on the date fixed in the order that such order has been published as directed and that the person died intestate, seized of real or personal property in the Philippines, leaving no heir or person entitled to the same, and no sufficient cause being shown to the contrary, the court shall adjudge that the estate of the deceased in the Philippines, after the payment of just debts and charges, shall escheat; and shall, pursuant to law, assign the personal estate to the municipality or city where he last resided in the Philippines, and the real estate to the municipalities or cities, respectively, in which the same is situated. If the deceased never resided in the Philippines, the whole estate may be assigned to the respective municipalities or cities where the same is located. Such estate shall be for the benefit of public schools, and public charitable institutions and centers in said municipalities or cities. "The court, at the instance of an interested party, or on its own motion, may order the establishment of a permanent trust, so that only the income from the property shall be used."

In so ruling, the respondent court rejected the position taken by the petitioner which it asks us now to consider as its justification for the reversal of the appealed decision. That position, simply stated, is that there was a mere oversight on the part of the American government which prevented the formality of a transfer of the property to the Philippine government. That neglect should not divest the Republic of the property which under the spirit and intendment of the Philippine Property Act of 1946 should belong to it as successor-in-interest of the United States.[5]

Oversight or not, says the respondent court, the fact is that the property was not transferred as required by the said law. Hence, it was properly escheated to the City of Zamboanga, on the un rebutted presumption that the registered owner was already dead, and there being no heirs or other claimants to the land in question. Moreover, the Board of Liquidators had no personality to claim the land because it had the authority to administer only those properties that had been transferred by the U.S. Alien Property Custodian to the Republic of the Philippines.[6]

We reverse. We rule for the petitioner.

It is clear, and the respondent City of Zamboanga does not deny it, that there was mere inadvertence on the part of the American government in omitting to transfer the disputed land to the Republic of the Philippines. The obvious purpose of the Act was to turn over to the Philippine government all enemy properties situated in its territory that had been seized and were being held for the time being by the United States, which was then exercising sovereignty over the Philippines. The transfer of such enemy properties to the Philippine Republic was one of the acts by which the United States acknowledged the elevation of this country to the status of a sovereign state on July 4, 1946.

While it is true that there are no records of such transfer, we may presume that such transfer was made. The lack of such records does not mean that it was not made as this would run counter to the mandate of the Philippine Property Act of 1946, which, to repeat, intended to vest title in the Philippines enemy properties found in its territory. It would be more reasonable to suppose that the President of the United States, or the person acting under his authority, complied with rather than neglected (and so violated) this requirement of Section 3 of the said Act, if only on the basis of the presumption of the regularity of official functions. In the extreme, we can even say that this section legally effected the transfer, to be evidenced later by the formality of the corresponding deed, and that the lack of such deed does not mean that no transfer was made. Otherwise, we would have to face the dubious conclusion that the said property is still owned and so still subject to disposition by the United States.

In support of its position, the City of Zamboanga argues, without much spirit, that anyway the land in question has an area of only 4,533 square meters and that for all practical purposes it can be better administered and used by the city authorities.[7] Perhaps so; but surely that is not the point. We are dealing here not with the pragmatic question of who can benefit more from the disputed property but with the legal question of who is its legal owner. That is the point.

We hold that where it comes to ordinary real properties the owners of which may be presumed dead and left no heirs, the same may be escheated, conformably to Rule 91 of the Rules of Court, in favor of the political subdivisions in which they are located. The said Rule, however, does not cover properties taken from enemy nationals as a result of World War II and required to be transferred to the Republic of the Philippines by the United States in accordance with its own enactment commonly known as the Philippine Property Act of 1946. Such properties, including the land in dispute, belong to the Philippine government not by virtue of the escheat proceedings but on the strength of the transfer authorized and required by the said Act.

It may really be that, for practical reasons, the disputed property should be entrusted to the City of Zamboanga, for the purposes indicated in the Rules of Court. That may still be effected. But this will require a transfer of the land to the city by the Republic of the Philippines, to which it belongs and which has the power to dispose of it.

WHEREFORE, the appealed decision is reversed and another one is hereby entered declaring the Republic of the Philippines to be the legal owner of the land subject of the instant petition. No costs.

SO ORDERED.

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

[1] Rollo, p. 19.

[2] Ibid.

[3] Id., pp. 27-28.

[4] Id., pp. 18-19.

[5] Id., pp. 22-24.

[6] Id., pp. 30-31.

[7] Id., p. 31.

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