

FIRST DIVISION

[G.R. No. 217210, November 07, 2016]

**REPUBLIC OF THE PHILIPPINES, PETITIONER, V. CAPITAL
RESOURCES CORPORATION, ROMEO ROXAS, AND THE REGISTER
OF DEEDS OF THE PROVINCE OF LA UNION, RESPONDENTS.**

DECISION

CAGUIOA, J:

This is an Appeal by *Certiorari*^[1] under Rule 45 of the Rules of Court (Petition) filed by petitioner Republic of the Philippines (Republic) against the respondents herein, questioning the Decision dated February 26, 2015^[2] of the Court of Appeals-Fourteenth Division (CA) in CA-G.R. CV No. 98040 (questioned Decision), which affirmed the Decision dated May 31, 2011 rendered by the Regional Trial Court of Bauang, La Union, Branch 33 (RTC) in Civil Case No. 1844-BG.

In this case, petitioner Republic, through the Office of the Solicitor General, is seeking the reversion of a parcel of land situated at Barangay Pugo, Bauang, La Union (Subject Property), which is covered by Transfer Certificate of Title (TCT) No. T-23343 and registered in the name of respondents Capital Resources Corporation (CRC) and Romeo Roxas (collectively, Respondents). The reversion of a portion of the Subject Property declared as foreshore lands has already been ordered by the RTC, and affirmed by the CA. The instant Petition is directed merely towards the remainder of the Subject Property.

The Facts

The antecedents of this case are undisputed. The Court adopts the summary of the CA in the questioned Decision:

Vitaliano Dumuk submitted Homestead Survey Plan H-6811 covering a parcel of land situated at La Union with an area of 15.8245 hectares [hereafter referred to as the subject property] which was approved by the Bureau of Lands on May 10, 1924. A Homestead Patent was granted to Dumuk on July 26, 1924 which resulted in the issuance of Original Certificate of Title [OCT] No. 137 on August 25, 1924. OCT No. 137 was cancelled and superseded by Transfer Certificate of Title (TCT) No. T-6603 in the name of spouses Cecilio and Laura Milo. Capital Resources Corporation and Romeo Roxas [Capital Resources and Roxas are hereafter jointly referred to as defendants-appellants] acquired the subject property from spouses Milo resulting in the cancellation of TCT No. T-6603 and the issuance of TCT No. T-23343 on December 16, 1982.

Defendants-appellants then caused the subdivision of the subject property on May 27, 1985 *via* the subdivision plan Psd-1-009891 prepared by Geodetic Engineer Rosario Mercado [Engr. Mercado] and it

was subdivided into several blocks, among which are Block 35 (18,079 sq.m.) and Block 36 (16,856 sq.m.). The plan indicated that Block 35 is a "salvage zone" while a portion of Block 36 appeared to overlap a portion of the China Sea. On July 15, 1988, subdivision plan Psd-1-009891 was approved but was subsequently cancelled pursuant to an Order of Cancellation issued by DENR Regional Technical Director Josefino Daquioag on January 25, 2005.

It appears that sometime in 1987, the town of Bauang, La Union was cadastrally surveyed and based on the Cadastral Survey Map, Block 35 (identified therein as Lot No. 400480) and Block 36 (identified therein as Lot No. 400475) were projected therein as part of the identified foreshore land and seabed, respectively.

On March 13, 2003, Alberto Hidalgo ["Hidalgo"] filed a Foreshore Lease Application (FLA) No. 012209-02 over a parcel of land with an area of 0.9971 hectares located at Barangay Pugo, Bauang, La Union. Defendants-appellants filed a formal protest, docketed as Claim Case No. 01-LU-046, on the ground that the parcel of land being applied for encroaches upon a portion of the subject property. In turn, Hidalgo filed a counter Protest assailing the validity of TCT No. T-23343 on the ground that: (1) it covers foreshore land, salvage zone, and portions of the South China Sea; and (2) his right to the foreshore land is prejudiced by the existence of this fraudulent title. The protest and counter-protest were later consolidated under the same docket number and were assigned to Land Management Officer Orlando "Mahar" Santos [Mahar Santos] for investigation.

Thereafter, a Panel of Investigators was organized by the DENR which recommended to the Office of the Regional Executive Director to direct the OPLAN: Anti-Fake Title Investigation Unit to determine the validity of TCT No. T-23343. Thus, a Regional Fact-Finding Committee [hereafter referred to as the Committee] was established. The Committee sought the help of Engr. Santiago Santiago [Engr. Santiago], Chief of the Field Network and Survey Party (FNSP) of the DENR, who previously conducted a relocation survey of the subject property in the forcible entry case involving defendants-appellants and Hidalgo filed before the RTC [Branch 67; Bauang, La Union; Civil Case No. 1617-BG]. After receiving a copy of Engr. Santiago's relocation survey report, the Committee conducted an ocular inspection on February 26, 2007 and found that Blocks 35 and 36 are within the existing foreshore area.

In its Terminal Report, the Committee concluded that the submission by defendants-appellants of subdivision plan Psd-1-009891 is tantamount to an admission that the northwestern portion of the subject property was eaten up and eroded due to the adverse effects of sea waters. It also concluded that the Order dated January 25, 2005 cancelling subdivision plan Psd-1-009891 is not valid since it was neither accompanied by a standard investigation report nor by any evidence of payment. Further, it pointed out that Capital Resources may not validly acquire the subject property pursuant to Section 119 of Act No. 2874 and the 1973 Constitution. Thus, the Committee recommended that an order be issued revoking the Order of Cancellation dated January 25, 2005 and declaring

Homestead Patent H-6811 null and void. It also recommended the filing of appropriate reversion proceedings to effect the cancellation of OCT No. 137 superseded by TCT No. T-6603 and TCT No. T-23343.

Accordingly, on July 27, 2007, DENR-Regional Executive Director Victor Ancheta rendered a Decision recommending that an action be instituted for the cancellation of TCT No. T-23343 and for the reversion of Blocks 35 and 36 to the State. Later on, a Joint Resolution was issued by DENR-Regional Executive Director Ancheta denying Hidalgo's foreshore lease application.

Consequently, the Republic of the Philippines, through the Office of the Solicitor General (OSG), filed a Complaint for *Cancellation of Title and Reversion* against defendants-appellants and the Register of Deeds of La Union before the Regional Trial Court [Bauang, La Union; Branch 33], docketed as Civil Case No. 1844-BG. The Republic alleged that from the time that Homestead Survey Plan H-6811 was approved in 1924 until the cadastral survey in 1987, the northwestern portion of the subject property had been washed out and eaten up by the sea waters. Per the ocular inspection, Blocks 35 to 36 formed part of the public domain. This fact is clearly supported by subdivision plan Psd-1-009891 submitted by defendants-appellants wherein the area already consumed by the sea has already been demarcated or isolated. Thus, the Republic prayed for judgment: (a) declaring TCT No. T-23343 and its derivative titles as null and void; (b) ordering defendants-appellants to surrender the owner's duplicate of TCT No. T-23343 for cancellation; (c) ordering the defendants, their heirs, agents, assigns or anyone acting in their behalf to cease and desist from exercising acts of ownership over the subject property and to vacate the same, if they are in possession thereof; and (d) ordering the reversion of the subject land to the public domain.

Defendants-appellants filed their Answer wherein they denied the allegations in the Complaint and averred that they, as well as their predecessors-in-interest, had purchased the subject property for valuable consideration and in good faith. They insisted that the cadastral survey map did not indicate that Blocks 35 and 36 had become foreshore land and formed part of the seabed. They had not been washed out and eaten up by the sea though, for a brief period, they have been inundated because of strong precipitation and typhoons. Contrary to what was projected in the cadastral survey map, Blocks 35 and 36 are suitable for agricultural, residential, industrial and commercial purposes and are not alternatively covered and uncovered by the movement of the tide. Further, defendants appellants posited that the action should be dismissed because it was not filed at the behest of the Director of Lands and that there was a violation of the equal protection of laws since there were other areas adjacent to the sea which were not subjected to reversion proceedings.^[3]

Ruling of the RTC

On May 31, 2011, after trial on the merits, the RTC rendered its Decision of even date, ordering the cancellation of TCT No. T-23343 and the reversion of Blocks 35 and 36 to the public domain, as follows:

WHEREFORE, in view of the foregoing considerations, the Court renders judgment in FAVOR of [petitioner Republic] and AGAINST [Respondents]:

- (1) DECLARING Blocks 35 and 36 embraced in TCT No. T-23343 (Exhibit 'A') in the name of Capital Resources Corporation represented by its President Francisco Joaquin, Jr. and Romeo Roxas as FORESHORE LANDS;
- (2) ORDERING the Register of Deeds of the Province of La Union to **cancel only the portions pertaining to Blocks 35 and 36 embraced in said title which are hereby declared null and void**, and for this purpose, the private defendants are directed to surrender the owner's duplicate copy of TCT No. T-23343 to the Register of Deeds for cancellation;
- (3) ORDERING the private defendants, their heirs, agents, assigns or anyone acting on their behalf to cease and desist from exercising acts of ownership over Blocks 35 and 36 thereof; and
- (4) **ORDERING Blocks 35 and 36 of the Subdivision Plan Psd-1-009891 reverted to the public domain.**

SO ORDERED.^[4] (Emphasis supplied)

On June 30, 2011, petitioner Republic filed a Motion for Partial Reconsideration,^[5] raising the following issues, *inter alia*: (i) that there were inconsistencies between TCT No. T-23343 and Psd-1-009891 pertaining to the land area of the Subject Property; and (ii) that respondent CRC, being a corporation, is ineligible to acquire the Subject Property under Act No. 2874, otherwise known as the "Public Land Act".^[6]

Notably, the said issues were not included in the Complaint dated May 30, 2008^[7] (Complaint) filed by petitioner Republic as well as in the Pre Trial Order dated January 19, 2009 issued by the RTC. Hence, in its Order dated March 11, 2009,^[8] the RTC summed up the main issues as follows: (i) whether or not Blocks 35 and 36 of the Subject Property as reflected in subdivision plan Psd-1-009891 are foreshore lands; and (ii) whether or not Blocks 35 and 36 are salvaged zones and should therefore be reverted to the public domain in accordance with law.^[9]

Subsequently, in an Order dated October 17, 2011, the RTC modified its Decision dated May 31, 2011 to the extent that Respondents were further directed to surrender the owner's duplicate copy of TCT No. T-23343 to the Register of Deeds for cancellation.^[10]

Both parties appealed to the CA.^[11]

On appeal, petitioner Republic sought the reversion of the remaining portion of the Subject Property, again invoking the same issues raised in its Motion for Partial Reconsideration dated June 30, 2011.^[12] Meanwhile, in their appeal, the Respondents mainly disputed the findings of the RTC insofar as it ruled that Blocks

35 and 36 were foreshore lands and therefore appropriate subjects of an action for reversion.^[13]

Ruling of the CA

On February 26, 2015, the CA rendered the questioned Decision, affirming the Decision of the RTC dated May 31, 2011. In addition, the CA ordered the conduct of a resurvey of the Subject Property to determine the actual area encompassed by the technical descriptions in TCT No. T-23343 in order to effectively segregate Blocks 35 and 36 therefrom. The Register of Deeds of the Province of La Union was likewise directed to cancel TCT No. T-23343 and thereafter issue a new title reflecting the technical descriptions of the resurvey plan upon approval. The dispositive portion of the questioned Decision stated:

WHEREFORE, the Decision dated May 31, 2011 of the Regional Trial Court of Bauang, La Union, Branch 33 in Civil Case No. 1844-BG, is hereby AFFIRMED. However, **prior to the cancellation of TCT No. T-23343, the defendants-appellants Capital Resources Corporation and Romeo Roxas are hereby ordered to cause the resurvey of the subject property registered under TCT No. T-23343** to determine the actual area encompassed by the technical descriptions on TCT No. T-23343 and to effectively segregate Blocks 35 and 36 therefrom. The costs of the resurvey shall be shouldered by the defendants-appellants and the corresponding resurvey plan shall be subject to the approval of the Land Management Bureau. Thereafter, the **Register of Deeds of the Province of La Union is hereby ordered to cancel TCT No. T-23343 and to issue a new title reflecting the technical descriptions appearing in the approved resurvey plan.**

SO ORDERED.^[14] (Emphasis supplied)

Without moving for reconsideration, petitioner Republic filed the instant Petition. Parenthetically, on April 6, 2015, Respondents filed a Motion for Reconsideration of the questioned Decision,^[15] which was eventually denied by the CA in a Resolution dated January 15, 2016.^[16]

In its Petition, petitioner Republic harps on the same grounds alleged in its Motion for Partial Reconsideration dated June 30, 2011, to wit: (i) that there were inconsistencies between TCT No. T-23343 and Psd-1-009891 pertaining to the land area of the Subject Property; and (ii) that respondent CRC, being a corporation, is ineligible to acquire the Subject Property under the Public Land Act.^[17]

Meanwhile, in their Comment dated October 7, 2015 (Comment),^[18] Respondents pointedly argue that the issues raised in the Petition were not alleged in the Complaint and therefore can no longer be considered on appeal. Particularly, Respondents claim that petitioner Republic raised the said issues for the first time only in its Motion for Partial Reconsideration dated June 30, 2011 and without amending the Complaint.^[19] Respondents further posit that the mere existence of the alleged discrepancies in various public documents was not a ground to cancel TCT No. T-23343.^[20] Finally, anent the issue of ineligibility, Respondents argue that there was no violation of the Public Land Act and that the CA correctly resolved such issue despite being belatedly raised by petitioner Republic.^[21]