750 Phil. 148

FIRST DIVISION

[G.R. No. 207942, January 12, 2015]

YINLU BICOL MINING CORPORATION, PETITIONER, VS. TRANS-ASIA OIL AND ENERGY DEVELOPMENT CORPORATION, RESPONDENT.

D E C I S I O N

BERSAMIN, J.:

Rights pertaining to mining patents issued pursuant to the Philippine Bill of 1902 and existing prior to November 15, 1935 are vested rights that cannot be impaired.

Antecedents

This case involves 13 mining claims over the area located in Barrio Larap, Municipality of Jose Panganiban, Camarines Norte, a portion of which was owned and mined by Philippine Iron Mines, Inc. (PIMI), which ceased operations in 1975 due to financial losses. PIMI's portion (known as the PIMI Larap Mines) was sold in a foreclosure sale to the Manila Banking Corporation (MBC) and Philippine Commercial and Industrial Bank (PCIB, later Banco De Oro, or BDO).[1]

In 1976, the Gold Mining Development Project Team, Mining Technology Division, The Mining Group of the Bureau of Mines prepared a so-called *Technical Feasibility Study on the Possible Re-Opening of the CPMI Project of PIM (Mining Aspect) and the Exploration Program (Uranium Project)* at Larap, Jose Panganiban, Camarines Norte, which discussed in detail, among others, an evaluation of the ore reserve and a plan of operation to restore the mine to normal commercial mining production and budgetary estimate should the Bureau of Mines take over and run the PIMI Larap Mines. The Government then opened the area for exploration. In November 1978, the Benguet Corporation-Getty Oil Consortium began exploration for uranium under an Exploration Permit of the area, but withdrew in 1982 after four years of sustained and earnest exploration.[2]

Trans-Asia Oil and Energy Development Corporation (Trans-Asia) then explored the area from 1986 onwards. In 1996, it entered into an operating agreement with Philex Mining Corporation over the area, their agreement being duly registered by the Mining Recorder Section of Regional Office No. V of the Department of Environment and Natural Resources (DENR). In 1997, Trans-Asia filed an application for the approval of Mineral Production Sharing Agreement (MPSA)[3] over the area in that Regional Office of the DENR, through the Mines and Geosciences Bureau (MGB), in Daraga, Albay. The application, which was amended in 1999, was granted on July 28, 2007 under MPSA No. 252-2007-V, by which Trans-Asia was given the exclusive right to explore, develop and utilize the mineral deposits in the portion of the mineral lands.[4]

On August 31, 2007, Yinlu Bicol Mining Corporation (Yinlu) informed the DENR by letter that it had acquired the mining patents of PIMI from MBC/BDO by way of a deed of absolute sale, stating that the areas covered by its mining patents were within the areas of Trans-Asia's MPSA. Based on the documents submitted by Yinlu, four of the six transfer certificates of title (TCTs) it held covered four mining claims under Patent Nos. 15, 16, 17 and 18 respectively named as *Busser, Superior, Bussamer* and *Rescue Placer Claims*, with an aggregate area of 192 hectares. The areas covered occupied more than half of the MPSA area of Trans-Asia.[5]

On September 14, 2007, Trans-Asia informed Yinlu by letter that it would commence exploration works in Yinlu's areas pursuant to the MPSA, and requested Yinlu to allow its personnel to access the areas for the works to be undertaken. On September 23, 2007, Yinlu replied that Trans-Asia could proceed with its exploration works on its own private property in the Calambayungan area, not in the areas covered by its (Yinlu) mining patents.[6] This response of Yinlu compelled Trans-Asia to seek the assistance of the MGB Regional Office V in resolving the issues between the parties. It was at that point that Trans-Asia learned that the registration of its MPSA had been put on hold because of Yinlu's request to register the deed of absolute sale in its favor.[7]

The matter was ultimately referred to the DENR Secretary, who directed the MGB Regional Office V to verify the validity of the mining patents of Yinlu. On November 29, 2007, the MGB Regional Office V informed the Office of the DENR Secretary that there was no record on file showing the existence of the mining patents of Yinlu. Accordingly, the parties were required to submit their respective position papers.[8]

The issues presented for consideration and resolution by the DENR Secretary were: (1) whether the mining patents held by Yinlu were issued prior to the grant of the MPSA; and (2) whether the mining patents were still valid and subsisting.[9]

On May 21, 2009, DENR Secretary Jose L. Atienza, Jr. issued his order resolving the issues in Yinlu's favor,[10] finding that the mining patents had been issued to PIMI in 1930 as evidenced by and indicated in PIMI's certificates of title submitted by Yinlu; and that the patents were validly transferred to and were now owned by Yinlu.[11] He rejected Trans-Asia's argument that Yinlu's patents had no effect and were deemed abandoned because Yinlu had failed to register them pursuant to Section 101 of Presidential Decree No. 463, as amended. He declared that the DENR did not issue any specific order cancelling such patents. He refuted Trans-Asia's contention that there was a continuing requirement under the Philippine Bill of 1902 for the mining patent holder to undertake improvements in order to have the patents subsist, and that Yinlu failed to perform its obligation to register and to undertake the improvement, observing that the requirement was not an absolute imposition. He noted that the suspension of PIMI's operation in 1974 due to financial losses and the foreclosure of its mortgaged properties by the creditor banks (MBC/PCIB) constituted *force majeure* that justified PIMI's failure in 1974 to comply with the registration requirement under P.D. No. 463; that the Philippine Bill of 1902, which was the basis for issuing the patents, allowed the private ownership of minerals, rendering the minerals covered by the patents to be segregated from the public domain and be considered private property; and that the Regalian doctrine, under which the State owned all natural resources, was adopted only by the 1935, 1973

and 1987 Constitutions.[12]

Consequently, DENR Secretary Atienza, Jr. ordered the amendment of Trans-Asia's MPSA by excluding therefrom the mineral lands covered by Yinlu's mining patents, to wit:

> WHEREFORE, premises considered, the Mineral Production Sharing Agreement No. 252-2007-V is hereby ordered amended, to excise therefrom the areas covered by the mining patents of Yinlu Bicol Mining Corporation as described and defined in the Transfer Certificates of Title concerned: Provided, That the consequent conduct of mining operations in the said mining patents shall be undertaken in accordance with all the pertinent requirements of Republic Act No. 7942, the Philippine Mining Act of 1995, and its implementing rules and regulations.
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> SO ORDERED.[13]

Trans-Asia moved for reconsideration,,[14] but the DENR Secretary denied the motion on November 27, 2009, holding in its resolution that the arguments raised by the motion only rehashed matters already decided.[15]

Trans-Asia appealed to the Office of the President (OP).

On May 4, 2010, the OP rendered its decision in O.P. Case No. 09-L-638 affirming *in toto* the assailed order and resolution of the DENR Secretary,[16] to wit:

> The first contention of appellee is untenable. It is conceded that Presidential Decree (PD) No. 463, otherwise known as the Mineral Resources Development Decree, prescribed requirements for the registration of all mining patents with the Director of Mines within a certain period, among others. The existence of the mining claims were in fact registered in the Office of the Register of Deeds for the Camarines Norte prior to the issuance of PD 463, as found in the 4 TCT's issued to PIMI that were foreclosed by MBC, and eventually purchased by appellee through an Absolute Deed of Sale. The existence of the mining patents, therefore, subsists. Under the Philippine Constitution, there is an absolute prohibition against alienation of natural resources. Mining locations may only be subject to concession or lease. The only exception is where a location of a mining claim was perfected prior to November 15, 1935, when the government under the 1935 Constitution was inaugurated, and according to the laws existing at that time a valid location of a mining claim segregated the area from the public domain, and the locator is entitled to a grant of the beneficial ownership of the claim and the right to a patent therefore **(Gold Creek Mining Corporation vs. Rodriguez, 66 Phil 259)**. The right of the locator to the mining patent is a vested right, and the Constitution recognizes such right as an exception to the prohibition against alienation of natural resources. The right of the appellee as the beneficial owner of the subject mining patents in this case, therefore, is superior to the claims of

appellant.

The existence of the TCT's in the name of appellee further bolsters the existence of the mining patents. Under PD 1529, also known as the Property Registration Decree, once a title is cleared of all claims or where none exists, the ownership over the real property covered by the Torrens title becomes conclusive and indefeasible even as against the government. Noteworthy is the fact that the title trace backs of the said TCTs show that the titles were executed in favour of the appellee's predecessors-in-interest pursuant to Act No. 496, otherwise known as the Land Registration Act of 1902, in relation to the Philippine Bill of 1902, which govern the registration of mineral patents.

x x x x

After a careful and thorough evaluation and study of the records of this case, this Office agrees with the DENR, as the assailed decisions are in accord with facts, law and jurisprudence relevant to the case.

WHEREFORE, premises considered, the assailed Order and Resolution of the DENR dated May 21, 2009 and November 27, 2009, respectively, are hereby **AFFIRMED** *in toto.*

SO ORDERED.[17]

Trans-Asia filed a first and a second motion for reconsideration.

Trans-Asia stated in its first motion for reconsideration that the OP erred: (1) in resurrecting Yinlu's mining patents despite failure to comply with the requirements of Presidential Decree No. 463; (2) in holding that Yinlu's predecessors-in-interest had continued to assert their rights to the mining patents; and (3) in not holding that the mining patent had been abandoned due to laches. The OP denied the first motion through the resolution dated June 29, 2010,[18] emphasizing that there was no cogent reason to disturb the decision because the grounds were mere reiterations of arguments already passed upon and resolved.

Nothing daunted, Trans-Asia presented its second motion for reconsideration, but this motion was similarly denied in the resolution of March 31, 2011,[19] the OP disposing thusly:

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After a second thorough evaluation and study of the records of this case, this Office finds no cogent reason to disturb its earlier Decision. The second paragraph of Section 7, Administrative Order No. 18 dated February 12, 1987 provides that "*[o]nly one motion for reconsideration by any one party shall be allowed and entertained, save in exceptionally meritorious cases*." This second motion is clearly unmeritorious.

WHEREFORE, premises considered, the instant motion is hereby DENIED.

> The Decision and Resolution of this Office dated May 4, 2010 and June 29, 2010, respectively, affirming the DENR decisions, are hereby declared final. Let the records of the case be transmitted to the DENR for its appropriate disposition.
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> SO ORDERED.[20]

Trans-Asia then appealed to the Court of Appeals (CA).

On October 30, 2012, the CA promulgated the assailed decision reversing and setting aside the rulings of the DENR Secretary and the OP.[21] It agreed with the DENR Secretary and the OP that Yinlu held mining patents over the disputed mining areas, but ruled that Yinlu was required to register the patents under PD No. 463 in order for the patents to be recognized in its favor. It found that Yinlu and its predecessors-in-interest did not register the patents pursuant to PD No. 463; hence, the patents lapsed and had no more effect,[22] *viz*:

> **WHEREFORE**, premises considered, the petition is hereby **GRANTED.** The Decision dated May 4, 2010, as well as the Resolutions dated June 29, 2010 and March 31, 2011, respectively, rendered by the Office of the President in OP Case No. 09-L-638, and the Order dated May 21, 2009 as well as the Resolution dated November 27, 2009 issued by the DENR Secretary in DENR Case No. 8766 are **REVERSED** and **SET ASIDE.**
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> **SO ORDERED**.[23]

Yinlu sought reconsideration of the decision. On June 27, 2013, the CA denied the motion for reconsideration.[24]

Issues

In its appeal, Yinlu raises the following issues, namely:

> I.
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> WHETHER OR NOT THE PETITION FOR CERTIORARI FILED BEFORE THE COURT OF APPEALS WAS FILED BEYOND THE REGLEMENTARY PERIOD.
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> II.
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> WHETHER OR NOT PETITIONER YINLU'S MINING PATENTS ARE VALID, EXISTING AND IMPERVIOUS TO THE MINERAL PRODUCTION SHARING AGREEMENT SUBSEQUENTLY GRANTED TO THE RESPONDENT TRANS-ASIA.
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> III.
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> WHETHER OR NOT PETITIONER YINLU'S TITLES BASED ON "PATENTS"