

SECOND DIVISION

[G.R. No. 177168, August 03, 2015]

**NAVY OFFICERS' VILLAGE ASSOCIATION, INC. (NOVAI),
PETITIONER, VS. REPUBLIC OF THE PHILIPPINES, RESPONDENT.**

DECISION

BRION, J.:

We resolve the present petition for review on *certiorari*^[1] assailing the December 28, 2006 decision^[2] and March 28, 2007 resolution^[3] of the Court of Appeals (CA) in CA-G.R. CV No. 85179.

The CA reversed and set aside the August 20, 2004 decision^[4] of the Regional Trial Court (RTC) Branch 67, Pasig City, that dismissed the complaint filed by the Republic of the Philippines (*respondent or the Republic*) for the cancellation of Transfer Certificate of Title (TCT) No. T-15387 issued in the name of Navy Officers' Village Association, Inc. or NOVAI (*petitioner*).

The Factual Antecedents

TCT No. T-15387,^[5] issued in NOVAI's name, covers a 475,009 square-meter parcel of land (*the property*)^[6] situated inside the former Fort Andres Bonifacio Military Reservation (*FBMR*) in Taguig, Metro Manila.

The property previously formed part of a larger 15,812,684 square-meter parcel of land situated at the former Fort William McKinley, Rizal, which was covered by TCT No. 61524 issued in the name of the Republic of the Philippines.

On July 12, 1957, then President Carlos P. Garcia issued **Proclamation No. 423**^[7] "reserving for military purposes certain parcels of the public domain situated in the municipalities of Pasig, Taguig, Parañaque, province of Rizal, and Pasay City," which included the 15,812,684 square-meter parcel of land covered by TCT No. 61524.

On September 29, 1965, then Pres. Diosdado Macapagal issued **Proclamation No. 461**^[8] which excluded from Fort McKinley "a certain portion of land embraced therein, situated in the municipalities of Taguig and Parañaque, Province of Rizal, and Pasay City," with an area of 2,455,310 square meters, and declared the excluded area as "AFP Officers' Village" to be disposed of under the provisions of Republic Act Nos. 274^[9] and 730.^[10]

Barely a month after, or on October 25, 1965, Pres. Macapagal issued **Proclamation No. 478**^[11] "reserving for the veterans rehabilitation, medicare and training center site purposes" an area of 537,520 square meters of the land previously declared as AFP Officers' Village under Proclamation No. 461, and placed

the reserved area under the administration of the Veterans Federation of the Philippines (VFP).

The property is within the 537,520 square-meter parcel of land reserved in VFP's favor.

On November 15, 1991, the property was the subject of a Deed of Sale^[12] between the Republic of the Philippines, through former Land Management Bureau (LMB) Director Abelardo G. Palad, Jr., (*Dir. Palad*) and petitioner NOVAI. The deed of sale was subsequently registered and from which TCT No. T-15387 was issued in NOVAI's name.

The Republic's Complaint for Cancellation of Title

In its complaint^[13] filed with the RTC on December 23, 1993, the Republic sought to cancel NOVAI's title based on the following grounds: (a) the land covered by NOVAI's title is part of a military reservation; (b) the deed of sale conveying the property to NOVAI, which became the basis for the issuance of TCT No. 15387, is fictitious; (c) the LMB has no records of any application made by NOVAI for the purchase of the property, and of the NOVAI's alleged payment of P14,250,270.00 for the property; and (d) the presidential proclamation, *i.e.*, Proclamation No. 2487, claimed to have been issued by then President Corazon C. Aquino in 1991 that authorized the transfer and titling of the property to NOVAI, is fictitious.

NOVAI's Answer to the Complaint

In its answer (which was later amended) to the Republic's complaint, NOVAI counter-argued that the property was no longer part of the public dominion, as the land had long been segregated from the military reservation pursuant to Proclamation No. 461.

NOVAI claimed that, contrary to the Republic's contention that there were no records of the sale, it had actually filed a letter-application for a sales patent over the property with the LMB which prepared, verified and approved the property's plan and technical description; and that the LMB delivered to it a copy of the deed of sale, signed and executed by Dir. Palad, after it had paid a portion of the P14,250,270.00 purchase price, corresponding taxes, and other charges, with the balance to be paid in installments.

Also, NOVAI contended that, since any alleged irregularities that may have attended the sale pertained only to formalities, the proper remedy for the Republic was to file an action for reformation of instrument, not for cancellation of title. In any event, it added that the Republic's cause of action had prescribed because its title to the property had already become indefeasible.

The RTC's decision

The RTC narrowed down the issues to: (a) the character of the property in question, *i.e.*, whether the property in question was part of the FBMR, and hence, inalienable; and (b) the validity of the deed of sale conveying the property to NOVAI, *i.e.*, whether the title over the property was acquired by NOVAI through fraud. The **RTC**

resolved both issues in NOVAI's favor.

In its decision, the RTC ruled that: (a) the property is alienable and disposable in character, as the land falls within the area segregated from the FBMR pursuant to Proclamation No. 461; (b) the subject deed of sale should be presumed valid on its face, as it was executed with all the formalities of a notarial certification; (c) notwithstanding the claims of forgery, the signature of Dir. Palad on the deed of sale appeared genuine and authentic; and (d) NOVAI's title to the property had attained indefeasibility since the Republic's action for cancellation of title was filed close to two (2) years from the issuance of the title.

The CA's decision

The CA reversed and set aside the RTC's decision. It ruled that the property is inalienable land of the public domain; thus, it cannot be disposed of or be the subject of a sale. It pointed out that, since NOVAI failed to discharge its burden of proving the existence of Proclamation No. 2487 - the positive governmental act that would have removed the property from the public domain — the property remained reserved for veterans rehabilitation purposes under Proclamation No. 478, the latest executive issuance affecting the property.

Since the property is inalienable, the CA held that the incontestability and indefeasibility generally accorded to a Torrens title cannot apply because the property, as in this case, is unregistrable land; that a title issued by reason or on account of any sale, alienation, or transfer of an inalienable property is void and a patent nullity; and that, consequently, the Republic's action for the cancellation of NOVAI's title cannot be barred by prescription.

Also, the CA held that there can be no presumption of regularity in the execution of the subject deed of sale given the questionable circumstances that surrounded the alleged sale of the property to NOVAI,^[14] e.g., NOVAI's failure to go through the regular process in the Department of Environment and Natural Resources (*DENR*) or the LMB Offices in the filing of an application for sales patent and in the conduct of survey and investigation; the execution of the deed of sale without payment of the full purchase price as required by policy; and the appearances of forgery and falsification of Dir. Palad's signature on the deed of sale and on the receipts issued to NOVAI for its installment payments on the property, among others.

Lastly, the CA held that the Court's observations and ruling in *Republic of the Philippines v. Southside Homeowners Association, Inc (Southside)*^[15] is applicable to the present case. In *Southside*, the Republic similarly sought the cancellation of title - TCT No. 15084 - issued in favor of Southside Homeowners Association, Inc. (*SHAI*) over a 39.99 hectare area of land situated in what was known as the Joint U.S. Military Assistance Group (*JUSMAG*) housing area in Fort Bonifacio. The Court cancelled the certificate of title issued to *SHAI*, as the latter failed to prove that the *JUSMAG* area had been withdrawn from the military reservation and had been declared open for disposition. The Court therein ruled that, since the *JUSMAG* area was still part of the FBMR, its alleged sale to *SHAI* is necessarily void and of no effect.

NOVAI sought reconsideration of the CA's decision, which the CA denied in its March

28, 2007 resolution;^[16] hence, this petition.

The Petition

NOVAI alleges that the CA erred in declaring that: (a) the property is inalienable land of the public domain, (b) the deed of sale and Proclamation No. 2487 were void and nonexistent, respectively, (c) the Republic's action for cancellation of title was not barred by prescription, and (d) the ruling in *Southside* was applicable to the present case.

In support of its petition, NOVAI raises the following arguments:

- (a) The property is no longer part of the public domain because, by virtue of Proclamation No. 461, s. of 1965, the property was excluded from the FBMR and made available for disposition to qualified persons, subject to the provisions of R.A. Nos. 274 and 720 in relation to the Public Land Act;
- (b) The deed of sale was, in all respects, valid and enforceable, as it was shown to have been officially executed by an authorized public officer under the provisions of the Public Land Act, and celebrated with all the formalities of a notarial certification;
- (c) Proclamation No. 2487 is to be presumed valid until proven otherwise; that the Republic carried the burden of proving that Proclamation No. 2487 was a forgery, and that it failed to discharge this burden;
- (d) The CA should not have considered as evidence the testimony of Senator Franklin Drilon on the nonexistence of Proclamation No. 2487 because such testimony was given by Senator Drilon in another case^[17] and was not formally offered in evidence by the Republic during the trial of the present case before the RTC;
- (e) The action for cancellation of title filed by the Republic is already barred by prescription because it was filed only on December 23, 1993, or close to two (2) years from the issuance of NOVAI's title on January 9, 1992; and
- (f) The case of *Southside* is not a cognate or companion case to the present case because the two cases involve completely dissimilar factual and doctrinal bases; thus, the Court's observations and ruling in *Southside* should not be applied to the present case.

The Republic's Comment to the Petition

Procedurally, the Republic assails the propriety of the issues raised by NOVAI, such as "whether Proclamation No. 2487 and the signature of LMB Director Palad on the assailed deed of sale are forged or fictitious," and "whether the Republic had presented adequate evidence to establish the spuriousness of the subject proclamation," which are factual in nature and not allowed in a Rule 45 petition.

On the petition's substance, the Republic counters that:

- (a) The property is inalienable public land incapable of private appropriation because, while the property formed part of the area segregated from the FBMR under Proclamation No. 461, it was subsequently reserved for a specific public use or purpose under Proclamation No. 478;
- (b) Proclamation No. 2487, which purportedly revoked Proclamation No.

478, does not legally exist and thus cannot be presumed valid and constitutional unless proven otherwise; the presumption of validity and constitutionality of a law applies only where there is no dispute as to the authenticity and due execution of the law in issue;

- (c) The deed of sale executed by NOVAI and by Dir. Palad was undeniably forged, as Dir. Palad categorically denied having signed the deed of sale, and a handwriting expert from the National Bureau of Investigation (*NBI*) confirmed that Dir. Palad's signature was indeed a forgery;^[18]
- (d) NOVAI, a private corporation, is disqualified from purchasing the property because R.A. Nos. 274 and 730, and the Public Land Act only allow the sale of alienable and disposable public lands to natural persons, not juridical persons; and
- (e) The Court's decision in *Southside* applies to the present case because of the strong factual and evidentiary relationship between the two cases.

BCDA's Comment-in-Intervention

On December 28, 2007, and while the case was pending before this Court, the Bases Conversion Development Authority (*BCDA*) filed a motion for leave to file comment-in-intervention and to admit the attached comment-in-intervention.^[19]

In a resolution dated February 18, 2008,^[20] the Court allowed the *BCDA*'s intervention.

As the Republic has done, the *BCDA* contends that NOVAI is disqualified from acquiring the property given the constitutional and statutory provisions that prohibit the acquisition of lands of the public domain by a corporation or association; that any sale of land in violation of the Constitution or of the provisions of R.A. Nos. 274 and 730, and the Public Land Act are null and void; and that any title which may have been issued by mistake or error on the part of a public official can be cancelled at any time by the State.

The *BCDA* further contends that NOVAI miserably failed to comply with the legal requirements for the release of the property from the military reservation. More specifically, (1) the Director of Lands did not cause the property's subdivision, including the determination of the number of prospective applicants and the area of each subdivision lot which should not exceed one thousand (1,000) square meters for residential purposes; (2) the purchase price for the property was not fixed by the Director of Lands as approved by the DENR Secretary; (3) NOVAI did not pay the purchase price or a portion of it to the LMB; and (4) the Deed of Sale was not signed by the President of the Republic of the Philippines or by the Executive Secretary, but was signed only by the LMB Director.

Also, the *BCDA* observed that NOVAI was incorporated only on December 11, 1991, while the deed of sale was purportedly executed on November 15, 1991, which shows that NOVAI did not yet legally exist at the time of the property's purported sale.

OUR RULING

We resolve to **DENY** NOVAI's petition for review on *certiorari* as we find **no reversible error** committed by the CA in issuing its December 28, 2006 decision