

SECOND DIVISION

[G.R. No. 155051, May 29, 2007]

**RURAL BANK OF ANDA, INC., PETITIONER, VS. ROMAN
CATHOLIC ARCHBISHOP OF LINGAYEN- DAGUPAN,
RESPONDENT.**

D E C I S I O N

CARPIO, J.:

The Case

This is a petition for review^[1] of the Decision^[2] dated 15 October 2001 and the Resolution dated 23 August 2002 of the Court of Appeals in CA-G.R. CV No. 66478.

The Facts

The lot in dispute, Cadastral Lot 736 (Lot 736), is located in the Poblacion of Binmaley, Pangasinan. Lot 736 has a total area of about 1,300 square meters and is part of Lot 3. Cadastral Lot 737 and Lot 739 also form part of Lot 3. Cadastral Lot 737 is known as Imelda's Park, while on Lot 739 is a waiting shed for commuters. Lot 3 is bounded on the north by Lot 1 of Plan II-5201-A and on the south by the national road. In front of Lot 736 is the building of Mary Help of Christians Seminary (seminary) which is on Lot 1.

Lot 1 of Plan II-5201-A, which adjoins Lot 3 on the north, is titled in the name of respondent Roman Catholic Archbishop of Lingayen (respondent) under Transfer Certificate of Title No. 6375 (TCT 6375). An annotation on TCT 6375 states that the ownership of Lot 3 is being claimed by both respondent and the Municipality of Binmaley.

In 1958, the Rector of the seminary ordered the construction of the fence separating Lot 736 from the national road to prevent the caretelas from parking because the smell of horse manure was already bothering the priests living in the seminary.^[3] The concrete fence enclosing Lot 736 has openings in the east, west, and center and has no gate. People can pass through Lot 736 at any time of the day.^[4]

On 22 December 1997, the Sangguniang Bayan of Binmaley, Pangasinan, passed and approved Resolution Nos. 104^[5] and 105.^[6] Resolution No. 104 converted Lot 736 from an institutional lot to a commercial lot. Resolution No. 105 authorized the municipal mayor to enter into a contract of lease for 25 years with the Rural Bank of Anda over a portion of Lot 736 with an area of 252 square meters.^[7]

In December 1997, Fr. Arenos, the director of the seminary, discovered that a sawali fence was being constructed enclosing a portion of Lot 736. In January 1998, the

Municipal Mayor of Binmaley, Rolando Domalanta (Mayor Domalanta), came to the seminary to discuss the situation. Mayor Domalanta and Fr. Arenos agreed that the construction of the building for the Rural Bank of Anda should be stopped.

On 24 March 1998, respondent requested Mayor Domalanta to remove the sawali fence and restore the concrete fence. On 20 May 1998, Mayor Domalanta informed respondent that the construction of the building of the Rural Bank of Anda would resume but that he was willing to discuss with respondent to resolve the problem concerning Lot 736.

On 1 June 1998, respondent filed a complaint for Abatement of Illegal Constructions, Injunction and Damages with Writ of Preliminary Injunction in the Regional Trial Court of Lingayen, Pangasinan. On 24 August 1998, the trial court ordered the issuance of a writ of preliminary injunction.

On 4 January 2000, the trial court rendered a decision, the dispositive portion of which reads:

WHEREFORE, in the light of the foregoing, judgment is hereby rendered in favor of the plaintiff [Roman Catholic Archbishop of Lingayen-Dagupan]:

1. Making the writ of preliminary injunction permanent;
2. Ordering the defendants to cause to be restored the concrete wall with iron railings, to cause to be removed the sawali fence, both at the expense of the defendants, jointly and severally, and
3. Condemning the defendants to pay jointly and severally, to the plaintiff the amount of P25,000.00 as litigation expenses, attorney's fees in the amount of P50,000.00 and the costs of this suit.

SO ORDERED.^[8]

On appeal, the Court of Appeals affirmed the decision with the modification that the awards of litigation expenses, attorney's fees, and costs should be deleted. The Court of Appeals subsequently denied the motion for reconsideration of the Municipality of Binmaley and the Rural Bank of Anda.

The Ruling of the Trial Court

The trial court found that Lot 736 is not covered by any Torrens title either in the name of respondent or in the name of the Municipality of Binmaley. The trial court held that Lot 736 is public in nature. Since Lot 736 is property of public dominion, it is outside the commerce of man. Thus, the Sangguniang Bayan of Binmaley, Pangasinan exceeded its authority when it adopted Resolution Nos. 104 and 105 converting Lot 736 from an institutional lot to a commercial lot and authorizing the municipal mayor to enter into a contract of lease for 25 years with the Rural Bank of Anda over a 252 square meter portion of Lot 736 .

The Ruling of the Court of Appeals

The Court of Appeals agreed with the trial court that Lot 736 is property of public