

THIRD DIVISION

[G.R. No. 190817, January 10, 2018]

**REPUBLIC OF THE PHILIPPINES, PETITIONER, V. ROVENCY
REALTY AND DEVELOPMENT CORPORATION, RESPONDENT.**

D E C I S I O N

MARTIRES, J.:

This is a petition for review on certiorari seeking to reverse and set aside the 10 March 2009 Decision^[1] and the 3 December 2009 Resolution^[2] of the Court of Appeals (CA) in CA-G.R. CV No. 00651, which affirmed the 7 November 2003 Decision^[3] of the Regional Trial Court (RTC), Branch 41, Cagayan de Oro City, in LRA Case No. N-2000-084, which granted the application for original registration of title to land by respondent Rovency Realty and Development Corporation (RRDC).

THE FACTS

On 22 March 2001, RRDC filed before the RTC an Amended Application for Registration^[4] covering a parcel of land identified as Lot No. 3009 (*subject land*) situated in Barangay Balulang, Cagayan de Oro City, described as follows:

A parcel of land (Lot No. 3009, Cad-237, Cagayan Cadastre) situated in the Barrio of Carmen, City of Cagayan de Oro, Island of Mindanao. Bounded on the S., along line 1-2 by Lot 6648; on the NW., along line 2-3 by Lot 30011; along line 3-4 by Lot 3010; along line 4-5 by Lot 3047; along line 5-6 by Lot 3020; on the N., along line 6-7 by Lot 3007; on the SE., along line 8-9 by Lot 6645; along line 9-1 by Lot 3008; all of Cad-237, Cagayan Cadastre.

Beginning at the point marked "1" on the plan being N. 51 deg. 24'W., 1091.05 m. from PBM No. 24, Cad-237, Thence;

	79		260.92
	deg.		m.
1-2 S.	19	15'W.	231.49
2-3 N.	deg.	02'E.	m.
3-4 N.	13	32'E.	489.77
	deg.		m.
4-5 N.	61	39'E.	302.54
	deg.		m.
5-6 N.	40	09'E.	146.06
6-7 S.	deg.	14'E.	m.
7-8 S.	82	28'E.	140.06
8-9 S.	deg.	00'W.	m.
9-1 S.	24	26'W.	152.88
	deg.		m.
	34		448.33

deg.	m.
33	445.73
deg.	m.

beginning; containing an area of THREE HUNDRED EIGHTEEN THOUSAND THREE HUNDRED FORTY FIVE (318,345) square meters more or less. All points referred to are indicated on the plan and marked on the ground by Old BL., cyl. conc. mons. 15 x 60 cm. Bearing true, date of Original Survey August 9 & 13, 1929, and that of the preparation June 29, 2000, executed by Crisanto M. Bagares, Geodetic Engineer and approved on August 1, 2000.^[5]

RRDC alleged, among others, that it is a domestic corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines; that it is the absolute owner in fee simple of the subject land having acquired the same from its previous owner, P.N. Roa Enterprises, Inc., by virtue of a notarized deed of absolute sale executed on 05 March 1997; that the subject land was assessed at P2,228,000.00 as shown in the Tax Declaration (TD) No. 141011; that it has registered the subject land for taxation purposes and paid the realty taxes due therein from its acquisition, to the filing of the application; that immediately after acquiring the subject land, it took actual physical possession of the same and has been continuously occupying the subject land; and that it and its predecessors-in-interest have been in open, continuous, adverse, and peaceful possession in concept of owner of the subject land since time immemorial, or for more than thirty (30) years.

Attached to the application are: original copy of the technical description of the subject land^[6]; the Tracing Cloth Plan of the survey plan^[7]; Certification in Lieu of Surveyor's/Geodetic Engineer's Certificate^[8] issued by the Chief of the Land Surveys Assistance Section, Department of Environment and Natural Resources, Region X; T.D. No. 141011 in the name of RRDC^[9]; and the Deed of Absolute Sale between RRDC and P.N. Roa Enterprises, Inc., dated 5 March 1997. ^[10]

On 16 July 2001, an opposition to the application was filed by the Heirs of Paulino Avanceña. They alleged, that the subject land was already claimed and owned by the late Atty. Paulino Avanceña (*Paulino*), their father and predecessor-in-interest, as early as 1926; that Paulino had been in open, continuous, notorious, adverse, and exclusive possession and occupation of the subject land; that Paulino registered the subject land for taxation purposes and has paid the taxes due thereon in 1948; that their parents, Paulino and Rizalina Neri (*Rizalina*) merely allowed and tolerated Pedro N. Roa's (*Pedro*) possession of the subject land after the latter approached them and requested that he be allowed to use the subject land for his businesses; that Pedro is one of RRDC's predecessors-in-interest; that sometime in 1994, Rizalina demanded the return of the subject land from the heirs of Pedro, but to no avail; that in 1996, Rizalina died leaving the private oppositors as the rightful heirs of the subject land; that their parents never sold the subject land to Pedro nor to RRDC, and as such, no right or title over the subject land was passed on to RRDC. Thus, they prayed that RRDC's application be dismissed, and that their opposition be treated as their own application for registration.^[11]

On 3 August 2001, the petitioner Republic of the Philippines (*Republic*), through the Office of the Solicitor General (OSG), filed its opposition to the application on the

following grounds: that neither RRDC nor its predecessors-in-interest have been in open, continuous, exclusive, and notorious possession and occupation of the land in question since 12 June 1945 or prior thereto; that the subject land exceeds the twelve (12)-hectare limit for confirmation of imperfect title set by Section 47 of Commonwealth Act (C.A.) No. 141, as amended by Republic Act (R.A.) No. 6940; and that the subject land forms part of the public domain belonging to the Republic and, thus, not subject to private appropriation.^[12]

During trial, RRDC presented the following documents in support of its application: (i) Deed of Absolute Sale notarized by notary public Paulino Avanceña showing that the subject land was sold by Catalino Ebalo to Nicolas Beja and Maximo Amper on 21 June 1937^[13]; (ii) Deed of Absolute Sale notarized by notary public Paulino Avanceña showing that a portion of the subject land consisting of 159,178.5 square meters (*first portion*) was sold by Maximo Amper to Perfecto Virtudazo on 07 October 1940^[14]; (iii) Deed of Absolute Sale notarized by notary public Troadio C. Ubay-ubay showing that the first portion consisting of 15 hectares, 91 ares and 72 centares (159,172 square meters) was sold by Trinidad Virtudazo, Israel Virtudazo, and Adelina Virtudazo to Victor D. Beja on 22 April 1961^[15]; (iv) Deed of Absolute Sale showing that the first portion of the subject land consisting of 159,172 square meters was sold by Victor D. Beja to Pedro N. Roa on 01 February 1967^[16]; (v) Deed of Absolute Sale notarized by notary public Troadio C. Ubay-ubay showing that the other portion (*second portion*) of the subject land was sold by Nicolas Beja to Victor Beja on 22 April 1961^[17]; (vi) Deed of Sale showing that the second portion was sold by Victor Beja to Pedro N. Roa on 01 February 1967^[18]; (vii) Deed of Exchange notarized by notary public Jose L. Sabio, Jr. showing that the two portions of the subject land were conveyed by Pedro N. Roa in favor of P.N. Roa Enterprises, Inc. on 23 September 1987;^[19] and (viii) Deed of Sale notarized by Rene C. Barbaso showing that the two (2) portions of the subject land were sold by P.N. Roa Enterprises, Inc. to RRDC on 25 July 1996.^[20]

RRDC also presented a certification^[21] from the Community Environment and Natural Resources Office (CENRO), Cagayan de Oro City, certifying that the subject land is alienable and disposable and not covered by any public land application patent and hence, no patent has been issued thereon. Lastly, RRDC presented several tax declarations in the name of its predecessors-in-interest, the earliest of which is T.D. No. 91264, which showed that realty taxes on the subject land have been paid in 1947.^[22]

On the other hand, to support their claim that a patent over the subject land had been issued in the name of their father, the private oppositors presented a certification^[23] issued by the Records Management Division of the Lands Management Bureau of the Department of Environment and Natural Resources which merely states that "...according to the verification made by the Geodetic Surveys Division, survey plan no. Psu-45882 with an accession no. 284578 is located at Cagayan, Misamis, as per their EDP listing. It is unfortunate however that as of this moment, this office (Records Management Division) cannot locate said records despite diligent search made thereon."

The RTC Ruling

In its decision, dated 7 November 2003, the RTC granted RRDC's application for registration of the subject land. It opined that the CENRO certification, stating that the subject land is alienable and disposable and not covered by any public land application, is sufficient to show the character of the land. It further ruled, that RRDC and its predecessors-in-interest had been in open and continuous possession under a bona fide claim of ownership over the subject land based on the documentary and testimonial evidence offered by RRDC, without discussing how these pieces of evidence established the required possession.

The trial court further brushed aside the opposition interposed by the heirs of Paulino Avanceña. It was not convinced that the evidence they presented were sufficient to grant the application in their favor. It noted that the oppositors' claim that they were the rightful owners of the subject land does not hold water considering that the deeds of sale presented by RRDC in support of their claim were notarized by Paulino himself.

The dispositive portion of the RTC decision reads:

WHEREFORE, this Court considering the evidence of the applicant, the reports of the Land Registration Authority, Director of Lands and the Certification of the CENRO, DENR, Cagayan de Oro City, hereby declares that the applicant, Rovency Realty & Development Corporation, have sufficient title proper for registration over the parcel of land subject of this application. The opposition of the Heirs of Paulino Avanceña, is hereby ordered dismissed, being lack of merit.

Accordingly, in accordance with the prayer of the applicant herein, the Commissioner, or anyone acting on his behalf is hereby directed to ISSUE A DECREE OF REGISTRATION and the CORRESPONDING CERTIFICATE OF TITLE FOR THE PARCEL OF LAND described in the instant application in favor of ROVENCY REALTY and DEVELOPMENT CORPORATION. SO ORDERED.^[24]

Unconvinced, the Republic, through the OSG, and private oppositors heirs of Paulino Avancena, elevated their respective appeals to the CA.^[25]

The Republic contended that the trial court erred in granting the application for registration, considering that the land applied for is in excess of what is allowed by the Constitution; and that the Corporation Code further prohibits RRDC to acquire the subject land unless the acquisition thereof is reasonably necessary for its business. On the other hand, the Avanceña heirs insisted that they are the rightful owners of the subject land, by virtue of the homestead patent granted to their predecessor-in-interest.

The CA Ruling

In its assailed decision, dated 10 March 2009, the CA affirmed the 7 November 2003 RTC decision. The appellate court concurred with the trial court's findings that the subject land is alienable and disposable, and that RRDC has sufficiently established the required period and character of possession. Likewise, the appellate court was not persuaded by the claims of the heirs. It noted that the private oppositors anchored their claim on the alleged homestead grant to Paulino, their predecessor-in-interest, which claim was unsupported by sufficient documentary evidence.

The appellate court also ruled that the 12-hectare limit under the Constitution was not violated. It explained that Section 3 of Article XII of the 1987 Constitution, the constitutional provision which provided for the 12-hectare limit in the acquisition of land, covers only agricultural lands of the public domain. It ratiocinated that when the subject land was acquired through acquisitive prescription by RRDC's predecessors-in-interest, it was converted into a private property and, as such, it ceased to be part of the public domain. Thus, when RRDC acquired the subject land by purchase, it was no longer within the ambit of the constitutional limitation.

As to the contention that the Corporation Code bars RRDC to acquire the subject land, the appellate court simply stated that while the said code imposes certain limitations on the acquisition of real property, there is no such prohibition. It stressed that RRDC is an artificial being imbued with the power to purchase, hold, and convey real and personal property for such purposes that are within the objects of its creation. Considering that RRDC is a corporation engaged in realty business, it has the power to purchase real properties. The dispositive portion of said decision states:

WHEREFORE, the appeal is DENIED. The assailed November 7, 2003 Decision of the Regional Trial Court (RTC) of Misamis Oriental, Branch 41, Cagayan de Oro City is hereby AFFIRMED. SO ORDERED.^[26]

The Republic moved for reconsideration; while the Heirs of Paulino Avanceña adopted the Republic's motion for reconsideration as their own. In its resolution, dated 3 December 2009, the CA denied the motion for reconsideration.

Hence, this petition.

THE ISSUES

I.

THE TRIAL COURT ERRED IN GRANTING THE AMENDED APPLICATION FOR REGISTRATION AND ORDERING THE ISSUANCE OF A DECREE OF REGISTRATION AND THE CORRESPONDING CERTIFICATE OF TITLE FOR A PARCEL OF LAND CONTAINING AN AREA OF THREE HUNDRED EIGHTEEN THOUSAND THREE HUNDRED FORTY FIVE (318,345) SQUARE METERS IN FAVOR OF ROVENCY REALTY AND DEVELOPMENT CORPORATION, DESPITE THE FACTS THAT -

- (i) THE LAND APPLIED FOR REGISTRATION OF TITLE IS IN EXCESS OF WHAT IS ALLOWED BY LAW; AND,**
- (ii) RESPONDENT'S RIGHT TO ACQUIRE THE SUBJECT PARCEL OF LAND IS FURTHER LIMITED BY THE CORPORATION CODE.**

II

RESPONDENT'S EVIDENCE IS INSUFFICIENT TO PROVE THAT IT OR ITS PREDECESSORS-IN-INTEREST HAVE BEEN IN OPEN, CONTINUOUS, EXCLUSIVE AND NOTORIOUS POSSESSION UNDER A BONA FIDE CLAIM OF OWNERSHIP SINCE JUNE 12, 1945 OR