

## THIRD DIVISION

[ G.R. No. 217956, November 16, 2016 ]

**REPUBLIC OF THE PHILIPPINES, REPRESENTED BY MACTAN-CEBU INTERNATIONAL AIRPORT AUTHORITY (MCIAA), PETITIONER, VS. LIMBONHAI AND SONS, RESPONDENT.**

### DECISION

**PERALTA, \*\* J.:**

Before us is a petition for review on *certiorari* of the Court of Appeals Decision<sup>[1]</sup> dated April 10, 2014 and its Resolution<sup>[2]</sup> dated March 19, 2015, affirming the Decision<sup>[3]</sup> of the Regional Trial Court of Lapu-Lapu City, Branch 53, which dismissed the complaint for cancellation of title in Civil Case No. 4575-L, entitled "*Republic of the Philippines, represented by Mactan-Cebu International Airport Authority v. Limbonhai and Sons Corporation.*"

The facts are as follows:

Isidro Godinez (*Godinez*) was the original owner of Lot No. 2498, a 6,343-square-meter property situated in Barrio Pusok, Lapu-Lapu City. Sometime in the 1960s, the said lot was among 27 lots, covering more or less 36 hectares, which were the subjects of an expropriation case filed before the then Court of First Instance (*CFI*) of Cebu by the government against several lot owners in Civil Case No. R-8103 entitled "*Republic of the Philippines, plaintiff v. Amparo Zosa, et al.*"<sup>[4]</sup>

In an Order<sup>[5]</sup> dated July 8, 1964, the CFI ordered the government to take possession of the subject property upon deposit of the amount provisionally fixed by the court at P32,869.17, representing partial payment of the expropriated lots. The court further stated that the sum is subject to amendment or increase based on the report of the commissioners appointed by the court to appraise the value of the lots. Subsequently, on January 7, 1967, the CFI issued an Order<sup>[6]</sup> fixing the reasonable value of the lots, including Lot No. 2498, at P1.50 per square meter.

Sometime in 1967, however, Godinez caused the judicial reconstitution of the Original Certificate of Title (*OCT*) covering Lot No. 2498. Consequently, OCT No. RO-0608 was issued in the name of Godinez.<sup>[7]</sup> Later, Godinez sold the property to Tirso S. Limbonhai under his former name Sy Tiong. Thus, on May 17, 1967, OCT No. RO-0608 was cancelled and Transfer Certificate of Title (*TCT*) No. T-1317<sup>[8]</sup> was issued in the name of Tirso S. Limbonhai, under his former name Sy Tiong. After a decade, Tirso S. Limbonhai, transferred the property to respondent corporation, Limbonhai and Sons. As a consequence, TCT No. T-1317 was cancelled, and in lieu thereof, TCT No. 8278<sup>[9]</sup> was issued in the name of respondent corporation.

Thereafter, in 1996 petitioner filed a Complaint for Cancellation of Title<sup>[10]</sup> before the Regional Trial Court (RTC), Lapu-Lapu City, claiming that it was the transferee and owner of subject Lot No. 2498 because it was one of the several parcels of land allegedly expropriated by the government for airport purposes in Civil Case No. 8103 entitled "*Republic of the Philippines, plaintiff v. Amparo Zosa, et al.*" It also averred that its predecessor-in-interest had been in the material, continuous and uninterrupted and adverse possession of said lot, which was later transferred to Mactan-Cebu International Airport Authority (MCIAA), by virtue of its charter, Republic Act No. (RA) 6958.<sup>[11]</sup>

MCIAA insisted that respondent corporation's claim of ownership over Lot No. 2498 has no basis in fact and law because the same lot had already been expropriated by the government as early as 1967. It added that the corporation merely holds the certificate of title in trust and is under legal obligation to surrender the same for cancellation so that a new certificate of title can be issued in the name of the MCIAA.

For its part, respondent corporation countered, among other things, that there was no valid expropriation of Lot No. 2498 since even after more than Twenty-Nine (29) years from the order of expropriation became final and executory, no payment of just compensation was ever made, and the same lot was never used for the purpose for which it was intended. It, likewise, insisted that the reconstitution of the title of Lot No. 2498 in favor of its predecessor-in-interest is valid, and cannot be disturbed without violating the principle of *res judicata*. Respondent also claimed that the reconstituted title cannot be disturbed, in the absence of a showing that the land registration court had not acquired jurisdiction over the case and that there was actual fraud in securing the title.<sup>[12]</sup>

On May 27, 2004, the trial court rendered a Decision<sup>[13]</sup> in favor of respondent corporation and dismissed the complaint for cancellation of title for lack of merit, thus:

WHEREFORE, in light of the foregoing considerations, judgment is hereby rendered in favor of the defendant and against the plaintiff. Consequently, the above-entitled case is hereby dismissed for lack of merit.

SO ORDERED.<sup>[14]</sup>

The lower court found that although expropriation proceedings were initiated by the government to acquire the subject property, the process did come into fruition and the property was never used for the intended purpose. The RTC likewise reasoned that MCIAA's action was already barred by prescription and laches.

Aggrieved by the trial court's decision, the Republic of the Philippines, represented by the MCIAA, sought recourse before the Court of Appeals. On April 10, 2014,<sup>[15]</sup> the appellate court denied MCIAA's appeal and affirmed the trial court's decision.<sup>[16]</sup>

The CA opined that indeed, laches has already set in as correctly appreciated by the lower court. Twenty-eight (28) years is a long time for the government to remain silent despite the fact that respondent already fenced the entire property with

hollow blocks. When the government built the Matumbo Road which traversed the property, the area was already fenced. This should have alerted the petitioner that some other entity is laying claim and possession over the subject property. Moreover, even assuming that there was a valid expropriation, the record is bereft of any evidence that the government had fully paid the just compensation for the properties it expropriated.

MCIAA filed a motion for reconsideration, but it was denied in the Resolution<sup>[17]</sup> dated March 19, 2015.

Hence, this petition for review on *certiorari* raising following issues:

I.

WHETHER THE COURT OF APPEALS COMMITTED A REVERSIBLE ERROR IN HOLDING THAT LACHES HAS SET IN THIS CASE AGAINST THE REPUBLIC.

II.

WHETHER THE COURT OF APPEALS COMMITTED REVERSIBLE ERROR IN FINDING THAT RESPONDENT HAS A VALID TITLE OVER LOT NO. 2498.

<sup>[18]</sup>

MCIAA argues that laches does not apply when the government sues as a sovereign or asserts governmental rights. MCIAA asserts that by the clear and unequivocal disposition of the CFI judgment that title to Lot No. 2498 is granted to the Republic of the Philippines, the reconstituted OCT No. RO-0608 issued to the predecessor-in-interest of respondent conferred no enforceable rights upon the latter as the same lot has already been expropriated by the government as early as January 1967.

MCIAA insists that it should be adjudged the real and lawful owner of Lot No. 2498, having validly acquired it through expropriation. MCIAA submits that although it was not able to prove full payment of the just compensation considering the lapse of time since 1967, such inability does not detract from the fact that the expropriation case was concluded and had gained finality by virtue of the Order issued on January 7, 1967. Assuming *arguendo* that the original owner of the expropriated land has not been paid for his land, MCIAA insists that such fact does not affect the propriety of the decision made in the expropriation proceedings awarding the land to the expropriator.

On the other hand, respondent corporation points out that MCIAA failed to present any credible evidence that there was a valid judgment of expropriation or payment of just compensation. It reiterates that MCIAA failed to adduce evidence that its predecessor-in-interest did not comply with the law on reconstitution of title. Finally, it claims that the petition has failed to show any reversible error in the assailed judgment to warrant the exercise of the court's appellate jurisdiction.

We find the petition to be unmeritorious.

At the outset, the Court has consistently held that the lower court's findings of fact, particularly when affirmed by the CA, are final and conclusive upon the Court. In

this, as well as in other appeals, the Court, not being a trier of facts, does not review their findings, especially when they are supported by the records or based on substantial evidence.<sup>[19]</sup> It is not the function of the Court to analyze or weigh evidence all over again, unless there is a showing that the findings of the lower courts are absolutely devoid of support or are glaringly erroneous as to constitute palpable error or grave abuse of discretion.<sup>[20]</sup> However, We have carefully perused the records yet We found no ground to apply the exception in the instant case because the findings and conclusions of the appellate court are in full accord with those of the trial court.

***Whether just compensation over the property was paid.***

The right of eminent domain is usually understood to be an ultimate right of the sovereign power to appropriate any property within its territorial sovereignty for a public purpose. The nature and scope of such power has been comprehensively described as follows:<sup>[21]</sup>

x x x It is an indispensable attribute of sovereignty; a power grounded in the primary duty of government to serve the common need and advance the general welfare. Thus, the right of eminent domain appertains to every independent government without the necessity for constitutional recognition. The provisions found in modern constitutions of civilized countries relating to the taking of property for the public use do not by implication grant the power to the government, but limit the power which would, otherwise, be without limit. ***Thus, our own Constitution provides that "[p]rivate property shall not be taken for public use without just compensation."*** Furthermore, the due process and equal protection clauses act as additional safeguards against the arbitrary exercise of this governmental power.<sup>[22]</sup>

The exercise of the right of eminent domain, whether directly by the State or by its authorized agents, is necessarily in derogation of private rights. It is one of the harshest proceedings known to the law. Consequently, when the sovereign delegates the power to a political unit or agency, a strict construction will be given against the agency asserting the power. The authority to condemn is to be strictly construed in favor of the owner and against the condemnor. When the power is granted, the extent to which it may be exercised is limited to the express terms or clear implication of the statute in which the grant is contained.<sup>[23]</sup>

Corollarily, the Government, which is the condemnor, has the burden of proving all the essentials necessary to show the right of condemnation. It has the burden of proof to establish that it has complied with all the requirements provided by law for the valid exercise of the power of eminent domain such as the payment of just compensation.<sup>[24]</sup>

However, in the instant case, MCIAA is silent as to proving the payment of just compensation. During trial, MCIAA failed to present any evidence of full payment of the just compensation for the property. The only evidence on record consists of the Order of the Court, dated July 8, 1964 (Exhibit "B"), placing the government in possession of Lot No. 2498, among others, after depositing P32,869.17, and the Order dated January 7, 1967 (Exhibit "A") declaring the reasonable value of the lots

at P1.50 per square meter.<sup>[25]</sup> Other than these two Orders, MCIAA failed to produce any proof of payment of just compensation. Even MCIAA's own witness, Michael Bacarias, admitted during cross-examination, that he has no personal knowledge on whether or not just compensation was fully paid by MCIAA in favor of Godinez, and whether Lot No. 2498 was actually devoted for public use.<sup>[26]</sup>

Even assuming *arguendo* that the government deposited the amount of P32,869.17 as partial payment for the 27 lots subject of the expropriation case, no evidence were presented to prove that subsequent payment for the lots was made based on the adjusted rate of P1.50 per square meter. Thus, considering MCIAA's failure to prove payment either by documentary or testimonial evidence, it can be logically surmised that there was indeed no actual payment of just compensation.

The pertinent portion of the court *a quo*'s decision is noteworthy, to wit:

There is no question of the existence of the expropriation case of which Lot No. 2498 was among the 27 lots involved. ***Plaintiff has however shown no evidence that compensation has at all been paid for Lot No. 2498, nor has evidence been shown that plaintiff and its predecessors-in-interest ever used the property for any purpose.***

It is clear that, ***though the expropriation of Lot No. 2498 was initiated, the government did not follow through with the expropriation of this particular lot, probably because there was no more need for it, considering that the property is located about five (5) kilometers from the airport. This explains why Lot No. 2498 has been continuously possessed by defendant and its predecessors-in-interest.***

x x x<sup>[27]</sup>

Needless to say that in an expropriation case, an essential element of due process is that there must be just compensation whenever private property is to be taken for public use. Accordingly, Section 9, Article III, of our Constitution mandates: "*Private property shall not be taken for public use without just compensation.*" Clearly, without full payment of just compensation, there can be no transfer of title from the landowner to the expropriator.<sup>[28]</sup>

### ***Whether laches has set in against the government.***

Laches is the failure or neglect, for an unreasonable length of time to do that which by exercising due diligence could or should have been done earlier; it is negligence or omission to assert a right within a reasonable time warranting a presumption that the party entitled to assert it has either abandoned it or has declined to assert it. It has also been defined as such neglect or omission to assert a right taken in conjunction with the lapse of time and other circumstances causing prejudice to an adverse party, as will operate as a bar in equity.<sup>[29]</sup>

We have ruled in *Catholic Bishop of Balanga v. Court of Appeals*,<sup>[30]</sup> that: