

THIRD DIVISION

[G.R. No. 180086, July 02, 2014]

AFP RETIREMENT AND SEPARATION BENEFITS SYSTEM [AFP-RSBS], PETITIONER, VS. REPUBLIC OF THE PHILIPPINES, RESPONDENT.

DECISION

LEONEN, J.:

The period of possession prior to the declaration that land is alienable and disposable agricultural land is included in the computation of possession for purposes of acquiring registration rights over a property if the land has already been declared as such at the time of the application for registration.

This is a Rule 45 petition of the Court of Appeals' January 10, 2007 decision and October 5, 2007 resolution. The Court of Appeals reversed the trial court decision approving petitioner's application for registration.

On July 10, 1997, the Armed Forces of the Philippines Retirement and Separation Benefits System (AFP-RSBS) filed an application for original registration of parcels of land consisting of 48,151 square meters in Silang, Cavite.^[1] The parcels of land were designated as Lot Nos. 2969-A, 2969-B, and 2969-C, and had a total area of 48,151 square meters.^[2] These were allegedly acquired from Narciso Ambrad, Alberto Tibayan, and Restituto Tibayan on March 13, 1997.^[3] It was also alleged that their predecessors-in-interest had been in possession of the properties since June 12, 1945.^[4]

In a decision dated July 28, 2001, the Municipal Circuit Trial Court approved AFP-RSBS's application for original registration.^[5] The Register of Deeds was directed to cause the registration of the properties in the name of AFP-RSBS.^[6]

The Republic of the Philippines moved for the reconsideration of the decision.^[7] However, the motion was denied in an order dated February 19, 2003.^[8]

On March 14, 2003, the Republic appealed the decision and order of the trial court, alleging improper identification of the properties, non-compliance with SC Administrative Circular No. 7-96 dated July 15, 1996 requiring that copies of a list of lots applied for be furnished to the Bureau of Lands,^[9] non-submission of a tracing cloth plan, and lack of the Department of Environment and Natural Resources certification showing that the properties were already declared alienable and disposable at the time of possession by the predecessors-in-interest.^[10]

On January 10, 2007, the Court of Appeals reversed the decision of the trial court

and dismissed AFP-RSBS's application.^[11] The dispositive portion of the decision reads:

WHEREFORE, the Decision appealed from is **REVERSED** and **SET ASIDE** and another one entered **DISMISSING** the application for original registration.^[12]

The Court of Appeals found that the properties had no pending land application and that there were no overlapping lots.^[13] Hence, no person needed to be notified of the land registration proceedings.^[14] The Court of Appeals also found that AFP-RSBS complied with the requirement to submit a tracing cloth plan.^[15]

However, according to the Court of Appeals, since Lot 2969 was declared alienable and disposable only on March 15, 1982, the period of possession of the predecessors-in-interest before that date should be excluded from the computation of the period of possession.^[16] Hence, AFP-RSBS's and its predecessors-in-interest's possessions could not ripen into ownership.^[17]

The Court of Appeals also ruled that AFP-RSBS, as a private corporation or association, may not own alienable lands of the public domain pursuant to Section 3, Article XII of the Constitution.^[18]

On February 7, 2007, AFP-RSBS filed a motion for reconsideration of the Court of Appeals' decision.^[19] The Court of Appeals denied this motion in a resolution promulgated on October 5, 2007.^[20]

Hence, this petition was filed.

The issue in this case is whether the period of possession before the declaration that land is alienable and disposable agricultural land should be excluded from the computation of the period of possession for purposes of original registration.

AFP-RSBS argued that "[w]hat is required is that the property sought to be registered has already been declared to be alienable and disposable land of the public domain at the time [of] the application for registration . . . before the court."^[21] In support of this argument, AFP-RSBS cited *Republic v. CA and Naguit*^[22] and *Republic v. Bibonia and Manahan*.^[23] Hence, AFP-RSBS and its predecessors-in-interest's possession before June 12, 1945 should have ripened into a bona fide claim of ownership.^[24] AFP-RSBS also argued that the land had already been private before its acquisition in 1997 by virtue of the claim of ownership of its predecessors-in-interest before 1945.^[25] Therefore, petitioner corporation may acquire the property.

In its comment, the Republic argued that the classification of land as alienable and disposable is required before possession can ripen into ownership.^[26] The period of possession before declaration that the land is alienable and disposable cannot be included in computing the period of adverse possession.^[27] Hence, before March

15, 1982, there could have been no possession in the concept of an owner.^[28] The Republic also argued that there was no sufficient evidence of open, continuous, exclusive, and notorious possession under a bona fide claim of ownership before June 12, 1945.

We rule for petitioner.

The requirements for the application for original registration of land based on a claim of open and continuous possession of alienable and disposable lands of public domain are provided in Section 14(1) of Presidential Decree No. 1529 or the Property Registration Decree. It provides:

Section 14. Who may apply. The following persons may file in the proper Court of First Instance an application for registration of title to land, whether personally or through their duly authorized representatives:

(1) Those who by themselves or through their predecessors-in-interest have been in **open, continuous, exclusive and notorious possession and occupation of alienable and disposable lands of the public domain** under a **bona fide claim of ownership since June 12, 1945, or earlier**. (Emphasis supplied)

A similar provision can be found in Commonwealth Act No. 141 or Public Land Act:

Sec. 48. The following-described citizens of the Philippines, occupying lands of the public domain or claiming to own any such lands or an interest therein, but whose titles have not been perfected or completed, may apply to the Court of First Instance of the province where the land is located for confirmation of their claims and the issuance of a certificate of title therefor under the Land Registration Act, to wit:

. . . .

(b) Those who by themselves or through their predecessors-in-interest have been in **open, continuous, exclusive, and notorious possession and occupation of agricultural lands of the public domain**, under a **bona fide claim of acquisition or ownership, since June 12, 1945, immediately preceding the filing of the application for confirmation of title**, except when prevented by war or force majeure. Those shall be conclusively presumed to have performed all the conditions essential to a government grant and shall be entitled to a certificate of title under the provisions of this chapter. (As amended by Presidential Decree No. 1073) (Emphasis supplied)

Based on these provisions, an applicant for original registration based on a claim of exclusive and continuous possession or occupation must show the existence of the following:

1) Open, continuous, exclusive, and notorious possession, by

- themselves or through their predecessors-in-interest, of land;
- 2) The land possessed or occupied must have been declared alienable and disposable agricultural land of public domain;
 - 3) The possession or occupation was under a bona fide claim of ownership;
 - 4) Possession dates back to June 12, 1945 or earlier.

On one hand, petitioner argued that its and its predecessors-in-interest's possession before the declaration that the property was alienable and disposable agricultural land in 1982 should be included in the computation of the period of possession for purposes of registration.^[29] On the other hand, respondent holds the position that possession before the establishment of alienability of the land should be excluded in the computation.^[30]

Republic v. Naguit^[31] involves the similar question. In that case, this court clarified that Section 14(1) of the Property Registration Decree should be interpreted to include possession before the declaration of the land's alienability as long as at the time of the application for registration, the land has already been declared part of the alienable and disposable agricultural public lands. This court also emphasized in that case the absurdity that would result in interpreting Section 14(1) as requiring that the alienability of public land should have already been established by June 12, 1945. Thus, this court said in *Naguit*:

Besides, we are mindful of the absurdity that would result if we adopt petitioner's position. Absent a legislative amendment, the rule would be, adopting the OSG's view, that all lands of the public domain which were not declared alienable or disposable before June 12, 1945 would not be susceptible to original registration, no matter the length of unchallenged possession by the occupant. Such interpretation renders paragraph (1) of Section 14 virtually inoperative and even precludes the government from giving it effect even as it decides to reclassify public agricultural lands as alienable and disposable. The unreasonableness of the situation would even be aggravated considering that before June 12, 1945, the Philippines was not yet even considered an independent state.

Instead, the more reasonable interpretation of Section 14(1) is that it merely requires the property sought to be registered as already alienable and disposable at the time the application for registration of title is filed. If the State, at the time the application is made, has not yet deemed it proper to release the property for alienation or disposition, the presumption is that the government is still reserving the right to utilize the property; hence, the need to preserve its ownership in the State irrespective of the length of adverse possession even if in good faith. However, if the property has already been classified as alienable and disposable, as it is in this case, then there is already an intention on the part of the State to abdicate its exclusive prerogative over the property.

^[32]

However, in the later case of *Republic v. Herbieta*^[33] that was cited by respondent,

this court ruled that the period of possession before the declaration that land is alienable and disposable cannot be included in the computation of the period of possession. This court said:

Section 48(b), as amended, now requires adverse possession of the land since 12 June 1945 or earlier. In the present Petition, the Subject Lots became alienable and disposable only on 25 June 1963. Any period of possession prior to the date when the Subject Lots were classified as alienable and disposable is inconsequential and should be excluded from the computation of the period of possession; such possession can never ripen into ownership and unless the land had been classified as alienable and disposable, the rules on confirmation of imperfect title shall not apply thereto. It is very apparent then that respondents could not have complied with the period of possession required by Section 48(b) of the Public Land Act, as amended, to acquire imperfect or incomplete title to the Subject Lots that may be judicially confirmed or legalized.^[34]

This court clarified the role of the date, June 12, 1945, in computing the period of possession for purposes of registration in *Heirs of Mario Malabanan v. Republic of the Philippines*.^[35] In that case, this court declared that *Naguit* and not *Herbieto* should be followed. *Herbieto* “has [no] precedential value with respect to Section 14(1).”^[36] This court said:

The Court declares that the correct interpretation of Section 14(1) is that which was adopted in *Naguit*. The contrary pronouncement in *Herbieto*, as pointed out in *Naguit*, absurdly limits the application of the provision to the point of virtual inutility since it would only cover lands actually declared alienable and disposable prior to 12 June 1945, even if the current possessor is able to establish open, continuous, exclusive and notorious possession under a *bona fide* claim of ownership long before that date.

Moreover, the *Naguit* interpretation allows more possessors under a *bona fide* claim of ownership to avail of judicial confirmation of their imperfect titles than what would be feasible under *Herbieto*. This balancing fact is significant, especially considering our forthcoming discussion on the scope and reach of Section 14(2) of the Property Registration Decree.

. . . .

Thus, neither *Herbieto* nor its principal discipular ruling *Buenaventura* has any precedential value with respect to Section 14(1). On the other hand, the ratio of *Naguit* is embedded in Section 14(1), since it precisely involved situation wherein the applicant had been in exclusive possession under a *bona fide* claim of ownership prior to 12 June 1945. The Court’s interpretation of Section 14(1) therein was decisive to the resolution of the case. Any doubt as to which between *Naguit* or *Herbieto* provides the final word of the Court on Section 14(1) is now settled in favor of *Naguit*.

^[37]