

## SECOND DIVISION

[ G.R. NO. 141325, July 31, 2006 ]

**PELBEL MANUFACTURING CORPORATION, SUBSTITUTED BY PELAGIA BELTRAN, AND VIRGINIA MALOLOS, PETITIONERS, VS. HON. COURT OF APPEALS, AND THE REPUBLIC OF THE PHILIPPINES, RESPONDENTS. ALADDIN F. TRINIDAD AND AQUILINA C. BONZON, PETITIONERS, VS. REPUBLIC OF THE PHILIPPINES (LAGUNA LAKE DEVELOPMENT AUTHORITY), RESPONDENT.**

### D E C I S I O N

**PUNO, J.:**

Before us are the consolidated cases of "Pelbel Manufacturing Corporation, Substituted by Pelagia Beltran, and Virginia Malolos v. Court of Appeals and the Republic of the Philippines" and "Aladdin F. Trinidad and Aquilina C. Bonzon v. Republic of the Philippines (Laguna Lake Development Authority)," appealing the Court of Appeals' November 14, 1997 Decision<sup>[1]</sup> in CA-G.R. CV No. 23592 and December 22, 1999 Resolution,<sup>[2]</sup> which reversed the Regional Trial Court's (RTC's) Decision<sup>[3]</sup> dated September 12, 1988 in Land Registration Case No. 243-A. The RTC granted the application of petitioners Pelagia Beltran, Aladdin F. Trinidad and Virginia Malolos to have the parcels of land situated in San Juan, Taytay, Rizal, and indicated in Psu-240345 to be registered in their names.

The facts, narrated by the Court of Appeals, are as follows:

The original applicants for registration are Pelbel Manufacturing Corporation, Aladdin Trinidad and Virginia Malolos. The lots sought to be registered are two parcels of land covered by Plan Psu-240345, the first parcel having an area of 28,181 square meters, more or less and the second parcel having an area of 2,070 square meters, more or less. Both parcels of land are situated [in] San Juan, Taytay, Rizal.

The case was set for initial hearing on April 1, 1985 and after fulfillment by the applicants of the jurisdictional requirements of notice, posting and publication, initial hearing took place as scheduled. There being no formal opposition on record, an Order of general default was issued and Applicants were allowed to present evidence ex-parte before the Acting Clerk of Court who was commissioned to receive evidence.

Earlier on March 28, 1985 however, the Laguna Lake Development Authority filed a Manifestation (Record, pp. 30-31) stating that, as per projections of the subject lots in the topographic map prepared by the Bureau of Coast and Geodetic Survey using technical description of the lots approved by the Bureau of Lands, subject lots are situated below the

elevation of 12.50 meters, thus forming part of the bed of the Laguna Lake in accordance with Sec. 41 (paragraph 11) of Republic Act No. 4850 as amended by P.D. No. 813.

On April 22, 1985, the Office of the Solicitor General filed its Opposition (Record, p. 40) alleging that neither the applicants nor their predecessors-in-interest have been in open, continuous, exclusive and notorious possession and occupation of the land since June 12, 1945 or prior thereto; that the applicants' claim of ownership in fee simple on the basis of Spanish Title or grant can no longer be availed of for failure to file the appropriate application for registration within six (6) months from February 16, 1976 as required by P.D. No. 892; and that applicant Pelbel Manufacturing Corporation is disqualified, being a private corporation, to hold lands of the public domain except by lease pursuant to Section 11, Article XIV of the 1973 Constitution.

On May 3, 1985, a Motion For Substitution of Party Applicant was filed by Pelbel to substitute Pelagia P. Beltran in its place as applicant with respect to 17,500 square meters of the lot applied for, which Motion was granted by the lower court (Record, p. 48).

On May 4, 1985, the lower court rendered the assailed Decision (Record, p. 49) adjudicating the parcels of land applied for in favor of the following: Pelagia Beltran - 17,500 square meters; Aladdin Trinidad - 2,500 square meters; Virginia Malolos - 10,251 square meters (Appellant's Brief, p. 3; Rollo, p. 260), based on the following findings:

The aforesaid established facts support the application for registration of the two parcels of land subject of the present application. The applicants have satisfactorily proven their peaceful, continuous, and public possession of the said parcels of land for over a period of thirty years and no person or persons had/have disturbed their possession thereof nor interposed any formal opposition to the instant application. The subject parcels of land being within the disposable portion of the public domain, the applicants are therefore entitled to the registration of their titles to the parcels of land subject of this case. The Provincial Engineer of Rizal attested to the effect that the subject property will not be affected by any government highway as shown in the clearance marked as Exh.[s] H and H-1 of the applicant corporation.

WHEREFORE, premises considered, this court confirms and declares the applicants as the true and absolute owners of the parcels of land subject of this application, situated [in] San Juan, Taytay, Rizal and let therefore an order be as it is hereby ordered issued for the registration of the titles to the subject land in the following proportions in favor and in the names of:

- a) 17,500 square meters unto Pelagia Beltran, 60 years old, married to Geronimo Beltran, Filipino citizen, and a resident of Gen. Segundo St., Pasig, Metro Manila;

b) 2,500 square meters unto Aladdin F. Trinidad, 54 years old, married to Perfecta Trinidad, Filipino citizen, and residing at Valle Verde, Pasig, Metro Manila; and

c) 10,251 square meters unto Virginia Malolos, 50 years old, married to Eliseo Malolos, Filipino [c]itizen[,] and residing [on] Macopa St., Quezon City.

as pro-indiviso owners in fee simple of the parcels of land indicated in Psu-1445109 (Exh. G), particularly described in the corresponding technical description (Exh[s]. G-1 and G-2) upon payment of the required fees therefor.

(Record, pp. 56-57)

A Motion to Amend Order of General Default and Set Aside Decision dated May 4, 1985 (Record, pp. 64-[6]7) was filed by Laguna Lake Development Authority on the ground that LLDA had already established by preliminary investigations that the lots are below elevation of 12.50 meters, hence are of public dominion. On June 26, 1985[,] the lower court directed the Office of the Solicitor General to file comment on the motion.

On August 29, 1985, applicant Aladdin F. Trinidad, in his Motion to Segregate the land applied for by him from Plan PSU-[240345] stated that the LLDA's position was untenable based on Supreme Court decisions in Republic of the Philippines vs. Court of Appeals and Santos del Rio, 131 SCRA 532 and Bautista vs. Court of Appeals and Santos del Rio, 131 SCRA 532 which held that parts around Laguna de Bay which become covered with water four to five months a year, not due to tidal action, but due to rains cannot be considered a part of the bed or basin of Laguna de Bay nor as a foreshore land. LLDA filed an Opposition stating that in the aforementioned cases the Supreme Court failed to apply Sec. 41 (paragraph 11) of R.A. 4850 as amended by P.D. 813 in resolving the issue of whether or not subject lots are public land.

Paragraph 11 of R.A. 4850 as amended states:

(11) Laguna Lake or Lake. Whenever Laguna Lake or lake is used in this Act, the same shall refer to Laguna de Bay which is that area covered by the lake water when it is at the average annual maximum lake level of elevation 12.50 meters, as referred to a datum 10.00 meters below mean lower low water (m.L.L.W.). Lands located at and below such elevation are public lands which form part of the bed of said lake. (Underlining supplied.)

In his Rejoinder, [Aladdin] Trinidad contended that the enactment of R.A. No. 4850 in 1966 did not retroact to make the subject lots public.

On September 17, 1985, the OSG filed its Comment supporting the LLDA's position that lakes and their beds such as the lots sought to be

registered are, under Article 502, par. 4 of the [N]ew Civil Code, considered public domain. Invoking Article XV, Section II of the 1972 Constitution, the OSG further argued that applicant Pelbel, being a corporation, is disqualified from acquiring lands of the public domain and that applicants are not entitled to registration for lack of the requisite number of years of possession before June 12, 1945.

Acting upon LLDA's Motion, the lower court in an Order dated October 3, 1985 reopened the case to enable the government to present its evidence. On November 25, 1985[,] Geodetic Engineer Joel G. Merida was presented as government witness. Merida testified that upon LLDA's verification and actual inspection of the subject lots conducted in November, the highest observed vertical elevation of the subject lots was determined to be at elevation 12.19 meters.

On October 17, 1988, the OSG filed a Motion to Dismiss applicants-appellees' application on the ground that there was no valid amendment and republication of the application relative to the substitution by Beltran as applicant in lieu of Pelbel [C]orporation which the court denied in an Order dated January 12, 1987, stating:

After going over the above-mentioned arguments set forth by Oppositor Republic of the Philippines, the Court finds that the ground [set forth] by the Oppositor is devoid of merit.

The record disclose[d] that acting on a Motion for Substitution of Party-Applicant, dated April 29, 1985 filed by Applicant Pelbel Manufacturing Corporation, the Court in its Order dated May 3, 1985 granted the substitution of applicant, Pelbel Manufacturing Corporation with Applicant Pelagia Beltran.

Being a private person, Applicant is not covered by the constitutional prohibition invoked by Oppositor Republic of the Philippines which applies only to private corporation.

On the claim of Oppositor Republic of the Philippines, that the substitution was an attempt to circumvent the constitutional prohibition against private corporations, the Court can just add that the applicant Pelbel Manufacturing Corporation in conveying the property applied for by it has in its favor the disputable presumption that private transactions have been fair and regular pursuant to the provisions of Rule 131, Section 5, sub par. (p) of the Rules of Court. Said presumption is deemed satisfactory if uncontradicted but may be contradicted and overcome by other evidence. The record disclose[d] that no evidence was ever presented to contradict said disputable presumption in favor of the applicant private corporation.

The alleged failure to notify Oppositor Republic of the Philippines of the substitution of applicant Pelbel Manufacturing Corporation by Applicant Pelagia Beltran is just

a procedural defect and not a jurisdictional defect which would affect the validity of the Amended Application.

On the second ground for the dismissal of the Amended Application for failure to republish the same, the Court agrees with Applicant Trinidad that considering that the amendment on the application does not affect any increase or alteration of the area of the property applied for but pertains only to an amendment of the joinder or discontinuance of the parties, no republication of the Amended Application is necessary.

(Record, p. 192)

On September 12, 1988[,] the lower court rendered the questioned decision which substantially affirmed its May 4, 1985 decision.

In this appeal, the Office of the Solicitor General assigns the following as errors:

1. THE LOWER COURT ERRED IN HOLDING THAT THE LOTS 1 & 2 OF PSU 240345 (EXH. G) SOUGHT TO BE REGISTERED BY APPELLEES ARE NOT PART OF LAGUNA LAKE, HENCE, REGISTRABLE.
2. THE LOWER COURT ERRED IN NOT FINDING THAT APPELLEES FAILED TO ADDUCE ADEQUATE AND SUBSTANTIAL PROOF THAT THEY AND THEIR PREDECESSORS[-]IN-INTEREST HAVE BEEN IN OPEN[,] CONTINUOUS, EXCLUSIVE AND NOTORIOUS POSSESSION OF THE LOTS SOUGHT TO BE REGISTERED SINCE JUNE 12, 1945 OR PRIOR THERETO.
3. THE LOWER COURT ERRED IN NOT DISMISSING THE INSTANT APPLICATION FOR REGISTRATION OF TITLE.

During the pendency of this appeal, the Spouses Abraham and Aquilina Bonzon filed an Intervention over Lot No. 2 of PSU-242343 included in the land being applied for in the name of Virginia Malolos (Rollo, pp. 324-334). The instant case was declared submitted for decision with intervenors' brief as well as that of Pelbel Manufacturing Corporation.<sup>[4]</sup>

On November 14, 1997, the Court of Appeals reversed and set aside the decision of the trial court. It dismissed the applications for land registration of petitioners Pelagia Beltran, Aladdin F. Trinidad and Virginia Malolos.

On December 22, 1999, the appellate court denied the motion for reconsideration of petitioner Pelbel Manufacturing Corporation, as substituted by Pelagia Beltran.

Hence, this appeal.

Petitioners Pelbel Manufacturing Corporation, substituted by Pelagia Beltran, and Virginia Malolos base their appeal on the following grounds:

I.