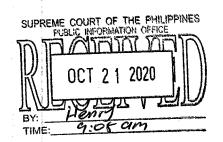


Republic of the Philippines Supreme Court Manila



FIRST DIVISION

PHILIPPINE NAVY GOLF CLUB, INC., THE PHILIPPINE NAVY AND THE PHILIPPINE **NAVY FLAG** OFFICER-IN-COMMAND, Petitioners,

G.R. No. 235619

Present:

PERALTA, CJ., Chairperson, CAGUIOA, REYES, J., JR., LAZARO-JAVIER, and

LOPEZ, JJ.

-versus-

Promulgated:

MERARDO C. ABAYA, ANGELITO P. MAGLONZO, RUBEN I. FOLLOSCO AND ELIAS B. STA. CLARA,

Respondents.

JUL 13 2020

DECISION

LOPEZ, J.:

The proper classification of public lands is the main issue in this Petition for Review on Certiorari under Rule 45 of the Rules of Court assailing the Court of Appeals' (CA) Decision dated July 10, 2017 in CA-G.R. CV No. 106451, which affirmed the findings of the Regional Trial Court (RTC) in Civil Case No. 67458.²

ANTECEDENTS

In 1957, President Carlos Garcia established 3 the Fort William McKinley later renamed as the Fort Andres Bonifacio Military Reservation.4



Rollo, pp. 61-73; penned by Associate Justice Marlene B. Gonzales-Sison, with the concurrence of Associate Justices Ramon A. Cruz and Zenaida T. Galapale-Laguilles.

Id. at 113-119; penned by Presiding Judge Toribio E. Ilao, Jr.

Proclamation No. 423 entitled "Reserving for Military Purposes of Certain Parcels of Public Domain in Pasig, Taguig, Parañaque in Rizal and Pasay City," July 12, 1957.

Formerly known as Fort William McKinley.

Decision 2 G.R. No. 235619

In 1965, President Diosdado Macapagal issued Proclamation No. 461⁵ excluding portions of the reservation and declaring them the Armed Forces of the Philippines (AFP) Officer's Village to be disposed of under Republic Act (RA) Nos. 274⁶ and 730⁷ in relation to Commonwealth Act No. 141, as amended or the Public Land Act.⁸ In 1976, the Philippine Navy developed a part of the village into a golf course which is managed and controlled by the Philippine Navy Golf Club, Inc.

Later, the Department of Environment and Natural Resources (DENR) awarded lots to former military officers, namely: Merardo Abaya and Ruben Follosco in December 1996 and Angelito Maglonzo and Elias Sta. Clara in November 1998 (Abaya, et al.). However, Abaya, et al. were unable to introduce any improvement because the Philippine Navy and the Golf Club were already occupying the lands. Thus, Abaya, et al. filed an accion reinvindicatoria against the Philippine Navy and the Golf Club before the RTC docketed as Civil Case No. 67458. On the other hand, the Philippine Navy and the Golf Club invoked the exclusionary clause in Proclamation No. 461 claiming that the land developed as golf course is not included in the alienable and disposable lots in AFP Officer's Village. At any rate, the Philippine Navy cannot be sued without its consent. In

On June 24, 2015, the RTC granted the complaint and ordered the Philippine Navy and the Golf Club to turn over the lots to Abaya, *et al.* and to pay rental fees, ¹² thus:

WHEREFORE, judgment is hereby rendered in favor of plaintiffs Merardo C. Abaya, Heirs of Angelito P. Maglonzo, Ruben I. Follosco and Elias B. Sta. Clara and against [defendant] Philippine Navy Golf Club, Inc., The Philippine Navy and the Philippine Navy Flag Officer[-]in[-]Command ordering defendants to turn over the subject parcels of land to plaintiffs. Further, defendants Philippine Navy Golf Club and Philippine Navy are ordered to jointly and severally pay plaintiffs P5,000.00 per month on each of the parcels of land computed from the date of filing of the Complaint until they are actually vacated by defendant Golf Club, and 12% interest per annum from finality of judgment to its full satisfaction.

Plaintiffs' claim for moral and exemplary damages and attorney's fees are denied for failure to prove the same. Likewise[,] public defendants' counterclaim for reimbursement of necessary and useful expenses,

Declaration of Fort Andres Bonifacio as AFP Officers' Village for Disposition Under RA Nos. 274 and 730, September 29, 1965.

An Act Authorizing The Director Of Lands To Subdivide The Lands Within Military Reservations Belonging To The Republic Of The Philippines Which Are No Longer Needed For Military Purposes, And To Dispose Of The Same By Sale Subject To Certain Conditions, And For Other Purposes, June 1948.

An Act To Permit The Sale Without Public Auction Of Public Lands Of The Republic Of The Philippines For Residential Purposes To Qualified Applicants Under Certain Conditions, June 18, 1952.

An Act To Amend And Compile The Laws Relative To Lands Of The Public Domain, The Public Land Act, November 7, 1936.

⁹ Rollo, p. 115.

¹⁰ *Id.* at 62-63.

¹¹ *Id.* at 63.

¹² *Id.* at 113-119.

expenses for pure luxury or pleasure and charges and expenses for cultivation are denied for failure to establish the same.

SO ORDERED.¹³ (Emphasis supplied.)

Unsuccessful at a reconsideration, the Philippine Navy and the Golf Club elevated the case to the CA docketed as CA-G.R. CV No. 106451. They claimed that the lots are being used for public or quasi-public purposes and should not have been awarded to Abaya, *et al.* The disposition of the lots in favor of Abaya, *et al.* violated Memorandum Order No. 172 prohibiting the sale of certain areas of the military reservation.¹⁴

On July 10, 2017, the CA affirmed the findings of the RTC. It explained that Proclamation No. 461 declared the lots within the AFP Officer's Village available for disposition but no subsequent proclamation reserved the lands for the use of the Golf Club or the development of the golf course. Further, Memorandum Order No. 172 is inapplicable because it only prohibits the issuance of deeds of sale and not orders of award. Lastly, the doctrine of non-suability cannot be utilized to perpetrate an injustice against the retired AFP members and beneficiaries. However, the CA reduced the legal interest on the monetary award, 15 viz.:

WHEREFORE, premises considered, the instant Appeal is **DENIED** and the 24 June 2015 Decision and 24 November 2015 Order of the Regional Trial Court of Pasig City, Branch 266 are hereby **AFFIRMED** with **MODIFICATION** such that the monetary award shall earn legal interest of 6% per annum from finality of judgment until full satisfaction.

SO ORDERED.¹⁶ (Emphasis in the original.)

The Philippine Navy and the Golf Club sought reconsideration but was denied. ¹⁷ Hence, this petition. ¹⁸

RULING

The petition is unmeritorious.

Commonwealth Act No. 141 or the Public Land Act is the country's primary law on matters concerning classification and disposition of lands of the public domain. It provides that the President, upon the recommendation of the Secretary of Environment and Natural Resources, may designate by proclamation any tract or tracts of land of the public domain as reservations for the use of the Republic or any of its branches, or for quasi-public uses or

Y

^{13.} *Id.* at 119.

Entitled: "Directing The Secretary Of The Department Of Environment And Natural Resources To Prohibit The Land Management Bureau To Execute And/Or Issue Deeds Of Sale On Certain Areas Of The Fort Bonifacio Military Reservation," October 16, 1993.

¹⁵ *Rollo*, pp. 61-73.

¹⁶ *Id.* at 72.

¹⁷ *Id.* at 75-76.

¹⁸ *Id.* at 17-53.

purposes. The tract or tracts of land thus reserved shall be non-alienable and shall not be subject to sale or other disposition until again declared alienable.¹⁹ Thus, we find it necessary to determine the proper classification of the public land that the Philippine Navy developed into a golf course.

The area where the Philippine Navy Golf Course stands remains to be a part of the alienable and disposable public land of the AFP Officers' Village.

Initially, the lands in the Fort Andres Bonifacio Military Reservation are inalienable and cannot be disposed of by sale or other modes of transfer.²⁰ In 1965, however, Proclamation No. 461 removed portions of the reservation and declared them as part of the AFP Officers' Village, to wit:

Upon the recommendation of the Secretary of Agriculture and Natural Resources and pursuant to the authority vested in me by law, I, Diosdado Macapagal, President of the Philippines, do hereby exclude from the operation of Proclamation No. 423 dated July 12, 1957, which established the military reservation known as Fort William McKinley (now Fort Andres Bonifacio), situated in the municipalities of Pasig, Taguig and Parañaque, Province of Rizal, and Pasay City, Island of Luzon, a certain portion of the land embraced therein, located in the municipalities of Taguig and Parañaque, Province of Rizal, and in Pasay City, Island of Luzon, and declare the same as AFP Officers' Village to be disposed of under the provisions of Republic Acts Nos. 274 and 730 in relation to the provisions of the Public Land Act x x x containing an area of 2,455,310 square meters, more or less.

Such part or parts of the area herein declared open to disposition under the provisions of Republic Acts (sic) Nos. 274 and 730 in relation to the provisions of the Public Land Act as are being used or earmarked for public or quasi-public purposes, shall be excluded from such disposition. Except in favor of the Government or any of its branches or agencies, all lands disposed of under this proclamation shall not be subject to alienation and encumbrance for a term of ten (10) years from the issuance of title in case of sale, or execution of contract in case of lease, nor shall they become liable to the satisfaction of any debt contracted prior to the expiration of said period; but the improvements on the land may be mortgaged to qualified persons, associations or corporations.²¹ (Emphases supplied.)

Clearly, Proclamation No. 461 reclassified portions of the military reservation to alienable and disposable lands. Yet, the proclamation also provided an exclusionary clause wherein areas being used or earmarked for public or quasi-public purposes shall not be disposed. The Philippine Navy and the Golf Club invoked this clause arguing that the golf course is needed for public service because it serves as a security buffer and training ground

Republic v. Southside Homeowners Association, Inc., 534 Phil. 8 (2006).

²⁰ Commonwealth Act No. 141 of 1936, Section 88.

Declaration of Fort Andres Bonifacio as AFP Officers' Village for Disposition under RA Nos. 274 and 730, Proclamation No. 461, September 29, 1965.

for the navy.²² We disagree.

Notably, the exclusionary clause applies only to areas that are being used or earmarked for public or quasi-public purposes. Here, the golf course does not yet exist at the time Proclamation No. 461 was issued in 1965. The golf course was developed only in 1976 upon the proposal of then Navy Flag Officer-in-Command Admiral Ogbinar As such, the empty land, on which the golf course now stands, remains part of the alienable and disposable public land of the AFP Officers' Village. The exclusionary clause cannot comprehend the golf course which is inexistent at the time the proclamation was issued. There is no basis to identify whether the empty land is being used for public or quasi-public purposes. Moreover, no subsequent law or proclamation earmarked the land for the construction of the golf course. Indeed, several proclamations²⁴ were issued from 1965 onwards, allocating the areas of the military reservation and of the AFP Officer's Village for various public and quasi-public purposes.

In Navy Officer's Village Association Inc. v. Republic of the Philippines, 25 we upheld the nullification of petitioner's title over the land situated within the AFP Officers' Village. In that case, the petitioner acquired the land after Proclamation No. 478 declared the area as part of the Veterans Rehabilitation and Medical Training Center. 26 As such, the land reverted to its original classification as non-alienable and non-disposable public land.²⁷ In contrast, there is no existing issuance which allocated the

The following areas segregated by Proclamation Nos.:

- (1) 461, series of 1965; (AFP Officers Village)
- (2) 462, series of 1965; (AFP Enlisted Men's Village)
- (3) 192, series of 1967; (Veterans Center)
- (4) 208, series of 1967; (National Shrines)
- (5) 469, series of 1969; (Philippine College of Commerce)
- (6) 653, series of 1970; (National Manpower and Youth Council)
- (7) 684, series of 1970; (University Center)
- (8) 1041, series of 1972; (Open Lease Concession)
- (9) 1160, series of 1973; (Manila Technical Institute)
- (10) 1217, series of 1970; (Maharlika Village)
- (11) 682, series of 1970; (Civil Aviation Purposes)
- (12) 1048, series of 1975; (Civil Aviation Purposes)
- (13) 1453, series of 1975; (National Police Commission)
- (14) 1633, series of 1977; (Housing and Urban Development)
- (15) 2219, series of 1982; (Ministry of Human Settlements, BLISS) (16) 172, series of 1987; (Upper, Lower and Western Bicutan and Signal Housing)
- (17) 389, series of 1989; (National Mapping and Resource Information Authority)
 (18) 518, series of 1990; (CEMBO, SO CEMBO, W REMBO, E REMBO, COMEMBO, PEMBO,
- (19) 467, series of 1968; (General Manila Terminal Food Market Site)
- (20) 347, series of 1968; (Greater Manila Food Market Site)
- (21) 376, series of 1968; (National Development Board and Science Community)
- (22) Republic Act No. 7227, series of 1992 (Bases Conversion and Development Act of 1992).

765 Phil. 429 (2015).

- Entitled "Reserving For The Veterans Rehabilitation, Medicare And Training Center Site Purposes A Certain Parcel Of Land Of The Private Domain Situated In The Province Of Rizal, Island Of Luzon," October 25, 1965.
- SECTION 88. The tract or tracts of land reserved under the provisions of section eighty-three shall be non-alienable and shall not be subject to occupation, entry, sale, lease, or other disposition until again declared alienable under the provisions of this Act or by proclamation of the President., The Public Land Act, Commonwealth Act No. 141, November 7, 1936. (Emphasis supplied.)

Rollo, p. 33.

²³ Id. at 116.

land within the AFP Officers' Village for the construction of the golf course. To be sure, the Philippine Navy and any of its officers are not vested with the power to classify and re-classify lands of public domain. At most, the subsequent development of the golf course was a unilateral decision on the part of the Philippine Navy, which is not ratified by any proclamation from the President. The exclusionary clause cannot be use to shield the land on which the golf course stands against the actual purpose for which it was allotted – the housing of the AFP officers and veterans, who meritoriously served and protected our country. Corollarily, the Philippine Navy and the Golf Club cannot deprive Abaya, et al. the enjoyment of the lands awarded to them.

Any irregularity on the DENR's orders of award should have been questioned before the proper forum.

The Philippine Navy and the Golf Club insisted that the orders of award in favor of Abaya, *et al.* are invalid for violating Memorandum Order No. 172 which prohibited the sale of certain areas of the military reservation. Moreover, Abaya, *et al.* made false declarations in their applications. There was no approving authority in the valuation and the auction sale was dubious.

It bears emphasis that this case originated from an *accion reinvindicatoria* - or a suit to recover possession of a parcel of land as an element of ownership. However, this proceeding is not the proper forum to assail the DENR's orders of award. The Public Land Act explicitly provides that any action for reversion to lands of public domain should be instituted before the proper courts, and any objection to the application or concession may be filed before the proper government administrative offices²⁸ in observance with the doctrine of exhaustion of administrative remedies, to wit:

SECTION 101. All actions for the reversion to the Government of lands of the public domain or improvements thereon shall be instituted by the Solicitor-General or the officer acting in his stead, in the proper courts, in the name of the Commonwealth of the Philippines.

SECTION 102. Any person, corporation, or association may file an objection under oath to any application or concession under this Act, grounded on any reason sufficient under this Act for the denial or cancellation of the application or the denial of the patent or grant. If, after the applicant or the grantee has been given suitable opportunity to be duly heard, the objection is found to be well founded, the Director of Lands shall deny or cancel the application or deny patent or grant, and the person objecting shall, if qualified, be granted a prior right of entry for a term of sixty days from the date of the notice.

DENR Administrative Order No. 031-16, entitled "Procedure in the Investigation and Resolution of Land Claims and Conflicts Cases", December 29, 2016; DA Administrative Order No. 01-17, entitled "Guidelines on the Issuance of Certification for Land Use Reclassification," February 8, 2017.

X X X X

SECTION 106. If at any time after the approval of the application and before the issuance of a patent or the final concession of the land, or during the life of the lease, or at any time when the applicant or grantee still has obligations pending with the Government, in accordance with this Act, it appears that the land applied for is necessary, in the public interest, for the protection of any source of water or for any work for the public benefit that the Government wishes to undertake, the Secretary of Agriculture and Commerce may order the cancellation of the application or the non issuance of the patent or concession or the exclusion from the land applied for of such portion as may be required, upon payment of the value of the improvements, if any. (Emphases supplied.)

At any rate, the RTC and the CA speak as one in their findings and conclusions that the orders of award in favor of Abaya, *et al.* were validly issued. Contrary to the Philippine Navy and the Golf Club's allegations, the CA noted that there was an approving authority and the appraised value of the lots was set at \$\mathbb{P}\$15.00 per square meter. Likewise, a public auction was held and Abaya, *et al.* were the highest bidders. As a matter of sound practice and procedure, the appreciation of evidence which is one of fact is beyond the ambit of this Court's jurisdiction in a petition for review on *certiorari*. It is not this Court's task to go over the proofs presented below to ascertain if they were weighed correctly. While it is widely held that this rule of limited jurisdiction admits of exceptions, none exists in the instant case. ²⁹

Similarly, we agree with the CA that Memorandum Order No. 172 is inapplicable because it only prohibits the issuance of deeds of sale and not orders of award. The two concepts are different. An order of award is issued to an applicant after a successful bidding and after submission of proofs of publication and notice of sale. On the other hand, a deed of sale is released to the applicant only as a last part of the application process, or only after all requirements is already complied with.³⁰

Notably, Memorandum Order No. 126 subsequently lifted the ban on the issuance of deeds of sale with respect to the alienable and disposable lands of the AFP Officers' Village after it was found that Memorandum Order No. 172 deprived 2,382 *bona fide* members and heads of families of the AFP/PNP to legally acquire possession and ownership of the declared land area,³¹ thus:

WHEREAS, the intent and purpose of Proclamation No. 461 is proper and lawful to provide a decent place of habitat and fitting tribute to retired and active members of AFP/PNP who meritoriously

Lifting of Paragraph (A) of Presidential Memorandum Order No. 172 Dated October 16, 1993 "Prohibiting Director of Land Management Bureau to Execute/Issue Deeds of Sale Covering the AFP Officers Village Association Inc., Land Area," Memorandum Order No. 126, December 4, 2000.



²⁹ Spouses Cabrera v. Cu, G.R. No. 243281 (Notice), December 5, 2018, citing Gepulle-Garbo v. Spouses Garabato, 750 Phil. 846, 854-855 (2015).

³⁰ *Rollo*, pp. 77-83.

Decision 8 G.R. No. 235619

rendered the noblest services to the government and the Filipino people;

WHEREAS, Memorandum Order No. 172 paragraph (a), prohibiting the Director of the Land Management Bureau from executing/issuing Deeds of Sale covering the AFP Officers Village Association Incorporated Land Area deprived the 2,382 bonafide members and heads of families of the AFP/PNP to legally acquire possession and ownership of the declared land area;

WHEREAS, the alleged anomalies involving the disposition and titling of certain portions of For Andres Bonifacio Military Reservation has not been ascertained devoid the intent and purpose of Proclamation No. 461.

NOW, THEREFORE, I, JOSEPH EJERCITO ESTRADA, President of the Philippines, by virtue of the powers vested in me by law, do hereby lift the provision of paragraph (a), Memorandum Order No. 172 and likewise, directed the Secretary of the Department of Environment and Natural Resources (DENR) to execute and/or issue Deeds of Sale on the areas covered by Proclamation No. 461. (Emphases supplied.)

It does not escape us that Memorandum Order No. 126 was issued in 2000 or after Abaya, *et al.* were awarded the lots in 1996 and 1998. Yet, this does not negate the findings that Memorandum Order No. 172 is inapplicable in the present case and that Memorandum Order No. 126 lifted the ban in recognition of the significant purpose of Proclamation No. 461 to provide housing for the AFP retired and active members who meritoriously rendered the noblest services to our country.

Philippine Navy cannot validly invoke the doctrine of state immunity from suit.

The State may not be sued without its consent.³² This fundamental doctrine stems from the principle that there can be no legal right against the authority which makes the law on which the right depends.³³ Yet, the doctrine of state immunity is not absolute. The State may waive its cloak of immunity and the waiver may be made expressly or by implication. Also, the doctrine may be shelved when its stubborn observance will lead to the subversion of the ends of justice.

Thus, in *Amigable v. Cuenca*,³⁴ this Court shred the protective shroud which shields the State from suit, reiterating our decree in the landmark case of *Ministerio v. CFI of Cebu* ³⁵ that "the doctrine of governmental immunity from suit cannot serve as an instrument for perpetrating an injustice on a

CONSTITUTION, Art. XVI, Sec. 3.

Republic v. Villasor, 153 Phil. 356, 360 (1973); and United States of America v. Hon. Guinto, 261 Phil. 777, 791(1990) both citing Justice Oliver Wendell Holmes in Kawananakoa v. Polyblank, 205 U.S. 349, 353 (1907).

³⁴ 150 Phil. 422 (1972).

^{35 148-}B Phil, 474 (1971).

citizen."³⁶ It is just as important, if not more so, that there be fidelity to legal norms on the part of officialdom if the rule of law were to be maintained. Although *Amigable* and *Ministerio* tackled the issue of just compensation for the expropriated property, we find the principles applicable to the present case. Here, the Philippine Navy cannot invoke the doctrine of state immunity considering that it has no valid reason to deprive Abaya, *et al.* the enjoyment of the lands awarded to them. Moreover, the Philippine Navy fully utilized the lands for more or less 20 years to generate income in violation of Abaya, *et al.*'s property rights. This Court, as the staunch guardian of the citizens' rights and welfare, cannot sanction an injustice so patent on its face.

Philippine Navy and Golf Club are liable to turn over the lots and pay rental fees.

The Constitution itself identifies the limitations to the awesome and near-limitless powers of the State. Chief among these limitations are the principles that no person shall be deprived of life, liberty, or property without due process of law.³⁷ As such, the RTC and CA correctly ordered the Philippine Navy and the Golf Club to turn over the lots to Abaya, *et al.* and to pay rental fees in the reasonable amount of ₱5,000.00 *per* month.³⁸ These rental fees accrued not from the filing of the complaint but from the time Abaya, *et al.* acquired ownership of the lots.³⁹ Here, the DENR awarded the lots to Merardo Abaya and Ruben Follosco in December 1996 and to Angelito Maglonzo and Elias Sta. Clara in November 1998. Thus, Abaya, *et al.* are entitled to rental fees reckoned from such dates. Notably, the Philippine Navy and the Golf Club were already occupying the lands in 1976 and Abaya, *et al.* were unable to introduce any improvement. Lastly, the rental fees shall earn interest at the rate of 6% *per annum* from the date of the RTC Decision on June 24, 2015 until full payment.⁴⁰

FOR THESE REASONS, the petition is DENIED. The Court of Appeals' Decision dated July 10, 2017 in CA-G.R. CV No. 106451 is AFFIRMED with MODIFICATIONS in that the Philippine Navy and the Philippine Navy Golf Club, Inc. are ordered to pay rental fees of ₱5,000.00 per month to: (a) Merardo Abaya computed from December 1996; (b) Ruben Follosco computed from December 1996; (c) Angelito Maglonzo computed from November 1998; and (d) Elias Sta. Clara computed from November 1998, until they have completely vacated the lots. In addition, the rental fees

See also Heirs of Pidaçan v. ATO, 552 Phil. 48 (2007); Vigilar v. Aquino, 654 Phil. 755 (2011); and Philippine Textile Research Institute v. CA, G.R. Nos. 2233 19 & 247736, October 9, 2019.

Department of Transportation and Communications v. Spouses Abecina, 788 Phil. 645 (2016).

What is reasonable tends to differ on a case to case basis, for example, in the case of Republic v. Hidalgo (561 Phil. 22 [2007]), this Court ruled that a reasonable amount of \$\mathbb{P}20,000.00\$ per month beginning July 1975 should be paid by the Office of the President to private respondent Mendoza, after it was established that the latter really owned the Arlegui property but it was the Office of the President which actually has beneficial possession of and use over it since the 1975 without going through the legal process of expropriation, or payment of just compensation.

Guzman v. Court of Appeals, 258 Phil. 410 (1989).
 Nacar v. Gallery Frames, 716 Phil. 267 (2013).

shall earn interest at the rate of 6% per annum from the date of the RTC Decision on June 24, 2015 until full payment.

SO ORDERED.

MARION LOPEZ
Associate Justice

WE CONCUR:

DIOSDADOM. PERALTA

Chief Justice Chairperson

ALFREDO BENJAMIN S. CAGUIOA Associate Justice

JOSE C. REXES, J Associate Justice

AMY C/LAZARO-JAVIER

Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

DIOSDADO M. PERALTA Chief Justice