



SUPREME COURT OF THE PHILIPPINES  
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TIME: 3:36

Republic of the Philippines  
Supreme Court  
Manila

SECOND DIVISION

REPUBLIC OF THE  
PHILIPPINES, represented by  
MAJOR GENERAL DIONISIO  
R. SANTIAGO, Commanding  
General of the Armed Forces of  
the Philippines (AFP) Visayas  
Command,

Petitioner,

- versus -

SPOUSES JOHNNY and  
CHONA YU,

Respondents.

G.R. No. 239983

Present:

LEONEN, S.A.J., Chairperson,  
M. LOPEZ,  
GAERLAN,\*  
J. LOPEZ, and  
KHO, JR., JJ.

Promulgated:

JUL 31 2024

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DECISION

KHO, JR., J.:

Before the Court is a Petition for Review on *Certiorari*<sup>1</sup> under Rule 45 of the Rules of Court filed by the Republic of the Philippines, represented by Major General Dionisio R. Santiago, Commanding General of the Armed Forces of the Philippines (petitioner), assailing the Decision<sup>2</sup> dated July 19, 2017 and the Resolution<sup>3</sup> dated May 24, 2018 of the Court of Appeals (CA)

\* Designated Additional Member per Raffle dated July 10, 2024.

<sup>1</sup> *Rollo*, pp. 49–74.

<sup>2</sup> *Id.* at 76–88. Penned by Associate Justice Gabriel T. Robeniol with the concurrence of Associate Justices Pamela Ann Abella Maxino and Germano Francisco D. Legaspi of the Special Twentieth (20<sup>th</sup>) Division of the Court of Appeals, Cebu City.

<sup>3</sup> *Id.* at 90–93. Penned by Associate Justice Gabriel T. Robeniol with the concurrence of Associate Justices Pamela Ann Abella Maxino and Edward B. Contreras of the Special Former Special Twentieth (20<sup>th</sup>) Division of the Court of Appeals, Cebu City.

in CA-G.R. CV No. 03770. The assailed CA rulings reversed and set aside the Decision<sup>4</sup> dated October 6, 2005 of Branch 5, Regional Trial Court of Cebu City (RTC) in Civil Case No. CEB-26924, and accordingly, dismissed petitioner's Complaint against respondents Spouses Johnny and Chona Yu (Spouses Yu).

### The Facts

The present case stemmed from a Complaint<sup>5</sup> filed by petitioner, praying for the RTC to enjoin Spouses Yu from constructing their residential house on the subject 252-square meter (sqm.) portion of Lot No. 933 (Lot 933), situated in Lahug, Cebu City, and direct the Register of Deeds (RD) to cancel Transfer Certificate of Title No. (TCT) 150040<sup>6</sup> issued in the latter's name and, in lieu thereof, issue a new title in the name of the Republic.<sup>7</sup>

Petitioner alleged that it, through the Armed Forces of the Philippines (AFP) Visayas Command, is the absolute owner of Lot 933, consisting of 37,126 square meters, which was originally registered in the names of Francisco Racaza, Pantaleon Cabrera, and Josefina R. Martinez.<sup>8</sup> Additionally, it claimed that the said lot is part and parcel of the Camp Lapu-Lapu military reservation and is valued at more than PHP 100,000,000.00.<sup>9</sup>

Petitioner narrated that on October 19, 1938, the then-Commonwealth of the Philippines (Commonwealth) initiated expropriation proceedings and took possession of several parcels of land forming part of the *Banilad Friar Lands Estate and included therein is Lot 933 situated in Lahug, Cebu City*. The expropriation case was titled *Commonwealth of the Philippines v. Borromeo, et. al.*, docketed as **Civil Case No. 781** before then Court of First Instance, Cebu City, 8<sup>th</sup> Judicial District, Branch II (CFI).<sup>10</sup>

On May 14, 1940, the CFI rendered a Decision condemning the subject parcels of land in favor of the Commonwealth. The CFI Decision became final and executory and an entry of judgment was made on April 5, 1948.<sup>11</sup> Despite the CFI Decision, however, the original registered owners sold Lot 933 to another person/s and subsequently, sold and resold, and thereafter, new certificates of title/s were issued. Among these new certificates of title is TCT

<sup>4</sup> *Id.* at 111–115. Penned by Presiding Judge Ireneo Lee Gako, Jr.

<sup>5</sup> *Id.* at 95–103. Dated September 20, 2001.

<sup>6</sup> Records, p. 117.

<sup>7</sup> See rollo, pp. 10, 101. See also *id.* at 77.

<sup>8</sup> TCT RT-2533 (T-73), records, pp. 94–95. Note that petitioner alleged, in its Complaint, that Lot 933 was covered by TCT No. 11946 in the names of Francisco Racaza, Pantaleon Cabrera, and Josefina R. Martinez. Petitioner, however, did not present in evidence copy of this supposed title (see Complaint, rollo, pp. 95–103, particularly p. 97, signed by, among others Assistant Solicitor General Amy C. Lazaro-Javier (now a Member of this Court). Rather, the certificate of title existing on the records covering Lot 933 under the names of Racaza, Cabrera, and Martinez is TCT RT-2533 (T-73).

<sup>9</sup> See rollo, p. 97. See also *id.* at 77.

<sup>10</sup> *Id.*

<sup>11</sup> See *id.* at 52. See also *Republic v. Lim*, 509 Phil. 652 (2005) [Per J. Sandoval-Gutierrez, *En Banc*].

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150040 issued in the names of Spouses Yu covering the 252-sqm. portion of Lot 933, known as Lot 1, Psd-07-00133 (being a portion of the consolidation-subdivision of Lot Nos. 933-C-1, 933-C-2, 933-C-3, and 933-C-4 LRC PSD-138296 Record No. 5988). Petitioner averred that since it already acquired Lot 933 through expropriation, TCT 150040 issued in Spouses Yu's name is null and void.<sup>12</sup>

For their part,<sup>13</sup> the Spouses Yu claimed that they validly purchased the 252-sqm. portion of Lot 933, which they have been in peaceful possession of and for which they have been paying taxes<sup>14</sup> thereon since their acquisition from the previous owner. Additionally, they averred that before they constructed their residential house on the subject lot, they first secured the necessary clearances and permits<sup>15</sup> from the Office of the Building Official, Cebu City, and no opposition whatsoever was interposed by the AFP Visayas Command, Camp Lapu-Lapu. It was only after they began the construction of the fence and residential house on the premises that personnel of Camp Lapu-Lapu, under the command of one Lt. Col. Francisco G. Ventus, and upon his orders, threatened the workers at the construction site and confiscated their tools and other implements.<sup>16</sup>

In this regard, Spouses Yu asserted that Lot 933 has never been part of Camp Lapu-Lapu; and that the construction of their residential house thereon cannot in any way constitute a security hazard to the operations of the Camp or cause irreparable damage and injury to the government. Additionally, they argued that assuming Lot 933 was included in the expropriation in favor of the government, there was no showing that the owners of the property had been paid their just compensation. Finally, assuming that payment was made, the execution of the judgment for expropriation has already prescribed.<sup>17</sup>

In support of their claim of ownership over the subject portion, Spouses Yu submitted in evidence, among others: (i) copy of the various titles covering Lot 933 beginning with the title issued in the original registered owners' names up to their title over the subject portion;<sup>18</sup> and (ii) the Tax Declaration

<sup>12</sup> *Rollo*, pp. 97–99. *See also id.* at 77–78.

<sup>13</sup> *See Answer with Counterclaim, id.* at 105–110.

<sup>14</sup> *See Declaration of Real Property and Real Estate Tax Receipt, records*, pp. 120–121.

<sup>15</sup> *See records*, pp. 122–123.

<sup>16</sup> *See rollo*, p. 107. *See also id.* at 78.

<sup>17</sup> *Id.*

<sup>18</sup> *See records*, pp. 94–117. These include:

- (a) TCT RT-2533 (T-73) under the names of Francisco Racaza, Pantaleon Cabrera, and Josefina R. Martinez, registered on August 30, 1932;
- (b) TCT No. T-50000 under the name of the Legal Heirs of Ismael R. Rosales;
- (c) TCT No. T-50216 under the name of Spouses Antonio D. Mercader and Evangeline M. Mercader, registered on March 17, 1971, being a transfer from TCT No. 50000;
- (d) TCT No. T-50412, under the name of Spouses Antonio D. Mercader and Evangeline M. Mercader, registered on April 12, 1971, being a transfer from TCT No. 50216;
- (e) TCT No. T-50414, under the name of Antonio D. Mercader and Evangeline M. Mercader, registered on April 12, 1971, being a transfer from TCT No. 50216;
- (f) TCT No. T-50413, under the name of Antonio D. Mercader and Evangeline M. Mercader, registered on April 12, 1971, being a transfer from TCT No. 50216;

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and Realty Tax Payment Receipt.<sup>19</sup>

### The RTC Ruling

In a Decision<sup>20</sup> dated October 6, 2005, the RTC granted petitioner's Complaint and, accordingly, (1) declared Spouses Yu as without any right over Lot 933 since it was already expropriated by the government for military reservation and (2) directed the Register of Deeds to cancel their title and, in lieu thereof, issue a new one in the Republic's name.<sup>21</sup>

According to the RTC, the expropriation of Lot 933 was in fact upheld in the case of *Valdehueza v. Republic*;<sup>22</sup> thus, binding on the original owners thereof, including Spouses Yu, as subsequent transferees. Moreover, it ruled that the prepayment of just compensation was made at the time the expropriation case was filed, resulting in the consolidation of the title over the property in favor of the government. Since the expropriation proceeding cannot be collaterally attacked, petitioner indubitably has full right and title to the lot, and thus, entitled to permanent injunction against Spouses Yu.<sup>23</sup>

Finally, the RTC held that Spouses Yu were not purchasers in good faith since the case for eminent domain is a proceeding *in rem* that is binding on the whole world, including them. In any case, the RTC held that they failed to verify the real owners of the lot especially since military structures are found within two meters from their residence.<sup>24</sup>

Aggrieved, Spouses Yu sought reconsideration<sup>25</sup> but was denied in an Order<sup>26</sup> dated January 25, 2008. Determined, they appealed before the CA.

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- (g) TCT No. 71765, under the name of Basilio Magno, registered on July 21, 1978, being a transfer from TCT NO. 50412;
  - (h) TCT No. 71767, under the name of Basilio Magno, registered on July 21, 1978, being a transfer form TCT No. 50414;
  - (i) TCT No. 71766, under the name of Basilio Magno, registered on July 21, 1978, being a transfer from TCT No. 50413;
  - (j) TCT No. 71764, under the name of Basilio Magno, registered on July 21, 1978, being a transfer form TCT No. 50415;
  - (k) TCT No. 107303, under the name of Perpetua E. Magno, registered on January 25, 1989, being a transfer from TCT 87147-50;
  - (l) TCT No. 107689, under the name of Spouses Tomas C. Santander and Aurelia S. Santander, registered on February 27, 1989, being a transfer from TCT No. 107303;
  - (m) TCT No. 114156, under the name of Lydia Basilad-Takahashi, registered on September 17, 1990, being a transfer form TCT No. T-107689; and
  - (n) TCT No. 150040, under the name of the Sps. Yu.

<sup>19</sup> See *id.* at 120–121.

<sup>20</sup> *Rollo*, pp. 111–115.

<sup>21</sup> See *id.* at 115.

<sup>22</sup> 123 Phil. 968 (1966) [Per J. Bengzon, J.P., *En Banc*].

<sup>23</sup> *Id.* at 113–114.

<sup>24</sup> See *id.* at 114.

<sup>25</sup> *Id.* at 116–125.

<sup>26</sup> *Id.* at 133. Penned by Judge Douglas A.C. Marigomen.

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### The CA Ruling

In a Decision<sup>27</sup> dated July 19, 2017, the CA granted Spouses Yu's appeal and, accordingly, reversed and set aside the RTC's ruling. It, however, denied Spouses Yu's counterclaims for damages and attorney's fees for lack of merit.<sup>28</sup>

Echoing Spouses Yu's position, the CA held that *Valdehueza* had already been overturned in the case of *Republic v. Lim*,<sup>29</sup> where the Supreme Court held that the Republic's ownership over the expropriated lots is conditioned upon full payment of just compensation within a reasonable time.<sup>30</sup> Expropriation cannot be completed until the payment to the property owner of just compensation has been made. The payment of the provisional value as a prerequisite to the issuance of a writ of possession in favor of the condemnor differs from the payment of just compensation for the expropriated property. While the provisional value is based on the relevant zonal valuation, just compensation is based on the prevailing market value of the property.<sup>31</sup>

In this case, the CA noted that petitioner did not present any proof that just compensation has been paid to the previous registered owners of Lot 933. Rather, it only presented proof of the deposit of PHP 9,500.00 with the Philippine National Bank in compliance with the Order of then CFI in connection with the expropriation proceedings filed in 1938. However, the CA observed that said deposit is for the purpose of affording petitioner the right to immediately enter the lots sought to be expropriated, and not for the payment of just compensation.<sup>32</sup>

Moreover, the CA disregarded petitioner's claim that Spouses Yu were not buyers in good faith because they allegedly negligently purchased a portion of Lot 933 despite awareness of the expropriation proceedings in Civil Case No. 781 and the apparent military structures erected on the lot. Citing *Lim*, the CA ruled that any attribution of bad faith on the part of the condemnee, i.e., Spouses Yu in this case, is irrelevant as the owner has an absolute right over their property pending the completion of the expropriation proceedings.<sup>33</sup>

Finally, the CA disagreed with the RTC's conclusion that the right of Spouses Yu to demand full payment of the just compensation has already prescribed since they were not demanding said payment to begin with. Rather,

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<sup>27</sup> *Id.* at 76–88.

<sup>28</sup> *Id.* at 87.

<sup>29</sup> 500 Phil. 652 (2005) [Per J. Sandoval-Gutierrez, *En Banc*].

<sup>30</sup> *Id.* at 82–83.

<sup>31</sup> *Id.* at 83–84.

<sup>32</sup> *Id.* at 83.

<sup>33</sup> *Id.* at 84–85.

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they were insisting on the recovery of their property since the expropriation was not completed. At any rate, it would be contrary to the clear language of the Constitution to bar recovery of just compensation solely based on statutory prescription.<sup>34</sup>

Dissatisfied, petitioner moved for reconsideration,<sup>35</sup> but was denied in a Resolution<sup>36</sup> dated May 24, 2018. Hence, this Petition.

### **The Issue Before the Court**

The core issue before the Court is whether the CA committed reversible error in reversing and setting aside the RTC's ruling and, accordingly, dismissing petitioner's injunctive Complaint.

Petitioner maintains that the government has already acquired Lot 933 pursuant to the Decision dated May 14, 1940 of the CFI in Civil Case No. 781, which had already attained finality. As such, the CA reversibly erred in declaring that, notwithstanding the said Decision, the right to possess Lot 933 remained with the original registered owners and subsequently, the Spouses Yu.<sup>37</sup>

Moreover, petitioner assails the CA's finding that it failed to prove payment of just compensation since, as the records show and which the CA in fact observed, the amount of PHP 9,500.00 has been disbursed in full to the previous owners of the lots subject of the expropriation proceedings. Thus, in the absence of contradictory evidence, petitioner argues that the presumption that the just compensation had been paid in full shall remain satisfactory. Besides, it asserted that since Spouses Yu alleged that it failed to make full settlement of the just compensation, they bore the burden of adducing controverting evidence that no payment was in fact made.<sup>38</sup>

Further, petitioner argues that since an expropriation case is an action *in rem*, Spouses Yu are bound by the Decision in the expropriation proceedings. The remaining remedy for them, therefore, is to ask for payment of the just compensation. Since payment of the full amount of the just compensation had already been made, petitioner maintains that Spouses Yu bore the burden of proving that no such payment was made, failing in which, their right to claim payment must fail.<sup>39</sup>

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<sup>34</sup> *Id.* at 85–86.

<sup>35</sup> *Id.* at 134–146.

<sup>36</sup> *Id.* at 90–93.

<sup>37</sup> *Id.* at 56–57.

<sup>38</sup> *Id.* at 57–59.

<sup>39</sup> *Id.* at 59–61.

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Finally, petitioner asserts that the ruling in *Lim* does not apply in this case since it involved Lots 932 and 939, and not Lot 933 subject of this case. In this regard, petitioner maintains that Lot 933 has been devoted for public use as military reservation and that on the adjacent Lot 932, there lies a metal marker from the National Historical Commission (NHC) stating that the land became part of the airbase in 1941. Additionally, just two meters away from Spouses Yu's structure is an arch with a bold welcome sign "Camp Lapu-Lapu" installed as well by the NHC to forewarn the public of the nature of Lot 933. Under these circumstances, petitioner maintains that the Spouses Yu should have taken steps to ensure that there is no cloud on the title, right, or ownership of the property being sold, failing in which, they, as buyers, cannot be considered to be in good faith<sup>40</sup>.

For their part,<sup>41</sup> Spouses Yu, citing *San Roque Realty and Development Corporation v. Republic*,<sup>42</sup> argue that the Court already held that petitioner does not have any right or ownership over Lot 933—which includes the subject portion—of the Banilad Friar Lands Estate. In fact, the title over Lot 933 bears no annotation of lien in favor of the government, and petitioner has never taken possession of said lot or any portion thereof.<sup>43</sup>

Additionally, Spouses Yu maintains that petitioner failed to comply with the requirements for a valid expropriation. As such, the original registered owners of Lot 933, as well as their subsequent transferees, were in continuous possession of the property. In this regard, Spouses Yu point out that petitioner has in fact never been named as the owner nor was there any annotation of any adverse claim made by it on the title covering Lot 933.<sup>44</sup>

Moreover, harping on *San Roque Realty and Development*, Spouses Yu asserts that there were no military facilities installed on Lot 933 contrary to petitioner's claim, and that the arch on which the latter relies was inexistent when the property was sold to them. Thus, they argue that there were no circumstances that could have prompted them to inquire further beyond the title.<sup>45</sup>

Further, Spouses Yu maintain that, as the Court already settled in *Lim*, petitioner failed to make full payment of the just compensation and, thus, is not entitled to the title and possession of Lot 933, and which title and possession remained with the registered owners thereof, including Spouses Yu.<sup>46</sup>

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<sup>40</sup> *Id.* at 61–64.

<sup>41</sup> *See Comment, id.* at 149–159.

<sup>42</sup> 559 Phil. 264 (2007) [Per J. Nachura, Third Division].

<sup>43</sup> *Id.* at 149–151.

<sup>44</sup> *Id.* at 151.

<sup>45</sup> *Id.* at 152–153.

<sup>46</sup> *Id.* at 153–155.

Finally, echoing *San Roque Realty and Development*, they assert that petitioner's right to claim any ownership over Lot 933 has been sealed by Republic Act No. 9443<sup>47</sup> on May 9, 2007, which declared and confirmed the validity of existing TCTs and reconstituted certificates of title covering the Banilad Friar Lands Estate. Hence, any issue presented by petitioner has been rendered moot by the enactment of Republic Act No. 9443.<sup>48</sup>

Replying<sup>49</sup> to Spouses Yu's assertions, petitioner argues that the nonpayment of just compensation despite the lapse of time did not render the final and executory ruling in Civil Case No. 781 null and void, abandoned, or vacated so as to entitle the owners to retain or recover the property.<sup>50</sup> Rather, it only entitles the owners to enforce payment of the just compensation. However, since no motion or action had been filed before the CFI to enforce the payment of just compensation within the prescribed periods, the right of the owners, including Spouses Yu to receive payment has already prescribed.<sup>51</sup>

### The Court's Ruling

The Petition is without merit.

Injunction is defined as "judicial writ, process or proceeding whereby a party is ordered to do or refrain from doing a certain act."<sup>52</sup> Injunctive relief is only available when there is a pressing necessity to avoid injurious consequences which cannot be remedied under any standard of compensation.<sup>53</sup> It must be proven that the violation sought to be prevented would result in an irremediable injustice.<sup>54</sup>

Accordingly, case law settles that injunction is a preservative remedy aimed at protecting substantive rights and interests. The very foundation of the jurisdiction to issue a writ of injunction rests on the existence of a cause of action and on the probability of irreparable injury, inadequacy of pecuniary compensation, and the prevention of multiplicity of suits. Where facts are not shown to bring the case within these conditions, the relief of injunction should be refused. Thus, to be entitled to injunctive relief, the party seeking the same

<sup>47</sup> Republic Act No. 9443 (2007), An Act Confirming And Declaring, Subject To Certain Exceptions, The Validity Of Existing Transfer Certificates Of Title And Reconstituted Certificates Of Title Covering The Banilad Friar Lands Estate, Situated In The First District Of The City Of Cebu.

<sup>48</sup> *Rollo*, p. 155.

<sup>49</sup> *Id.* at 168-177.

<sup>50</sup> *Id.* at 168-170.

<sup>51</sup> *Id.* at 170-172.

<sup>52</sup> See *EVY Construction and Development Corporaiton v. Valiant Roll Forming Sales Corporation*, 820 Phil. 123 (2017) [Per J. Leonen, Third division]; *Garayblas v. Atienza, Jr.*, 525 Phil. 291 (2005) [Per J. Callejo, Sr., First Division].

<sup>53</sup> See *Spouses Estares v. Court of Appeals*, 498 Phil. 640 (2005) [Per J. Austria-Martinez, Second Division].

<sup>54</sup> See *The City Government of Caloocan v. Carmel Development Inc.*, G.R. No. 240255, January 25, 2023 [Per J. Hernando, First Division].

must establish the following requisites: (1) **the right of complainant is clear and unmistakable;** and (2) **the invasion of a right sought to be protected is material and substantial.**<sup>55</sup>

In this case, in asserting its right to the issuance of an injunctive relief against Spouses Yu over the subject portion of Lot 933, petitioner heavily relies on (i) the Court's ruling in *Valdehueza* which upheld the validity of the expropriation of the lots comprising the Banilad Friar Lands Estate in Civil Case No. 781, and (ii) the alleged presence of government or military structures on Lot 933 which, it claimed, should have put Spouses Yu on notice that the subject portion is owned by the government.

A judicious review of the records and circumstances surrounding the case convinces the Court that no reversible error attended the rulings of the CA in dismissing petitioner's Complaint. As the succeeding discussions will show, petitioner failed to (i) establish a clear and unmistakable right to the portion of Lot 933 subject of its Complaint and (ii) show that the invasion of a right sought to be protected is material and substantial.

*Firstly*, petitioner failed to prove that it had paid the full amount of the just compensation for the lots expropriated by virtue of the CFI Decision in Civil Case No. 781. Moreover, notwithstanding the CFI Decision in Civil Case No. 781 and despite the lapse of 61 long years from the issuance thereof, petitioner never had the title over Lot 933 transferred in its name, or at the very least, had the CFI Decision annotated on the title covering Lot 933.

**Notably, the issue of ownership and possession of the lots comprising the Banilad Friar Lands Estate, which includes Lot 933, that were subject of the expropriation proceedings in Civil Case No. 781 had been in fact the subject of earlier proceedings which the Court had the occasion to rule upon and settle.**

Primarily, after *Valdehueza*, the Court, in *Republic v. Lim*,<sup>56</sup> held that petitioner's ownership over the Banilad Friar Lands Estate, which were expropriated pursuant to the CFI Decision in Civil Case No. 781, is conditioned upon full payment of just compensation within a reasonable time. Since petitioner failed to prove that it had paid the full amount of the just compensation due for the expropriated lots, there was no transfer of title from the landowner to the expropriator, herein petitioner, and precluded the perfection of its title over the expropriated properties. Indeed, as the Court observed therein, despite the opportunities accorded to petitioner upon the issuance of the CFI Decision in Civil Case No. 781 and 57 years thereafter, it

<sup>55</sup> See *Federated Realty Corporation v. Court of Appeals*, 514 Phil. 93 (2005) [Per J. Tinga, Second Division]. See also *Spouses Estares v. Court of Appeals*, 498 Phil. 640 (2005) [Per J. Austria-Martinez, Second Division].

<sup>56</sup> 500 Phil. 652 (2005) [Per J. Sandoval-Gutierrez, *En Banc*].

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still failed to pay the just compensation due to the original registered owners, thus:

It bears stressing that the Republic was ordered to pay just compensation **twice, the *first* was in the expropriation proceedings and the second, in *Valdehueva*. Fifty-seven (57) years have passed since then. We cannot but construe the Republic's failure to pay just compensation as a deliberate refusal on its part. Under such circumstance, recovery of possession is in order.**<sup>57</sup> (Emphasis supplied)

On this score, it bears highlighting that despite the CFI Decision in Civil Case No. 781, the lapse of more than 61 years since then up to the filing of the injunctive Complaint subject of the present Petition in 2001, and the ruling in *Lim*, there still appears to have been no payment made by petitioner of the just compensation due to the original registered owners. Verily, the exceptional circumstances that attended the Court's ruling in *Lim* are likewise present in this case that squarely makes *Lim* applicable.

More recently in *San Roque Realty and Development*, the Court settled that there was no valid and complete expropriation of the said lots comprising the Banilad Friar Lands Estate for failure of petitioner to prove payment of the just compensation due, and that, as regards Lot 933, the CFI Decision in Civil Case No. 781 had not become final and executory as to be binding on the original registered owners thereof, including its subsequent transferees. The Court held:

At the outset, **we note that issues of ownership and possession of several lots included in the 18 parcels of land covering the Banilad Friar Lands Estate had been the subject of earlier controversies which we already had occasion to rule upon.** Lot Nos. 932 and 939 were the subject of *Valdehueva v. Republic* which is ubiquitously invoked by the Republic in this case. *Republic v. Lim* dealt with the special circumstances surrounding the incomplete and ineffectual expropriation of Lot No. 932. On the other hand, *Federated Realty Corporation v. Court of Appeals* preliminarily determined the state of ownership and possession of a portion of Lot No. 933, particularly Lot 3, covered by TCT No. 119929.

In *Valdehueva*, we held that the registered lot owners were not entitled to recover possession of the expropriated lots considering that the titles contained annotations of the right of the National Airports Corporation (now CAA) to pay for and acquire said lots.

In *Republic v. Lim*, we rejected the Republic's invocation of our Decision in *Valdehueva* to retain ownership over said lots and upheld the principle that title to the expropriated property shall pass from the owner to the expropriator only upon full payment of just compensation. We struck down the Republic's claim of ownership over Lot No. 932 in light

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<sup>57</sup> *Id.* at 667.

of its blatant disregard of the explicit order in *Valdehueza* to effect payment of just compensation.

**In *Federated Realty Corporation v. Court of Appeals* we upheld Federated Realty Corporation's (FRC's) clear and unmistakable right, as the title holder, to the lot in question, necessitating the issuance of a writ of injunction to prevent serious damage to its interests. Even as the Republic invoked *Valdehueza* and the CFI Decision in Civil Case No. 781 to defeat the rights of the registered owner and actual possessor, we applied the settled principle in land registration that a certificate of title serves as evidence of an indefeasible and incontrovertible title to the property in favor of the person named therein.**

It is against this backdrop that we resolve the main issue at bench: the ownership of Lot Nos. 933-B-3 and 933-B-4. To do so, however, we must answer a number of fundamental questions.

*First, was there a valid and complete expropriation of the 18 parcels of land, inclusive of subject Lot No. 933? Corollary thereto, did the CFI Decision in Civil Case No. 781 attain finality and, as such, now evade review?*

*To these questions, the CA responded in the affirmative. It found that no timely appeal had been filed by the original owners of Lot No. 933, and thus, the CFI Decision became final. Accordingly, the CA ruled that the validity of the expropriation, including the authority to expropriate, was no longer open to question. Therefore, the appellate court saw no necessity to delve into the applicability of *Valdehueza*.*

**We cannot subscribe to the CA's ruling.**

In its effort to simplify the issues, the CA disregarded relevant facts and ignored the evidence, noteworthy among which is that when the Republic filed its complaint with the RTC, it alleged that the CFI Decision in Civil Case No. 781 had long become final and executory. However, this assertion would compound the Republic's predicament, because the Republic could not adequately explain its failure to register its ownership over the subject property or, at least, annotate its lien on the title. Trying to extricate itself from this quandary, the Republic belatedly presented a copy of an Exception and Notice of Intention to Appeal dated July 9, 1940, to show that an appeal filed by the original owners of Lot No. 933 effectively prevented the Republic from registering its title, or even only annotating its lien, over the property.

The CA's categorical pronouncement that the CFI Decision had become final as no appeal was perfected by SRRDC's predecessor-in-interest is, therefore, contradicted by the Republic's own allegation that an appeal had been filed by the original owners of Lot No. 933. Not only did the CA fail to resolve the issue of the Republic's failure to register the property in its name, it also did not give any explanation as to why title and continuous possession of the property remained with SRRDC and its predecessors-in-interest for fifty-six years. The CA ruling that disregards these established facts and neglects to reconcile the contradiction mentioned above does not deserve concurrence by this Court.

Furthermore, as correctly pointed out by SRRDC, even if the appellate court adverted to our finding in *Valdehueza* on the finality of the expropriation

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over the lots subject of that case, still, SRRDC and its predecessors-in-interest would not be bound. The reference to the finality of the CFI Decision in Civil Case No. 781 in *Valdehueza* applies to different parties and separate parcels of land. We confirmed this in *Federated Realty Corporation v. CA*, and noted that our decision in *Valdehueza* and in *Republic v. Lim* did not involve the ownership of Lot No. 933 which was not subject of those cases.

Second, assuming that the CFI Decision in Civil Case No. 781 is final and executory, and that the expropriation proceedings before that court had been completed, did the Republic pay just compensation for Lot No. 933?

Regrettably, the CA did not dispose of this issue.

The Republic submits that the P9,500.00 initial deposit it made was disbursed in full to the owners of the 18 lots subject of expropriation and assumes that the owners of Lot No. 933 were among the recipients of such disbursement. The Republic admits that records of payment were destroyed by fire during World War II, and it cannot be ascertained who received the money. It would rely simply on the presumption that official duty had been regularly performed in assuming that the owners of the 18 lots expropriated were adequately paid.

We are not convinced.

The Republic's bare contention and assumption cannot defeat SRRDC's apparent ownership over the subject properties. **As we have previously found in *Valdehueza*, *Republic v. Lim* and *Federated Realty Corporation v. CA*, by the very admission of the Republic, there was no record of payment of compensation to the landowners.**

**In *Republic v. Lim*, we emphasized that no piece of land can be finally and irrevocably taken from an unwilling owner until compensation is paid. Without full payment of just compensation, there can be no transfer of title from the landowner to the expropriator. Thus, we ruled that the Republic's failure to pay just compensation precluded the perfection of its title over Lot No. 932. In fact, we went even further and recognized the right of the unpaid owner to recover the property if within five years from the decision of the expropriation court the expropriator fails to effect payment of just compensation.**

Time and again, we have declared that eminent domain cases are to be strictly construed against the expropriator. **The payment of just compensation for private property taken for public use is an indispensable requisite for the exercise of the State's sovereign power of eminent domain. Failure to observe this requirement renders the taking ineffectual, notwithstanding the avowed public purpose. To disregard this limitation on the exercise of governmental power to expropriate is to ride roughshod over private rights.**<sup>58</sup> (Emphasis supplied)

In addition to its nonpayment of the just compensation, petitioner also miserably failed to exercise its purported right of ownership over the

<sup>58</sup> *San Roque Realty and Development Corporation v. Republic*, 559 Phil. 264, 271-276 (2007) [Per J. Nachura, Third Division].

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expropriated lots as required by law by causing the registration of the subject properties in its name or recording the decree of expropriation on the title. Citing *Federated Realty Corporation v. Court of Appeals*,<sup>59</sup> the Court, in *San Roque Realty and Development Corporation*, explicated the necessity for complying with the registration requirements, thus:

In *Federated Realty Corporation v. CA*, we expounded on the registration requirement in expropriation proceedings as provided in the law in force at the time of the CFI Decision, thus:

**The registration with the Registry of Deeds of the Republic's interest arising from the exercise of its power of eminent domain is in consonance with Section 88 of Act No. 496 or the Land Registration Act (now Section 85 of P.D. 1529 also known as the Property Registration Decree), to wit:**

SEC. 88. Whenever any land of a registered owner, or any right or interest therein, is taken by eminent domain, the Government or municipality or corporation or other authority exercising such right shall file for registration in the proper province a description of the registered land so taken, giving the name of such owner thereof, referring by number and place of registration in the registration book to each certificate of title, and stating what amount or interest in the land is taken, and for what purpose. A memorandum of the right or interest taken, shall be made on each certificate of title by the register of deeds, and where the fee simple is taken a new certificate shall be entered to the owner for the land remaining to him after such taking, and a new certificate shall be entered to the Government, municipality, corporation, or other authority exercising such right for the land so taken. All fees on account of any memorandum of registration or entry of new certificate shall be paid by the authority taking the land.

**Furthermore, Section 251 of the Code of Civil Procedure, the law in force at the time of the *Commonwealth* case likewise provides for the recording of the judgment of expropriation in the Registry of Deeds. Said provision reads, to wit:**

SEC. 251. *Final Judgment, Its Record and Effect.* — The record of the final judgment in such action shall state definitely by metes and bounds and adequate description. The

<sup>59</sup> 514 Phil. 93 (2005) [Per J. Tinga, Second Division].

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particular land or interest in land condemned to the public use, and the nature of the public use. A certified copy of the record of judgment shall be recorded in the office of the registrar of deeds for the province in which the estate is situated, and its effect shall be to vest in the plaintiff for the public use stated the land and estate so described.

There is no showing that the Republic complied with the aforestated registration requirement. **Without such compliance, it cannot be said that FRC had notice of the Republic's adverse claim sufficient to consider the former in bad faith, for the law gives the public the right to rely on the face of the Torrens title and to dispense with the need of further inquiry, except only when one has actual knowledge of facts and circumstances that should impel a reasonably cautious man to inquire further into its integrity.** Such is the very essence of our Torrens system as ruled in *Legarda v. Saleeby*, 31 Phil. 590, thus:

The real purpose of the system is to quiet title of land; to put a stop forever to any question of the legality of the title, except claims which were noted at the time of registration, in the certificate, or which may arise subsequent thereto. That being the purpose of the law, it would seem that once a title is registered, the owner may rest secure, without the necessity of waiting in the portals of the courts, or sitting in the "*mirador de su casa*," to avoid the possibility of losing his land. x x x The certificate, in the absence of fraud, is the evidence of title and shows exactly the real interest of its owner. The title once registered, with very few exceptions, should not thereafter be impugned, except in some direct proceeding permitted by law. Otherwise, all security in registered titles would be lost.

**From the foregoing, it is clear that it was incumbent upon the Republic to cause the registration of the subject properties in its name or record the decree of expropriation on the title. Yet, not only did the Republic fail to register the subject properties in its name, it failed to do so for fifty-six (56) years.<sup>60</sup> (Emphases supplied)**

*Secondly*, petitioner failed to prove the existence of military structures on the subject portion as to put the Spouses Yu on notice of its adverse claim

<sup>60</sup> *San Roque Realty and Development Corporation v. Republic*, 559 Phil. 264, 276-278 (2007) [Per J. Nachura, Third Division].

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thereon. As the Court in fact noted in *Federated Realty Corporation*, there is a dearth of evidence as regards the alleged existence of military structures on Lot 933. At any rate, the presence of some government structure/s therein cannot defeat the registered owner's right over the property since the law provides for a strict procedure for expropriation:

There is also no evidence presented as to the existence of the camp's arch on subject lot. In any case, the Republic cannot base its right to the subject lot solely on the alleged presence of a government structure therein. The law provides for a strict procedure for expropriation which the State must follow lest it violates the constitutionally enshrined principle that "private property shall not be taken for public use without just compensation."<sup>61</sup> (Emphasis supplied)

Finally, as the Court noted in *San Roque Realty and Development*, Congress already ratified Republic Act No. 9443, titled "An Act Confirming and Declaring, Subject to Certain Exceptions, the Validity of Existing Transfer Certificates of Title and Reconstituted Certificates of Title Covering the Banilad Friar Lands Estate, Situated in the First District of the City of Cebu," on May 9, 2007. In essence, **Republic Act No. 9443 confirmed and declared valid all existing TCTs and Reconstituted Certificates of Title duly issued by the Register of Deeds of Cebu Province and/or Cebu City covering any portion of the Banilad Friar Lands Estate.** Verily, this statute entitles Spouses Yu to the recognition that their title over the subject portion of Lot 933 is valid and subsisting. To put it otherwise, this recent legislative action sealed the fate of petitioner in its claim over the subject portion.

All told, the following facts and circumstances render petitioner's claim for injunctive relief against Spouses Yu null and void for lack of bases: (1) the incomplete expropriation of Lot 933 in view of petitioner's failure to prove payment in full of the just compensation to the original registered owners; (2) the registration under the Torrens system of the subject portion in the name of Spouses Yu, and of the relevant portions of Lot 933 in their predecessors-in-interest; (3) the patent inaction of petitioner to assert its right over the expropriated properties for over 60 years; (4) the status of Spouses Yu as innocent purchasers for value; and (5) the enactment of Republic Act No. 9443.<sup>62</sup>

Consequently, the CA correctly reversed and set aside the RTC's ruling granting petitioner's Complaint. Thus, the Court denies the present Petition for Review on *Certiorari* for petitioner's failure to show any reversible error on the part of the CA to warrant the exercise by the Court of its discretionary appellate jurisdiction.

<sup>61</sup> *Federated Realty Corporation v. Court of Appeals*, 514 Phil. 93, 106 (2005) [Per J. Tinga, Second Division].

<sup>62</sup> See *San Roque Realty and Development Corporation v. Republic*, 559 Phil. 264 (2007) [Per J. Nachura, Third Division].

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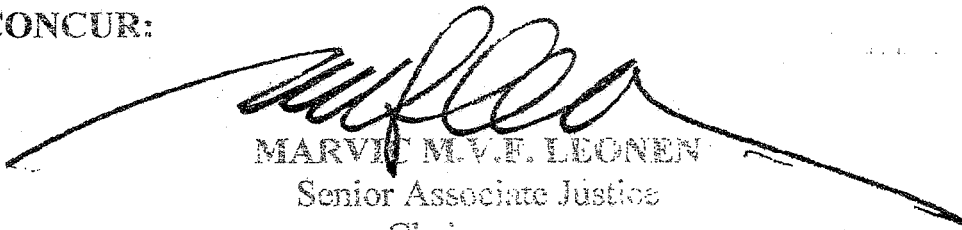
**ACCORDINGLY**, the Petition for Review on *Certiorari* is **DENIED**.  
The Decision dated July 19, 2017 and the Resolution dated May 24, 2018 of  
the Court of Appeals in CA-G.R. CV No. 03770 are hereby **AFFIRMED**.

**SO ORDERED.**

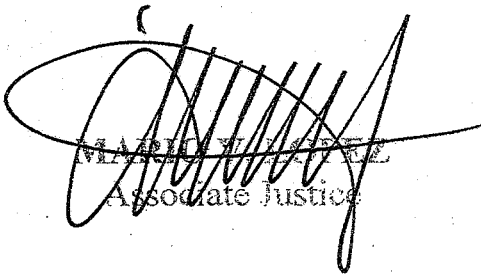


**ANTONIO T. KHO, JR.**  
Associate Justice


**WE CONCUR:**




**MARVIC M.V.F. LEONEN**  
Senior Associate Justice  
Chairperson



**MARIO Y. MATEO**  
Associate Justice




**SAMUEL H. GAERLAN**  
Associate Justice



**JOSE P. LOPEZ**  
Associate Justice

**ATTESTATION**

I attest 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.

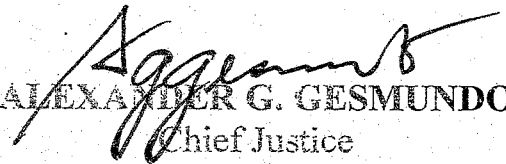


**MARVIC M.V.F. LEONEN**  
Senior Associate Justice  
Chairperson, Second Division

*File*

**CERTIFICATION**

Pursuant to Article VIII, Section 13 of the Constitution, and the Division Chairperson's Attestation, 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.

  
**ALEXANDER G. GESMUNDO**  
Chief Justice

*Handwritten mark*

