Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

ALSONS DEVELOPMENT AND INVESTMENT CORPORATION,
Petitioner,

- versus -

THE HEIRS OF ROMEO D. CONFESOR (ANGELITA, GERALDINE, ROMEO, JR., ROWENA, JULIANE, NICOLE, AND RUBYANNE, ALL SURNAMED CONFESOR), AND THE HONORABLE OFFICE OF THE PRESIDENT,
Respondents.

G.R. No. 215671

Present:

LEONARDO-DE CASTRO, *C.J.*,
Chairperson,
BERSAMIN,
DEL CASTILLO,
TIJAM, and
A. REYES, JR., *JJ.*[*]

Promulgated:

SEP 19 2018

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DECISION

TIJAM, *J.*:

Assailed in this petition for review on *certiorari*[1] under Rule 45 of the Rules of Court is the Decision[2] dated December 13, 2013 of the Court of Appeals (CA) in CA-G.R. SP No. 117707, which affirmed the Decision dated July 6, 2009 and Resolution dated December 20, 2010 of the Office of the President (OP) in O.P. Case No. 08-D-127 (DENR Case No. 8276), ordering the cancellation and revocation of the Industrial Forest Plantation Management Agreement (IFPMA) No. 21 between the Department of

[*] Designated additional Member per Raffle dated August 13, 2018 *vice* Associate Justice Francis H. Jardeleza.

[1] *Rollo*, pp. 12-42.

[2] Penned by Associate Justice Myra V. Garcia-Fernandez, concurred in by Associate Justices Magdangal M. De Leon and Victoria Isabel A. Paredes; id. at 48-73.

Environment and Natural Resources (DENR) and Alsons Development and Investment Corporation (petitioner).

Factual Antecedents

On January 15, 1996, petitioner and the DENR, through its Regional Executive Director executed a leasehold agreement, *i.e.*, IFPMA No. 21, with a term of 25 years over a parcel of land with an area of 899 hectares, more or less, located in Sitio Mabilis, Barangay San Jose, General Santos City, South Cotabato.[3]

It was alleged that petitioner's rights in IFPMA No. 21 can be traced from Ordinary Pasture Permit (OPP) No. 1475 issued to Magno Mateo (Mateo) by the Bureau of Forestry on June 23, 1953 over a pasture land located in Sitio Mabilis, Buayan, South Cotabato. On June 28, 1960, Mateo assigned his rights and interests over the covered property to Tuason Enterprises, Inc., thus, Pasture Lease Agreement (PLA) No. 61 was cancelled and PLA No. 1715 dated December 13, 1960 was issued. On March 24, 1964, Tuason Enterprises Inc. transferred its leasehold rights to petitioner, thus, PLA No. 1715 was cancelled and PLA No. 2476 was issued. On June 26, 1992, petitioner and the DENR entered into Industrial Forest Management Agreement (IFMA) No. 21 for a period of 25 years. On August 17, 1994, IFMA No. 21 was re-issued expanding the coverage area. On January 16, 1995, IFMA No. 21 was converted to IFPMA No. 21, where the coverage area was further increased. Finally, IFPMA No. 21 dated January 15, 1996 was executed.[4]

The controversy ignited when on August 15, 2005, the Heirs of Romeo D. Confesor (respondents) filed a protest docketed as RED Claim No. 008-06 against petitioner before the DENR, Region 12 of Koronadal City, praying for the cancellation of IFPMA No. 21 on the ground that the a large portion of the land subject thereof was part of the property covered by consolidated Original Certificate of Title (OCT) No. V-1344 (P-144) P-2252. Asserting ownership through their predecessor-in-interest, respondents basically argued that the DENR had no jurisdiction to enter into the said leasehold agreement because the subject property was no longer classified as a public land.[5]

Relevantly, prior to the filing of respondent's protest, the subject property was put under investigation through the Task Force *Titulong Malinis* of the Land Registration Authority (LRA), which submitted a report dated August 2, 2004, stating that there was reasonable ground to believe that OCT No. V-1344 (P-144) P-2252 is a spurious title by virtue of a letter dated July 20, 2004 by Engr. Edmund Mateo, acting chief of the LRA's Plan

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[3] Id. at 49-50.
[4] Id. at 50-51.
[5] Id. at 51-52.

Examination Section, which stated that Plan PSU-120055 is situated in San Pablo City, Laguna.[6]

The said task force's report was, however, set aside by the Department of Justice (DOJ) in its Resolution dated February 2, 2007, sustaining the validity and authenticity of OCT No. V-1344 (P-144) P-2252, finding that the said title existed in the DENR, Maganoy, Maguindanao files per certification dated July 9, 2004 of Datu Nguda P. Guiampaca, CENRO IB; that the Technical Services and Survey Records Documentation Section of the Land Management Bureau affirmed that the PSU-120055 is located in Buayan, Cotabato; and that the subject property was classified as alienable and disposable with no adverse claim of ownership except that of the registered owners.[7]

Meanwhile, the DENR conducted its own investigation on OCT No. V-1344 (P-144) P-2252 due to the boundary dispute between the coverage of the said title *vis-a-vis* that covered by IFPMA No. 21. In its report dated September 9, 2005, the DENR stated that OCT No. V-1344 (P-144) P-2252 cannot be considered spurious absent any evidence to show fraud or irregularity in the issuance thereof. However, the DENR found that while OCT No. V-1344 (P-144) P-2252 under PSU-120055 was genuine, there were segregated certificates of title under Plan PSU-117171 purportedly issued to Romeo D. Confesor, *et al.*, which were all fake and spurious as the same were not derived from OCT No. V-1344 (P-144) P-2252 under PSU-120055. On August 22, 2005, the DENR, Region 12 of Koronadal dismissed respondents' protest against IFPMA No. 21 for lack of merit.[8]

In its decision dated July 13, 2007, the DENR Secretary affirmed the regional director's findings and conclusion. It was further ruled that respondents were guilty of laches for not having raised the issue of ownership against petitioner's predecessor-in-interest.[9]

However, on appeal, the OP set aside the DENR's decision in its July 6, 2009 Decision, upholding the validity and existence of OCT No. V-1344 (P-144) P-2252 under the Torrens system. The OP ruled that any doubt on the title's authenticity should be raised in a direct attack before the regular court. Further, the OP ruled that laches does not apply to lands registered under the Torrens system. Consequently, the OP ordered the cancellation and revocation of IFPMA No. 21 insofar as respondents' property is concerned.[10]

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[6] Id. at 52-53.
[7] Id.
[8] Id. at 53-57.
[9] Id. at 57-58.
[10] Id. at 59-60.

Petitioner filed a motion for reconsideration of the OP's July 6, 2009 Decision.[11]

On October 12, 2009, the OP resolved to grant petitioner's motion for reconsideration, this time ruling that laches applies and that Sales Patent V-1836 dated May 21, 1955 was not perfected by respondents and/or their predecessor-in-interest as they failed to comply with the requirements under Section 65 of CA 141, one which is to introduce permanent improvements on the land within the prescribed period.[12]

It was then respondents' turn to file a motion for reconsideration.[13]

On December 20, 2010, the OP again reversed itself, ruling that respondents have established their ownership of the subject property, reinstating thus its July 6, 2009 Decision.[14]

On January 19, 2011, petitioner filed a Petition for Review with a Prayer for Status Quo Order before the CA, questioning the OP's July 6, 2009 Decision, manifesting that a petition for annulment of title and reversion of the land covered by OCT No. V-1344 (P-144) P-2252, among others, was filed before the Regional Trial Court (RTC) of General Santos City entitled *Republic of the Philippines, et al. v. Romeo D. Confesor, et al.*, docketed as Civil Case No. 7711, which was a direct action by the Republic, through the DENR, to nullify respondents' title for being fake and spurious.[15] Petitioner argued, thus, that in deference to the pendency of Civil Case No. 7711 before the RTC, it is more prudent for the CA to maintain the *status quo*.[16]

On January 24, 2011, petitioner filed with the CA an Urgent Motion for Issuance of a Status Quo Order or Temporary Restraining Order/Writ of Preliminary Injunction in view of the pendency of Civil Case No. 7711, arguing that the said civil case is a confirmation that the State never recognized the validity of respondents' title.[17]

On March 14, 2011, the CA in its Resolution denied the said motion for injunctive relief.[18]

Undaunted, petitioner filed a motion for reconsideration of the denial to issue injuctive relief. This was, however, not acted upon by the CA.[19]

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[11] Id. at 60-61.
[12] Id. at 61-63.
[13] Id. at 63.
[14] Id. at 63-64.
[15] Id. at 22-23 and 29-30.
[16] Id. at 29.
[17] Id.
[18] Id.
[19] Id. at 29-30.

Meanwhile, in an Order dated March 21, 2013, Civil Case No. 7711 was ordered dismissed by the RTC, without prejudice, for failure of the parties to file judicial affidavits.[20]

The CA then promulgated its assailed Decision[21] on December 13, 2013, affirming the OP's December 20, 2010 Decision. *First*, the CA ruled that the subject property is alienable and disposable, having been conceded through a free patent and registered under the Torrens system.[22] *Second*, the CA found that the evidence on record established that OCT No. V-1344 (P-144) P-2252 under PSU-120055 arising from Sales Patent No. 1836 granted to Romeo Confesor, *et al.*, is not spurious.[23] *Third*, the CA ruled that Section 38, of Act No. 496 provides only for a period of one year from the date of entry of a decree of registration to question the same.[24] In this case, the sales patent was issued to respondent's predecessor-in-interest on May 21, 1955 and thereafter consolidated OCT No. V-1344 (P-144) P-2252 was duly registered on December 21, 1956 and no question was raised regarding the same. Further, the CA noted that while it may be argued that the right of the State to demand reversion of unlawfully acquired lands of public domain cannot be barred by prescription, the same can only be done in cases of fraud and irregularity and through a direct proceeding attacking the validity of the title pursuant to Section 48 of Presidential Decree (P.D.) No. 1529. Fourth, as to the issue of laches, the CA ruled that the same does not apply considering the indefeasible character of respondent's title being registered under the Torrens system.[25]

On January 20, 2014, petitioner filed a motion for reconsideration, which was denied in the CA's assailed Resolution[26] dated November 28, 2014.[27]

In the meantime, the Republic re-filed its petition for the annulment of titles and reversion on March 26, 2014, docketed as Civil Case No. 8374 before the RTC.[28]

Hence, this petition.

Petitioner now argues that the CA erred in not considering that the herein issue of whether or not to cancel IFPMA No. 21 is dependent solely on the outcome of the petition for reversion and annulment of respondents' title pending before the RTC (Civil Case No. 8374). Also, petitioner argues that the CA erred in not upholding the finding of the DENR, the

[20] Id. at 30.
[21] Id. at 48-73.
[22] Id. at 65-68.
[23] Id. at 68-69.
[24] Id. at 69-70.
[25] Id. at 70.
[26] Id. at 30, 75-76.
[27] Id. at 30.
[28] Id. at 78-91.

administrative agency that decides whether a land may be leased or disposed of for titling, that substantial evidence exists to prove respondents' title to be fake.[29]

Issue

The primordial issue for Our resolution is whether or not the civil case for annulment of title and reversion before the RTC constitutes a prejudicial question which would operate as a bar to the action for the cancellation of IFPMA No. 21.[30]

The other issues raised, which pertain to the ownership of the subject property, are factual in nature which is beyond the scope of the instant petition. As it will be further discussed below, such issues should be properly addressed in the annulment of title and reversion case pending before the RTC.

Ruling of the Court

We find merit in the instant petition.

Generally, a prejudicial question comes into play only in a situation where a civil action and a criminal action are both pending and there exists in the former an issue which must be preemptively resolved before the criminal action may proceed because the resolution of the civil action is determinative *juris et de jure* of the guilt or innocence of the accused in the criminal case.[31] This, however, is not an ironclad rule. It is imperative that We consider the rationale behind the principle of prejudicial question, *i.e.*, to avoid two conflicting decisions.[32]

In *Abacan, Jr. v. Northwestern University, Inc.*,[33] We applied the principle of prejudicial question even when there was no criminal case involved therein. The cases involved were a case for nullification of election of directors before the Securities and Exchange Commission (SEC) and a civil case for damages and attachment before the RTC. We explained:

> Technically, there would be no prejudicial question to speak of in this case, if we are to consider the general rule that a prejudicial question comes into play in a situation where a civil action and a criminal action are both pending and there exists in the former an issue which must be preemptively resolved before the criminal action may proceed, because howsoever the issue in the civil action is resolved would be determinative *juris et de jure* of the guilt or innocence of the accused in the criminal case. **However, considering the rationale behind the principle of**

[29] Id. at 31.
[30] Id.
[31] *Abacan, Jr. v. Northwestern University, Inc.*, 495 Phil. 123, 137 (2005).
[32] *Dreamwork Construction, Inc. v. Janiola, et al.*, 609 Phil. 245, 251 (2009).
[33] 495 Phil. 123 (2005).

> **prejudicial question, being to avoid two conflicting decisions, prudence dictates that we apply the principle underlying the doctrine to the case at bar.**
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> x x x x
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> In the present case, the question of which between the Castro and the Nicolas factions are the *de jure* board of directors of NUI is lodged before the SEC. The complaint before the RTC of Laoag meanwhile alleges that petitioners, together with their co-defendants, comprised of the "Castro faction," wrongfully withdrew the amount of ₱1.4 M from the account of NUI with Metrobank. Moreover, whether or not Roy Nicolas of the "Nicolas faction" is a duly elected member of the Board of NUI and thus with capacity to institute the herein complaint in behalf of the NUI depends on the findings of the SEC in the case pending before it. It would **finally determine** whether Castro, *et al.* legally withdrew the subject amount from the bank and whether Nicolas lawfully initiated the complaint in behalf of herein respondent NUI. It is petitioners' claim, and we agree, that the presence or absence of their liability for allowing the withdrawal of ₱1.4 M from the account of NUI with Metrobank in favor of the "Castro faction" is reliant on the findings of the SEC as to which of the two factions is the *de jure* board. Since **the determination of the SEC as to which of the two factions is the *de jure* board of NUI is crucial to the resolution of the case before the RTC**, we find that the trial court should suspend its proceedings until the SEC comes out with its findings.[34] (Citations omitted and emphasis ours)

The earlier case of *Quiambao v. Hon. Osorio*,[35] also finds relevant application in the case at bar. In *Quiambao*, the case before the court was an action for forcible entry, where private respondents claimed to be the legitimate possessors of the subject property and that petitioner therein, by force, intimidation, strategy and stealth, entered into a portion thereof, placed bamboo posts, and built a house thereon. By way of affirmative defense and as a ground for the dismissal of the case, petitioner argued that the pendency of an administrative case for cancellation of Agreement to Sell before the Office of the Land Authority between the same parties and the same parcel of land, wherein petitioner disputed private respondents' right of possession over the said land by reason of the latter's default in paying the complete purchase price thereof, is determinative of private respondents' right to eject petitioner therefrom. Simply put, petitioner argued that the administrative case poses a prejudicial question which bars the judicial action until its termination.[36]

In the said case, the Court recognized the fact that the cases involved were civil and administrative in character and thus, technically, there was no prejudicial question to speak of. In ruling, however, the Court also took into consideration the apparent intimate relation between the two cases in that, the right of private respondents to eject petitioner from the subject property

[34] Id. at 137-138.
[35] 242 Phil. 41 (1988).
[36] Id. at 443

depends primarily on the resolution of the issue of whether respondents, in the first place, have the right to possess the said property, which was the issue pending in the administrative case. Relevant portions of the Court's decision in the said case are herein quoted:

> The actions involved in the case at bar being respectively civil and administrative in character, it is obvious that technically, there is no prejudicial question to speak of. Equally apparent, however, is the intimate correlation between said two [2] proceedings, stemming from the fact that the right of private respondents to eject petitioner from the disputed portion depends primarily on the resolution of the pending administrative case. For while it may be true that private respondents had prior possession of the lot in question, at the time of the institution of the ejectment case, such right of possession had been terminated, or at the very least, suspended by the cancellation by the Land Authority of the Agreement to Sell executed in their favor. Whether or not private respondents can continue to exercise their right of possession is but a necessary, logical consequence of the issue involved in the pending administrative case assailing the validity of the cancellation of the Agreement to Sell and the subsequent award of the disputed portion to petitioner. If the cancellation of the Agreement to Sell and the subsequent award to petitioner are voided, then private respondents would have every right to eject petitioner from the disputed area. Otherwise, private respondent's right of possession is lost and so would their right to eject petitioner from said portion.
>
> Faced with these distinct possibilities, the more prudent course for the trial court to have taken is to hold the ejectment proceedings in abeyance until after a determination of the administrative case. Indeed, logic and pragmatism, if not jurisprudence, dictate such move. To allow the parties to undergo trial notwithstanding the possibility of petitioner's right of possession being upheld in the pending administrative case is to needlessly require not only the parties but the court as well to expend time, effort and money in what may turn out to be a sheer exercise in futility. x x x.[37]

Here, the two cases involved are the cancellation of IFPMA No. 21 in the case at bar and the cancellation of title and reversion case before the RTC. Respondents sought the cancellation of IFPMA No. 21 upon its claim of ownership over the property subject of the said leasehold agreement, as evidenced by their certificate of title. As claiming owners, respondents maintain that the government has no right to enter into such leasehold agreement over the subject property. Thus, respondents argue that IFPMA No. 21 should be cancelled. On the other hand, petitioner cited the pending annulment of title and reversion case before the RTC, wherein the Republic claims that respondents' title is fake and spurious and as such, the subject property remains in the public domain Corollarily, the government claims that it has the right to lease or dispose of the same. Thus, it is petitioner's position that said civil case between the Republic and respondents operates as a bar to the action for cancellation of IFPMA No. 21.

[37] Id. at 445-446.

Undeniably, whether or not IFPMA No. 21 should be cancelled at the instance of the respondents is solely dependent upon the determination of whether or not respondents, in the first place, have the right over the subject property. Respondents' right in both cases is anchored upon the Transfer Certificate of Title (TCT) that they are invoking. If the RTC cancels respondents' TCT for being fake and spurious, it proceeds then that respondents do not have any right whatsoever over the subject property and thus, do not have the right to demand IFPMA No. 21's cancellation. If the RTC will rule otherwise and uphold respondents' TCT, then respondents would have every right to demand IFPMA No. 21's cancellation.

Thus, applying the wisdom laid by this Court in the case of *Quiambao*, indeed, the cancellation of the IFPMA No. 21 is the logical consequence of the determination of respondents' right over the subject property. Further, to allow the cancellation thereof at the instance of the respondents notwithstanding the possibility of finding that respondents have no right over the property subject thereof is a "sheer exercise in futility." For what happens if we, for the time being, uphold respondents' title and allow the cancellation of IFPMA No. 21 and later on in the civil case, the RTC rules to cancel respondents' TCT for being fake and spurious and reverts the property to the public domain? It would then turn out that the cancellation was not proper. That will be a clear case of conflicting decisions. On the other hand, if respondents will be proven to have a clear right over the subject property, then they can proceed to exercise every power of dominion over the same.

In fine, as the outcome of the civil case is determinative of the issue in the case at bar, by the dictates of prudence, logic, and jurisprudence, the proper recourse is to wait for the resolution of the said civil case. Certainly, at this point, delving into the issue on the propriety of IFPMA No. 21's cancellation is premature.

Every court has the inherent power to control its case disposition with economy of time and effort for itself, the counsels, as well as the litigants as long as the measures taken are in consonance with law and jurisprudence. Where the rights of parties to an action cannot be properly determined until the questions raised in another action are settled, the former should be stayed.[38]

Verily, the issue as to whether or not to uphold the factual findings of the DENR regarding the authenticity and legality of respondents' title is, precisely, better addressed at the full-blown trial in the civil case directly attacking said title pending before the RTC.

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[38] Id. at 446, citing *1 Am Jur 2d.*

WHEREFORE, premises considered, the petition is **GRANTED**. The Decision dated December 13, 2013 of the Court of Appeals in CA-G.R. SP No. 117707 is hereby **REVERSED and SET ASIDE**. Accordingly, respondents Heirs of Romeo D. Confesor's (Angelita, Geraldine, Romeo, Jr., Rowena, Juliane, Nicole, and Rubyanne, all surnamed Confesor) protest before the Department of Environment and Natural Resources is **DISMISSED** and as such, Industrial Forest Plantation Management Agreement No. 21 remains effective without prejudice to the outcome of Civil Case No. 8374 before the Regional Trial Court of General Santos City, Branch 35. The said trial court is **ORDERED** to proceed with the case with dispatch.

SO ORDERED.

NOEL GIMENEZ TIJAM
Associate Justice

WE CONCUR:

TERESITA J. LEONARDO-DE CASTRO
Chief Justice
Chairperson

LUCAS P. BERSAMIN
Associate Justice

MARIANO C. DEL CASTILLO
Associate Justice

ANDRES B. REYES, JR.
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.

Teresita Leonardo de Castro

TERESITA J. LEONARDO-DE CASTRO
Chief Justice