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FIRST DIVISION

[G.R. No. 240047; May 14, 2021]

AUTHORITY OF THE FREEPORT AREA OF BATAAN, *Petitioner*, *v.* **F.F. CRUZ & CO., INC.,** *Respondent*.

D E C I S I O N

GAERLAN, *J.*:

This is a petition for review on *certiorari*[1] seeking to annul and set aside the Amended Decision[2] dated June 7, 2018 of the Court of Appeals (CA) in CA-G.R. SP No. 146039. The CA granted the Motion for Reconsideration filed by respondent F.F. Cruz & Company, Inc. (FFCCI) and reversed its Decision[3] dated July 7, 2017. Its previous Decision affirmed the Order[4] dated December 21, 2015 and Order[5] dated March 30, 2016 of the Regional Trial Court (RTC) of Mariveles, Bataan, Branch 4, in Civil Case No. 1066-ML which denied FFCCI's Motion to Dismiss.

The Antecedent Facts

On June 21, 1969, Republic Act (R.A.) No. 5490 was enacted which established the town of Mariveles, Bataan as a principal port of entry and Foreign Trade Zone under the management of the Foreign Trade Zone Authority (FTZA).

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[1] *Rollo*, pp. 9-39.

[2] Id. at 48-64; penned by Associate Justice Ricardo R. Rosario (now a member of this Court) with Associate Justices Eduardo B. Peralta, Jr., Maria Elisa Sempio Diy and Marie Christine Azcarraga-Jacob concurring, and Associate Justice Edwin D. Sorongon dissenting.

[3] Id. at 69-78; penned by Associate Justice Edwin D. Sorongon with Associate Justices Ricardo R. Rosario (now a member of this court) and Maria Elisa Sempio-Diy concurring.

[4] Id. at 174-178; penned by Presiding Judge Emmanuel A. Silva.

[5] Id. at 200.

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On August 31, 1971, former President Ferdinand E. Marcos issued Proclamation No. 899[6] which reserved parcels of land with an area of 497.034 hectares, more or less, located in Mariveles, Bataan, for quarry site purposes under the Foreign Trade Zone. Similarly, Proclamation No. 939[7] was issued on December 10, 1971 which reserved additional parcels of land with an area of 267.69 hectares in Mariveles, Bataan, for Foreign Trade Zone purposes.

On November 20, 1972, Presidential Decree (P.D.) No. 66[8] was issued which created the Export Processing Zone Authority (EPZA).The EPZA took over the functions of FTZA and assumed ownership over its properties, monies, assets, rights, choses in action, obligations, liabilities, records, and contracts.[9]

The EPZA was eventually converted into the Philippine Economic Zone Authority (PEZA) through the enactment of R.A. No. 7916, known as "The Special Economic Zone Act of 1995." Executive Order No. 282 was issued on October 30, 1995, which ordered the PEZA to assume all of EPZA's powers and functions, and take over its funds, unexpended appropriations, properties, equipment, assets, records, chosen in action, and other rights under its control and supervision.[10]

On July 27, 2009, R.A. No. 9728, the "Freeport Area of Bataan, Act of 2009," was enacted. The Bataan Economic Zone in Mariveles, Bataan, was converted into a special economic zone and freeport to be known as the Freeport Area of Bataan (FAB).[11] The Authority of the Freeport Area of Bataan (AFAB) was also created to manage and operate the FAB.[12] All properties,

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[6] Id. at 86.

[7] Id. at 87.

[8] Id. at 88-103.

[9] Presidential Decree No. 66, Sections 24 and 29.

[10] Executive Order No. 282, Sections 1 and 2.

[11] Republic Act No. 9728, Section 3.

[12] Id., Section 11.

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assets, funds, rights, obligations, and liabilities of the PEZA in the Bataan Economic Zone were transferred to AFAB.[13]

Pursuant to its mandate, AFAB proceeded to transfer titles over real properties owned by PEZA in Mariveles, Bataan under its own name. However, in the process of surveying and inspecting the real properties, it discovered that several parcels of land which were reserved under Proclamation Nos. 899 and 939 were erroneously registered under the name of FFCCI (Subject Properties).

Consequently, AFAB, through the Office of the Government Corporate Counsel (OGCC) as its counsel, filed an Amended Complaint[14] for Declaration of Nullity and Cancellation of Title (Complaint) against FFCCI to regain title over the Subject Properties. AFAB's Amended Complaint summarized its findings and relief sought as follows:

> 12. To fully accomplish the objectives of the above provision, the AFAB recently initiated the process of transferring the titles over all real estate properties from PEZA to AFAB's name.
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> 13. During the process of conducting a survey and inspecting all its properties, including all the parcels of lands covered by Proclamations 899 and 939, which PEZA transferred to it, the AFAB discovered that certain contiguous parcels of its landholdings covered by Proclamations 899 and 939 are registered in FFCCI's name, as follows:
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> a. TCT No. T-144045 with an area of 31,353 sq. m. more or less.
> b. TCT No. T-144046 with an area of 10,000 sq. m. more or less.
> c. TCT No. T-144047 with an area of 50,007 sq. m. more or less.
> d. TCT No. T-144225 with an area of 39,997 sq. m. more or less.
> e. TCT No. T-144226 with an area of 20,000 sq. m. more or less.
>
> These TCTs were all issued in FFCCI's name by the Bataan Registry of Deeds.
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> 14. FFCCI's title over the property would readily show that the abovementioned TCTs were derived from Original Certificate of Title (OCT) 234 which was issued on 28 December 1972.

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[13] Id., Section 28.

[14] *Rollo*, pp. 106-111.

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15. Proclamation[s] 899 and 939 effectively withdrew from sale or any form of disposition the lands described [therein] for foreign trade zone purposes. Their classification as reserve areas for foreign trade zone purposes remains as such until, by presidential fiat or congressional act, they are released from such classification and declared open to disposition.

16. Thus, when OCT 234 was issued in 1972, the land covered by it was already inalienable and indisposable. Hence, its subsequent issuance was null and void.

17. It is a jurisprudential rule that any title issued covering inalienable lots even in the hands of an alleged innocent purchaser for value shall be cancelled.

18. FFCCI, being a successor in interest, cannot acquire a better title than its predecessor pursuant to the basic principle that a spring cannot rise higher than its source.

RELIEF

ACCORDINGLY, AFAB respectfully asks the Honorable Court that after due proceedings, it issues an Order:

a. Declaring OCT 234 and the corresponding TCTs T-144045, T-144046, T-144047, T-144225 and T-144226 as *NULL* and *VOID* and ordering FFCCI to reconvey and surrender possession over the subject property to AFAB.

b. Ordering the Bataan Register of Deeds to cancel T-144045, T-144046, T-144047, T-144225 and T-144226.

Other equitable reliefs are likewise asked for.[15]

Instead of filing an Answer, FFCCI filed a Motion to Dismiss[16] the Amended Complaint based on the following grounds:

I.

The *AMENDED COMPLAINT* FAILS TO STATE A CAUSE OF ACTION IN THAT AFAB FAILS TO IDENTIFY ITS LEGAL RIGHT, WHICH WAS VIOLATED, AND THE CORRESPONDING OBLIGATION ON THE PART OF FFCCI, WHICH IT FAILED TO PERFORM.

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[15] Id. at 108-110.

[16] Id. at 132-144.

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A. REPUBLIC ACT NO. 5490, WHICH SERVES AS THE BASIS OF AFAB'S CLAIMS OVER FFCCI'S PROPERTIES, IS BEREFT OF CLEAR DEMARCATIONS TO CLEARLY DELINEATE, IDENTIFY, AND DISTINGUISH WHAT AFAB CLAIMS IS ITS TERRITORY.

B. THE *AMENDED COMPLAINT* STATES NEITHER AFAB'S LEGAL BASES FOR AN ACTION TO ANNUL FFCCI'S TITLES NOR ASK FOR REVERSION OF THE PROPERTIES COVERED BY THEM.

II.

THE COMPLAINT IS IN THE NATURE OF EXPROPRIATION, WHICH AFAB IS NOT EMPOWERED TO UNDERTAKE.

III.

FFCCI, A BUYER IN GOOD FAITH, IS ENTITLED TO THE PROTECTION OF THE LAW. ITS TORRENS TITLE IS INDEFEASIBLE.

IV.

BASED ON THE PRINCIPLE OF *RES JUDICATA*, FFCCI, A HOLDER OF A TORRENS TITLE, IS ENTITLED TO THE GENERALLY CONCLUSIVE EVIDENCE OF OWNERSHIP OF THE LAND REFERRED TO IN ITS TORRENS TITLES.

V.

THE FILING OF THE *COMPLAINT* AND *AMENDED COMPLAINT* IS BARRED BY PRESCRIPTION AND LACHES.

VI.

THE *AMENDED COMPLAINT* WAS FILED WITHOUT THE CORRESPONDING REQUISITE FILING FEES PAID IN FULL.[17]

AFAB filed its Comment/Opposition[18] to the Motion to Dismiss alleging that its Amended Complaint sufficiently stated a cause of action. Contrary to FFCCI's claim, it adequately provided the demarcations of its territory through the copies of Proclamation

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[17] Id. at 132-133.

[18] Id. at 145-154.

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Nos. 899 and 939 attached to the Amended Complaint. The Amended Complaint also cannot be considered as a complaint for expropriation because the Subject Properties involved are not private lands but lands of the public domain.

It further argued that FFCCI cannot be considered a buyer in good faith with protection under the Torrens system. The Transfer Certificates of Title (TCTs) covering the Subject Properties were issued contrary to law and it is settled that ignorance of the law excuses no one. The protection granted to registered landowners cannot be applied if the lands involved belong to the public domain.

Finally, it was claimed that prescription and laches cannot lie against the State. AFAB, as a government instrumentality, is likewise exempt from paying legal fees pursuant to Section 22, Rule 141 of the Rules of Court.

FFCCI filed a Reply[19] to the Comment/Opposition insisting that the Amended Complaint failed to state a cause of action since the territorial boundaries of the lands allegedly belonging to AFAB were not sufficiently identified. Although a copy of Proclamation No. 899 was attached, it did not include the plan referred therein containing the technical descriptions of the lands.

It additionally claimed that AFAB had no cause of action because it was not the real party in interest in the case. If the Subject Properties were part of the public domain, these would belong to the State and not AFAB. The case would be one for reversion which could only be instituted by the Office of the Solicitor General (OSG) on behalf of the State. AFAB and the OGCC thus had no standing to institute the reversion proceedings.

AFAB filed a Rejoinder[20] arguing that the details of the lot plan providing the technical descriptions of the lands under Proclamation Nos. 899 and 939 are not ultimate facts required to be alleged in full detail in the Amended Complaint.

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[19] Id. at 155-163.

[20] Id. at 166-172.

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These are evidentiary matters which should be properly presented and proved during trial.

Moreover, the case filed is not one for reversion since the Subject Properties belonged to AFAB pursuant to R.A. No. 9728 and not to the State. AFAB is therefore the legal owner and real party in interest. It is a government instrumentality expressly endowed with the power to sue and to acquire and sell property without the State's prior authority.

Lastly, it claimed that FFCCI in its Reply violated the Omnibus Motion Rule under Section 8, Rule 15 of the Rules of Court when it alleged new arguments (*i.e.*, AFAB not being the real party in interest to institute the case; insufficient delineation of AFAB's territorial boundaries) which should no longer be considered.

RTC Ruling

The RTC issued its Order[21] dated December 21, 2015 denying FFCCI's Motion to Dismiss:

> WHEREFORE, and for lack of merit, the Motion [to] Dismiss filed by the defendant F.F. Cruz & Company, Inc. is hereby denied.
>
> SO ORDERED.[22]

It held that AFAB's Amended Complaint sufficiently stated a cause of action and that FFCCI's claim that AFAB did not clearly identify its territorial boundaries involves evidentiary matters which must be threshed out in trial. The case is also not one of expropriation since it involves inalienable lands of the public domain owned by AFAB and not private lands. For the same reason, the theory of a buyer in good faith cannot apply to protect FFCCI.[23]

FFCCI's defense of *res judicata* was denied because the previous court which ordered the issuance of Original Certificate of Title (OCT) No. 234, upon which FFCCI's TCTs were derived,

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[21] Id. at 174-178.

[22] Id. at 178.

[23] Id. at 177.

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did not have jurisdiction to issue such order. It was also affirmed that prescription cannot lie against the State in this case.

Aggrieved, FFCCI filed a Motion for Reconsideration[24] to which AFAB filed a Comment/Opposition.[25]

The RTC issued its Order[26] dated March 30, 2016 denying FFCCI's Motion for Reconsideration and affirming the denial of its Motion to Dismiss:

> WHEREFORE, the Court after carefully considering the respective arguments set forth by both parties, and it appearing that the grounds raised by defendant F.F. Cruz and Company, Inc. ("FFCCI") are mere rehash of the arguments previously raised and had been passed upon by the Court in its questioned Order, and that the Court finding no cogent and valid reason to warrant the reconsideration of its ruling, the Motion for Reconsideration (of the Order dated 21 December 2015) filed by defendant F.F. Cruz and Company, Inc. ("FFCCI"), is hereby DENIED.
>
> SO ORDERED.

FFCCI filed a Petition for *Certiorari*[27] with the CA assailing the RTC Orders based on the following arguments:

> 26.1. Only allegations of fact in a complaint are subject to the rule on hypothetical admission in a motion to dismiss.
>
> 26.2. The Trial Judge, in resolving the *Motion to Dismiss*, erroneously accepted the allegation "that the involved parcels of land are inalienable and indisposable land of public domain" as hypothetically admitted.
>
> 26.3. The object of the *Amended Complaint*, which pertains to parcels of land, is unidentifiable and immeasurable because the technical descriptions do not make out a segregated parcel of land, and Private Respondent AFAB does not deny this. The Land Management Bureau has certified that some of the boundaries indicated in the technical descriptions have no available records in their office, and Private Respondent AFAB does not dispute this.

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[24] Id. at 179-189.

[25] Id. at 191-198.

[26] Id. at 200.

[27] Id. at 201-231.

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26.4. If the object of the *Amended Complaint* is not identified or described, the cause of action is insufficiently stated.

26.5. There is no allegation in the *Amended Complaint* that Petitioner's properties are within the parcels of land supposedly owned by Private Respondent AFAB. There is also no allegation that the Petitioner's properties encroach the parcels of land supposedly owned by Private Respondent AFAB. Therefore, Private Respondent AFAB's alleged right over the Petitioner's properties is not established.

26.6. The *Amended Complaint* only states that Petitioner's properties are contiguous to Private Respondent AFAB's property. Such an allegation about contiguity does not assert a right based on law or contract. Thus, the *Amended Complaint* does not state a cause of action.

26.7. Petitioner's titles were issued pursuant to a judicial decision and, thus, as a matter of law, Petitioner's properties are covered by the principle of *res judicata*.

26.8. Petitioner's titles cannot be collaterally attacked, and the judicial decision from which Petitioner's titles were derived may only be reversed by a proper action to annul judgment.

26.9. The action to annul judgment is now prescribed.[28]

AFAB filed a Comment[29] to the Petition for *Certiorari*, to which FFCCI filed a Reply.[30]

The parties thereafter filed their respective Memoranda.[31]

CA Ruling

The CA rendered its Decision[32] dated July 7, 2017 initially denying FFCCI's Petition for *Certiorari* and affirming the RTC Orders:

WHEREFORE, in view of the foregoing discussion, the present Petition is DENIED. The December 21, 2015 Decision and March 30,

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[28] Id. at 211-212.

[29] Id. at 232-242.

[30] Id. at 243-255.

[31] Id. at 256-272, 273-307.

[32] Id. at 69-78.

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2016 Order of the RTC of Mariveles, Bataan, Branch 4, in *Civil Case No. 1066-ML* are hereby AFFIRMED.

SO ORDERED.[33]

The CA affirmed that the technical descriptions of AFAB's lands provided in Proclamation Nos. 899 and 939 are evidentiary matters which are best determined during trial. A perusal of the Amended Complaint shows that it sufficiently alleged the ultimate facts necessary for the court to render judgment.

However, the CA agreed that the RTC erred in hypothetically admitting that the Subject Properties were inalienable and indisposable lands of the public domain. Nevertheless, it noted that this involved an error of judgment which is not the proper subject of a petition for *certiorari*. It is only reasonable that the parties should proceed to trial to determine their respective rights and obligations.

FFCCI filed a Motion for Reconsideration[34] and Supplement to the Motion for Reconsideration[35] of the CA Decision. It essentially reiterated its argument that the Amended Complaint failed to state a cause of action since it did not sufficiently identify and delineate the boundaries of the lands owned by AFAB.

It subsequently filed a Supplement to the Motion for Reconsideration where it reiterated its previous arguments that (1) the RTC erred in hypothetically admitting the status of the Subject Properties as inalienable and indisposable lands of the public domain; (2) the RTC erred in not appreciating *res judicata* as a defense; and (3) the Amended Complaint only alleged that the Subject Properties were "contiguous" to AFAB's lands, which is insufficient to support a cause of action absent an allegation of encroachment, overlap, or about one land being circumscribed by the other.

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[33] Id. at 78.

[34] Id. at 308-319.

[35] Id. at 348-355.

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The CA rendered its Amended Decision[36] dated June 7, 2018 granting the Motion for Reconsideration and reversing its prior Decision. It effectively dismissed AFAB's Amended Complaint:

> WHEREFORE, premises considered, petitioner's Motion for Reconsideration is hereby GRANTED. Civil Case No. 1066-ML, entitled *Authority of the Freeport Area of Bataan (AFAB), represented by Deogracias G.P. Custodio, Chairman and Administrator vs. F.F. Cruz & Company, Inc. and Register of Deeds of Balanga, Bataan*, is hereby ordered DISMISSED.
>
> SO ORDERED.

The CA summarized the following grounds for its grant of FFCCI's Motion for Reconsideration:

1. The Complaint failed to state a cause of action.
2. The RTC had no jurisdiction over the Amended Complaint which prays for the nullification of OCT No. 234. This would entail the nullification of the prior CFI (RTC) decision that ordered the issuance of the OCT which is a case properly within the jurisdiction of the CA.
3. The Amended Complaint, although denominated as one for Nullification of Title, ultimately seeks the reversion of privately held land to inalienable land of the public domain which is an action that can be brought only by the State through the OSG.[37]

Hence, AFAB filed the instant petition for review[38] with this Court raising the following issues:

A. WHETHER UNDER THE CIRCUMSTANCES THE SPECIAL CIVIL ACTION FOR *CERTIORARI* UNDER RULE 65 THAT FFCCI AVAILED OF TO QUESTION THE RTC'S ORDER DENYING FFCCI'S MOTION TO DISMISS AMENDED COMPLAINT IS PROPER.

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[36] Id. at 48-64.

[37] Id. at 48-49.

[38] Id. at 9-39.

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B. WHETHER THE CA GRAVELY ERRED WHEN IT AMENDED ITS ORIGINAL DECISION THAT HAS BECOME FINAL AND EXECUTORY.

C. WHETHER THE CA GRAVELY ERRED WHEN IT RULED THAT AFAB'S AMENDED COMPLAINT FAILS TO STATE A CAUSE OF ACTION.

D. WHETHER THE CA GRAVELY ERRED WHEN IT *MOTU PROPRIO* DECIDED A QUESTION NOT RAISED BY FFCCI IN ITS PLEADINGS.

E. WHETHER THE CA GRAVELY ERRED WHEN IT RULED THE ACTION BEFORE THE RTC IS ONE OF REVERSION THAT MAY BE BROUGHT ONLY BY THE STATE THROUGH THE OFFICE OF THE SOLICITOR GENERAL.

F. WHETHER THE CA GRAVELY ERRED WHEN IT RULED THAT THE RTC HAS NO JURISDICTION OVER THE CASE.

FFCCI filed a Comment[39] to the petition, to which AFAB filed a Reply.[40] The case was thereafter submitted for resolution.

Issue

The issue in this case is whether or not the CA committed reversible error in setting aside its previous Decision and granting FFCCI's Motion to Dismiss.

Ruling of the Court

The petition is denied.

The State is the Real Party in Interest to Institute an Action for Reversion of the Subject Properties.

An action for reversion is instituted to cancel or annul a certificate of title and revert public land to the State.[41] It was held in *Republic v. Guerrero*[42] that reversion is the proper remedy "in

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[39] Id. at 365-391.

[40] Id. at 398-418.

[41] *Cawis v. Hon. Cerilles*, 632 Phil. 367, 375 (2010).

[42] 520 Phil. 296, 314 (2006).

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cases of fraudulent or unlawful inclusion of the land in patents or certificates of title." In *Republic v. Hachero*[43] citing *Republic v. Mangotara*[44] an action for reversion was extended to unlawful grants of land titles done by mistake or oversight.

Section 101 of the Public Land Act provides that actions for reversion may be instituted only by the OSG in the name of the Republic of the Philippines:

> SEC. 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.

This was applied in *Alvarico v. Sola*[45] and *Cawis v. Hon. Cerilles*[46] where it was held that only the State, through the OSG, can institute actions of reversion. It elucidated that since the assailed title originated from a grant by the government, its cancellation is necessarily a matter between the grantor and the grantee.

In cases of reversion of public lands owned by government instrumentalities, the doctrine established in *Republic v. Heirs of Ma. Teresita Bernabe*[47] *(Heirs of Bernabe)* is controlling. The Court in this case pronounced that the State remains the real party in interest to institute reversion proceedings involving lands owned by government instrumentalities.

In *Heirs of Bernabe*, the involved lands titled under Ma. Teresita E. Bernabe (Bernabe) in the province of Pampanga were said to be part of the lands reserved for military purposes through a Proclamation by Governor General of the Philippines James F. Smith. These lands were located in the United States Military Reservation and eventually became part of the Clark Air Force

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[43] 785 Phil. 784, 795 (2016).

[44] 638 Phil. 353, 461 (2010).

[45] 432 Phil. 792, 800 (2002).

[46] Supra.

[47] G.R. No. 237663, October 6, 2020.

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Base. The State claimed that these lands were never released as alienable and disposable. These have been lands of the public domain since the issuance of the Proclamation and now under the jurisdiction of the Bases Conversion and Development Authority (BCDA). However, sometime in 1968, a certain Francisco Garcia was able to register these lands under the Torrens System which led to the issuance of an OCT, from which Bernabe's TCTs were eventually derived.

Hence, the State, through the OSG, filed a Complaint for Cancellation of Title and Reversion (Reversion Complaint) to recover the lands. Atty. Arnel Paciano D. Casanova, President and Chief Executive Officer of the BCDA, signed its attached Verification and Certification of Non-Forum Shopping.

In response, a Motion to Dismiss the Reversion Complaint was filed on the ground that "the Republic never renounced its ownership over the Clark Air Force Base, hence, the proper party to initiate a case for reversion is the Director of Lands. The instant complaint for cancellation of title and reversion, not being initiated by the Director of Lands, should be dismissed."[48] Assuming also that BCDA is the proper party, the Complaint should still be dismissed on the procedural defect that there is no showing that Atty. Casanova was authorized by the BCDA Board of Directors to sign the Verification and Certification Against Forum Shopping.

The RTC, affirmed by the CA, granted the Motion to Dismiss the Reversion Complaint, without prejudice to the filing of an appropriate action by the BCDA. It ruled that BCDA was the real party in interest and, applying the ruling in *Shipside, Incorporated v. Court of Appeals*,[49] held:

> [T]he Republic is not the real party in interest because, from the allegations of the Republic's Second Amended Complaint, the subject property being located inside the Fort Stotsenburg Military Reservation, which is presently known as Clark Air Base, is under the direct control and ownership of the BCDA pursuant to Proclamation No. 163, series of

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[48] Id.

[49] 404 Phil. 981 (2001).

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1993. Thus, according to the CA, the BCDA, by virtue of its ownership over the subject property, is the party which stands to be benefited or injured by the verdict in the instant case, and, being the real party in interest, the instant case for reversion and cancellation of title must be lodged in its name as the plaintiff. x x x[50] (Citations omitted)

However, the Court sitting *en banc* reversed the CA and ultimately overturned the doctrine in *Shipside, Incorporated*.

The Court in *Heirs of Bernabe* applied the parameters established in *Manila International Airport Authority v. Court of Appeals*,[51] affirmed in *Bases Conversion and Development Authority v. Commissioner of Internal Revenue*,[52] to first conclude that BCDA is a government instrumentality vested with corporate powers, and not a Government Owned or Controlled Corporation (GOCC). As a government instrumentality, it held that BCDA was a mere trustee of the State over the lands transferred to it. The issuance of certificates of title under BCDA's name was not intended to transfer beneficial ownership over the lands to it from the State. Consequently, the State, being the beneficial owner of the lands, is the real party in interest to file the Reversion Complaint. The Court pertinently elucidated:

> In *Manila International Airport Authority*, the Court held that MIAA is a mere trustee of the Republic and the Republic retained beneficial ownership of the Airport Lands and Buildings that were transferred from the Bureau of Air Transportation to MIAA, *viz.*:
>
> c. MIAA is a Mere Trustee of the Republic
>
> MIAA is merely holding title to the Airport Lands and Buildings in trust for the Republic. Section 48, Chapter 12, Book I of the Administrative Code allows instrumentalities like MIAA to hold title to real properties owned by the Republic, thus:
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> SEC. 48. *Official Authorized to Convey Real Property*.— Whenever real properly of the Government is authorized

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[50] *Republic v. Heirs of Ma. Teresita Bernabe*, supra note 47.

[51] 528 Phil. 181 (2006).

[52] G.R. No. 205925, June 20, 2018.

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by law to be conveyed, the deed of conveyance shall be executed in behalf of the government by the following:

(1) For property belonging to and titled in the name of the Republic of the Philippines, by the President, unless the authority therefor is expressly vested by law in another officer.

(2) **For property belonging to the Republic of the Philippines but titled in the name of any political subdivision or of any corporate agency or instrumentality, by the executive head of the agency or instrumentality**.
x x x

In MIAA's case, its status as a mere trustee of the Airport Lands and Buildings is clearer because even its executive head cannot sign the deed of conveyance on behalf of the Republic.

Only the President of the Republic can sign such deed of conveyance.

d. Transfer to MIAA was Meant to Implement a Reorganization

The MIAA Charter, which is a law, transferred to MIAA the title to the Airport Lands and Buildings from the Bureau of Air Transportation of the Department of Transportation and Communications. The MIAA Charter provides:

SECTION 3. Creation of the Manila International Airport Authority. — x x x

The land where the Airport is presently located as well as the surrounding land area of approximately six hundred hectares, are hereby transferred, conveyed and assigned to the ownership and administration of the Authority subject to existing rights, if any. x x x Any portion thereof shall not be disposed through sale or through any other mode unless specifically approved by the President of the Philippines. x x x

x x x x

The transfer of the Airport Lands and Buildings from the Bureau of Air Transportation to MIAA was not meant to transfer beneficial ownership of these assets from the Republic to MIAA. The purpose was merely to reorganize a division in the Bureau of Air Transportation into a separate autonomous body. The Republic remains the beneficial owner of the Airport Lands and

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> Buildings. MIAA itself is owned solely by the Republic. No party claims any ownership rights over MIAA's assets adverse to the Republic.
>
> The MIAA Charter expressly provides that the Airport Lands and Buildings "shall not be disposed through sale or through any other mode unless specifically approved by the President of the Philippines." This only means that the Republic retained the beneficial ownership of the Airport Lands and Buildings because under Article 428 of the Civil Code, only the "owner has the right to x x x dispose of a thing." Since MIAA cannot dispose of the Airport Lands and Buildings, MIAA does not own the Airport Lands and Buildings. x x x

In *Government Service Insurance System v. City Treasurer of the City of Manila*, the Court, applying the doctrine in *Manila International Airport Authority*, held that the Government Service Insurance System (GSIS), similar to MIAA, is an instrumentality of the National Government whose properties are owned by the Republic, *viz.*:

> x x x [T]he subject properties under GSIS's name are likewise owned by the Republic. The GSIS is but a **mere trustee** of the subject properties which have either been ceded to it by the Government or acquired for the enhancement of the system. This particular property arrangement is clearly shown by the fact that the **disposal or conveyance of said subject properties are either done by or through the authority of the President**.x x x

In consonance with the aforequoted pronouncements of the Court, the Court holds, in the words of *Manila International Airport Authority*, that the BCDA is a mere trustee of the Republic. The transfer of the military reservations and other properties — the CAB Lands — from the CSEZ to the BCDA was not meant to transfer the beneficial ownership of these assets from the Republic to the BCDA. The purpose was merely to establish the BCDA as the governing body of the CSEZ.

Given that the BCDA itself is owned solely by the Republic and that R.A. 7227, the law creating the BCDA, provides that "[w]ith respect to the military reservations and their extensions, the President upon recommendation of the [BCDA] x x x shall likewise be authorized to sell or dispose those portions of lands which the [BCDA] x x x may find essential for the development of [its] projects," then it is the Republic that has retained the beneficial ownership of the CAB Lands pursuant to Article 428 of the Civil Code, which provides that only the owner has

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the right to dispose of a thing. Since the BCDA cannot dispose of the CAB Lands, the BCDA does not own the military reservations and their extensions, including the CAB Lands, that were transferred to it.

The BCDA's status as a mere trustee of the CAB Lands is made obvious by the fact that under the law creating it, its executive head cannot even sign the deed of conveyance on behalf of the Republic and only the President of the Republic is authorized to sign such deed of conveyance, which is a recognition that the property being disposed of belongs to the Republic pursuant to Section 48, Chapter 12, Book I of the Administrative Code, which provides:

> SECTION 48. *Official Authorized to Convey Real Property*.— Whenever real property of the Government is authorized by law to be conveyed, the deed of conveyance shall be executed in behalf of the government by the following:
>
> (1) For property belonging to and titled in the name of the Republic of the Philippines, by the President, unless the authority therefor is expressly vested by law in another officer;
>
> (2) For property belonging to the Republic of the Philippines but titled in the name of any political subdivision or of any corporate agency or instrumentality, by the executive head of the agency or instrumentality.

Thus, the pronouncement of the Court in *Shipside, Incorporated* that with respect to the transfer of Camp Wallace to the BCDA, "the government no longer has a right or interest to protect[, the BCDA being] the owner of the areas covered by Camp Wallace" no longer holds true in light of the Court's ruling in *Manila International Airport Authority* on the **beneficial ownership of the Republic and the government instrumentality to which certain government assets have been transferred being regarded as mere trustee thereof when the right of disposition by the government instrumentality of such assets has been withheld**, and the subsequent cases that reiterated the said ruling.

Being the beneficial owner of the CAB Lands, the Republic is the real party in interest in this case.

With these pronouncements, the Court now abandons its ruling in *Shipside, Incorporated* that the Republic is not the real party in interest in cases involving the title to and ownership of the military reservations and their extensions, including the CAB Lands and Camp Wallace, transferred to the BCDA. Henceforth, in cases involving the title to and ownership of

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the military reservations and their extensions, including the CAB Lands and Camp Wallace, transferred to the BCDA, the Republic, being the beneficial owner, is the real party in interest and not the BCDA.

x x x x

Being one for reversion, the action should indeed be instituted by the OSG on behalf of the Republic pursuant to Section 101 of Commonwealth Act No. 141, as amended, or the Public Land Act, which provides: "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." The Court interpreted this provision in *Republic v. Mangotara* in this wise:

> Clear from the aforequoted provision that the authority to institute an action for reversion, on behalf of the Republic, is primarily conferred upon the OSG. While the OSG, for most of the time, will file an action for reversion upon the request or recommendation of the Director of Lands, there is no basis for saying that the former is absolutely bound or dependent on the latter.

It must be recalled that the authority of the Director of Lands is limited to those disposable lands of public domain which have been proclaimed to be subject to disposition under the Public Land Act or Commonwealth Act No. 141. In the present case, the CAB Lands have been transferred to the BCDA as the trustee thereof and, thus, the Director of Lands can no longer be deemed the administrator of the CAB Lands on the assumption that they have already been proclaimed as disposable lands of public domain.[53] (Emphasis and underscoring supplied, citations omitted).

Guided by the foregoing, the CA did not commit reversible error in granting FFCCI's Motion to Dismiss on the ground that AFAB is not the real party in interest.

At the outset, We affirm the CA's ruling that the instant case is for reversion.[54] AFAB claims that the Subject Properties are lands of the public domain reserved by Proclamation Nos. 899 and 939 and part of the FAB. Hence, FFCCI's TCTs over the Subject Properties were acquired unlawfully and the result of

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[53] *Republic v. Heirs of Ma. Teresita Bernabe*, supra note 47.

[54] *Rollo*, pp. 62-63.

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possible fraud, misrepresentation, mistake, or oversight. AFAB therefore seeks judicial relief to nullify FFCCI's TCTs and revert the Subject Properties to the State. These factual assertions and relief sought evidently substantiate an action for reversion.[55]

Moreover, AFAB is notably a government instrumentality in accordance with its definition under the Administrative Code[56] which is "any agency of the National Government, not integrated within the department framework, vested with special functions or jurisdiction by law, endowed with some if not all corporate powers, administering special funds, and enjoying operational autonomy, usually through a charter."[57]

AFAB is not a GOCC which must be organized either as a stock or non-stock corporation.[58] A non-stock corporation under the Revised Corporation Code is "one where no part of its income is distributable as dividends to its members, trustees, or officers."[59] It may be "formed or organized for charitable, religious, educational, professional, cultural, fraternal, literary, scientific, social, civic service, or similar purposes, like trade industry, agricultural and like chambers, or any combination thereof."[60] AFAB does not qualify under this definition which requires the existence of members that it does not have. It is also not organized for any of the enumerated purposes under the law but is a body corporate created to manage and operate the FAB under the control and supervision of the Office of the President of the Philippines for policy direction and coordination.[61]

AFAB is likewise not a stock corporation defined as "those which have capital stock divided into shares and are authorized to

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[55] *See Republic v. Guerrero*, supra note 42; *Republic v. Hachero*, supra note 43.

[56] E.O. No. 292, otherwise known as the "Administrative Code of 1987."

[57] Id., Section 2(10).

[58] Id., Section 2(13).

[59] R.A. No. 11232, Article 86.

[60] Id., Article 87.

[61] R.A. No. 9728, Sections 11 and 22.

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distribute to the holders of such shares, dividends, or allotments of the surplus profits on the basis of the shares held."[62] Although AFAB has authorized capital stock, it does not have voting shares and its Board has no authority to distribute any dividends to shareholders.

Hence, AFAB is not a GOCC, but a government instrumentality vested with corporate powers to enable it to perform its governmental functions. The Court in *Manila International Airport Authority*[63] explained that "[w]hen the law vests in a government instrumentality corporate powers, the instrumentality does not become a corporation. Unless the government instrumentality is organized as a stock or non-stock corporation, it remains a government instrumentality exercising not only governmental but also corporate powers." Further, "when the law makes a government instrumentality operationally autonomous, the instrumentality remains part of the National Government machinery although not integrated with the department framework." These pronouncements apply squarely to AFAB which was intended to be decentralized to develop the FAB as self-reliant and self-sustaining,[64] but nevertheless attached to the Office of the President of the Philippines.[65]

Having established that AFAB is a government instrumentality, it follows that the State remains the beneficial owner of the lands owned by it pursuant to *Heirs of Bernabe*.This is further supported by Our ruling in *City of Lapu-Lapu and Province of Bataan v. Philippine Economic Zone Authority*[66] which dealt with the classification of the lands located in the Bataan Economic Zone (now the FAB)[67] for purposes of determining real property tax liability.

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[62] R.A. No. 11232, Section 3.

[63] *Manila International Airport Authority v. Court of Appeals*, supra note 51 at 212-213.

[64] R.A. No. 9728, Section 4.

[65] Id., Section 22.

[66] 748 Phil. 473 (2014).

[67] R.A. No. 9728, Section 3.

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In *City of Lapu-Lapu* the Court recognized that the lands located within the Bataan Economic Zone (now FAB) form part of a port and necessarily constitute inalienable lands of the public domain. It explicitly held that these lands remained under the ownership of the State despite being titled under the name of PEZA (now replaced by AFAB) as its government instrumentality:

> Properties owned by the state are either property of public dominion or patrimonial property. Article 420 of the Civil Code of the Philippines enumerates property of public dominion:
>
> > Art. 420. The following things are property of public dominion:
> >
> > (1) Those intended for public use, such as roads, canals, rivers, torrents, ports and bridges constructed by the State, banks, shores, roadsteads, and others of similar character;
> >
> > (2) Those which belong to the State, without belonging for public use, and are intended for some public service or for the development of the national wealth.
>
> Properties of public dominion are outside the commerce of man. These properties are exempt from "levy, encumbrance or disposition through public or private sale." As this court explained in *Manila International Airport Authority*:
>
> > Properties of public dominion, being for public use, are not subject to levy, encumbrance or disposition through public or private sale. Any encumbrance, levy on execution or auction sale of any property of public dominion is void for being contrary to public policy. Essential public services will stop if properties of public dominion are subject to encumbrances, foreclosures and auction sale.
> >
> > x x x x
>
> In this case, the properties sought to be taxed are located in publicly owned economic zones. These economic zones are property of public dominion.The City seeks to tax properties located within the Mactan Economic Zone, the site of which was reserved by President Marcos under Proclamation No. 1811, Series of 1979. Reserved lands are lands of the public domain set aside for settlement or public use, and for specific public purposes by virtue of a presidential proclamation. **Reserved lands are inalienable and outside the commerce of man, and remain property of the Republic until withdrawn from public use either by law or presidential proclamation**. Since no law or presidential

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proclamation has been issued withdrawing the site of the Mactan Economic Zone from public use, the property remains reserved land.

As for the Bataan Economic Zone, the law consistently characterized the property as a port. Under Republic Act No. 5490, Congress declared Mariveles, Bataan "a principal port of entry" to serve as site of a foreign trade zone where foreign and domestic merchandise may be brought in without being subject to customs and internal revenue laws and regulations of the Philippines. Section 4 of Republic Act No. 5490 provided that the foreign trade zone in Mariveles, Bataan "shall at all times remain to be owned by the Government":

> SEC. 4. *Powers and Duties*.— The Foreign Trade Zone Authority shall have the following powers and duties:
>
> a. To fix and delimit the site of the Zone which at all times remain to be owned by the Government, and which shall have a contiguous and adequate area with well-defined and policed boundaries, with adequate enclosures to segregate the Zone from the customs territory for protection of revenues, together with suitable provisions for ingress and egress of persons, conveyance, vessels and merchandise sufficient for the purpose of this Act. x x x

The port in Mariveles, Bataan then became the Bataan Economic Zone under the Special Economic Zone Act of 1995. Republic Act No. 9728 then converted the Bataan Economic Zone into the Freeport Area of Bataan.

A port of entry, where imported goods are unloaded then introduced in the market for public consumption, is considered property for public use. Thus, Article 420 of the Civil Code classifies a port as property of public dominion.**The Freeport Area of Bataan, where the government allows tax and duty-free importation of goods, is considered property of public dominion**. The Freeport Area of Bataan is owned by the state and cannot be taxed under Section 234(a) of the Local Government Code.

Properties of public dominion, even if titled in the name of an instrumentality as in this case, remain owned by the Republic of the Philippines. If property registered in the name of an instrumentality is conveyed to another person, the property is considered conveyed on behalf of the Republic of the Philippines. Book I, Chapter 12, Section 48 of the Administrative Code of 1987 provides:

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> SEC. 48. *Official Authorized to Convey Real Property*.— Whenever real property of the government is authorized by law to be conveyed, the deed of conveyance shall be executed in behalf of the government by the following:
>
> x x x x
>
> (2) For property belonging to the Republic of the Philippines, but titled in the name of any political subdivision or of any corporate agency or instrumentality, by the executive head of the agency or instrumentality. x x x

In *Manila International Airport Authority*, this court explained:

> [The exemption under Section 234(a) of the Local Government Code] should be read in relation with Section 133(o) of the same Code, which prohibits local governments from imposing "[t]axes, fees or charges of any kind on the National Government, its agencies and instrumentalities x x x." The real properties owned by the Republic are titled either in the name of the Republic itself or in the name of agencies or instrumentalities of the National Government. The Administrative Code allows real property owned by the Republic to be titled in the name of agencies or instrumentalities of the national government. Such real properties remained owned by the Republic of the Philippines and continue to be exempt from real estate tax.
>
> The Republic may grant the beneficial use of its real property to an agency or instrumentality of the national government. This happens when title of the real property is transferred to an agency or instrumentality even as the Republic remains the owner of the real property. Such arrangement does not result in the loss of the tax exemption/ Section 234(a) of the Local Government Code states that real property owned by the Republic loses its tax exemption only if the "beneficial use thereof has been granted, for consideration or otherwise, to a taxable person."…
>
> x x x x
>
> All told, the PEZA is an instrumentality of the national government. Furthermore, **the lands owned by the PEZA are real properties owned by the Republic of the Philippines**. The City of Lapu-Lapu and the Province of Bataan cannot collect real property taxes from the PEZA.[68] (Emphasis and underscoring supplied, citations omitted)

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[68] *City of Lapu-Lapu and Province of Bataan v. Philippine Economic Zone Authority*, supra note 66 at 561-568.

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Consequently, pursuant to *Heirs of Bernabe*, the State, and not the AFAB, is the real party in interest to institute the case for reversion of the Subject Properties. The Republic should be represented by the OSG under its mandate in Section 101 of the Public Land Act. The CA therefore did not commit any reversible error when it granted FFCCI's Motion to Dismiss.

The Action for Reversion of the Subject Properties Requires A Full-Blown Trial Where Both the State and FFCCI Can Adduce Evidence.

In the action for reversion of the Subject Properties, the State bears the burden to prove that these are lands which cannot be owned by private individuals.[69] It will need to establish that these Subject Properties are located within the lands reserved for the FAB which form part of the public dominion. On the other hand, FFCCI can adduce its own evidence to substantiate grounds to exclude these Subject Properties from the lands reserved for the FAB. This is a highly contentious factual issue that is best resolved on the merits through trial.

Anent FFCCI's other arguments in its Motion to Dismiss, the Court holds that these cannot apply to reversion proceedings involving the Subject Properties.

Firstly, it is well-settled that the right of reversion of the State cannot be barred by prescription or laches. The Court in *East Asia Traders, Inc. v. Republic*,[70] citing *Reyes v. Court of Appeals*,[71] aptly pronounced:

> Basic as a hornbook principle is that **prescription does not run against the government**. In *Reyes v. Court of Appeals*, we held:
>
> "In so far as the timeliness of the action of the Government is concerned, it is basic that **prescription does not run against the State**.x x x The case law has also been:

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[69] *Republic v. Heirs of Meynardo Cabrera*, 820 Phil. 771, 784 (2017).

[70] 477 Phil. 848 (2004).

[71] 356 Phil. 606 (1998).

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> **'When the government is the real party in interest, and is proceeding mainly to assert its own rights and recover its own property, there can be no defense on the ground of laches or limitation.'** x x x
>
> 'Public land fraudulently included in patents or certificates of title may be recovered or reverted to the State in accordance with Section 101 of the Public Land Act. Prescription does not lie against the State in such cases for the Statute of Limitations does not run against the State. **The right of reversion or reconveyance to the State is not barred by prescription**.'" (Emphasis and underscoring supplied, citation omitted)

In this case, the lands within the FAB in Mariveles, Bataan have been reserved as a port and economic zone since the enactment of R.A. No. 5490 in 1969 and the issuance of Proclamation Nos. 899 and 939 in 1971. The State has also repeatedly affirmed and provided notice of the reserved status of these lands through its subsequent issuance of P.D. No. 66 in 1972 and enactments of R.A. No. 7916 and R.A. No. 9728 in 1995 and 2009, respectively. Hence, if the Subject Properties are determined to be lands reserved for the FAB, the issuance of OCT No. 234 in 1972 would be void since the land it covered was already inalienable land of the public domain.

It is also a matter of significant public interest for the State to ensure that lands forming part of an economic zone and port which are dedicated for public use remain part of the public domain. This ensures that the AFAB will retain control over these lands and effectively carry out its governmental functions. Assuming therefore that the Subject Properties are reserved lands for the FAB, the State has strong legitimate reasons to demand its reversion which cannot be barred by prescription and laches.

Secondly, the principle of *res judicata* cannot bar the institution of reversion proceedings involving the Subject Properties. The Court in *Republic v. Alagad*[72] held that *res judicata* cannot serve as an impediment to an action for reversion if the lands involved belonged to the public domain which the land registration court could not have validly awarded to any private party:

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[72] 251 Phil. 406 (1989).

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There is no merit either, in claims that *res judicata* is an impediment to reversion of property. In *Republic v. Court of Appeals*, this Court stated:

> ...[a] certificate of title may be ordered cancelled *(Republic v. Animas, et al. supra)*, and the cancellation may be pursued through an ordinary action therefor. **This action cannot be barred by the prior judgment of the land registration court, since the said court had no jurisdiction over the subject matter. And if there was no such jurisdiction, then the principle of *res judicata* does not apply**. For it is a well-settled rule that for a prior judgment to constitute a bar to a subsequent case, the following requisites must concur; (1) it must be a final judgment; (2) it must have been rendered by a court having jurisdiction over the subject matter and over the parties;(3) it must be a judgment on the merits; and (4) there must be, between the first and second actions, identity of parties, identity of subject matter and identity of cause of action (*Municipality of Daet vs. CA*, 93 SCRA 503; *Mendoza v. Arrieta, et al.*, 91 SCRA 113) x x x

In the case at bar, if the parcel registered in the names of the private respondents were foreshore land, the land registration court could not have validly awarded title thereto. **It would have been without the authority to do so. The fact that the Bureau of Lands had failed to appeal from the decree of registration could not have validated the court's decision, rendered without jurisdiction**.

x x x x

Assuming, therefore, for purposes of this petition, that the lands subject of the Republic's reversion efforts are foreshore in nature, the Republic has legitimate reason to demand reconveyance. **In that case, *res judicata* or estoppel is no defense**. (Emphasis and underscoring supplied, citations omitted)

In this case, a determination that the Subject Properties are part of the reserved lands for the FAB would mean that the court which approved the issuance of OCT No. 234 acted without authority. Its decision would be invalid for being rendered beyond its jurisdiction which necessarily precludes the application of *res judicata*.

And thirdly, after reviewing the allegations in the Amended Complaint, the Court rules that it sufficiently stated a cause of action. The Court quotes below and affirms the CA's reasoning in its original Decision:

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Petitioner [FFCCI] contends that the Amended Complaint failed to state a cause of action since the plan describing the technical description of the parcels of land supposedly owned by private respondent [AFAB] was not presented. Petitioner's argument must fail for the following reasons:

First, the technical descriptions of the lands prescribed in Proclamations 899 and 939 are evidentiary facts which need not be alleged, because these are matters which are at best considered during the trial of the case.

x x x x

Second, in any event, a perusal of private respondent's Amended Complaint shows that it was sufficiently clothed with a cause of action.

In an action for annulment of title, the complaint must contain the following allegations: (1) that the contested land was owned by the plaintiff prior to the issuance of the assailed certificate of title to the defendant; and (2) that the defendant perpetrated fraud or committed a mistake in obtaining a document of title over the parcel of land claimed by the plaintiff.

The issue of whether or not the complaint failed to state a cause of action, warranting its dismissal, must be passed upon on the basis of the allegations stated therein assuming them to be true and the court cannot inquire into the truth of the allegations and declare them to be false; otherwise, it would be a procedural error and a denial of due process to the plaintiff. Thus, the test is as follows: "admitting the truth of the facts alleged, can the court render a valid judgment in accordance with the prayer?"

Assuming that the facts alleged in the Amended Complaint are true, the court may render a valid judgment inasmuch as it alleged that: (1) private respondent is the owner of the parcels of land covered by the TCTs issued in the name of petitioner, as the same have been transferred to it by virtue of RA 9728; (2) petitioner has the corresponding obligation to respect private respondent's ownership over the said properties; and (3) petitioner was able to obtain titles over the properties transferred to petitioner in derogation of the law and private respondent's title. Clearly, the above allegations in the Amended Complaint are sufficient to establish all the elements of a cause of action.[73]

It bears reiterating that only the ultimate facts are required to be alleged in a complaint. These must be differentiated from

[73] *Rollo*, pp. 74-76.

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evidentiary facts that are the premises upon which conclusions of ultimate facts are based.[74] In this case, it was sufficient for AFAB to state the ultimate facts that (1) AFAB owns the reserved lands for FAB as provided under Proclamation Nos. 899 and 939 and subsequent issuances; (2) the reserved lands are inalienable lands of the public domain; and (3) the Subject Properties are part of the reserved lands and should therefore not have been titled under FFCCI's name. It is likewise noted that Proclamation Nos. 899 and 939 are public documents. FFCCI's demand for more specific and technical descriptions and demarcations of the reserved lands involve evidentiary matters which should more properly be determined through trial on the merits.

The foregoing matters aside, the remaining issue for the Court is to determine the substantive merits of the reversion of the Subject Properties. As discussed, this case for reversion must be instituted by the State, through the OSG, as the real party in interest.

The grant by the CA of FFCCI's Motion to Dismiss is therefore affirmed, without prejudice to the proper institution of reversion proceedings by the State.

WHEREFORE, premises considered, the petition for review on *certiorari* is **DENIED**. The Amended Decision dated June 7, 2018 of the Court of Appeals in CA-G.R. SP No. 146039 is **AFFIRMED**. The Amended Complaint for Declaration of Nullity and Cancellation of Title filed by the Authority of the Freeport Area of Bataan is **DISMISSED**, without prejudice to the institution of the proper action for reversion by the State, through the Office of the Solicitor General.

SO ORDERED.

Gesmundo, C.J., Caguioa, Carandang, and *Zalameda, JJ.*, concur.

APPEARANCES OF COUNSEL

Office of the Government Corporate Counsel for petitioner.
Bernas Law Offices for respondent.

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[74] *Tantuico, Jr. v. Republic*, 281 Phil. 487, 495-496 (1991).