Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

SANGGUNIANG PANLALAWIGAN OF BATAAN, Petitioner,	**G.R. No. 174964**
	Present:
	VELASCO, JR., *J.*, *Chairperson*,
- versus -	PERALTA,
	PEREZ,
	REYES, and
	JARDELEZA, *JJ.*
CONGRESSMAN ENRIQUE T. GARCIA, JR., Members of the Faculty, Concerned Students and the Board of Trustees of the BATAAN POLYTECHNIC STATE COLLEGE, Respondents.	Promulgated:
	October 5, 2016

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DECISION

REYES, *J.*:

Before this Court is a Petition for Review on *Certiorari*[1] of the Decision[2] dated February 7, 2006 of the Court of Appeals (CA) in CA-G.R. SP No. 85902 upholding the Decision dated November 29, 2002 of the Regional Trial Court (RTC) of Bataan which granted the petition for a writ of mandamus in Special Civil Action No. 7043.

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1 *Rollo*, pp. 10-26.

2 Penned by Associate Justice Arcangelita M. Romilla-Lontok, with Associate Justices Marina L. Buzon and Aurora Santiago-Lagman concurring; CA *rollo*, pp. 27-34.

Antecedent Facts

Lot Nos. 2193 and 2194 of the Bataan Cadastre, containing 1,222 square meters and 10,598 sq m, respectively, were registered in the name of the Province of Bataan. Both lots were embraced in Original Certificate of Title (OCT) No. N-182, and occupied by the Bataan Community Colleges (BCC) and the Medina Lacson de Leon School of Arts and Trades (MLLSAT), both State-run schools.[3]

On February 26, 1998, the Congress of the Philippines passed Republic Act (R.A.) No. 8562, authored by Congressman Enrique T. Garcia, Jr. (Cong. Garcia), converting the MLLSAT into a polytechnic college, to be known as the Bataan Polytechnic State College (BPSC), and integrating thereto the BCC.[4] Section 24 of R.A. No. 8562 provides that:

> *All parcels of land belonging to the government occupied by the Medina Lacson de Leon School of Arts and Trades and the Bataan Community Colleges are hereby declared to be the property of the Bataan Polytechnic State College and shall be titled under that name: Provided, That should the State College cease to exist or be abolished or should such parcels of land aforementioned be no longer needed by the State College, the same shall revert to the Province of Bataan.*

On the basis of the above provision, Cong. Garcia wrote to then Governor of Bataan Leonardo Roman, and the *Sangguniang Panlalawigan* of Bataan (petitioner), requesting them to cause the transfer of the title of the aforesaid lots to BPSC. No transfer was effected.[5]

Thus, Cong. Garcia, along with the faculty members and some concerned students of BPSC (collectively, the respondents) filed a Special Civil Action for Mandamus with the RTC of Balanga, Bataan against the Governor and the petitioner. Initially, the Board of Trustees of the BPSC was impleaded as an unwilling plaintiff but was eventually included as co-petitioner in the civil suit pursuant to Resolution No. 14, Series of 2000 of the BPSC.[6]

In their Comment, the Governor and the petitioner took issue with the standing of the respondents, arguing that they were not the real parties in interest who would be benefited or injured by the judgment, or the party entitled to the avails of the suit. They asserted that the subject properties were owned by the Province of Bataan and not the State, for them to be

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3 *Rollo*, p. 14.
4 Id. at 14-15.
5 Id. at 15.
6 CA *rollo*, pp. 28-29.

simply transferred to the BPSC by virtue of the law.[7]

In its Decision dated November 29, 2002, the RTC granted the writ of mandamus. The *fallo* of the RTC decision reads:

> WHEREFORE, a writ of mandamus is hereby issued, ordering respondents to forthwith:
>
> 1. Deliver the owner's duplicate copy of [OCT] No. N-182 to the Register of Deeds of Bataan, free from any lien or encumbrance;
>
> 2. Execute the corresponding deed of conveyance of the parcels of land in issue in favor of the [BPSC]; and
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> 3. Cause the transfer and registration of the title to and in the name of the [BPSC].
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> SO ORDERED.[8]

The Governor and the petitioner appealed to the CA alleging that the subject lots were the patrimonial properties of the Province of Bataan, and as such they cannot be taken by the National Government without due process of law and without just compensation. They also pointed out that certain loan obligations of the Province of Bataan to the Land Bank of the Philippines (LBP) were secured with a mortgage on the lots; and since the mortgage lien was duly annotated on its title, OCT No. N-182, the writ of mandamus violated the non-impairment clause of the Constitution. The Governor and the petitioner reiterated that the respondents had no legal standing since they were not the real parties in interest.[9]

In the Decision[10] dated February 7, 2006, the CA affirmed the RTC.

The CA rejected the claim that the subject lots were the patrimonial properties of the Province of Bataan, declaring that the petitioner failed to provide proof that the Province of Bataan acquired them with its own private or corporate funds, and for this reason the lots must be presumed to belong to the State, citing *Salas, etc., et al. v. Hon. Jarencio, etc., et al.*[11] Concerning the mortgage to the LBP, the appellate court agreed with the RTC that the consent of the LBP to the transfer of title to BPSC must be obtained, and the mortgage lien must be carried over to the new title. The CA also held that BPSC is a real party in

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7 Id. at 29.
8 Id. at 28.
9 Id. at 12-20.
10 Id. at 27-34.
11 150-B Phil. 670 (1972).

interest on the basis of Section 24 of R.A. No. 8562, and was correctly impleaded as a co-petitioner. The subsequent motion for reconsideration was denied in the CA Resolution[12] dated September 20, 2006; hence, this petition.

Issues

I

WHETHER OR NOT THE SUBJECT PARCELS OF LAND ARE PATRIMONIAL PROPERTIES OF THE PROVINCE OF BATAAN WHICH CANNOT BE TAKEN WITHOUT DUE PROCESS OF LAW AND WITHOUT JUST COMPENSATION.

II

WHETHER OR NOT A WRIT OF MANDAMUS MAY BE ISSUED AGAINST THE PETITIONER TO COMPEL THE TRANSFER OF THE SUBJECT PROPERTIES WITHOUT DUE PROCESS OF LAW AND WITHOUT JUST COMPENSATION.[13]

The petitioner insists that the subject lots are not communal lands, or *legua comunal* as they were known under the laws of colonial Spain, but are the patrimonial properties of the Province of Bataan, which were issued a Torrens title by the Cadastral Court on August 11, 1969 in Cadastral Case No. 5;[14] that while in *Salas*,[15] the title of the State over the disputed lot was expressly recognized by the City of Manila, this is not so in the case at bar;[16] that in the exercise of its proprietary rights over the subject lots, the Province of Bataan has used them as collateral for its loan obligations with the LBP;[17] that in its Manifestation and Motion dated February 24, 2000, the Board of Trustees of BPSC even acknowledged the titles of the Province of Bataan over the subject properties.[18]

In addition to the above contentions, the petitioner proffers an alleged novel argument that R.A. No. 8562 infringes on the State's underlying policy of local autonomy for its territorial and political subdivisions, found in Article X of the 1987 Constitution (formerly Article XI, 1973 Constitution)

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12 CA *rollo*, pp. 56-57.
13 *Rollo*, pp. 154-155.
14 Id. at 163.
15 Supra note 11.
16 *Rollo*, pp. 163-165.
17 Id. at 165.
18 Id. at 165-166.

and now fleshed out in a landmark legislation, R.A. No. 7160, better known as the Local Government Code of 1991 (LGC). Thus, for this Court to still sustain its ruling in *Salas* would render the State's policy of local autonomy purely illusory.[19]

Ruling of the Court

The decision of the CA is affirmed.

A. Under the well-entrenched and time-honored Regalian Doctrine, all lands of the public domain are under the absolute control and ownership of the State.

The State's ownership of and control over all lands and resources of the public domain are beyond dispute. Reproducing almost verbatim from the 1973 Constitution,[20] Section 2, Article XII of the 1987 Constitution provides that "[a]ll lands of the public domain, waters, minerals, coal, petroleum and other mineral oils, all forces of potential energy, fisheries, forests or timber, wildlife, flora and fauna, and other natural resources are owned by the State. x x x." In Section 1, Article XIII of the Amended 1935 Constitution, it was also provided that "[a]ll agricultural timber, and mineral lands of the public domain, waters, minerals, coal, petroleum, and other mineral oils, all forces of potential energy and other natural resources of the Philippines belong to the State x x x."

Thus, in *Cariño v. Insular Government*,[21] a case of Philippine origin, the Supreme Court of the United States of America acknowledged that "Spain in its earlier decrees embodied the universal feudal theory that all lands were held from the Crown x x x." In *Hong Hok v. David*,[22] citing *Cariño*, the Court likewise said that the theory is a manifestation of the concept of the Regalian Doctrine, or *jura regalia*,[23] which is enshrined in our 1935, 1973, and 1987 Constitutions. As adopted in our republican system, this medieval concept is stripped of royal overtones; and ownership of all lands belonging to the public domain is vested in the State.[24] Under this well-entrenched and time-honored Regalian

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19 Id. at 155-162.

20 Section 8, Article XIV of the 1973 Constitution states that "[a]ll lands of the public domain, waters, minerals, coal, petroleum and other mineral oils, all forces of potential energy, fisheries, wildlife, and other natural resources of the Philippines belong to the State. x x x."

21 212 US 449, 457 (1909).

22 150-C Phil. 542 (1972).

23 Id. at 547-548.

24 Bernas, S.J., The 1987 Constitution of the Philippines (1996), pp. 1009-1010.

Doctrine, all lands of the public domain are under the absolute control and ownership of the State.

B. Local government property devoted to governmental purposes, such as local administration, public education, and public health, as may be provided under special laws, is classified as public.

In *The Province of Zamboanga del Norte v. City of Zamboanga, et al.*[25] cited by the CA, the Province of Zamboanga del Norte sought to declare unconstitutional R.A. No. 3039, which ordered the transfer of properties belonging to the Province of Zamboanga located within the territory of the City of Zamboanga to the said City, for depriving the province of property without due process and just compensation. In said case, the Court classified properties of local governments as either (a) properties for public use, or (b) patrimonial properties, and held that the capacity in which the property is held by a local government is dependent on the use to which it is intended and for which it is devoted. If the property is owned by the municipal corporation in its public and governmental capacity, it is public and Congress has absolute control over it; but if the property is owned in its private or proprietary capacity, then it is patrimonial and Congress has no absolute control, in which case, the municipality cannot be deprived of it without due process and payment of just compensation.[26] In upholding the validity of R.A. No. 3039, the Court noted that it affected "*lots used as capitol site, school sites and its grounds, hospital and leprosarium sites and the high school playground sites - a total of 24 lots - since these were held by the former Zamboanga province in its governmental capacity and therefore are subject to the absolute control of Congress.*"[27]

According to the Court, there are two established norms to determine the classification of the properties: that of the Civil Code, particularly Articles 423 and 424 thereof, and that obtaining under the law of Municipal Corporations. Articles 423 and 424 of the Civil Code provide, as follows:

> Art. 423. The property of provinces, cities and municipalities is divided into property for public use and patrimonial property.

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25 131 Phil. 446 (1968).
26 Id. at 454.
27 Id. at 456.

> Art. 424. Property for public use, in the provinces, cities, and municipalities, consists of the provincial roads, city streets, municipal streets, the squares, fountains, public waters, promenades, and public works for public service paid for by said provinces, cities, or municipalities.
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> All other property possessed by any of them is patrimonial and shall be governed by this Code, without prejudice to the provisions of special laws.

In *Province of Zamboanga del Norte,*[28] properties for the free and indiscriminate use of everyone are classified under the Civil Code norm as for public use, while all other properties are patrimonial in nature. In contrast, under the Municipal Corporations Law norm, to be considered public property, it is enough that a property is held and devoted to a governmental purpose, such as local administration, public education, and public health.[29] Nonetheless, the Court clarified that the classification of properties in the municipalities, other than those for public use, as patrimonial under Article 424 of the Civil Code, is "without prejudice to the provisions of special laws,"[30] holding that the principles obtaining under the Law of Municipal Corporations can be considered as "special laws."[31]

Moreover, in the 2009 case of *Heirs of Mario Malabanan v. Republic of the Philippines*,[32] the Court reiterated that Article 420(2) of the Civil Code makes clear that properties "which belong to the State, without being for public use, and are intended for some public service or for the development of the national wealth," are public dominion property. For as long as the property belongs to the State, although already classified as alienable or disposable, it remains property of the public dominion when it is "intended for some public service or for the development of the national wealth."[33]

C. Property registered in the name of the municipal corporation but without proof that it was acquired with its corporate funds is deemed held by it in trust for the State.

The Court takes instructions from the case of *Salas* as to properties belonging to the municipal government. In *Salas*, at issue was the constitutionality of R.A. No. 4118 passed on June 20, 1964,[34] whereby Congress reserved a lot, long titled in the name of the City of Manila, as

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28 Supra note 25.
29 Id. at 455.
30 Id. at 459.
31 Id.
32 605 Phil. 244 (2009).
33 Id. at 277-278.
34 *Salas, etc., et al. v. Hon. Jarencio, etc., et al.*, supra note 11, at 679.

communal property, and converted it into disposable land of the State for resale in small lots to its bona fide occupants. On February 24, 1919, Lot No. 1, Block 557 of the Cadastre of the City of Manila, containing 9,689.80 sq m, was declared by the Court of First Instance of Manila, Branch 4, acting as a land registration court in Case No. 18, G.L.R.O. Record No. 111, as owned by the City of Manila in fee simple. On August 21, 1920, OCT No. 4329 was issued in the name of the City of Manila over the said lot. On various dates in 1924, the City of Manila sold portions of Lot No. 1, Block 557 to a certain Pura Villanueva (Villanueva). OCT No. 4329 was cancelled, and transfer certificates of title (TCT) were issued to Villanueva for the portions sold to her, while TCT No. 22547 was issued to the City of Manila for the remainder of Lot No. 1 containing 7,490.10 sq m, now designated as Lot No. 1-B-2-B of Block 557.[35]

On September 21, 1960, the local board of the City of Manila wrote to the President of the Philippines seeking assistance in declaring the aforesaid lot as patrimonial property of the city for the purpose of reselling the same in small lots to the actual occupants thereof. R.A. No. 4118 was passed by Congress on June 20, 1964 for this purpose.[36] On February 18, 1965, Manila Mayor Antonio Villegas (Mayor Villegas) was furnished a copy of a subdivision plan for TCT No. 22547. He interposed no objection to the implementation of R.A. No. 4118, and TCT No. 22547 was duly surrendered to the Land Authority.[37]

Inexplicably, now claiming that R.A. No. 4118 was unconstitutional, Mayor Villegas brought on December 20, 1966 an action for injunction and/or prohibition with preliminary injunction, to restrain, prohibit and enjoin the Land Authority and the Register of Deeds of Manila from implementing R.A. No. 4118. On September 23, 1968, the RTC declared the said law unconstitutional for depriving the City of Manila of its property without due process and just compensation.[38]

Acting on the petition for review, the Court declared that Lot 1-B-2-B of Block 557 was a communal property held in trust by the City of Manila for the State, and therefore subject to the paramount power of Congress to dispose of. Thus:

> [T]he City of Manila, although declared by the Cadastral Court as owner in fee simple, has not shown by any shred of evidence in what manner it acquired said land as its private or patrimonial property. It is true that the City of Manila as well as its predecessor, the Ayuntamiento de Manila, could validly acquire property in its corporate or private capacity, following the accepted doctrine on the dual character – public and private

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35 Id. at 675.
36 Id. at 675-679.
37 Id. at 680-681.
38 Id. at 681-682.

– of a municipal corporation. And when it acquires property in its private capacity, it acts like an ordinary person capable of entering into contracts or making transactions for the transmission of title or other real rights. When it comes to acquisition of land, it must have done so under any of the modes established by law for the acquisition of ownership and other real rights. In the absence of a title deed to any land claimed by the City of Manila as its own, showing that it was acquired with its private or corporate funds, the presumption is that such land came from the State upon the creation of the municipality (*Unson vs. Lacson, et al.*, 100 Phil. 695). Originally the municipality owned no patrimonial property except those that were granted by the State not for its public but for private use. Other properties it owns are acquired in the course of the exercise of its corporate powers as a juridical entity to which category a municipal corporation pertains.

Communal lands or "legua comunal" came into existence when a town or pueblo was established in this country under the laws of Spain (Law VII, Title III, Book VI, Recopilacion de las Leyes de Indios). The municipalities of the Philippines were not entitled, as a matter of right, to any part of the public domain for use as communal lands. The Spanish law provided that the usufruct of a portion of the public domain adjoining municipal territory might be granted by the Government for communal purposes, upon proper petition, but, until granted, no rights therein passed to the municipalities, and, in any event, the ultimate title remained in the sovereign (*City of Manila vs. Insular Government*, 10 Phil. 327).

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It may, therefore, be laid down as a general rule that regardless of the source or classification of land in the possession of a municipality, excepting those acquired with its own funds in its private or corporate capacity, such property is held in trust for the State for the benefit of its inhabitants, whether it be for governmental or proprietary purposes. It holds such lands subject to the paramount power of the legislature to dispose of the same, for after all it owes its creation to it as an agent for the performance of a part of its public work, the municipality being but a subdivision or instrumentality thereof for purposes of local administration. Accordingly, the legal situation is the same as if the State itself holds the property and puts it to a different use (2 Mc Quilin, *Municipal Corporations*, 3rd Ed. p. 197, citing *Monagham vs. Armatage*, 218 Minn. 27, 15 N. W. 2nd 241).

True it is that the legislative control over a municipal corporation is not absolute even when it comes to its property devoted to public use, for such control must not be exercised to the extent of depriving persons of their property or rights without due process of law, or in a manner impairing the obligations of contracts. Nevertheless, when it comes to property of the municipality which it did not acquire in its private or corporate capacity with its own funds, the legislature can transfer its administration and disposition to an agency of the National Government to be disposed of according to its discretion. Here it did so in obedience to the constitutional mandate of promoting social justice to insure the well-being and economic security of the people.[39] (Underscoring ours)

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39 Id. at 686-688.

D. R.A. No. 8562 was not intended to expropriate the subject lots titled in the name of the Province of Bataan, but to confirm their character as communal land of the State and to make them available for disposition by the National Government.

The case of *Rabuco v. Hon. Villegas*,[40] decided in 1974, is a virtual reprise of the 1968 case of *Salas*. In *Rabuco,* the constitutionality of R.A. No. 3120[41] was challenged, which provided for the subdivision of Lot No. 21-B, Block 610 of the Cadastre of the City of Manila, containing about 10,198 sq m into residential lots, and the sale thereof to the tenants and bona fide occupants. The law declared Lot No. 21-B "reserved as communal property" and then ordered it converted into "disposable and alienable lands of the State."[42]

The Court ruled that, like R.A. No. 4118 in *Salas*, R.A. No. 3120 was intended to implement the social justice policy of the Constitution and the government's program of land for the landless. Thus, the sale of the subdivided lots to the bona fide occupants by authority of Congress was not an exercise of eminent domain or expropriation without just compensation, which would have been in violation of Section 1(2),[43] Article III of the 1935 Constitution, but simply a manifestation of its right and power to deal with State property.[44] "It is established doctrine that the act of classifying State property calls for the exercise of wide discretionary legislative power which will not be interfered with by the courts."[45] In *Rabuco*, the rule in *Salas* was reiterated that property of the public domain, although titled to the local government, is held by it in trust for the State. It stated:

> The Court [in *Salas*] reaffirmed the established general rule that "regardless of the source or classification of land in the possession of a municipality, *excepting* those acquired with its own funds in its private or corporate capacity, such property is held in trust for the State for the benefit of its inhabitants, whether it be for governmental or proprietary purposes. It holds such lands subject to the *paramount power of the legislature* to dispose of the same, for after all it owes its *creation* to it as

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40 154 Phil. 615 (1974).

41 AN ACT CONVERTING CERTAIN PARCELS OF LAND IN THE CITY OF MANILA WHICH ARE RESERVED AS COMMUNAL PROPERTY INTO DISPOSABLE OR ALIENABLE LANDS OF THE STATE AND PROVIDING FOR THEIR SUBDIVISION AND SALE, enacted on June 17, 1961.

42 *Rabuco v. Hon. Villegas*, supra note 40, at 619, 623.

43 Article III, Section 1(2) reads: "Private property shall not be taken for public use without just compensation."

44 *Rabuco v. Hon. Villegas*, supra note 40, at 625-626.

45 Id. at 624.

> an *agent* for the performance of a part of its *public work*, the municipality being but a subdivision or instrumentality thereof for purposes of local administration. Accordingly, the legal situation is the same as if the State itself holds the property and puts it to a different use" and stressed that "the property, as has been previously shown, was not acquired by the City of Manila with its own funds in its private or proprietary capacity. That it has in its name a registered title is not questioned, but this title should be deemed to be *held in trust for the State* as the land covered thereby was part of the territory of the City of Manila granted by the sovereign upon its creation."[46]

E. The State's policy to promote local autonomy and to devolve the powers of the National Government to its political subdivisions has for its purpose to improve the quality of local governance.

Sections 2 and 3, Article X of the 1987 Constitution, relied upon by the petitioner, provide:

> Sec. 2. The territorial and political subdivisions shall enjoy local autonomy.
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> Sec. 3. The Congress shall enact a local government code which shall provide for a more responsive and accountable local government structure instituted through a system of decentralization with effective mechanisms of recall, initiative, and referendum, allocate among the different local government units their powers, responsibilities, and resources, and provide for the qualifications, election, appointment and removal, term, salaries, powers and functions and duties of local officials, and all other matters relating to the organization and operation of the local units.

Pursuant to its mandate, the Congress passed the LGC in 1991 to spell out the above-declared policy of the State, which is now amplified in Section 2 of R.A. No. 7160. It states, as follows:

> Sec. 2. *Declaration of Policy.* – (a) It is hereby declared the policy of the State that the territorial and political subdivisions of the State shall enjoy genuine and meaningful local autonomy to enable them to attain their fullest development as self-reliant communities and make them more effective partners in the attainment of national goals. Toward this end, the State shall provide for a more responsive and accountable local government structure instituted through a system of decentralization whereby local government units shall be given more powers, authority, responsibilities, and resources. The process of decentralization shall proceed from the National Government to the local government units.

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46 Id. at 625.

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Also invoked by the petitioners are Sections 18 and 22 of the LGC, which state as follows:

> Sec. 18. *Power to Generate and Apply Resources.* – Local government units shall have the power and authority to establish an organization that shall be responsible for the efficient and effective implementation of their development plans, program objectives and priorities; to create their own sources of revenues and to levy taxes, fees, and charges which shall accrue exclusively for their use and disposition and which shall be retained by them; to have a just share in national taxes which shall be automatically and directly released to them without need of any further action; to have an equitable share in the proceeds from the utilization and development of the national wealth and resources within their respective territorial jurisdictions including sharing the same with the inhabitants by way of direct benefits; to acquire, develop, lease, encumber, alienate, or otherwise dispose of real or personal property held by them in their proprietary capacity and to apply their resources and assets for productive, developmental, or welfare purposes, in the exercise or furtherance of their governmental or proprietary powers and functions and thereby ensure their development into self-reliant communities and active participants in the attainment of national goals.
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> Sec. 22. *Corporate Powers.* – x x x
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> x x x x
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> (d) Local government units shall enjoy full autonomy in the exercise of their proprietary functions and in the management of their economic enterprises, subject to the limitations provided in this Code and other applicable laws.

In the instant petition, it is essentially the petitioner's assertion that the State's policy of local autonomy and decentralization endows the Province of Bataan with patrimonial rights to use or dispose of the subject lots according to its own development plans, program objectives and priorities.

The Court disagrees.

Local autonomy and decentralization of State powers to the local political subdivisions are the results of putting restraints upon the exercise by the Presidents of executive powers over local governments. Section 4, Article X of the 1987 Constitution reads in part: "The President of the Philippines shall exercise general supervision over local governments." As with the counterpart provisions of our earlier Constitutions, the aforesaid provision has been interpreted to exclude the President's power of control

over local governments.[47] The Constitutions of 1935, 1973 and 1987 have uniformly differentiated the President's power of supervision over local governments and his power of control of the executive departments, bureaus and offices.[48] In *Pimentel, Jr. v. Hon. Aguirre*,[49] it was held that Section 4 confines the President's power over local governments to one of general supervision, thus:

> Under our present system of government, executive power is vested in the President. The members of the Cabinet and other executive officials are merely alter egos. As such, they are subject to the power of control of the President, at whose will and behest they can be removed from office; or their actions and decisions changed, suspended or reversed. In contrast, the heads of political subdivisions are elected by the people. Their sovereign powers emanate from the electorate, to whom they are directly accountable. By constitutional fiat, they are subject to the President's supervision only, not control, so long as their acts are exercised within the sphere of their legitimate powers. By the same token, the President may not withhold or alter any authority or power given them by the Constitution and the law.[50]

On the other hand, local autonomy and decentralization of State powers to the local political subdivisions have for their object to make governance directly responsive at the local levels by giving them a free hand to chart their own destiny and shape their future with minimum intervention from central authorities, thereby rendering them accountable to their local constituencies.[51] Thus, "*[h]and in hand with the constitutional restraint on the President's power over local governments is the state policy of ensuring local autonomy.*"[52] As further explained in *Pimentel, Jr.*:

> Under the Philippine concept of local autonomy, the national government has not completely relinquished all its powers over local governments, including autonomous regions. Only administrative powers over local affairs are delegated to political subdivisions. The purpose of the delegation is to make governance more directly responsive and effective at the local levels. In turn, economic, political and social development at the smaller political units are expected to propel social and economic growth and development. But to enable the country to develop as a whole, the programs and policies effected locally must be integrated and coordinated towards a common national goal. Thus, policy-setting for the entire country still lies in the President and Congress. As we stated in *Magtajas v. Pryce Properties Corp., Inc.*, municipal governments are still agents of the national government.[53] (Citation omitted)

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47 *The National Liga ng Mga Barangay v. Judge Paredes*, 482 Phil. 331, 355 (2004).

48 *See* 1935 CONSTITUTION, Art. VII, Sec. 10; 1973 CONSTITUTION, Art. II, Sec. 10; 1987 CONSTITUTION, Art. VII, Sec. 17 and Art. X, Sec. 4.

49 391 Phil. 84 (2000).

50 Id. at 100.

51 Id. at 101-102, citing *Limbona v. Mangelin*, 252 Phil. 813, 825 (1989).

52 Id. at 100.

53 Id. at 102.

It is clear, then, that local autonomy and decentralization do not deal directly with issues concerning ownership, classification, use or control of properties of the public domain held by local governments. The State retains power over property of the public domain, exercised through Congress.

F. The grant of autonomy to local governments, although a radical policy change under the 1973 and 1987 Constitutions, does not affect the settled rule that they possess property of the public domain in trust for the State.

The 1973 Constitution devoted an entire Article, Article XI, consisting of five sections, to laying down its policy for the empowerment of the local governments. The 1987 Constitution, in turn, fully devotes all 21 sections of its Article X for local government. It introduces significant new provisions, such as the establishment of autonomous regions (Section 18) and the guarantee of just share of the local governments in the national taxes and equitable share in the proceeds from the utilization of the national wealth (Sections 6 and 7). It was unlike in the 1935 Constitution, which simply provided in Section 10 of Article VII, dealing with the Executive Department, that "[t]he President shall have control of all executive departments, bureaus or offices, exercise general provision over all local governments as may be provided by law, and take care that the laws be faithfully executed."

The erudite Justice Enrique Fernando (Justice Fernando), in his highly instructive separate concurring opinion in *Rabuco*,[54] did at first admit to doubts as to the continuing authoritativeness of *Province of Zamboanga del Norte* and *Salas*, both promulgated before the effectivity of the 1973 Constitution, in view of the significant innovations introduced therein pertaining to the autonomy of local governments. He stated that the goal of the 1973 Constitution was "the fullest autonomy to local government units consistent with the basic theory of a unitary, not a federal, polity,"[55] hoping thereby to attain "their fullest development as self-reliant communities."[56] According to him, under the 1973 Constitution, "[t]hings have changed radically,"[57] noting that under the 1935 Constitution, "[i]t could hardly be assumed x x x that x x x the [local governments] could justifiably lay claim to real autonomy."[58] He observed thus:

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54 Supra note 40, at 626-634.
55 Id. at 628.
56 Id.
57 Id. at 630.
58 Id.

> We start with the declared principle of the State guaranteeing and promoting the autonomy of local government units. We have likewise noted the earnestness of the framers as to the attainment of such declared objective as set forth in the specific article on the matter. It is made obligatory on the National Assembly to enact a local government code. What is more, unlike the general run of statutes, it cannot be amended except by a majority vote of all its members. It is made to include "a more responsive and accountable local government structure with an effective system of recall," with an expressed reference to "qualifications, election and removal, term, salaries, powers, functions, and duties of local officials, [as well as] all other matters relating to the organization and operation of the local units." Mention is likewise made of the "powers, responsibilities, and resources," items that are identified with local autonomy. As if that were not enough, the last sentence of this particular provision reads: "However, any change in the existing form of local government shall not take effect until ratified by a majority of the votes cast in a plebiscite called for the purpose." To the extent that the last section requires that the creation, division, merger, abolition or alteration of a boundary of a province, city, municipality, or barrio, must be in accordance with the criteria established in the local government code and subject to the approval by a majority of the votes cast in a plebiscite in such unit or units, the adherence to the basic principle of local self government is quite clear. Equally significant is the stress on the competence of a province, city, municipality or barrio "to create its own sources of revenue and to levy taxes subject to such limitations as may be provided by law." The care and circumspection with which the framers saw to the enjoyment of real local self-government not only in terms of administration but also in terms of resources is thus manifest. Their intent is unmistakable. Unlike the case under the 1935 Constitution, there is thus a clear manifestation of the presumption now in favor of a local government unit. It is a well-nigh complete departure from what was. Nor should it be ignored that a highly urbanized city "shall be independent" not only of the national government but also of a province. Would it not follow then that under the present dispensation, the moment property is transferred to it by the national government, its control over the same should be as extensive and as broad as possible. x x x.[59] (Citations omitted)

Up to that point, it could almost be presumed that Justice Fernando would dissent from the lucid *ponencia* of Justice Claudio Teehankee (Justice Teehankee), borne of logical doubts as to whether *Province of Zamboanga del Norte* and *Salas* still retained their unimpaired doctrinal force under the then new 1973 Constitution. But two considerations kept him reined in, so to speak. One was Justice Teehankee's "reference to the *ratio decidendi* of [*Salas*] as to the trust character impressed on communal property of a municipal corporation, even if already titled,"[60] "regardless of the source of classification of land in the possession of a municipality, excepting those acquired with its own funds in its private or corporate capacity."[61] Justice Fernando acknowledged that the local government "holds such [communal

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59 Id. at 630-631.

60 Id. at 632.

61 Id.

property] subject to the paramount power of the legislature to dispose of the same, for after all it owes its creation to it as an agent for the performance of a part of its public work, the municipality being but a subdivision or instrumentality thereof for purposes of local administration."[62]

Rabuco stressed that the properties in controversy were not acquired by the City of Manila with its own private funds. Thus, according to Justice Fernando, "That [the City of Manila] has in its name a registered title is not questioned, but this title should be deemed to be held in trust for the State as the land covered thereby was part of the territory of the City of Manila granted by the sovereign upon its creation."[63] This doctrine, according to Justice Fernando, has its basis in the Regalian Doctrine and is unaffected by the grant of extensive local autonomy under the 1973 Constitution. "It is my view that under the [1973] Constitution, as was the case under the 1935 charter, the holding of a municipal corporation as a unit of state does not impair the plenary power of the national government exercising dominical rights to dispose of it in a manner it sees fit, subject to applicable constitutional limitations as to the citizenship of the grantee."[64]

The other consideration noted by Justice Fernando in the *ponencia* of Justice Teehankee in *Rabuco* he found further compelling was "the even more fundamental principle of social justice, which was given further stress and a wider scope in the present Constitution."[65] He concluded that R.A. No. 3120, like R.A. No. 4118, was intended to implement the social justice policy of the Constitution and the government program of land for the landless, and was not "intended to expropriate the property involved but merely to confirm its character as communal land of the State and to make it available for disposition by the National Government."[66]

G. The Province of Bataan has the duty to provide an adequate security for its loans with the LBP, without defeating BPSC's right to hold title to the contested lots.

The RTC ordered the Province of Bataan to deliver the owner's duplicate copy of OCT No. N-182 to the Register of Deeds of Bataan, free from any lien or encumbrance, to execute the corresponding deed of conveyance in favor of BPSC, and to cause the transfer and registration of the title to and in the name of the said college. The Province of Bataan erroneously believed that it could mortgage the subject lots, notwithstanding

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62 Id.
63 Id.
64 Id. at 633.
65 Id. at 633-634.
66 Id. at 634.

that it held the same in trust for the State and despite the fact that the said lots were actually being occupied by two government schools. As the RTC urged, then, the Province of Bataan must address this issue of security for its loans with LBP. It cannot complain that its compliance with the order of the RTC might violate the non-impairment clause of the Constitution, since its duty to provide a replacement security for its loans with LBP is clear.

H. BPSC is entitled to a writ of mandamus.

Section 3, Rule 65 of the 1997 Rules of Civil Procedure provides that a writ of mandamus shall issue where a tribunal, corporation, board, officer or person unlawfully neglects the performance of an act which the law specifically enjoins as a duty, to command the respondent to do the act required to be done to protect the rights of the petitioner. Herein petitioner has argued that the mandamus applicants are not entitled thereto because they are not real parties in interest. It is a rule re-echoed in a long line of cases that every action must be prosecuted or defended in the name of the real party in interest, meaning "the party who stands to be benefited or injured by the judgment in the suit, or the party entitled to the avails of the suit."[67]

At issue in this petition is Section 24 of R.A. No. 8562, which directs that "[a]ll parcels of land belonging to the government occupied by the [MLLSAT] and the [BCC] are hereby declared to be the property of the [BPSC] and shall be titled under that name." There is no dispute that the Congress has expressly intended to entrust to BPSC the titles to the subject lots. Being the sole beneficiary of Section 24 of R.A. No. 8562, BPSC is the real party in interest, and is entitled to mandamus to enforce its right thereunder.[68]

WHEREFORE, in view of the foregoing, the petition for review on *certiorari* is **DENIED**. The Decision of the Court of Appeals dated February 7, 2006 in CA-G.R. SP No. 85902 is **AFFIRMED**.

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67 *Republic of the Philippines v. Agunoy, Sr.*, 492 Phil. 118, 131 (2005).

68 Incidentally, on March 22, 2007, the Congress passed R.A. No. 9403, which further converted the BPSC into a State University, to be known as the Bataan Peninsula State University, and integrating therewith certain public schools and colleges in Bataan. Section 19 thereof also declares that all parcels of land belonging to the Government occupied by the BPSC, the BCC in the City of Balanga, the Bataan National School for Filipino Craftsmen in the Municipality of Orani and the Bataan State College, are the property of the University, and shall be titled under that name.

SO ORDERED.

BIENVENIDO L. REYES
Associate Justice

WE CONCUR:

PRESBITERO J. VELASCO, JR.
Associate Justice
Chairperson

DIOSDADO M. PERALTA
Associate Justice

JOSE PORTUGAL PEREZ
Associate Justice

FRANCIS H. JARDELEZA
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.

PRESBITERO J. VELASCO, JR.
Associate Justice
Chairperson

CERTIFICATION

Pursuant to Section 13, Article VIII 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.

ANTONIO T. CARPIO
Acting Chief Justice

CERTIFIED TRUE COPY
WILFREDO V. LAPITAN
Division Clerk of Court
Third Division
DEC 07 2016