

95 Phil. 818

[G.R. No. L-6711. September 20, 1954]

THE REGISTER OF DEEDS OF MANILA, PETITIONER AND APPELLEE, VS. MAXIMA TINOCO VDA. DE CRUZ, PRUDENCIO CRUZ, CECILIA CRUZ, ELEUTERIO CRUZ, RAFAEL CRUZ, ADELAI DA CRUZ, GREGORIA CRUZ, AND PRIMITIVO CRUZ, RESPONDENTS AND APPELLANTS.

D E C I S I O N

PADILLA, J.:

The respondents are the registered owners of fifteen parcels of land in the district of Tondo, City of Manila. On 28 March 1946 they leased the parcels of land to the Laguna Tayabas Bus Company and the Batangas Transportation Company for five years renewable for another five years. On 24 September 1951 the lessees subleased eight of the fifteen parcels of land to one of the lessors, Prudencio T. Cruz. On 18 December 1951 the owners and lessors of the fifteen parcels of land and the sublessee Prudencio T. Cruz subleased the eight parcels of land to Juanita L. Lirio for a period of ten years beginning 1 January 1952. The last lease contract was signed by Prudencio T. Cruz in his behalf and in behalf of the other owners and lessors of the fifteen parcels of land leased to the Laguna Tayabas Bus Company and the Batangas Transportation Company. The contract of lease on the fifteen parcels of land in favor of the last mentioned companies and that on the eight parcels of land by the companies to Prudencio T. Cruz were not registered or noted on the Torrens certificates of title for said parcels of land. Juanita L. Lirio, the last lessee, filed in the office of the registrar of deeds of Manila the contract of lease in her favor for registration and it was entered in the day book; but as she did not surrender the owner's duplicate certificates of title for the eight parcels of land leased by her, the registration of the lease contract

was not accomplished. For that reason she filed with the registrar of deeds of Manila an adverse claim based on the lease contract. The registrar required the owners and lessors to surrender the owner's duplicate certificates of title for the eight parcels of land leased by Juanita L. Lirio. As the owners refused to surrender the certificates of title, the registrar reported the matter to the Court which after hearing entered the following order:

This is a report submitted to this Court by the Register of Deeds of Manila pursuant to the provisions of section 72 of Act 496, stating that the respondents Maxima Tinoco Vda. de Cruz et al., had failed to comply with his request to surrender to him the owner's duplicate of transfer certificate of title Nos. 61804, 61805, 61808, 61810, 61814 and 61815, in order that a memorandum of the notice of adverse claim in connection with the sublease contract executed in favor of Juanita L. Lirio may be annotated thereon. Said notice of adverse claim was presented for registration in the Office of the Register of Deeds on June 6, 1952, and duly recorded in the said Registry on August 27, 1952.

The respondents, through their counsel opposed the registration of the sublease contract on the ground that the lease in favor of Juanita L. Lirio is no longer subsisting, having been terminated on July 31, 1952, pursuant to agreement of the parties.

It appearing from the record of the case that a contract of lease was executed in favor of Juanita L. Lirio for a period of ten years. Upon demand of payment of back rentals, she notified the respondents' attorney that she asked for an extension of time and agreed to give up the leased premises if she cannot pay the said back rentals on or before July 31, 1952. Because she failed to pay as agreed upon, the respondents lessor took possession of the premises and leased the same to the other respondents herein, effective August 1, 1952. Whereupon Juanita L. Lirio filed a complaint alleging the nullity of the lease contract in favor of the said respondents, and the

effectivity of the lease in her favor.

The main issue to be decided in the above-entitled case, is whether or not the respondent should surrender to the Register of Deeds the above-mentioned duplicates of transfer certificate of title so that the notice of adverse claim in connection with the lease agreement executed in favor of Juanita L. Lirio may be annotated thereon.

Since the adverse claim in connection with the lease contract in favor of Juanita L. Lirio has already been annotated on the original of the transfer certificates of title above-mentioned, said adverse claim should also be annotated on the duplicate of the said transfer certificate of title.

The respondents Maxima Tinoco Vda. de Cruz, et al., are therefore, hereby *ordered to surrender* to the Register of Deeds the above-mentioned duplicates of transfer certificates of title in order that the adverse claim of Juanita L. Lirio may be annotated thereon. As soon as the annotation is accomplished, the said duplicates shall be returned to the respondents herein.

This is, however, without prejudice to the rights of the respondents Maxima Tinoco Vda. de Cruz, et al., to file a petition for the cancellation of the said adverse claim and to the rights of Juanita L. Lirio to oppose its cancellation. So ordered.

Manila, Philippines, November 26, 1952.

A motion for reconsideration of the order was denied. The respondents have appealed.

The opposition to the surrender of the certificates of title is predicated upon the following grounds: (1) that Juanita L. Lirio was in arrears in the payment of the monthly rental from May to June 1952; that upon being pressed for payment she requested for an extension of time to pay the back rentals up to the end of July 1952 and agreed that

should she fail to pay the unpaid rentals the sublessors could take possession of the parcels of land on 1 August 1952, as in fact they took possession on said date upon her failure to pay the back rentals on or before 31 July 1952; and that on the following day, 2 August, the owners and lessors and later sublessors of Juanita L. Lirio leased the eight parcels of land to Timoteo Pazcoguin and Maria Cruz; (2) that on 2 September 1952, Juanita L. Lirio brought an action in the Court of First Instance of Manila for recovery of possession (civil case No. 17385) against Prudencio T. Cruz, Timoteo Pazcoguin and Maria Cruz which was dismissed by the Court because it was not within its jurisdiction, the alleged deprivation of possession having taken place within one year; that on 12 September, while the order of dismissal was pending in the Court of First Instance for reconsideration, Juanita L. Lirio brought an action of forcible entry against Prudencio T. Cruz, Timoteo Pazcoguin and Maria Cruz (civil case No. 22497) which was also dismissed on the ground that Juanita L. Lirio had surrendered voluntarily the possession of the eight parcels of land on 1 August 1952; that from the order of dismissal an appeal was taken to the Court of First Instance which is still pending trial; that on 18 November, Juanita L. Lirio brought an action against Prudencio T. Cruz, Timoteo Pazcoguin and Maria Cruz in the Court of First Instance of Manila (civil case No. 18212) for specific performance of contract, the hearing of which was to be held jointly with the second case appealed from the municipal court. Upon these grounds the appellants claim that they are not legally bound to surrender the duplicate certificates of title for the parcels of land for annotation of the lease contract in favor of Juanita L. Lirio or of her adverse claim. They argue that the lease in favor of Juanita L. Lirio, if it was registerable, should have been registered in accordance with the provisions of section 64 in connection with section 52 of the Land Registration Act, but as she could not produce the owner's duplicate certificates of title, the registrar of deeds could not register the lease contract in favor of Juanita L. Lirio pursuant to section 55 of the Act. If the owner's duplicate certificates of title for the parcels of land leased by Juanita L. Lirio had been surrendered or produced, the need for an order to compel the owners of the parcels of land to surrender the

owner's duplicate certificates of title would not have arisen, because her lease contract would have been registered pursuant to the provisions cited by the appellants. But precisely because the owners and lessors of the parcels of land had refused to surrender the duplicate certificates of title she had to file with the registrar of deeds a statement setting forth her adverse claim as provided for in section 110. The appellants contend that it should not be under section 110 but under section 111 of the Land Registration Act, but the latter clearly refers to a voluntary act of the registered owner or by reason of an instrument or proceedings which divest the owner of the title to the registered property against his consent. However, the instant case is not the one contemplated in section 111, because it is not a divesture of title of the owner to the registered property; neither is it an extinguishment or discharge of a mortgage; nor is it a termination of a lease, but only an adverse claim to be annotated on the owner's duplicate certificates of title. Section 111 is clearly inapplicable.

On the other hand, sections 72 and 110 of the Land Registration Act vest the Court with authority to direct an adverse claim registered and to compel the holder of a certificate of title to produce it for the purpose of registration or annotation of the adverse claim. In *Gurbax Singh Pabla and Co., et al. vs. Reyes et al.*, 48 Off. Gaz., 4365, 4368-4370, 92 Phil., 177, this Court said—

*** the Court of First Instance of Manila issued the order already mentioned above, directing respondents to surrender the certificates of title to the Register of Deeds of Manila in order that petitioners-appellees contract of lease may be noted thereon. ***

It should be noted that all that the petitioners demand or pray for is the surrender of the titles to the Register of Deeds so that their contracts of lease, Exhibits A and C, may be noted thereon. The only

issue, therefore, is whether petitioners have a right to have said deeds registered. * * *

The purpose of registering an instrument is to give notice thereof to all persons (section 51, Act No. 496); it is not intended by the proceedings for registration to seek to destroy or otherwise affect already registered rights over the land, subsisting or existing at the time of the registration. * * *

* * * * *

On the other hand, the supposed invalidity of the contracts of lease is no valid objection to their registration, because invalidity is no proof of their non-existence or a valid excuse for denying their registration. * * * If the purpose of registration is merely to give notice, then questions regarding the effect or invalidity of instruments are expected to be decided *after, not before*, registration. It must follow as a necessary consequence that registration must first be allowed, and validity or effect litigated afterwards.

* * * * *

Wherefore, the opposition to the motion for the surrender of the certificates of title to the Register of Deeds of Manila is overruled, and the order appealed from, in so far as it orders the surrender of the certificates of title for the registration of the contracts of lease, is hereby affirmed. * * *

In *Employees Club, Inc. vs. China Banking Corporation*, 60 Phil., 233, which was an appeal—

from the order entered by the trial court on May 16, 1933, requiring it to surrender to the register of deeds of the City

of Manila the duplicate of transfer certificate of title No. 21192 of the said registry, which it has in its possession, in order that the contract of lease evidenced by Exhibit A which was executed under judicial authorization on November 29, 1932, by the administrator of the intestate estate of said deceased Jose Javier Go Chioco might be acted thereon and entered in the corresponding records.

the appellant contended that section 52 of the Land Registration Act refers exclusively to real rights or interest in land registered in the registry of deeds, but this Court held that said section refers to all interests in registered lands less than estate in fee simple which are registerable without the need of issuing a new certificate of title therefor. The order requiring the appellant China Banking Corporation to surrender the owner's duplicate certificate of title referred to for the purpose of annotating the contract of lease was affirmed.

The remedy of the owner of the registered land if the claim be adjudged invalid is to have it cancelled and if found by the court to be frivolous or vexatious the court may tax the adverse claimant double or treble cost in its discretion.

The order appealed from is affirmed, without costs.

Paras, C.J., Pablo, Bengzon, Montemayor, Reyes, A., Jugo, Bautista Angelo, Labrador, Concepcion and Reyes, J.B.L., JJ., concur.