

****Title: New Durawood Co., Inc. v. Court of Appeals****

****Facts:****

- On February 14, 1990, New Durawood Co., Inc., represented by its branch manager Wilson M. Gaw, filed a petition in the Regional Trial Court (RTC) of Antipolo, Rizal for the judicial reconstitution of lost owner's duplicate certificates of TCT Nos. 140486, 156454, and 140485. An Affidavit of Loss dated December 31, 1990, by Orlando S. Bongat, a stockholder of the petitioner corporation, was attached to the petition.

- The petition was found sufficient in form and substance by the RTC, which scheduled a hearing on March 18, 1991. The RTC issued an order on April 16, 1991, declaring the owner's duplicate copies of the TCTs null and void and directed the issuance of new duplicates.

- In May 1991, New Durawood discovered that the original TCTs on file with the Register of Deeds of Rizal had been canceled and replaced by new TCTs (Nos. 200100, 200101, and 200102) in the name of Durawood Construction and Lumber Supply, Inc. This led New Durawood to file a suit in the Court of Appeals on July 17, 1991, to annul the RTC's order and cancel the new TCTs.

- The Court of Appeals rendered a decision on May 31, 1993, dismissing New Durawood's petition. A subsequent motion for reconsideration was denied.

****Issues:****

1. Which law governs the issuance of new owner's duplicate certificates of title in lieu of lost ones?

2. Did the respondent trial court have jurisdiction to order the issuance of the new owner's duplicate certificates?

3. Was the reconstitution of the said owner's duplicate certificates of title obtained through fraud?

****Court's Decision:****

- ****First Issue: Law Governing Issuance of Lost Owner's Duplicate Titles****

The Court clarified that Section 109 of P.D. 1529 governs the issuance of new duplicate certificates for lost or stolen owner's duplicate certificates. In contrast, R.A. No. 26 applies to reconstitution of lost or destroyed original certificates on file with the Register of Deeds. This distinction is crucial in determining the applicable procedural requirements for reconstitution actions.

- ****Second Issue: Jurisdiction****

The Court concluded that the RTC had no jurisdiction to order the issuance of new owner's duplicate certificates because the original certificates were not in fact lost or destroyed—they were in the possession of Dy Quim Pong, petitioner's board chairman. The Court underscored that for reconstitution to be valid, the actual loss of the original document must be established. Furthermore, the proper procedure under P.D. 1529 was not followed, rendering the RTC's actions and the resultant certificates void.

- **Third Issue: Fraud**

The Court found that the proceeding was marred by fraud because Wilson Gaw was not properly authorized by a valid board resolution to file the petition for reconstitution. The alleged resolution was passed without the required quorum, nullifying any authority given to Gaw. The Court disagreed with the appellate court's finding that fraud must be extrinsic and instead focused on the improper procedure and lack of jurisdiction which tainted the entire reconstitution process.

Doctrine:

- A court lacks jurisdiction to issue a new owner's duplicate of a Torrens certificate of title if the existing owner's copy has not been genuinely lost or destroyed.
- The reconstitution of titles must strictly comply with the statutory procedural requirements; otherwise, it is void.
- Fraudulent reconstitution, even if not extrinsic, can be a basis for annulling judicial orders related to land titles.

Class Notes:

1. **Jurisdiction:** Courts must verify the actual loss of original certificates before ordering reconstitution.
2. **Fraud in Reconstitution:** Fraud in reconstitution can be intrinsic; it is sufficient if it affects the jurisdiction or the fundamental basis of the court's authority.
3. **Authority and Corporate Actions:** Corporate actions, such as filing suits, must be based on valid board resolutions. Unauthorized actions can be invalidated.
4. **Applicable Law:**
 - **Section 13, R.A. 26:** Applies to reconstitution of lost originals from the Register of Deeds.
 - **Section 109, P.D. 1529:** Governs issuance of new duplicates for lost owner's duplicates.

Historical Background:

The case is set against the backdrop of protecting property rights under the Torrens system in the Philippines. This system seeks to provide certainty and security to land titles. The case highlights the procedural rigor needed to prevent fraud and ensure due process in the reconstitution and issuance of property titles. Such cases remind us of the critical role of proper procedure in preserving the integrity of the land registration system and safeguarding against fraud.