

Title: Gloria A. Chico vs. Elsie Ciudadano

Facts:

On April 10, 2012, Gloria A. Chico filed a Petition for Issuance of a New Title for a piece of land she acquired as the highest bidder in a July 8, 2010 Tax Delinquency Sale. The original title, TCT No. 57394 (PR-11986), was in the name of Rosalita G. Bengzon. Upon the lapse of the redemption period, the Quezon City Treasurer issued a Final Bill of Sale transferring the property to Chico. Chico sought the cancellation of Bengzon's title and the issuance of a new title in her name under Sections 75 and 107 of Presidential Decree No. 1529 (Property Registration Decree).

The Regional Trial Court (RTC) of Quezon City, Branch 83, issued notices of hearing. However, no oppositions were filed, leading the RTC to rule in favor of Chico on December 10, 2012, ordering the Register of Deeds to issue a new title in her name. An amended decision corrected the title number. Subsequently, Chico obtained TCT No. 004-2016005243 after the RTC decision became final.

On January 16, 2017, Elsie Ciudadano filed a Petition for Annulment of Judgment under Rule 47 before the Court of Appeals (CA), claiming she and her husband bought the property from Bengzon via a June 23, 1989 Deed of Sale, which was annotated on the original certificate. Claiming ownership and continuous residence since 1992, Ciudadano alleged she was unaware of the delinquency sale until late 2016. She filed for annulment based on extrinsic fraud and lack of personal jurisdiction, alleging notice was not served to her as the actual owner through total exclusion from the initial proceedings.

The CA ruled in favor of Ciudadano, reversing the RTC decision due to extrinsic fraud and the lack of notification, and reinstated Bengzon's title.

Issues:

1. Did the Court of Appeals err in granting the petition for annulment of judgment under Rule 47 based on extrinsic fraud?
2. Was there a collateral attack on Chico's title through the annulment of judgment?
3. Was there a lack of jurisdiction in the handling of the case for issuance of a new title?

Court's Decision:

1. The Supreme Court recognized that the RTC did not have jurisdiction over Ciudadano due to non-service of notice, violating due process. Ciudadano, as a real party in interest, was deliberately omitted from legal proceedings that impacted her property rights. This

constituted extrinsic fraud because Chico was aware of Ciudadano's actual interest and residence, which were backed by proper deed annotation and long-term occupancy.

2. The claim of collateral attack was dismissed. The Court elucidated that when a title is issued pursuant to a void ruling affected by fraudulent procedures, it is inherently null and subject to challenge even in indirect proceedings.

3. Due to the breach in procedural law in failing to include Ciudadano for whom the land's annotation was registered, the judicial body lacked proper jurisdiction to alter property ownership without complying with complete notice or impleading rules.

Doctrine:

The court reaffirmed the protection of due process in property disputes. Titles obtained through procedurally defective, fraudulent judgments cannot constitute indefeasible rights. Furthermore, a void judgment bears no legal effects; hence, related titles can be subject to attack in annulment proceedings.

Class Notes:

- Real party in interest: All parties with legal or possessory interests in the subject property must be impleaded to confer jurisdiction.
- Extrinsic fraud: Occurs when a party is prevented from fully participating in a trial due to another's deceit affecting process rather than the judgment's substantive merits.
- Rule 47, Rules of Court: Outlines grounds for annulment of judgment based on extrinsic fraud and lack of jurisdiction.

Historical Background:

This case highlights recurring challenges in the Philippine Torrens system concerning issues of fraud, procedural process, and real property rights. It's embedded in historical amendments and administrative regulations designed to ensure that registration of interests and title confers notice to the world, securing possession rights and interests.