

JULIAN, JR., SERGIO, PEDRO, LUIS AND MONICA, ALL SUR-NAMED RODRIGUEZ, PETITIONERS, VS. SABINA TORENO, TIMOTEO TORENO, GLICERIA BOCASE, ALEJANDRO BOCASE, BENJAMIN CAMPOREDONDO, S...

G.R. No. L-29596. October 04, 1977

Ponente: CASTRO, C.J.

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CASTRO, C.J.:

This is a review of the decision of the Court of Appeals in CA-G.R. No. 30053-R, dated August 22, 1968, affirming the decision of the Court of First Instance of Davao City in Civil Case No. 2718, which (1) adjudicated portions of a parcel of land in favor of Sabina Toreno, Timoteo Toreno, Glicería Bocase, the minors Luciana, Alejandro and Lourdes, all surnamed Bocase, who are represented by their legal guardians Benjamin Camporedondo, Simplicia, Pedro, Bernardo Bienvenido and Gregoria, all surnamed Bocase, and hereinafter referred to as respondents; and (2) awarded damages against Julian Rodriguez, Sr., hereinafter referred to as the petitioner, now deceased, and substituted in the instant petition by his children Julian, Jr., Sergio, Pedro, Luis and Monica.

It appears that during her lifetime, one Valentina Quiñones owned a parcel of land in Davao City with an area of 39,043 square meters which is designated as Lot No. 2017, formerly Lot No. 1226-G of the cadastral survey of Davao. On her death, Valentina was survived by her children, namely, Maximina, Martiliano, Felix, Petra, Eugenia, Restituta and Ana, all surnamed Bocase and all of whom are now deceased.

Maximina died in 1940 and was survived by her children Sabina Toreno and Timoteo Toreno, two of the herein respondents. Martiliano was surnamed by his children Eugenio, Simplicia, Pedro, Bernardo and Gregoria, of whom the latter four are some of the herein respondents. Felix was survived by his children Glicería, and the three minors Luciana, Alejandro and Lourdes who are likewise respondent's herein. Petra died a widow and without any issue. Eugenia does not appear to have left any children. Restituta was survived by her 12 children who, like Ana's four children, are not parties to the case at bar.

The land left by the late Valentina Quiñones was brought for registration before a cadastral court in 1922 and the Original Certificate of Title No. 0-15 was issued on August 7, 1950 in the name of 26 persons, to wit: the three living children of Valentina, namely, Petra, Eugenia and Felix Bocase, and their 23 nephews and nieces. The certificate of title, after its issuance, was delivered to the petitioner by the respondents' counsel in the cadastral case, one Atty. Suazo. The petitioner still had the said certificate of title in his possession at the time the case was commenced in the trial court.

On July 9, 1958, the respondents filed with the Court of First Instance of Davao, a complaint for ejectment and damages against the petitioner, alleging basically that, together with their cousins, the children of Restituta and Ana, they are pro-indiviso registered owners of the land covered by O.C.T. No. 0-15; that in or about June 1953, the petitioner illegally, maliciously, and by means of force and intimidation, entered the land in question and

occupied approximately 27,500 square meters thereof, which portion, prior thereto, was in their possession as their share pursuant to a partition agreed upon by the co-owners thereof; and that since June 1953, the petitioner had been collecting rentals from the owners of houses built thereon in the total sum of P300.00 a month.

In his answer, the petitioner claimed that the heirs of Valentina Quiñones, with the exception of Restituta and Ana Bocase, had already sold their rights over the land covered by O.C.T. No. 0-13 to him as early as 1941 and 1950 either through themselves or their successors in interest, thus making him the rightful and legal owner of approximately 27,899 square meters thereof; that he had been in the peaceful, continuous and public possession of the same; that there was no lien, encumbrance or adverse claim annotated on O.C.T. No. 0-15 so that the series of sales made in his favor, although not registered and annotated thereon, are valid and binding between the parties, the said land not having passed to a third person; and that he had spent no less than P5,000.00 in improving the land in question.

On October 31, 1960, after hearing on the merits, the trial court rendered its decision ordering the petitioner to vacate the land in question and to pay the respondents the sum of P750.00, the value of the coconut trees the petitioner had ordered cut down; P125.00 a month from July 10, 1958, representing the rentals collected by him from tenants with their houses built on the questioned estate; P1,000.00 as attorney's fees; and costs. The trial court's decision was anchored on the following rationale: (a) to entertain petitioner's claim that he had bought the questioned portion of the land covered by O.C.T. No. 0-15 as shown in evidence[1] before the decree of registration was issued would virtually re-open the cadastral proceeding in contravention of the indefeasibility of Torrens titles; (b) the petitioner, being the respondents' counsel in the land registration case, had all the opportunity to have the questioned deeds of sale annotated on the certificate of title in connection with the cadastral case but did not do so; (c) petitioner's failure, despite his having been respondents' counsel, to have his adverse claim brought to the attention of the cadastral court and to have the supposed deeds of sale annotated later are proof enough that the alleged deeds of sale were really contracts of loan.

In due course, the petitioner appealed to the Court of Appeals claiming that the trial court erred in its appreciation of the facts and the legal aspects of the case. On August 22, 1968, the Court of Appeals rendered its decision finding the petitioner's claim "to the property in controversy untenable" and affirming, except for reducing to P550.00 the value of the coconut trees the petitioner had to reimburse the respondents (it was found that only 110 trees were felled at P5.00 per tree), the appealed judgment of the trial court. But, unlike the trial court, the Court of Appeals did not resolve the question of whether the alleged deeds of sale, supra, of the questioned land were bona fide purchase agreements or mere contracts of loan. It simply noted that "the alleged sales took place in 1940 or some years prior to the issuance of the Original Certificate of Title No. 0-15 x x x but none of the alleged deeds of sale appears to have been annotated on said certificate of title" and from that observation, concluded that "Under the Torrens System of registration, claims and liens of whatever character, except those mentioned by law, existing against the land prior to the issuance of the certificate of title, are cut off by such certificate if not noted thereon, and the certificate so issued binds the whole world, including the government."

The petitioner in the instant petition raises two issues, namely, (1) whether the existence of a decree of registration is a bar to an action filed after one year from the issuance of the decree to compel reconveyance of the property in question, and (2) whether the alleged unrecorded deeds of sale between the parties are binding upon them and their respective heirs.

1. Contrary to the opinion entertained by the courts below, the prevailing rule in this jurisdiction does not bar a landowner whose property was wrongfully or erroneously registered under the Torrens system from bringing an action, after one year from the issuance of the decree, for the reconveyance of the property in question.[2] Such an action does not aim or purport to re-open the registration proceeding and set aside the decree of registration, but

only to show that the person who secured the registration of the questioned property is not the real owner thereof.

2. Even if the contracts executed by the respondents and their predecessors over the land in question in favor of the petitioner were genuine and bona fide purchase covenants, the same, however, lost their efficacy upon the rendition of judgment and issuance of the decree of registration in favor of the respondents. A cadastral case is a judicial proceeding in rem which, as such, binds the whole world.[3] The final judgment rendered therein is deemed to have settled the status of the land subject thereof and, therefore, all rights or claims prior thereto, if not noted thereon, like those of the petitioner, are deemed barred under the principle of res judicata.

In the case at bar, the record sufficiently shows that the petitioner was well aware of the existence of the cadastral case over the land in question as he was engaged by the respondents to handle the case for them although it was another lawyer, Atty. Suazo, who appears to have actually assisted the respondents in court. Indeed, it incontrovertibly appears that Atty. Suazo delivered the certificate of title to the petitioner after the same was issued, and the petitioner remained in possession thereof until the complaint was filed and the case was tried in the court a quo. Petitioner's actuation, himself a lawyer, under the circumstances, in not having the alleged deeds of sale annotated in the certificate of title, if they were really sale covenants, is certainly inexplicable.

Upon the foregoing, the conclusion of the trial court that the deeds of sale in question were mere contracts of loan, or properly speaking, a security arrangement, is not far-fetched. This Court takes cognizance of the common practice of individual money lenders of taking physical possession of the certificate of title or other documents evidencing ownership of real estate by the debtor to ensure his faithful compliance with the obligation to pay the loan.

ACCORDINGLY, the decision of the Court of Appeals in CA-G.R. No. 30053-R is hereby affirmed.

No costs.

Makasiar, Muñoz Palma, Martin, Fernandez, and Guerrero, JJ., concur.
Teehankee, J., brief concurring opinion.

[1] This consists of several notarial deeds of sale, to wit, (a) Exh. "5" dated Aug. 5, 1940 signed by Eugenio, Pedro, Bernardo, Gregoria and Simplicia Bocase with the conformity of their spouses, covering 5,577 square meters; (b) Exh. "6" dated Aug. 15, 1940 signed by Felix Bocase with the consent of his wife, covering 5,578 square meters; (c) Exh. "7" dated Aug. 9, 1940 signed by Pedro Omega and his wife Gregoria Bocase and Eugenio Bocase and his wife, covering 5,576 square meters wherein the vendors alleged that they bought the same from Maximina Bocase; (d) Exh. "8" dated July 27, 1940 signed by Sabina Toreno, together with her then living sister Florencia Toreno, and their spouses, certifying that on June 29, 1939 their mother Maximina executed a deed of sale (Exh. "8-a") of her interest over the land in question, as heir of Valentina Quiñones, in favor of Pedro Omega and Eugenio Bocase; (e) Exh. "10" dated Feb. 18, 1941 signed by Petra Bocase, covering 5,580 square meters; and (f) Exh. "11" containing no date and not notarized, signed by Eugenia Bocase and her husband, covering 5,576 square meters.

[2] Quiñiano vs. CA, L-23024, May 31, 1971, 39 SCRA 221 and cases cited therein.

[3] Nieto vs. Quines, L-14643, Sept. 29, 1962, 6 SCRA 74. See Cano vs. De Camacho, L-28172, Feb. 29, 1972, 43 SCRA 390, wherein the claim of acquisitive prescription previous to the issuance of the decree of registration was not sustained.

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SEPARATE OPINION

TEEHANKEE, J.:

I concur and wish to add only that while the main opinion has in effect sustained the trial court's factual findings that the so-called deeds of sale in favor of petitioner-defendant were mere contracts of loan or a security arrangement, which under the prevailing rule would call for requiring respondents-plaintiffs as sellers to repay petitioner-creditor the amounts of said loans as a matter of law and fairness, the non-application of such rule in the case at bar is justified by the fact that petitioner does not appear to have filed below a counterclaim, even contingently, for the repayment thereof. Such counterclaim is of a compulsory character and having failed to file the same, petitioner has lost the right to claim repayment.

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