

IGLESIA NI CRISTO, PETITIONER, VS. THE HONORABLE JUDGE, BRANCH I COURT OF FIRST INSTANCE OF NUEVA ECIJA AND DEVELOPMENT BANK OF THE PHILIPPINES, RESPONDENTS.

G.R. No. L-35273. July 25, 1983

Ponente: GUTIERREZ, JR., J.

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GUTIERREZ, JR., J.:

This is a petition for review on certiorari which seeks to reverse the decision of the respondent Court of First Instance of Nueva Ecija, Branch I, in Civil Case No. 4742 entitled *Development Bank of the Philippines v. Iglesia ni Cristo, Register of Deeds of Nueva Ecija, and the National Treasurer of the Philippines*. The decision of the respondent court upheld the primacy of the respondent bank's title and ordered the cancellation of the petitioner's title. The petitioner has come to this Court on the sole issue of:

WHICH OF THE TWO TITLES IS SUPERIOR, AN EARLIER TITLE SECURED ADMINISTRATIVELY OR A LATTER TITLE SECURED THRU JUDICIAL PROCEEDINGS?

The facts of the case are not disputed. They are summarized by the respondent court as follows:

This is an action filed by the plaintiff Development Bank of the Philippines against the defendant Iglesia ni Kristo, Register of Deeds of Nueva Ecija and the National Treasurer of the Philippines.

As a first cause of action, the complaint states among other things that plaintiff acquired a certain parcel of land located at Sagana, Laur, Nueva Ecija, with an area of 19 hectares, more or less; that it acquired the same thru a sheriff's sale held on April 2, 1952 on account of a foreclosure of mortgage securing an agricultural loan of P4,500.00 granted to one Emilio Libunao; that on July 18, 1953 after the expiration of one year from and after the date of the registration of the certificate of sale, and after the mortgagor, Emilio Libunao failed to exercise his right of redemption, the plaintiff caused the consolidation in its favor the exclusive and absolute ownership thereof, and was issued T.C.T. No. NT-14302 in its name; that said parcel of land was originally owned by Mr. Emilio Libunao, who obtained a Homestead Patent on June 19, 1937, which was registered as O.C.T. No. 5482 on January 19, 1938; that on August 2, 1966 plaintiff sold to its former owner Emilio Libunao the said property for the sum of P10,953.23 under a Deed of Conditional Sale; that plaintiff learned that the defendant Iglesia ni Kristo thru its followers and with its full knowledge and consent is occupying the said parcel of land since October 3, 1966, and claiming the same to be a portion of that certain parcel of land known as Lot B-2, Psd-47351, covered by T.C.T. No. NT-53573 in the name of defendant Iglesia ni Kristo was originally registered on June 1, 1964 as O.C.T. No. 0918 under Decree No. N-11506, Rec. No. 55081, Case No. 3244 of the Court of First Instance of Nueva Ecija, issued on May 25, 1954; that despite repeated demands by plaintiff, defendant Iglesia ni Kristo and all persons claiming it failed and refused and still fail and refuse to vacate the said parcel of land to the damage and prejudice of the plaintiff.

The second cause of action is against the defendant National Treasurer, the depositary and legal custodian of the Assurance Fund under Act No. 496 against which plaintiff would proceed for reimbursement of the purchase price of the property in question in case of an adverse judgment.

Defendant National Treasurer of the Philippines filed its answer on July 17, 1967 denying the material allegations of the complaint, and alleging that the action is premature, since the plaintiff may still recover damages from other persons.

Defendant Iglesia ni Kristo filed its answer on July 25, 1967 denying the material allegations of the complaint, and stating by way of affirmative defenses that it purchased in good faith from Victoria Maravilla certain parcels of land situated at Barrio Cebu, Laur, Nueva Ecija, which included the land in question; that these parcels of land purchased were covered by certificates of title; that immediately after the purchase, defendant Iglesia ni Kristo took possession of the property; that granting that plaintiff's land is within the titled property of the defendant, it has superior title over it. On July 25, 1967 defendant Iglesia ni Kristo filed a motion to bring in a third party defendant in the person of Victoria Maravilla, from whom it acquired the property in question. Then on July 2, 1968 it filed an amended third party complaint wherein the original third party defendant was substituted by her heirs represented by Dra. Mercedes M. Oliver. This was granted by the Court in its order dated July 9, 1968. On September 12, 1968, the third party defendant filed an opposition to the admission of the amended third party complaint praying that the same be dismissed for being a money claim. The Court in its order dated September 19, 1969 dismissed the third party complaint. The parties have agreed to submit a stipulation of facts upon which the decision of the Court will be based.

From the stipulations of facts submitted by the parties on January 16, 1970, the following facts are admitted; to wit: that the property in question is covered by T.C.T. No. NT-14302 in the name of the plaintiff, and T.C.T. No. NT-53573 in the name of defendant Iglesia ni Kristo; that said property was acquired by the plaintiff in a foreclosure sale on April 2, 1952 from Emilio Libunao in whose name the same was previously registered on January 10, 1938 by virtue of a homestead patent of June 19, 1937; that defendant acquired the said property from Victoria Maravilla who was the registered owner of a parcel of land including the land in question under O.C.T. No. 0-918 by virtue of a decree/decision, Rec. No. 55018, Reg. Case No. 3244 of the CFI of Nueva Ecija on March 24, 1954; and registered in the Register of Deeds on June 1, 1954; that the land covered by O.C.T. No. 0-918 was subdivided into four lots with separate titles; that the lot in question falls within Lot B-2, Psd-47351 which defendant acquired from Victoria Maravilla on November 5, 1964, and now covered by T.C.T. No. NT-53573 in its name.

The dispositive portion of the questioned decision reads:

"... the Court hereby declares the title of the defendant Iglesia ni Kristo, T.C.T. No. NT-53573 to be null and void, and orders the Register of Deeds to cancel the aforementioned title. The Court likewise orders the defendant Iglesia ni Kristo to deliver the possession of the said property to the plaintiff or to its duly authorized representative, and to pay the costs."

The petitioner filed a motion for reconsideration but the respondent Court denied it. Failing to obtain a reversal of the decision, the petitioner filed this petition for review on certiorari raising the following assignments of errors:

I

THE RESPONDENT COURT ERRED IN HOLDING THAT TITLE ACQUIRED EARLIER BY HOMESTEAD IS SUPERIOR TO THAT SECURED IN A SUBSEQUENT LAND REGISTRATION PROCEEDINGS.

II

THAT RESPONDENT COURT ERRED IN HOLDING THAT ASSUMING THE LAND IN QUESTION WAS ALREADY OF PRIVATE OWNERSHIP, PETITIONER OR HER PREDECESSOR SHOULD HAVE FILED A PETITION FOR REVIEW WITHIN ONE YEAR FROM THE ISSUANCE OF THE HOMESTEAD PATENT.

III

THE RESPONDENT COURT ERRED IN NULLIFYING PETITIONER'S TITLE AND CONSEQUENTLY IN ORDERING IT TO DELIVER TO RESPONDENT BANK THE POSSESSION OF THE LAND IN DISPUTE.

The errors raised by the petitioner are grounded on one main allegation, that the property in question was already of private ownership when the homestead patent was issued in favor of Emilio Libunao, the respondent bank's predecessor. The petitioner contends that the land covered by the conflicting titles had been possessed by Victoria Maravilla and her predecessor Mariano Padilla even several years before the Revolution of 1896 and that is why it was adjudicated as private land and ordered registered in her name in Land Registration Case No. 3244, LRC, Record No. 55081. With this as factual background, the petitioner attacks the validity of the homestead patent and title issued to the respondent bank's predecessor, Emilio Libunao.

The petitioner cites the case of *Vital v. Anore* (90 Phil. 855; 858) to support its contention that the homestead patent and the consequent title are void. According to him, we should apply the rule in *Vital v. Anore* that:

The rule that a homestead patent, once registered under the Registration Act, becomes indefeasible as a Torrens Title is only true and correct if the parcel of agricultural land patented or granted as homestead by the government after the requirements of the law had been complied with was a part of the public domain. If it is not but a private land the patent or homestead patent are a nullity.

The rule in *Vital* is not applicable to this case. This Court remanded the *Vital* case to the lower court for the taking of evidence because of the following factual considerations:

A torrens title issued upon a free patent may not be cancelled after the lapse of ten years from the date of its registration because the statute of limitations bars such cancellation. But if the registered owner, be he the patentee or his successor-in-interest to whom the free patent was transferred or conveyed, knew that the parcel of land described in the patent and in the Torrens title belonged to another who together with his predecessor's-in-interest has been in possession thereof, and if the patentee and his successor-in-interest were never in possession thereof, then the statute barring an action to cancel a Torrens title issued upon a free patent does not apply, and the true owner may bring an action to have the ownership or title to the land judicially settled, and if the allegations of the plaintiff that he is the true owner of the parcel of land granted as free patent and described in the Torrens title and that the defendant and his predecessor-in-interest were never in possession of the parcel of land and knew that the plaintiff and his predecessor-in-interest have been in possession thereof be established, then the court in the exercise of its equity jurisdiction, without ordering the cancellation of the Torrens title issued upon the patent, may direct the defendant, the registered owner, to reconvey the parcel of land to the plaintiff who has been found to be the true owner thereof. (Philippine Reports, Vol. 90, pp-858-859).

In the instant case, the situation is reversed. Emilio Libunao was given a homestead patent in 1937 and the Torrens Title in 1938. Victoria Maravilla registered her supposed title to the property only in 1954 or seventeen years later. It is therefore, the title of Maravilla, the petitioner's predecessor-in-interest, which should be declared a nullity. She filed an application for land registration over property which had already been awarded by the State to Emilio Libunao 17 years earlier and a title to which had already been registered, 16 years before the registration of her title.

Insofar as the private respondent and its predecessor are concerned, the allegations of ownership since before the Revolution of 1896 are purely self-serving and without probative value. There was no formal hearing on this allegation in the court a quo because the parties stipulated the facts upon which the decision would be rendered and this is not one of them. The private respondent was not given an opportunity to refute or impugn the veracity of the allegation.

Maravilla could not legally claim that she owned the lot as her private property prior to its registration in her name in 1954 and even prior to 1938 when title was registered in the name of Libunao pursuant to a homestead patent.

The contention in the comments of the *Iglesia ni Cristo* (its lawyer did not file any brief) that the two lots are private lands, following the rule laid down in *Susi vs. Razon and Director of Lands*, 48 Phil. 424, is not correct. What was considered private land in the *Susi* case was a parcel of land possessed by a Filipino citizen since time immemorial, as in *Cariño vs. Insular Government*, 212 U.S. 449, 53 L. ed. 594, 41 Phil. 935 and 7 Phil. 132. The lots sought to be registered in this case do not fall within that category. They are still public lands. A land registration proceeding under section 48 (b) "presupposes that the land is public" (*Mindanao vs. Director of Lands*, L-19535, July 10, 1967, 20 SCRA 641, 644).

As held in *Oh Cho vs. Director of Lands*, 75 Phil. 890, "all lands that were not acquired from the Government, either by purchase or by grant, belong to the public domain. An exception to the rule would be any land that should have been in the possession of an occupant and of his predecessors-in-interest since time immemorial, for such possession would justify the presumption that the land had never been part of the public domain or that it had been a private property even before the Spanish conquest."

In *Uy Un vs. Perez*, 71 Phil. 508, it was noted that the right of an occupant of public agricultural land to obtain a confirmation of his title under section 48 (b) of the Public Land Law is a "derecho dominical incoativo" and that before the issuance of the certificate of title the occupant is not in the juridical sense the true owner of the land since it still pertains to the State. (*Republic v. Villanueva* 114 SCRA 875 and *Republic v. Gonong* 118 SCRA 729)

There is absolutely no showing in this case that the exceptional circumstances mentioned in *Cariño v. Insular Government* and *Oh Cho v. Director of Lands* are present. Even assuming that the land was not yet registered in another's name when Maravilla filed the registration proceedings, the land would have been public land in the strict legal sense before 1954 as far as she was concerned.

The petitioner cannot assail the validity of the title of respondent Bank's predecessor after 29 years from its registration. Our Land Registration Law provides that upon the expiration of one year from and after the date of the entry of the decree of registration, the said decree and the certificate of title shall become incontrovertible and indefeasible (P.D. 1529, Section 32). This provision is equally applicable to titles acquired through homestead patents. In the case of *Lahora v. Dayang-hirang* (37 SCRA 346; see also *Lopez, et al. v. Padilla, et al.*; 45 SCRA 44; *Ramirez v. CA*, 30 SCRA 297) this Court held:

"The rule in this jurisdiction, regarding public patents and the character of the certificate of title that may be issued by virtue thereof, is that where land is granted by the government to a private individual, the corresponding patent therefor, is recorded, and the certificate of title is issued to the grantee; thereafter, the land is automatically brought within the operation of the Land Registration Act, the title issued to the grantee becoming entitled to all the safeguards provided in Section 38 of said Act. In other words, upon the expiration of one year from its issuance, the certificate of title becomes irrevocable and indefeasible like a certificate issued in a registration proceeding."

In the case of *Pajomayo, et al. v. Manipon, et al.*, (39 SCRA 676) we held that once a homestead patent granted in accordance with the Public Land Act is registered pursuant to Section 122 of Act 496, the certificate of title issued in virtue of said patent has the force and effect of a Torrens Title under the Land Registration Act. We should add that the Director of Patents, being a public officer, has in his favor the presumption of regularity in issuing the questioned homestead patent.

As a ground for setting up the second assignment of error, the petitioner refutes the relevancy of the above rule to the case at bar asserting that where the action is not for the revision of the decree of registration on the ground of

fraud but rather for the cancellation of the patent and certificate of title on the ground that they are void because the Bureau of Lands had no jurisdiction to issue the patent, the one-year period provided for in section 38 of Act 496 does not apply. It cites *Director of Lands v. Court of Appeals, et al.* (17 SCRA 71-76). It adds that a certificate of title based on a patent is still subject to certain restrictions even after the expiration of one year from its issuance pursuant to our resolution in *Nieto v. Quinez* (6 SCRA 74).

Petitioner forgets that it was the defendant in this case. In other words, what was sought to be cancelled was its Torrens Title and not that of the respondent Bank. In raising such an argument, the petitioner relies on the premise that the homestead patent and its corresponding title are void for lack of jurisdiction of the Bureau of Lands to issue the said patent for the main reason that the land covered by the homestead patent was already of private ownership when it was issued. In fine, petitioner belatedly attacks the validity of the respondent Bank's title after it had become incontrovertible for twenty eight (28) years already. To reiterate, the rule on the incontrovertibility and indefeasibility of a Torrens Title after one year from entry of the decree of registration does not sanction this procedure.

Considering the circumstances of this case, we follow the general rule that where two certificates of title are issued to different persons covering the same land in whole or in part, the earlier date must prevail as between the original parties, and in case of successive registration where more than one certificate is issued over the land, the person holding under the prior certificate is entitled to the land as against the person who relies on the second certificate. *Director of Lands v. Court of Appeals*, (102 SCRA 370); *Pajomayo, et al. v. Manipon, et al.* (39 SCRA 676); *Legarda v. Saleeby* (31 Phil 590); *De Villa v. Trinidad* (22 SCRA 1167, 1174); *Hodges v. Dy Buncio* (6 SCRA 287); *Register of Deeds v. PNB* (13 SCRA 46); *Alzate v. PNB* (20 SCRA 422); *Garcia v. Court of Appeals* (95 SCRA 380); *Gatioan v. Gaffud* (27 SCRA 706).

The resolution of the first and second assignments of errors disposes of the third alleged error. We apply the ruling in *Pajomayo, et al. v. Manipon, et al.* (39 SCRA 676) that where the same parcel of land is covered by two titles, necessarily when one of the two titles is held to be superior over the other, the latter should be declared null and void and should be cancelled. Petitioner claims that it is an innocent purchaser for value and as such is entitled to the protections provided by law particularly the guarantee of indefeasibility and incontrovertibility of a Torrens Title after the expiration of one year within which to file a petition for review. The respondent Bank is the innocent purchaser for value in this case and is more entitled to the protection claimed by the petitioner. The rule on successive registration controls. The Land Registration Court had no jurisdiction to decree anew the registration of a land already decreed and titled. It had no power to bestow validity upon the second decree. *Singian v. MRR Co.* (60 Phil 192, 203); *Mabuhay Development Co. v. Ronquillo* (38 SCRA 439); *Lahora v. Dayang-hirang* (37 SCRA 346)

WHEREFORE, the decision appealed from is hereby affirmed with costs against the petitioner.

SO ORDERED.

Plana, Escolin and Relova, JJ., concur.

Teehankee (Chairman), J., in the result.

Melencio-Herrera and Vasquez, JJ., on leave.

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