

**BONIFACIO GESTOSANI, HOSPICIO CUNANAN, ET AL., PLAINTIFFS
AND APPELLANTS, VS. INSULAR DEVELOPMENT COMPANY, INC. AND
THE REGISTER OF DEEDS OF DAVAO, DEFENDANTS AND APPELLEES.***G.R. No. L-21166. September 15, 1967*

Ponente: DIZON, J.

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In their amended petition (complaint) filed on October 5, 1961 in the Court of First Instance of Davao, Bonifacio Gestosani and more than thirty other persons prayed "that, after proper hearing of this petition, an order be issued annulling Transfer Certificate of Titled No. TT-9810; order-ing the Register of Deeds of Davao to cancel said Certifi-cate of Title; declaring the land in question to have been acquired by acquisitive prescription by herein petitioners; and as an alternative, to declare said land as part of the public domain in which case petitioners be given preferential rights to the same; condemning the respondent, Insular De-velopment Company, Inc., to pay petitioners damages in the form of litigation expenses in the total amount of P5,000.00, and such other remedies which may be found just and proper in the premises".

Basic allegations made in the abovementioned pleading are the following:

That on February 1, 1957 the Commissioner of the Land Registration Commission issued a certification to the effect that the records of his office covering the Davao City Ca-dastral Case No. 1, LRC Cadastral Record No. 317 showed that Lot No. 512 of the Cadastral Survey of Davao was subdivided into Lots Nos. 1926 and 1927, the first being the subjectmatter of their amended petition; that Decree No. 764871 was issued for said lot on December 13, 1945, while the corresponding certificate of title was released on December 18 of the same year; that the original and copy of said decree and of the decision relative to Lot No. 1926 were not among the records salvaged by the office of the Land Registration Commission; that inspite of the fact that decree No. 764871, the certificate of title issued pursuant thereto and the decision rendered in the registration pro-ceedings had not been reconstituted, another decree numbered N-79289 was issued for the lot aforementioned on September 7, 1960, as a result of which, on September 29 of the same year the Register of Deeds of Davao City issued Original Certificate of Title No. 140 in the name of Maria F. Villa Abrille; that on the same day the Register of Deeds can-celled said original certificate of title and issued, in lieu thereof, Transfer Certificate of Title No. T-9314 in the name of the Insular Development Company, Inc.; that as a result of a written communication sent on October 26, 1966 by the latter to the Commissioner of the Land Registration Commission inviting attention to certain discrepancies in the technical description appearing on Transfer Certificate Title No. T-9314, on the one hand, and the duly approved technical description of the property subjectmatter there-of, on the other, said Commissioner submitted a report to the Court of First Instance of Davao suggesting that the Register of Deeds of Davao be ordered to cancel Transfer Certificate of Title No. T-9314 and issue another in lieu thereof containing the correct technical description; that said report having been approved by the Court, Transfer Certificate of Title No. T-9314 was cancelled and in lieu thereof Transfer Certificate of Title No. TT-9810 in the name of Insular Development Company, Inc. was issued on May 26, 1961.

Based on the foregoing, the petitioners claimed that the issuance of Decree No. N-79289 and of the original are transfer certificates of titles mentioned heretofore was fraudulent and illegal and, therefore, null and void; that being the bonafide occupants of the parcel of land covered by said decree and certificates of title and having cultivated the land since time immemorial, through themselves and their predecessors in interest, they were thereby "deprived of their ownership and their lawful interest to the land and its improvements" and had suffered damages in the amount of P5,000.00.

On October 31, 1961, after having been duly summoned, the Insular Development Company, Inc. filed the following motion to dismiss:

"Defendant Insular Development Company, Inc., by counsel, respectfully moves to dismiss the 'amended petition' on the following grounds:

'(1) The present action is barred by another action pending between the same parties for the same cause.

'(2) The cause of action is barred by the statute of limitations.

'(3) The petition does not state a cause of action.'"

During the preliminary hearing held in connection with the motion to dismiss, the herein appellee presented in evidence, inter alia, certified true copies of the decision of the Court of First Instance of Davao of June 12, 1930 in Cadastral Case No. 1, G.L.R.O. Record No. 317; of the decision of the Supreme Court dated November 14, 1931 in the aforesaid case, and a certificate issued by the Clerk of Court of Davao to the effect that the final judgment rendered in said registration proceeding had become executory.

On February 8, 1962 the lower court sustained the above reproduced motion and dismissed the case in an order of the following tenor:

"Defendants filed a motion to dismiss on the grounds that the present action is barred by another action pending between the parties; the cause of action is barred by the statute of limitations; and that the petition does not state a cause of action. Plaintiffs opposed the petition.

"After a perusal of the motion to dismiss and the opposition thereto the Court is of the opinion that the motion to dismiss is well-taken. Plaintiffs based their right to bring this action on the fact that they are occupants of the property in question. They claimed the land in question to be public land. As mere occupants of the land in question and without any claim of proprietary interest they may not bring an action for the annulment of the certificate of title covering the land in litigation. Moreover, there is a pending action between the same parties or some of them over the same property. In a decision in CA-G. R. No. 22856-R entitled Insular Development Company, Inc., vs. Hospicio Cunanan, et al. will be applicable in this case.

"WHEREFORE, this case is hereby ordered dismissed."

In the present appeal the petitioners claim that the order of dismissal should be reversed and the case remanded to the court a quo for trial on the merits, upon the ground that said court erred in holding: firstly, that they have no right to bring an action for the annulment of the certificate of title covering the land in litigation; secondly, that there is a pending action between the petitioners or some of them, on the one hand, and the defendant, on the other, over the same property; and finally, in dismissing the case.

The issues set forth above seem to be of secondary importance. The point that is really decisive on the question of whether appellants' action can stand, and whether any other person can raise in court the issues covered by their amended petition (complaint) is whether or not the title issued originally to Maria F. Villa Abrille and subsequently the subject of several conveyances until it was acquired by appellee corporation can still be

annulled.

The pending action involving the same parties and the same property mentioned in the motion to dismiss was Civil Case No. 1503 of the Court of First Instance of Davao which at the time of the filing of said motion was already on appeal in the Court of Appeals (C.A.G. R. No. 22856-R). It was decided by the latter on April 29, 1966. An attempt made by the therein defendants to have the latter decision - affirm-ing that of the lower court - reviewed by Us by certiorari failed (G. R. No. L-26482, dismissed on October 7, 1966). As a consequence, it became final and executory.

The complaint filed - on December 29, 1954, or seven years prior to the filing of the instant case – in the action mentioned above alleged that the Insular Development Company, Inc. was the owner in fee simple of Lot No. 512-A of the Davao Cadastre, described in Psu-19306 and located at Bu-hangin, Mamay, Davao City; that the numerous defendants named therein, conspiring and helping one another, entered into and occupied different portions thereof, some in 1945 and others in the years 1946, 1947 and 1948, and started planting rice, corn, etc. therein and building their houses thereon; that having refused to vacate the portions respectively occupied by them notwithstanding repeated demands to do so, the plaintiff filed the action for ejectment and for the recovery of damages.

In their answer the defendants claimed lack of knowledge and information sufficient to form a belief as to the truth or falsity of the facts alleged in the complaint and further alleged that they were the owners of the portions individually occupied by each of them; that no decree had ever been issued by the General Land Registration Office in favor of the plain-tiff or any of its predecessors in interest; that the plain-tiff had lost its ownership of the land in question by pres-cription. By way of counterclaim they further averred that the unwarranted filing of the complaint had caused them damages in the total amount of P5,000.00.

After trial the Court of First Instance of Davao rendered judgment as follows:

"EN SU VIRTUD, el Juzgado dicta decision esta cause a favor de la demandante:

1. Declare a la demandante dueña absolute del lote No. 512-A, con todas las mejoras y edificaciones existentes dentro del mismo;
2. Ordena a los demandados vaquen las porciones que estan ocupando del lote No. 512-A, y entreguen a la demandante la po-sesion de las mismas, con todas las mejoras -y edificaciones existentes dentro del dichas porciones, dentro del plazo de 6 mesas a contar de la fecha de la promulgacion de esta decision;
3. Ordena a todos y cada uno de los deman-dados a pagar a la demandante en concepto de ren-tas por las porciones que estan ocupando del lote No. 512-A, a contar de la fecha de la incoacion de la demanda de autos hasta que entreguen a la demandante la posesion de las mismas, en la pro-porcion siguiente:

'(a) P5.00 mensual para los deman-dados que ocupan cinco (5) hectareas, o mas, del lote No. 512-?; y

'(b) P2.00 mensual para los demandos que ocupan dos (2) hectareas del late No. 512-A; y

'(c) P1.00 mensual para los deman-dados que ocupan un (1) hectareas, or menos del lote No. 512-A;'

4. Ordena el sobreseimiento de esta de-manda en tanto en cuanto se refiere a los de-mandados, Leonila Diaz, Francisco de la Peña, Gaudencio Aplicador, Miguel Fabular, Tomas Agmohol, Timoteo Capuyan, Esperanza Puzon, Epifanio Pardillo, Severino Binalayo, Locas Binalayo, Jesus Caballero, Adriano Europa, Casimiro Antigüe y Sergio Dicon;

5. Condena a los demandados, con exclusion de los mencionados en el parrafo anterior, a pagar las costas del juicio."

From the above decision the defendants appealed to the Court of Appeals, claiming that the Court a quo had erred: (1) in admitting certain exhibits; (2) in finding that a decision was promulgated on June 12, 1930 adjudicating in favor of Maria F. Villa Abrille Vda. de Chicote a portion of 88 hectares of Lot No. 512-A and that a decree and an original certificate of title had been issued in her name for Lot No. 512-A; (3) in finding that Tan Sin An was in possession of the premises in question from 1938 to 1942 and that only in 1947 did some of the defendants enter into said premises on the understanding that they would vacate it as soon as they could locate another place; (4) in not finding that some of the defendants acquired ownership of the portions respectively occupied and claimed by them by acquisitive prescription; and (5) in finding that the defendants were possessors in bad faith.

As the decision of the Court of First Instance of Davao in the abovementioned case declared the Insular Development Company, Inc. "dueña absoluta del lote No. 512-A - con todas las mejoras y edificaciones existentes dentro del mismo" and said decision was affirmed in toto by the Court of Appeals, we deem it relevant to quote the following pertinent portions of the decision of the latter:

"The record shows that Lot No. 512 of Davao Cadastre, Cadastral Case No. 1, GLRO Record No. 317, of the Court of First Instance of Davao, was adjudicated to Maria Villa-Abrille, with the exception of a portion of 46 hectares and 7 ares which is on the Southeastern part of said lot, which portion was declared as public forest land under the control and administration of the Director of Forestry (Exh. D-2). On appeal by Maria Villa-Abrille, the Supreme Court affirmed the decision (Exhs. D & D-1), and Lot No. 512 had been divided into two lots, to wit: Lot 512-A with an area of 889,744 square meters or more than 88 hectares, and Lot No. 512-B with an area of 468,323 square meters or more than 46 hectares (Exhs. D-3 & D-4).

"Maria Villa-Abrille mortgaged Lot 512-A together with her other properties, to La Urbana Sociedad Mutua de Construcción y Prestamos. For her failure to meet her obligations, the mortgaged properties, among which was Lot 512-A, were sold at public auction. As the mortgagee was the highest bidder, the mortgaged properties were awarded to it. In 1938, La Urbana Sociedad Mutua de Construcción y Prestamos had sold and conveyed the properties it had acquired from Maria Villa-Abrille to the partnership of Pedro Tan Peh and Tan Sin An who in turn conveyed said properties, including Lot No. 512-A to the partnership 'Ten Sin An and Antonio G. Goquialay.' in 1940. In the same year, said properties were mortgaged to Banco Hipotecario de Filipinas for P52,282.80, payable in installments of 738.86 a month.

"It also appears that from 1938 up to 1942, Tan Sin An had been in possession of the properties, administering and enjoying the fruits thereof for the partnerships mentioned above. During all those years, abaca and ramie were harvested from Lot No. 512-A, and the tenants thereon, defendants Nemesio Pamintangco, Lorenzo Mercado, Olimpio Hernaez, Gaudencio Aplicador, Olimpio Agudo and Sotero Agudo (now deceased) had delivered the share of the owner from their harvests of palay and corn.

"Tan Sin An died in 1942. From this year up to 1944, on suggestion of the mayor of Davao City, a great number of the residents thereof, including the widow of Tan Sin An and the members of her family, evacuated to Lot 512-A. However, at the end of 1944, the Japanese converted the whole area of said lot into a military reservation, and ordered the occupants thereof to vacate the same, which they did.

"In 1944, Sing, Yee and Chuan, Inc. paid the mortgage obligation of the partnership of Ten Sin An and Antonio C. Goquialay to the Banco Hipotecario de Filipinas.

"When Davao was liberated in 1945, nobody was residing in Lot No. 512-A, and it was in 1947 when some old tenants and others who came from the Visayas entered into Lot No. 512-A, with the promise on the part of some of them that they were to abandon the land as soon as they could find a place where they could re-side.

"In the meantime, Kong Chai Pin, the widow of aforementioned Tan Sin An, filed a petition praying that she be appointed administratrix of the intestate estate of her husband. For this reason, the creditors, Yutivo & Sons Hardware Company and Sing, Yee and Chuan, Inc. filed their respective claims. On approval of these claims,

the administratrix was ordered to pay the same out of the funds of the administration. Consequently, she sold on April 7, 1949, in favor of Betty Y. Lee and Washington Z. Sycip the properties of Tan Sin An and that of the commercial partnership of Tan Sin An and Antonio C. Goquialay including Lot No. 512-A, which sale was approved by the court and the same was registered in the office of the Registrar of Deeds of Davao City.

"When Insular Development Co., Inc. was organized, Betty Y. Lee and Washington Z. Sycip, two of the incorporators, transferred in 1949 to the corporation of the properties, including Lot No. 512-A, they had purchased from the intestate estate of the deceased Tan Sin An.

"The appellants, however, assail the trial court in admitting certain Exhibits, particularly Exhibits D, D-1, O, Q and O-1. They argue that it has not been shown that the District Land Officer of Davao, who issued a certified copy of the alleged decision of the Supreme Court (Exhs. D & D-1), as the custodian of the original document or authentic copy from which Exhibit D was copied. Besides, Exhibit D is immaterial in that it treats of a parcel of land which has an area of 331,941,060 square meters, while the land in question has only an area of more than 88 hectares. So that it is not only illogical but also preposterous to hold that Exhibit D has reference to the land under consideration. The same arguments according to the appellants, hold true with respect to Exhibit D-1.

"The contention that the District Land Officer, who certified Exhibit D, does not appear to be the proper custodian of the original or the authentic copy from which said Exhibit D had been copied does not merit serious consideration. To start with, the appeal wherein the decision (Exhs. D) was rendered is entitled 'El Director de Terenos, peticionario, contra Timoteo Abarca et als., oppositores, Maria F. Villa-Abrille, oppositora-appelante, El Director de Montes, opositor, apelado; and that an appeal was interposed by claimant Maria Villa-Abrille against the partial decision of the Court of First Instance of Davao in Cadastral Case No. 1, GLRO Rec. No. 317, adjudicating Lot No. 512, with the exception of a portion containing 46 hectares and 7 ares, located on the Southeastern part of said lot, the same having been declared forest land under the control and administration of the Philippine Government. Since the Director of Lands was a party to that case, it was but normal that he should have been furnished with a copy of said decision, and inasmuch as the District Land officer of Davao was the representative of the Director of Lands in that province, where Lot No. 512 is situated, there is nothing unusual that a copy of said decision for the Director of Lands was transmitted to him. And checking Expediente Cadastral No. 1, GLRO Rec, No. 317 with Exhibit D-2, which is a copy of the decision of the Court of First Instance of Davao, dated June 12, 1930, we entertain no doubt that Lot No. 512 was the same and one lot claimed by Maria Villa-Abrille. We do not of course in this connection lose sight of the statement on page 1 of the decision of the Supreme Court dated November 14, 1931 (Exh. D) that Lot No. 512 contains 331,941,060 square meters, the reason why appellants contend that said decision has no reference to Lot No. 512. At most such statement is a typographical error, for reducing 331,941,060 square meters into hectares we will have more than 33,194 while Lot No. 512 has only a total area of 1,358,067 square meters or 135 hectares and 8,067 square meters or a little less than 136 hectares (Pls. see Exhs. D-3 & D-4).

"Similarly, appellants in their obvious efforts to make us doubt that Lot No. 512-A had been adjudicated by the courts of justice to Maria Villa-Abrille, and ordered registered in her name, ask: 'Was there a decree and Certificate of Title issued to plaintiff's predecessor in interest?' and then request us to 'take note that in Exhibit "O" (First Folder of Exhibits) it is certified that a decree on Lot No. 512 was issued on January 13, 1932 but in Exhibit 'O-Deposition of Dalton Chen' it appears that the decree was issued on December 13, 1941'. (pp. 6-7, appellants' brief). The statement is not only gratuitous but also incorrect, for what is stated in Exhibit 'O' (p. 167, First Folder of Exhibits), which is an 'Order For The Issuance of Decrees in Cadastral Cases', is as follows:

'The decision rendered by the Supreme Court in the above-entitled case under date of Nov. 14, 1931, having become final, the Chief of the General Land Registration Office is hereby directed to issue the corresponding

decrees of registration for the lot adjudicated by said decision.

‘x x x’

The aforequoted order was issued on January 13, 1932, by the Court of First Instance of Davao, It is thus quite plain that it is not true, as stated by appellants, 'that in Exhibit 'O' it is certified that a decree on Lot No. 512 was issued on January 13, 1932.'

"Now, as the decision of the Supreme Court, dated November 14, 1931, affirming the decision of the Court of First Instance of Davao, dated June 12, 1930, had become final (Exhs. D, D-1 & D-2), Lot No. 512 of the Cadastral Survey of Davao (Davao City), as stated earlier, 'was subdivided into two lots now known as Lots Nos. 1926 and 1927, and that Lot No. 1927 was declared Terreno Forrestal.' (Exh. O-1 Deposition of Dalton Chen, p. 190, Second Folder of Exhibits.) And according to Exhibit A-Deposition of Dalton Chen, which is a subdivision plan of Lot No. 512, Davao Cadastre, Lot Nos. 1926 and 1927 are equivalent to Lot No. 512-A and Lot No. 512-B, respectively. (Pls. see note at the bottom of Exh. A-Deposition of Dalton Chen, Second Folder of Exhibits.)

"Accordingly, and pursuant to the aforequoted order (Exh. O), Decree No. 764871 was issued on December 13, 1941 for Lot No. 1926 (Lot No. 512-A) and that the corresponding certificate of title was released on December 18, 1941 (Exh. O-Deposition Dalton Chen, p. 189, Second Folder of Exhibits). So that it is clear that there is no discrepancy between Exhibits O (p. 167, First Folder) and Exhibit O –Deposition of Dalton Chan (p. 187, Second Folder), for the latter, which is a certificate issued on February 1, 1957, by the Commissioner of the Land Registration Commission, certifies in effect that the former order was complied with."

In view of the foregoing, it must now deemed settled that the land in question (Lot No. 512-A known also as Lot No. 1926) was brought under the operation of our land registration laws; that it was finally decreed and registered originally in the name of Maria Villa--Abrille; that the latter mortgaged it, together with other properties, to La Urbana etc., who subsequently foreclosed the mortgage and acquired all the mortgaged properties at the foreclosure sale; that in 1938 La Urbana sold the properties it had thus acquired to the partnership of Pedro Tan Peh and Tan Sin An who, in turn, conveyed the same properties to the partnership of Tan Sin An and Antonio G. Goquialay in 1940; that subsequently, the properties became involved in, and formed part of the Intestate Estate of Tan Sin An until April 7, 1949 when the Administratrix thereof, with proper court authority and in order to pay duly approved claims against the Estate, sold said properties (including Lot No. 512-A) to Betty Y. Lee and Washington Z. Sycip, which sale was approved by the probate court and was subsequently re-registered in the Office of the Register of Deeds of Davao City; that in the year 1949 when the Insular Development Company was organized, the Sycip spouses, two of the incorporators, conveyed all said properties to the corporation.

At the risk of stating what is obvious, We say that land registration proceedings under Act 496 are in rem and that such proceedings, as well as the title issued as a result thereof, are binding and conclusive upon the whole world. Upon the expiration of one year within which a petition to review the decree of registration may be filed, said decree and the title issued pursuant thereto become incontrovertible (Section 38, Act 496), and the same may no longer be changed, altered or modified, much less set aside (Director of Lands vs. Gutierrez David, 50 Phil. 797). This has to be the rule, for if even after the ownership of a property has been decreed by a land registration court in favor of a particular person the title issued may still be annulled, changed, altered or modified after the lapse of the one year period fixed by the legal provision mentioned above, the object of the Torrens system, namely, to guarantee the indefeasibility of the title to the property, would be defeated (Cabaños vs. Register of Deeds 40, Phil. 620). In the instant case the above doctrine should apply with more reason, considering the fact that the property has passed from the hands of the original registered owner into those of clearly innocent third parties.

Appellants' claim that the registration proceedings were irregular and that the resulting decree and certificate of

title are void is untenable, not only because of the rule of indefeasibility, but also because the record of the present case discloses more than sufficient facts to support the contrary, namely: there was a decision rendered in the original proceedings; the same became final and executory, and the corresponding decree of re-gistration and certificate of title were subsequently issued. Moreover, all presumptions are in favor of the regularity of the proceedings.

Having arrived at the conclusion set forth above, it seems hardly necessary to say that, upon the facts alleged in appellants' amended petition (complaint), they have no cause of action against the Insular Development Corporation, and that the reliefs prayed for therein, namely: (a) the set-ting aside and cancellation of Transfer Certificate of Title No. TT-9810; (b) a declaration of ownership in their favor based on acquisitive prescription or, in the alternative, (c) a declaration that the property in question is public land and that, as occupants, they are entitled to priority rights in the acquisition of the portions respectively occupied by each of them, can not be granted being in derogation of the indefeasible title of appellee Insular Development Company, Inc.

WHEREFORE, the order of dismissal appealed from being in accordance with law and the evidence, the same is hereby affirmed, with costs.

Concepcion, C.J., Reyes, Makalintal, Bengzon, Zaldivar, Sanchez, Castro, Angeles, and Fernando, JJ., concur.

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