

JAMES MCI. HENDERSON, PHILIPPINE ALIEN PROPERTY ADMINISTRATOR, PETITIONER AND APPELLANT, VS. JOSE GARRIDO AND THE REGISTER OF DEEDS, RESPONDENTS AND APPELLEES.

G.R. No. L-4013. December 28, 1951

Ponente: BAUTISTA ANGELO, J.

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BAUTISTA ANGELO, J.:

This case stemmed from a petition filed in the Court of First Instance of Rizal by the Philippine Alien Property Administrator seeking the issuance of new owner's duplicates of Transfer Certificates of Title Nos. 67460, 67461, 67462, 67463 and 67464, in lieu of the previous owner's duplicates which were lost or destroyed, and after their cancellation, the issuance of new titles in the name of petitioner.

The order involved in this appeal, which was reinstated by a subsequent order of June 17, 1948, recites in its dispositive part as follows:

"The Court therefore decrees that the order of this Court of November 29, 1947 is set aside and declare null and void; That the cancellation of Transfer Certificates of Title No. 40921 to 40925 by virtue of the deed of sale of March 25, 1943 and the issuance of Transfer Certificates of Title No. 67460 to 67464 must be, likewise, as they are hereby, declared null and void for lack of consideration; That the former Transfer Certificates of Title Nos. 40921 to 40925 must be, as they are hereby, restored to the same status as they were before the said cancellation. And, it appearing further that said former Transfer Certificates of Title Nos. 40921 to 40925 have been later cancelled by virtue of the deeds of sale executed by its holder, respondent-oppositor, and substituted by those issued in the name of the above cited purchasers, it is no longer necessary to uphold the former Certificates."

The background of this case is as follows:

On November 24, 1947, the Philippine Alien Property Administrator filed in the Court of First Instance of Rizal, in Cadastral Case No. 20, G.L.R.O. Record No. 1352, a petition praying that new owner's duplicates of Transfer Certificates of Title Nos. 67460, 67461, 67462, 67463 and 67464 in the name of the Philippine Liquid Fuel Distribution Union, Inc, a Japanese firm, be issued, as the owner's duplicates were lost, and that, after ordering their cancellation, new titles be issued in the name of the petitioner who took title to the properties covered by them by virtue of Vesting Order No. P-244 dated June 30, 1947. Acting on this petition, the lower court, in its order of November 29, 1947, directed the register of deeds of Rizal to act as prayed for therein. This order, however, was not complied with, and so on January 29, 1948, the Philippine Alien Property Administrator filed another petition in the same case praying, among other things, that said register of deeds be ordered to comply with the order of November 29, 1947. In this petition, the Philippine Alien Property Administrator alleged that Jose Garrido had filed on October 29, 1945, in the same court, a petition for the reconstitution of the originals and owner's duplicates of Transfer Certificates of Title Nos. 40921 to 40925 upon the allegation that they were lost, and that this petition was favorably acted upon on the fraudulent representation by Jose Garrido (of the fact) that the originals of Transfer Certificates of Title Nos. 40921 to 40925 were missing, as well as on his fraudulent

concealment of the fact that said certificates were already cancelled by Transfer Certificates of Title Nos. 67460 to 67464 upon the registration on May 8, 1946, of a deed of sale executed by Jose Garrido in favor of the Philippine Liquid Fuel Distribution Union, Inc. covering the properties described in said certificates, when the truth of the matter is that the originals of said certificates were neither missing, nor lost, but were at that time on file in the office of the register of deeds of Manila, duly cancelled by the titles issued in the name of the Philippine Liquid Fuel Distribution Union, Inc. On February 3, 1948, Jose Garrido filed an opposition to the petition disputing the title of petitioner to the lands in question and averring that the deed of sale dated March 25, 1943, executed by him in favor of the Philippine Liquid Fuel Distribution Union, Inc. was revoked by another deed executed on March 30, 1943, and so he prayed that the order of the court dated November 29, 1947, be vacated and that the Transfer Certificates of Title Nos. 40921 to 40925 that were issued in his name be upheld. After various hearings, the lower court the opposition of Jose Garrido and vacated its previous order of November 29, 1947. The Philippine Alien Property Administrator took the case to the Court of Appeals, but the latter certified it to this Court on the ground that the issues involved are purely questions of law.

It is an undisputed fact that on March 25, 1943, Jose Garrido was the registered owner of the properties in question, his title thereto being evidenced by Transfer Certificates of Title Nos. 40921 to 40925, and that, on said date, he sold these properties to the Philippine Liquid Fuel Distribution Union, Inc. for P100,000. It also appears clear that on May 8, 1943, the vendee registered the deed of sale in the office of the register of deeds of Manila and, as a consequence of its registration, Garrido's titles were cancelled and new titles were issued in the name of the vendee, the new titles being Transfer Certificates of Title Nos. 67460 to 67464, inclusive. It is likewise undisputed that the originals of these new certificates were never lost, nor destroyed, but are at present on file in the office of said register of deeds (Exhibits "A" to "A-1"), on the back thereof there appears an inscription stating that the former titles of Jose Garrido had been duly cancelled. These original titles have never been cancelled either by any deed of sale, or revocation, or by any order of the court. These titles, therefore, still stand. On the other hand, it has been proven that the present owner of the properties covered by said titles is the Philippine Alien Property Administrator who vested and took title to said properties by virtue of Vesting Order No. P-244 dated June 30, 1947, promulgated pursuant to the provisions of the Trading with the Enemy Act, as amended, the Philippine Property Act of 1946, and Executive Order No. 9818. The vesting was made by operation of law because the properties belonged to an alien enemy. On the strength of these facts, and upon the showing that the owner's duplicates of the titles issued in the name of the alien enemy were lost or destroyed, there appears, therefore, no valid reason why the petition of the Philippine Alien Property Administrator should not be granted under the provisions of section 109 of the Land Registration Act (Act No. 496). And so we find that this petition was correctly acted upon in favor of the petitioner by the lower court in its order of November 29, 1947.

But Jose Garrido claims that the Philippine Alien Property Administrator did not acquire any title to the lands in question for the reason that prior to the issuance of the titles in the name of the Philippine Liquid Fuel Distribution Union, Inc., the deed of sale he executed in favor of the latter on March 25, 1943, by virtue of which said titles were issued, was voluntarily revoked and cancelled in a bilateral contract executed by him and said Japanese firm on March 30, 1943, as evidenced by the document Exhibit "2-A", and the check Exhibit "1-A", showing that the Japanese firm received the consideration for the revocation to its entire satisfaction. This claim may be true, but why is it that Jose Garrido did not register the deed of revocation immediately after its execution and only did so on January 9, 1948? Why did Garrido allow the registration of the properties in the name of the Japanese firm if the sale had been revoked? Garrido claims that his owner's duplicate certificates of title were lost or destroyed after liberation; but we find that these duplicates were surrendered to the office of the register of deeds on May 8, 1943, and were totally cancelled, as well as their originals, and in lieu thereof new titles were issued in the name of the Japanese firm (Exhibit "A"). These duplicates could only have been surrendered by Garrido, for he well

knew, as it is to be expected, that no new title can be issued to the vendee without surrendering the duplicate certificates (Section 52, Act No. 496; *Director of Lands vs. Addison*, 49 Phil. 19; *Rodriguez vs. Llorente*, 49 Phil. 823). These facts cast suspicion on the claim of Garrido that he lost said duplicate certificates, and we know that) were it not for this representation Garrido could not have obtained from the court the reconstitution of the originals and duplicate copies of his titles. Be that as it may, the fact however remains that these facts raise questions and issues which strike at the very life of the titles issued in the name of the Japanese firm which, as already stated, still stand uncanceled and unencumbered, and, following the law and precedents on the matter, these questions and issues can only be threshed out in a separate and independent proceeding. The need for this independent action acquires added importance if we take note of the fact that Garrido succeeded in transferring the lands to other persons who apparently acquired them in good faith and for value. These persons are not parties to these proceedings. Their rights are affected and they are entitled to be heard. These questions which involve the ownership of the litigated lands are not within the province of the lower court in its capacity as court of land registration. They properly pertain to the courts acting under their ordinary civil jurisdiction (*Bank of the Philippine Islands vs. Ty Cameo*, 57 Phil. 891; see also *Castillo vs. Ramos*, 78 Phil., 809).

Another aspect of the controversy which is worth considering is the fact that the petition of the Philippine Alien Property Administrator was filed under section 109 of Act Nov*96, the purpose of which is merely to obtain the issuance of a new duplicate certificate of title in lieu of the one that was lost or destroyed. It is a well known principle that a Torrens Title is irrevocable and indefeasible. It cannot be collaterally attacked. It can only be challenged in a direct proceeding. To allow now Jose Garrido to prove his claim that the titles issued in the name of the Japanese firm are null and void because the deed of sale of the lands covered by them has been revoked would be to allow what is enjoined by the principle of indefeasibility. This cannot be done without doing violence to the cardinal principle underlying the Torrens system. Thus, in a similar case wherein a petition for the reconsideration of a title was challenged on the ground that the registered owner was an alien and could not, therefore, acquire land under our Constitution, this Court held:

"But the lower court claims that petitioner, even if he complied with all the requirements of the law, is not entitled to have his title reconstituted for the reason that, being an alien, he is not qualified to acquire the land covered by said title under our Constitution. However, we find this claim untenable in the light of the theory that a torrens title cannot be collaterally attacked. The rule on this matter is that this issue can only be raised in an action expressly instituted for that purpose (*Legarda vs. Saleeby*, 31 Phil. 590). Moreover, it is a well known doctrine that a torrens title, as a rule, is irrevocable and indefeasible (*Bachrach Motor Co. vs. Kane*, 61 Phil. 5C4), and our duty is to see to it that this title is maintained and respected unless challenged in a direct proceeding." (*The Director of Lands vs. Gan Tan*, [*] G.R.No. L-2664, May 30, 1951).

Having arrived at the foregoing conclusion, the only alternative left in keeping with our findings is to maintain in their status quo the titles issued in the name of the Japanese firm, as well as the reconstituted titles issued in the name of Jose Garrido, both sets of titles covering the same lands, until the proper court shall have determined their priority, and the equities resulting therefrom. This would give a chance to those persons who bought the lands from Garrido to protect and defend their rights. This will not work inconvenience to the Philippine Alien Property Administrator since it is in line with his plan to file a separate action once the titles of the Japanese firm are maintained and transferred to his name, which plan he evinced in his brief and when this case was heard before the court a quo. This is the most feasible and equitable solution to the puzzling controversy before us having in view all the circumstances obtaining in this case.

Wherefore, the order of the lower court dated June 17, 1948, which reinstates its former order of April 12, 1948, is hereby set aside. In lieu thereof, a new order is hereby entered as follows:

(a) the order of the lower court dated November 29, 1947, is hereby maintained and held valid and in full

force; and

(b) the register of deeds of Rizal is hereby ordered to issue, upon payment of the corresponding fees, new owner's duplicate copies as directed in said order of November 29, 1948, notwithstanding the issuance of the reconstituted titles Nos. 40951 to 40925 in the name of Jose Garrido.

No special pronouncement as to costs.

Paras, C.J., Pablo, Bengzon, Tuason, Montemayor, Reyes, and Jugo, JJ., concur.

[*] 89 Phil., 184.

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