

REPUBLIC OF THE PHILIPPINES, REPRESENTED BY THE DIRECTOR OF LANDS, PETITIONERS, VS. THE HON. ANDRES REYES, PRESIDING JUDGE, BRANCH VI, COURT OF FIRST INSTANCE OF RIZAL, GODOFRED...

G.R. Nos. L-30263-5. October 30, 1987

Ponente: PADILLA, J.

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PADILLA, J.:

This is a petition for certiorari with preliminary injunction seeking the annulment of the Order of the Court of First Instance of Rizal, 7[th] Judicial District, Branch VI, Pasig, Rizal dated December 16, 1968 in Civil Case No. 10047 entitled Godofredo R. Eusebio and Urbano C. Lara vs. Director of Lands.

The dispositive portion of the questioned order reads:

"Wherefore, the orders of this court dated May 8, 1968, June 29, 1968 and August 27, 1968 are hereby set aside and the Motion to Admit Petition to Reopen Proceedings is hereby denied."

The undisputed facts of this case are as follows:

Sometime on April 17, 1956 respondents Urbano C. Lara and Godofredo R. Eusebio filed with the Bureau of Lands their Free Patent Applications for the parcels of land designated as Free Patent Applications Nos. 7-207 and 7-208 for Lot No. 1 (10.3629 hectares) and Lot No. 2 (15.2892 hectares), Psu-152606, respectively, situated in Napindan, Taguig, Rizal. After the posting of notices and upon favorable recommendation of a representative of the Bureau of Lands, said free patent applications were approved on June 14, 1956 as shown by the order of approval of applications and issuance of patents. Thus, on June 16, 1956, Free Patent Nos. V-45853 and V-45854 were issued to respondents Godofredo R. Eusebio and Urbano C. Lara, which patents were transcribed and registered on June 21, 1956 by the respondent Register of Deeds of Rizal in the Registration Book for the Province of Rizal in accordance with Section 122 of Act No. 496, as amended, as Original Certificates of Title Nos. 140 and 139, respectively.

In a subsequent investigation conducted by the Anti-Graft and Corruption Board of the Bureau of Lands, it was discovered that the parcels of land patented and titled in the names of respondents Godofredo R. Eusebio and Urbano C. Lara were actually under water and form part of the Laguna de Bay. Neither were private respondents able to occupy or possess said lots. Evidence clearly showed that there were no signs of cultivation or of any improvement thereon.

On March 16 and March 22, 1960, respondents Urbano C. Lara and Godofredo R. Eusebio executed separate affidavits, admitting that they have not complied with certain requirements of the Public Land Act and expressly agreed to have their patents and certificates of title cancelled (Rollo, pp. 13-14).

By virtue of the findings of the Anti-Graft and Corruption Board of the Bureau of Lands, the affidavits and the

surrender of the owner's copy of the certificate of title, the herein petitioner, represented by the Director of Lands, as plaintiff, filed separate complaints against herein respondents Godofredo R. Eusebio and Urbano C. Lara and the respondent Register of Deeds of Rizal as defendants, before the Court of First Instance of Rizal docketed as Civil Cases Nos. 6747 and 6748 in said court, for the cancellation of Free Patent Nos. V-45853 and V-45854 and Original Certificates of Titles Nos. 140 and 139 (Rollo, pp. 15-20).

Accordingly, summons together with copies of the complaints were duly served upon all the defendants in Civil Cases Nos. 6747 and 6748 as shown by the returns (Rollo, pp. 21-22) dated August 16, 1961 submitted by the Provincial Sheriff of Rizal to the Court of First Instance of Rizal. However, notwithstanding their receipt of the summons and copies of the complaint, the defendants, herein respondents Godofredo R. Eusebio and Urbano C. Lara, failed to file their answers to the complaint. As a result thereof and upon proper motion of the plaintiff (herein petitioner) the Court of First Instance of Rizal, 7th Judicial Region, Branch II, Pasig, Rizal, entered an order on November 25, 1961 (Rollo, p. 23) declaring defendants (herein respondents) in Civil Cases Nos. 6747 and 6748 in default. On October 6, 1962, on the basis of evidence submitted by the plaintiff (herein petitioner) the Court of First Instance of Rizal, rendered separate decisions[*] declaring null and void Free Patent Nos. V-45853 and V-45854 and their corresponding Certificates of Title Nos. 140 and 139 and ordering the Register of Deeds of Rizal to cancel said patents and titles (Rollo, pp. 24-29) and for failure of defendants to move for reconsideration or appeal, said decisions became final and executory (Rollo, p. 5).

On December 12, 1962, respondent Register of Deeds addressed separate and identical letters to respondents Godofredo R. Eusebio and Urbano C. Lara, informing them of the decision of the Court of First Instance of Rizal in Civil Cases Nos. 6747 and 6748 and advising them to surrender their owner's duplicate copy of Original Certificates of Titles Nos. 139 and 140 for cancellation pursuant to the directive of the Court (Rollo, pp. 30-31). On December 27, 1962, said respondents wrote a letter to the Register of Deeds stating that the owner's duplicate of title called for had long been surrendered to Atty. Eduardo Javier of the Investigation Section of the Bureau of Lands (Rollo, P- 32).

On June 3, 1967, after the lapse of almost five (5) years, respondents Godofredo R. Eusebio and Urbano C. Lara, this time, as plaintiffs, instituted Civil Case No. 10047 against the Director of Lands, as defendant (herein petitioner) for the annulment of the aforementioned decision of the Court of First Instance of Rizal, Branch II in Civil Cases Nos. 6747 and 6748, alleging as grounds therefor that the Court had not acquired jurisdiction over their persons and that the decision was procured through fraud (Rollo, pp. 33-36).

Although, the records show that the Director of Lands had not been properly served with summons in Civil Case No. 10047, the Court of First Instance of Rizal, 7th Judicial District, Branch VI, acting upon an Ex-Parte Motion to Declare Defendant in Default filed by herein respondents Godofredo R. Eusebio and Urbano C. Lara declared defendant (herein petitioner) Director of Lands in default and allowed the plaintiffs (respondents herein) to adduce their evidence before the Special Clerk of Court (Rollo, p. 38).

On July 6, 1967, the Court of First Instance of Rizal, 7[th] Judicial District, Branch VI, rendered a decision declaring the decision dated October 6, 1962 of the Court of First Instance, 7[th] Judicial District, Branch II in Civil Cases Nos. 6747 and 6748 null and void. The decretal portion of said decision reads as follows:

"Wherefore, the decision rendered in Civil Cases Nos. 6747 and 6748 is hereby declared null and void and the Director of Lands is hereby ordered to reinstate Free Patents Nos. V-45853 and V-45854 issued in the names of Urbano C. Lara and Godofredo R. Eusebio respectively, and the Register of Deeds of Rizal is likewise ordered to reinstate OCT No. 139 and 140 issued in the names of the patentees pursuant to the aforesaid patents.

"SO ORDERED."

On March 14, 1968, a Motion to Admit Petition to Reopen Proceedings with Additional Parties was filed by defendant (herein petitioner) Director of Lands in the Court of First Instance of Rizal, Branch VI, wherein it alleged that the said court did not acquire jurisdiction over the person of the defendant (petitioner) among other things (Rollo, pp. 43-44). On the same day, the Director of Lands filed A Petition to Reopen Proceedings in the same court (Rollo, pp. 45-48). The aforestated petition averred that on July 3, 1967, even before the promulgation of the aforementioned decision and notwithstanding the fact that their patents and certificates of title had long been declared null and void in Civil Cases Nos. 6747 and 6748, respondents Eusebio and Lara, in consideration of P10,000.00 for their respective parcels of land, executed separate deeds of absolute sale involving the alleged lands in question in favor of respondents Gil Venezuela, Rodolfo Cenidoza and Ramon Orosa (Rollo, p. 46). Subsequently, on August 9, 1967, immediately upon securing the certification of the Clerk of Court that the decision in the instant case had become final and executory, respondents caused the cancellation of Original Certificates of Titles Nos. 139 and 140 and the issuance in lieu thereof of Transfer Certificates of Title Nos. 196349 and 196348, respectively, in the names of respondents Gil Venezuela, Rodolfo Cenidoza and Ramon Orosa. Accordingly, on August 22, 1967, in consideration of P25,000.00 for each alleged parcel, respondents Gil Venezuela and Rodolfo Cenidoza executed separate deeds of transfer of rights in favor of respondents spouses Ramon Orosa and Josefina Orosa, as a consequence of which Transfer Certificates of Title Nos. 196348 and 196349 were cancelled and in lieu thereof, Transfer Certificates of Title Nos. T-211957 and T-211958 to respondents spouses Ramon Orosa and Josefina Orosa. Respondents spouses, Ramon Orosa and Josefina Orosa, in consideration of a loan in the amount of P800,000.00 executed a deed of mortgage of the aforestated on December 27, 1967 in favor of respondent Philippine Commercial and Industrial Bank (Rollo, pp. 46-47).

On March 28, 1968, intervenors spouses, Ramon Orosa and Josefina Orosa filed their motion for leave to intervene in opposition to the Motion to Admit Petition to Reopen Proceedings with additional parties filed by the Director of Lands on March 16, 1968 (Rollo, p. 178) and the Intervenors' Opposition on the aforesaid petition to reopen proceedings of the petitioner (Rollo, p. 181). Respondent Gil Venezuela filed his opposition on April 17, 1968 (Rollo, p. 104) and his Supplemental Opposition while respondent Rodolfo Cenidoza filed his separate opposition to the petition to reopen proceedings on June 3, 1968 (Rollo p. 239).

The Court of First Instance of Rizal, Branch II, after consideration of the motion to admit petition to reopen proceedings with additional parties as well as the oppositions interposed thereto granted the motion on May 8, 1968 (Rollo, p. 49). Motion for reconsideration of the aforesaid order by the court was filed by the intervenors-spouses Ramon Orosa and Josefina Orosa on May 27, 1968 (Rollo, p. 190) while respondent Gil Venezuela filed his urgent manifestation and motion for reconsideration on June 6, 1968 (Rollo, p. 114). On June 8, 1968, the Director of Lands (petitioner herein) filed his opposition to the intervenors' and Gil Venezuela's motion for reconsideration of the Order dated May 8, 1968 (Rollo, p. 195). Consequently on June 12, 1968 the intervenors-spouses Ramon Orosa and Josefina Orosa filed their Intervenors' Reply to the Defendants' Opposition (Rollo, p. 203).

On June 29, 1968, the Court of First Instance of Rizal denied, in an order, the motion for reconsideration filed by the intervenors and set the hearing on July 29, 1968 (Rollo, p. 50). A Motion for Clarification and/or Reconsideration of the Order of June 29, 1968 and Motion for Second Reconsideration of the Order of May 8, 1960 was filed by the intervenors on July 22, 1968 (Rollo, p. 205). However this was denied by the court in an order dated August 27, 1968 (Rollo, p. 51). Meanwhile, the intervenors filed their third motion for reconsideration of the order of May 8, 1968 and/or Clarification and Reconsideration of the Order of August 27, 1968 on November 2, 1968 (Rollo, p. 217), which was opposed by herein petitioner in its Opposition to Intervenors' Third

Motion for Reconsideration on November 23, 1968 (Rollo, p. 228).

On December 16, 1968, the Court of First Instance o granting the said third motion for reconsideration, set aside its Orders dated May 8, 1968, June 29,1968 and August 27,1968 and denied the Motion to Admit Petition to Reopen Proceedings.

The court ruled that the petition is not the proper course of action available to the Director of Lands, who has not availed of the remedies provided by the Rules of Court or the Land Registration Court such as relief from the order of default or appeal from judgment or review thereof, and has consequently lost his personality when he was declared in default, and the Court, its jurisdiction to entertain the aforementioned Petition to Reopen (Rollo, pp. 52-53).

Hence, this petition.

Notice of lis pendens was given to the Register of Deeds on March 10, 1969 (Rollo, p. 57). On March 11, 1969, in a resolution promulgated by this Court, the respondents were required to file their answers and a writ of preliminary injunction was issued without bond (Rollo, p. 60). Respondents except the Register of Deeds of Rizal were restrained from entering into any transaction in connection with Transfer Certificates of Title Nos. T-211957 and T-211958 and specifically prohibited the respondent Register of Deeds of Rizal to accept, record, transcribe and register any transaction concerning the free patents and certificates of title subject matter of Civil Cases Nos. 6747-48 (Rollo, pp. 60-61).

On March 26, 1969, respondent spouses Ramon Orosa and Josefina Orosa manifested that they be furnished with a copy of the petition for certiorari so that they may file their answer thereto (Rollo, pp. 65-66). Respondent Philippine Commercial and Industrial Bank filed its answer on April 2, 1969 (Rollo, pp. 71-73) while respondent Gil Venezuela and respondent spouses, Ramon Orosa and Josefina Orosa filed their answers on April 24, 1969 and April 16, 1969, respectively (Rollo, pp. 95-103; 120-137). Respondent Rodolfo A. Cenidoza filed his answer on May 2, 1969 (Rollo, pp. 236-238), but respondents-patentees Godofredo R. Eusebio and Urbano C. Lara did not file their answers.

In the Resolution of May 12, 1969, the hearing of these cases was set for June 18, 1969 (Rollo, p. 235). At said hearing, counsel for petitioner was given twenty (20) days within which to submit its memorandum in lieu of oral argument while counsel for respondents was granted leave to submit a reply thereto and petitioner was allowed to submit a rejoinder (Rollo, p. 242). The Republic of the Philippines, represented by the Director of Lands filed its memorandum on August 16, 1969 (Rollo, p. 253). Respondent spouses, Ramon Orosa and Josefina Orosa filed their reply memorandum on October 21, 1971 (Rollo, p. 315) while a supplemental reply was filed by Gil Venezuela on October30,1971 (Rollo, p. 394). On June 26,1987, respondent spouses Ramon Orosa and Josefina Orosa filed an urgent motion to resolve (Rollo, p. 409).

In his memorandum the Director of Lands assails the following acts of respondent Judge as constituting grave abuse of discretion:

"A.

Taking cognizance of and giving due course to the complaint of Godofredo R. Eusebio and Urbano C. Lara against the Director of Lands instead of dismissing the complaint outright,

"B.

Declaring the Director of Lands in default notwithstanding non-service of summons and a copy of the complaint upon said defendant.

"C.

Setting aside and declaring null and void the two (2) previous, valid, final and fully implemented decisions of the same Court in Civil Cases Nos. 6747 and 6748.

"D.

Granting, after two (2) previous denials thereof, the third pro forma motion for reconsideration of respondents Orosa spouses.

"E.

Denying the Motion to Admit Petition to Reopen Proceedings of the Director of Lands after having previously granted said motion." (Rollo, p. 262).

The pivotal issue in this petition is whether or not a decision which has long become final and executed, can be annulled on the grounds that the Court lacks jurisdiction over the persons of the defendant and that the decision was procured through fraud.

The petition is impressed with merit.

There is no question that the Court acquired jurisdiction over the persons of the defendants, respondents herein, Godofredo R. Eusebio and Urbano C. Lara in Civil Cases Nos. 6747 and 6748, respectively, as clearly adduced from the evidence presented that personal service was made on them. As shown by the Sheriff's returns, in Civil Cases Nos. 6747 and 6748, respondent Godofredo R. Eusebio was duly served with summons and a copy of the complaint in Civil Case No. 6747, while Urbano C. Lara was personally served with summons and a copy of the complaint in Civil Case No. 6748. Both services were made on August 16, 1961 upon the respondents at Bambang, Pasig, Rizal — their recorded address (Rollo, pp. 265-266).

Apart from the fact that Deputy Sheriff Maximo de Silva enjoys the presumption that he had regularly performed his duty, the records amply show that, contrary to respondents Eusebio's and Lara's claim that they were completely unaware of the proceedings, they were duly summoned in Civil Cases Nos. 6747 and 6748 on August 16, 1961; that copies of the decisions in these cases were furnished them by the Clerk of Court of the Court of First Instance of Rizal; that the Register of Deeds in separate letters informed them of the decisions in these cases and in reply to the request of the Register of Deeds to surrender their owners' duplicate certificates of OCT Nos. 140 and 139, they alleged in a joint letter that they had long surrendered their owner's duplicates certificates to the Bureau of Lands (Rollo, p. 267). Jurisdiction over the person of a defendant is acquired when he actually receives the summons (Fuentes vs. Bautista, 53 SCRA 420 [1979]).

Thus, it is beyond dispute that all the proceedings in Civil Cases Nos. 6747 and 6748 are regular and that the trial court rendered valid judgment on the aforesaid cases which have become final and executory and are res

adjudicata. This Court ruled in the case of *Zansibarian Residents Association vs. Municipality of Makati*, 135 SCRA 235 [1985], that once judgment has become final, the issue therein should be laid at rest. Final judgment was promulgated and a writ of execution was issued. Respondents herein did not avail of any remedies available to them until after five (5) long years when they filed Civil Case No. 10047 in another court.

As held by this Court in *Bayer Philippines, Inc. vs. Agana*, 63 SCRA 355 [1975], "Once a court renders a final judgment, all the issues between or among the parties before it are deemed resolved and its judicial function as regards any matter related to the controversy litigated comes to an end. The execution of its judgment is purely a ministerial phase of adjudication. Indeed the nature of its duty to see to it that the claim of the prevailing party is fully satisfied from the properties of the loser is generally ministerial." A judgment whether correct or not becomes final when the plaintiff did not appeal said judgment (*Malia vs. IAC*, 138 SCRA 116 [1985]) and courts are without jurisdiction over the case once judgment has become final (*Vda. de Emmas vs. Emmas*, 95 SCRA 470 [1979]). The doctrine of finality of judgment is grounded on fundamental considerations of public policy and sound practice that at the risk of occasional errors, the judgment of the courts must become final at some definite date fixed by law (*Philippine Rabbit Bus Lines, Inc. vs. Arciaga*, 148 SCRA 433 [1987]).

Hence, the filing of Civil Case No. 10047 is improper and there can be no justification for respondent Judge's taking cognizance of and giving due course to the complaint filed therein by respondents Eusebio and Lara against the Director of Lands; much less his setting aside of final, executory and fully implemented judgments resulting in the cancellation of original certificates of titles issued by respondent Register of Deeds of Rizal. Where judgment had long become final and executory and absent a showing that respondents were deprived of due process or that said judgment was procured by extrinsic or collateral fraud, the judgment can no longer be set aside (*Gaba vs. Castro*, 120 SCRA 505 [1983]).

Moreover, the doctrine of non-interference has been regarded as an elementary principle of higher importance in the administration of justice that the judgment of a court of competent jurisdiction may not be opened, modified, or vacated by any court of concurrent jurisdiction (30-A Am Jur 605). As this Court ruled in the case of *Mas vs. Dumaraog*, 12 SCRA 34 [1964], a Judge of a branch of one should not annul the order of a judge of another branch of the same court. Any branch even if it be in the same judicial district that attempts to annul a judgment of a branch of the CFI either exceeds its jurisdiction (*Cabigo vs. Del Rosario*, 44 Phil. 84 [1949]) or acts with grave abuse of discretion amounting to lack of jurisdiction (*PNB vs. Javellana*, 92 Phil. 525 [1952]). Thus, in the case of *Parco vs. CA*, 111 SCRA 262, this Court held that the various branches of the Court of First Instance being co-equal cannot interfere with the respective cases of each branch, much less a branch's order or judgment.

Pertinent thereto is Article VIII, Section 5 of the 1987 Constitution:

"The Supreme Court shall have exclusive jurisdiction to review, revise, reverse, modify or affirm on appeal, as the law or rules of court may provide, final judgments and decrees of the inferior courts as herein provided."
(Italics supplied)

Respondent spouses Ramon Orosa and Josefina Orosa, Gil Venezuela and Rodolfo Cenidoza contend that they are buyers in good faith. Besides the fact that such contention is belied by the records which show that on July 3, 1967, even before the promulgation of the decision in Civil Case No. 10047, and while their patents and titles remained cancelled, respondents Eusebio and Lara, in consideration of P10,000.00 paid to them for their respective parcels, executed separate deeds of absolute sale over the lands in question in favor of Gil Venezuela, Rodolfo Cenidoza and Ramon Orosa (Rollo, p. 259). The Court ruled in the case of *Republic vs. Court of Appeals*, 148 SCRA 480 [1987]), that it is well settled that any title issued on non-disposable lots even in the hands of an alleged innocent purchaser for value, shall be cancelled. In the case at bar, the free patents and certificates of title issued to Eusebio and Lara cover areas which form parts of Laguna de Bay. These are neither

agricultural nor disposable. Subject patents and titles were erroneously issued due to misrepresentations and false reports and must therefore be cancelled. Any false statement in an application for public land shall ipso facto produce the cancellation of the title granted. This rule applies even after the issuance of the certificate of title (Chacon Enterprises vs. Court of Appeals, 124 SCRA 784 [1983]). A certificate of title cannot be used as a shield to perpetuate fraud, and the doctrine of indefeasibility of torrens title does not apply to free patent secured through fraud (De Leon vs. Abanilla, 124 SCRA 358). Likewise, the Court ruled in Cuevas vs. Pineda, 143 SCRA 674 [1986], that mere possession of land does not itself divest the land of its public character.

Void free patents and certificates of title do not divest the state of its ownership of the land nor operate to change the public character of the land to private (Director of Lands vs. Gonzales, 120 SCRA 375 [1983]).

Under the same principle, the Philippine Commercial and Industrial Bank, although an innocent mortgagee for value, acquires no protection under the Land Registration Law.

While it is true that a bank is not required, before accepting a mortgage, to make an investigation of the title of the property being given as security (Philippine National Cooperative Bank vs. Carandang-Villalon, 139 SCRA 570 [1985]), and that where the torrens title of the land was in the name of the mortgagor and later given as security for a bank loan, the subsequent declaration of said Title as null and void is not a ground for nullifying the mortgage rights of the bank which has acted in good faith (Philippine National Cooperative Bank vs. Carandang-Villalon, supra; Penullar vs. PNB, 120 SCRA 171 [1983]), it is apparent that the law on innocent purchasers for Value does not apply insofar as non-disposable public lands are concerned.

PREMISES CONSIDERED, We hereby rule that: (1) the decision dated July 6, 1967 and order dated December 16, 1968 are REVERSED and SET ASIDE; (2) the decisions in Civil Cases Nos. 6747 and 6748 dated October 6, 1962 are reinstated; (3) the Register of Deeds of Rizal is directed to cancel all Certificates of Titles issued in connection with the proceedings in Civil Case No. 10047; and (4) the real estate mortgage executed by the respondent spouses Orosa in favor of the Philippine Commercial and Industrial Bank is SET ASIDE, but their indebtedness must be paid to the Bank.

SO ORDERED.

Teehankee, C.J., Narvasa, Cruz, and Gancayco, JJ., concur.

[*]Rendered by Judge Eulogio Mencias.

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