

RADIOWEALTH FINANCE CORPORATION, PETITIONER-APPELLANT, VS. THE REGISTRE OF DEEDS FOR BENGUET PROVINCE, SPOUSES PRESCILA A. AND GERARDINO BUENVENIDA AND SPOUSES JOHNNY CAOILI AN...

Ponente: DE GUIA-SALVADOR, J.

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DE GUIA-SALVADOR, J.:

Before us on appeal is the June 24, 2004 resolution issued by the Regional Trial Court of La Trinidad, Benguet, Branch 63, in LRC Admin. Case No. 01-AD-0786,[1] the decretal portion of which states:

“WHEREFORE, in view of the foregoing, this Court hereby resolves to GRANT the Demurrer to Evidence, and the above-entitled case is hereby DISMISSED.

SO ORDERED.”[2]

The Facts

There is no dispute regarding the fact that, as judgment creditor in Civil Case No. 168413, appellant Radiowealth Finance Corporation caused a notice of levy on execution to be made in 1971 on the 510 square meter parcel of land situated in the Municipality of La Trinidad, Benguet and registered under Transfer Certificate of Title No. T-4984 in the name of its judgment debtors, the Spouses Johnny and Elizabeth Caoili. Having subsequently purchased the subject parcel at the execution sale, appellant was issued the corresponding certificate of sale which was inscribed on the aforesaid title as Entry No. 32618-5-108 on January 20, 1977. For failure of said judgment debtors to redeem the property within the prescriptive period, appellant was further issued the January 9, 1979 Sheriff’s Final Deed of Sale which was likewise annotated on the same title as Entry No. 43610-6-159 on February 5, 1980.[3]

With the title to the property still in their names despite the lapse of more than sixteen years, the record shows that, for and in consideration of the sum of P350,000.00, the Spouses Caoili further sold the self same parcel in favor of appellees Spouses Gerardino and Precila Buenvenida on December 23, 1996. After having the deed of sale the former executed in their favor inscribed on Transfer Certificate of Title No. T-4984, the latter caused said title to be cancelled and the property to be registered in their names under Transfer Certificate Of Title No. T-38955. The entries appellant previously caused to be annotated on the Spouses Caoili’s title were, however, transposed to appellees Spouses Buenvenida’s title.[4] It appears that it was only sometime in 1999 that appellant learned of the subsequent sale of the subject parcel in favor of appellees Spouses Buenvenida. Thru its duly authorized representative, George Florendo, appellant accordingly sought to protect its interest over the property with the execution of the May 6, 2000 affidavit consolidating its ownership of the same. Said document was, in turn, presented to the office of appellee Register of Deeds of Benguet on May 26, 2000 and entered on Volume 20-B7 of the Day Book as Entry No. 173425.[5]

Utilizing the foregoing factual antecedents, appellant commenced the case at bench with the filing of its July 30,

2000 petition for cancellation of Transfer Certificate of Title No. T-38955. It alleged, among other matters, that appellee Register of Deeds of Benguet refused its request for the issuance of a certificate of title in its name over the subject parcel on the ground that Transfer Certificate of Title No. T-4984 had already been cancelled; and, that the superiority of its prior lien necessitated the cancellation of Transfer Certificate of Title No. T-38955. Initially impleading the Souses Caoili as respondents,[6] appellant ultimately sought the following reliefs:

“WHEREFORE, premises considered, it is respectfully prayed of the Honorable Court, after due notice and hearing to render judgment in favor of petitioner and against the respondents s follows:

- ordering respondents Precila and Gerardino Buenvenida to surrender the Owner’s Duplicate of TCT No. T-38955 and/or order its cancellation;
- order the Register of Deeds to ancel Transfer Certificate of Title No. T-38995 and order the issuance of a new title in the name of the petitioner free from any lien or encumbrance;
- order respondents spouses Johnny and Elizabeth Caoili to pay unto petitioner:
- P30,00000 as litigation expenses;
- P30,000.00 as Attorney’s fees plus P1,000.00 every hearing; and
- the costs of this suit.

Such other reliefs just and equitable are prayed for.”[7]

With the Spouses Caoili subsequently dropped from the case upon appellant’s own motion,[8] appellees Spouses Buenvenida moved for the dismissal of the petition on the ground that the trial court had no jurisdiction over the cause of action and over their persons.[9] Upon the denial of said motion in the trial court’s April 29, 2002 order,[10] said appellees filed their September 21, 2002 answer specifically denying the material allegations of the petition. Contending that appellant’s cause is, in reality, an ordinary civil action which entailed the annulment of the sale executed in their favor, appellees Buenvenida sought the dismissal of the petition and the grant of their counterclaims for damages, attorney’s fees and litigation expenses.[11]

With the foregoing joinder of issues and the termination of the pre-trial conference,[12] the trial court proceeded to receive appellant’s evidence in support of its petition which consisted of the testimonies of Atty. Marianita Caoili Gayaman, the Deputy Register of Deeds of Benguet, and Ronald Abellera, appellant’s Baguio City Branch Manager. While the former testified on the recorded incidents/transactions involving the subject parcel,[13] the latter gave an account of the factual basis for appellant’s claim for attorney’s fees.[14] After the admission of the exhibits marked in the course of the testimonies of said witnesses,[15] however, appellees Spouses Bienvenida filed their June 18, 2003 demurrer to evidence, reiterating the grounds raised in their motion to dismiss as aforesaid.[16]

On June 14, 2004, the trial court issued the appealed resolution ordering the dismissal of the case upon the following findings and conclusions,[17] to wit:

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“Undeniably, the Sheriff’s Final Deed of Sale dated January 9, 1979 was annotated at the back of the title as Entry No. 43610-7-159 on February 5, 1980. As a matter of procedure, as testified by the Deputy Registrar of Deeds of Benguet Province, before her Office could effect cancellation of TCT No. T-4984, an Affidavit of Consolidation of Ownership over the property embraced therein should be first entered and duly registered with the Registry of Deeds of Benguet Province. Stated otherwise, such circumstance should first be annotated at the back of the said title. Such action for consolidation of ownership, as provided for in Article 1144 of the

New Civil Code, must be brought within ten (10) years from the time the right of action accrues. Concededly, since the Sheriff's Final Deed of Sale was annotated at the back of the title on February 5, 1980, the petitioner had until February 5, 1990 within which to institute the appropriate proceedings for purposes of consolidation of ownership. It is very regrettable to note that the petitioner, in the process, failed to realize the implication of such right when it is availed or not. While the petitioner alleged in its petition that there was a consolidation of ownership initiated by it, nowhere, and even as testified to by the Deputy Registrar of Deeds for Benguet Province, no such action has taken place. The petitioner definitely could not insist on its claim that there is such. The petitioner may have been referring to the Affidavit of Consolidation of Ownership over the property embraced in TCT No. T-4984 which was actually presented with the Registry of Deeds for Benguet Province on May 26, 2000 but not for the purpose of registration. Its mere presentation with said Office is not enough for purposes of compliance with the requirements of the law. It is of no moment. It bears to add that even if it were admitted for purposes of registration, it could no longer serve its purpose as there was no more property to consolidate. For sleeping on its right for so long a period of time, it cost the petitioner said property. It has already been long sold, by the time the petitioner realized the necessity of asserting its right over it." [18]

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Finding the subsequent sale of the subject parcel valid, the trial court likewise upheld appellee Spouses Buenvenida's contention that appellant's cause entailed the cancellation of the sale made by the Spouses Coili in their favor. [19]

Dissatisfied, appellant perfected the appeal at bench with the filing of their July 20, 2004 Notice of Appeal within the reglementary period. [20]

The Issues

Appellant seeks the reversal of the appealed resolution on the ground that the trial court reversibly erred as follows:

"1. THE TRIAL COURT GRAVELY ERRED AND ABUSED ITS DISCRETION WHEN IT DECREED THAT OWNERSHIP OF LANDS REGISTERED UNDER THE TORRENS SYSTEM IS LOST BY PRESCRIPTION DESPITE THE FACT THAT THE JUDGMENT DEBTOR FAILED TO REDEEM THE PROPERTY WITHIN THE 12 MONTH PERIOD FROM THE REGISTRATION OF THE SHERIFF'S CERTIFICATE OF SALE WHICH RESULTED SUBSEQUENTLY IN THE EXECUTION AND REGISTRATION/ANNOTATION OF THE SHERIFF'S FINAL CERTIFICATE OF SALE ON THE TITLE.

2. THE TRIAL COURT GRAVELY ERRED AND ABUSED ITS DISCRETION WHEN IT RULED THAT THE SALE BY THE JUDGMENT DEBTOR AFTER HE FAILED TO REDEEM THE PROPERTY WITHIN THE PROPER 12 MONTH PERIOD IS VALID DESPITE THE ANNOTATION IN THE TITLE OF THE SHERIFF'S NOTICE OF LEVY, SHERIFF'S CERTIFICATE OF SALE AND SHERIFF'S FINAL CERTIFICATE OF SALE.

3. THE TRIAL COURT GRAVELY ERRED WHEN IT SAID THAT THE JUDGMENT EBTOR IN A PETITION FOR CONSOLIDATION OF TITLE BECAUSE THE LATTER FAILED TO REDEEM IT WITHIN THE PROPER PERIOD IS AN INDISPENSABLE PARTY." [21]

The Court's Ruling

We find the appeal bereft of merit.

Our perusal of the arguments proffered in support of the first and second assigned errors shows appellant's serious misunderstanding of the rationale of the appealed resolution as well as the nature of the petition it filed a quo. To our mind, its reliance on the principle that prescription does not apply to registered land grossly

misrepresents the concept of the prescription the trial court utilized in ordering the dismissal of the petition from which the instant suit stemmed. Rather than the acquisitive prescription referred to in the aforesaid principle, a cursory reading of the appealed resolution should have readily informed appellant that the trial court meant the extinctive kind provided under Article 1144 of the Civil Code of the Philippines.[22] Instead, therefore, of crediting appellees Spouses Buenvenida with ownership of the subject parcel on account of the sale thereof in their favor on December 23, 1996, the trial court simply faulted appellant with failure to consolidate its ownership for more than 20 years from the time the January 9, 1979 Sheriff's Final Deed of Sale was annotated on Transfer Certificate of Title No. T-4984 on February 5, 1980.[23]

Despite the registration of the prior sale of the subject parcel in appellant's favor, a similar dearth of merit is evident in its denigration of the Spouses Caoili's sale of the subject parcel in favor of appellees Spouses Buenvenida. Granted that it is actually the act of registration that operates to convey registered land or affect title thereto because registration in a public registry creates constructive notice to the whole world,[24] we find that appellee had correctly pointed out a quo that the cancellation of Transfer Certificate of Title No. 38955 necessarily entailed the nullification of said subsequent sale. In the context of the petition filed by appellant, the trial court was, indeed, acting as a land registration court or one of such limited jurisdiction as would render such question clearly beyond its ambit.[25]

Whatever it may have initially intended its petition to be, it bears emphasizing at this juncture that appellant's petition for cancellation of Transfer Certificate of Title No. T-38955 in the name of appellees Spouses Buenvenida was filed pursuant to Section 108 of Presidential Decree No. 1529,[26] viz:

"Section 108. Amendment and alteration of certificates. — No erasure, alteration, or amendment shall be made upon the registration book after the entry of a certificate of title or of a memorandum thereon and the attestation of the same by the Register of Deeds, except by order of the proper Court of First Instance. A registered owner or other person having an interest in registered property, or, in proper cases, the Register of Deeds with the approval of the Commissioner of Land Registration, may apply by petition to the court upon the ground that the registered interests of any description, whether vested, contingent, expectant or inchoate appearing on the certificate, have terminated and ceased; or that new interest not appearing upon the certificate have arisen or been created; or that an omission or error was made in entering a certificate or any memorandum thereon, or on any duplicate certificate; or that the same or any person on the certificate has been changed; or that the registered owner has married, or, if registered as married, that the marriage has been terminated and no right or interests of heirs or creditors will thereby be affected; or that a corporation which owned registered land and has been dissolved has not conveyed the same within three years after its dissolution; or upon any other reasonable ground; and the court may hear and determine the petition after notice to all parties in interest, and may order the entry or cancellation of a new certificate, the entry or cancellation of a memorandum upon a certificate, or grant any other relief upon such terms and conditions, requiring security or bond if necessary, as it may consider proper; Provided, however, That this section shall not be construed to give the court authority to reopen the judgment or decree of registration, and that nothing shall be done or ordered by the court which shall impair the title or other interest of a purchaser holding a certificate for value and in good faith, or his heirs and assigns, without his or their written consent. Where the owner's duplicate certificate is not presented, a similar petition may be filed as provided in the preceding section.

All petitions or motions filed under this Section as well as under any other provision of this Decree after original registration shall be filed and entitled in the original case in which the decree or registration was entered." (italics and underscoring supplied)

Where the owner's duplicate certificate is not presented as in the case at bench, Section 7 of the same law, on the other hand, provides as follows:

“Section 107. Surrender of withheld duplicate certificates. — Where it is necessary to issue a new certificate of title pursuant to any involuntary instrument which divests the title of the registered owner against his consent or where a voluntary instrument cannot be registered by reason of the refusal or failure of the holder to surrender the owner's duplicate certificate of title, the party in interest may file a petition in court to compel surrender of the same to the Register of Deeds. The court, after hearing, may order the registered owner or any person withholding the duplicate certificate to surrender the same, and direct the entry of a new certificate or memorandum upon such surrender. If the person withholding the duplicate certificate is not amenable to the process of the court, or if not any reason the outstanding owner's duplicate certificate cannot be delivered, the court may order the annulment of the same as well as the issuance of a new certificate of title in lieu thereof. Such new certificate and all duplicates thereof shall contain a memorandum of the annulment of the outstanding duplicate.”

In *Tiongco vs. Phil Veterans Bank*,^[27] the Supreme Court found occasion to reiterate the following ruling in *Bareng vs. Shintoist Shrine and Japanese Charity Bureau*,^[28] which involves Sections 111 and 112 of the Land Registration Act, provisions substantially similar to Sections 107 and 108, respectively, of the Property Registration Decree, to wit:

"xxx xxx xxx (P)roceedings undertaken pursuant to Section 111, as those under Section 112, are summary in nature. They are inadequate for the litigation of issues properly pertaining to civil actions. (*Tomada vs. Tomada*, G.R. No. L-21887, July 30, 1969, 28 SCRA 1028; *Santos vs. Cruz*, 52 SCRA 330.) In other words, controversial questions, such as questions concerning the ownership of registered property (*Tomada vs. Tomada*, supra), questions of lapse of period to register of deeds (sic) (*Mendoza vs. Abrera*, 105 Phil. 611), or any question where the issues involved have become controversial (*Register of Deeds of Iloilo vs. C.N. Hodges*, G.R. No. L-18178, January 31, 1963, 7 SCRA 149) cannot be threshed out in such proceedings. Where therefore, controversial issues are raised in proceedings brought under Section 111 or Section 112, it is the duty of the court sitting as a cadastral court or land registration court to dismiss the petition and the proper recourse open for the parties would be to bring up the said questions in an ordinary civil action, or in the proceeding where the incident properly belongs (*Hu. Chon Sunpongco vs. Heirs of Nicolas Ronquillo*, G.R. No. L-27040, December 19, 1970, 36 SCRA 395) albeit, in *Ruiz vs. Paquio*, it was held that if the oppositor does not question the jurisdiction of the court and allows these substantive issues to be tried and decided by it, its decision can no longer be attacked in any subsequent proceeding."

Given appellees Spouses Buenvenida's consistent objection to the trial court's jurisdiction over the issue of the validity of their acquisition of the subject parcel, we find that the trial court correctly ordered the dismissal of the case at bench. It may have gone overboard in pronouncing appellant's right of action lost by extinctive prescription and in declaring the sale of the property to said appellees valid, but we cannot - in view of the parameters of the proceedings a quo - allow appellant to simply brush aside said transfer as invalid through a summary petition for cancellation of Transfer Certificate of Title No. 38955. The rule is, after all, settled that the relief under Section 108 of Presidential Decree No. 1529 can only be granted if there is unanimity among the parties or there is no adverse claim or serious objection on the part of any party in interest. Otherwise, the case becomes controversial and should be threshed out in an ordinary case or in the case where the incident properly belongs.^[29]

Considered, finally, in the light of the factual antecedents of the case, we find that the trial court did not err in ruling that the Spouses Johnny and Elizabeth Caoili are indispensable parties if the rights of the litigants were to be fully determined. This has to be accomplished, however, in the appropriate adversarial proceedings where the validity of the sale of the subject parcel in favor of appellees Spouses Buenvenida can be properly ventilated. Although title does not vest ownership, it cannot be overemphasized that said appellees' certificate of title is evidence of an indefeasible title to property in their favor.^[30] As such, it cannot be subject to collateral attack^[31]

and can be altered, modified or cancelled only in a direct proceeding in accordance with law.[32]

WHEREFORE, the appealed resolution dated June 14, 2004 is AFFIRMED in toto.

SO ORDERED.

Reyes, (Chairman) and Roxas, JJ., concur.

[1] pp. 125-130, Orig. Rec.

[2] p. 130, *ibid.*

[3] Exhibit “A”, pp. 7-7a, *ibid.*

[4] Exhibit “B” and submarkings, pp. 106-107, *ibid.*

[5] Exhibit “C” and submarking, p. 108, *ibid.*

[6] pp. 2-6, *ibid.*

[7] pp. 4-5, *ibid.*

[8] pp. 37; 40, *ibid.*

[9] pp. 46-48, *ibid.*

[10] pp. 50-51, *ibid.*

[11] pp. 58-60, *ibid.*

[12] pp. 65-66, *ibid.*

[13] pp. 2-12, TSN, March 19, 2003.

[14] pp. 2-4, TSN, May 22, 2003.

[15] p. 111, Orig. Rec.

[16] pp. 118-124, *ibid.*

[17] pp. 125-130, *ibid.*

[18] pp. 129-130, *ibid.*

[19] p. 130, *ibid.*

[20] p. 132, *ibid.*

[21] p. 20, Rollo.

[22] pp. 129-130, Orig. Rec.

[23] Exhibit “A”, pp. 7-7a, *ibid.*

[24] *Gonzales vs. Court of Appeals*, 358 SCRA 598.

[25] *Noblejas & Noblejas, Registration of Land Titles and Deeds*, p. 230-231, 1995 ed.

[26] *Property Registration Decree*.

[27] 212 SCRA 176.

[28] 83 SCRA 418.

[29] Fojas vs. Grey, 132 SCRA 76.

[30] Liao vs. Court of Appeals, 323 SCRA 430

[31] Vda. De Retuerto vs. Barz, 372 SCRA 712

[32] Tan vs. Philippine Banking Corporation, 355 SCRA 292

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