

LETICIA P. LIGON, PETITIONER, VS. COURT OF APPEALS, JUDGE CELIA LIPANA-REYES, PRE-SIDING JUDGE, BRANCH 81, REGIONAL TRIAL COURT OF QUEZON CITY, IGLESIA NI KRISTO AND THE REGISTE...

G.R. No. 107751. June 01, 1995

Ponente: BELLOSILLO, J.

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BELLOSILLO, J.:

This is a petition for review of the decision of the Court of Appeals which affirmed the order of the Regional Trial Court of Quezon City, Br. 82, granting the motion of respondent Iglesia ni Kristo to direct petitioner to surrender the owner's duplicate of the certificates of title in her possession.

On 19 October 1990 respondent Iglesia ni Kristo (INK) filed with the Regional Trial Court of Quezon City a complaint^[1] for specific performance with damages against the Islamic Directorate of the Philippines (IDP) docketed as Civil Case No. Q90-6937. Respondent INK alleged in its complaint that by virtue of an Absolute Deed of Sale dated 20 April 1989 IDP sold to it two (2) parcels of land located at Tandang Sora, Barrio Culiati, Quezon City, both of which IDP is the registered owner. The parties stipulated in the deed of sale that the IDP shall undertake to evict all squatters and illegal occupants in the property within forty-five (45) days from the execution of the contract.

IDP failed to fulfill this obligation. Hence INK prayed that the trial court order IDP to comply with its obligation of clearing the subject lots of illegal occupants and to pay damages to INK.

IDP alleged in its answer that it was INK which violated the contract by delaying the payment of the purchase price and prayed that the contract of sale be rescinded and revoked.

On 15 June 1991 INK filed a motion for partial summary judgment on the ground that there was actually no genuine issue as to any material fact.

On 12 September 1991 the trial court rendered partial judgment, and on 7 October 1991 an amended partial judgment granting the reliefs prayed for by INK except the prayer for damages which was to be resolved later.

On 22 January 1992 INK filed a motion in the same case praying that petitioner Leticia Ligon, who was in possession of the certificates of title over the properties as mortgagee of IDP, be directed to surrender the certificates to the Register of Deeds of Quezon City for the registration of the Absolute Deed of Sale in its name. INK alleged that the document could not be registered because of the refusal and/or failure of petitioner to deliver the certificates of title despite repeated requests.

On 31 January 1992 petitioner Ligon filed an opposition to the motion on the ground that the IDP was not served copy of the motion, and the ownership of the INK over the property was still in issue since rescission was sought by the IDP as a counterclaim. She prayed that the motion be denied, but should it be granted, the Register of

Deeds be directed after registration to deliver the owner's duplicate copies of the new certificates of title to her.

On 15 February 1992 petitioner filed a Supplemental Opposition questioning the jurisdiction of the trial court because the motion involved the registrability of the document of sale, and she was not made a party to the main case.

On 2 March 1992 the trial court granted the motion of INK and ordered petitioner to surrender to INK the owner's copy of RT-26521 (170567) and RT-26520 (176616) in open court for the registration of the Absolute Deed of Sale in the latter's name and the annotation of the mortgage executed in favor of petitioner on the new transfer certificates of title to be issued to INK.[2]

On 6 April 1992, on motion of petitioner Ligon, the trial court reconsidered its order by directing her to deliver the certificates of title to the Register of Deeds of Quezon City.[3]

Petitioner filed a petition for certiorari with the Court of Appeals seeking the annulment of the two (2) orders. However, on 28 October 1992 the Court of Appeals dismissed the petition and affirmed the orders of the trial court.

Petitioner now comes to us alleging that the trial court erred: (a) in ruling that it had jurisdiction over petitioner; (b) in upholding the orders of the trial court even as they violated the rule prohibiting splitting of a single cause of action and forum-shopping; (c) in holding that INK is the owner of the property and entitled to registration of its ownership; and, (d) in holding that INK has a superior right to the possession of the owner's copies of the certificates of title.

Upon prior leave, the IDP intervened alleging that prior to the issuance by the trial court of the order of 2 March 1992, its legal Board of Trustees filed a motion for intervention informing said court that the sale of the properties was not executed by it but was made possible by a fake Board of Trustees, hence, the sale is void. The trial court denied the motion since jurisdiction over the incident properly belonged to the Securities and Exchange Commission (SEC). Conformably therewith, IDP brought the matter before the SEC which later declared that the sale of the properties was void. Thus, IDP banks on this favorable decision in similarly seeking the nullification of the questioned orders of the trial court.

Under our land registration law, no voluntary instrument shall be registered by the Register of Deeds unless the owner's duplicate certificate is presented together with such instrument, except in some cases or upon order of the court for cause shown. In case the person in possession of the duplicate certificates refuses or fails to surrender the same to the Register of Deeds so that a voluntary document may be registered and a new certificate issued, Sec. 107, Chapter 10, of P.D. No. 1529 clearly states:

Sec. 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 for 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.

Before the enactment of P.D. No. 1529 otherwise known as the Property Registration Decree, the former law, Act

No. 496 otherwise known as the Land Registration Act, and all jurisprudence interpreting the former law had established that summary reliefs such as an action to compel the surrender of owner's duplicate certificate of title to the Register of Deeds could only be filed with and granted by the Regional Trial Court sitting as a land registration court if there was unanimity among the parties or there was no adverse claim or serious objection on the part of any party in interest, otherwise, if the case became contentious and controversial it should be threshed out in an ordinary action or in the case where the incident properly belonged.[4]

Under Sec. 2 of P.D. No 1529, it is now provided that "Courts of First Instance (now Regional Trial Courts) shall have exclusive jurisdiction over all applications for original registration of titles to lands, including improvements and interest therein and over all petitions filed after original registration of title, with power to hear and determine all questions arising upon such applications or petitions." The above provision has eliminated the distinction between the general jurisdiction vested in the regional trial court and the limited jurisdiction conferred upon it by the former law when acting merely as a cadastral court. Aimed at avoiding multiplicity of suits the change has simplified registration proceedings by conferring upon the regional trial courts the authority to act not only on applications for original registration but also over all petitions filed after original registration of title, with power to hear and determine all questions arising upon such applications or petitions.[5]

The principal action filed by INK in Civil Case No. Q-90-6937 before the trial court was for specific performance with damages based on a document of sale. Such action was well within the exclusive jurisdiction of the Regional Trial Court.[6] When IDP, the defendant in the trial court, did not question the genuineness and validity of said deed of sale and its obligations thereunder, the summary judgment issued by the court granting the reliefs sought by INK was also an exercise of its general jurisdiction.

Hence, when INK filed a motion for the issuance of an order from the same court to compel the holder of the duplicate certificates of title to surrender the same to the Register of Deeds for the registration of the deed of sale subject of the principal action, the motion was a necessary incident to the main case. When the sale of the property was upheld by the court in its judgment and the defendant was directed to comply with its terms and conditions, the right of INK to have the same registered with the Register of Deeds could not be disregarded. To assert and enjoy its right, INK should be allowed to seek the aid of the court to direct the surrender of the certificates of title. Since Regional Trial Courts are courts of general jurisdiction, they may therefore take cognizance of this case pursuant to such jurisdiction.[7] Even while Sec. 107 of P.D. 1529 speaks of a petition which can be filed by one who wants to compel another to surrender the certificates of title to the Register of Deeds, this does not preclude a party to a pending case to include as incident therein the relief stated under Sec. 107, especially if the subject certificates of title to be surrendered are intimately connected with the subject matter of the principal action.[8] This principle is based on expediency and in accordance with the policy against multiplicity of suits.

The records of the case show that the subsisting mortgage lien of petitioner appears in the certificates of title Nos. 26520 and 26521. Hence, the order of the trial court directing the surrender of the certificates to the Register of Deeds in order that the deed of sale in favor of INK can be registered, cannot in any way prejudice her rights and interests as a mortgagee of the lots. Any lien annotated on the previous certificates of title which subsists should be incorporated in or carried over to the new transfer certificates of title. This is true even in the case of a real estate mortgage because pursuant to Art. 2126 of the Civil Code it directly and immediately subjects the property upon which it is imposed, whoever the possessor may be, to the fulfillment of the obligation for whose security it was constituted. It is inseparable from the property mortgaged as it is a right in rem - a lien on the property whoever its owner may be. It subsists notwithstanding a change in ownership; in short, the personality of the owner is disregarded. Thus, all subsequent purchasers must respect the mortgage whether the transfer to them be

with or without the consent of the mortgagee, for such mortgage until discharged follows the property.[9] It is clear therefore that the surrender by petitioner of the certificates of title to the Register of Deeds as ordered by the trial court will not create any substantial injustice to her. To grant the petition and compel INK to file a new action in order to obtain the same reliefs it asked in the motion before the trial court is to encourage litigations where no substantial rights are prejudiced. This end should be avoided. Courts should not be so strict about procedural lapses that do not really impair the proper administration of justice. The rules are intended to insure the orderly conduct of litigations because of the higher objective they seek, which is, to protect the parties' substantive rights.[10]

WHEREFORE, the appealed decision of the Court of Appeals dated 28 October 1992 is AFFIRMED.

SO ORDERED.

Padilla, (Chairman), Davide, Jr., and Kapunan, JJ., concur.

Quiason, J., on official leave.

[1] Rollo, p. 66.

[2] Id., p. 132.

[3] Id., p. 134.

[4] *Fojas v. de Grey*, No. L-29613, 18 December 1984, 132 SCRA 76.

[5] *Averia v. Caguioa*, No. 65129, 29 December 1986, 146 SCRA 459; *PNB v. ICB*, No. 86679, 23 July 1991, 199 SCRA 508.

[6] *International Management and Development Corporation v. Court of Appeals*, No. 97303, 27 January 1992, 205 SCRA 509.

[7] *Fojas v. de Grey*, *supra*.

[8] Peña, Narciso, *Registration of Land Titles and Deeds*, 1988 Revised Ed., pp. 429-430; Sec. 108, 2nd par., P.D. 1529.

[9] Sec. 59, P.D. 1529; *Tiongco v. Phil. Veterans Bank*, G.R. No. 82782, 5 August 1992.

[10] *Leyte, et al. v. Judge Cusi, Jr.*, G.R. No. 31974, 31 July 1987, 152 SCRA 496.

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