

VETERANS FEDERATION OF THE PHILIPPINES, PETITIONER, VS. COURT OF APPEALS, PHILIPPINE NATIONAL RAILWAYS (PNR FOR SHORT, FORMERLY: MANILA RAILROAD COMPANY OF THE PHILIPPINES), LOU...*G.R. No. 119281. November 22, 2000*

Ponente: YNARES-SANTIAGO, J.

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The object of the instant controversy is a parcel of land situated near the public market of San Pablo City, with an approximate area of 1,092 square meters. On the 6[th] of September 1963, the then owner, Manila Railroad Company of the Philippine Islands (now known as the Philippine National Railways or PNR) sold the subject property to the Veterans Federation of the Philippines (VFP for brevity) for the amount of One Thousand Ninety Two (P1,092.00) Pesos. The Absolute Deed of Sale executed by the parties described the subject property as follows:

"A parcel of land (Lot No. 1 of the consolidation and subdivision plan Pcs-_____, being a portion of Lots No. 17, 16 and 21, all of plan Psu-49241, and portion of Lot. No. 12 of plan II-8964), situated in San Pablo City. Bounded on the NE., by Road to RR Station; on the SE., SW., and NW., by Lot No. 2 of the consolidation and subdivision plan Pcs-_____; and on the NW., by Road to RR Station. Beginning at a point marked "1" on plan, being S. 39 deg. 41'W., 351.79 meters from B.L.L.M. No. 2, San Pablo City;

thence N. 64 deg. 40' E., 13.50 m. to point "2";
thence S. 79 deg. 16' E., 8.57 m. to point "3";
thence S. 79 deg. 20' E., 3.89 m. to point "4";
thence S. 64 deg. 07' E., 3.00 m. to point "5";
thence S. 26 deg. 54' W., 51.00 m. to point "6";
thence N. 63 deg. 36' W., 23.23 m. to point "7";
thence N. 26 deg. 54' E., 37.00 m. to the point of

beginning; containing an area of ONE THOUSAND AND NINETY TWO (1,092) Square Meters, more or less." [1]

The said document was registered on June 18, 1964 at the Office of the Register of Deeds of San Pablo City. Consequently, T.C.T. No. T-4414 was issued in favor of the VFP.[2] However, the technical description that was inscribed in the certificate of title was different from what was stated in the deed of sale. Instead, the Register of Deeds copied the technical description appearing in an accompanying document submitted by the PNR. Thus, the parcel of land was described in the certificate of title, as follows:

"A parcel of land (Lot 1 of the consolidation-subdivision plan (LRC) Pcs-2995, being a portion of Lots 16 and 17 of plan Psu-49241, L.R.C. Record No. 301 65), situated in the City of San Pablo, Island of Luzon, Bounded on the NE., SE., and SW., points 6 to 7 and 7 to 1 by Lot 12 of plan II-8964 (property of the Manila Railroad Company). Beginning at a point marked "1" on plan, being S. 67 deg. 05' W., 447.85 m. from B.L.L.M. No. 1,

City of San Pablo, thence S. 79 deg. 20' E., 3.89 m. to point 2; thence S. 64 deg. 07' E., 3.00 m. to point 3; thence S. 63 deg. 06' E., 17.11 m. to point-4; thence S. 26 deg. 54' W., 45.00 m. to point 5; thence N. 67 deg. 25' W., 23.91 m. to point 6; thence N. 26 deg. 54' E., 2.10 m. to point 7; thence N. 26 deg. 54' E., 43.56 m. to the point of beginning; containing an area of ONE THOUSAND AND NINETY TWO (1,092) Square Meters. All points referred to are indicated on the plan and are marked on the ground as follows: points 1 to 6 inclusive, by P.L.S./M.R. Conc. Mons. 15 x 60 cms.; and point 7 by old P.L.S./B.L.; bearings true; declination 1 deg. 10' E.; date of the original survey, October 7-14, 1924; and that of the consolidation-subdivision survey, October 11, 1963.[3]

Meanwhile, the VFP proceeded to clear and fence the property, following the boundaries as stated in the certificate of title, not realizing that the technical descriptions appearing in the deed of sale and the certificate of title did not match on almost all points. Some eighteen (18) years thereafter, the VFP decided to erect a building on the subject property to serve as its headquarters. This plan did not materialize when upon inspection of the subject property, it was discovered that the fence had long been dismantled and that there were now several permanent structures standing thereon. The VFP then learned that the residents had been leasing portions of the subject property from the PNR unbeknownst to VFP.

When the residents refused to heed the VFP's demand to vacate the premises, the matter was brought before the Barangay authorities, but no settlement was reached thereat. Hence, the VFP was constrained to file a complaint for accion publiciana before the Regional Trial Court of San Pablo City, Branch 32, which was docketed as Civil Case No. SP-2585. Named defendants were the PNR (MRCPI at the time) and the following lessees: Lourdes Chavez, Godofredo Chavez, Vicente Alvaro, Rosita Villamin, Juanito Alcantara, Florentino Galang, Ruel Galang, Leocadio Gusti, Tiburcio delos Reyes, and Felixberto Cosico. Part of the evidence presented during the trial was a comparative sketch plan delineating the boundaries as described in the deed of sale and in the title, as well as the particular portions occupied by the individual defendants.[4]

On January 26, 1989, the trial court rendered judgment, disposing as follows:

"WHEREFORE, premises considered, judgment is hereby rendered declaring the Deed of Sale (Exhibit "A") valid and enforceable and ordering:

- The Office of the San Pablo Register of Deed to cancel TCT No. T-4414 (Exhibit B) and to issue in its stead a new certificate of title in the name of plaintiff as buyer and owner thereof reflecting therein the true and correct technical description to be provided by PNR appearing in Exhibit A;
- The cancellation of all the lease contracts and/or other agreements the PNR has entered into with the actual occupants of the premises sold as described in the technical description appearing in Exhibit A;
- PNR to remove at its expense all existing structures of its lessees/occupants and to deliver and surrender to plaintiff the physical possession of the premises sold per Exhibit A; otherwise, to pay plaintiff rental at the rate of P20.00 per square meter per month from March 25, 1986, date of filing of the Supplemental Complaint, until plaintiff has acquired complete and peaceful possession thereof, and;
- PNR to pay cost of suit.

"The other claim for damages of plaintiff and the counterclaims of all the defendants are, as it is hereby, dismissed for lack of merit."[5]

Both parties filed separate motions for reconsideration which the trial court resolved by ordering, to wit:

"Anent the Motion for Reconsideration dated February 9, 1989 filed by defendant PNR, the Court finds no cogent reason to disturb its assailed decision. Hence, the said motion is denied for lack of merit.

"With respect to the Motion for Reconsideration filed by plaintiff, the Court partially grants the same if only to clarify the spirit and intention of the dispositive portion of the decision in question.

"Paragraph No. 3 of the dispositive portion should therefore be amplified as follows:

3. PNR to remove at its expense all existing structures of its lessees/occupants and to deliver and surrender to plaintiff the physical possession of the premises sold per Exhibit A; PNR to pay plaintiff rental at the rate of P20.00 per square meter per month from March 25, 1986, date of filing of the Supplemental Complaint and for PNR as well as the other defendants to immediately surrender complete and peaceful possession of the subject lot to plaintiff" (Annex B, hereof).[6]

Dissatisfied with the trial court's disposition, both parties filed separate appeals before the Court of Appeals. The appellate court dwelt at length on the facts and evidence adduced by the trial court in resolving the issues raised by the opposing parties. On July 29, 1994, the Court of Appeals rendered the impugned Decision, the dispositive portion of which reads:

"WHEREFORE, the dispositive portion of the appealed decision is hereby MODIFIED by deleting paragraphs 1, 2, and 3 thereof and instead to read as follows:

(1) The complaint with respect to defendants-appellants Lourdes Chavez, Godofredo Chavez, Vicente Alvero, Rosito Villamin, Juanito Alcantara, Florentino Galang, Tiborcio delos Reyes, and Felixberto Cosico is DISMISSED.

(2) Defendant-Appellant PNR is ordered to convey the parcel of land with an area of 1,092 square meters described in the absolute Deed of Sale dated September 6, 1963 (Exhibit A) to plaintiff-appellant.

(3) Defendant-appellants Ruel Galang and Leocadio Gusti and members of their families, relatives and other persons claiming rights under them to vacate the premises and to surrender possession thereof to plaintiff-appellant.

In all other respects, the decision is AFFIRMED."[7]

Consequently, both parties again filed separate motions for reconsideration, which the appellate court denied.[8]

VFP filed the instant petition for review, raising the following issues:

First.

The trial and the appellate courts erred in ordering the Register of Deeds of San Pablo City to cancel appellant VFP's TCT No. T-4414 and then to issue a new certificate of title in the name of appellant which would reflect therein the technical description appearing in the absolute Deed of Sale; and

Second.

The Court of Appeals erred in deleting the award of rentals and damages that the trial court had awarded in favor of appellant VFP.

There is no question that the technical descriptions appearing in the deed of sale and the certificate of title vary on almost all points. There is, however, a long rectangular portion wherein the two overlap.[9] For this reason, the property described in TCT No. T-4414 was not in its entirety the parcel sold to VFP, at least not the major portion thereof. The Court of Appeals had earlier ruled that:

"Transfer Certificate of Title No. T-4414, Exhibit "B" is however void. It was issued supposedly as a result of the sale of the property described in the Absolute Deed of Sale, or Exhibit "A". However, the property described in Exhibit "B" is not the same property as that intended by the parties to be the object of their sales

agreement under Exhibit "A". As correctly found by the trial court, the technical description of the lot which is the subject matter of the Absolute Deed of Sale, Exhibit "A", is not identical to the technical description of the lot described in TCT No. T-4414, Exhibit "B". Stated bluntly, the technical description in the certificate of title (Exh. B) is erroneous. The court therefore correctly ordered the cancellation of TCT No. T-4414 and the issuance of a new certificate of title in the name of plaintiff-appellant and reflecting therein the true technical description as appearing in Exhibit A or the Absolute Deed of Sale dated 16 September 1963."^[10]

We find no compelling reason to rule otherwise. It is well-established that errors in the certificate of title that relate to the technical description and location cannot just be disregarded as mere clerical aberrations that are harmless in character,^[11] but must be treated seriously so as not to jeopardize the integrity and efficacy of the Torrens System of registration of real rights to property. Thus, when the technical description appearing in the title is clearly erroneous, the courts have no other recourse but to order its cancellation and cause the issuance of a new one that would conform to the mutual agreement of the buyer and seller as laid down in the deed of sale.

Petitioner VFP argues that the deed of sale notwithstanding, it is the legitimate owner of the property described in TCT No. T-4414.

The argument is not meritorious. The simple possession of a certificate of title is not necessarily conclusive of the holder's true ownership of all the property described therein for said holder does not by virtue of said certificate of title alone become the owner of what has been either illegally or erroneously included.^[12] It has been held by this Court that if a person or entity obtains a title which includes by mistake or oversight land which cannot be registered under the Torrens System or over which the buyer has no legal right, said buyer does not, by virtue of said certificate alone, become the owner of the land illegally or erroneously included.^[13] In fact, when an area is erroneously included in a relocation survey and in the title subsequently issued, the said erroneous inclusion is null and void and of no effect.^[14] And on the rare occasion where there is such an error, the courts may decree that the certificate of title be cancelled and a correct one issued to the buyer.^[15]

It is of no moment that it was respondent PNR which prepared the document containing the erroneous technical description copied by the Register of Deeds in the certificate of title issued to petitioner VFP.^[16] There is no showing that such error was intentional, much less malicious. In fact, both VFP and PNR, for quite a number of years, did not realize that there was a glaring disparity in the technical descriptions appearing in the deed of sale and the certificate of title. Both parties were remiss in ensuring that all the documents and entries in the certificate of title were in order. That being so, petitioner VFP cannot lay all the blame on respondent PNR, for had the former exercised due diligence, the mistake could have been discovered and corrected in time.

Petitioner VFP further argues that respondent PNR is now barred from claiming ownership of the disputed property because for twenty-seven (27) years, VFP has exercised acts of exclusive ownership and possession over said property even paying real estate taxes therefor. However, petitioner VFP contradicted itself by its own admission that way back in 1982, it discovered that there were private individuals occupying portions of the said property, erecting permanent structures thereon and conducting their businesses by virtue of lease agreements between them and respondent PNR. If VFP was indeed in possession of the subject property, there would have been no opportunity for these private individuals and PNR to usurp the use of said property.

Petitioner VFP maintains that the deed of sale was valid and enforceable and that it was perfected at the very moment that the parties agreed upon the thing which was the object of the sale and upon the price.^[17] The parties herein had agreed on the parcel of land that petitioner would purchase from respondent PNR, and the same was described in the absolute deed of sale. Both parties then are bound by the stipulations in their contract. The binding effect of the deed of sale on the parties is based on the principle that the obligations arising therefrom have the force of law between them.^[18] The terms of the deed of sale were clear that the object thereof was the

property described therein; thus, petitioner VFP cannot now conveniently set aside the technical description in this agreement and insist that it is the legal owner of the property erroneously described in the certificate of title. Petitioner can only claim right of ownership over the parcel of land that was the object of the deed of sale and nothing else.

Hence, the trial court did not err in ordering the cancellation of TCT No. T-4414 and in directing the Register of Deeds of San Pablo City to issue a new one, with the correct technical description as embodied in the absolute deed of sale. Accordingly, respondents Lourdes Chavez, Godofredo Chavez, Vicente Alvero, Rosita Villamin, Juanito Alcantara, Florentino Galang, Tiburcio delos Reyes, and Felixberto Cosico are not occupants of VFP's property. Hence, the suit against them was correctly dismissed by the Court of Appeals.

It was discovered during the trial that several individuals had occupied certain portions of the property described and subject of the deed of sale without the consent or knowledge of petitioner. Clearly, these individuals have been enjoying the use of VFP's property and it is but fair that they must pay rentals to VFP for such use. The trial court had earlier ruled that a rental fee of P20.00 per square meter was fair and equitable considering the location of the property.

We likewise agree with the following findings of the Court of Appeals:

With respect to the second issue, We hold that plaintiff-appellant has a cause of action against the present occupants of its property, conveyed, and described in the Deed of Absolute Sale (Exh. "A"). Perusal of Plan No. 1 (Exh. "L-1", Folder of Exhibits, p. 34) prepared by the court-appointed geodetic engineer would indicate that the following individuals and establishments are the actual occupants of the aforesaid property: Yolanda Guerrero, Ruel Galang, Lucio Jimenez, Leocadio Gusti, Rustico Delos Reyes, Bella Angulo, a certain Mang Erning, Roño Engineering (Machine Shop), Ireneo Aspiras, Barangay Health Center, Celso Cuyagi, Zosimo Hernandez, and Puring Fruits Dealer. Two alleys also traverse the property. These individuals and business establishments have been in the property of plaintiff-appellant without the latter's consent or authority. Plaintiff-appellant, therefore, has a cause of action against them. But except for Ruel Galang and Leocadio Gusti, the rest are not party-defendants in this action. Another suit must be initiated by plaintiff-appellant if it desires to recover possession from them.[19] (Underscoring ours).

However, there is no showing of how long Ruel Galang and Leocadio Gusti, or any of the above-named individuals, have been occupying the subject premises. There is also no evidence of the specific land area occupied by each individual. Thus, there is no basis for the computation of the rentals that petitioner VFP may collect from them. Consequently, this Court is not in a position to award rentals in this case. Instead, VFP may collect these back rentals from the above-named persons in a separate action.

There is a need to modify the ruling of the Court of Appeals. The paragraph directing the Register of Deeds of San Pablo City to cancel TCT No. T-4414 and to issue a new one in the name of VFP with the correct technical description as appearing in the absolute deed of sale should not have been deleted. The Court of Appeals likewise erred in ordering PNR to convey the parcel of land described in the absolute deed of sale. We reiterate that, in a litigation such as the one at bar, the court may decree that the certificate of title be cancelled and a correct one issued in favor of the buyer, without having to require the seller to execute in favor of the buyer an instrument to effect the sale and transfer of the property.[20]

The absolute deed of sale between VFP and PNR remains valid and enforceable. As correctly found by the Court of Appeals:

Ownership over the property specifically described in that contract (Exhibit "A") was conveyed to plaintiff-appellant by defendant-appellant PNR by mutual consent after the former had paid the consideration. The allegation by defendant-appellant PNR that the contract of sale is void because of plaintiff-appellant's

failure to construct its headquarters and a bank in the property, a condition of the sale, is without merit. A perusal of the contract, Exhibit "A", would reveal it does not contain any stipulation regarding the alleged condition. Nor is there any evidence adduced to support said allegation. Allegation is not synonymous to proof. A party has the burden of proof to establish its defense by convincing evidence. In short, the sale was not a conditional sale.[21]

Respondent PNR cannot shirk from its obligation to convey title and surrender possession of the property which VFP bought on the lame excuse that it is now too late in the day for VFP to seek such redress. There is no question that had it not been for PNR's gross mistake in supplying the wrong technical description to the Register of Deeds, there would have been no erroneous inscription. Justice dictates that the courts must right this wrong without further delay. It is but fair that petitioner VFP finally obtain the correct and legal title to the property it bought thirty-seven (37) years ago.

WHEREFORE, in view of all the foregoing, the Decision rendered by the Court of Appeals in CA-G.R. CV No. 21229 is hereby MODIFIED to read as follows:

- The Register of Deeds of San Pablo City is ordered to cancel TCT No. T-4414 [Exh. "B"] and to issue in its stead a new certificate of title in the name of the Veterans Federation of the Philippines, reflecting therein the true and correct technical description appearing in the absolute deed of sale [Exh. "A"];
- The complaint with respect to respondents Lourdes Chavez, Godofredo Chavez, Vicente Alvero, Rosita Villamin, Juanito Alcantara, Florentino Galang, Tiburcio delos Reyes and Felixberto Cosico is DISMISSED.
- Respondent Philippine National Railways is directed to immediately surrender possession of the 1,092 square meter property described in the absolute Deed of Sale [Exh. "A"] to petitioner Veterans Federation of the Philippines;
- Respondents Ruel Galang and Leocadio Gusti and members of their families, relatives, and other persons claiming rights under them to vacate the premises and to surrender possession thereof to petitioner Veterans Federation of the Philippines;
- Respondent Philippine National Railway to pay the costs of litigation.

In all other respects, the decision is AFFIRMED.

SO ORDERED.

Davide, Jr., C.J., (Chairman), Puno, Kapunan, and Pardo, JJ., concur.

[1] Exh. "A" (Absolute Deed of Sale).

[2] Exh. "B" (TCT No. T-4414).

[3] Exh. "B".

[4] Exhs. "L-1" to "L-5".

[5] RTC Decision, p. 183 (Original Records).

[6] RTC Order, p. 199 (Original Records).

[7] CA Decision, p. 41.

[8] CA Resolution, p. 43.

[9] Exh. "L-3".

[10] CA Decision, pp. 39-40.

[11] *Lorenzana Food Corp. v. Court of Appeals*, 231 SCRA 713 (1994).

[12] *Caragay-Leyno v. Court of Appeals*, 133 SCRA 720 (1984).

[13] *Ledesma v. Mun. of Iloilo*, 49 Phil. 773 (1926) citing *Legarda and Prieto v. Saleeby*, 31 Phil. 590.

[14] *Vda de Recinto v. Inciong*, 77 SCRA 196 (1977).

[15] *Consul v. Buhay*, 64 O.G. 29, July 15, 1968, CA.

[16] Exh. "M".

[17] *Co v. Court of Appeals*, 286 SCRA 76 (1998); *Fule v. Court of Appeals*, 286 SCRA 698 (1998).

[18] *Allied Banking Corp. v. Court of Appeals*, 284 SCRA 357 (1998); *Barons Marketing Corp. v. Court of Appeals*, 286 SCRA 96 (1998).

[19] CA Decision, p. 40.

[20] *Consul v. Buhay*, *supra*.

[21] CA Decision, p. 39.

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