

MANOTOK REALTY, INC. AND MANOTOK ESTATE CORPORATION, PETITIONERS, VS. CLT REALTY DEVELOPMENT CORPORATION, RESPONDENT.

G.R. No. 123346. March 31, 2009

Ponente: TINGA, J.

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TINGA, J.:

In the Court's Resolution dated 14 December 2007,[1] the Court constituted a Special Division of the Court of Appeals to hear the instant case on remand. The Special Division was composed of three Associate Justices of the Court of Appeals, with Justice Josefina Guevara-Salonga as Chairperson; Justice Lucas Bersamin as Senior Member; and Associate Justice Japar B. Dimaampao as Junior Member. We instructed the Special Division to proceed as follows:

The Special Division is tasked to hear and receive evidence, conclude the proceedings and submit to this Court a report on its findings and recommended conclusions within three (3) months from finality of this Resolution.

In ascertaining which of the conflicting claims of title should prevail, the Special Division is directed to make the following determinations based on the evidence already on record and such other evidence as may be presented at the proceedings before it, to wit:

- Which of the contending parties are able to trace back their claims of title to OCT No. 994 dated 3 May 1917?
- Whether the imputed flaws in the titles of the Manotoks and Araneta, as recounted in the 2005 Decision, are borne by the evidence? Assuming they are, are such flaws sufficient to defeat the claims of title of the Manotoks and Araneta?
- Whether the factual and legal bases of 1966 Order of Judge Muñoz-Palma and the 1970 Order of Judge Sayo are true and valid. Assuming they are, do these orders establish a superior right to the subject properties in favor of the Dimsons and CLT as opposed to the claims of Araneta and the Manotoks?
- Whether any of the subject properties had been the subject of expropriation proceedings at any point since the issuance of OCT No. 994 on 3 May 1917, and if so what are those proceedings, what are the titles acquired by the Government and whether any of the parties is able to trace its title to the title acquired by the Government through expropriation.
- Such other matters necessary and proper in ascertaining which of the conflicting claims of title should prevail.

WHEREFORE, the instant cases are hereby REMANDED to the Special Division of the Court of Appeals for further proceedings in accordance with Parts VI, VII and VIII of this Resolution.

SO ORDERED.[2]

The Special Division proceeded to conduct hearings in accordance with the Resolution. The parties to these cases, namely CLT Realty Development Corporation (CLT), Manotok Realty Inc. and Manotok Estate Corporation (the Manotoks), the Heirs of Jose B. Dimson (Heirs of Dimson), and Araneta Institute of Agriculture, Inc. (Araneta), were directed by the Special Division to present their respective evidence to the Court of Appeals. Thereafter, the Special Division rendered a 70-page Report[3] (Report) on 26 November 2008. The Special Division submitted the sealed Report to this Court.

Before taking action on the Report itself, we dispose of a preliminary matter. On February 17, 2009, the Manotoks filed a motion beseeching that copies of the report be furnished the parties "so that they may submit their comments and objections thereon in accord with the principle contained in Sec. 10, Rule 32 of the Rules of Court." We deny the motion.

It is incorrect to presume that the earlier referral of these cases to the Court of Appeals for reception of evidence was strictly in accordance with Rule 32. Notably, Section 1 of said Rule authorizes the referral of the case to a commissioner "by written consent of both parties," whereas in the cases at bar, the Court did not endeavor to secure the consent of the parties before effectuating the remand to the Court of Appeals. Nonetheless, our earlier advertence to Rule 32 remains proper even if the adopted procedure does not hew strictly to that Rule, owing to our power under Section 6, Rule 135 to adopt any suitable process or mode of proceeding which appears conformable to the spirit of the Rules to carry into effect all auxiliary processes and other means necessary to carry our jurisdiction into effect.

Moreover, furnishing the parties with copies of the Sealed Report would not serve any useful purpose. It would only delay the promulgation of the Court's action on the Sealed Report and the adjudication of these cases. In any event, the present Resolution quotes extensively from the sealed Report and discusses its other substantive segments which are not quoted.

The Report is a commendably exhaustive and pellucid analysis of the issues referred to the Special Division. It is a more than adequate basis for this Court to make the following final dispositions in these cases.

I.

We adopt the succeeding recital of operative antecedents made by the Special Division in its Report.

THE PROCEDURAL ANTECEDENTS

DIMSON v. ARANETA

CA-G.R. CV. NO. 41883 & CA-G.R. SP No. 34819

[SC-G.R. No. 134385]

On 18 December 1979, DIMSON filed with the then Court of First Instance ["CFI"] of Rizal a complaint for Recovery of Possession and Damages against ARANETA. On 7 May 1980, DIMSON amended his complaint and included Virgilio L. Enriquez ["ENRIQUEZ"] as his co-plaintiff.

In said Amended Complaint, DIMSON claimed that he is the absolute owner of a 50-hectare land located in Bo. Potrero, Malabon, Metro Manila covered by TCT No. R-15169, [Lot 25-A-2] of the Caloocan Registry of Deeds. Allegedly, DIMSON had transferred the subject property to ENRIQUEZ by way of an absolute and irrevocable sale on 14 November 1979. Unfortunately though, DIMSON and ENRIQUEZ discovered that the subject property was being occupied by ARANETA wherein an "agricultural school house" is erected and that despite repeated demands, the latter refused to vacate the parcel of land and remove the improvements thereon.

ARANETA, for its part, refuted said allegations and countered that it is the absolute owner of the land being claimed by DIMSON and that the real properties in the Araneta Compound are "properly documented and validly titled." It maintained that it had been in possession of the subject parcel of land since 1974. For this

reason, the claims of DIMSON and ENRIQUEZ were allegedly barred by prescription.

During the trial, counsel for ARANETA marked in evidence, among others, certifications from the Land Registration Commission attesting that TCTs Nos. 13574 and 26538, covering the disputed property, are in the names of ARANETA and Jose Rato, respectively. ARANETA also offered TCT No. 7784 in evidence to prove that it is the registered owner of the land described therein.

On 28 May 1993, the trial court rendered a Decision upholding the title of DIMSON over the disputed property
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Undaunted, ARANETA interposed an appeal to the Court of Appeals, docketed as CA-G.R. CV No. 41883, which was later consolidated with CA-GR. SP No. 34819 in view of the inter-related issues of the two cases.

In its 30 May 1997 Decision, the Court of Appeals, in CA-G.R. CV No. 41883, sustained the RTC Decision in favor of DIMSON finding that the title of ARANETA to the disputed land in a nullity. In CA-GR. SP No. 34819, the Court of Appeals likewise invalidated the titles of ARANETA, relying on the Supreme Court ruling in Metropolitan Waterworks and Sewerage System v. Court of Appeals, which declared null and void the certificates of title derived from OCT No. 994 registered on 3 May 1917. It was also held that ARANETA failed to sufficiently show that the Order sought to be nullified was obtained through extrinsic fraud that would warrant the annulment thereof.

Dissatisfied still, ARANETA filed a Motion for Reconsideration And/Or New Trial espousing therein as basis for its entreaty the various letters from different government agencies and Department order No. 137 of the Department of Justice, among others.

On 16 July 1998, the various Motions of ARANETA were denied by the Court of Appeals. Nonetheless, the Court ordered DIMSON to maintain status quo until the finality of the aforesaid judgment.

Consequently, ARANETA filed a petition before the Supreme Court. Refuting the factual finding of the trial court and the Court of Appeals, ARANETA contended that there is only one OCT 994 covering the Maysilo Estate issued on 3 May 1917 pursuant to the Decree No. 36455 issued by the Court of Land Registration on 19 April 1917 and added that there were subsequent certifications issued by the government officials, notably from the LRS, the DOJ Committee Report and the Senate Committees' Joint Report which attested that there is only one OCT 994, that which had been issued on 3 May 1917.

CLT v. MANOTOK
CA-G.R. CV. No. 45255
[SC-G.R. No. 123346]

On 10 August 1992, CLT filed with the Regional Trial Court ["RTC"] A COMPLAINT FOR Annulment of Transfer Certificates of Title, Recovery of Possession and Damages against the MANOTOKS and the Registry of Deeds of Metro Manila District II (Calookan City, Metro Manila) ["CALOOCAN RD"].

In its Complaint, CLT alleged that it is the registered owner of Lot 26 of the Maysilo Estate located in Caloocan City and covered by Transfer Certificate of Title No. T- 177013, a derivative title of OCT No. 994. As a basis of its proprietary claim, CLT averred that on 10 December 1988, it had acquired Lot 26 from its former registered owner, Estelita I. Hipolito ["HIPOLITO"], by virtue of a Deed of Sale with Real Estate Mortgage. HIPOLITO's title was, in turn, a direct transfer from DIMSON, the registered owner of TCT No. 15166, the latter having acquired the same by virtue of a Court Order dated 13 June 1966 issued by the Court of First Instance of Rizal in Civil Case No. 4557.

On the other hand, the MANOTOKS maintained the validity of their titles, which were all derivatives of OCT No. 994 covering over twenty (20) parcels of land located over a portion of Lot 26 in the Maysilo Estate. In substance, it was contented that the title of CLT was an offspring of an ineffective grant of an alleged

undisputed portion of Lot 26 by way of attorney's fees to its predecessor-in-interest, Jose B. Dimson. The MANOTOKS, in this connection, further contended that the portion of Lot 26, subject of the present controversy, had long been disposed of in favor of Alejandro Ruiz and Mariano Leuterio and hence, there was nothing more in said portion of Lot 26 that could have been validly conveyed to Dimson.

Tracing the legitimacy of their certificates of titles, the MANOTOKS alleged that TCT No. 4210, which cancelled OCT No. 994, had been issued in the names of Alejandro Ruiz and Mariano Leuterio on September 1918 by virtue of an Escritura De Venta executed by Don Tomas Arguelles and Don Enrique Lopes on 21 August 1918. TCT No. 4210 allegedly covered an approximate area of 19,565.43 square meters of Lot 26. On even date, TCT No. 4211 was transferred to Francisco Gonzales on the strength of an Escritura de Venta dated 3 March 1920 for which TCT No. T-5261, covering an area of 871,982 square meters was issued in the name of one Francisco Gonzales, married to Rufina Narciso.

Thereafter, TCT No. T-35485, canceling TCT No. T-5261, was issued to Rufina Narcisa Vda. de Gonzales which was later replaced with the names of Gonzales six (6) children. The property was then subdivided and as a result of which, seven (7) certificates of titles were issued, six (6), under the names of each of the children while the remaining title was held by all of them as co-owners.

Eventually, the properties covered by said seven certificates of title were expropriated by the Republic of the Philippines. These properties were then later subdivided by the National Housing Authority ["NHA"], into seventy-seven (77) lots and thereafter sold to qualified vendees. As it turned out, a number of said vendees sold nineteen (19) of these lots to Manotok Realty, Inc. while one (1) lot was purchased by the Manotok Estate Corporation.

During the pre-trial conference, the trial court, upon agreement of the parties, approved the creation of a commission composed of three commissioners tasked to resolve the conflict in their respective titles. Accordingly, the created Commission convened on the matter in dispute.

On 8 October 1993, Ernesto Erive and Avelino San Buenaventura submitted an exhaustive Joint Final Report ["THE MAJORITY REPORT"] finding that there were inherent technical infirmities or defects on the face of TCT No. 4211, from which the MANOTOKS derived their titles (also on TCT No. 4210), TCT No. 5261 and TCT No. 35486. Teodoro Victoriano submitted his Individual Final Report ["THE MINORITY REPORT"] dated 23 October 1993.

After the conduct of a hearing on these reports, the parties filed their respective comments/objections thereto. Upon order of the trial court, the parties filed their respective memoranda.

Adopting the findings contained in the Majority Report, the RTC, on 10 May 1994, rendered a Decision, in favor of CLT and ordered, among others, the cancellation of the certificates of title issued in the name of the MANOTOKS.

The MANOTOKS elevated the adverse RTC Decision on appeal before the Court of Appeals. In its Decision dated 28 September 1995, the Court of Appeals affirmed the RTC Decision, except as to the award of damages which was deleted. The MANOTOKS then moved for reconsideration, but said motion was denied by said appellate court in its Resolution dated 8 January 1996. After the denial of their Motion for Reconsideration, the MANOTOKS filed a Petition for Review before the Supreme Court.

PROCEEDINGS BEFORE THE SUPREME COURT

Before the Supreme Court, the Petitioners for Review, separately filed by the MANOTOKS, ARANETA and Sto. Niño Kapitbahayan Association, Inc., ["STO. NIÑO"], were consolidated.

Also submitted for consideration of the Supreme Court were the report of the Fact Finding Committee dated 28 August 1997 and the Senate Committee Report No. 1031 dated 25 May 1998 which concluded that there was

only one OCT No. 994 issued, transcribed and registered on 3 May 1917.

THE SUPREME COURT DECISION

In its Decision dated 29 November 2005 ["THE SUPREME COURT 2005 DECISION"], the Supreme Court, through its Third Division, affirmed the RTC Decision and Resolutions of the Court of Appeals, which declared the titles of CLT and DIMSON as valid.

In invalidating the respective titles of the MANOTOKS and ARANETA, the Supreme Court, in turn, relied on the factual and legal findings of the trial courts, which had heavily hinged on the imputed flaws in said titles. Considering that these trial court findings had been affirmed by the Court of Appeals, the Supreme Court highlighted the fact that the same were accorded the highest degree of respect and, generally, should not be disturbed on appeal.

Emphasis was also made on the settled rule that because the Supreme Court was not a trier of facts, it was not within its function to review factual issues and examine, evaluate or weigh the probative value of the evidence presented by the parties.

THE SUPREME COURT RESOLUTION

Expectedly, the MANOTOKS and ARANETA filed their respective Motions for Reconsideration of the Supreme Court 2005 Decision.

Resolving said motions for reconsideration, with the Office of the Solicitor General ["OSG"] intervening on behalf of the Republic, the Supreme Court, in its Resolution of 14 December 2007 ["THE SUPREME COURT 2007 RESOLUTION"] reversed and nullified its 2005 Decision and categorically invalidated OCT No. 994 dated 19 April 1917, which was the basis of the propriety claims of CLT and DIMSON. However, the Supreme Court resolved to remand the cases to this Special Division of the Court of Appeals for reception of evidence.

To guide the proceedings before this Special Division of the Court of Appeals, the Supreme Court made the following binding conclusions:

"First, there is only one OCT 994. As it appears on the record, that mother title was received for transcription by the Register of Deeds on 3 May 1917, and that should be the date which should be reckoned as the date of registration of the title. It may also be acknowledged, as appears on the title, that OCT No. 994 resulted from the issuance of the decree of registration on (19)[*] April 1917, although such date cannot be considered as the date of the title or the date when the title took effect.

Second. Any title that traces its source to OCT No. 994 dated (19) April 1917 is void, for such mother title is nonexistent. The fact that the Dimson and CLT titles made specific reference to an OCT No. 994 dated (19) April 1917 casts doubt on the

validity of such titles since they refer to an nonexistent OCT. This error alone is, in fact, sufficient to invalidate the Dimson and CLT claims over the subject property if singular reliance is placed by them on the dates appearing on their respective titles.

Third. The decision of this Court in *MWSS v. Court of Appeals* and *Gonzaga v. Court of Appeals* cannot apply to the cases at bar, especially in regard to their recognition of an OCT No. 994 dated 19 April 1917, a title which we now acknowledge as nonexistent. Neither could the conclusions in *MWSS* or *Gonzaga* with respect to an OCT No. 994 dated 19 April 1917 bind any other case operating under the factual setting the same as or similar to that at bar.[4]

II.

The parties were afforded the opportunity to present their evidence before the Special Division. The Report names the evidence submitted to the Special Division for its evaluation:

CLT EVIDENCE

In its Offer of Evidence,[[5]] CLT adopted the documentary exhibits and testimonial evidence of witnesses submitted in the case filed by CLT against STO. NIÑO in Civil Case No. C-15491, ["CLT-STO NIÑO CASE"]. These pieces of evidence include, among others, the Majority and Minority Reports, the Formal Offer of Evidence in the presentation of the evidence-in-chief and rebuttal evidence in the CLT-STO NIÑO CASE consisting of various certificates of titles, plans by geodetic engineer, tax declarations, chemistry report, specimen signatures and letters of correspondence.

MANOTOKS EVIDENCE

The MANOTOKS sought admission of the following evidence: Senate and DOJ Committee Reports; certificates of title issued to them and their vendees/assignees, i.e., Republic of the Philippines, the Gonzalezes, Alejandro Ruiz and Mariano Leuterio, Isabel Gil del Sola and Estelita Hipolito; deeds of absolute sale; contracts to sell; tax declarations and real property tax receipts; the Formal Officer of Evidence of Philville Development & Housing Corporation; ["PHILVILLE"], in Civil Case No. 15045; this Court of Appeals' Decision in CA-G.R. CV. No. 52606 between CLT and PHILVILLE; the Orders of Judge Palma dated 13 June 1966 and 16 August 1966 in Case No. 4557 and the billing statements of SSHG Law Office. They also submitted in evidence the Affidavits and Supplemental Affidavits of Rosa R. Manotok and Luisa T. Padora; Affidavits of Atty. Felix B. Lerio, Atty. Ma. P.G. Ongkiko and Engineer Jose Marie P. Bernabe; a copy of a photograph of BM No. 9; certified true copy of coordinates and reference point of L.M. No. 1 and BM No. 1 to 10 of Piedad Estate and TCT No. 177013 of CLT. [[6]]

DIMSON EVIDENCE

In their Consolidated Formal Offer of Evidence,[[7]] DIMSON submitted the previous decisions and resolutions passed relative to these cases, various certifications of different government agencies, OCT 994, subdivision plan of Lot 25-A-2, observations of Geodetic Engineer Reggie P. Garcia showing the relative positions of properties within Lot 25-A; the Novation of Contract/Deed of Sale and Mortgage dated 15 January 1948 between Rato, Don Salvador Araneta and Araneta Institute of Agriculture; copies of various certificates of titles to dispute some of the titles held by ARANETA; several letter-requests and official receipts.

ARANETA EVIDENCE

ARANETA, in turn, offered in evidence various certificates of title, specifically, OCT No. 994, TCT No. 8692; TCT No. 21857; TCT No. 26538; TCT No. 26539; TCT No. (7784)-738 and TCT no. 13574. It also marked in evidence the certified true copies of Decree No. 36577; the DOJ and Senate Reports; letters of correspondence to the Land Registration Commission and the Register of Deeds of Malabon City; survey plans of Lot 25-A and TCT r-15169 of Dimson and; the affidavit of Engineer Felino M. Cortez and his curriculum vitae. ARANETA also offered the certified true copy of TCT No. 6196 in the name of Victoneta, Inc.; TCT No. 13574 in the name of ARANETA; certifications issued by Atty. Josephine H. Ponciano, Acting Register of Deeds of Malabon city-Navotas; certified true copy of Judge Palma's Order dated 16 August 1966 in Case No. 4557; Circular No. 17 (which pertains to the rules on reconstitution of titles as of 19 February 1947) and its official receipt and; the owner's duplicate copy of OCT No. 994. [[8]] [[9]]

III.

We now turn to the evaluation of the evidence engaged in by the Special Division. To repeat, the Special Division was tasked to determine the following issues based on the evidence:

- Which of the contending parties are able to trace back their claims to Original Certificate of Title (OCT) No. 994 dated 3 May 1917:
- Whether the respective imputed flaws in the titles of the Manotoks and Araneta, as recounted in the Supreme Court 2005 Decision, are borne by the evidence. Assuming they are, are such flaws sufficient to defeat said claims?
- Whether the factual and legal bases of the 1966 Order of Judge Muñoz-Palma and the 1970 Order of Judge Sayo are true and valid. Assuming they are, do these orders establish a superior right to the subject properties in favor of the Dimsons and CLT as opposed to the claims of the Araneta and the Manotoks?
- Whether any of the subject properties had been the subject of expropriation proceedings at any point since the issuance of OCT No. 994 on 3 May 1917, and if so, what are those proceedings, what are the titles acquired by the Government, and is any of the parties able to trace its title acquired by the government through expropriation?
- Such other matters necessary and proper in ascertaining which of the conflicting claims of title should prevail.

The ultimate purpose of the inquiry undertaken by the Court of Appeals was to ascertain which of the four groups of claimants were entitled to claim ownership over the subject properties to which they claimed title thereto. One set of properties was disputed between CLT and the Manotoks, while the other set was disputed between Araneta and the Heirs of Dimson.

As can be gleaned from the Report, Jose Dimson was able to obtain an order in 1977 issued by Judge Marcelino Sayo of the Court of First Instance (CFI) of Caloocan City on the basis of which he was able to register in his name properties belonging to the Maysilo Estate. Judge Sayo's order in turn was sourced from a 1966 Order issued by Judge (later Supreme Court Associate Justice) Cecilia Muñoz-Palma of the CFI of Rizal. Dimson's titles reflected, as their mother title, OCT No. 994 dated 19 April 1917.[10] Among these properties was a fifty (50)-hectare property covered by Transfer Certificate of Title (TCT) No. 151169, which apparently overlapped with the property of Araneta covered by TCT No. 13574 and 26538.[11] Araneta was then and still is in possession of the property. The Araneta titles state, as their mother title, OCT No. 994 dated 3 May 1917. Consequently, Dimson filed an action for recovery of possession against Araneta.

Another property in Dimson's name, apparently taken from Lot 26 of the Maysilo Estate, was later sold to Estelita Hipolito, who in turn sold the same to CLT. Said property was registered by CLT under TCT No. T-177013, which also reflected, as its mother title, OCT No. 994 dated 19 April 1917.[12] Said property claimed by CLT encroached on property covered by titles in the name of the Manotoks. The Manotoks traced their titles to TCT Nos. 4210 and 4211, both issued in 1918 and both reflecting, as their mother title, OCT No. 994 dated 3 May 1917.

It is evident that both the Heirs of Dimson and CLT had primarily relied on the validity of OCT No. 994 dated 19 April 1917 as the basis of their claim of ownership. However, the Court in its 2007 Resolution held that OCT No. 994 dated 19 April 1917 was inexistent. The proceedings before the Special Division afforded the Heirs of Dimson and CLT alike the opportunity to prove the validity of their respective claims to title based on evidence other than claims to title the inexistent 19 April 1917 OCT No. 994. Just as much was observed by the Special Division:

Nonetheless, while the respective certificates of title of DIMSON and CLT refer to OCT 994 issued on 19 April 1917 and that their previous postulations in the present controversies had been anchored on the supposed validity of their titles, that which emanated from OCT 994 of 19 April 1917, and conversely the invalidity of the 3 May 1917 OCT 994, the Supreme Court has yet again allowed them to substantiate their claims on the basis of other evidentiary proofs:

Otherwise stated, both DIMSON and CLT bear the onus of proving in this special proceedings, by way of the evidence already presented before and such other forms of evidence that are not yet of record, that either there had only been an error in the course of the transcription or registration of their derivative titles, or that other factual and legal bases existed to validate or substantiate their titles aside from the OCT No. 994 issued on 19 April 1917.[13]

Were they able to discharge such burden?

A.

We begin with the Heirs of Dimson. The Special Division made it clear that the Heirs of Dimson were heavily reliant on the OCT No. 994 dated 19 April 1917.

[DIMSON], on the strength of Judge Sayo's Order dated 18 October 1977, was issued separate certificates of title, i.e., TCT Nos. 15166, 15167, 15168 and 15169, covering portions of the Maysilo Estate. Pertinently, with respect to TCT No. 15169 of DIMSON, which covers Lot 25-A-2 of the said estate, the following were inscribed on the face of the instrument.

"IT IS FURTHER CERTIFIED that said land was originally registered on the 19[th] day of April in the year nineteen hundred and seventeen in the Registration Book of the Office of the Register of Deeds of Rizal, Volume NA page NA, as Original Certificate of Title No. 994 pursuant to Decree No. 36455 issued in L.R.C. Case No. 4429 Record No. _____

This Certificate is a transfer from Original Certificate of Title No. 994/NA, which is cancelled by virtue hereof in so far as the above-described land is concerned. [[14]]

From the above accounts, it is clear that the mother title of TCT no. 15169, the certificate of title of DIMSON covering the now disputed Lot 25-A-2, is OCT No. 994 registered on 19 April 1917. Manifestly, the certificate of title issued to DIMSON, and as a matter of course, the derivative title later issued to CLT, should both be voided inasmuch as the OCT which they emanated had already been declared inexistent.[15]

The Special Division noted that the Heirs of Dimson did not offer any explanation why their titles reflect the erroneous date of 19 April 1917. At the same time, it rejected CLT's explanation that the transcription of the erroneous date was a "typographical error."

As can be gleaned from the records, both DIMSON and their successor-in-interest CLT, had failed to present evidence before this Court to prove that there had been a mere typographical error in the transcription of their respective titles with regard to the date of registration of OCT No. 994. CLT specifically harps on this assertion that there had only been a typographical error in the transcription of its title.[16] On the other hand, while DIMSON had refused to categorically assert that there had been such a typographical error causing the invalidity of their title, their failure to proffer any reason or argument which would otherwise justify why their title reflects 19 April 1917 and not 3 May 1917 leads this Court to conclude that they simply had no basis to support their proprietary claim.

Thus, without proffering any plausible explanation as to what led to the erroneous entry of the registration dated of OCT 994, DIMSON are left without any recourse but to substantiate their claim on the basis of other evidence not presented during the proceedings below, which would effectively prove that they had a valid proprietary claim over the disputed properties. This is specifically true because DIMSON had previously

placed reliance on the MWSS doctrine to prove the validity of their title.[17]

Absent such explanation, the Heirs of Dimson were particularly constrained to rely on the 1977 Order of Judge Sayo, which was allegedly sourced from the 1966 Order of Judge Muñoz Palma. On that issue, the Special Division made the following determinations:

It should be recalled that in their appellee's brief in CA-G.R.CV No. 41883, therein appellee Jose Dimson specifically denied the falsity of TCT No. R-15169 alleging that the contention "is already moot and can be determined by a controlling decision."[[18]] Jose Dimson expounded on his reliance as follows:

"In Metropolitan Waterworks & Sewerage System (for brevity MWSS) case, Jose B. Dimson's (as private respondent) title TCT No. 15167 issued for Lot 28 on June 8, 1978 derived from OCT No. 994 registered on April 19, 1917, is overlapping with MWSS title TCT No. 41028 issued on July 29, 1940 derived from the same OCT 994, registered on May 3, 1917.

(Same facts in the case at bar; Jose B. Dimson' (plaintiff-appellee) title TCT No. R-15169 issued for Lot 25-A-2, on June 8, 1978, is overlapping with defendant-appellant's title TCT Nos. 13574 and 21343, not derived from OCT No. 994."[[19]]

So viewed, sans any proof of a mechanical error in the transcription or annotation on their respective certificates of title, the present inquiry then hinges on whether the Order dated 13 June 1966 issued by then Judge Cecilia Muñoz-Palma of the Court of First Instance of Rizal in Civil Case No. 4557 ["PALMA ORDER"] and Judge Sayo's Order dated 18 October 1977 ["SAYOS 18 OCTOBER 1977 ORDER"], can be validated and authenticated. It is so since the brunt of the proprietary claims of both DIMSON and CLT has its roots on said Orders.

Perforce, in consideration of the foregoing, this leads Us to the THIRD ISSUE as presented by the Supreme Court, to wit:

"Whether the factual and legal bases of Palma's 13 June 1966 Order and Sayo's 18 October 1977 Order are true and valid. Assuming they are, do these orders establish a superior right to the subject properties in favor of the Dimsons and CLT as opposed to the claims of Araneta and the Manotoks?"

As it is, in contending that their certificates of title could be validly traced from the 3 May 1917 OCT No. 994, DIMSON point out that their title was issued pursuant to a court order issued by Judge Palma in Case No. 4557 and entered in the memorandum of Encumbrance of OCT No. 994. DIMSON also insist that TCT Nos. 8692, 21857 and 26538 were mere microfilmed or certified copies and, therefore, inadmissible. Lastly, DIMSON reiterated the flaws and irregularities which voided the titles of the ARANETA in the previous proceedings and focused on the burden of ARANETA to present evidence to defeat their titles.

The foregoing contentions of DIMSON find to factual and legal basis. As we see it, Sayo's 18 October 1977 Order, which apparently confirmed Palma's 13 June 1966 Order, raised serious questions as to the validity of the manner by which it was arrived at.

It is worthy to note that as early as 25 August 1981, counsel for the ARANETA applied for a subpoena duces tecum addressed to the Clerk of Court of CFI Pasig for the production of the records of LRC Case No. 4557 for purposes of determining the genuineness and authenticity of the signature of Judge Palma and also of her Order granting the confirmation. A certain Atty. Contreras, Officer-in-Charge of the said court, appeared and manifested in open court that the records pertaining to the petition for Substitution of names of Bartolome Rivera, et al. could no longer be located inasmuch as they had passed hands from one court to another.

What is perplexing to this Court is not only the loss of the entire records of Case No. 4557 but the admission of

Judge Sayo that he had not seen the original of the Palma Order. Neither was the signature of Judge Palma on the Order duly proven because all that was presented was an unsigned duplicate copy with a stamped notation of "original signed." Equally perplexing is that while CFI Pasig had a Case No. 4557 on file, said file pertained not to an LRC case but to a simple civil case. [[20]] Thus:

"Atty. Directo:

The purpose of this subpoena duces tecum is to present your Honor the Order Order (sic) of Judge Palma in order to determine the genuineness and authenticity of the signature of Judge Palma in this court order and which order was a basis of a petition in this court to be confirmed. That is the reason why we want to see the genuineness of the signature of Judge Palma.

COURT:

No signature of Judge Palma was presented in this court. it was a duplicate copy not signed. There is a stamp only of original signed.

Atty. Directo:

That is the reason why we want to see the original.

Court:

I did not see the original also. When the records of this case was brought here, I checked the records, there were so many pages missing and the pages were re-numbered but then I saw the duplicate original and there is a certification of a woman clerk of Court, Atty. Molo.

Atty. Directo:

That is the reason why we want to see this document, we are surprised why it is missing.

Court:

We are surprised also. You better ask Judge Muñoz Palma.

Atty. Contreras:

May I make of record that in verifying our records, we found in our original vault LRC application no. N-4557 but the applications were certain Feliciano Manuel and Maria Leaño involving Navotas property because I was wondering why they have the same number. There should be only one.

Atty. Directo:

Aside from that, are there other cases of the same number?

Atty. Contreras:

No, there should be only number for a particular case; that must be a petition after decree record.

Atty. Ignacio:

This 4557 is not an LRC Case, it is a simple civil case.

x x x x x

Moreover, both the MANOTOKS and ARANETA insist that Palma's 13 June 1966 Order had been recalled by a subsequent Order dated 16 August 1966, ["RECALL ORDER"], [[21]] wherein the trial court dismissed the motion filed by DIMSON on the court's findings that " x x x whatever portion of the property covered by OCT

994 which has not been disposed of by the previous registered owners have already been assigned and adjudicated to Bartolome Rivera and his assignees, as a result of which there is no portion that is left to be given to the herein supposed assignee Jose Dimson."

However, We are reluctant to recognize the existence and due execution of the Recall Order considering that its original or even a certified true copy thereof had not been submitted by either of the two parties relying on it despite having been given numerous opportunities to do so.

Be that as it may, even if We are to consider that no Recall Order was ever issued by then Judge Palma, the validity of the DIMSON titles over the properties in the Maysilo Estate becomes doubtful in light of the fact that the supposed "share" went beyond what was actually due to Jose Dimson under the Compromise Agreement with Rivera. It should be recalled that Palma's 13 June 1966 Order approved only the conveyance to Jose Dimson of "25% of whatever share of Bartolome Rivera has over Lots 25, 26, 27, 28-B and 29 of OCT 994 x x x subject to availability of undisposed portion of the said lots."[[22]]

In relation to this, We find it significant to note the observations contained in the Senate Committee Report No. 1031 that, based on the assumption that the value of the lots were equal, and "(C)onsidering that the share of Maria de la Concepcion Vidal was only 1-189/1000 percent of the Maysilo Estate, the Riveras who claimed to be the surviving heirs of Vidal will inherit only 197, 405.26 square meters (16,602,629.53 m² x 1.1890%) or 19.7 hectares as their share. [[23]] Even if we are to base the 25% of Jose Dimson on the 19.7 hectares allotted to the Riveras, it would appear that Jose Dimson would only be entitled to more or less five (5) hectares of the Maysilo Estate. Obviously, basing only on TCT No. 15169 of Dimson which covered a land area of 50 hectares (500,000 square meters), [[24]] it is undisputable that the total properties eventually transferred to Jose Dimson went over and beyond his supposed 25% share.

What is more, Palma's 13 June 1966 Order specifically required that "x x x whatever title is to be issued herein in favor of Jose Dimson, the same shall be based on a subdivision plan duly certified by the Land Registration Commission as correct and in accordance with previous orders issued in this proceedings, said plan to be submitted to this court for final approval.

Interestingly however, despite such requirement, DIMSON did not submit Survey Plan LRC (GLRO) Rec. No. 4429 SWO-5268 which allegedly was the basis of the segregation of the lands, if only to prove that the same had been duly approved and certified correct by the Land Registration Commission. What was submitted before the RTC and this Court was only the Subdivision Plan of Lot 25-A-2 which notably does not bear the stamp of approval of the LRC. Even an inspection of the exhibit for CLT does not bear this Survey Plan, which could have, at the very least, proven the authenticity of the DIMSON title.

Indeed, We find the absence of this piece of evidence as crucial in proving the validity of the titles of DIMSON in view of the allegation of contending parties that since the survey plan upon which the land titles were based contained the notation "SWO," meaning that the subdivision plan was only a product of a "special work order," the same could not have passed the LRC. Neither was it duly certified by the said office. [[25]]

In addition, the Special Division took note of other irregularities attending Dimson's TCT No. R-15169.

[Firstly], OCT No. 994 showed that Lot 25-A of the Maysilo Estate was originally surveyed on "September 8-27, 1911, October 4-21 and November 17-18, 1911." Yet, in said TCT No. R-15169, the date of the original survey is reflected as "Sept. 8-27, 1911" and nothing more. [[26]] The variation in date is revealing considering that DIMSON's titles are all direct transfers from OCT No. 994 and, as such, would have faithfully adopted the mother lot's data. Unfortunately, no explanation for the variance was ever offered.

Equally worthy of consideration is the fact that TCT No. 15169 indicates that not only was the date of original registration inexistent, but the remarks thereon tend to prove that OCT No. 994 had not been presented prior to the issuance of the said transfer certificate. This manifest from the notations "NA" on the face of DIMSON's title meaning, "not available." It bears emphasizing that the issuance of a transfer certificate of title to the purchaser without the production of the owner's duplicate is illegal (*Rodriguez v. Llorente*, 49 Phil. 826) and does not confer any right to the purchaser (*Philippine National Bank vs. Fernandez*, 61 Phil. 448 [1935]). The Registrar of Deeds must, therefore, deny registration of any deed or voluntary instrument if the owner's duplicate is not presented in connection therewith. (*Director of Lands vs. Addison*, 40 Phil. 19 [1926]; *Hodges vs. Treasurer of the Phil.* 50 Phil. 16 [1927].)[27]

In has also been held that, in cases where transfer certificates of title emanating from one common original certificate of title were issued on different dates to different persons or entities covering the same land, it would be safe to conclude that the transfer certificate issued at an earlier date along the line should prevail, barring anomaly in the process of registration.[28] Thus, "(w)here two certificates purport to include the same land, the earlier in date prevails. X x x. In successive registration, where more than one certificate is issued in respect of a particular estate or interest in land, the person is deemed to hold under the prior certificate who is the holder or whose claim is derived directly from the person who was the holder of the earliest certificate issued in respect thereof. x x x"[29]

xxx

Still another indication of irregularity of the DIMSON title over Lot No. 25-A is that the issuance of the Sayo Order allegedly confirming the Palma Order was in itself suspect. Gleaning from the records, DIMSON filed the Motion only on 10 October 1977, or eleven (11) years after obtaining the supposed sanction for the issuance of titles in this name. Besides, what was lodged by Jose Dimson before the sala of then Judge Palma was not a simple land registration case wherein the only purpose of Jose Dimson was to establish his ownership over the subject parcels of land, but, as reflected in the Palma Order, the subject of the case was the confirmation of Jose Dimson's claim over the purported rights of Rivera in the disputed properties. The case did not partake of the nature of a registration proceeding and thus, evidently did not observe the requirements in land registration cases. Unlike in a land registration case, therefore, Jose Dimson needed to file an action before Judge Sayo to seek "confirmation" of Palma's Order dated 13 June 1966.

So viewed the general rule proscribing the application of laches or the statute of limitations in land registration cases,[30] as well as Section 6, Rule 39 of the Rules of Court, in relation to its provisions on revival of judgment applies only to ordinary civil actions and not to other or extraordinary proceedings such as land registration cases, is clearly not applicable in the present case. The legal consequences of laches as committed by DIMSON and their failure to observe the provisions of Rule 39 should, therefore, find application in this case and thus, the confirmation of DIMSON's title, if any, should fail.

Parenthetically, the allegations of DIMSON would further show that they derive the validity of their certificates of title from the deceased Jose Dimson's 25% share in the alleged hereditary rights of Bartolome Rivera ["RIVERA"] as an alleged grandson of Maria Concepcion Vidal ["VIDAL"]. However, the records of these cases would somehow negate the rights of Rivera to claim from Vidal. The Verification Report of the Land Registration

Commission dated 3 August 1981 showed that Rivera was 65 years old on 17 May 1963 (as gathered from the records of Civil Case Nos. 4429 and 4496).[31] It can thus be deduced that, if Rivera was already 65 years old in 1963, then he must have been born around 1898. On the other hand, Vidal was only nine (9) years in 1912; hence, she could have been born only on 1905. This alone creates an unexplained anomalous, if not ridiculous, situation wherein Vidal, Rivera's alleged grandmother, was seven (7) years younger than her alleged grandson. Serious doubts existed as to whether Rivera was in fact an heir of Vidal, for him to claim a share in the disputed portions of the Maysilo Estate.[32]

These findings are consonant with the observations raised by Justice Renato Corona in his Concurring and Dissenting Opinion on our 2007 Resolution. To wit:

TCT No. T-177013 covers Lot 26 of the Maysilo Estate with an area of 891,547.43 sq. m. It was a transfer from TCT No. R-17994 issued in the name of Estelita I. Hipolito. On the other hand, TCT No. R-17994 was a transfer from TCT No. R-15166 in the name of Jose B. Dimson which, in turn, was supposedly a direct transfer from OCT No. 994 registered on April 19, 1917.

Annotations at the back of Hipolito's title revealed that Hipolito acquired ownership by virtue of a court order dated October 18, 1977 approving the compromise agreement which admitted the sale made by Dimson in her favor on September 2, 1976. Dimson supposedly acquired ownership by virtue of the order dated June 13, 1966 of the CFI of Rizal, Branch 1 in Civil Case No. 4557 awarding him, as his attorney's fees, 25% of whatever remained of Lots 25-A, 26, 27, 28 and 29 that were undisposed of in the intestate estate of the decedent Maria de la Concepcion Vidal, one of the registered owners of the properties covered by OCT No. 994. This order was confirmed by the CFI of Caloocan in a decision dated October 13, 1977 and order dated October 18, 1977 in SP Case No. C-732.

However, an examination of the annotation on OCT No. 994, particularly the following entries, showed:
AP-6665/0-994 -- Venta: Queda cancelado el presente Certificado en cuanto a una extension superficial de 3,052.93 metros cuadrados y 16,512.50 metros cuadrados, y descrita en el lote no. 26, vendida a favor de Alejandro Ruiz y Mariano P Leuterio, el primer casado con Deogracias Quinones el Segundo con Josefa Garcia y se ha expedido el certificado de Titulo No; 4210, pagina 163 Libro T-22.

Fecha del instrumento -- Agosto 29, 1918

Fecha de la inscripcion -- September 9, 1918

10.50 AM

AP-6665/0-994 -- Venta: -- Queda cancelado el presente Certificado el cuanto a una extension superficial de 871,982.00 metros cuadrados, descrita en el lote no. 26, vendida a favor de Alejandro Ruiz y Mariano P. Leuterio, el primer casado con Deogracias Quinones el segundo con Josefa Garcia y se ha expedido el certificado de Titulo No 4211, pagina 164, Libro T-22.

Fecha del instrumento -- Agosto 25, 1918

Fecha de la inscripcion - September 9, 1918

10:50- AM

Based on the description of Lot No. 26 in OCT No. 994, it has an area of 891,547.43 sq. m. which corresponds to the total area sold in 1918 pursuant to the above-cited entries. Inasmuch as, at the time the order of the CFI of Rizal was made on June 13, 1966, no portion of Lot No. 26 remained undisposed of, there was nothing for the heirs of Maria de la Concepcion Vidal to convey to Dimson. Consequently, Dimson had nothing to convey to Hipolito who, by logic, could not transmit anything to CLT.

Moreover, subdivision plan Psd-288152 covering Lot No. 26 of the Maysilo Estate described in Hipolito's certificate of title was not approved by the chief of the Registered Land Division as it appeared to be entirely within Pcs-1828, Psd-5079, Psd-5080 and Psd-15345 of TCT Nos. 4210 and 4211. How Hipolito was able to secure TCT No. R-17994 was therefore perplexing, to say the least.

All these significant facts were conveniently brushed aside by the trial and appellate courts. The circumstances called for the need to preserve and protect the integrity of the Torrens system. However, the trial and appellate courts simply disregarded them.[33]

The Court thus adopts these findings of the Special Division on the validity of Jose Dimson's titles, which he obtained consequent to the 1977 Order of Judge Sayo. Consequently, we cannot give due legal recognition to any and all titles supposedly covering the Maysilo Estate obtained by Dimson upon the authority of either the purported 1966 Order of Judge Muñoz-Palma or the 1977 Order of Judge Sayo.

B.

Indubitably, as between the titles of ARANETA and the MANOTOKS and their predecessors-in-interest, on one hand, and those of DIMSON, on the other, the titles held by ARANETA and the MANOTOKS must prevail considering that their titles were issued much earlier than the titles of the latter.

Our findings regarding the titles of Jose Dimson necessarily affect and even invalidate the claims of all persons who seek to derive ownership from the Dimson titles. These include CLT, which acquired the properties they laid claim on from Estelita Hipolito who in turn acquired the same from Jose Dimson. Just as much was concluded by the Special Division as it evaluated CLT's claims.

For its part, CLT contended that even at the trial court level, it maintained that there was only one OCT No. 994 from where its claim emanates. It argued that its case against the MANOTOKS, including that of STO. NIÑO, was never decided based on the doctrines laid down in *Metropolitan Waterworks and Sewerage System v. Court of Appeals*[[34]] and *Heirs of Gonzaga v. Court of Appeals*[[35]]

Before this Special Division, CLT insists that the MANOTOKS failed to submit "new" competent evidence and, therefore, dwelling on the alleged flaws of the MANOTOK's titles, "the findings and conclusions of the court-appointed commissioners as adopted by the trial court, then upheld by the Honorable Court in its Decision dated 28 September 1995 and finally affirmed in the Supreme Court's Decision dated 29 November 2005, therefore stand, as there is no reason to disturb them."

Furthermore, CLT contends that the Orders of Judge Palma and Judge Sayo are no longer open to attack in view of their finality. Lastly, CLT asserts that the properties covered by the MANOTOKS' titles and those covered by the expropriation proceedings did not property pertain to and were different from Lot 26 owned by CLT. Thus, it maintains that the MANOTOKS cannot use as basis for the validity of their titles the expropriation undertaken by the Government as a means of staking their claims.

To restate, CLT claims the 891,547.43 square meters of land covered by TCT No. T-177013[[36]] located in Malabon, Caloocan City and designated as "Lot 26, Maysilo Estate, LRC Swo-5268." TCT No. T-177013 shows that its mother titles is OCT No. 994 registered on 19 April 1917. Tracing said claim, Estelita Hipolito executed a Deed of Sale with Real Estate Mortgage in favor of CLT on 10 December 1988. By virtue of this transfer, Hipolito's TCT No. R-17994[[37]] was cancelled and in lieu thereof, CLT's TCT No. 223677/R-17994 of TCT No. R-17994. Hipolito, on the other hand, was a transferee of the deceased Dimson who was allegedly the registered owner of the subject land on the basis of TCT No. 15166.

In view of the foregoing disquisitions, invalidating the titles of DIMSON, the title of CLT should also be declared a nullity inasmuch as the nullity of the titles of DIMSON necessarily upended CLT's propriety claims. As earlier highlighted, CLT had anchored its claim on the strength of Hipolito's title and that of DIMSON's TCT No. 15166. Remarkably and curiously though, TCT No. 15166 was never presented in evidence for purposes of tracing the validity of titles of CLT. On this basis alone, the present remand proceedings remain damning to CLT's claim of ownership.

Moreover, considering that the land title of CLT carried annotations identical to those of DIMSON and consequently included the defects in DIMSON's title, the fact that whatever typographical errors were not at anytime cured by subsequent compliance with the administrative requirements or subjected to administrative correction bolsters the invalidity of the CLT title due to its complete and sole dependence on the void

DIMSON title.[38]

IV.

The task of the Special Division was not limited to assessing the claims of the Heirs of Dimson and CLT. We likewise tasked the Special Division to ascertain as well the validity of the titles held by the Manotoks and Araneta, titles which had been annulled by the courts below. Facially, these titles of the Manotoks and Araneta reflect, as their valid mother title, OCT No. 994 dated 3 May 1917. Nonetheless, particular issues were raised as to the validity of the Manotok and Araneta titles independent of their reliance on the 3 May 1917 OCT No. 994 vis-à-vis the inexistent 19 April 1917 OCT No. 994.

A.

We begin by evaluating the Araneta titles. The Special Division quoted the observations of the trial court, which upheld Dimson's claim over that of Araneta, citing the following perceived flaws of TCT Nos. 26538 and 26539, from which Araneta derived its titles, thus:

Let us now examine TCT 26538 and TCT 26539 both in the name of Jose Ma. Rato from where defendant was said to have acquired TCT 13574 and TCT 7784 now TCT 21343 in the name of Araneta and the other documents related thereto:

1) Perusal of TCT 26538 shows that its Decree No. and Record No. are both 4429. In the same vein, TCT 26539 also shows that it has Decree No. 4429 and Record No. 4429.

However, Decree No. 4429 was issued by the Court of First Instance, Province of Isabela (Exhibit I) and Record No. 4429, issued for Ordinary Land Registration Case, was issued on March 31, 1911 in CLR No. 5898, Laguna (Exhibit 8, 8-A Bartolome Rivera et al.)

How then could TCT No. 26538 and TCT No. 26539 both have Decree No. 4429 and Record No. 4429, which were issued in Court of First Instance, Province of Isabela and issued in Laguna, respectively.

2) TCT no. 26538 and TCT No. 26539 in the name of Jose Ma. Rato are not annotated in the Original Certificate of Title 994, where they were said to have originated.

3) The Escritura de Incorporacion de Philippine Land Improvement Company (Exhibit I) executed on April 8, 1925 was only registered and was stamped received by the Office of the Securities and Exchange Commission only April 29, 1953 when the Deed of Sale & Mortgage was executed on August 23, 1947 (Exh. 5 defendant) and the Novation of Contract, Deed of Sale and Mortgage executed on November 13, 1947 (Exh. M0. So, that when Philippine Land Improvement was allegedly given a special power of attorney by Jose Ma. Rato to represent him in the execution of the said two (2) documents, the said Philippine Land Improvement Company has not yet been duly registered.

4) TCT 26538 and 26538 and TCT 26539 both in the name of Jose Ma. Rato, both cancel 21857 which was never presented in Court if only to have a clear tracing back of the titles of defendant Araneta.

5) If the subject matter of the Deed of Sale & Mortgage (Exhibit 5 defendant) is TCT 26539, why is it that TCT 13574 of defendant Araneta cancels TCT 6196 instead of TCT 26539. That was never explained. TCT 6196 was not even presented in Court.

6) How come TCT 26538 of Jose Ma. Rato with an area of 593,606.90 was cancelled by TCT 7784 with an area of only 390,282 sq.m.

7) How was defendant Araneta able to have TCT 7784 issued in its name, when the registration of the document entitled Novation of Contract, Deed of Sale & Mortgage (Exhibit M) was suspended/denied (Exhibit

N) and no title was received by the Register of Deeds of Pasig at the time the said document was filed in the said Office on March 4, 1948 (Exhibit N and N-1).

Under Sec. 55 of Land Registration Act (Act No. 496) now Sec. 53 of Presidential Decree No. 1529, no new certificate of title shall be entered, no memorandum shall be made upon any certificate of title by the register of deeds, in pursuance of any deed or other voluntary instrument, unless the owner's duplicate certificate is presented for such endorsement.

8) The sale by Jose Ma. Rato in favor of defendant Araneta is not reflected on the Memorandum of Encumbrances of TCT 26538 (Exhibit 7-defendant) meaning that TCT 26538 still exists and intact except for the encumbrances annotated in the Memorandum of Encumbrances affecting the said title (Exhibits 16, 16-A and 16-N David & Santos)

9) In the encumbrances annotated at the back of TCT 26539 (Exhibit 4-defendant) there appears under entry No. 450 T 6196 Victoneta, Incorporated covering parcel of land canceling said title (TCT 26539) and TCT 6196 was issued (x x x) which could have referred to the Deed (sic) of Sale and Mortgage of 8-23-47 (Exhibit 5-defendant) entered before Entry 5170 T-8692 Convenio Philippine Land Improvement Company, with Date of Instrument: 1-10-29, and Date of Inscription: 9-21-29.

In TCT 26838 this Entry 5170 T-8692 Convenio Philippine Land Improvement Company (Exhibit 16-J-1) appears, but the document, Novation of Contract, Deed of Sale & Mortgage dated November 13, 1947 (Exhibit M) does not appear.

Entry marked Exhibit 16-J-1 on TCT 26538 shows only the extent of the value of P42,000.00 invested by Jose Ma. Rato in the Philippine Land Improvement Company. Said entry was also entered on TCT 26539.

The Court also wonders why it would seem that all the documents presented by defendant Araneta are not in possession of said defendant, for according to witness Zacarias Quintan, the real estate officer of the said defendant Araneta since 1970, his knowledge of the land now in possession of defendant Araneta was acquired by him from all its documents marked in evidence which were obtained only lately when they needed for presentation before this Court.[[39]][40]

The Special Division then proceeded to analyze these factual contentions, and ultimately concluded that the Araneta claim to title was wholly valid. We adopt in full the following factual findings of the Special Division, thus:

As for the proprietary claim of ARANETA, it maintains that it has established by direct evidence that its titles were validly derived from OCT No. 994 dated 3 May 1917. With regard to the imputed flaws, it asseverates that these were unfounded and thus, labored to refute all of them. ARANETA further expounded on the nullity of the Palma and Sayo Orders which was the basis of DIMSON's titles.

The documentary exhibits it proffered traced its certificates of title to OCT No. 994 registered on 3 May 1917. From the titles submitted, its predecessor-in-interest was Jose Ma. Rato y Tuazon ["RATO"], one of the co-heirs named in OCT No. 994, who was allotted the share of nine and five hundred twelve one thousandths (9-512/1000) percent share of the Maysilo Estate.[[41]] For this reason, to ascertain the legitimacy of the derivative title of ARANETA, the origin and authenticity of the title of RATO need to be reassessed.

Verily, attesting to RATO's share on the property, Entry No. 12343/O-994 of the Owner's Duplicate Copy of OCT no. 994, records the following:

"12343/O-994 - Auto: Jose Rato y Tuason - - - Queda cancelado el presente seartificado en cuanto a una estension superficial de 1,405,725.90 metro Cuadrados mas o menos descrita en el Lote No. 25-A-3, an virtud del auto dictado por el Juzgado de Primera Instancia de Riza, de fecha 28 de Julio de 1924, y que en au lugar se had expedido el Certificados de Titulo No. 8692, folio 492 del Tomo T-35 del Libro de Certicadads de Transferencia.

Date of Instrument - Julio 28, 1924.

Date of Inscription - Agosto 1, 1924 - 10:19 a.m.

SGD. GLICERIO OPINION, Register of deeds

Agosto 19, 1924[[42]]

In accordance with the decree, RATO was issued on 1 August 1924, TCT No. 8692[[43]] which covers "Lote No. 25 A-3 del plano del subdivision, parte del Lote No. 25-A, plano Psu-(not legible), "Hacienda de Maysilo," situado en el Munisipio de Caloocan, Provincia del Rizal x x x."[[44]] The parcel of land covers an approximate area of "UN MILLION CUATROCIENTOS CINCO MIL SETECIENTOS VEINTICINCO metros cuadrados con NOVENTA decimetros cuadrados (1,405,725.90) mas o menos." As reflected under Entry No. 14517....T-8692,[[45]] the parcel of land covered under this certificate of title was subdivided into five (5) lots under subdivision plan Psd-6599 as per Order of the court of First Instance of Rizal. Consequently, TCT Nos. 21855, 21856, 21857, 21858 and 21859 were issued.

Focusing on TCT No. 21857 issued on 23 May 1932, this certificate of title issued in RATO's name,[[46]] cancelled TCT No. 8692[[47]] with respect to the property it covers. On its face, TCT No. 21857,[[48]] was a derivative of OCT No. 994 registered on 3 May 1917. It covers Lot No. 25 A-3-C of subdivision plan Psd-6589, being a portion of Lot No. 25-A-3, G.L.R.O Record No. 4429. Thereafter, TCT No. 21857 was cancelled by TCT No. 26538[[49]] and TCT No. 26539[[50]] which were both issued in the name of Jose Ma. Rato y Tuazon on 17 September 1934.

With respect to TCT No. 26539, the certificate of title showed that it covered a parcel of land designated as Section No. 2 of the subdivision plan Psd-10114, being a portion of Lot 25-A-3-C having an approximate area of 581,872 square meters. [[51]] Thereafter, TCT No. 26539 was cancelled by TCT No. 6196[[52]] whose registered owner appears to be a certain Victoneta, Inc. This parcel of land has an area of 581,872 square meters designated as section No. 2 of subdivision plan Psd-10114, being a portion of Lot 25-A-3-C.

As shown on its face, TCT No. 6196 issued on 18 October 1947 in the name of Victoneta, Inc. and its mother title were traced from OCT No. 994 registered on 3 May 1917. Later, TCT No. 6196 was cancelled, and in lieu thereof, TCT No. 13574 was issued in favor of Araneta Institute of Agriculture on 20 May 1949. [[53]] It covers a parcel of land designated as section No. 2 of subdivision plan Psd-10114, being a portion of Lot 25-A-3-C. It has an aggregate area of 581,872 square meters.

On the other hand, appearing under Entry No. 16086/T-No. 13574 of TCT No. 6196 is the following:

"Entry No. 16086/T-No. 13574 - SALE in favor of the ARANETA INSTITUTE OF AGRICULTURE, vendee: Conveying the property described in this certificate of title which is hereby cancelled and issuing in lieu thereof Transfer Certificate of Title No. 13574, page 74, Book T-345 in the name of the vendee. (Doc. No. 149, page 98, Book II, S. of 1949 of Notary Public for Manila, Hospicio B. Biñas).

Date of Instrument - May 18, 1949

Date of the Inscription - May 30, 1949 at 11:00 a.m. [[54]]

TCT No. 26538[[55]] in turn showed on its face that it covers a parcel of land designated as Section 1 of subdivision plan Psd-10114 being a portion of Lot 25-A-3-C having an area of 592,606.90 square meters. [[56]]

On 4 March 1948, TCT No. 26538 was cancelled by TCT No. 7784, which was issued in favor of Araneta Institute of Agriculture. TCT No. 7784 covers four (4) parcels of land with an aggregate area of 390,282 square

meters.[[57]] It would appear from the records of CA-G.R. SP No. 34819 consolidated with CA-G.R. CV No. 41883 that TCT No. 7784 was eventually cancelled by TCT No. 21343.[[58]] As per attachment of ARANETA in its Answer dated 6 March 1980 filed in Civil Case No. 8050, a mere copy of TCT No. 21343 showed that it covers a parcel of land designated as Lot 6-B of the subdivision plan Psd-24962 being a portion of Lot 6, described as plan Psd-21943, G.L.R.O. Record No. 4429 with an approximate area of 333,377 square meters.[[59]] However, for reasons unknown, a copy of TCT No. 21343, whether original or certified true copy thereof, was not submitted before this Court.

In summation, ARANETA had shown that RATO, as one of the co-owners of the property covered by OCT NO. 994, was assigned Lot No. 25-A-3. His evidence of ownership is reflected on TCT No. 8692 issued in his name. RATO held title to these parcels of land even after its subdivision in the 1930's. Further subdividing the property, RATO was again issued TCT No. 21857, and later TCT Nos. 26538 and 26539, still covering Lot No. 25 A-3-C. In all his certificates of title, including those that ultimately passed ownership to ARANETA, the designation of the lot as either belonging to or portions of Lot 25-A-3 was retained, thereby proving identity of the land.

More importantly, the documentary trail of land titles showed that all of them were derived from OCT No. 994 registered on 3 May 1917. For purposes of tracing ARANETA's titles to Oct No. 994, it would appear that the evidence presented ultimately shows a direct link of TCT Nos. 7784 and 13574 to said mother title. Suffice it to state, the origin and legitimacy of the proprietary claim of ARANETA had been well substantiated by the evidence on record and on this note, said titles deserve validation.

Under the guidelines set, we shall now proceed to evaluate the imputed flaws which had been the previous bases of the trial court in invalidating ARANETA's titles.

One of the flaws observed on the titles of ARANETA's predecessor-in-interest was that TCT No. 26538 and TCT No. 26539 in Rato's name refer to Decree No. 4429 and Record No. 4429, as basis of their issuance. This is being questioned inasmuch as Decree No. 4429 refers to a decree issued by the CFI of Isabela while Record No. 4429 was issued for ordinary Land Registration Case No. 31 March 1911 in CLR No. 5898 of Laguna.

Explaining this discrepancy, ARANETA insisted that the same was a mere typographical error and did not have any effect on the validity of their title. It further contended that the number "4429" was the case number of Decree No. 36455 and was used interchangeably as the record number.

This Court finds that the incorrect entry with respect to the Decree and Record Number appearing on the title of ARANETA's predecessor-in-interest cannot, by itself, invalidate the titles of ARANETA's predecessors-in-interest and ultimately, that of ARANETA. To the mind of this Court, the incorrect entries alluded to would not have the effect of rendering the previous titles void sans any strong showing of fraudulent or intentional wrongdoing on the part of the person making such entries. Fraud is never presumed but must be established by clear and convincing evidence.[[60]] The strongest suspicion cannot sway judgment or overcome the presumption of regularity. The sea of suspicion has no shore, and the court that embarks upon it is without rudder or compass.[[61]]

The Supreme Court, in *Encinas v. National Bookstore, Inc.*[[62]] acknowledged that certain defects on a certificate of title, specifically, the interchanging of numbers, may occur and "it is certainly believable that such variance in the copying of entries could be merely a typographical or clerical error." In such cases, citing with approval the decision of the appellate court, the technical description in the title should prevail over the record number.[[63]]

Thus, what is of utmost importance is that the designation and the technical description of the land, as stated on

the face of the title, had not been shown to be erroneous or otherwise inconsistent with the source of titles. In ARANETA's case, all the titles pertaining to Lot No. 25 had been verified to be an offshoot of Decree No. 36455 and are all located in Tinajeros, Malabon. At any rate, despite the incorrect entries on the title, the properties, covered by the subject certificates of title can still be determined with sufficient certainty.

It was also opined that TCT No. 26538 and TCT No. 26539 in the name of RATO had not been annotated on OCT No. 994 from which said titles had supposedly originated. It should be stressed that what partially cancelled OCT No. 994 with respect to this subject lot were not TCT Nos. 26538 and 26539 but TCT No. 8692 issued on 1 August 1924. In fact, TCT Nos. 26538 and 26539 are not even the immediate predecessors of OCT No. 994 but were mere derivatives of TCT No. 21857. Logically therefore, these two certificates of title could not have been annotated on OCT No. 994, they not being the preceding titles.

In any case, a perusal of OCT No. 994 shows an entry, which pertains to Jose Ma. Rato but, on account of the physical condition of the copy submitted to this Court, the entry remains illegible for us to make a definite conclusion.[[64]] On the other hand, Entry No. 12343/O-994 found on the Owner's Duplicate Copy of OCT No. 994 specifically recorded the issuance of TCT No. 8692 over Lot No. 25-A-3.[[65]]

The other flaws noted on ARANETA's certificates of title pertained to its failure to present TCT Nos. 21857, 6196 and 21343. As we have discussed, ARANETA offered in evidence a certified microfilm copy of TCT No. 21857 and a certified true copy of TCT No. 6196 marked as Exhibits 5-A1A and 19-A1A, respectively. However, it failed to submit a copy of said TCT No. 21343. Be that as it may, we will not hasten to declare void TCT No. 7784 as a consequence of such omission, especially so since TCT No. 21343 appears to be a mere derivative of TCT No. 7784. Given that the validity of TCT No. 7784 had been preponderantly proven in these proceedings, the authenticity of said title must be sustained. Besides, ARANETA's failure to submit TCT No. 21343 had never been put into issue in these proceedings.

With respect to the difference in the area of more than 200,000 square meters between TCT No. 7784 and TCT No. 26538, we find that the trial court failed to consider the several conveyances of portions of TCT No. 26538 before they finally passed on to ARANETA. Thus, on the Memorandum of Encumbrance of TCT No. 26538, it is apparent that portions of this piece of land had been sold to various individuals before the same were transferred to ARANETA on 4 march 1948. Naturally, since the subject land had been partially cancelled with respect to the portion disposed of, it could not be expected that the area of TCT No. 26538 will remain the same at the time of its transfer to ARANETA. Even assuming that the entire area covered by TCT No. 26538 had been disposed of, this fact alone, cannot lend us to conclude that the conveyance was irregular. An anomaly exists if the area covered under the derivative title will be much more than its predecessor-in-interest. Evidently, this is not so in the case before us.

The trial court, relying on Exhibit "N", further asserted that ARANETA should not have been issued TCT No. 7784 considering that the registration of the Novation of Contract, deed of Sale & Mortgage was suspended/denied and no title was received by the Register of Deeds of Pasig at the time the said document was filed in the said Office on march 4, 1948. A perusal of Exhibit "N" submitted before the trial court, shows that the suspension or denial was merely conditional considering that the person seeking registration had give days within which to correct the defects before final denial thereof. As we see it, the Notice merely contained a warning regarding the denial of the registration of the voluntary deed but, in no way, did it affect the vested rights of ARANETA to be land. The fact that the title to the land was subsequently issued free from any notation of the alluded defect creates a reasonable presumption that ARANETA was in fact able to comply with the condition imposed. This is especially true since the notice itself contained a note, "Just Completed," written across the face of the letter.

Records also reveal the RTC's observation with regard to Araneta's failure to disprove the result of the plotting made on the subject land (Exhibit K) to the effect that TCT 26538 overlaps ½ portion of TCT 15159 and TCT 26539 also overlaps the other ½ portion of said TCT R-15169. The trial court further noted that "TCT R-15169 (Jose Dimson) and TCT 26539 (Jose Rato) and TCT 21343 (Araneta) are overlapping each other within Lot 25-A. That portion of TCT R-15169 (Jose Dimson) along bearing distance points to 17 to 18 to 19 to 20 to 21 to 1 and 2 shaded in yellow color in the Plan is not covered by TCT 21343 (Araneta)."[66]]

Scrutinizing Exhibit "K," it becomes apparent that the said evidence relied upon was only a private survey conducted by Geodetic Engineer Reggie P. Garcia which had not been duly approved by the Bureau of Lands and was based only on photocopies of relevant land titles.[67]] What is more, said geodetic engineer also failed to adequately explain his observations, approach and manner of plotting the relative positions of the lots.[68]] From all indications, the conclusions reached by said geodetic engineer were anchored on unfounded generalizations.

Another defect cited on ARANETA's title was the absence of any entry on the Memorandum of Encumbrances of TCT No. 26538 of the alleged sale between RATO and ARANETA. As pointed out by ARANETA, the copy of TCT No. 26538 submitted to the trial court contained entries only up to the year 1947, thus, explaining the (1) lack of entry with regard to the issuance of TCT No. 7784 in favor of ARANETA considering that the same was issued a year later and; (2) entry pertaining to Convenio Philippine Land Improvement Company which was entered way back on 21 August 1929.

Nonetheless, it still cannot be denied that Rato and ARANETA together with Don Salvador Araneta, entered into a voluntary agreement with the intention of transferring the ownership of the subject property. Moreover, no conclusion should have been reached regarding the total cancellation of TCT No. 26538 inasmuch as TCT No. 7784 cancelled the former certificate of title to the extent only of Three Hundred Ninety Thousand Two Hundred Eighty Two (390,282) square meters.

Notably also, with the evident intent to discredit and refute the title of ARANETA, DIMSON submitted TCT Nos. 26538[[69]] and 21857,[[70]] which are both derivatives of OCT No. 994 registered on 3 May 1917 and cover parcels of land located in Malabon, Rizal. However, these certificates of title reflect different registered owners and designation of the land covered.

Pertinently, Exhibit "M-Dimson" relating to TCT No. 26538, registered on 12 June 1952, points to one Angela Bautista de Alvarez as the registered owner of a 240 square meter of land designated as Lot No. 19, Block 14 of the subdivision plan Psd-5254 being a portion of Lot No. 7-A-1-A. This certificate of title cancels TCT No. 14112/T-348 and refers to a certain TCT No. 30473 on the inscriptions.

Exhibit "N-Dimson," on the other hand, pertaining to TCT No. 21857 was issued on 30 March 1951 to one Angela I. Tuason de Perez married to Antonio Perez. This certificate of Title covers a parcel of land described as Lot No. 21, Block 16 of the consolidation and subdivision plan Pcs-140, G.L.R.O. Record No. 4429. It has an area of 436 square meters and cancels TCT No. 21856.

Exhibit "Q-Dimson"[[71]] consisting of TCT No. 8692 covers two parcels of land designated as Lot Nos. 1 and 2 of Block No. 44 of the consolidation Subdivision Plan Pcs-188 with a total area of 3,372 square meters. It was issued to Gregorio Araneta, Incorporated on 7 May 1948. This certificate of title cancelled TCT No. 46118.

Comparing these titles to those of the ARANETA, it is apparent that no identity of the land could be found. The Supreme Court, in the case of *Alonso v. Cebu City Country Club, Inc.*[[72]] agreeing with the Court of Appeals' dissertation in said case, ruled that there is nothing fraudulent for a certificate of title to bear the same number as another title to another land. On this score, the Supreme Court elucidated as follows:

"On the question that TCT No. RT-1310 (T-1151) bears the same number as another title to another land, we agree with the Court of Appeals that there is nothing fraudulent with the fact that Cebu Country Club, Inc.'s reconstituted title bears the same number as the title of another parcel of land. This came about because under General Land Registration Office (GLRO) Circular No. 17, dated February 19, 1947, and Republic Act No. 26 and Circular No. 6, RD 3, dated August 5, 1946, which were in force at the time the title was reconstituted on July 26, 1946, the titles issued before the inauguration of the Philippine Republic were numbered consecutively and the titles issued after the inauguration were numbered also consecutively starting with No. 1, so that eventually, the titles issued before the inauguration were duplicated by titles issued after the inauguration of the Philippine Republic x x x."

Parenthetically, in their Motion for Partial Reconsideration of this Court's Resolution dated 30 October 2008, DIMSON objected to the admissibility of Exhibits 4-A1A to 7-A1A on the ground that ARANETA failed to submit the original copies of these certificates of title and contended that the "originals" contain different "contents" from their own Exhibits M, N and Q.[[73]] The fact that the entries contained in ARANETA's pieces of evidence are different from that of DIMSON's do not automatically make ARANETA's exhibits inferior replications or a confirmation of their falsity. Interestingly, the objection regarding the non-submission of the "original copy" had not been raised by DIMSON in their Comments/Objections to Consolidated Formal Offer of Evidence (Of Araneta Institute of Agriculture, Inc.).[[74]] In any case, we find the objections unwarranted considering that certified true copies or certified microfilm copies of Exhibits 4-A1A to 7-A1A had been submitted by ARANETA in these proceedings.

Lastly, on the alleged non-registration of Philippine Land Improvement Company at the time the special power of attorney was executed by Jose Ma. Rato to represent him in the execution of the deed of conveyances, the same only proves that Philippine Land Improvement Company was not yet registered and this does not go as far as proving the existence or non-existence of the company at which time it was executed. In effect, the company was not precluded to enter into contracts and be bound by them but it will do so at the risk of the adverse effects of non-registration under the law.

Ultimately, the question of whether the aforesaid certificates of title constitute as clouds on ARANETA's titles are not for this Court to rule upon for purposes of the present remand. Needless to state, it is not for the Heirs of Dimson to rely on the weakness of ARANETA's titles and profit from it. Rather, they should have focused on the strength of their own titles since it is not within our office to decide in whose hands the contested lands should go, our task being merely to trace back the parties' claims to OCT No. 994 dated 3 May 1917.[75]

There is no question that the Araneta titles were derived from OCT No. 994 dated 3 May 1917, particularly from the share of Jose Ma. Rato y Tuazon, one of the co-heirs named in OCT No. 994. The Special Division correctly assessed, among others, the reference to Decree No. 4429 and Record No. 4429 in some of the antecedent titles of Araneta[76] as mere clerical errors that could not have invalidated said titles, "4429" being the case number of Decree No. 36455, and the designation and the technical description of the land on those titles not having been shown to be erroneous or variant with the source title. The Special Division also correctly considered that the trial court had failed to take into account the several conveyances of TCT No. 26538 before it was ultimately transferred to Araneta in 1948, which explain the difference in area between TCT No. 7784 and TCT No. 26538. The imputed overlap of TCT No. 26538 and TCT No. 26539 with the titles held by Dimson was based on a private survey which had not been duly approved by the Bureau of Lands. The alleged absence of any entry on the Memorandum of Encumbrances of TCT No. 26538 of the sale of the property between Rato and Araneta did not, according to the Special Division, discount the fact that Rato and Araneta entered into a voluntary agreement with the intention of transferring the ownership of the subject property. Finally, the Special Division noted that the titles derived from OCT No. 994, which Dimson had submitted as evidence to discredit the Araneta claim, pertain

to properties wholly different from those covered by the Araneta titles.

There is no cause to dispute the factual findings and conclusions of the Special Division on the validity of the Araneta titles, and we affirm the same.

B.

It appears that the claim to title of the Manotoks is somewhat more controversial. The Special Division did not discount the fact that there could have been flaws in some of the intervening titles between the 3 May 1917 OCT No. 994 and the present titles of the Manotoks. However, the significant event was the expropriation proceedings undertaken by the Republic of the Philippines sometime in 1947. At least some of the titles in the name of the Manotoks were sourced from the titles issued to and subsequently distributed by the Republic. The Special Division explained the milieu in full:

VALIDITY OF THE MANOTOK TITLES

The notation under Entry No. 6655/O-994, found on page 17 of OCT 994 of the Owner's Duplicate Copy, shows that Lot No. 26 had been a subject of sale in favor of Alejandro Ruiz and Mariano P. Leuterio. [[77]] The notations reads:

"Ap. 6655/O-994 - Venta: Queda Cancelado el presente Certificado en cuanto a una extension superficial de 3,052.93 Metros cuadrados y 16,512.50 metros Cuadrados y descrita en el Lote No. 26 vendida a favor de Alejandro Ruis y Mariano P. Leuterio, el primar casado con Diogracias Quinones y el Segundo con Josefa Garcia y se be expedido el Certificado de Titulo No. 4210, Pagina 163, Libro T-22.

Date of the Instrument - Aug. 29, 1918

Date of Inscription - Sept. 9, 1918 - 10:50 a.m.

(GD) L. GARDUNIO, Register of Deeds"

"Ap. 6665/O-994-Venta: Queda Cancelado el presente Cerficiado en cuanto a una extension superficial de 871,982.00 metros cuadrados, descrita en el Lote No. 26, vendida a favor de Alejandro Ruiz y Mariano P. Leuterio, el primar casado con Deogracias Quinones y el Segundo con Josefa Garcia y se be expedido el Certificado de Titulo No. 4211, Pagina 164, Libro T-No. 22.

Date of Instrument - Aug. 21, 1918

Date of Inscription - Sept. 9, 1918 - 10:50 a.m.

(SGD.) L. GARDUNIO, Register of Deeds"

As a result, TCT No. 4211 was cancelled by TCT No. 5261 which was issued in the name of Francisco Gonzales. Inscribed on the "Memorandum of the Incumbrances Affecting the Property Described in this Certificate" was the sale executed in favor of

Francisco Gonzales dated 3 March 1920. Thus, on 6 April 1920, TCT No. 5261 was issued in the name of Francisco Gonzales. [[78]]

On 22 August 1938, TCT No. 5261 was cancelled by TCT No. 35486 in the names of Jose Gonzales y Narciso married to Maria P. Gutierrez, Consuelo Susana Gonzales y Narciso married to Alfonso D. Prescilla; Juana Francisco Gonzales y Narciso married to Fortunato de Leon; Maria Clara Gonzales y Narciso married to Delfin Hilario; Francisco Felipe Gonzales y Narciso married to Pilar Narciso, and Concepcion Andrea Gonzales y Narciso married to Melquiades M. Virata, Jr.

Appearing on the "Memorandum" of TCT No. 5261 is NOTA: Ap 2111 which reads as follows: [[79]]

"A/2111 - Adjudicado el torreno descrito en este certificado de titulo, a Rufina Narciso Vda. de Gonzales, a cuenta de la participacion de osia esta en (not legible) los tienes de la esedad de genanciales. Habida entre la misma y el finado Francisco J. Gonzales, per una orden del Hon. Fernando Jugo, Juez del Juzgado de Primera Instancia de Manila Sala II, diendada el 20 de Septiembre de 19 (not legible), en el Expediente de intestado del nombrado Francisco J. Gonzales, No. 49034, se cancela el presente certificado de tituto y se expide otre a hombre decha Rufina Narciso, con (not legible) No. 35486, folio 86, Tomo T-168 del libro de transferencias, archivando se la copia de dicha orden da que se ha heche referencia en al Legajo T-No. 35486.

(SGD) TEODORO GONZALES,

Registrado de Titulos."

The property was later subdivided into seven lots in accordance with subdivision plan Psd-21154.[[80]] Partitioning the lots among the co-owners, TCT No. 35486 was eventually cancelled and in lieu thereof six (6) certificates of titles were individually issued[[81]] to Francisco Gonzales's six (6) children, specifically, TCT Nos. 1368-1373 while TCT No. 1374 was issued in favor of all the children.[[82]]

As previously mentioned, the properties covered by TCT Nos. 1368-1374 were expropriated by the Republic of the Philippines and were eventually subdivided and sold to various vendees. Eighteen (18) lots were obtained by MRI from the years 1965 to 1974, while it acquired the lot covered by TCT No. 165119 in 1988. On the other hand, MEC acquired from PhilVille Development Housing Corporation Lot No. 19-B by virtue of Deed of Exchange executed in its favor for which, TCT No. 232568 was issue don 9 May 1991.

The 20 certificates of titles were traced by the MANOTOKS, as follows:

- 1) TCT No. 7528 registered in the name of MRI covers Lot No. 2 of consolidation-subdivision plan (LRC) Pcs-1828 which has an area of 4,988 square meters. MRI purchased this lot from one Basilio Caina who was issued TCT No. 7526 which cancelled TCT Nos. 36657-62 registered in the name of the Republic of the Philippines.[[83]]
- 2) TCT No. 7762, covering Lot 1-C, was obtained by MRI from one Narcisa Buenaventura. The Parcel of land has an approximate area of 2,876 square meters. Buenaventura's ownership was evidenced by TCT No. 7525,[[84]] deriving the same from TCT No. 36657-63.[[85]]
- 3) TCT No. 8012 in the name of MRI covers Lot No. 12-1 having an area of 20,000 square meters.[[86]] This certificate of title was traced from one Filemon Custodio who held TCT No. 7792. Custodio was in turn a transferee of Guillermo Rivera, the latter having been issued TCT No. 7760 by virtue of sale between him and then People's Homesite and Housing Corporation ["PHHC"]. The latter title eventually cancelled TCT No. 36557-63 of the Republic.[[87]]
- 4) TCT No. 9866 issued to MRI covers Lot No. 21 and has an approximate area of 23,979 square meters. MRI's certificate of title was derived from TCT No. 9854 registered in the name of Filemon Custodio, a transferee of Jose Dionisio, who was issued TCT No. 9853. Dionisio's title in turn cancelled the Republic's TCT No. 36657-63.[[88]]
- 5) TCT No. 21107 issued to MRI covers Lot 22 with an approximate area of 2,557 square meters. MRI acquired the same by virtue of sale between him and Francisco Custodio, holder of TCT No. 21040. Francisco Custodio was a transferee of Lorenzo Caina, registered owner of TCT No. 21039 as evidenced by a Deed of Sale between Caina and the PHHC, the latter's certificate of title canceling TCT No. 36557-63 of the Republic.[[89]]
- 6) TCT No. 21485 was issued to MRI by virtue of sale between it and Francisco Custodio, registered owner of TCT No. 21484. The certificate of title covers Lot 20 with an approximate area of 25,276 square meters Custodio

was in turn a transferee of Lorenzo Caina, the latter being the registered owner of TCT No. 21013 by reason of sale between him and PHHC.[[90]] Under Entry No. 6277/T-21485, it would appear that portions of the property covered under TCT No. 21485 and TCT No. 232568 had been subject of an expropriation proceedings to which the Manotok Estate Corporation, et al. interposed no objections subject to the payment of just compensation.[[91]]

7) TCT Nos. 26405[[92]] and 26406[[93]] both registered in the name of MRI, cancelled TCT Nos. 9773 and 9774, respectively. TCT Nos. 9773 and 9774 were registered in the names of Romulo, Rosalina, Lucila, Felix and Emilia all surnamed Jacinto, [JACINTOS"], before the same were transferred to MRI by reason of sale in favor of the latter. The JACINTOS' certificates of title were in turn derived from TCT Nos. 8014 and 8015 issued in the name of Filemon Custodio[[94]] Both TCT Nos. 8014 and 8015 cancelled TCT 7792/T-39. However, for purposes of tracing TCT No. 7792/T-39 to the Republic's certificate of titles, this certificate of title was not submitted in evidence.

8) TCT No. 26407[[95]] issued to MRI was traced back to the title of Lourdes Mercado Cloribel who was the registered owner of TCT No. 8404 by virtue of sale between the two, thereby transferring ownership to MRI. On the fact of TCT No. 8404, it would show that it cancelled TCT No. 8013/T41 but there is no showing in whose name TCT No. 8013 was registered and what certificate of title it cancelled.

9) TCT No. 33904[[96]] of MRI cancelled TCT No. 8017 of Filemon Custodio by virtue of sale between the latter and MRI.[[97]] We note that TCT No. 8017 cancelled TCT No. 7792/T-39 but there is no showing whether the same could be traced back to the Republic's certificates of title.

10) TCT No. 34255, covering Lot No. 11-Bm, Psd-75797 with an area of 11,000 square meters, reflects MRI as the registered owner. This certificate of title cancels TCT No. 36557-63 of the Republic.[[98]]

11) TCT No. 254875[[99]] bears MRI as the registered owner of Lot 55-A with an area of approximately 1,910 square meters. This certificate of title cancelled TCT No. 41956 which covers Lot 55, also registered in the name of MRI. It would appear that MRI acquired the lot covered under TCT No. 41956 from one Joaquin Caina who was the registered owner of TCT No. 25715 being a vendee of PHHC.[[100]]

12) TCT No. 53268 of MRI covered Lot No. 15,[[101]] which was purchased by MRI from one Maria V. Villacorta who held TCT No. 53155. Villacorta in turn acquired the same land from one Eufrocina Mackay whose TCT No. 7827 was eventually cancelled by Villacorta's land title.[[102]] It would appear that TCT No. 7827 cancelled TCT No. 7826/T-40 but there is no trace to whom the latter title was registered and what certificate of title it cancelled.

13) TCT No. 55897 shows MRI as the registered owner of Lot 3 of the consolidation-subdivision plan (LRC) Pcs-1828 of the Maysilo Estate covering an area of more or less 20,531 square meters. This certificate of title cancelled TCT No. 53122 in the names of MRI (19,531 square meters) and one Silvestre Domingo (1,000 square meters). TCT No. 53122 in turn cancelled TCT No. 21347 registered in the names of Jesus Hipona (19,531 square meters) and Silvestre Domingo (1,000 square meters). Notably, TCT No. 21347 cancelled TCT No. 21315/T-107 but there is no indication to whom TCT No. 21315 was registered and what certificate of title it cancelled.[[103]]

14) TCT No. C-17272 reflects MRI as the registered owner of Lot 6-C which has an approximate area of 27,850 square meters. MRI's certificate of title cancelled TCT No. C-17234 registered in the names of MRI (27,750 square meters), Roberto S. David (3,0000 square meters) and Jose Madulid (500 square meters). It would appear that TCT No. C-17234 cancelled TCT No. 53124 registered in the names of MRI, Spouses Priscila and Antonio Sebastian and Jose Madulid.[[104]] MRI also submitted in evidence a Deed of Partition between itself, Roberto David and Madulid thereby subdividing the property into Lots 6-A, 6-B and 6-C as per subdivision plan (LRC)

Psd-277091.[[105]] Again, we note that TCT No. 53124 cancelled TCT No. 21350/T-107 but the records are bereft of any indication what certificate of title it cancelled and to whom the same was registered.

15) TCT No. C-35267, covering Lot 56-B of subdivision plan (LRC) Psd-292683 with an approximate area of 9,707 square meters, was a by-product of TCT No. 25146, also registered in the name of MRI, after the same was subdivided into two lots, namely, Lot Nos. 56-A and 56-B. TCT No. 25146 cancelled TCT No. 25145 registered in the name of Quirino Labing-isa by virtue of sale in favor of MRI. In turn, TCT No. 21545 cancelled TCT Nos. (36557) 12836 to (36563) 12842.[[106]]

16) TCT No. T-121428, registered in the name of MRI covers Lot No. 5-C of subdivision plan (LRC) psd-315272 which has an approximate area of 4,650 square meters. It was previously registered in the names of MRI (4,650 square meters), Ricardo Cruz (941 square meters) and Conchita Umali (1,000 square meters) under TCT No. 53123 by order of the Court of First Instance of Rizal, Caloocan City, Branch XII and as per agreement of the parties in Civil Case No. C-424. TCT No. 53123 in turn cancelled TCT No. 21346 whose registered owners were Conchita Umali (1,000 square meters), Ricardo Cruz (941 square meters) and Jesus Hipona (4,650 square meters).[[107]] Like some of the other titles, TCT No. 21346 cancelled TCT No. 21316 but there is no trace of this latter certificate of title.

17) TCT No. 163902, registered in the name of MRI, covers Lot No. 4-B-2 and has an area of more or less 6,354 square meters and a by-product of TCT No. 9022, also in the name of MRI, after the same was subdivided under subdivision plan (LRC) Psd-334454. TCT No. 9022, in turn, cancelled TCT No. 8994/T-45 registered in the name of Filemon S. Custodio whose ownership thereon was transferred to MRI by virtue of a voluntary sale.[[108]] TCT No. 8894 cancelled TCT No. 8846/T-45 but this latter certificate of title was not submitted in evidence for purposes of tracing back to the Republic's title.

18) TCT No. 165119[[109]] was issued to MRI by virtue of a Deed of Sale between Spouses Francisca Labing-isa and Juan Ignacio [SPOUSES IGNACIO] and MRI, as a result of which, TCT No. C-36960 of the SPOUSES IGNACIO was cancelled.[[110]] It would appear that TCT No. C-39690 cancelled TCT No. 35266/T-173 but TCT No. 35266/T-173 was not submitted in evidence.

19) TCT No. T-232568 of the Manotok Estate Corporation, covering Lot No. 19-B of subdivision plan Psd-13011152 with an area of 23,206 square meters, was derived from the certificate of title held by PhiVille Development and Housing Corporation under TCT No. 197357. MEC acquired the subject parcel of land by virtue of Deed of Exchange between it and PHILVILLE DATED 9 May 1991.[[111]] TCT No. 197357 cancelled TCT No. 195730/T-974 but there is no trace what certificate of title the latter title cancelled.

By and large, all the certificates of title submitted by the MANOTOKS, including their derivative titles, were all traced to OCT No. 994 registered on 3 May 1917. Likewise, they declared all the lots covered by such titles for taxation purposes. Without doubt, MRI had successfully traced back some of their certificates of title to the valid OCT No. 994, they having acquired the lots from some of the vendees of the PHHC after the same were expropriated by the Republic from the Gonzalezes.

The fact that these lots were subjected to expropriation proceedings sometime in 1947 under Commonwealth Act No. 539 for resale to tenants is beyond question, as also enunciated by the Supreme Court in *Republic of the Philippines v. Jose Leon Gonzales, et al.* To bolster this fact, paragraph "r" of the Majority Report noted that the seven properties covered by TCT Nos. 1368 to 1374 were expropriated by the Republic from the Gonzalezes.

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Philippines vs. Jose Leon Gonzals, et al. To bolster this fact, paragraph "r" of the Majority Report noted that the seven properties covered by TCT Nos. 1368 to 1374 were expropriated by the People's Homesite and Housing Corporation which were later consolidated and subdivided into 77 lots for resale to tenants. No sign of protest was ever raised by CLT on this point.[112]

The fact of expropriation is extremely significant, for titles acquired by the State by way of expropriation are deemed cleansed of whatever previous flaws may have attended these titles. As Justice Vitug explained in *Republic v. Court of Appeals*,[113] and then Associate Justice (now Chief Justice) Puno reiterated in *Reyes v. NHA*: [114] "In an rem proceeding, condemnation acts upon the property. After condemnation, the paramount title is in the public under a new and independent title; thus, by giving notice to all claimants to a disputed title, condemnation proceedings provide a judicial process for securing better title against all the world than may be obtained by voluntary conveyance." [115] This doctrine was derived from the opinion of then Chief Judge (now U.S. Supreme Court Justice) Stephen Breyer in *Cadore v. U.S.*, [116] which in turn cited the pronouncement of the U.S. Supreme Court in *U.S. v. Carmack* [117] that "[b]y giving notice to all claimants to a disputed title, condemnation proceedings provide a judicial process for securing better title against all the world than may be obtained by voluntary conveyance." [118]

In annulling the Manotok titles, focus was laid on the alleged defects of TCT No. 4211 issued in September of 1918. However, TCT No. 4211 was issued decades before the property was expropriated. Thus, any and all defects that may have attended that particular title would have been purged when the property covered by it was subsequently acquired by the State through eminent domain. The Special Division noted as much:

As it is, the validity of most of MRI's certificates of title should be upheld because they were derived from the Republic's valid certificates of title. In fact, some of the MANOTOKS' titles can be traced back to the Government's titles as a result of the expropriation in 1947.

Relevantly, the titles of the Republic, as the predecessor-in-interest of the MANOTOKS, are presumed valid by virtue of their acquisition resulting from the exercise of its inherent power of eminent domain that need not be granted even by the fundamental law. Thus, the alleged flaws concerning the certificates of title issued previous to the exercise of the State of its inherent power did not affect or render invalid the subsequent transfers after the forced sale. Indeed, when land has been acquired for public use in fee simple unconditionally, either by the exercise of eminent domain or by purchase, the former owner retains no rights in the land, and the public use may be abandoned, or the land may be devoted to a different use, without any impairment of the estate or title acquired or any reversion to the former owner. [119]

The Special Division also took exception to the majority report of the Commissioners (Majority Report) who had been tasked by the trial court to examine the validity of the Manotok titles. The Majority Report

had arrived at several conclusions with respect to the TCTs from which the Manotok titles were derived. [120] The Special Division, however, concluded that such report was in fact tainted by the fact that it was determined "outside the scope of the issues framed and agreed upon by the parties." To wit:

In meeting the issue, the MANOTOKS disproved the "opinion" with regard to the alleged defects of their titles inasmuch as the majority report submitted before the trial court was made outside the scope of the tasks which the trial court confined them to perform. The MANOTOKS also argued that before this proceeding on remand, CLT failed to introduce evidence of such flaws neither were the concerned geodetic engineers presented as witnesses. Moreover, the MANOTOKS further maintained that CLT failed to submit any factual or legal bases to prove the authenticity and validity of the Palma and Sayo Orders. They insisted that the Palma Order was a void one for being conditional and having resulted to the issuance of "duplicate certificates of land title."

With respect to the imputed flaws on the MANOTOKS' titles which were based on the Majority Report, we

find that the bases of the alleged defects proceeded from unreliable sources thus, tainting the veracity of the said report.

The records of the case between CLT and the MANOTOKS reveal that the parties approved the creation of a commission to resolve only these two issues, to wit:

"x x x

These issues to be resolved by the 3 Commissioners are as follows:

- 1) Whether or not the property covered by the Transfer Certificates of Title of defendants pertain to or involve Lot No. 26 of the Maysilo Estate presently titled in the name of the plaintiff; and
- 2) Whether or not the property covered by the title of the plaintiff and the property covered by the titles of the defendants overlap.[121]

Scrutinizing the Majority Report upon which the trial court's conclusions were based, it would appear that the findings therein were outside the scope of the issues framed and agreed upon by the parties. Specifically, the deductions with regard to the technical infirmities and defects of TCT Nos. 4211, 4210, 5261 and 35486 do not involve the question of whether or not the subject properties were identified as Lot No. 26 of the Maysilo estate or whether there was overlapping of titles. Records bear out that the MANOTOKS took exception to the procedure taken citing therein the "ultra vires" acts of the two Commissioners.

In addition, the majority report focused on the alleged flaws and inherent technical defects of TCT Nos. 4211, 5261 and 35486, ranging from the language of the technical descriptions, absence of subdivision plan, lot number and survey plan. Evidently, these defects go only as far as the certificates of title issued prior to those of the Republic. Remarkably, no specific flaw was found on the MANOTOKS' titles indicating any irregularity on their issuance. In fact, the Commissioners who signed the majority report even concluded that only TCT Nos. 4211, 4210, 5261, 35486, 1368 thru 1324 (sic)[122] were irregularly and questionably issued without any reference to the MANOTOKS' certificates of title.[123] Otherwise stated, the imputed flaws affect only those certificates of title issued prior to those registered in the name of the Republic. No flaw had been specifically identified or established in the proceedings below, which would taint the titles held by the MANOTOKS in so far as the regularity of their issuance is concerned.[124]

At the same time, the Special Division was not prepared to uphold the validity of all of the Manotok titles. It took issue with the particular titles which could not be retraced to the titles acquired by the Republic of the Philippines by way of expropriation.

Although the MANOTOKS had traced their title from the vendees of PHHC, there are, however, some certificates of title which could not be traced back to the titles previously held by the Republic specifically, MRI's TCT Nos. 26405 and 26406, 26407, 33904, 53268, 55897, C-17272, T-121428, 163903, 165119 and MEC's TCT No. T-232568. As to these certificates of title, the MANOTOKS failed to make any specific reference to the preceding certificates of title which they cancelled and to whose names they were subsequently transferred and registered. Thus, we find no sufficient basis to make a conclusion as to their origins.[125]

V.

The Special Division supplied the following precise and concise summary of its conclusions:

In précis, the factual milieu of the present controversy and the evidence on record clearly establish the failure of DIMSON and CLT to substantiate their titles and overcome the onus of proving that said titles are derivatives of OCT 994 registered on 3 May 1917, and not 19 April 1917, as what is reflected in their titles. In contrast, the MANOTOKS and ARANETA, both of which had consistently anchored their proprietary claims

on OCT No. 994 registered on 3 May 1917, have, in this remand proceeding, been able to support their claims of ownership over the respective portions of the Maysilo Estate. Except in the case of the MANOTOKS which had failed to substantiate the validity of some of their certificates of title, the MANOTOKS and ARANETA presented evidence proving the identity, the extent and the origin of their titles.

Answering the issues assigned by the Supreme Court relative to the tenability of the respective imputed flaws in the titles of the MANOTOKS and ARANETA and whether such flaws are sufficient to defeat said claims, this Court finds that, as discussed above, such flaws are inconsequential and ineffectual in invalidating the MANOTOKS and ARANETA titles.

Significantly, since the respective certificates of title of herein contending parties are contradictory to each other and stand to refute the validity of their opposing titles, it cannot be gainsaid that said certificates of title have correspondingly been subjected to dispute on the basis of separate and distinct imputed flaws. Still, the crucial difference between the imputed flaws allegedly tainting said contending titles, DIMSON and CLT on one hand, and the MANOTOKS and ARANETA, on the other, is that the imputed flaws purportedly beleaguering the respective certificates of title of the MANOTOKS and ARANETA relate to the mechanical and technical aspect of the transcription of their titles and are therefore inconsequential to the import and validity thereof. Said imputed flaws do not depart from the fact that the predecessors-in-interest of the MANOTOKS and ARANETA had been clothed with the right of ownership over the disputed portions of the Maysilo Estate.

On the other hand, the flaws attending the titles of DIMSON and CLT primarily stem from infirmities attending or otherwise affecting the very crux of their claim of ownership. Having derived their titles from RIVERA, whose title is questionable and dubious to the core, DIMSON and CLT cannot rightly insist on the validity of their titles. Such flaws are hard to overcome as they delve into the substance of their proprietary claims. As stated, DIMSON and CLT miserably failed to overcome their onus and instead opted to hap on the supposed flaws of the adverse parties. For these reasons, the titles of DIMSON and CLT should be declared a nullity.

xxx

From the foregoing evaluation and in conformity with the Supreme Court 2007 Resolution, this Court arrived at the following conclusions as to the status of the original title and its subsequent conveyances:

- As categorically declared by the Supreme Court, there is only one OCT 994, the registration date of which had already been decisively settled as 3 May 1917 and not 19 April 1917. OCT 994 which reflects the date of 19 April 1917 as its registration date is null and void.
- In view thereof and in addition to other grounds we have already discussed, the certificates of title of the deceased Jose Dimson and his successor-in-interest, CLT, having been traced back to OCT 994 dated 19 April 1917, are NULL and VOID and thus vest no legal right or claim in favor of DIMSON and CLT.
- The 13 June 1966 Palma Order and the 18 October 1977 Sayo Order, on which DIMSON and CLT anchor the validity of their respective titles, do not substantiate their proprietary claims. While the existence of said Orders are admitted, the legal import thereof nonetheless fails to confer a semblance of legality on the titles of DIMSON and consequently, of CLT, more so, a superior right to defeat the titles of the MANOTOKS and ARANETA, respectively.
- Portions of Lot No. 26 pertinent to this controversy, particularly that being disputed by the MANOTOKs and CLT, were expropriated by the Republic of the Philippines sometime in 1947 under Commonwealth Act No. 539 for resale to tenants. The MANOTOKS, thus as successor-in-interest of the Republic, were able to establish that some of their certificates of title had indeed originated or were derived from said expropriated parcels of land.

- The evidence on record confirm that the certificates of title covering the land being claimed by ARANETA were derived from OCT NO. 994 registered on 3 May 1917 thereby ultimately showing a direct link of TCT Nos. 7784 and 13574 to said mother title. By reason of which, that is either belonging to or portions of Lot 25-A-3 as previously owned by RATO, had been well substantiated and proven to be superior to that of DIMSON.

- For reasons above-stated and in view of the established rights of ownership of both the MANOTOKS and ARANETA over the contested properties, we find that the imputed flaws on their titles cannot defeat the valid claims of the MANOTOKS and ARANETA over the disputed portions of the Maysilo Estate.[126]

Inasmuch as we agree with the factual findings and evaluation of the Special Division, we likewise adopt the above conclusions. As we earlier stated, it was incumbent on the Heirs of Dimson and/or CLT to establish their claim to title for reasons other than the fact that OCT No. 994 dated 19 April 1917 is extant. They failed to do so. It should be noted that the instant cases arose from separate actions filed by Jose Dimson and CLT seeking the recovery of possession and/or annulment of title against Araneta and the Manotok Group. Thus, the burden of evidence was on Dimson and CLT to establish the strength of their respective claims of ownership, and not merely to rely upon whatever weaknesses in the claims of the Manotoks and Araneta for their causes of action to prosper. The well-settled legal principle in actions for annulment or reconveyance of title is that a party seeking it should establish not merely by a preponderance of evidence but by clear and convincing evidence that the land sought to be reconveyed is his.[127] In an action to recover, the property must be identified, and the plaintiff must rely on the strength of his title and not on the weakness of the defendant's claim.[128]

We now proceed to tackle the recommendations submitted by the Special Division. They are as follows:

RECOMMENDATIONS

Apropos to said conclusions, this Court hereby respectfully makes the following recommendations regarding the validity of the conflicting proprietary claims as interposed by the herein contending parties:

1. To declare with finality that the certificates of title of DIMSON and CLT including other derivative titles issued to their successors-in-interest, if any, are NULL and VOID, thus invalidating their legal claims over the subject parcels of land.
2. To declare LEGAL and VALID the proprietary claims the MANOTOKS over the parcels of land covered by the following certificates of title:
 - a) TCT No. 7528 registered in the name of MRI covers Lot No. 2 of consolidation-subdivision plan (LRC) Pcs-1828 which has an area of 4,988 square meters.
 - b) TCT No. 7762 covering Lot 1-C, with an approximate area of 2,287 square meters.
 - c) TCT No. 8012 covering Lot No. 12-1 having an area of 20,000 square meters.
 - d) TCT No. 9866 covering Lot No. 21 and has an approximate area of 23,979 square meters.
 - e) TCT No. 21107 covering Lot 22 with an approximate area of 2,557 square meters.
 - f) TCT No. 21485 covering Lot 20 with an approximate area of 25,276 square meters.
 - g) TCT No. 34255 covering Lot No. 11-Bm, Psd-75797 with an area of 11,000 square meters.
 - h) TCT No. 254875 covering Lot 55-A with an area of approximately 1,910 square meters.
 - i) TCT No. C-35267 covering Lot 56-B of subdivision plan (LRC) Psd-292683 with an approximate area of 9,707 square meters.

With regard to the following certificates of title, namely:

3.A. MANOTOK REALTY INC.

- a) TCT No. 26405 covering Lot No. 12-E with an area of 1,0000 square meters.
- b) TCT No. 26406 covering Lot No. 12-F with an area of 1,000 square meters.
- c) TCT No. 26407 covering Lot No. 12-B with an area of 1,000 square meters.
- d) TCT No. 33904 covering Lot No. 12-H with an area of 1,802 square meters.
- e) TCT No. 53268 covering Lot No. 15 purchased by MRI from one Maria V. Villacorta with an approximate area of 3,163 square meters.
- f) TCT No. 55897 covering Lot 3 of consolidation-subdivision plan (LRC) Pcs-1828 of the Maysilo Estate covering an area of more or less 20,531 square meters.
- g) TCT No. C-17272 covering Lot 6-C which has an approximate area of 27,850 square meters.
- h) TCT No. T-121428 covering Lot No. 5-C of subdivision plan (LRC) psd-315278, which has an approximate area of 4,650 square meters.
- i) TCT No. 163902 covering Lot No. 4-B-2 with an area of more or less 6,354 square meters allegedly a by-product of TCT No. 9022, which in turn, cancelled TCT No. 8994/T-45 registered in the name of Filemon S Custodio.
- j) TCT No. 165119 which allegedly cancelled TCT No. C-36960 of the SPOUSES IGNACIO by virtue of a Deed of Sale between said Spouses and MRI.

3.B. MANOTOK ESTATE CORPORATION

- a) TCT No. T-232568 covering Lot No. 19-B of subdivision plan Psd-13011152 with an area of 23,206 square meters.

The foregoing certificates of title (3.A and 3.B), failing to make specific references to the particular certificates of title which they cancelled and in whose name they were registered, may be declared NULL and VOID, or in the alternative, subject the same to further technical verification.

4. To declare LEGAL and VALID the title of ARANETA respecting parcels of land covered by the following certificates of title:

- a) TCT No. 13574 covering a parcel of land designated as Section No. 2 of subdivision plan Psd-10114, being a portion of Lot 25-A-3-C with an aggregate area of 581,872 square meters;
- b) TCT No. 7784 covering four (4) parcels of land with an aggregate area of 390,383 square meters.[129]

The first, second and fourth recommendations are well taken as they logically arise from the facts and conclusions, as determined by the Special Division, which this Court adopts.

The third recommendation - that eleven (11) of the titles held by the Manotoks be declared null and void or subjected to further technical verification - warrants some analysis.

The Court has verified that the titles mentioned in the third recommendation do not, as stated by the Special Division, sufficiently indicate that they could be traced back to the titles acquired by the Republic when it expropriated portions of the Maysilo Estate in the 1940s. On the other hand, the Manotok titles that were affirmed by the Special Division are traceable to the titles of the Republic and thus have benefited, as they should, from the

cleansing effect the expropriation had on whatever flaws that attached to the previous titles. However, although the Special Division did not concede the same benefit to the other Manotok titles named in the third recommendation, at the same time it did not conclude that such titles were false or fraudulently acquired. Absent such a finding, we are disinclined to take the ultimate step of annulling those titles.

Said titles have as their origin what we have acknowledged to be a valid mother title - OCT No. 994 dated 3 May 1917. This is in stark contrast with the titles of CLT, the oppositors to the Manotoks, which all advert to an inexistent mother title. On their face, the Manotok titles do not reflect any error or fraud, and certainly the Special Division do not point to any such flaw in these titles. Nothing on the face of the titles gives cause for the Court to annul the same.

It is worth mentioning that the Special Division refused to adopt the Majority Report earlier rendered in the case between the Manotoks and CLT, said report having exhaustively listed the perceived flaws in the antecedent TCTs from which the Manotoks derived their claim. The Special Division concluded that such findings had been reached by the Commissioners in excess of their original mandate and, thus, *ultra vires*. Assuming that such flaws were extant, they existed on the titles and anteceded the expropriation of the properties by the Government. As stated earlier, such expropriation would have cleansed the titles of the prior flaws. But even if the Manotok titles enumerated in the third recommendation could not be sourced from the titles acquired by the Republic through expropriation, still the rejection of the Majority Report signifies that the flaws adverted to therein could not form the basis for the annulment of the titles involved. Indeed, the Special Division's rejection of the Majority Report further diminishes any ground to annul the Manotok titles referred to in the third recommendation.

Yet, the Court is cognizant that the inability to trace the Manotok titles specified in the third recommendation to those titles acquired by the Government through expropriation puts such titles in doubt somehow. In addition, the Court is aware that the ground utilized by the Special Division in rejecting the Majority Report - that the determinations were made outside the scope of the issues framed and agreed upon by the parties -- does not categorically refute the technical findings made therein. Those circumstances, while insufficient for now to annul the Manotoks' titles listed in the third recommendation, should be sufficiently made public.

Hence, in lieu of annulling the Manotok titles per the Special Division's third recommendation, the Court deems it sufficient to require the Registers of Deeds concerned to annotate this Resolution on said titles so as to sufficiently notify the public of their unclear status, more particularly the inability of the Manotoks to trace the titles without any gap back to OCT No. 994 issued on 3 May 1917. If there should be any cause for the annulment of those titles from a proper party's end, then let the proper case be instituted before the appropriate court.

WHEREFORE, the Court hereby adopts the Report of the Special Division and issues the following reliefs:

1) The certificates of title of the DIMSONs and CLT including other derivative titles issued to their successors-in-interest, if any, are declared NULL and VOID, thus invalidating their legal claims over the subject parcels of land;

2. The proprietary claims of the MANOTOKS over the parcels of land covered by the following certificates of title are declared LEGAL and VALID, to wit:

a)

TCT No. 7528 registered in the name of MRI covers Lot No. 2 of consolidation-subdivision plan (LRC) Pcs-1828 which has an area of 4,988 square meters.

b)

TCT No. 7762 covering Lot 1-C, with an approximate area of 2,287 square meters.

c)

TCT No. 8012 covering Lot No. 12-1 having an area of 20,000 square meters.

d)

TCT No. 9866 covering Lot No. 21 and having an approximate area of 23,979 square meters.

e)

TCT No. 21107 covering Lot 22 with an approximate area of 2,557 square meters.

f)

TCT No. 21485 covering Lot 20 with an approximate area of 25,276 square meters.

g)

TCT No. 34255 covering Lot No. 11-Bm, Psd-75797 with an area of 11,000 square meters.

h)

TCT No. 254875 covering Lot 55-A with an area of approximately 1,910 square meters.

i)

TCT No. C-35267 covering Lot 56-B of subdivision plan (LRC) Psd-292683 with an approximate area of 9,707 square meters.

3) The following certificates of titles in the name of ARANETA are hereby declared LEGAL and VALID, to wit:

a)

TCT No. 13574 covering a parcel of land designated as Section No. 2 of subdivision plan Psd-10114, being a portion of Lot 25-A-3-C with an aggregate area of 581,872 square meters;

b)

TCT No. 7784 covering four (4) parcels of land with an aggregate area of 390,383 square meters.

4) On the following titles in the name of Manotok Realty, Inc. or Manotok Estate Corporation, to wit:

a)

TCT No. 26405 covering Lot No. 12-E with an area of 1,0000 square meters;

b)

TCT No. 26406 covering Lot No. 12-F with an area of 1,000 square meters;

c)

TCT No. 26407 covering Lot No. 12-B with an area of 1,000 square meters;

d)

TCT No. 33904 covering Lot No. 12-H with an area of 1,802 square meters;

e)

TCT No. 53268 covering Lot No. 15 purchased by MRI from one Maria V. Villacorta with an approximate area of 3,163 square meters;

f)

TCT No. 55897 covering Lot 3 of consolidation-subdivision plan (LRC) Pcs-1828 of the Maysilo Estate covering an area of more or less 20,531 square meters;

g)

TCT No. C-17272 covering Lot 6-C which has an approximate area of 27,850 square meters;

h)

TCT No. T-121428 covering Lot No. 5-C of subdivision plan (LRC) psd-315278, which has an approximate area of 4,650 square meters;

i)

TCT No. 163902 covering Lot No. 4-B-2 with an area of more or less 6,354 square meters allegedly a by-product of TCT No. 9022, which in turn, cancelled TCT No. 8994/T-45 registered in the name of Filemon S. Custodio;

j)

TCT No. 165119 which allegedly cancelled TCT No. C-36960 of the SPOUSES IGNACIO by virtue of a Deed of Sale between said spouses and MRI;

k)

TCT No. T-232568 covering Lot No. 19-B of subdivision plan Psd-13011152 with an area of 23,206 square meters.

the Registers of Deeds concerned are ordered to annotate that as determined in the foregoing Resolution, the registered owners of the said titles "failed to make any specific reference to the preceding certificates of title which they cancelled and to whose names they were subsequently transferred and registered," thereby leading the Supreme Court "to find no sufficient basis to make a conclusion as to their origins."^[130]

Costs against private respondents.

SO ORDERED.

Quisumbing, Corona, Carpio Morales, Chico-Nazario, Velasco, Jr., Leonardo De Castro, Brion and Peralta, JJ., concur.

Puno, C.J., no part due to relationship.

Ynares-Santiago, Carpio, and Nachura, JJ., no part.

[1] See also 540 SCRA 304.

[2] Manotok Realty v. CLT Realty, G.R. Nos. 123346 & 134385, 14 December 2007, 540 SCRA 304.

[3] Hereinafter, Report. Penned by Associate Justice J. Guevara-Salonga, concurred in by Associate Justices L. Bersamin and J. Dimaampao.

[*] Through advertence, the number "17" appeared in the original.

- [4] Report, pp. 5-16.
- [5] Rollo of the Special Division, Vol. I, pp. 771-809.
- [6] Rollo of the Special Division, Consolidated Offer of Evidence, Vol. II, pp. 1584-1619.
- [7] Id. at 1626-1638.
- [8] Id. at 1541-1581.
- [9] Report, pp. 19-21.
- [10] See id. at 26-27.
- [11] See id. at 6.
- [12] See id. at 12-13.
- [13] Id. at 24-25.
- [14] Rollo of the Special Division, DIMSON's Exhibit "J-Dimson."
- [15] Id. at 23-24.
- [16] Transcript of Stenographic Notes, in RTC Civil Case No. C-8050, 10 July 2008, pp. 14-15.
- [17] Id. at 25-26.
- [18] Brief for Plaintiff-Appellee, rollo, SC-G.R. No. 134385, p. 266.
- [19] Id. at 266-267.
- [20] Transcript of Stenographic Notes, in RTC Civil Case No. C-8050, 25 August 1981, pp. 4-5, 7.
- [21] Rollo of the Special Division, MANOTOKS' Exhibit "63."
- [22] Id., MANOTOKS' Exhibit "64."
- [23] Id., ARANETA's Exhibit "12-AIA."
- [24] Id., DIMSON's Exhibit "J-Dimson."
- [25] Report, pp. 26-32.
- [26] Rollo of the Special Division, MANOTOKS' Exhibit "41."
- [27] Registration of Land Titles and Deeds, Noblejas and Noblejas, 1992 Revised Ed., p. 292.
- [28] Registration of Land Titles and Deeds, Peña, Peña, Jr., Peña, 1994 Revised Ed., p. 144.
- [29] Alzate v. Philippine National Bank, L-20068, 26 June 1967, 20 SCRA 422.
- [30] Republic v. Lourdes Abiera Nillas, G.R. No. 159595, 23 January 2007, 512 SCRA 286.
- [31] Records of CA-G.R. SP No. 34819, Vol. I, pp. 94-97.
- [32] Report, pp. 32-34.
- [33] J. Corona, Concurring and Dissenting Opinion, Manotok Realty v. CLT, *supra* note 2 at 412-414.
- [34] G.R. No. 103558, 17 November 1992, 215 SCRA 783.

[35] G.R. No. 96259, 3 September 1996, 261 SCRA 327.

[36] Rollo of the Special Division, CLT's Exhibit "3-A-CLT."

[37] Id.

[38] Report, pp. 35-36.

[39] Original records, SC-G.R. No. 134385, Vol. II, RTC Decision, pp. 337-339.

[40] Report, pp. 8-11.

[41] Rollo of the Special Division, ARANETA's Exhibit "24-A-AIA."

[42] Id.

[43] Rollo of the Special Division, ARANETA's Exhibit "4-AIA."

[44] Another TCT No. 8692, as per certification of Acting Register of Deeds of Malabon City, Navotas, Josephine Ponciano, surfaced during the hearing upon a subpoena duces tecum applied for by the counsel for the Heirs of Dimson. This TCT No. 8692 is registered under the name of Gregorio Araneta, Incorporated and located at Tinajeros, Malabon, Rizal, designated as Lot Nos. 1 and 2, Block No. 44 of the consolidation and subdivision plan Pcs-188. It also showed that it cancelled TCT No. 46118 and its mother title was traced back to OCT NO. 994 registered on 3 May 1917. Rollo of the Special Division, Vol. I, pp. 1229-1230.

[45] Rollo of the Special Division, ARANETA's Exhibit "4-G-AIA."

[46] Id., ARANETA's Exhibit "5-E-AIA."

[47] Entry No. 12343 of the owner's duplicate copy of OCT NO. 994 makes a reference to TCT No. 8692 and Lot No. 25-A-3, Exhibit "24-A-AIA."

[48] The lot area could not be determined from the certificate of title submitted.

[49] Exhibit "7-AIA."

[50] Exhibit "8-AIA."

[51] Rollo of the Special Division, ARANETA's Exhibit "8-A-AIA" and "8-C-AIA."

[52] Id., ARANETA's Exhibit "19-AIA."

[53] Id., ARANETA's Exhibit "21-AIA."

[54] Id., ARANETA's Exhibit "19-AIA."

[55] As per certification of Reynaldo S. Vergara, Acting Register of Deeds, upon the request of one Crisanta Santos appearing on the dorsal portion of Exhibit "7-AIA."

[56] Rollo of the Special Division, ARANETA's Exhibit "7-AIA."

[57] Covering (1) Lot No. 1, Block No. 127 of the subdivision plan Psd-20096 being a portion of Lot No. 2, Block No. 100 of subdivision plan Psd-17729, G.L.R.O. Record No. 4429 with an area of 5,625 square meters; (2) Lot No. 2, Block No. 130 of the subdivision plan Psd-20096 being a portion of Lot No. 2, Block No. 100 of the subdivision plan Psd-17729, G.L.R.O. Record No. 4429 with an area of 3,440 square meters; (3) Block No. 131 of the subdivision plan Psd-20096 being a portion of Lot No. 2, Block No. 100 of the subdivision plan Psd-17729, G.L.R.O. Record No. 4429 with an area of 7,840 square meters; and (4) Lot No. 6 of the subdivision plan

Psd-21943, being a portion of Block No. 132 of the subdivision plan Psd-20096, G.L.R.O. Record No. 4429 with an area of 373,377 square meters.

[58] CA Decision, CA-G.R. SP No. 34819 and CA-G.R. SP No. 41883, Vol. II, pp. 898-899.

[59] Original Records, RTC Civil Case No. C-8050, p. 42.

[60] MC Engineering, Inc. v. Court of Appeals, G.R. No. 104047, 3 April, 2002, 380 SCRA 116.

[61] Alonso v. Cebu Country Club, Inc., G.R. No. 130876, 31 January 2002, 375 SCRA 390.

[62] G.R. No. 162704, 19 November 2004, 443 SCRA 293.

[63] Encinas v. National Bookstore, Inc., id.

[64] Rollo of the Special Division, ARANETA's Exhibit "2-G-AIA."

[65] Id., ARANETA's Exhibit "24-A-AIA."

[66] Original Records, SC-G.R. No. 134385, Vol. II, RTC Decision, p. 337.

[67] Exhibit "K," Folder of Exhibits, RTC Civil Case No. C-8050.

[68] Exhibit "L," Folder of Exhibits, RTC Civil Case No. C-8050.

[69] Rollo of the Special Division, DIMSON's Exhibit "M-Dimson."

[70] Id., DIMSON's Exhibit "N-Dimson."

[71] Rollo of the Special Division, DIMSON's Exhibit "Q-Dimson."

[72] G.R. No. 130876, 31 January 2002, 375 SCRA 390.

[73] Rollo of the Special Division, Vol. II, pp. 2433-2436.

[74] Id. at 1664-1675.

[75] Report, pp. 51-63.

[76] Particularly TCT Nos. 26538 and TCT Nos. 263539.

[77] Rollo of the Special Division, MANOTOKS' Exhibit "41."

[78] Id., CLT's Exhibit "3-F-1-CLT."

[79] Id., CLT's Exhibit "3-F-CLT."

[80] As per Entry No. 1368 appearing on TCT No. 35486, id., MANOTOKS' Exhibit "37."

[81] Entry No. 3730/T-No. 1368 appearing on TCT No. 35486.

[82] TCT Nos. 1368 to 1374, Rollo of the Special Division, MANOTOKS' Exhibits "30" to "36."

[83] Rollo of the Special Division, MANOTOKS' Exhibit "3."

[84] The parcel of land was subdivided into three (3) lots, namely, Lot Nos. 1-A, 1-B and 1-C, under subdivision plan (LRC) Psd-42090.

[85] Rollo of the Special Division, MANOTOKS' Exhibit "4."

[86] Per Deed of Sale between Custodio and MRI, id., MANOTOKS' Exhibit "5B."

[87]Id., MANOTOKS' Exhibit "5E."

[88]Id., MANOTOKS' Exhibit "6."

[89]Id., MANOTOKS' Exhibit "7."

[90]TCT 21013 was not submitted in evidence but appears only in the Deed of Absolute Sale between Custodio and Caina. The Deed of Sale between Custodio and PHHC was also submitted. Id., MANOTOKS' Exhibit "8."

[91] TCT No. 21485, attached to the Manifestation of MRI, submitted on 29 October 2008 to the Special Division. Rollo of the Special Division, Vol. II, pp. 2144-2146.

[92] Covers Lot No. 12-E with an area of 1,000 square meters. Rollo of the Special Division, MANOTOKS' Exhibit "9."

[93] Covers Lot No. 12-F with an area of 1,000 square meters. Rollo of the Special Division, MANOTOKS' Exhibit "10."

[94] Rollo of the Special Division, MANOTOKS' Exhibits "9C" and "10B."

[95] Covers Lot 12-B with an area of 1,000 square meters. Id., MANOTOKS' Exhibit "11."

[96] Covers Lot No. 12-H with an area of 1,802 square meters.

[97] Rollo of the Special Division, MANOTOKS' Exhibit "12B."

[98] Id., MANOTOKS' Exhibit "13B."

[99] Lot No. 55-A with an area of 1,910 square meters.

[100]Rollo of the Special Division, MANOTOKS' Exhibit "14B."

[101] With an approximate area of 3,163 square meters.

[102] Rollo of the Special Division, MANOTOKS' Exhibits "15A" and "15C."

[103]Id., MANOTOKS' Exhibits "16" and "16B."

[104] Id., MANOTOKS' Exhibits "17" and "17A."

[105] Id., MANOTOKS' Exhibit "17C."

[106] Id., MANOTOKS' Exhibits "18A" and "18B."

[107] Id., MANOTOKS' Exhibits "19", "19A" and "19B."

[108]Id., MANOTOKS' Exhibits "20A" and "20B."

[109]Lot No. 56-A with an area of 415 square meters.

[110] Rollo of the Special Division, MANOTOKS' Exhibit "21A."

[111] Id., MANOTOKS' Exhibits "22", "22A" and "22B."

[112] Report, pp. 37-47.

[113] 433 Phil. 106 (2002).

[114] 443 Phil. 604 (2003).

[115] See Republic v. Court of Appeals, *supra* at 121-122; Reyes v. NHA, *supra* at 614.

[116] 988 F2d 215 (1993).

[117] 329 U.S. 230 (1946).

[118] *Id.* at 239.

[119] Report, pp. 47-48.

[120] "In the light of the foregoing facts, the undersigned Commissioners have come to the following conclusions:

a. There are inherent technical infirmities or defects on the face of TCT Nos. 4211 (also on TCT No. 4210), 5261 and 35486. The fact that the technical descriptions in TCT Nos. 4211, 5261 and 35486 are written in Spanish while those on the alleged mother title, OCT-994, were already in English, is abnormal and contrary to the usual practice in the issuance of titles. If OCT-994 is the mother title of TCT Nos. 4211, 5261 and 35486, then said titles should also be written in English because OCT-994 is already in English. It is possible that an ascendant title be written in Spanish and the descendant title in English, the language now officially used, but the reverse is highly improbable and irregular.

b. Also, the fact that the original survey dates of OCT-994 (September 8-27, October 4-21 and November 17-18, 1911) are not indicated on the technical descriptions on TCT Nos. 4211, 5261 and 35486, but an entirely different date, December 22, 1917, is instead indicated, likewise leads to the conclusion that TCT Nos. 4211, 5261 and 35486 could not have been derived from OCT-994. It is the established procedure to always indicate in the certificate of title, whether original or transfer certificates, the date of the original survey of the mother title together with the succeeding date of subdivision or consolidation. Thus, in the absence of the original survey dates of OCT-994 on TCT Nos. 4211, 5261 and 35486, then OCT-994 is not the mother title of TCT Nos. 4211, 5261 and 35486, not only because the original survey dates are different but because the date of original survey is always earlier than the date of the issuance of the original title. OCT-994 was issued on May 3, 1917 and this is much ahead of the date of survey indicated on TCT Nos. 4210 and 4211 which is December 22, 1917;

c. Granting that the date December 22, 1917 is the date of a subdivision survey leading to the issuance of TCT Nos. 4210 and 4211, there are, however, no indications on the face of the titles themselves which show that a verified and approved subdivision of Lot 26 took place. In subdividing a lot, the resulting parcels are always designated by the lot number of the subdivided lot followed by letters of the alphabet starting from the letter "A" to designate the first resultant lot, etc., for example, if Lot 26 is subdivided into three (3) lots, these lots will be referred to as Lot 26-A, Lot 26-N and Lot 26-C followed by a survey number such as "Psd-_____" or "(LRC) Psd-_____." However, the lots on TCT Nos. 4210 and 4211 do not contain such descriptions. In fact, the parcels of land covered by TCT Nos. 4210 and 4211 are not even described by lot number, and this is again technically irregular and defective because the designation of lots by Lot Number was already a practice at that time as exemplified by the technical descriptions of some sub-lots covered by OCT-994, i.e., 23-A, 25-A, 25-D, etc.;

d. That TCT Nos. 4210 and 4211 which allegedly was the result of a subdivision of Lot 26 should not have been issued without a subdivision plan approved by the Director of Lands or the Chief of the General Land Registration Office. Republic Act No. 496 which took effect on November 6, 1902, particularly Section 58 thereof, provided that the Registry of Deeds shall not enter the transfer certificate to the grantee until a plan of such land showing all the portions or lots into which it has been subdivided, and the technical description of each portion or lot, have been verified and approved by the Director of Lands. . . ' and as corroborated by Section 44, Paragraph 2, and that

the plan has been approved by the Chief of the General Land Registration Office, or by the Director of Lands as provided in Section fifty-eight of this Act, the Registry of Deeds may issue new certificates of title for any lot in accordance with said subdivision plan;'

e. The absence of a lot number and survey plan number in the technical description inscribed on TCT Nos. 4210 and 4211, and the absence of a subdivision survey plan for Lot 26 at the records of the Bureau of Lands or the Land Registration Authority lead to the conclusion that there was no verified and approved subdivision survey plan of Lot 26, which is a compulsory requirement needed in the issuance of said titles;

f. Similarly, the absence of plan Psd-21154 from the files of the Bureau of Lands, the official depository of survey plans, is another indication that the titles covered by TCT Nos. 1368 thru 1374 which were derived from TCT No. 4211 are again doubtful and questionable;

g. Moreover, the changing of the tie points in the technical descriptions on TCT Nos. 1368 thru 1374 from that of the mother lot's tie point which is BLLM No. 1, Caloocan City to different location monuments of adjoining Piedad Estate which resulted in the shifting of the position of the seven (7) lots in relation to the mother lot defeats the very purpose of tie points and tie lines since the accepted practice is to adopt the mother lot's tie point in order to fix the location of the parcels of land being surveyed on the earth's surface.

h. Based on the foregoing, it is the conclusion of the undersigned Commissioners that defendants' (Manotok Realty, Inc. and Manotok Estate Corporation) titles overlap portions of plaintiff's (CLT Realty Development Corporation's) title, which overlapping is due to the irregular and questionable issuance of TCT Nos. 4211 (also of TCT No. 4210), 5261, 35486, 1368 to 1374. The inherent technical defects on TCT No. 4211 (from where defendants derived their titles) and TCT No. 4210 which were exhaustively elucidated above, point to the fact that there was no approved subdivision of Lot 26 which served as legal basis for the regular issuance of TCT Nos. 4210 and 4211. Thus, as between plaintiff's title, which was derived from regularly issued titles, and defendants' titles, which were derived from irregularly issued titles, plaintiff's title which pertains to the entire Lot 26 of the Maysilo Estate should prevail over defendants' titles. 18 (Underscoring supplied) See G.R. No. 123346, rollo, pp. 268-275.

[121] RTC Order dated 2 July 1993, Original Records, CV No. C-15539, Vol. I, pp. 245-246.

[122] Should have been 1368 thru 1374.

[123] Majority Report, paragraph h--"Based on the foregoing, it is the conclusion of the undersigned Commissioners that defendants' titles overlap portions of plaintiff's title which overlapping is due to the irregular and questionable issuance of TCT Nos. 4211 (also TCT No. 4210), 5261, 35486, 1368 thru 1324 (sic). The inherent technical defects on TCT No. 4211 (from where defendants derive their titles) and TCT No. 4210, which were exhaustively elucidated above, point to the fact that there was no approved subdivision of Lot 26 which served as legal basis for the regular issuance of TCT Nos. 4210 and 4211. Thus, as between plaintiff's title which was derived from regularly issued tiles and defendants' titles which were derived from irregularly issued titles, plaintiff's title which pertains to the entire Lot 26 of the Maysilo Estate should prevail over defendants' titles."

[124] Report, pp. 48-50.

[125] Id. at 48.

[126] Id. at 63-66.

[127] See Civil Code, Art. 364. See *Silvestre v. Court of Appeals*, G.R. No. L-32694 & L-33119, 16 July 1982, 115 SCRA 63; *Manotok, Realty v. CLT Realty*, supra note 2 at 3.

[128] *Pisalbon v. Balmoja* (31 August 1965); citing Civil Code, Art. 364. See also *Misamis Lumber v. Director of Lands*, 57 Phil 881 (1933); *Sanchez Mellado v. Municipality of Tacloban*, 9 Phil. 92; *Nolan v. Jalandoni*, 23 Phil. 292 (1912).

[129] Report, pp. 66-69.

[130] See note 125.

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