

SIMEON T. DAGDAG, PLAINTIFF AND APPELLEE, VS. VICENTE NEFOMUCENO, ET AL., DEFENDANTS AND APPELLANTS.*G. R. No. 12691. February 27, 1959*

Ponente: BENGZON, J.

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Forwarded by the Court of Appeals, this lawsuit coming from Nueva Ecija, concerns a small parcel of land. Submitted for decision below upon a stipulation of facts, it raises legal questions only.

A portion of Lot No. 3786, Cabanatuan Cadastre (admittedly alienable or disposable public land way back in 1916) is covered by Sales Patent No. 251 issued to Margarita Juanson, and also by lease No. 49 executed by the Bureau of Lands in favor of Andres de Vera. The overlapping was recently discovered, and their successors in interest now litigate for possession and/or ownership.

The Sales Patent was inscribed in the office of the Register of Deeds on July 11, 1927, and Original Certificate of Title No. 68 was accordingly issued in the name of Margarita Juanson, who later sold the land to Remigio Juanson Bautista (1928), who in turn sold it to Balarin Incorporated (1929). In May 1950, Simeon T. Dagdag bought it from Balarin, Inc. After every sale, the corresponding Transfer Certificate of Title was given out.

On the other hand, the lease to De Vera signed in June 1916 covered adjoining land of a bigger area. It was transferred by him to Regino Nepomuceno. Originally for a 25-year period expiring on June 30, 1941, it was extended for another like period in 1949. Dagdag's title, and those of his predecessors contained no annotation of such lease, of which neither he nor they had any knowledge.

After purchasing the land, Simeon T. Dagdag had it relocated and the portion in question turned out to be in possession of the heirs of Regino Nepomuceno, appellants herein allegedly by virtue of the lease. The latter refused to surrender it, even in the face of Dagdag's patent and title, and despite the Director of Lands' administrative determination in February 1953, practically holding that their contract of lease did not, could not and should not extend to the area granted to Dagdag's predecessors.

Hence, this judicial proceeding instituted by Dagdag in the Nueva Ecija court of first instance, wherein he was declared to be the owner of the whole Lot 3786 and entitled to the products thereof. The Honorable Jose N. Leuterio, Judge, explained that "the sales patent issued in the name of Margarita Juanson having been registered with the office of the Register of Deeds, and title having been issued by the Register of Deeds in the name of Margarita Juanson, Lot 3786 was thereafter brought under the operation of the Land Registration Act. The title issued in the name of Margarita Juanson, Original Certificate of Title No. 68 was free from all liens and incumbrances. This land was transferred successively, until it was acquired by the plaintiff herein, and the certificate of title was issued in his name free from any lien or encumbrances, and free from the claim of Regino Nepomuceno as losses. The plaintiffs herein cannot, therefore, be bound by the fact that Lot 3786 is within the lease of Andres de Vera which had been transferred to Regino Nepomuceno, the father and predecessor of the defendants herein. The said lease not having been annotated on the certificate of title, and it not having been either

proved or alleged that the plaintiff had purchased the land knowing that Lot 3786 is a portion of the land leased to Andrea de Vera which had been acquired by the defendant's predecessors-in-interest, it cannot prejudice the plaintiff who is presumed to be an innocent purchaser for value. The fact that the lease in favor of Andres de Vera had been registered, cannot bind and prejudice the plaintiff for Lot 3786 being a registered land, he need not go farther than the title."

The above observations deserve our approval. They conform with our decisions on indefeasibility of public land patents when registered in the corresponding Register of Deeds Office. [1] We regard these to be veritable Torrens Titles subject to no encumbrances except those stated therein, plus those specified by the statute (lease is not one of them).

In addition to the above reason given by His Honor, it should be remembered that when the lease was renewed in 1949, the portion in question was no longer public land subject to the disposition of the Director of Lands because it had already been granted to Margarita Juanson and had become private property; therefore, it could not have been included in the renewal of such lease of public land.

Defendants' position may be summed up, in their own words, as follows:

"When the contract of lease of the predecessor of the defendants was duly issued and registered in the office of the register of deeds of Nueva Ecija, and when the patent for the certificate of sale in favor of the predecessor of the plaintiff was issued and registered in the said register of deeds of Nueva Ecija, both documents have the force and effect of registered properties under the Land Registration Act as provided for in * * * (section 122 of the Land Registration Law).

"As the titles of the parties have come under the operation of the Land Registration Act, and in case of overlapping titles, the older title should prevail. The title of the defendants was issued and registered on June 14, 1916. The title of the plaintiff was registered on August 5, 1927. The title of the defendants should, therefore prevail, and they should have been declared the owners of the land in question." (pp. 8-9 Appellants Brief) [*Italics Ours*]

The flaw in their argument lies in the assumption that their lease contract constituted a "title", or deed or conveyance within the meaning of section 122, which for convenience is quoted below:

"Whenever public lands in the Philippine Islands belonging to the Government of the United States or the Government of the Philippine Islands are alienated, granted, or conveyed to persons or to public or private corporations, the same shall be brought forthwith under the operation of this Act and shall become registered lands. It shall be the duty of the official issuing the instrument of alienation, grant, or conveyance in behalf of the Government to cause such instrument, before its delivery to the grantee, to be filed with the register of deeds for the province where the land lies and to be there registered like other deeds and conveyances, whereupon a certificate shall be entered as in other cases of registered land, and an owner's duplicate issue to the grantee. The deed, grant, or instrument of conveyance from the Government to the grantee shall not take effect as a conveyance or bind the land, * * *. After due registration and issue of the certificate and owner's duplicate such land shall be registered land for all purposes under this Act."

Upon carefully reading the above, we think it clear that the documents mentioned, wherein lands are "alienated, granted, or conveyed", are documents transferring ownership—not documents of lease, transferring mere possession. Observe especially that the statute directs the issuance to the grantee of "an owner's duplicate certificate". Appellants may not, therefore, assert a title just as good—so they claim—as appellee's and older besides. So, the Torrens Title of appellee must prevail.

Judgment affirmed, with costs against appellants.

Paras, C. J., Padilla, Montemayor, Reyes, A., Bautista Angelo, Labrador, Concepcion, and Endencia, JJ., concur.

[1] Pamituan vs. San Agustin, 43 Phil., 538; El Hogar Filipino vs. Olviga, 60 Phil., 17.

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