ELIZABETH LEE AND PACITA YU LEE, HON. JUDGE JOSE D. ALOVERA, PRESIDING JUDGE, REGIONAL TRIAL COURT, BRANCH 17, ROXAS CITY, THE REGISTER OF DEEDS OF ROXAS CITY, PETITIONERS, VS. ...

G.R. No. 128195. October 03, 2001

Ponente: PARDO, J.

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PARDO, J.:

The case under consideration is a petition for review on certiorari of the decision[1] of the Court of Appeals nullifying that of the Regional Trial Court, Roxas City, in Reconstitution Case No. R-1928,[2] pertaining to Lot 398, Capiz Cadastre, covered by Original Certificate of Title No. 3389.

Sometime in March 1936, Rafael, Carmen, Francisco, Jr., Ramon, Lourdes, Mercedes, Concepcion, Mariano, Jose, Loreto, Manuel, Rizal and Jimmy, all surnamed Dinglasan sold to Lee Liong, a Chinese citizen, a parcel of land with an approximate area of 1,631 square meters, designated as Lot 398 and covered by Original Certificate of Title No. 3389, situated at the corner of Roxas Avenue and Pavia Street, Roxas City.[3]

However, in 1948, the former owners filed with the Court of First Instance, Capiz an action against the heirs of Lee Liong for annulment of sale and recovery of land.[4] The plaintiffs assailed the validity of the sale because of the constitutional prohibition against aliens acquiring ownership of private agricultural land, including residential, commercial or industrial land. Rebuffed in the trial court and the Court of Appeals, plaintiffs appealed to the Supreme Court. On June 27, 1956, the Supreme Court ruled thus:

> "... granting the sale to be null and void and can not give title to the vendee, it does not necessarily follow therefrom that the title remained in the vendor, who had also violated the constitutional prohibition, or that he (vendor) has the right to recover the title of which he has divested himself by his act in ignoring the prohibition. In such contingency another principle of law sets in to bar the equally guilty vendor from recovering the title which he had voluntarily conveyed for a consideration, that of pari delicto."[5]

On July 1, 1968, the same former owners Rafael A. Dinglasan, together with Francisco, Carmen, Ramon, Lourdes, Mercedes, Concepcion, Mariano, Jose, Loreto, Rizal, Jimmy, and Jesse Dinglasan filed with the Court of First Instance, Capiz an action for recovery of the same parcel of land.[6] Citing the case of Philippine Banking Corporation v. Lui She,[7] they submitted that the sale to Lee Liong was null and void for being violative of the Constitution. On September 23, 1968, the heirs of Lee Liong filed with the trial court a motion to dismiss the case on the ground of res judicata.[8] On October 10, 1968, and November 9, 1968, the trial court denied the motion.[9] The heirs of Lee Liong elevated the case to the Supreme Court by petition for certiorari. On April 22, 1977, the Supreme Court annulled the orders of the trial court and directed it to dismiss the case, holding that the suit was barred by res judicata.[10]

On September 7, 1993, Elizabeth Manuel-Lee and Pacita Yu Lee filed with the Regional Trial Court, Roxas City a petition for reconstitution of title of Lot No. 398 of the Capiz Cadastre, formerly covered by Original Certificate

of Title No. 3389 of the Register of Deeds of Roxas City.[11] Petitioners alleged that they were the widows of the deceased Lee Bing Hoo and Lee Bun Ting, who were the heirs of Lee Liong, the owner of the lot. Lee Liong died intestate in February 1944. On June 30, 1947, Lee Liong's widow, Ang Chia, and his two sons, Lee Bun Ting and Lee Bing Ho, executed an extra-judicial settlement of the estate of Lee Liong, adjudicating to themselves the subject parcel of land.[12] Petitioner Elizabeth Lee acquired her share in Lot No. 398 through an extra-judicial settlement and donation executed in her favor by her deceased husband Lee Bing Hoo. Petitioner Pacita Yu Lee acquired her share in the same lot by succession from her deceased husband Lee Bun Ting, as evidenced by a deed of extra-judicial settlement.[13]

Previously, on December 9, 1948, the Register of Deeds, Capiz, Salvador Villaluz, issued a certification that a transfer certificate of title over the property was issued in the name of Lee Liong.[14] However, the records of the Register of Deeds, Roxas City were burned during the war. Thus, as heretofore stated, on September 7, 1968, petitioners filed a petition for reconstitution of title.

On June 10, 1994, the Regional Trial Court, Roxas City, Branch 17, ordered the reconstitution of the lost or destroyed certificate of title in the name of Lee Liong on the basis of an approved plan and technical description.[15] The dispositive portion of the trial court's decision reads thus:

> "WHEREFORE, in reiteration, the Register of Deeds for the City of Roxas is ordered to reconstitute the lost or destroyed certificate of title in the name of Lee Liong, deceased, of Roxas City, with all the conditions stated in paragraph 2 of this decision. This decision shall become final after the lapse of thirty (30) days from receipt by the Register of Deeds and by the Commissioner of LRA of a notice of such judgment without any appeal having been filed by any of such officials.
>
> "SO ORDERED.
>
> "Given at Roxas City, Philippines,
>
> "June 10, 1994.
>
> "JOSE O. ALOVERA
> "Judge"[16]

On August 18, 1994, the Clerk of Court, Regional Trial Court, Roxas City, Branch 17 issued an Entry of Judgment.[17]

On January 25, 1995, the Solicitor General filed with the Court of Appeals a petition for annulment of judgment in Reconstitution Case No. 1928, alleging that the Regional Trial Court, Roxas City had no jurisdiction over the case.[18] The Solicitor General contended that the petitioners were not the proper parties in the reconstitution of title, since their predecessor-in-interest Lee Liong did not acquire title to the lot because he was a Chinese citizen and was constitutionally not qualified to own the subject land.

On April 30, 1996, the Court of Appeals promulgated its decision declaring the judgment of reconstitution void.[19]

On May 24, 1996, Elizabeth Manuel-Lee and Pacita Yu Lee filed with the Court of Appeals a motion for reconsideration of the decision.[20] On February 18, 1997, the Court of Appeals denied the motion.[21]

Hence, this petition.[22]

Petitioners submitted that the Solicitor General was estopped from seeking annulment of the judgment of reconstitution after failing to object during the reconstitution proceedings before the trial court, despite due notice. Petitioners alleged that the Solicitor General merely acted on the request of private and politically powerful

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individuals who wished to capitalize on the prime location of the subject land.

Petitioners emphasized that the ownership of the land had been settled in two previous cases of the Supreme Court, where the Court ruled in favor of their predecessor-in-interest, Lee Liong. Petitioners also pointed out that they acquired ownership of the land through actual possession of the lot and their consistent payment of taxes over the land for more than sixty years.

On the other hand, the Solicitor General submitted that the decision in the reconstitution case was void; otherwise, it would amount to circumventing the constitutional proscription against aliens acquiring ownership of private or public agricultural lands.

We grant the petition.

The reconstitution of a certificate of title denotes restoration in the original form and condition of a lost or destroyed instrument attesting the title of a person to a piece of land.[23] The purpose of the reconstitution of title is to have, after observing the procedures prescribed by law, the title reproduced in exactly the same way it has been when the loss or destruction occurred.[24]

In this case, petitioners sought a reconstitution of title in the name of Lee Liong, alleging that the transfer certificate of title issued to him was lost or destroyed during World War II. All the documents recorded and issued by the Register of Deeds, Capiz, which include the transfer certificate of title issued in the name of Lee Liong, were all destroyed during the war. The fact that the original of the transfer certificate of title was not in the files of the Office of the Register of Deeds did not imply that a transfer certificate of title had not been issued.[25] In the trial court proceedings, petitioners presented evidence proving the sale of the land from the Dinglasans to Lee Liong and the latter's subsequent possession of the property in the concept of owner. Thus, the trial court, after examining all the evidence before it, ordered the reconstitution of title in the name of Lee Liong.

However, there is a question as to whether Lee Liong has the qualification to own land in the Philippines.

The sale of the land in question was consummated sometime in March 1936, during the effectivity of the 1935 Constitution. Under the 1935 Constitution,[26] aliens could not acquire private agricultural lands, save in cases of hereditary succession.[27] Thus, Lee Liong, a Chinese citizen, was disqualified to acquire the land in question.[28]

The fact that the Court did not annul the sale of the land to an alien did not validate the transaction, for it was still contrary to the constitutional proscription against aliens acquiring lands of the public or private domain. However, the proper party to assail the illegality of the transaction was not the parties to the transaction.[29] "In sales of real estate to aliens incapable of holding title thereto by virtue of the provisions of the Constitution both the vendor and the vendee are deemed to have committed the constitutional violation and being thus in pari delicto the courts will not afford protection to either party."[30] The proper party to assail the sale is the Solicitor General. This was what was done in this case when the Solicitor General initiated an action for annulment of judgment of reconstitution of title. While it took the Republic more than sixty years to assert itself, it is not barred from initiating such action. Prescription never lies against the State.[31]

Although ownership of the land cannot revert to the original sellers, because of the doctrine of pari delicto, the Solicitor General may initiate an action for reversion or escheat of the land to the State, subject to other defenses, as hereafter set forth.[32]

In this case, subsequent circumstances militate against escheat proceedings because the land is now in the hands of Filipinos. The original vendee, Lee Liong, has since died and the land has been inherited by his heirs and

subsequently their heirs, petitioners herein. Petitioners are Filipino citizens, a fact the Solicitor General does not dispute.

The constitutional proscription on alien ownership of lands of the public or private domain was intended to protect lands from falling in the hands of non-Filipinos. In this case, however, there would be no more public policy violated since the land is in the hands of Filipinos qualified to acquire and own such land. "If land is invalidly transferred to an alien who subsequently becomes a citizen or transfers it to a citizen, the flaw in the original transaction is considered cured and the title of the transferee is rendered valid."[33] Thus, the subsequent transfer of the property to qualified Filipinos may no longer be impugned on the basis of the invalidity of the initial transfer.[34] The objective of the constitutional provision to keep our lands in Filipino hands has been achieved.

Incidentally, it must be mentioned that reconstitution of the original certificate of title must be based on an owner's duplicate, secondary evidence thereof, or other valid sources of the title to be reconstituted.[35] In this case, reconstitution was based on the plan and technical description approved by the Land Registration Authority.[36] This renders the order of reconstitution void for lack of factual support.[37] A judgment with absolutely nothing to support it is void.[38]

As earlier mentioned, a reconstitution of title is the re-issuance of a new certificate of title lost or destroyed in its original form and condition.[39] It does not pass upon the ownership of the land covered by the lost or destroyed title.[40] Any change in the ownership of the property must be the subject of a separate suit.[41] Thus, although petitioners are in possession of the land, a separate proceeding is necessary to thresh out the issue of ownership of the land.

WHEREFORE, the Court REVERSES and SETS ASIDE the decision of the Court of Appeals in CA-G. R. SP No. 36274. In lieu thereof, the Court sets aside the order of reconstitution of title in Reconstitution Case No. R-1928, Regional Trial Court, Roxas City, and dismisses the petition, without prejudice.

No costs.
SO ORDERED.

Davide, Jr., C.J., (Chairman), Puno, and Ynares-Santiago, JJ., concur.
Kapunan, J., on official leave.

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* Neither the judge nor the Court of Appeals is a proper party as petitioner or respondent (Rule 45, Sec. 4, Revised Rules of Court).

[1] In CA-G. R. SP No. 36274, promulgated on April 30, 1996. Salas, J., ponente, Cañizares-Nye and Carpio-Morales, JJ., concurring.

[2] Dated June 10, 1994.

[3] Dinglasan v Lee Bun Ting, 99 Phil. 427, 429 [1956].

[4] Ibid., at p. 432.

[5] Dinglasan v Lee Bun Ting, supra, Note 3, p. 431.

[6] Civil Case No. V-3064.

[7] 21 SCRA 52 [1967].

[8] Lee Bun Ting v Aligaen, 76 SCRA 416, 420 [1977].

[9] Ibid., at pp. 421-422.

[10] Ibid., at p. 425.

[11] Comment, Rollo, pp. 148-160, at p. 149; Memorandum, Solicitor General, Rollo, pp. 199-211, at p. 199-200.

[12] CA Decision, Rollo, p. 82.

[13] Ibid.

[14] Petition, Annex "E" (Annex "2"), Rollo, p. 66.

[15] In Reconstitution Case No. R-1928, Regional Trial Court, Roxas City, Branch 17, Judge Jose O. Alovera, presiding.

[16] Petition, Annex "A", Rollo, pp. 36-37.

[17] Petition, Annex "B", Rollo, p. 38.

[18] Docketed as CA-G. R. SP No. 36274. CA Rollo, pp. 1-11. On February 17, 1995, the Republic filed an amended complaint, impleading the Administrator, Land Registration Authority, as plaintiff (Docketed as CA-G. R. SP No. 36517, CA Rollo, pp. 57-65).

[19] CA Decision, CA Rollo, pp. 148-157.

[20] Petition, Annex "H", Rollo, pp. 90-100.

[21] Rollo, p. 117.

[22] Filed on April 3, 1997, Rollo, pp. 12-35. On July 12, 1999, we gave due course to the petition (Rollo, pp. 182-183). The case was considered submitted for decision on December 13, 1999 upon the filing of petitioner's memorandum (Rollo, pp. 216-226).

[23] Republic v Court of Appeals, 309 SCRA 110, 118 [1999]; Rivera v Court of Appeals, 314 Phil. 57 [1995].

[24] Republic v Court of Appeals, supra, Note 23; Heirs of Pinote v Dulay, 187 SCRA 12, 19-20 [1990].

[25] Alipoon v Court of Appeals, 364 Phil. 591, 597 [1999].

[26] Article XIII, Section 5, 1935 Constitution.

[27] Krivenko v. Register of Deeds, 79 Phil. 461 [1947]; Halili v Court of Appeals, 350 Phil. 906, 914-915 [1998].

[28] Ong Ching Po v Court of Appeals, 239 SCRA 341, 346 [1994].

[29] Lee Bun Ting v Aligaen, supra, Note 8. Dinglasan v Lee Bun Ting, supra, Note 3.

[30] Vasquez v Li Seng Giap, 96 Phil. 447, 451 [1955].

[31] Republic v. Court of Appeals, G. R. No. 95533, November 20, 2000, citing Reyes v Court of Appeals, 356 Phil. 606, 624 (1998); Republic v. Court of Appeals, 171 SCRA 721, 734 (1989); de la Cruz v. Court of Appeals, 349 Phil. 898, 905 [1998].

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[32] Rellosa v. Gaw Chee Hun, 93 Phil. 827 [1953].

[33] United Church Board of World Ministries v. Sebastian, 159 SCRA 446, 451-452 [1988].

[34] Halili v. Court of Appeals, supra, Note 27, at p. 917.

[35] Heirs of Eulalio Ragua v. Court of Appeals, 324 SCRA 7 [2000].

[36] Petition, Annex "A", Rollo, pp. 36-37.

[37] Heirs of Eulalio Ragua v. Court of Appeals, supra, Note 35.

[38] Yangco v. Court of First Instance of Manila, 29 Phil. 183, 191 [1915].

[39] Heirs of Eulalio Ragua v. Court of Appeals, supra, Note 35, at p. 23 [2000], citing Strait Times Inc. v. Court of Appeals, 356 Phil. 217, 230 [1998]; Stilianopulos v. The City of Legaspi, 316 SCRA 523, 538 [1999].

[40] Strait Times Inc. v Court of Appeals, supra, Note 39.

[41] Bunagan v. CFI of Cebu, Branch VI, 97 SCRA 72, 76 [1980].

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