

THE CITY GOVERNMENT OF DAVAO, REPRESENTED BY BENJAMIN C. DE GUZMAN, THE INCUMBENT CITY MAYOR OF DAVAO CITY, PETITIONER, VS. JULIANA MONTEVERDE-CONSUNJI AND TOMAS A. MONTEVERDE, ...

G.R. No. 136825. May 21, 2001

Ponente: MENDOZA, J.

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MENDOZA, J.:

This is a petition for review on certiorari of the decision of the Court of Appeals, Seventeenth Division, reversing the decision[1] of the Regional Trial Court, Branch 11, Davao City in Civil Case No. 22, 711-94 which upheld the ownership by the City of Davao of over more than seven hectares of prime real estate, commonly known as the "PTA Grounds," in the heart of the city.

On March 13, 1923, the then Court of First Instance of Davao issued Decree No. 150336 in Land Registration Case No. 170 by virtue of an application for land registration. Pursuant to the said decree, Original Certificate of Title No. 116[2] was issued on April 7, 1924 in the name of Tomas, Candelaria, Vicenta, and Milagros, all surnamed Monteverde, covering three parcels of land, namely, Parcel 2, Lot No. 124, Plan II-14207, with an area of 207,779 square meters; Parcel 3, Lot No. 182, Plan II-14207, with an area of 1,869 square meters; and Parcel 4, Lot No. 190, Plan II-14207, the property subject of this controversy, with an area of 72,220 square meters. On the face of the certificate of title appears the following annotation in Spanish:

. . . quedando a salvo los derechos adquiridos de los opositores, señores, Domingo Santos, D.O. Dacanay y el Municipio de Davao, en tanto en cuanto se refiere a la ratificacion de los tresposas hechos.[3]

which, translated in English, reads:

. . . except for the rights acquired by the oppositors, Messrs. Domingo Santos, D.O. Dacanay and the Municipality of Davao, in so far as it refers to the ratification of the conveyance made.[4]

Later, the following annotation in Spanish was written by hand on OCT No. 116 of the Monteverdes:

Cancelado el presente certificado en virtud de una orden del Juzgado de Primera Instancia de Davao, habiendo expedido en su lugar los Certificados de Titulo de Transferencias Nos. 480 y 481 del tomo segundo del libro de transferencias, quedando dicha orden Archivada baho el No. 480 en el legaho correspondiente.[5]

The corresponding English translation of the annotation reads:

The present Certificate of Title is cancelled by virtue of an order of the Court of First Instance of Davao and in its stead Transfer Certificate of Title Nos. 480 and 481 were issued on [the] Second Volume of the Book of Registry of Transfer Certificates of Title and said order is found in the corresponding records of Transfer Certificate of Title No. 480.[6]

On July 26, 1949, the Register of Deeds of Davao City issued Transfer Certificate of Title No. 1851 (T-480)[7]

over the controverted property in the name of the Municipal Government of Davao. On the face of TCT No. 1851 (T-480) appears the following annotation stating the reason for the cancellation of TCT No. 480, to wit:

This certificate is a transfer from Transfer Certificate of Title No. 480, which is cancelled by virtue hereof as far as [the] above-described land is concerned, by reason of the transfer of the records thereof to the Office of the Register of Deeds for the City of Davao, pursuant to the provisions of Section 23(c) of Commonwealth Act No. 51.

In view thereof, the City of Davao has occupied and utilized the subject property in the concept of an owner. Said property is now the site of the Kapitan Tomas D. Monteverde, Sr. Sports Complex and a public elementary school.

On June 22, 1993, Juliana Monteverde-Consunji wrote a letter[8] to Rodrigo R. Duterte, then mayor of Davao City, inquiring about the validity of the city's title to the subject lot because the research caused to be conducted by her family failed to show any document whatsoever to support the transfer of the property by her father, Tomas Monteverde, Sr. in favor of the City of Davao.

Mayor Duterte allegedly ignored the letter, for which reason Juliana and her brother, Tomas Monteverde, Jr., filed a complaint for a declaration of nullity of title, damages, and attorney's fees against the City of Davao. It was alleged that OCT No. 116 was illegally cancelled and TCT No. 1851 (T-480) was spurious on the ground that there was no deed or any other document to support the cancellation of OCT No. 116 and the plaintiffs, the respondents herein, as heirs of Tomas Monteverde, Sr., who allegedly died intestate, were entitled to their shares in the property.

In its answer,[9] the City of Davao alleged that its ownership of the subject property was already existing at the time of the issuance of OCT No. 116 in the name of the Monteverdes, for which reason it was cancelled and TCT No. 480 was issued in lieu thereof. It further alleged that TCT No. 480 was cancelled because the records were transferred from the Register of Deeds of Zamboanga to the Register of Deeds of Davao City by virtue of §23(c) of Commonwealth Act No. 51 which created the City of Davao. In addition, it claimed that, considering the issuance of the certificate of title in its name, coupled with its open and notorious possession of the property, respondents' claim was barred by prescription and laches.

After the presentation of evidence by both parties, the trial court rendered its decision on January 25, 1996, giving judgment in favor of the City of Davao and ordering the dismissal of the complaint.[10]

Respondents appealed to the Court of Appeals which, on June 9, 1998, rendered judgment reversing the decision of the lower court. The dispositive portion of the decision of the Court of Appeals reads:

WHEREFORE, premises considered, the appealed Decision is REVERSED AND SET ASIDE. A new Judgment is hereby rendered in favor of the appellants, as follows:

- 1). Declaring as null and void TCT-480 and the derivative title issued thereunder, more specifically TCT-1851;
- 2). Declaring herein appellants as the lawful owners and quieting their title and ownership over the property in question covered and embraced by OCT No. 116;
- 3). Ordering the appellee and all those claiming any right under it to vacate the same and deliver possession thereof to the appellants; and
- 4). Ordering the appellee to pay the sum of P200,000.00 as and for attorney's fees.

SO ORDERED.[11]

Hence, this petition of the City of Davao alleging $\frac{3}{4}$

- THAT THE DECISION OF THE HONORABLE COURT OF APPEALS IS CONTRARY TO LAW AND EVIDENCE;
- THAT THE HONORABLE COURT OF APPEALS ERRED IN RULING THAT OCT NO. 116 STANDS VALID;
- THAT THE HONORABLE COURT OF APPEALS ERRED IN RULING THAT THE ISSUANCE OF TCT [NO.] 480 WAS WITHOUT LEGAL BASIS; AND
- WHETHER OR NOT THE CAUSE OR CAUSES OF ACTION OF THE RESPONDENTS, IF ANY, WERE BARRED BY PRESCRIPTION AND LACHES.[12]

The Court of Appeals took issue with the trial court that the City of Davao's title to the controverted property already existed at the time it was placed under land registration. It held that had that been the case, the land registration court should have ordered the registration of the same in the name of the city. On the other hand, petitioner argues that, at the time of the issuance of OCT No. 116 to the Monteverdes, the law applicable did not allow such a relief be awarded to an oppositor in the land registration case.

We agree with petitioner City of Davao.

Act No. 496, §29, cited by the Court of Appeals in support of its ruling that the land registration court should have issued a certificate of title in the name of the City of Davao if the latter's title indeed existed at that time, was amended by Act No. 3901, which took effect only on November 17, 1931, or more than seven years after the issuance of OCT No. 116 on April 7, 1924. As a matter of fact, as early as 1929, the procedure for the original registration of real property had already been modified when Act No. 3621, amending Act No. 496, was enacted.[13] But, prior to these amendments, the only way whereby one who opposed the registration of land in the name of another and secure an affirmative pronouncement concerning his rights and interest was for him to become himself an applicant. The provisions of Act No. 496 prior to the said amendments were set upon preventing affirmative relief to an oppositor such that he must totally change his character as a litigant before he can secure that advantage. As this Court held in an early case:[14]

"If in any case an appearance is entered and answer filed, the case shall be set down for hearing on motion of either party The court may hear the parties and their evidence. . . . If two or more applicants claim the same land, or part of the same land, the court may order the hearings upon all such applications to be consolidated, if such consolidation is in the interest of economy of time and expense."

This latter provision points out the only way whereby one who desires to object to the registration of land in the name of another and at the same time secure an affirmative pronouncement touching his own rights and interests may do so. He must himself to become an applicant. The provisions of the Act seem to be so set upon preventing affirmative relief to a respondent that he must totally change his character as a litigant before he can secure that advantage. When he is able to obtain affirmative relief he has ceased to be a respondent.

It appears from every line of the Act that the court is given power to deal with only one kind of title and that is a title "proper for registration." There appears in the law not a word authorizing the court to determine or adjudicate upon any title less than or different from that. Every other title whenever or however or by whomever presented is a matter of utter indifference to the court, so far as its powers of adjudication are concerned. While it may consider the interest or title presented by the answer and proofs of a respondent, such consideration is not for the purpose of determining that title but simply for the purpose of determining how that title or interest affects the title of the petitioner. That title or interest is not considered for the purpose of decreeing anything in favor of him who presents it, but solely to determine the registrability of petitioner's title.

The court, as we have said, deals with one kind of title only, that is a title fit for registration. It does not deal with the relative strength of title between the applicant and the respondent. With relative rights, as such, the court has nothing to do. It is very possible that neither party may have a title "proper for registration." If so, no matter how much stronger may be the rights of one than those of the other, the court has no power to adjudicate with reference thereto. They must be relegated to the courts of general jurisdiction for the proper remedy. The applicant may have a right in the land which he seeks to register wholly superior to that of the respondent, and yet not have an interest "proper for registration." The matter before the court for determination is quite apart from the relative rights of petitioner and opponent. The question is, "Is this title proper for registration?" And the rights of petitioner and opponent are wholly unimportant except in so far as they throw light upon that question. The proceeding is not only against the respondent but against the world; and the court can not permit a faulty title to be registered simply because it happens to be better than a still more faulty one presented by a single answering defendant. The court deals with all the world. The relative rights of A and B are, strictly speaking, of no consequence except as they assist the court in making a just decree against the world. The function of the court is to determine, in a sense, absolute rights, not relative rights. It seems to be indicated by the fact that the rights which its judgments are absolutely indefeasible.

Thus, although the rights of the City of Davao over the subject property had already been in existence and recognized at the time of the issuance of OCT No. 116 to the Monteverdes, the land registration court could not have issued title in its favor under the law applicable at that time and could only cause the annotation of the same on the face of OCT No. 116.

In reversing the decision of the trial court, the Court of Appeals assailed the validity of the annotation. It declared that the same was irregularly entered considering that it was undated and it did not indicate in whose favor TCT No. 480 was issued. Further, it questioned the non-presentation of TCT No. 480 in evidence, implying that the purported conveyance resulting in the issuance of TCT No. 480, including the said transfer certificate of title itself, is dubious, fraudulent, and downright nonexistent. However, respondents admitted the existence of TCT No. 480 not only in their own complaint^[15] but also during the pre-trial, as shown by the pre-trial order.^[16] They thus supplied the missing link in the supposed chain of titles over the controverted property. It is noteworthy that the Court of Appeals did not question but, on the contrary, upheld as regular the issuance of a transfer certificate of title, i.e., TCT No. 1851 (T-480), pursuant to the City Charter of Davao.^[17]

Indeed, except the testimony of respondent Juliana Monteverde-Consunji, there is no evidence that Tomas Monteverde, Sr. merely lent the property to the City of Davao. However, the testimony is hearsay and hearsay evidence has no probative value, whether objected to or not.^[18] Respondent said:

Q In 1950 when you reached the age of 21, did you inquire from your relatives how the 28.1868 hectares disposed of?

A I asked from my sisters, Mrs. Tiongko and Mrs. Garcia, and they told me that the said property, the PTA ground, was lent by my father to the City of Davao.^[19]

Moreover, respondents' claim is barred by laches. The City of Davao has long been in possession of the property in the concept of an owner, at least from the time TCT No. 1851 (T-480) was issued in its name on July 26, 1949. A public elementary school and a sports complex have been constructed on the property. The records of this case disclose that respondents' complaint, which was in the nature of a reconveyance, was filed only on March 1, 1994, or after 45 years. Even if respondent Juliana Monteverde-Consunji discovered the alleged fraud in the transfer of ownership of the property to the City of Davao only in 1960, the fact is that respondents slept on their supposed rights over the property for 34 years before the filing of the complaint in 1994. Where it was shown that the action for reconveyance or quieting of title was instituted only after thirty years from the time a party was able to acquire a certificate of title covering a particular property, while the occupant had been in actual possession of the same, it

was held that the action is barred by laches.[20]

WHEREFORE, the decision of the Court of Appeals is hereby REVERSED and the decision of the trial court is REINSTATED.

SO ORDERED.

Bellosillo, (Chairman), Buena, and De Leon, Jr., JJ., concur.
Quisumbing, J., on leave.

[1] Per Judge Virginia Hofileña-Europa.

[2] Exh. A.

[3] Id.

[4] Rollo, p. 115.

[5] Exh. A.

[6] Rollo, p. 116.

[7] Exh. B.

[8] Exh. D.

[9] Id., pp. 23-29.

[10] Rollo, pp. 52-60.

[11] Id, pp. 96-97.

[12] Id., pp. 8-9.

[13] Nicolas v. Pre, 97 Phil 766 (1955).

[14] City of Manila v. Lack, 19 Phil. 324, 336-337 (1911).

[15] Records, p. 2.

[16] Id., p. 45.

[17] Rollo, p.84.

[18] PNOC Shipping and Transport Corp. v. Court of Appeals, 297 SCRA 402 (1998).

[19] TSN, pp. 15-16, Sept. 6, 1994.

[20] Vda. de Cabrera v. Court of Appeals, 267 SCRA 339 (1997).

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