

**GREGORIO ARANETA UNIVERSITY FOUNDATION, PETITIONER, VS.
THE REGIONAL TRIAL COURT OF KALOOKAN CITY, BRANCH 120,
REGISTER OF DEEDS OF KALOOKAN CITY, NATIONAL HOUSING
AUTHORITY, HE...**

G.R. No. 139672. March 04, 2009

Ponente: LEONARDO-DE CASTRO, J.

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LEONARDO-DE CASTRO, J.:

In this petition for review under Rule 45 of the Rules of Court, herein petitioner Gregorio Araneta University Foundation (GAUF) assails and seeks to set aside the Decision[1] dated March 31, 1999 of the Court of Appeals (CA) in CA-G.R. SP No. 23872 and its Resolution[2] of August 16, 1999, denying petitioner's motion for reconsideration.

The assailed decision upheld the Joint Order[3] dated August 29, 1986 and the Order[4] dated December 23, 1988 of the Regional Trial Court (RTC) of Caloocan City, Branch 120, in Civil Case No. C-760 which, among others, directed the cancellation of GAUF's Transfer Certificate of Title (TCT) No. C-24153 and the issuance in lieu thereof of new titles in the name of the respondent Heirs of Gregorio Bajamonde over Lots 54 and 75 of the Gonzales Estate.

The factual antecedents as found by the CA are quoted hereunder:

By virtue of a decision rendered on March 29, 1950 by the then Court of First Instance of Rizal in Civil Case No. 131 and affirmed by the Supreme Court on May 14, 1954, in G.R. No. L-4918, the Gonzales or Maysilo estate in Malabon, Rizal, with an area of 871,982 square meters and covered by TCT No. 35487, was expropriated by the Republic of the Philippines, with the understanding that the Government would resell the property to its occupants.

In view of the failure of the Government and its instrumentality, then Rural Progress Administration and later the People's Homesite and Housing Corporation (PHHC), to implement the decision in Civil Case No. 131, the occupants and tenants of the estate filed on October 20, 1960, a complaint in Civil Case No. 6376 (now Civil Case No. C-760) with the then Court of First Instance of Rizal (Pasig Branch) to compel PHHC to sell to the tenants their respective occupied portions of the Gonzales estate.

On April 29, 1961, the then Araneta Institute of Agriculture, now Gregorio Araneta University Foundation (GAUF) sought to intervene in Civil Case No. 6376 (Civil Case No. C-760) on the ground that 52 tenants of the property and Araneta Institute of Agriculture entered into an agreement or "Kasunduan" whereby the former conveyed to the latter their priority rights to purchase portion of the estate with an area of 507,376 square meters.

On the basis of this "Kasunduan," a compromise agreement dated November 28, 1961 was submitted in Civil Case No. 6376 (Civil Case No. C-760) which was duly approved by the court. Included in this compromise agreement are Lots 75 and 54 awarded to Gregorio Bajamonde.

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Incidentally, it appears that on the basis of the "Kasunduan" and the forged compromise, Araneta University was able to register in its name with the Register of Deeds of Caloocan City Transfer Certificate of Title No. C-24153 for Lots 75 and 54 which as adverted to above, had been awarded to Gregorio Bajamonde.

However, in Civil Cases Nos. 17347 and 17364, both of the then Court of First Instance of Rizal, the compromise agreement entered into by and between Araneta University and the tenants on November 28, 1961 was declared null and void for being a forgery, and the partial decision rendered in accordance therewith was likewise declared null and void and of no force and effect.

On appeal to the Court of Appeals in CA-G.R. No. 45330-R the appellate court sustained the nullity of the "Kasunduan" and the compromise agreement in accordance thereto. xxx.

Thus, on motion by the heirs of Gregorio Bajamonde, the lower court in Civil Case No. C-760 issued the order dated August 29, 1986:

(1)

Declaring that any transfer or conveyance of Lots 75 and 54 or any purpose thereof from Gregorio Bajamonde to Araneta Institute of Agriculture or Gregorio Araneta University Foundation, or their assignee or successors-in-interest as rescinded, and to restore said lots 75 and 54 to the real owners, Gregorio Bajamonde and/or heirs;

(2)

Ordering the Register of Deeds of Caloocan City to cancel TCT No. C-24153 issued in the name of Gregorio Araneta University Foundation and to issue a new Transfer Certificate of Title over lots 75 and 54 in the name of Gregorio Bajamonde or heirs;

(3)

Ordering the Clerk of Court to issue writ of possession in favor of Gregorio Bajamonde or heirs.

And then on May 27, 1988 the lower court issued the order for issuance of a writ of execution for the enforcement of the joint order dated August 29, 1986, with a restraining order against Nonong Ridad, Graciano Napbua, Sergio Yeban, Gavino Miguel, Angel Cabrera and nine other persons, and their agents or representatives from squatting, occupying, staying and taking possession of Lots 75 and 54, or any portions thereof, including all the improvements and structures existing thereon.

GAUF Personnel Homeowners Association, Inc., et al. assailed the said order via a petition for certiorari, injunction and restraining order in this Court, docketed as CA-G.R. SP No. 14839, which was however dismissed for lack of merit in a decision promulgated by this Court on June 29, 1989. A petition for review filed with the Supreme Court, docketed as G.R. No. 89969 was likewise denied with finality on February 19, 1990.

Meanwhile, on December 23, 1988, respondent Judge Arturo Romero issued in Civil Case No. 6376 (now Civil Case No. C-760) an order for the execution of the aforesaid joint order dated August 29, 1986.

Eventually, (in compliance with the joint order dated December 23, 1988), TCT No. C-24153 for Lots 75 and 54 in the name of Araneta University was cancelled and TCT No. 174672 for lot 75 and TCT No. 174671 for lot 54 were issued by the Register of Deeds of Caloocan City on December 27, 1988 to the rightful owner thereof, Gregorio Bajamonde.

On June 29, 1989, the heirs of Bajamonde sold a portion of lot 54 consisting of 7,685 square meters to the herein

other respondent, Remington Realty Development, Inc.[5]

On January 14, 1991, GAUF filed with the CA a petition for annulment[6] of the aforementioned Joint Order dated August 29, 1986 and the Order dated December 23, 1988. In its petition, docketed as CA-G.R. SP No. 23872, GAUF essentially alleged that the twin orders in question were issued by the trial court without jurisdiction as the same constituted a collateral attack on its certificate of title (TCT No. C-24153) in violation of Section 48 of Presidential Decree No. 1529 (P.D. 1529),[7] otherwise known as the Property Registration Decree.

In the herein challenged decision dated March 31, 1999, the appellate court denied the petition for annulment. In explanation of the denial, the CA ruled as follows:

It may not be remiss to state that by virtue of the "Kasunduan" which was submitted in Civil Case No. 6376 (now Civil Case No. C-760), GAUF was able to register in its name with the Register of Deeds of Caloocan City TCT No. C-24153 for Lots 75 and 54 which had been awarded to Gregorio Bajamonde. However, in Civil Cases Nos. 17347 and 17364, the said "Kasunduan" or compromise agreement was declared null and void for being a forgery. Such ruling was appealed to the Court of Appeals, CA-G.R. No. 45330-R which affirmed the decision rendered in Civil Cases Nos. 17347 and 17634. Correspondingly, xxx, the finality of the orders impugned in the present petition cannot be therefore disturbed without impugning likewise the finality of the orders rendered in Civil Cases Nos. 17347 and 17364 rendered by the then Court of First Instance of Rizal and affirmed likewise by this Court in CA-G.R. No. 45330-R in a decision promulgated on February 7, 1973.

It clearly appears that the basis of respondent judge in issuing the questioned order is the declared nullity of the "Kasunduan." It was in Civil Case No. 6376 (now Civil Case No. C-760) where the nullified "Kasunduan" was submitted by the petitioner and the private respondents herein; it was in the same case where, by virtue of the said "Kasunduan," petitioner GAUF was able to register in its name with the Register of Deeds of Caloocan City TCT No. C-24153 for Lots 54 and 75 which had been awarded to Gregorio Bajamonde. Accordingly, it is also in the same case and court where the cancellation should be sought as a result of the nullity of the "Kasunduan."

With its motion for reconsideration having been denied by the CA in its resolution of August 16, 1999, petitioner GAUF is now before this Court via the instant recourse submitting for our consideration the following arguments:

- THE JOINT ORDER OF AUGUST 29, 1986 AND THE DECEMBER 23, 1988 ORDER OF THE RESPONDENT REGIONAL TRIAL COURT ARE NULL AND VOID AB INITIO FOR LACK OF JURISDICTION BECAUSE IT (SIC) AMENDED THE ALREADY FINAL AND EXECUTORY ORDER OF JULY 19, 1978 DISMISSING AND GRANTING THE WITHDRAWAL OF THE COMPLAINT IN CIVIL CASE NO. C-474 OF THE THEN CFI OF RIZAL FILED BY THE DECEASED GREGORIO BAJAMONDE;
- THE RESPONDENT REGIONAL TRIAL COURT HAS NO JURISDICTION TO CANCEL PETITIONER GAUF'S TCT NO. C-24153 IN THE HEARING OF THE OMNIBUS MOTION DATED MAY 12, 1986 AND MANIFESTATION AND MOTION DATED JULY 1, 1986 OF THE HEIRS OF GREGORIO BAJAMONDE. THE SAID PROCEEDINGS CONSTITUTE A COLLATERAL ATTACK ON PETITIONER'S TCT NO. C-24153 WHICH IS PROHIBITED BY SECTION 48 OF P.D. NO. 1529, OTHERWISE KNOWN AS THE PROPERTY REGISTRATION DECREE;
- "A VOID JUDGMENT MAY BE ASSAILED OR IMPUGNED AT ANY TIME" [ZAIDE, JR. VS. COURT OF APPEALS, 184 SCRA 531];
- THE RULING OF THE COURT OF APPEALS THAT THE ISSUES RAISED IN THE PETITION TO ANNUL JUDGMENT ARE ALLEGEDLY BARRED BY THE RULE OF RES JUDICATA IS CONTRARY TO LAW. THE SUPPOSED RULINGS IN CIVIL CASE NOS. 17347 AND 17364, AS WELL AS THE RULING IN CA-G.R. NO. 45330-R DO NOT BAR THE PETITION TO ANNUL JUDGMENT.[8]

Fundamentally, petitioner's arguments center on the question of whether or not the trial court has jurisdiction to issue the Joint Order dated August 29, 1986 and December 23, 1988 Order, which directed the cancellation of the petitioner's title over Lots 54 and 75 of the former Gonzales /Maysilo Estate and ordered the issuance of new titles over the same lots in the name of the Heirs of Gregorio Bajamonde.

It is the petitioner's thesis that the orders in question directing the cancellation of its TCT No. 24153 constituted a collateral attack on its title, a course of action prohibited by Section 48 of P. D. No. 1529 because said orders were issued in connection with Civil Case No. C-760, a suit for specific performance and damages and not a direct proceeding for the cancellation of its title. On this premise, petitioner argues that the trial court is bereft of jurisdiction to issue the disputed orders.

We find the present petition unmeritorious.

An action or proceeding is deemed an attack on a title when the object of the action is to nullify the title, and thus challenge the judgment pursuant to which the title was decreed. The attack is direct when the object of the action is to annul or set aside such judgment, or enjoin its enforcement. On the other hand, it is indirect or collateral when, in an action or proceeding to obtain a different relief, an attack on the judgment is nevertheless made as an incident thereof.[9]

Here, while it may be true that Civil Case No. C-760 was originally an action for specific performance and damages, nonetheless the case cannot constitute a collateral attack on the petitioner's title which, to begin with, was irregularly and illegally issued. It bears stressing that the source of GAUF's title was the Compromise Agreement purportedly executed by Gregorio Bajamonde, et al. on November 28, 1961. This Compromise Agreement was approved by the trial court in Civil Case No. C-760 in its Partial Decision dated December 23, 1961. As petitioner's own evidence shows, the subject property was conveyed to it in compliance with and in satisfaction of the said Partial Decision in Civil Case No. C-760 and the writ of execution issued in connection therewith.[10] The same Compromise Agreement and Partial Decision, however, were declared null and void in Civil Cases Nos. 17347 and 17364 and likewise effectively invalidated in CA-G.R. No. 45330-R.[11] The rule that a title issued under the Torrens System is presumed valid and, hence, is the best proof of ownership does not apply where the very certificate itself is faulty as to its purported origin,[12]as in the present case.

With the reality that the presumption of authenticity and regularity enjoyed by the petitioner's title has been overcome and overturned by the aforementioned decisions nullifying the aforesaid Compromise Agreement from whence the petitioner's title sprung, that title can never be indefeasible as its issuance was replete with badges of fraud and irregularities that rendered the same nugatory. Well-settled is the rule that the indefeasibility of a title does not attach to titles secured by fraud and misrepresentation.[13] In view of these circumstances, it was as if no title at all was ever issued in this case to the petitioner and therefore this is hardly the occasion to talk of collateral attack against a title.

We agree with the CA that the trial court in Civil Case No. C-760 had jurisdiction to annul petitioner's title. It must be emphasized that, notwithstanding the original denomination of the said action as one for specific performance and damages, it was petitioner GAUF no less which sought to intervene in Civil Case No. C-760 and claimed that it has rights or interests in the subject matter being litigated therein. GAUF voluntarily submitted in Civil Case No. C-760 the purported "Kasunduan" which, in turn, became the basis of the Compromise Agreement and the Partial Decision dated December 23, 1961. It is undeniable that petitioner's TCT No. C-24153 was issued in enforcement or execution of a partial decision in Civil Case No. C-760. As it were, the validity of petitioner's title was an issue litigated in Civil Case No. C-760 on account of the presentation therein of the Compromise Agreement which, to stress, was the springboard of petitioner's title. Hence, when that same Compromise

Agreement and the Partial Decision in connection therewith were eventually nullified, the trial court acted very much within its jurisdiction in ordering the cancellation of petitioner's title in the same Civil Case No. C-760.

Lest it be forgotten, it was likewise petitioner itself and/or its privies or assignees which instituted numerous petitions relative to the validity/enforceability of the Compromise Agreement and the Partial Decision and the validity of petitioner's certificate of title. In fact, in one of those petitions, the appellate court ordered the trial court to hear and pass upon all unresolved incidents in Civil Case No. C-760, including motions assailing the Compromise Agreement and the Partial Decision upon which petitioner's title was based.[14] Clearly then, when the trial court granted respondent heirs' Omnibus Motion and Motion to Vest Title in its assailed Joint Order of August 29, 1986 and Order dated December 23, 1988, respectively, that court was unquestionably exercising its jurisdiction to hear and resolve those incidents pursuant to the appellate court's directive.

With the above, petitioner's challenge with respect to the jurisdictional competence of the trial court to order the cancellation of its certificate of title in Civil Case No. C-760 must simply collapse. Quite the contrary, the trial court having acquired jurisdiction not only over the subject matter of the case but also over the parties thereto, it was unnecessary to institute a separate action to nullify petitioner's title. Having voluntarily submitted itself to the jurisdiction of the trial court through the process of intervention, it is rather too late in the day for the petitioner to now turn its back and disclaim that jurisdiction, more so where, as here, an adverse judgment has already been rendered against it. Case law teaches that if the court has jurisdiction over the subject matter and the person of the parties, its ruling upon all questions involved are mere errors of judgment reviewable by appeal.[15] Any error in the judgment of the trial court should have been raised by petitioner through appeal by way of a petition for review with the CA. Having failed to file such an appeal, petitioner cannot anymore question the final and executory order, in a petition for annulment with the CA, as petitioner did in this case.

Interestingly, in its present petition for review, GAUF concede the various decisions which have declared the Compromise Agreement and the Partial Decision void but argues that the annulment of the Compromise Agreement will not affect the validity of petitioner's TCT No. C-24153 on the ground that GAUF's title was allegedly not issued by virtue of the Compromise Agreement but rather the purported withdrawal by Gregorio Bajamonde of his complaint in Civil Case No. C-474 which was an action for annulment of the Compromise Agreement dated November 28, 1961. We cannot agree with petitioner's opinion on this point. The fact still remains that the ultimate source of petitioner's right to Lots 54 and 75 is the voided Compromise Agreement.

In any event, the purported withdrawal of Civil Case No. C-474 and the authenticity of the amicable settlement attached to the present petition are factual issues improperly and belatedly raised in this appeal. It is elementary that in a petition for review under Rule 45 only legal, not factual, issues may be raised before this Court unless exceptional circumstances exist to warrant a review of the facts.[16] A perusal of the GAUF's petition filed with the CA would also show that the alleged valid amicable settlement of Civil Case No. C-474 was not raised therein as a ground for the annulment of the Joint Order dated August 29, 1986 and December 23, 1988 Order. Petitioner is, therefore, precluded from raising this argument for the first time on appeal. All in all, we find no reason to disturb the trial court's finding that:

Even on the assumptions that the void "Compromise Agreement" dated November 28, 1961 and the subsequent Amicable Settlement dated July 13, 1978 between the intervenor and Gregorio Bajamonde or heirs were both valid, the tenants, particularly Gregorio Bajamonde or heirs, have all the rights (sic) to regard as rescinded the said two (2) agreements by reason of the consistent refusals or failures of the intervenor to fully comply with or to abide with its obligations or commitments to the affected tenants.

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On the part of the Intervenor, it cannot insist on the enforcement of the terms and conditions of the Amicable Settlement dated July 13, 1978 against the tenant Gregorio Bajamonde or heir over Lots 75 and 54 of the Gonzales Estate because it was not judicially approved by this Court nor by other competent courts and that it was also regarded as rescinded by the heirs of Gregorio Bajamonde.[17]

In light of the foregoing, this Court is inclined to believe that the instant petition was a last-ditch effort on the part of petitioner GAUF to secure a reversal of the final and executory orders of the trial court in Civil Case No. C-760. However, and as correctly pointed out by the CA in the decision under review, Rule 47 of the Revised Rules of Civil Procedure[18] permits annulment of judgment only on two (2) grounds, to wit: (a) that the judgment sought to be annulled is void for want of jurisdiction or lack of due process of law; or (b) that it has been obtained by fraud, neither of which obtain herein.

In closing, let it be mentioned that a writ of execution for the enforcement of the assailed August 29, 1986 Joint Order had already been issued by the trial court in its Order of May 27, 1988, which Order was upheld by the CA in CA-G.R. SP No. 14839[19] and ultimately by this Court no less in G.R. No. 89969.[20] Petitioner, its privies, assignees and/or successors in interest are bound by these final and executory decisions and orders. For this Court now to annul the Joint Order is for it to vacate its Resolution in G.R. No. 89969. The policy of judicial stability, not to mention the confusion such course of action would entail in the speedy administration of justice simply dictates the rejection of petitioner's legal maneuverings to avoid the consequences of adverse decisions and orders that have long become final and executory.

IN VIEW WHEREOF, the instant petition is DENIED and the assailed decision dated March 31, 1999 of the Court of Appeals and its resolution dated August 16, 1999 in CA-G.R. SP No. 23872 are hereby AFFIRMED.

Costs against the petitioner.

SO ORDERED.

Puno, C.J., (Chairperson), Carpio, Corona, and Brion,[*] JJ., concur.

* Additional Member as per Special Order No. 570.

[1] Penned by Associate Justice Bernardo P. Abesamis (now ret.), with Associate Justice Jainal D. Rasul (now ret.), and then Associate Justice Conchita Carpio Morales, now a member of this Court, concurring; rollo, pp. 42-57.

[2] Id. at 68-69.

[3] Id. at 81-84.

[4] Id. at 106.

[5] CA rollo, p. 11.

[6] Id. at 2-18.

[7] Sec. 48. Certificate not subject to collateral attack. - A certificate of title shall not be subject to collateral attack. It cannot be altered, modified, or cancelled except in a direct proceeding in accordance with law.

[8] Id. at 27.

[9] Mallilin, Jr. v. Castillo, G.R. No. 136803, June 16, 2000, 333 SCRA 628, 640.

- [10] Deed of Conveyance, Annex G, CA Petition, CA rollo, p. 46.
- [11] Id. at 331-344.
- [12] Dolfo v. Register of Deeds for the Province of Cavite, G.R. No. 133465, September 25, 2000, 341 SCRA 58.
- [13] Baguio v. Republic, G.R. No. 119682, January 21, 1999, 301 SCRA 450, 457.
- [14] CA rollo, pp. 378-384.
- [15] Lapulapu Development & Housing Corp. v. Risos, G.R. No. 118633, September 6, 1996, 261 SCRA 517, 525.
- [16] Professional Academic Plans, Inc. v. Crisostomo, G.R. No. 148599, March 14, 2005, 453 SCRA 342, 353.
- [17] Order dated August 29, 1986 at p. 2, CA rollo, p. 82.
- [18] Section 2. Grounds for Annulment. - The annulment may be based only on grounds of extrinsic fraud and lack of jurisdiction.
- [19] CA rollo, pp. 385-391.
- [20] GAUF Personnel Homeowners Association, et al. v. The Honorable Court of Appeals, January 15, 1990.

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