

**SPOUSES FRANCISCO AND AMPARO DE GUZMAN, JR., PETITIONERS,
VS. THE NATIONAL TREASURER OF THE REPUBLIC OF THE
PHILIPPINES AND THE REGISTER OF DEEDS OF MARIKINA CITY,
RESPONDENTS.**

G.R. No. 143281. August 03, 2000

Ponente: KAPUNAN, J.

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KAPUNAN, J.:

Petitioners De Guzman spouses seek the reversal of the decision of the Court of Appeals holding that the Assurance Fund established under the Property Registration Decree is not liable for the losses allegedly sustained by petitioners.

The facts that led to the present proceedings are succinctly set forth by the Court of Appeals as follows:

On 01 July 1985, Urlan Milambiling and Asuncion Velarde purchased a parcel of land situated in Antipolo, Rizal from Sta. Lucia Realty and Development, Inc. Although they were already civilly married, Asuncion used her maiden name in the Deed of Sale because, being conservative, she did not want to use her married name until she was married in church.

After their church wedding on 05 July 1985, Urlan and Asuncion Milambiling left for Europe on their honeymoon and from there, they proceeded to Saudi Arabia where they were working as accountant and nurse, respectively.

Before leaving for abroad, the spouses Milambiling entrusted the Deed of Sale of the parcel of land they bought from Sta. Lucia Realty and the corresponding Certificate of Title still in the name of Sta. Lucia Realty to a long-time friend and one of their principal wedding sponsors, Marilyn Belgica, who volunteered to register the sale and transfer the title in their names.

Later, the spouses Milambiling learned from Belgica through an overseas telephone call that a transfer certificate of title of the said parcel of land had already been issued in their names. Belgica committed to the Milambiling spouses that she will personally deliver the title to them in Saudi Arabia. Sometime in May 1986, Belgica arrived in Saudi Arabia but the title was not with her. Belgica said that she left it in their house in the Philippines and forgot to bring it with her.

Urlan Milambiling was angry and immediately called up his relatives in the Philippines and asked them to find out from the Office of the Register of Deeds of Rizal what happened to their title. He was informed that the Certificate of Title covering the said parcel of land had indeed been transferred in their names but was subsequently cancelled and title transferred in the names of x x x the spouses De Guzman.

Milambiling was also told about the circumstances that led to the cancellation of their title. It appears that while the spouses Milambiling were in Saudi Arabia, a couple identifying themselves as the spouses Urlan and Asuncion Milambiling went to the house of a certain Natividad Javiniar, a real estate broker, inquiring if the latter could find a buyer for their lot located in Vermont Subdivision, Antipolo, Rizal. Javiniar accompanied

the said couple to the house of [the] spouses De Guzman. Having somehow obtained possession of the owner's duplicate copy of the certificate of title in the name of the spouses Milambiling, the impostor-couple were able to convince the de Guzmans to buy the property. On 20 November 1985, the impostor-couple, posing as the spouses Milambiling, executed a Deed of Absolute Sale in favor of [the] spouses de Guzman who paid the stipulated purchase price of P99,200.00. On 30 April 1986, [the De Guzmans] registered the said sale with the Register of Deeds of Marikina who cancelled the certificate of title in the name of the Milambilings and issued TCT No. N-117249 in the names of [the] De Guzman[s].

Upon learning of the above, Urlan Milambiling quickly returned to the Philippines. On 24 July 1986, the spouses Milambiling filed an action against [the spouses De Guzman] before the Regional Trial Court of Antipolo, Rizal, Branch 73, for declaration of nullity of sale and title with damages.

x x x

[The] spouses De Guzman appealed the decision of the trial court to the Court of Appeals. On 18 July 1991, [the Court of Appeals] rendered its decision affirming the decision of the court a quo.

[The] spouses De Guzman then went to the Supreme Court on a petition for review on certiorari. On 01 July 1992, the High Tribunal issued a resolution denying the petition on the ground that no reversible error was committed by the Court of Appeals.

On 11 February 1993, [the] spouses De Guzman filed [an] action for damages against the Assurance Fund before the Regional Trial Court of Pasig, Branch 153[,] [impleading the National Treasurer of the Republic of the Philippines and the Register of Deeds of Marikina City.][1]

On January 20, 1995, the RTC rendered its decision finding in favor of the De Guzman spouses, thus:

IN VIEW OF THE FOREGOING, judgment is hereby rendered in favor of the plaintiffs and against the defendants adjudging the Assurance Fund liable to the amount actually paid by the plaintiffs which is in the amount of P99,200.00 and ordering the defendants Treasurer and/or Registrar to pay or cause the payment of the said amount to herein plaintiffs.

SO ORDERED.[2]

The National Treasurer and the Marikina Registrar of Deeds appealed from the above decision. The Court of Appeals found merit in the appeal and reversed the decision of the RTC.

We affirm the decision of the Court of Appeals.

Section 95 of Presidential Decree No. 1529, otherwise known as the Property Registration Decree, provides:

SEC. 95. Action for compensation from funds. – A person who, without negligence on his part, sustains loss or damage, or is deprived of land or any estate or interest therein in consequence of the bringing of the land under the operation of the Torrens system or arising after original registration of land, through fraud or in consequence of any error, omission, mistake or misdescription in any certificate of title or in any entry or memorandum in the registration book, and who by the provisions of this Decree is barred or otherwise precluded under the provision of any law from bringing an action for the recovery of such land or the estate or interest therein, may bring an action in any court of competent jurisdiction for the recovery of damage to be paid out of the Assurance Fund.

The precursor of Section 95, Section 101 of the Land Registration Act (Act No. 496), similarly states:

SEC. 101. Any person who without negligence on his part sustains loss or damage through any omission, mistake or misfeasance of the clerk, or register of deeds, or of any examiner of titles, or of any deputy or clerk of the register of deeds in the performance of their respective duties under the provisions of this Act, and any

person who is wrongfully deprived of any land or any interest therein, without negligence on his part, through the bringing of the same under the provisions of this Act or by the registration of any other persons as owner of such land, or by any mistake, omission, or misdescription in any certificate or owner's duplicate, or in any entry or memorandum in the register or other official book, or by any cancellation, and who by the provisions of this Act is barred or in any way precluded from bringing an action for the recovery of such land or interest therein, or claim upon the same, may bring in any court of competent jurisdiction an action against the Treasurer of the Philippine Archipelago for the recovery of damages to be paid out of the Assurance Fund.

It may be discerned from the foregoing provisions that the persons who may recover from the Assurance Fund are:

1) Any person who sustains loss or damage under the following conditions:

a) that there was no negligence on his part; and

b) that the loss or damage sustained was through any omission, mistake or malfeasance of the court personnel, or the Registrar of Deeds, his deputy, or other employees of the Registry in the performance of their respective duties under the provisions of the Land Registration Act, now, the Property Registration Decree; or

2) Any person who has been deprived of any land or interest therein under the following conditions:

a) that there was no negligence on his part;

b) that he was deprived as a consequence of the bringing of his land or interest therein under the provisions of the Property Registration Decree; or by the registration by any other person as owner of such land; or by mistake, omission or misdescription in any certificate of owner's duplicate, or in any entry or memorandum in the register or other official book or by any cancellation; and

c) that he is barred or in any way precluded from bringing an action for the recovery of such land or interest therein, or claim upon the same.[3]

The Court of Appeals correctly held that petitioners' circumstances do not fall under the first case. Petitioners have not alleged that the loss or damage they sustained was "through any omission, mistake or malfeasance of the court personnel, or the Registrar of Deeds, his deputy, or other employees of the Registry in the performance of their respective duties." Moreover, petitioners were negligent in not ascertaining whether the impostors who executed a deed of sale in their (petitioner's) favor were really the owners of the property.[4]

Nor does petitioners' situation fall under the second case. They were not deprived of their land "as a consequence of the bringing of [the] land or interest therein under the provisions of the Property Registration Decree." Neither was the deprivation due to "the registration by any other person as owner of such land," or "by mistake, omission or misdescription in any certificate or owner's duplicate, or in any entry or memorandum in the register or other official book or by any cancellation."

Petitioners' claim is not supported by the purpose for which the Assurance Fund was established. The Assurance Fund is intended to relieve innocent persons from the harshness of the doctrine that a certificate is conclusive evidence of an indefeasible title to land.[5] Petitioners did not suffer any prejudice because of the operation of this doctrine. On the contrary, petitioners sought to avail of the benefits of the Torrens System by registering the property in their name. Unfortunately for petitioners, the original owners were able to judicially recover the property from them. That petitioners eventually lost the property to the original owners, however, does not entitle them to compensation under the Assurance Fund. While we commiserate with petitioners, who appear to be victims of unscrupulous scoundrels, we cannot sanction compensation that is not within the law's contemplation. As we said in *Treasurer of the Philippines vs. Court of Appeals*,[6] the Government is not an insurer of the

unwary citizen's property against the chicanery of scoundrels. Petitioners' recourse is not against the Assurance Fund, as the Court of Appeals pointed out, but against the rogues who duped them.

ACCORDINGLY, the petition is DENIED.

Davide, Jr., C.J., (Chairman), Puno, Pardo, and Ynares-Santiago, JJ., concur.

[1] Rollo, pp. 45-47.

[2] Id., at 70.

[3] A. Noblejas & E. Noblejas, Registration of Land Titles and Deeds 201 (1992), cited in the decision of the Court of Appeals (Rollo, pp. 48-49). See also Treasurer of the Philippines vs. Court of Appeals, 153 SCRA 359 (1987).

[4] Dela Cruz vs. Fabie, 35 Phil. 144 (1916); Estrellado vs. Martinez, 48 Phil. 256 (1918).

[5] Estrellado and Alcantara vs. Martinez, supra.

[6] Supra.

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