

HEIRS OF CLEMENTE ERMAC, NAMELY: IRENEA E. SENO, LIBRADA E. MALINAO, INES E. MIÑ?OZA, SOLEDAD E. CENIZA, RODULFO ERMAC AND AMELITA E. BASUBAS, PETITIONERS, VS. HEIRS OF VICENTE ...

G.R. No. 149679. May 30, 2003

Ponente: PANGANIBAN, J.

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PANGANIBAN, J.:

Ownership should not be confused with a certificate of title. Registering land under the Torrens System does not create or vest title, because registration is not a mode of acquiring ownership. A certificate of title is merely an evidence of ownership or title over the particular property described therein.

The Case

Before us is a Petition for Review[1] under Rule 45 of the Rules of Court, seeking to set aside the February 16, 2001 Decision[2] and the August 6, 2001 Resolution[3] of the Court of Appeals[4] (CA) in CA-GR CV No. 59564. The dispositive part of the Decision reads:

"WHEREFORE, premises considered, the instant appeal is hereby DISMISSED, and the assailed [D]ecision of the Regional Trial Court of Mandaue City is hereby AFFIRMED."[5]

The assailed Resolution denied petitioners' Motion for Reconsideration.

The Facts

The factual antecedents of the case are summarized by the CA as follows:

"In their Complaint, [respondents] claim that they are the owners of the various parcels of real property that form part of Lot No. 666, (plan II-5121 Amd.2) situated in Mandaue City, Cebu, which lot allegedly belonged originally to Claudio Ermac. Upon the latter's death, the said Lot No. 666 was inherited and partitioned by his children, namely, Esteban, Pedro and Balbina. Siblings Pedro and Balbina requested their brother Esteban to have their title over the property registered. Esteban, however, was unable to do so, and the task of registration fell to his son, Clemente. Clemente applied for registration of the title, but did so in his own name, and did not include his father's brother and sister, nor his cousins. Despite having registered the lot in his name, Clemente did not disturb or claim ownership over those portions occupied by his uncle, aunt and cousins even up to the time of his death. Among the occupants of Lot No. 666 are the [respondents] in this case. [Respondents]-heirs of Vicente Ermac claim ownership over the portions of Lot No. 666 now occupied by them by right of succession as direct descendants of the original owner, Claudio Ermac. [Respondents] Luisa Del Castillo and Estaneslao Dionson allegedly derived their title by purchase from the children of Claudio Ermac. [Respondent] Vicente Dionson, on the other hand, bought his land from the heirs of Pedro Ermac, while [Respondents] Emigdio Bustillo and Liza Parajele derived their ownership from the Heirs of Balbina Ermac-Dabon.

[respondents'] ownership and possession had been peaceful and undisturbed, until recently when the [petitioners]-heirs of Clemente Ermac filed an action for ejectment against them. The filing of the said ejectment caused a cloud of doubt upon the [respondents'] ownership over their respective parcels of land, prompting them to file this action for quieting of title.

"[Petitioners], on the other hand, denied the material allegations of the [respondents], and claimed that the [respondents] have no cause of action against them. It is essentially claimed that it was Clemente Ermac and not his grandfather Claudio Ermac who is the original claimant of dominion over Lot No. 666. During his lifetime, Clemente Ermac was in actual, peaceful, adverse and continuous possession in the concept of an owner of the entire Lot No. 666. With the help of his children, he cultivated the said lot, and planted corn, peanuts, cassava and fruit products. Clemente also effected the registration of the subject lot in his name. Upon Clemente's death, [petitioners] inherited Lot No. 666, and they constructed their residential houses thereon. [Petitioners] claim that [respondents'] recent occupation of some portions of Lot No. 666 was only tolerated by Clemente Ermac and the [petitioners]. [Petitioners] in fact had never surrendered ownership or possession of the property to the [respondents]. [Petitioners] also set up the defense of prescription and laches.

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"After trial, the lower [court] rendered its [D]ecision, finding that the original owner of the lot in question was Claudio Ermac, and therefore, the property was inherited upon his death by his children Esteban, Balbina and Pedro. All the heirs of Claudio Ermac, therefore, should share in the ownership over Lot No. 666, by right of succession. The ruling [was] supported by the admissions of Irene[a] Seno, witness for the [petitioners] and daughter of Clemente Ermac, establishing facts which show that [petitioners] and their predecessor Clemente did not own the entire property, but that the other heirs of Claudio Ermac are entitled to two-thirds (2/3) of the lot. Since the entire lot is now registered in the name of Clemente Ermac, the shares belonging to the other heirs of Claudio Ermac, some of which have already been purchased by some of the [respondents], are being held in trust by the [petitioners] in favor of their actual occupants."[6]

Ruling of the Court of Appeals

The CA held that the factual finding of the Regional Trial Court (RTC)[7] should not be disturbed on appeal. The latter found that Lot No. 666 was originally owned by Claudio Ermac and, after his death, was inherited by his children — Esteban, Balbina and Pedro. It ruled that respondents were able to prove consistently and corroboratively that they — as well as their predecessors-in-interests — had been in open, continuous and undisturbed possession and occupation thereof in the concept of owners.

According to the appellate court, "[t]he fact that [petitioners] have in their possession certificates of title which apparently bear out that it [was] Clemente Ermac alone who claimed the entire property described therein [has] no discrediting effect upon plaintiffs' claim, it appearing that such titles were acquired in derogation of the existing valid and adverse interests of the plaintiffs whose title by succession were effectively disregarded."[8]

Hence, this Petition.[9]

The Issues

In their Memorandum,[10] petitioners raise the following issues for our consideration:

"I. The validity of the Writ of Preliminary Injunction dated February 5, 1996 issued by the Regional Trial Court, Branch 28, directing the Municipal Trial Court in Cities, Branch 2, to cease and desist from conducting further proceedings in Civil Case No. 2401[;]

"II. Whether or not O.C.T. No. RO-752 issued in the names of [Spouses] Clemente Ermac [and] Anunciacion

Suyco is indefeasible and incontrovertible under the Torrens System[;]

"III. Whether or not the alleged tax declarations and tax receipts are sufficient to defeat the title over the property in the names of petitioner's predecessors-in-interest [Spouses] Clemente Ermac and Anunciacion Suyco[;]

"[IV]. Whether or not laches ha[s] set in on the claims by the respondents on portions of Lot No. 666[.]"[11]

The Court's Ruling

The Petition is unmeritorious.

First Issue:

Preliminary Injunction

Petitioners assail the validity of the Writ of Preliminary Injunction issued by the RTC to restrain the ejectment proceedings they had filed earlier.

This question is not only late, but also moot. If petitioners truly believed that the issuance of the Writ was tainted with grave abuse of discretion, they should have challenged it by a special civil action for certiorari within the reglementary period. Any ruling by the Court at this point would be moot and academic, as the resolution of the issue would not involve the merits of the case, which this appeal — as it is now — touches upon.

Second Issue:

Indefeasibility and Incontrovertibility of Title

Petitioners posit that pursuant to Section 32 of PD 1529 (the Property Registration Decree), the certificate of title issued in favor of their predecessor-in-interest, Clemente Ermac, became incontrovertible after the lapse of one year from its issuance. Hence, it can no longer be challenged, it can no longer be challenged.

We clarify. While it is true that Section 32[12] of PD 1529 provides that the decree of registration becomes incontrovertible after a year, it does not altogether deprive an aggrieved party of a remedy[13] in law.[14] The acceptability of the Torrens System would be impaired, if it is utilized to perpetuate fraud against the real owners.[15]

Furthermore, ownership is not the same as a certificate of title. Registering a piece of land under the Torrens System does not create or vest title, because registration is not a mode of acquiring ownership.[16] A certificate of title is merely an evidence of ownership or title over the particular property described therein.[17] Its issuance in favor of a particular person does not foreclose the possibility that the real property may be co-owned with persons not named in the certificate, or that it may be held in trust for another person by the registered owner.[18]

Third Issue:

Ownership of the Disputed Lot

Petitioners claim that the CA erred in relying on the hearsay and unsubstantiated testimony of respondents, as well as on tax declarations and realty tax receipts, in order to support its ruling that the land was owned by Claudio Ermac.

We are not persuaded. The credence given to the testimony of the witnesses for respondents is a factual issue already passed upon and resolved by the trial and the appellate courts. It is a hornbook doctrine that only

questions of law are entertained in appeals by certiorari under Rule 45 of the Rules of Court. The trial court's findings of fact, which the CA affirmed, are generally conclusive and binding upon this Court.[19]

Moreover, while tax declarations and realty tax receipts do not conclusively prove ownership, they may constitute strong evidence of ownership when accompanied by possession for a period sufficient for prescription.[20] Considering that respondents have been in possession of the property for a long period of time, there is legal basis for their use of tax declarations and realty tax receipts as additional evidence to support their claim of ownership.

Fourth Issue:

Prescription and Laches

Petitioners assert that the ownership claimed by respondents is barred by prescription and laches, because it took the latter 57 years to bring the present action. We disagree.

When a party uses fraud or concealment to obtain a certificate of title to property, a constructive trust is created in favor of the defrauded party.[21] Since Claudio Ermac has already been established in the present case as the original owner of the land, the registration in the name of Clemente Ermac meant that the latter held the land in trust for all the heirs of the former. Since respondents were in actual possession of the property, the action to enforce the trust, and recover the property, and thereby quiet title thereto, does not prescribe.[22]

Because laches is an equitable doctrine, its application is controlled by equitable considerations.[23] It cannot be used to defeat justice or to perpetuate fraud and injustice.[24] Its application should not prevent the rightful owners of a property to recover what has been fraudulently registered in the name of another.

WHEREFORE, the Petition is hereby DENIED and the assailed Decision AFFIRMED. Costs against petitioners.

SO ORDERED.

Puno, (Chairman), and Carpio-Morales, JJ., concur.

Sandoval-Gutierrez, and Corona, JJ., on leave.

[*] To avoid error, the rather confusing title of this case was copied verbatim from the Petition dated August 25, 2001 signed by Atty. Carlos Allan F. Cardenas.

[1] Rollo, Vol. I, pp. 6-30.

[2] Id., pp. 36-46.

[3] Id., p. 34.

[4] Eighth Division. Written by Justice Rodrigo V. Cosico, concurred in by Justice Ramon A. Barcelona (Division chairman) and Justice Alicia L. Santos.

[5] Assailed Decision, p.10; Rollo, Vol. I, p. 45.

[6] Id., pp. 2-5 & 37-40.

[7] Written by Judge Mercedes Gozo-Dadole (now a justice of the CA).

[8] Assailed Decision, p.10; Rollo, Vol. I, p. 45.

[9] This case was deemed submitted for decision on July 16, 2002, upon the Court's receipt of petitioners'

Memorandum signed by Atty. Bienvenido N. Quijones. Respondents' Memorandum, signed by Atty. Alex L. Montecclar of Montecclar Sibi & Trinidad Law Office, was received by this Court on May 7, 2002.

[10] The Rollo contains another Memorandum for petitioners, filed with the Court on May 14, 2002. It was signed by Atty. Carlos Allan F. Cardenas, whose services were terminated by petitioners on July 25, 2002 (see Rollo, Vol. II, pp.17-18). Both Memoranda for petitioners substantially raise the same issues.

[11] Petitioners' Memorandum, p. 8; Rollo, Vol. II, p. 30. Original in upper case.

[12] "SEC. 32. Review of decree of registration; Innocent purchaser for value. —

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"Upon the expiration of said period of one year, the decree of registration and the certificate of title issued shall become incontrovertible. Any person aggrieved by such decree of registration in any case may pursue his remedy by action for damages against the applicant or any other persons responsible for the fraud."

[13] Since respondents were in possession of the land, the proper remedy in this case should have been an action for reconveyance. This is in effect an action to quiet title to property. See *Vda. de Cabrera v. Court of Appeals*, 335 Phil. 19, February 3, 1997; *Heirs of Jose Olviga v. Court of Appeals*, 227 SCRA 330, October 21, 1993.

[14] *Heirs of Ramon Durano Sr. v. Uy*, 344 SCRA 238, October 24, 2000; *Heirs of Pedro Lopez v. De Castro*, 324 SCRA 591, February 3, 2000; *Millena v. Court of Appeals*, 324 SCRA 126, January 31, 2000; *Heirs of Mariano, Juan, Tarcela and Josefa Brusas v. Court of Appeals*, 313 SCRA 176, August 26, 1999; *Javier v. Court of Appeals*, 231 SCRA 498, March 28, 1994.

[15] *Bayoca v. Nogales*, 340 SCRA 154, September 12, 2000; *Baguio v. Republic of the Philippines*, 361 Phil. 374, January 21, 1999; *Esquivias v. Court of Appeals*, 339 Phil. 184, May 29, 1997; *Monticines v. Court of Appeals*, 152 Phil. 392, September 4, 1973.

[16] *Heirs of Teodoro de la Cruz v. Court of Appeals*, 358 Phil. 652, October 21, 1998.

[17] *Development Bank of the Philippines v. Court of Appeals*, 331 SCRA 267, April 28, 2000; *Garcia v. Court of Appeals*, 312 SCRA 180, August 10, 1999; *Spouses Rosario v. Court of Appeals*, 369 Phil. 729, July 19, 1999; *Republic of the Philippines v. Court of Appeals*, 361 Phil. 319, January 21, 1999; *Strait Times Inc. v. Court of Appeals*, 356 Phil. 217, August 28, 1998.

[18] *Lee Tek Sheng v. Court of Appeals*, 354 Phil. 556, July 15, 1998.

[19] *Flores v. Uy*, 368 SCRA 347, October 26, 2001; *Santos v. Reyes*, 368 SCRA 261, October 25, 2001; *Urbanes Jr. v. Court of Appeals*, 355 SCRA 537, March 28, 2001; *American Express International, Inc. v. Court of Appeals*, 367 Phil. 333, June 8, 1999; *Guerrero v. Court of Appeals*, 285 SCRA 670, January 30, 1998.

[20] *Abejaron v. Nabasa*, 411 Phil. 552, June 20, 2001; *Santiago v. Court of Appeals*, 334 SCRA 454, June 28, 2000; *Serna v. Court of Appeals*, 368 Phil. 1, June 18, 1999; *Director of Lands v. Court of Appeals*, 367 Phil. 597, June 17, 1999; *Lazatin v. Court of Appeals*, 211 SCRA 129, July 3, 1992; *Republic of the Philippines v. Court of Appeals*, 131 SCRA 532, August 31, 1984.

[21] *Juan v. Zuñiga*, 114 Phil. 1163, April 28, 1962.

[22] *Reyes v. Court of Appeals*, 315 SCRA 626, September 30, 1999; *Vda. de Cabrera v. Court of Appeals*, supra; *Heirs of Jose Olviga v. Court of Appeals*, supra; *Heirs of Segundo Uberas v. Court of First Instance of Negros Occidental, Branch II*, 86 SCRA 144, October 30, 1978; *Faja v. Court of Appeals*, 75 SCRA 441, February 28,

1977; Vda. de Jacinto v. Vda. de Jacinto, 115 Phil. 361, May 31, 1962; Juan v. Zuñiga, supra.

[23] Agra v. Philippine National Bank, 368 Phil. 829, June 21, 1999; De Vera v. Court of Appeals, 365 Phil. 170, April 14, 1999; Sotto v. Teves, 86 SCRA 154, October 31, 1978.

[24] Reyes v. Court of Appeals, supra; De Vera v. Court of Appeals, supra; Jimenez v. Fernandez, 184 SCRA 190, April 6, 1990.

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