

**REGISTER OF DEEDS OF QUEZON CITY, PETITIONER,
PEOPLE'S HOMESITE AND HOUSING CORPORATION, VENDOR.
DEVELOPMENT BANK OF THE PHILIPPINES, VENDEE AND
APPELLANT, VS. HONESTO G. NICANDRO...**

G.R. No. 16448. April 29, 1961

Ponente: BARRERA, J.

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BARRERA, J.:

From the resolution of the Land Registration Commissioner on the question submitted to him en consulta by the Register of Deeds of Quezon City (LRC Consulta No. 250), the Development Bank of the Philippines (formerly Rehabilitation Finance Corporation) has appealed to this Court pursuant to Section 4 of Republic Act No. 1151.

There is no controversy as to the following facts: On October 20, 1955, the People's Homesite and Housing Corporation (PHHC) sold to the Rehabilitation Finance Corporation, now the Development Bank of the Philippines (DBP), 159 lots comprised in Blocks 21 to 31 of West Triangle in Diliman, Quezon City; that at that time, all the 159 lots were included in a larger parcel of land covered by TCT No. 1356; that subsequently, without the knowledge of the DBP, the 159 lots were segregated and a new transfer certificate of title No. 36533 covering the same was issued; that the subdivision plan segregating them was not annotated on the bigger title No. 1356, nor the fact that the latter was pro tanto cancelled by the new title No. 36533; that because of these circumstances the sale agreement between appellant DBP and the PHHC, when presented for registration on January 15, 1959, was entered in the day book under date of January 15 and inscribed on TCT No. 1356 as a sale of unsegregated portions" with the note "new titles to be issued upon presentation of the corresponding subdivision plan and technical descriptions duly approved by the authorities".

A month later, or on February 16, 1959, Honesto C. Nicandro and Elisa F. Nicandro presented to the Register of Deeds for registration two deeds of sale executed by the PHHC in their favor, involving lots Nos. 2 and 4, Block WT-21 of Bcs—2076, covered among other lots by TCT No. 36533. These lots were among the 159 lots already sold to the appellant Development Bank of the Philippines. These deeds of sale of the Nicandros were denied registration for the reason that only photostatic copies of the deeds were presented, the lots were mortgaged to the GSIS whose consent did not appear on the deeds, and they lacked the necessary documentary stamps. On the following day, February 17, the Nicandros filed affidavits of adverse claim over the two lots, which were annotated on TCT No. 36533, and simultaneously filed a petition in the Court of First Instance of Rizal to require the GSIS to surrender the owner's duplicate of said TCT No. 36533 to the Register of Deeds for the annotation of the sale in their favor.

Discovering that the lots it had purchased are already covered by TCT No. 36533, the vendee DBP, on March 6, 1959, caused the annotation thereon of its deed of sale of October 20, 1955. It was then found out that the required subdivision plan covering the lots involved in the sale, was already submitted and duly recorded in TCT No. 36533.

As a consequence, upon petition of DBP, the Register of Deeds transferred the annotation of the deed of sale of the DBP appearing on TCT No. 1356 to the new TCT No. 36533. As the DBP's demand for the issuance of a new certificate of title in its name was opposed by the Nicandros, the Register of Deeds referred the matter en consulta to the Land Registration Commissioner. In the meantime, upon order of the Court of First Instance, and as prayed for by the Nicandros, the GSIS surrendered the owner's duplicate of TCT No. 36533, and both the adverse claim of the Nicandros and the deed of sale in favor of the Bank were annotated on the back thereof.

In his Resolution of July 25, 1959, the Land Registration Commissioner ruled that the annotation on TCT No. 1356 of the sale agreement between the PHHC and the vendee DBP, did not constitute registration sufficient to bind innocent third parties (referring to the Nicandros), for the reasons that (1) the deed of October 20, 1955 did not specify that it was a sale of an unsegregated portion of land and the deed, consequently, was defective; (2) when the sale agreement was annotated on TCT No. 3156, the owner's duplicate certificate was not surrendered, and even if it did so, it would have no effect at all as TCT No. 3156 was already cancelled and superseded by TCT No. 36533; and (3) TCT No. 1356, on which said sale was first annotated, no longer covers the 159 lots subject of the sale. It was, therefore, held that the Nicandros are entitled to the issuance of the corresponding certificates of title, subject to the mortgage in favor of the GSIS. Hence, this appeal by DBP.

A careful consideration of the facts and the law involved in this appeal induces us to conclude and hold that the Land Registration Commissioner erred in declaring the Nicandros entitled to registration of Lots Nos. 2 and 4 in their names and in directing the issuance to them of the corresponding certificates.

The Commissioner's finding that the sale-contract in favor of the appellant DBP is defective, for failure to specify that it was for an unsegregated portion, is without factual basis. The pertinent provisions of the sale agreement textually read:

"That for and in consideration of the sum of eight hundred two thousand one hundred fifty-five pesos and fifty-six centavo (P802,155.56), Philippine Currency, of which the receipt of the amount of four hundred thousand pesos (P400,000.00) is hereby acknowledged as advance payment to defray the expenses which the PHHC will incur in carrying out the obligations imposed upon it under Conditions Nos. 7 & 8 of this Agreement and the balance to be payable upon compliance by the PHHC of Condition No. 7, the PHHC, by these presents, hereby conveys, sells and transfers unto the RFC the lots in Blocks 21 to 31, West Triangle, totalling 91,188.30 square meters, as listed in the schedule attached hereto as Annex A, described in Annex B, and shown in the plan Annex C, of which lots the PHHC is the absolute owner as evidenced by TCT No. 1356 of the land records of Quezon City, subject to the following terms, and conditions and undertakings:

* * * * *

"8. The PHHC shall complete the subdivision of this area in accordance with the plan approved by the RFC, secure the approval of the subdivision plan by the Bureau of Lands, the Land Registration Commission and the appropriate court of first instance, and to register said plan with the Register of Deeds of Quezon City, in order that title/s to the lots conveyed herein may be issued in favor of the RFC." (Italics supplied.)

It may be gathered from the foregoing that the subject of the sale were certain "lots in Blocks 21 to 31, West Triangle, totalling 91,188.30 square meters, * * * of which the PHHC is the absolute owner as evidenced by TCT No. 1356"; that while there was a subdivision plan prepared by the PHHC, to which the vendee DBP is agreeable, the same was not yet approved by the proper authorities, nor duly recorded in the Register of Deeds' office at the time of the execution of the contract. Thus, under said agreement, the vendor was still obliged to complete the subdivision of the area, secure its approval by the Bureau of Lands, Land Registration Commission, and the court of first instance, and cause the registration thereof in the office of the Register of Deeds. Clearly, from the language of the document, the area comprising the 159 lots subject of the sale, although perhaps already surveyed

for purposes of segregation, had not yet been officially segregated from the bigger tract of land in the records of the Register of Deeds. In the circumstances, the contract, evidently, is for the sale of an unsegregated portion of West Triangle area owned by the PHHC. And the denomination of the deed simply as a "Deed of Sale" did not transform said contract into one for the sale of segregated parcel of land. The nature of a contract is not determined, by the title given to it but by the intention of the parties and the legal effect of the instrument.[1] The deed of sale in favor of the DBP is, clearly, a registerable document.

Too, there was a finding that when the deed of sale was presented for registration, the registrant (DBP) failed to surrender the owner's duplicate certificate; thus, the Commissioner ruled that the annotation thereof on TCT No. 1356 on January 15, 1959, was made in disregard of Section 55 of Act 496, and, consequently, invalid.

It appears on record, however, that by virtue of an arrangement between the PHHC and the Register of Deeds of Quezon City, the last sheets of the certificates of title covering all the properties of the PHHC were kept in possession of the Register of Deeds, to facilitate the annotation on the certificates of title of the transactions entered into by the housing corporation, (pp. 77-78, Record on Appeal.) To effect registration of lands purchased from the PHHC, therefore, the vendee would only have to present the deed of sale to the Register of Deeds, and the latter, who has with him the corresponding sheets of the owner's duplicate certificates, could already register or annotate the said deed on the corresponding title.

We find nothing wrong in this procedure. As so declared by the Land Registration Act[2] the production of the owner's duplicate certificate, whenever any voluntary instrument is presented for registration, is conclusive authority from the registered owner to the register of deeds to enter a new certificate or make the corresponding memorandum of such document. In the instant case, the owner (PHHC) by its delivery of the pertinent sheets of its certificates of title to the Register of Deeds of Quezon City already authorized said official to make the corresponding entries of all transactions entered into by the housing corporation.

Neither can it be claimed that the annotation of the deed of sale in favor of the DBP on TCT No. 1356, under date of January 15, 1959, does not constitute sufficient registration to bind third parties. True it may be that when the instrument was presented to the Register of Deeds for registration, and in fact it was so inscribed in the day book, the 159 lots subject of the sale were already covered by a separate certificate of title, TCT No. 36533. It must be remembered, however, that on said date, January 15, 1959, TCT No. 1356 which originally covered the whole tract of land, including the 159 lots, was yet uncanceled nor any inscription appeared thereon to the effect that new certificate was already issued in respect to the said 159 lots. Evidently, when the DBP presented the deed of sale for registration there were two subsisting titles covering the 159 lots subject of the sale. As TCT No. 1356, being uncanceled, did, for all intents and purposes, still cover the 159 lots, the annotation thereon of the sale to DBP is valid and effective. For this reason, the Register of Deeds acted correctly in transferring the inscription from TCT No. 1356 to TCT No. 36533 upon discovery that the subdivision plan had already been approved, submitted and annotated, and a new certificate of title issued. Even on this score alone, considering that the adverse claim of the Nicandros was annotated on TCT No. 36533 only on February 17, 1959, whereas, the sale to DBP was registered as of January 15, 1959, the certificate of title on the two lots in controversy should be issued in favor of the first registrant, the DBP.

There is, however, another reason why the Commissioner's ruling must be set aside.

Although admittedly we have here a case of double sale, actually this is not an instance of double registration. As above stated, only the deed of sale in favor of appellant was inscribed on the certificate of title covering the lots in question. The Nicandros were not able to register their deeds of sale; instead, informed of the prior registration by the DBP, they sought to protect their right by filing adverse claims based on the said deeds of sale under Section

110 of Act 496, which provides:

"SEC. 110. Whoever claims any right or interest in registered land adverse to the registered owner, arising subsequent to the date of the original registration, may, if no other provision is made in this Act for registering the same, make a statement in writing setting forth fully his alleged right or interest, and how or under whom acquired, and a reference to the volume and page of the certificate of title of the registered owner, and a description of the land in which the right or interest is claimed. * * *." (Italics supplied.)

It is clear from the above quotation that for this special remedy (adverse claim) to be availed of, it must be shown that there is no other provision in the law for registration of the claimant's alleged right or interest in the property. The herein claim of the Nicandros is based on a perfected contract of sale executed in their favor by the lawful owner of the land. Considering that the Land Registration Act specifically prescribes the procedure for registration of a vendee's right on a registered property^[3] the remedy provided in Section 110, which was resorted to and invoked by appellees, would be ineffective for the purpose of protecting their said right or interest on the two lots.

Wherefore, the Resolution appealed from is hereby set aside, and the Register of Deeds of Quezon City ordered to issue the corresponding certificate of title in favor of appellant DBP. Without costs. So ordered.

Bengzon, C.J., Labrador, Concepcion, Reyes, J.B.L., Paredes, and Dizon, JJ., concur.

[1] *Morrison vs. St. Paul & N.P.R. Co.*, 63 Minn. 78, 65 N.W. 141, 30 L.R.A. 546; *Intermountain Bldg. & Loan Assn. vs. Gallegos*, C.C.A. Ariz., 78 F. 2d 972; *Suburban Improvement Co. vs. Scott Lumber Co.*, C.C.A. W. Va., 59 F. 2d 711, A.L.R. 555.

[2] Section 55, Act 496.

[3] Section 57, Act 496.

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