

**ADELAIDA ESCOBAR AND LOLITA ESCOBAR, PETITIONERS, VS.
LIGAYA OLIGARIO LUNA, CLARITA LUNA, EMMA LUNA, TERESITA
AMBROSIO LUNA, OMER LUNA, EFREN LUNA, PATRIA LUNA, PINKY
LUNA, AND ...**

G.R. NO. 169204. March 23, 2007

Ponente: QUISUMBING, J.

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QUISUMBING, J.:

This is an appeal from the Decision[1] dated May 19, 2005 of the Court of Appeals in CA-G.R. CV No. 66548 and its Resolution[2] dated August 4, 2005 denying reconsideration. The appellate court reversed the June 25, 1999 Decision[3] of the Regional Trial Court (RTC) of Tagaytay City, Branch 18 that dismissed the complaint to nullify Transfer Certificates of Title (TCT) Nos. (T-21294) T-13361 and (T-21295) T-13362.

The facts as found by the trial court and adopted by the Court of Appeals are as follows.

Petitioners Adelaida Escobar and Lolita Escobar separately bought two parcels of land located in Barrio Tolentino, Tagaytay City on February 28, 1979 and were issued TCT Nos. (T-21294) T-13361 and (T-21295) T-13362, respectively, on the same date.

Eleven years later, on September 11, 1990, Clodualdo Luna filed a complaint before the RTC of Tagaytay City, Branch 18, seeking to nullify TCT Nos. (T-21294) T-13361 and (T-21295) T-13362 of the Escobars. Luna claimed that he had been in actual, public, adverse, continuous, and notorious physical possession of an unregistered parcel of land located in Barrio Tolentino, Tagaytay City since March 21, 1941, as shown in Tax Declaration No. GR-019-0173, which was issued to him in 1985.[4]

Sometime in 1990, when he engaged the services of a geodetic engineer to survey the same parcel of land to have his title confirmed under the provisions of Act No. 496,[5] as amended by Presidential Decree No. 1529,[6] he alleged that he discovered that the land had been illegally and fraudulently titled in the names of the Escobars by the use of fictitious and simulated documents and court records.

The Escobars allegedly made it appear that the two titles originated from Original Certificate of Title (OCT) No. 5483, which however, did not exist in the records of the Registry of Deeds of the Province of Batangas per certification[7] of Atty. Eva Cainza-Valenton, Acting Register of Deeds, issued on June 11, 1990. Additionally, Decree No. 3465,[8] on which OCT No. 5483 appeared to have been issued, pertained to a parcel of land located in San Juan, Batangas, not to the subject properties located in Tagaytay City. Similarly, Survey Plan Psu-24039, which supposedly technically described the land mentioned in OCT No. 5483, did not pertain to the subject properties but to a different parcel of land located in Urdaneta, Pangasinan, per letter of Privadi JG. Dalire, Chief of the Geodetic Surveys Division of the Lands Management Bureau, DENR.[9] Luna further alleged that the Escobars acted with knowledge of the infirmity and defect of OCT No. 5483 as nonexistent and knew that he was in actual possession of the subject land in the concept of an owner for 50 years.

On October 9, 1990, the Escobars filed a motion to dismiss. They alleged that the complaint was barred by prior judgment or by statute of limitations; that the complaint stated no cause of action; and that the claim set forth in the complaint had been paid, waived, abandoned, or otherwise extinguished. On February 1, 1991, Luna filed an amended complaint which the trial court admitted on February 5, 1991. However, on February 22, 1991, the trial court, upon reiteration by the Escobars of their motion, dismissed the amended complaint on the ground that it was insufficient in form and substance and that certain indispensable parties were not impleaded.

Luna filed a motion for reconsideration and a second amended complaint impleading as party defendants the Administrator of the Land Registration Authority, the Director of the Bureau of Lands, the National Treasurer, the Registry of Deeds and City Assessor of Tagaytay City.[10]

Said amended complaint was admitted on May 28, 1991. But, on June 28, 1991, the trial court granted a subsequent motion to dismiss by the Escobars and dismissed the second amended complaint without hearing. The trial court held that the titles issued to the Escobars had acquired incontrovertibility and indefeasibility by mandate of Act No. 496.[11]

Aggrieved, Luna filed an appeal to the Court of Appeals, which rendered a decision on May 18, 1995 reversing the dismissal. The appellate court held that the trial court should have conducted a hearing on the motion to dismiss considering that Luna's complaint alleged that OCT No. 5483, from which the TCTs of the Escobars were derived, was nonexistent. The appellate court ruled:

WHEREFORE, based on the foregoing, the Order dated June 28, 1991, is hereby SET ASIDE. Civil Case No. TG-1155 is ordered REINSTATED and REMANDED to the court of origin for further proceedings.

SO ORDERED.[12]

The Escobars elevated the appellate court's decision to the Supreme Court, but the petition was denied in a Minute Resolution dated February 12, 1996. The case was then remanded to the trial court on October 8, 1996.

During trial, Luna died and was substituted by his heirs, herein respondents.[13] They submitted the case on the basis of the documentary evidence, arguing that, allegedly, the Court of Appeals had already ruled on the first appeal that the Escobars' titles were void.

On June 25, 1999, the RTC of Tagaytay City, Branch 18, rendered its decision. It rejected respondents' argument that the appellate court's ruling in the first appeal constituted the law of the case, and proceeded to find the Escobars as purchasers in good faith and for value who were accordingly entitled to the benefits of the principle of indefeasibility of title. The trial court further ruled that respondents failed to prove their case for cancellation of TCT Nos. (T-21294) T-13361 and (T-21295) T-13362 since the documentary evidence they submitted, not being supported by testimonial evidence, were hearsay. The dispositive portion of the trial court's decision reads:

WHEREFORE, in the light of the foregoing premises and considerations, judgment is hereby rendered dismissing the complaint filed in the instant case for utter lack of merit, with costs against the plaintiffs.[14]

The trial court also denied respondents' subsequent motion for reconsideration.[15]

On appeal, the Court of Appeals held:

WHEREFORE, premises considered, the trial court's June 25, 1999 Decision is hereby REVERSED and SET ASIDE and Transfer Certificate of Title Nos. (T-21294) T-13361 and (T-21295) T-13362 are hereby DECLARED VOID AB INITIO. The Register of Deeds of Tagaytay City is hereby DIRECTED to cancel said Transfer Certificate of Title Nos. (T-21294) T-13361 and (T-21295) T-13362 and all titles derived therefrom.

SO ORDERED.[16]

The appellate court ruled that the trial court should have resolved the issue framed in the decision in the first appeal, that is, whether OCT No. 5483 was valid. It was error for the court a quo to resolve the question of whether the Escobars were purchasers in good faith, which would be irrelevant if said OCT was found invalid. The appellate court added that respondents' documentary evidence, having been issued by government offices and duly certified by the appropriate personnel, were competent evidence and sufficiently proved that OCT No. 5483 was fictitious.[17] Hence, this petition.

In the petitioners' Memorandum, the following issues were presented for our disposition:

I.

WHETHER OR NOT THE RULING OF THE COURT OF APPEALS IN THE FIRST APPEAL THAT THE TRIAL COURT MUST ASCERTAIN THE TECHNICAL AUTHENTICITY OF OCT [NO.] 5483 AMOUNTED TO THE "LAW OF THE CASE" WHICH BARS THE TRIAL COURT FROM CONSIDERING THE DEFENSE OF THE ESCOBARS THAT THEY WERE PURCHASERS OF THE PROPERTIES IN GOOD FAITH AND FOR VALUE;

II.

WHETHER OR NOT THE COURT OF APPEALS WAS RIGHT IN ADMITTING IN EVIDENCE THE CERTIFICATIONS LUNA SUBMITTED AT THE TRIAL AND IN DRAWING A CONCLUSION FROM THEM THAT OCT [NO.] 5483 WAS NON-EXISTENT AND FICTITIOUS;

III.

WHETHER OR NOT THE ESCOBARS ARE ENTITLED TO PROTECTION FROM SUITS TO ANNUL THEIR TITLES, THEY BEING PURCHASERS IN GOOD FAITH AND FOR VALUE; AND

IV.

WHETHER OR NOT LUNA HAS THE RIGHT TO FILE THE SUIT TO ANNUL A REGISTERED TITLE ON THE GROUND OF FRAUD IN ITS ISSUANCE.[18]

Simply, the issues before us are: First, what is the law of the case here? Second, are respondents' evidence admissible to prove the nullity of the TCTs in question? And third, are petitioners, being purchasers in good faith, entitled to protection from suits to annul their titles?

On the first issue, petitioners state that the law of the case is that Luna had a cause of action based on his allegation that OCT No. 5483, the source of the titles of the Escobars, did not exist.[19] Respondents counter that the law of the case is the determination of the intrinsic validity of the titles.[20]

In *Kabankalan Catholic College v. Kabankalan Catholic College Union-PACIWU-TUCP*, [21] we said that under the principle of the law of the case, whatever is irrevocably established as the controlling legal rule or decision between the same parties in the same case continues to be the law of the case, so long as the facts on which the decision was predicated continues. Otherwise stated, the principle holds that once an appellate court has declared the law in a case, that declaration continues to hold even in a subsequent appeal. Reasons of public policy, judicial orderliness and economy require such stability in the final judgments of courts or tribunals of competent jurisdiction.[22]

In *Bañes v. Lutheran Church in the Philippines*, [23] we reiterated that the law of the case is the opinion delivered on a former appeal. It applies to an established rule that when an appellate court passes on a question and remands the case to the lower court for further proceedings, the question there settled becomes the law of the case upon subsequent appeal. As a rule, a decision on a prior appeal of the same case is held to be the law of the case

whether that question is right or wrong, the remedy of the party deeming himself aggrieved being to seek a rehearing.[24]

In this instance, the records show that the Court of Appeals in CA-G.R. CV No. 37139, the first appeal, resolved only the issue of whether the Order dated June 28, 1991 dismissing the second amended complaint was valid or not. The appellate court did not resolve any issue bearing on the merits of the cancellation case. As regards the merits of the case, therefore, there is no law of the case to speak of. The appellate court in CA-G.R. CV No. 37139 merely ordered the trial court to determine the intrinsic validity of the titles by probing into the technical data of OCT No. 5483, Decree No. 3465, and Survey Plan Psu-24039 among others. The appellate court said:

Hence, an extensive investigation on this matter should have been pursued by the trial court. If it turns out that OCT No. 5483 is really non-existent, then the subject land could not be considered as having been covered by a Torrens Certificate of Title.

Such being the case, it follows that the protection of the Land Registration Law given to purchasers in good faith of parcels of land covered by a Torrens Certificate of Title does not apply to the subject land.

The rule is well settled that the Torrens System of land registration should not be used as a means to perpetrate fraud against the rightful owner of the real property. The defense of indefeasibility of a certificate of title will be disregarded when the transferee who took it had notice of the flaws in the transferor's title. No right passed to a transferee from a vendor who did not have any in the first place.

Likewise, it can be said that the action filed by plaintiff-appellant is not barred by prescription and laches, if it will be proven that OCT No. 5483 is void ab initio, for actions seeking for the annulment or cancellation of said fraudulent title do not prescribe.[25]

With regard to the second issue, petitioners state that respondents' evidence are inadmissible for being hearsay.[26] Respondents counter that they constitute exceptions to the hearsay rule.[27]

We rule for respondents. Respondents' evidence are competent evidence, having been issued by government offices, certified to by authorized personnel who were clothed with authority and duty to issue such certifications. In the case of *People v. Lazaro*, [28] we held that the certification, without testimony of the person giving the certification, is sufficient and competent evidence which is an exception to the hearsay rule as provided in Section 44, [29] Rule 130 of the Revised Rules of Court. Section 44 should be read in conjunction with Section 28, [30] Rule 132 of the same Rules which allows the admission of the said document. [31]

Thus, applying *People v. Lazaro* to this case, the certification dated June 11, 1990 issued by Atty. Cainza-Valenton, who was duly authorized to issue the certification, stating that OCT No. 5483 was not existing in the files of the Registry of Deeds of the Province of Batangas and which confirmed that OCT No. 5483 was fictitious, making the titles derived from it spurious, is sufficient evidence for the stated purpose. The Register of Deeds of the Province of Batangas is the repository of all records regarding OCTs issued in that province, and the certification is therefore competent and admissible evidence to prove that the titles of the Escobars derived from it are from a fictitious source.

The same holds true for (1) the certification [32] of Mr. Felino M. Cortez, Chief of the Ordinary and Cadastral Decree Division, Land Registration Authority, stating that per CLR Record No. 3995, Decree No. 3465 was issued on February 23, 1909; and a copy of Decree No. 3465 which states that it was issued by the Court of First Instance of Batangas in Case No. 29, G.L.R.O. Record No. 2379 and that the subject matter of that Case No. 29 was the land situated in San Juan, Batangas - not the land situated in Barrio Tolentino, Talisay, Batangas; (2) the reply-letter of Mr. Privadi JG. Dalire addressed to Engr. Ruperto T. del Carmen, stating that plan Psu-24039 was a survey of property located at Pinmaludpod, Urdaneta, Pangasinan, which is a long way from the Barrio Tolentino,

Talisay, Batangas property; (3) the certification[33] dated August 6, 1993 issued by Mr. Jose C. Mariano, Chief of the Records Management Division, Lands Management Bureau, DENR, certifying to the fact that his office has no available record of the alleged plan Psu-24039, which shows that Psu-24039 does not exist and it cannot serve as basis for the two titles; and (4) the certification[34] dated July 29, 1993 issued by Mr. Felino M. Cortez, certifying to the true and correct reproduction of page 140 of Survey Record Book No. 3, that there appears to be no entry corresponding to plan Psu-24039 indicating that said plan does not appear to have been the subject of an application for original registration under Act No. 496 as amended by P.D. No. 1529, which shows that the titles are spurious, having had spurious sources.

Most significantly, these documents, which constitute certifications from government officials who are responsible for safeguarding the TCTs and OCTs in their possession because of their official capacity, have not been controverted as to their existence and due execution. Their existence was also never denied under oath.[35]

On the third issue, petitioners state that the law insulates registered titles obtained under the Torrens system from the dangers of frivolous suits.[36] Respondents did not even bother to discuss the issue, and for good reason. Even if petitioners were innocent purchasers for value and in good faith, no right passed to a transferee from a vendor who did not have any right in the first place. Void ab initio land titles issued cannot ripen into private ownership.[37] A spring cannot rise higher than its source.[38]

WHEREFORE, the instant petition is DENIED for lack of merit. The Decision dated May 19, 2005 and Resolution dated August 4, 2005 of the Court of Appeals are AFFIRMED. Costs against petitioners.

SO ORDERED.

Carpio, Carpio Morales, Tinga and Velasco, Jr., concur.

[1] Rollo, pp. 48-64.

[2] Id. at 66-67.

[3] Id. at 78-105.

[4] Records, p. 6; Rollo, p. 49.

[5] AN ACT TO PROVIDE FOR THE ADJUDICATION AND REGISTRATION OF TITLES TO LANDS IN THE PHILIPPINE ISLANDS. Also known as "The Land Registration Act."

[6] AMENDING AND CODIFYING THE LAWS RELATIVE TO REGISTRATION OF PROPERTY AND FOR OTHER PURPOSES. Also known as the "Property Registration Decree."

[7] Records, p. 11.

[8] Id. at 12-13.

[9] Id. at 14.

[10] Rollo, p. 52.

[11] Records, p. 129.

[12] Supra note 10, at 77.

[13] Id. at 53.

[14] Records, p. 527.

[15] Id. at 528-537, 552.

[16] Rollo, pp. 63-64.

[17] CA rollo, pp. 198-206.

[18] Rollo, pp. 213-214.

[19] Id. at 217.

[20] Id. at 250.

[21] G.R. No. 157320, June 28, 2005, 461 SCRA 481.

[22] Id. at 494.

[23] G.R. No. 142308, November 15, 2005, 475 SCRA 13.

[24] Id. at 30-31.

[25] Records, p. 160.

[26] Rollo, p. 220.

[27] Id. at 247.

[28] G.R. No. 112090, October 26, 1999, 317 SCRA 435.

[29] SEC. 44. Entries in official records. - Entries in official records made in the performance of his duty by a public officer of the Philippines, or by a person in the performance of a duty specially enjoined by law, are prima facie evidence of the facts therein stated.

[30] SEC. 28. Proof of lack of record. - A written statement signed by an officer having the custody of an official record or by his deputy that after diligent search no record or entry of a specified tenor is found to exist in the records of his office, accompanied by a certificate as above provided, is admissible as evidence that the records of his office contain no such record or entry.

[31] Supra note 28, at 446.

[32] Records, p. 263.

[33] Id. at 267.

[34] Id. at 268.

[35] Rollo, pp. 61-63.

[36] Id. at 230.

[37] *University of the Philippines v. Rosario*, G.R. No. 136965, March 28, 2001, 355 SCRA 591, 599, citing *Republic v. Intermediate Appellate Court*, G.R. No. 69138, May 19, 1992, 209 SCRA 90, 101.

[38] *De Santos v. Intermediate Appellate Court*, No. L-69591, January 25, 1988, 157 SCRA 295, 301.

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