

ANICIA VALDEZ-TALLORIN, VS. PETITIONER, HEIRS OF JUANITO TARONA, REPRESENTED BY CARLOS TARONA, ROGELIO TARONA AND LOURDES TARONA, RESPONDENTS.

G.R. No. 177429. November 24, 2009

Ponente: ABAD, J.

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ABAD, J.:

This case is about a court's annulment of a tax declaration in the names of three persons, two of whom had not been impleaded in the case, for the reason that the document was illegally issued to them.

The Facts and the Case

On February 9, 1998 respondents Carlos, Rogelio, and Lourdes Tarona (the Taronas) filed an action before the Regional Trial Court (RTC) of Balanga, Bataan,[1] against petitioner Anicia Valdez-Tallorin (Tallorin) for the cancellation of her and two other women's tax declaration over a parcel of land.

The Taronas alleged in their complaint that, unknown to them, in 1981, the Assessor's Office of Morong in Bataan cancelled Tax Declaration 463 in the name of their father, Juanito Tarona (Juanito), covering 6,186 square meters of land in Morong, Bataan. The cancellation was said to be based on an unsigned though notarized affidavit that Juanito allegedly executed in favor of petitioner Tallorin and two others, namely, Margarita Pastelero Vda. de Valdez and Dolores Valdez, who were not impleaded in the action. In place of the cancelled one, the Assessor's Office issued Tax Declaration 6164 in the names of the latter three persons. The old man Tarona's affidavit had been missing and no copy could be found among the records of the Assessor's Office.[2]

The Taronas further alleged that, without their father's affidavit on file, it followed that his tax declaration had been illegally cancelled and a new one illegally issued in favor of Tallorin and the others with her. The unexplained disappearance of the affidavit from official files, the Taronas concluded, covered-up the falsification or forgery that caused the substitution.[3] The Taronas asked the RTC to annul Tax Declaration 6164, reinstate Tax Declaration 463, and issue a new one in the name of Juanito's heirs.

On March 6, 1998 the Taronas filed a motion to declare petitioner Tallorin in default for failing to answer their complaint within the allowed time.[4] But, before the RTC could act on the motion, Tallorin filed a belated answer, alleging among others that she held a copy of the supposedly missing affidavit of Juanito who was merely an agricultural tenant of the land covered by Tax Declaration 463. He surrendered and waived in that affidavit his occupation and tenancy rights to Tallorin and the others in consideration of P29,240.00. Tallorin also put up the affirmative defenses of non-compliance with the requirement of conciliation proceedings and prescription.

On March 12, 1998 the RTC set Tallorin's affirmative defenses for hearing[5] but the Taronas sought reconsideration, pointing out that the trial court should have instead declared Tallorin in default based on their earlier motion.[6] On June 2, 1998 the RTC denied the Taronas' motion for reconsideration[7] for the reasons that it received Tallorin's answer before it could issue a default order and that the Taronas failed to show proof that

Tallorin was notified of the motion three days before the scheduled hearing. Although the presiding judge inhibited himself from the case on motion of the Taronas, the new judge to whom the case was re-raffled stood by his predecessor's previous orders.

By a special civil action for certiorari before the Court of Appeals (CA),^[8] however, the Taronas succeeded in getting the latter court to annul the RTC's March 12 and June 2, 1998 orders.^[9] The CA ruled that the RTC gravely abused its discretion in admitting Tallorin's late answer in the absence of a motion to admit it. Even if petitioner Tallorin had already filed her late answer, said the CA, the RTC should have heard the Taronas' motion to declare Tallorin in default.

Upon remand of the case, the RTC heard the Taronas' motion to declare Tallorin in default,^[10] granted the same, and directed the Taronas to present evidence ex parte.^[11]

On January 30, 2002 the RTC rendered judgment, a) annulling the tax declaration in the names of Tallorin, Margarita Pastelero Vda. de Valdez, and Dolores Valdez; b) reinstating the tax declaration in the name of Juanito; and c) ordering the issuance in its place of a new tax declaration in the names of Juanito's heirs. The trial court also ruled that Juanito's affidavit authorizing the transfer of the tax declaration had no binding force since he did not sign it.

Tallorin appealed the above decision to the CA,^[12] pointing out 1) that the land covered by the tax declaration in question was titled in her name and in those of her two co-owners; 2) that Juanito's affidavit only dealt with the surrender of his tenancy rights and did not serve as basis for canceling Tax Declaration 463 in his name; 3) that, although Juanito did not sign the affidavit, he thumbmarked and acknowledged the same before a notary public; and 4) that the trial court erred in not dismissing the complaint for failure to implead Margarita Pastelero Vda. de Valdez and Dolores Valdez who were indispensable parties in the action to annul Juanito's affidavit and the tax declaration in their favor.^[13]

On May 22, 2006 the CA rendered judgment, affirming the trial court's decision.^[14] The CA rejected all of Tallorin's arguments. Since she did not assign as error the order declaring her in default and since she took no part at the trial, the CA pointed out that her claims were in effect mere conjectures, not based on evidence of record.^[15] Notably, the CA did not address the issue Tallorin raised regarding the Taronas' failure to implead Margarita Pastelero Vda. de Valdez and Dolores Valdez as indispensable party-defendants, their interest in the cancelled tax declarations having been affected by the RTC judgment.

Questions Presented

The petition presents the following questions for resolution by this Court:

- Whether or not the CA erred in failing to dismiss the Taronas' complaint for not impleading Margarita Pastelero Vda. de Valdez and Dolores Valdez in whose names, like their co-owner Tallorin, the annulled tax declaration had been issued;
- Whether or not the CA erred in not ruling that the Taronas' complaint was barred by prescription; and
- Whether or not the CA erred in affirming the RTC's finding that Juanito's affidavit had no legal effect because it was unsigned; when at the hearing of the motion to declare Tallorin in default, it was shown that the affidavit bore Juanito's thumbmark.

The Court's Rulings

The first question, whether or not the CA erred in failing to dismiss the Taronas' complaint for not impleading

Margarita Pastelero Vda. de Valdez and Dolores Valdez in whose names, like their co-owner Tallorin, the annulled tax declaration had been issued, is a telling question.

The rules mandate the joinder of indispensable parties. Thus:

Sec. 7. Compulsory joinder of indispensable parties. - Parties in interest without whom no final determination can be had of an action shall be joined either as plaintiffs and defendants.[16]

Indispensable parties are those with such an interest in the controversy that a final decree would necessarily affect their rights, so that the courts cannot proceed without their presence.[17] Joining indispensable parties into an action is mandatory, being a requirement of due process. Without their presence, the judgment of the court cannot attain real finality.

Judgments do not bind strangers to the suit. The absence of an indispensable party renders all subsequent actions of the court null and void. Indeed, it would have no authority to act, not only as to the absent party, but as to those present as well. And where does the responsibility for impleading all indispensable parties lie? It lies in the plaintiff.[18]

Here, the Taronas sought the annulment of the tax declaration in the names of defendant Tallorin and two others, namely, Margarita Pastelero Vda. de Valdez and Dolores Valdez and, in its place, the reinstatement of the previous declaration in their father Juanito's name. Further, the Taronas sought to strike down as void the affidavit in which Juanito renounced his tenancy right in favor of the same three persons. It is inevitable that any decision granting what the Taronas wanted would necessarily affect the rights of such persons to the property covered by the tax declaration.

The Court cannot discount the importance of tax declarations to the persons in whose names they are issued. Their cancellation adversely affects the rights and interests of such persons over the properties that the documents cover. The reason is simple: a tax declaration is a primary evidence, if not the source, of the right to claim title of ownership over real property, a right enforceable against another person. The Court held in *Uriarte v. People*[19] that, although not conclusive, a tax declaration is a telling evidence of the declarant's possession which could ripen into ownership.

In *Director of Lands v. Court of Appeals*,[20] the Court said that no one in his right mind would pay taxes for a property that he did not have in his possession. This honest sense of obligation proves that the holder claims title over the property against the State and other persons, putting them on notice that he would eventually seek the issuance of a certificate of title in his name. Further, the tax declaration expresses his intent to contribute needed revenues to the Government, a circumstance that strengthens his bona fide claim to ownership.[21]

Here, the RTC and the CA annulled Tax Declaration 6164 that belonged not only to defendant Tallorin but also to Margarita Pastelero Vda. de Valdez and Dolores Valdez, which two persons had no opportunity to be heard as they were never impleaded. The RTC and the CA had no authority to annul that tax declaration without seeing to it that all three persons were impleaded in the case.

But the Taronas' action cannot be dismissed outright. As the Court held in *Plasabas v. Court of Appeals*,[22] the non-joinder of indispensable parties is not a ground for dismissal. Section 11, Rule 3 of the 1997 Rules of Civil Procedure prohibits the dismissal of a suit on the ground of non-joinder or misjoinder of parties and allows the amendment of the complaint at any stage of the proceedings, through motion or on order of the court on its own initiative. Only if plaintiff refuses to implead an indispensable party, despite the order of the court, may it dismiss the action.

There is a need, therefore, to remand the case to the RTC with an order to implead Margarita Pastelero Vda. de

Valdez and Dolores Valdez as defendants so they may, if they so desire, be heard.

In view of the Court's resolution of the first question, it would serve no purpose to consider the other questions that the petition presents. The resolution of those questions seems to depend on the complete evidence in the case. This will not yet happen until all the indispensable party-defendants are impleaded and heard on their evidence.

WHEREFORE, the Court GRANTS the petition and SETS ASIDE the decision of the Regional Trial Court of Balanga, Bataan in Civil Case 6739 dated January 30, 2002 and the decision of the Court of Appeals in CA-G.R. CV 74762 dated May 22, 2006. The Court REMANDS the case to the Regional Trial Court of Balanga, Bataan which is DIRECTED to have Margarita Pastelero Vda. de Valdez and Dolores Valdez impleaded by the plaintiffs as party-defendants and, afterwards, to hear the case in the manner prescribed by the rules.

SO ORDERED.

Carpio, Leonardo-De Castro, Brion, and Del Castillo, JJ., concur.

[1] In Civil Case 6739.

[2] In Morong, Bataan; see Amended Complaint, records, pp. 79-84.

[3] Id.

[4] Id. at 22.

[5] Id. at 21.

[6] Id. at 24.

[7] Id. at 69.

[8] In CA-G.R. SP 50096.

[9] Records, pp. 149-156.

[10] Id. at 223.

[11] Id.

[12] In CA-G.R. CV 74762.

[13] CA rollo, pp. 27-42.

[14] Id. at 50-55.

[15] Id. at 54-55.

[16] 1997 Rules of Civil Procedure, Rule 3, Sec. 7.

[17] Quilatan v. Heirs of Quilatan, G.R. No. 183059, August 28, 2009.

[18] Moldes v. Villanueva, G.R. No. 161955, August 31, 2005, 468 SCRA 697, 708; Domingo v. Scheer, 466 Phil. 235, 265 (2004).

[19] G.R. No. 169251, December 20, 2006, 511 SCRA 471, 491.

[20] 367 Phil. 597, 604 (1999).

[21] Also in *Republic v. Court of Appeals*, 328 Phil. 238, 248 (1996); see also *Heirs of Severo Legaspi, Sr. v. Vda. de Dayot*, G.R. No. 83904, August 13, 1990, 188 SCRA 508, 517.

[22] G.R. No. 166519, March 31, 2009, 582 SCRA 686.

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