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ROSALIA N. ESPINO, PETITIONER, VS. SPOUSES SHARON SAMPANI BULUT AND CELEBI BULUT, RESPONDENTS.

G.R. No. 183811, May 30, 2011

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The Case

This is a petition for review[1] of the 14 April 2008 Decision[2] and 8 July 2008 Order[3] of the Regional Trial Court of Trece Martires City, Branch 23 (trial court). In its 14 April 2008 Decision, the trial court set aside its 4 September 2006 Decision and dismissed petitioner Rosalia N. Espino's (Espino) petition for issuance of new owner's copies of Transfer Certificates of Title (TCT) Nos. T-72654, T-72655, T-72656, T-72657, T-72658, T-72659, T-72660, T-72661, T-72662, T-72663, and T-72664. In its 8 July 2008 Order, the trial court denied Espino's motion for reconsideration.

The Facts

Spouses Rosalia and Alfredo C. Espino (spouses Espino) are the registered owners of eleven adjacent lots situated in Tanza, Cavite and covered by TCT Nos. T-72654 to T-72664.

Sometime in January 2006, Espino lost the owner's duplicate copies of the eleven TCTs. On 23 March 2006, Espino reported the loss to the Register of Deeds of Trece Martires City. Espino also filed a petition for issuance of new owner's copies of the eleven TCTs before the trial court docketed as LRC Case No. 6832-462.

On 4 September 2006, the trial court granted Espino's petition. On 27 October 2006, new copies of the eleven TCTs were issued to Espino under Section 109[4] of the Land Registration Act.

On 4 January 2007, respondent spouses Sharon Sampani Bulut and Celebi Bulut (respondents) filed with the trial court a petition for relief from judgment.[5] Respondents claimed that they had actual possession of the owner's copies of the eleven TCTs which had been declared lost and cancelled by the trial court. Respondents explained that on 12 April 2003, spouses Espino sold a parcel of land covered by TCT No. T-279982 to a certain Beauregard E. Lim (Lim).[6] Thereafter, Lim allegedly subdivided the property into eleven lots but the title remained in the name of spouses Espino because Lim lacked the funds to transfer the titles in his name. On 21 March 2006, Lim sold the eleven lots to respondents[7] and gave them the eleven owner's copies of the TCTs.[8] When respondents tried to register the properties in their name, they discovered the trial court's 4 September 2006 Decision and this prompted them to file the petition for relief from judgment.

On 9 January 2007, the trial court issued an ex-parte temporary restraining order.[9] Subsequently, on 30 January 2007, the trial court granted respondents' prayer for the issuance of a writ of preliminary injunction.[10] On 23 March 2007, the trial court issued the writ of preliminary injunction which provides:

> NOW THEREFORE, you are hereby RESTRAINED or PROHIBITED from accepting/registering any document executed by respondent Rosalia N. Espino and any person authorized by her that will in any way encumber or cause the transfer of the property covered by the following certificates of title, to wit:
>
> - Transfer Certificate of Title No. T-72654;

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- Transfer Certificate of Title No. T-72655;

- Transfer Certificate of Title No. T-72656;

- Transfer Certificate of Title No. T-72657;

- Transfer Certificate of Title No. T-72658;

- Transfer Certificate of Title No. T-72659;

- Transfer Certificate of Title No. T-72660;

- Transfer Certificate of Title No. T-72661;

- Transfer Certificate of Title No. T-72662;

- Transfer Certificate of Title No. T-72663; and

- Transfer Certificate of Title No. T-72664.

Until and after the injunction is ordered revoked and/or will be made permanent.[11]

On 14 April 2008, the trial court granted respondents' petition for relief from judgment and declared the writ of preliminary injunction permanent. The trial court's 14 April 2008 Decision provides:

> WHEREFORE, the Decision dated September 4, 2006 is set aside and the petition for the issuance of new owner's copies of Transfer Certificates of Title Nos. T-72654, T-72655, T-72656, T-72657, T-72658, T-72659, T-72660, T-72661, T-72662, T-72663 and T-72664 is DISMISSED.
>
> The owner's copies of the above listed transfer certificates of title issued by the respondent Registry of Deeds for the City of Trece Martires by virtue of the Final Decision dated September 4, 2006 is declared null and void.
>
> Respondent Rosalia Espino is likewise directed to pay petitioners Sps. Sharon and Celebi Bulut moral damages in the amount of Two Hundred Thousand (Php 200,000.00) Pesos; exemplary damages in the amount of One Hundred Thousand (Php 100,000.00) Pesos; and attorney's fees in the amount of Sixty Thousand (Php 60,000.00) Pesos.
>
> SO ORDERED.[12]

The Ruling of the Trial Court

The trial court declared that Espino did not have possession of the eleven owner's copies of the TCTs because respondents had been in possession of the eleven titles from the time respondents bought the properties from Lim in 2006. The trial court said that "when the original owner's copy of the title is in fact not lost but is in the possession of a new owner, being the alleged buyer," the trial court did not acquire jurisdiction over Espino's petition for issuance of new owner's copies of the eleven titles. The trial court also awarded respondents moral and exemplary damages and attorney's fees after it declared that Espino had the intent to defraud respondents when she executed the affidavit of loss and filed the petition.

The Issues

Espino raises the following issues:

- Whether the trial court erred in recognizing and defending the alleged ownership rights of respondents as possessors of the eleven TCTs as against Espino, the registered owner of the properties; and

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- Whether the trial court erred in awarding damages to respondents.

The Ruling of the Court

The petition is partly meritorious.

According to Espino, the trial court decided on the issue of ownership of the properties when it permanently enjoined the Register of Deeds from accepting or registering any kind of conveyance that may be executed by Espino to any person except as to respondents. Espino adds that the trial court recognized the status of respondents as the "buyer" and "new owners" of the properties. Espino also denies that she deceived the trial court and defrauded respondents as there was no privity of contract between Espino and respondents. Espino maintains that she had no knowledge of the unregistered sales of the properties to Lim and the respondents. Espino adds that there was no fraud, bad faith or malice when she applied for the new owner's copies of the eleven TCTs.

Contrary to Espino's allegation, the trial court's 4 September 2006 Decision and the 23 March 2007 Writ of Preliminary Injunction did not declare that respondents are the "new owners" of the properties. While the trial court did restrain the Register of Deeds from accepting or registering any document executed by Espino and any person authorized by her that will in any way encumber or cause the transfer of the properties, the trial court did not adjudge respondents as the owners of the properties.

Moreover, the trial court does not have jurisdiction to declare respondents as the "new owners" of the properties because this is not an issue in a petition for relief from judgment. In Strait Times, Inc. v. Court of Appeals,[13] we stated:

> It is judicially settled that a trial court does not acquire jurisdiction over a petition for the issuance of a new owner's duplicate certificate of title, if the original is in fact not lost but is in the possession of an alleged buyer. Corollarily, such reconstituted certificate is itself void once the existence of the original is unquestionably demonstrated. Nonetheless, the nullity of the reconstituted certificate does not by itself settle the issue of ownership or title over the property; much less does it vest such title upon the holder of the original certificate. The issue of ownership must be litigated in appropriate proceedings. It cannot be determined in an action for the issuance of a new owner's duplicate certificate of title or in proceedings to annul such newly issued duplicate.[14] (Emphasis supplied)

In this case, respondents' possession of the eleven TCTs is not necessarily equivalent to ownership of the lands covered by the TCTs. The certificate of title, by itself, does not vest ownership; it is merely an evidence of title over a particular property.[15] Again, the issue of ownership of the eleven properties must be litigated in the appropriate proceedings.

We, however, delete the award of moral and exemplary damages and attorney's fees for lack of factual and legal basis. There is nothing in the records that supports an award of moral damages. The trial court only said:

> The intention of respondent Rosalia Espino was to defraud the buyer of the land as in fact by her act of executing such affidavit of loss (Exhibit "E") she almost deceived this Court.[16]

In order that moral damages may be awarded, there must be pleading and proof of moral suffering, mental anguish, fright and the like.[17] While respondents alleged sleepless nights and mental anguish in their petition for relief, they failed to prove them during the trial. Mere allegations do not suffice. They must be substantiated. Furthermore, the trial court made no reference to any testimony of the respondents on their alleged physical suffering, mental anguish, fright, serious anxiety, besmirched reputation, wounded feelings, moral shock, social humiliation, and similar injury as would entitle them to moral damages.

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Likewise, since respondents failed to satisfactorily establish their claim for moral damages, respondents are also not entitled to exemplary damages. Article 2234 of the Civil Code provides:

> ART. 2234. While the amount of the exemplary damages need not be proved, the plaintiff must show that he is entitled to moral, temperate or compensatory damages before the court may consider the question of whether or not exemplary damages should be awarded. x x x x

As to the award of attorney's fees, Article 2208 of the Civil Code provides:

> ART. 2208. In the absence of stipulation, attorney's fees and expenses of litigation, other than judicial costs, cannot be recovered, except:
> (1)When exemplary damages are awarded;
>
> (2)When the defendant's act or omission has compelled the plaintiff to litigate with third persons or to incur expenses to protect his interest;
>
> (3)In criminal cases of malicious prosecution against the plaintiff;
>
> (4)In case of a clearly unfounded civil action or proceeding against the plaintiff;
>
> (5)Where the defendant acted in gross and evident bad faith in refusing to satisfy the plaintiff's plainly valid, just and demandable claim;
>
> (6)In actions for legal support;
>
> (7) In actions for the recovery of wages of household helpers, laborers and skilled workers;
>
> (8) In actions for indemnity under workmen's compensation and employer's liability laws;
>
> (9)In a separate civil action to recover civil liability arising from a crime;
>
> (10)When at least double judicial costs are awarded;
>
> (11)In any other case where the court deems it just and equitable that attorney's fees and expenses of litigation should be recovered.

In all cases, the attorney's fees and expenses of litigation must be reasonable.

An award of attorney's fees is an exception and there must be some compelling legal reason to bring the case within the exception and justify the award.[18] In this case, none of the exceptions applies. Moreover, we already deleted the trial court's award of exemplary damages which might have served as its basis for awarding attorney's fees.

WHEREFORE, we AFFIRM with MODIFICATION the 14 April 2008 Decision and 8 July 2008 Order of the Regional Trial Court of Trece Martires City, Branch 23. We DELETE the award of moral and exemplary damages and attorney's fees.

SO ORDERED.

Carpio, (Chairperson), Peralta, Abad, and Mendoza, JJ., concur.

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[1] Under Rule 45 of the Rules of Court.

[2] Rollo, pp. 31-36. Penned by Executive Judge Aurelio G. Icasiano, Jr.

[3] Id. at 37-38.

[4] Section 109 of the Land Registration Act reads:

SEC. 109. If a duplicate certificate is lost or destroyed, or cannot be produced by a grantee, heir, devisee, assignee, or other person applying for the entry of a new certificate to him or for the registration of any instrument, a suggestion of the fact of such loss or destruction may be filed by the registered owner or other person in interest, and registered. The court may thereupon, upon the petition of the registered owner or other person in interest, after notice and hearing, direct the issue of a new duplicate certificate, which shall contain a memorandum of the fact that it is issued in place of the lost duplicate certificate, but shall in all respects be entitled to like faith and credit as the original duplicate, and shall thereafter be regarded as the original duplicate for all the purposes of this Act.

[5] Rollo, pp. 39-45.

[6] Id. at 46-47. TCT No. 279982 was the mother title of the eleven properties. The deed of sale was not registered with the Register of Deeds, nor was it annotated in the certificate of title.

[7] Id. at 82-86. The deed of sale was not registered with the Register of Deeds, nor was it annotated in the certificates of title.

[8] Id. at 48-81.

[9] Id. at 95-96.

[10] Id. at 102-104.

[11] Id. at 106.

[12] Id. at 36.

[13] 356 Phil. 217 (1998).

[14] Id. at 220.

[15] Id.

[16] Rollo, p. 35.

[17] Villanueva v. Court of Appeals, G.R. No. 132955, 27 October 2006, 505 SCRA 564; Mahinay v. Velasquez, Jr., 464 Phil. 146 (2004).

[18] Hanjin Heavy Industries and Construction Co., Ltd. v. Dynamic Planners and Construction Corp., G.R. Nos. 169408 and 170144, 30 April 2008, 553 SCRA 541.

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