

METROPOLITAN WATER DISTRICT, PETITIONER-APPELLANT, VS. AURELIO REYES, RESPONDENT-APPELLEE.*G.R. No. 48650. February 26, 1943*

Ponente: OZAETA, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-48650/>**OZAETA, J.:**

In civil case No. 49603 of the Court of First Instance of Manila the Metropolitan Water District obtained a money judgment against Ciriaca Chan on June 23, 1936. By virtue of a writ of execution issued on said judgment on July 26, 1937, the sheriff attached the interest or participation which Ciriaca Chan had or might have in the land described in transfer certificate of title No. 47160, and the attachment was annotated on the back of said certificate of title on August 25, 1937. For reasons not appearing in the record, the sheriff did not sell the attached property at public auction until March 24, 1939, when it was awarded to the judgment creditor, Metropolitan Water District, as the highest bidder for the sum of P520, and the corresponding certificate of sale was issued to it by the sheriff on March 28, 1939, which was registered on April 4 of the same year. No one appears to have exercised the right of redemption. The sale was effected by the sheriff in spite of the third-party claim of Aurelio Reyes, who informed the sheriff that he was the owner of the property advertised to be sold and that his title thereto was evidenced by transfer certificate of title No. 54822.

Since May 4, 1937, i.e., previous to the attachment of the land in question by the Metropolitan Water District, the City Treasurer had sold it at public auction for the sum of P4.45, which was the amount of delinquent land taxes thereon for the years 1935 and 1936, the buyer being Aurelio Reyes, to whom the City Treasurer issued the corresponding certificate of sale on May 14, 1937. That certificate of sale was not registered in the office of the register of deeds and was not recorded on the corresponding certificate of title. On May 28, 1938, the City Treasurer executed a final deed of sale free from all liens of any kind whatsoever, in favor of Aurelio Reyes. That deed was recorded on November 3, 1938, on which date transfer certificate of title No. 47160 in the name of Ciriaca Chan was canceled and in its stead transfer certificate of title No. 54822 was issued in the name of Aurelio Reyes, by virtue of an order issued by the court upon petition of Aurelio Reyes in the land registration case under section 78 of Act No. 496. The annotation on transfer certificate of title No. 47160 of the attachment by the Metropolitan Water District against Ciriaca Chan was copied on transfer certificate of title No. 54822, on which was also annotated on April 4, 1939, the certificate of sale issued by the sheriff in favor of the Metropolitan Water District.

On August 9, 1940, the Metropolitan Water District filed a petition in the land registration case to cancel transfer certificate of title No. 54822 in the name of Aurelio Reyes and to issue in lieu thereof another transfer certificate of title in the name of the Metropolitan Water District on the theory that its attachment of the land covered by said certificate of title, having been registered previous to the registration of the tax sale in favor of Aurelio Reyes, must prevail over the latter. Aurelio Reyes opposed that petition, contending that the attachment recorded in favor of the Metropolitan Water District was subordinate to the tax lien in favor of the City of Manila and that a final deed of sale having been issued by the City Treasurer in his favor and duly recorded before the same property was

sold by the sheriff to the Metropolitan Water District, the latter acquired nothing because the judgment debtor Ciriaca Chan had ceased to have any interest or participation in said property.

The Fourth Branch of the Court of First Instance of Manila (Judge Gervasio Diaz presiding), in a well-prepared decision, held (1) that in view of Aurelio Reyes' claim of ownership, the controversy between the parties should be litigated and decided in an appropriate action instead of in a petition filed in the land registration case under sections 78 and 112 of Act No. 496; and (2) that upon the facts of the case it seems that the title of the respondent Aurelio Reyes became definitely established on May 28, 1938, when the final deed of sale was issued in his favor in accordance with section 2500 of the Administrative Code, as amended. The court therefore denied the petition, without prejudice to an appropriate action which the petitioner might institute in the competent court.

First. Let us determine whether the remedy sought by the Metropolitan Water District may be properly pursued by petition in the land registration case under section 78 of Act No. 496, or whether a separate ordinary action is necessary. Said section reads as follows:

"Sec. 78.—Upon the expiration of the time, if any, allowed by law for redemption after registered land has been sold on any execution, or taken or sold for the enforcement of any lien of any description the person claiming under the execution or under any deed or other instrument made in the course of proceedings to levy such execution or enforce any lien, may petition the court for the entry of a new certificate to him, and the application may be granted. Provided, however, That every new certificate entered under this section shall contain a memorandum of the nature of the proceeding on which it is based: Provided, further, That at any time prior to the entry of a new certificate the registered owner may pursue all his lawful remedies to impeach or annul proceedings under executions or to enforce liens of any description."

Section 112 further provides as follows:

"Sec. 112.—No erasure, alteration, or amendment shall be made upon the registration book after the entry of a certificate of title or of a memorandum hereon and the attestation of the same by the clerk or any register of deeds, except by order of the court. Any registered owner or other person in interest may at any time apply by petition to the court, upon the ground that registered interests of any description, whether vested, contingent, expectant, or inchoate, have terminated and ceased; or that new interests have arisen or been created which do not appear upon the certificate; or that any error, omission, or mistake was made in entering a certificate or any memorandum thereon, or on any duplicate certificate; or that the name of any person on the certificate has been changed; or that the registered owner has been married; or if registered as married, that the marriage has been terminated; or that a corporation which owned registered land and has been dissolved has not conveyed the same within three years after its dissolution; or upon any other reasonable ground; and the court shall have jurisdiction to hear and determine the petition after notice to all parties in interest, and may order the entry of a new certificate, or grant any other relief upon such terms and conditions, requiring security if necessary, as it may deem proper: Provided, however, That this section shall not be construed to give the court authority to open the original decree of registration, and that nothing shall be done or ordered by the court which shall impair the title or other interest of a purchaser holding a certificate for value and in good faith, or his heirs or assigns, without his or their written consent.

"Any petition filed under this section and all petitions and motions filed under the provisions of this Act after original registration shall be filed and entitled in the original case in which the decree of registration was entered,"

Neither party seeks to recover the possession and ownership of the land in question from the other. The only question raised here is one of law, namely, as to who of two purchasers at public auction of the same land, which was sold twice to satisfy two different liens thereon, has acquired a better title. We see no reason why such question of law cannot be amply discussed and definitely resolved in the proceedings provided for by sections 78

and 112 above quoted. Indeed, in the case of *Cavan vs. Wislizenus*, 48 Phil., 635, this Court held that "a motion for the cancellation of certificate of title and the issuance of a new certificate in its place must be filed and entitled in the original case in which the decree of registration was entered, and the Court of First Instance has no jurisdiction to entertain such motion in an ordinary civil case." There may be cases in which either remedy—by petition in the land registration case or by separate action—may be availed of. Thus, the case of *Payatas Estate Improvement Co. vs. Tuason*, 53 Phil., 55, involved the title to an accretion from a river which separates two estates covered by two different Torrens certificates of title, and this Court there held that the questions raised "were not improperly brought before the Court under section 112 of the Land Registration Act although they might also have been ventilated in a separate action." In the case of *Fidelity and Surety Co. vs. Ansaldo and Quintos de Ansaldo*, 37 Off. Gaz., 1164, the surety company obtained a money judgment against Ansaldo and levied execution on certain parcels of land covered by three certificates of title in the name of Ansaldo, and thereafter bought them at public auction as judgment creditor and highest bidder. After obtaining a final deed of sale from the sheriff, the surety company, in a motion filed in the land registration case, sought the cancellation of the certificates of title and the issuance of transfer certificates in its name. That motion was opposed by Ansaldo and his wife, who alleged that the property involved had been acquired with the fruits of the paraphernal properties of the wife and was not subject to sale on execution to satisfy a personal obligation of the husband, and prayed in effect that the sheriff's sale be annulled. The questions thus raised by Ansaldo and his wife necessitated the taking of testimonial and documentary evidence regarding the origin and acquisition of the property involved, and this Court held that such questions cannot be raised and determined as an incident in the motion for the cancellation of the title, but should be ventilated in an appropriate action before a competent court, and suspended the resolution of the petition of the surety company in the land registration case pending the result of such action.

In the instant case the petitioner seeks a remedy that clearly and properly comes within the purview of section 78 of Act No. 496, and the respondent's opposition raises no issue that cannot properly be resolved as an incident of the motion for the cancellation of the title. Both parties respectively claim the right to have the certificate of title covering the land in question canceled and to obtain a new title in its or his name in accordance with section 78 aforesaid. The only question involved is as to which of the two contending parties has a better right to the remedy provided for in said section. We are therefore of the opinion and so hold that the present proceedings are appropriate and that there is no necessity for the institution of a separate action to determine the questions herein involved.

Second. Is it necessary to register a tax sale of real property covered by a Torrens title to affect said property insofar as third persons are concerned? Respondent contends that since he bought the property at the foreclosure of a tax lien thereon and since by virtue of section 39 of Act No. 496 a tax lien does not have to be registered, it was not necessary for him to register his certificate of sale in order to affect third persons. Such contention fails to distinguish the lien itself from the foreclosure thereof. It is not necessary to register a tax lien because it is automatically registered, once the tax accrues, by virtue of section 39, which expressly, provides that every person receiving a certificate of title in pursuance of a decree of registration and every subsequent purchaser of registered land who takes a certificate of title for value in good faith shall hold the same free of all incumbrance except those noted on said certificate and any of the following incumbrances which may be subsisting; "* * * taxes within two years after the same became due and payable * * *". But there is no provision of law to the effect that the sale of registered land to foreclose a tax lien need not be registered. On the contrary, section 77 of Act No. 496 specifically provides (insofar as it is pertinent here) that whenever registered land is sold for taxes or for any assessment, any officers return, or any deed, demand, certificate, or affidavit or any other instrument made in the course of proceedings to enforce such liens shall be filed with the register of deeds for the province where the land lies and registered in the registration book, and a memorandum made upon the proper certificate, in each case, as

an adverse claim or incumbrance. Section 50 also expressly provides that the act of registration shall be the operative act to convey and affect the land.

It is clear therefore that the tax sale made by the City Treasurer to the respondent on May 4, 1937, did not bind the land and did not affect the petitioner until it was registered on November 3, 1938.

Third. When the petitioner attached the land in question on August 24, 1937, the respondent had not yet acquired any interest in said land insofar as the petitioner was concerned because the tax sale in favor of said respondent had not yet been registered. Therefore, that attachment was valid and effective, but as a lien it was inferior or subordinate to the tax lien; for section 2497 of the Revised Administrative Code, as amended, provides that "taxes and penalties assessed against realty shall constitute a lien thereon, which shall be superior to all other liens, mortgages, or incumbrances of any kind whatsoever."

From November 3, 1938, when the tax sale in favor of the respondent was registered, it became binding, and the one-year period of redemption began to run, against third persons. (Cf. *Philippine Executive Commission vs. Abadilla*, G. R. No. 48182.) The petitioner, which held a subordinate lien by attachment, could and should have redeemed the property within one year from said date under section 2499 of the Revised Administrative Code, as amended. Not having done so, its right as a junior incumbrancer lapsed, and its attempt on March 24, 1939, to foreclose the incumbrance was rendered nugatory, upon the expiration of one year from November 3, 1938. Appellant now offers to redeem the property from the tax sale. It should have done so when appellee filed a third-party claim or, at the latest, before November 3, 1939.

It is therefore the judgment of this Court that petitioner-appellant has no right to have transfer certificate of title No. 54822 canceled, but that, on the contrary, the respondent-appellee has the right to have the annotations thereon of the attachment and certificate of sale in favor of appellant canceled by the register of deeds upon payment of the corresponding fees; and as thus modified, the decision appealed from is affirmed, without any finding as to costs. So ordered.

Yulo, C.J., Moran, Paras, and Bocobo, JJ., concur.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.