

CARMELITA E. REYES, PETITIONER, VS. THE HON. INTERMEDIATE APPELLATE COURT, GREGORIO GALANG, AND SOLEDAD PANGILINAN, RESPONDENTS.

G.R. No. 60941. February 28, 1985

Ponente: ABAD SANTOS, J.

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ABAD SANTOS, J.:

In the defunct Court of First Instance of Quezon City, Carmelita E. Reyes, the petitioner herein, filed Civil Case No. Q-11976 for reconveyance of a parcel of land which was sold for unpaid taxes. The defendants were the following:

1. Quezon City, a chartered municipal corporation;
2. The City Treasurer of Quezon City;
3. Alicia P. Ledesma in whose favor a Certificate of Sale was first executed by the Quezon City Treasurer;
4. P. Ledesma & Co., Inc. in whose favor another Certificate of Sale was issued and in whose name a new transfer certificate of title was issued after that of Carmelita E. Reyes was cancelled; and
5. The spouses Gregorio A. Galang and Soledad Pangilinan who bought half of the land from P. Ledesma & Co., Inc.

Reconveyance was sought on the ground that the sale of the land for unpaid taxes was void because of non-compliance with the legal requirements. The defense of Quezon City and its Treasurer, Alicia P. Ledesma and P. Ledesma & Co., Inc. is that all the requirements of the law concerning tax sale of delinquent real property had been complied with; and that of the spouses Gregorio and Soledad Galang is that they were purchasers in good faith, for value, and without any notice of infirmity in the title of the purchaser at public auction from whom they derived their title.

In its decision the trial court rendered judgment in favor of the plaintiff as follows:

“a) The tax delinquency and tax sale proceedings, including the deeds of sale in consequence thereof between defendants Quezon City Treasurer and/or Alicia Ledesma and/or P. Ledesma & Co. Inc., over plaintiff's property registered under TCT No. 17498 of the Quezon city Register of Deeds, are null and void ab initio as being contrary to law and constitutional due process;

“b) The Transfer Certificate of Title Nos. 113569 and 113570 of the Register of Deeds of Quezon City in the name of P. Ledesma & Co., Inc., are also null and void as proceeding from acts completely void as afore-declared;

“c) The Deed of Sale dated April 12, 1967 between defendants P. Ledesma & Co., Inc. and spouses Gregorio Galang and Soledad Pangilinan, is likewise null and void ab initio;

“d) The Transfer Certificate of Title No. 116986 of the Register of Deeds of Quezon City in the name of

defendants spouses Gregorio Galang and Soledad Pangilinan is also null and void and ordered cancelled;

“e) Defendants spouses Gregorio Galang and Soledad Pangilinan are ordered to surrender TCT No. 116986 in their name for cancellation by the Register of Deeds of Quezon City and accordingly directed to reconvey the land described in said TCT No. 116986 in favor of the plaintiff, within 30 days after finality of this decision;

“f) Defendant P. Ledesma & Co., Inc. is directed to surrender to the Register of Deeds of Quezon City TCT No. 113570 for cancellation and also to reconvey the land therein described in favor of the plaintiff within 30 days after finality of this decision;

“g) Defendant P. Ledesma & Co., Inc. is directed to refund the sum of P62,560.00 received from defendants spouses Gregorio Galang and Soledad Pangilinan as purchase price under the void deed of sale;

“h) Defendant Alicia S. Ledesma will be reimbursed the amount of P8, 300.00 paid by her in connection with the tax sale, with the Quezon City Government refunding to the extent of P6, 872. 45, the amount retained by it after taxes, penalties and costs from the bid price received by the City, and the balance of P1, 427. 55 from out of the deposit for taxes, penalties and costs made by plaintiff with the Court upon filing of the action (G. R. No. 5894504 dated March 26, 1968), and the Quezon City Treasurer and/or the competent officials of the Quezon City Government are directed accordingly to effect this reimbursement of P8, 300. 00 unto Alicia S. Ledesma; and

“i) All the counterclaims by the defendants against plaintiff consequently are dismissed as also defendants P. Ledesma & Co., Inc.'s and Alicia S. Ledesma's cross-claim against defendants Quezon City and City Treasurer; no pronouncement as to costs.” (Record on Appeal, pp. 105-107.)

Defendants Gregorio A. Galang and Soledad Pangilinan appealed to the defunct Court of Appeals. The other defendants did not appeal.

The Court of Appeals in a decision promulgated on April 29, 1982, rendered the following judgment:

“WHEREFORE, the decision appealed from is hereby REVERSED and another one entered dismissing the complaint.” (Rollo, p. 58.)

A motion for reconsideration was denied in an Order dated June 15, 1982. (Id., p. 71.)

The instant petition prays “that judgment be rendered declaring the appealed decision and order of the Court of Appeals null and void, as to allow affirmance in toto of the trial court's decision.” (Id., p. 39.)

The parties agreed on a stipulation of facts the substantive parts of which reads as follows:

“2. The plaintiff was the duly registered owner of a parcel of land located at Makopa corner Banawe Street, Quezon City, containing an area of 855 square meters, more or less, which is more particularly described in Transfer Certificate of Title No. 17498 of the General Land Registration Office, a copy of which is hereto attached, marked Annex “A” and made an integral part hereof;

“3. The aforesaid parcel of land was declared for taxation purpose under Tax Declaration No. 1575 of Quezon City, for the assessed value of P15,400.00, a copy of which is hereto attached, marked Annex “B”, and made an integral part hereof;

“4. On October 20, October 27 and November 1, 1964 there was published in the ‘Daily Mirror’ a ‘NOTICE OF SALE OF DELINQUENT REAL PROPERTY, QUEZON CITY,’ among which delinquents is plaintiff Carmelita E. Reyes, for the taxes on the property in question; photostat copy of Notice is hereto attached as Annex “C”, and the Affidavit of Publication of said Notices, executed by the General Adv. Mgr. of the Daily Mirror, as Annex “D”;

“5. On December 4, 1964, the defendant Quezon City and then City Treasurer sold the aforesaid parcel of land of the plaintiff together with all advertised delinquent properties at a public auction sale for being delinquent in the payments of real estate taxes for the years 1956 to 1963, inclusive, in the total amount of P1,413.75;

“6. The said parcel of land belonging to plaintiff was sold at public auction sale to the highest bidder thereof for the amount of P6,300.00, from which was deducted the amount of P1,427.55 for the payment of the taxes, penalties and costs of sale, thereby leaving a balance of P4,872.45 now deposited with the defendant, City Treasurer of Quezon City;

“7. A Certificate of Sale dated December 5, 1964, was executed by the City Treasurer of Quezon City, which is attached as Annex "E";

“8. On December 24, 1964, the Certificate of Sale of City Treasurer, Quezon City, to Alicia Ledesma, was inscribed in the Memo of Incumbrance, T.C.T. 17498 of plaintiff; copy of which is attached as Annex "P";

“9. On January 3, 1966, the City Treasurer, Quezon City, executed a Certificate of Sale of the property in question in favor of P. Ledesma & Co., Inc. and duly annotated in T.C.T. and a new title T.C.T. 104672, Quezon City, was issued by the Register of Deeds on said property in the name of P. Ledesma & Co., Inc.; copy of said T. C. T. 104675 as Annex "G";

“10. On March 14, 1966, the Court of First Instance Branch V, of Quezon City, acting on the 'Petition for Issuance of New Title as a consequence of Consolidation of ownership' filed by P. Ledesma & Co., Inc. and docketed as G.L.R.O. Rec. No. 7681, issued an Order, granted said Petition, and ordering the cancellation of T.C.T. 17498, in the name of Carmelita Reyes, and to issue a new title in the name of Petitioner P. Ledesma & Co, Inc. (Copy attached as Annex "H");

“11. On October 17, 1966, Court of First Instance, Branch V of Quezon City, acting on the 'PETITION TO CANCEL LEGAL ENCUMBRANCE' filed by P. Ledesma & Co., and docketed as GLRO No. 7681 (Case No. 729), issued an Order granting said Petition and directing the Register of Deeds of Quezon City to cancel the annotation in T. C. T. 104675, under Entry 21452, File T-15798 (Copy of said Order is hereto attached as Annex "I");

“12. On January 17, 1967, an entry was made by the Register of Deeds, Quezon City, for the sub-division of said property (T.C.T. No. 104675) into two parcels, and T.C.T. 113570 and T.C.T. 113569 of Quezon City were issued; photostat copy of said two (2) new T. C. T. s are hereto attached as Annexes "J" and "J-1";

“13. On April 12, 1967, the defendant P. Ledesma & Co., Inc. sold unto the defendants Gregorio A. Galang and Soledad Pangilinan the one-half (1/2) T.C.T. 113569 of the above-mentioned parcels of land, containing an area of about 427.75 square meters which portion is now under the possession of the said defendants Gregorio A. Galang and Soledad Pangilinan under T.C.T. 116986, Quezon City, photostat copy of T.C.T. 116986 is hereto attached as Annex "K". "(Record on Appeal, pp. 64-67.)

On the basis of the foregoing facts plus those elicited during the trial, the court rendered the judgment aforequoted for the following reasons:

“1. The plaintiff never received any notice of delinquency, or any notice of tax sale, or any kind of notice at all that her real property covered by Transfer Certificate of Title No. 17498 of the Quezon City Register of Deeds was exposed to the risk of tax seizure and/or forfeiture;

“2. The procedure conducted by the City Treasurer's Office of Quezon City demonstrate one continuing and mechanical pattern of 'paper' notification upon the plaintiff, without regard to whether or not the notices would actually reach the plaintiff - thus notices of sale of delinquent real property, the notices of sold real estate in tax sale proceedings, the notices of the right to redeem property sold under tax sale, and the notice of failure to redeem property sold under tax sale (Exhibits "1-QC", "2-QC", "4-QC", "5-QC", "6-QC", "7-QC", "10-QC")

all show that said requisite notices were each and all addressed to plaintiff at No. 142 Vito Cruz, Manila, and this procedure was obstinately pursued even with the actual knowledge that the plaintiff was not receiving any of said notices, since each and all these notices were invariably returned to sender (Exhibits "2-A", "2-B", "6-A", "6-B", "6-C", "10-A" and "10-B");

"3. The determination of the City Treasurer of Quezon City to pursue the futile procedure of notifying plaintiff at No. 142 Vito Cruz, Manila was insisted on, even with the awareness that plaintiff may be reached through the Philippine National Bank; which is recorded in the Quezon City Register of Deeds as mortgagee of plaintiff's property covered as aforesaid by TCT No. 17498 (see Annex "A" addendum to joint stipulation of facts);

"4. The above pattern of futile notification by the City Treasurer of Quezon City was never changed, even as that office was aware of the inexistence of the address No. 142 Vito Cruz, Manila, as early as November 26, 1965, when the City Treasurer's Office found that the numbering of house addresses at Vito Cruz started with the number 500, with no house address below this number (Exhibit "8-QC");

"5. The tax sale on plaintiff's subject registered land on December 4, 1964, was made for only P8,300.00, which is only a little over one-half of the assessed value of P15,400.00 of the property at the time of sale (Annexes "B" and "E", addendum to joint stipulation of facts) - the gross disparity between the tax sale price and the assessed value of the property is a fact known actually by defendant tax sale purchaser and defendants Quezon City Treasurer (tsn, Feb. 17, 1977, pp. 10-14, see also Annex "B" addendum to joint stipulation of facts);

"6. The minutes and/or record of the tax sale proceedings shows defendant Alicia Ledesma as the highest bidder (Exhibit "15-A-QC") and accordingly the certificate of sale records her as the purchaser (Annex "E", addendum to joint stipulation of facts), but then when the final certificate of sale was executed by the City Treasurer of Quezon City a year later the named purchaser was not any more highest bidder Alicia Ledesma but rather defendant corporation P. Ledesma & Co., Inc. (Exhibit "9-QC"); the attempt to explain away the interchange of identities of the tax sale purchaser as a mere clerical error is belied by the voluminous records of the tax sale proceedings wherein Alicia Ledesma is entered and recorded as having participated as bidder and qualified as highest bidder in no less than ten (10) other tax sales from December 4 to December 11, 1964 (Exhibits L, M, N, O, P, Q, R and S); as a matter of fact defendant Alicia S. Ledesma on the witness stand admitted to having been notified herself by the City Treasurer of Quezon City that she was declared the highest bidder for fifteen different real properties sold on delinquency tax sales during the period December 4 to 11, 1964 (Exhibit "T", in relation to tsn, Dec. 2, 1976, pp. 28-32; see also tsn, Feb. 17, 1977, pp. 27-43, pp. 45-50);

"7. Finally, in a little over a year from December 31, 1965, the date of execution of the final deed of sale (Exh. "9-QC"), or on April 12, 1967 a half portion of plaintiff's subject property, without any improvement having been introduced in the meantime, was sold for P62,560.00 by defendant tax purchaser P. Ledesma & Co., Inc., unto defendants spouses Gregorio Galang and Soledad Pangilinan (see paragraph 9, answer of spouses Galang and Pangilinan dated May 23, 1968); in other words in this short span of one year real property purchased at the tax sale by the defendant Ledesma was sold at a profit of some 1, 500%.

"8. There are very revealing admissions by defendant Alicia S. Ledesma on the witness stand; that in another case for nullification of a tax sale of realty (Civil Case No. 10496, Benavides v. Quezon City Treasurer, et al.) she was again a defendant and she invoked the same defense that clerical error caused the execution of the sale in her favor instead of P. Ledesma & Co., Inc., the highest bidder per bidding records, and the tax sale was annulled as fraudulent; Gaudencio Maliwat, who was one of her witnesses in the instant case was made one of the party-defendants in said Civil Case No. 10496 (tsn, Dec. 2, 1976, pp. 36-42); these over a dozen coincidence of alleged clerical errors on a fact as material as the identity of the highest bidder, repeated in all the tax sales to Alicia Ledesma involving 15 separate properties (Exhibit "T" in relation to tsn, Dec. 2, 1976, pp. 28-32; Feb. 17, 1977, pp. 27-43, 45-50, see also Exhibits "L" to "S", inclusive), certainly do not establish

15 cases of honest mistakes; coupled these 15 'mistakes' in naming Alicia Ledesma as the highest bidder and tax purchaser and the number in which the notices were sent out to the plaintiff and the finding of fraud in the tax delinquency and sale proceedings comes easy;

"9. The market value of plaintiff's property at the time of the tax sale in 1964 is fixed at P200.00 per square meter or a total market value of P171,000.00 for the entire area of 855.5 square meters; this market value placed on the property by plaintiff is un rebutted (tsn, June 20, 1974, pp. 16-17) - the gross disparity, therefore, between the tax sale price of P8,300.00 at which the property was auctioned off and the established market value of P171,100.00 is an extremely significant fact to be considered in the evaluation of the issue of regularity of the tax delinquency and sale proceedings. " (Id., pp. 90-95.)

Upon the other hand, the Court of Appeals, in reversing the trial court's decision and dismissing the complaint, rationalized thus:

"The question then that poses itself is - was there no compliance with the requirements of the aforequoted provisions of the law?

"It is not denied that TCT 17498 which covers the property in question showed the address of the owner-plaintiff Carmelita E. Reyes as No. 142 Vito Cruz, Manila. The Tax Declaration No. 1575 of the property also showed the address of the owner as No. 142 Vito Cruz, Manila. As late as 1966, plaintiff's official address in the City Treasurer's Office was still 142 Vito Cruz, Manila. Then too, the property in question is located in Macopa corner Banawe, Quezon City with no number indicated.

"The evidence on record shows that the following steps were taken by the City Treasurer's Office before it conducted the questioned auction sale -

'(a) A Delinquency Notice dated October 1, 1963 for the delinquent taxes and penalties of P1,413.75 (1956-1963) on the property in question was sent to plaintiff at 142 Vito Cruz, Manila by ordinary mail (Exh. P-Q. C.).

'(b) A second notice dated August 7, 1964 informing plaintiff of the intended sale if delinquent taxes were not paid was sent to her at 142 Vito Cruz, Manila by Special Delivery (Exh. 2-Q.C. and 2-A-Q.C.). This letter was returned unclaimed.

'(c) A Notice dated November 11, 1964 stating that the real property in question has been advertised for sale in the Daily Mirror on October 20, 27 and November 3, 1964 was sent to plaintiff at 142 Vito Cruz, Manila (Exh. 4-Q.C.).

'(d) Publication once a week for three consecutive weeks in the Daily Mirror of the delinquent property stating the pertinent particulars was made. (Exhs. 3-Q.C. and 3-A-Q.C.).

'(e) A Notice of Sale of Public Auction of Delinquent Property was posted at the main entrance of the Old City Hall where the sale was subsequently held and in all public conspicuous places in the district where the property is located. Posting was made on Macopa Street itself on October 21, 1964 and at the Mega Super Store (Exhs. 5-Q.C., 5-A-Q.C., 5-B-Q.C.).

'(f) A form letter was sent to banks and lending institutions in Manila and suburbs all dated October 8, 1964 informing them of the impending sale (Exh. 22-Q.C.). '

"The evidence on record further shows that the following were the steps taken by the City Treasurer's Office after the auction sale -

'(a) A Notice of Sold Real Estate dated December 15, 1964 was sent to plaintiff at 142 Vito Cruz, Manila stating that on December 4, 1964 the subject property was sold for P8,300.00 and that the owner had one year within which to redeem. (Exhs. 6-Q.C. & 6-A-Q.C.).

'(b) A Notice dated October 20, 1965 was sent to plaintiff at 142 Vito Cruz, Manila by ordinary mail, reminding her that the right to redeem would expire on December 4, 1965 (Exh. 7-Q.C.).

'(c) A Notice was sent to banks and lending institutions in Manila and suburbs all dated July 14, 1965 about the properties sold at public auction on December 4, 1964 so that if mortgaged with them steps could be taken to redeem the property (Exh. 2-Q.C.).'

"It would appear therefore, that defendants Quezon City and City Treasurer's Office had done more than what the law requires of them in the sale of delinquent real property. For what the law required is only posting and publication. Personal notice to the delinquent taxpayer is not required. In the case at bar, however, the defendants Quezon City and City Treasurer's Office had even made earnest efforts to personally notify the plaintiff. If said letter-notices did not reach the plaintiff, it is because of plaintiff's fault in not notifying City Treasurer's Office of her change of address.

"With the foregoing conclusion thus reached, it follows that the sale in favor of defendants-appellants, spouses Gregorio Galang and Soledad Pangilinan is likewise valid." (Rollo, pp. 55-58.)

We do not fully share the simplistic perception of the Court of Appeals that the question posed is - "was there no compliance with the requirements of the x x x provisions of the law?"

To be sure, if the answer to the question is that there was compliance as the Court of Appeals said, then it follows that the sale of one-half of the land to the spouses Gregorio and Soledad Galang is likewise valid. But even if there was no compliance it does not follow that the Galang spouses have no valid title. For, as they have asserted, they are purchasers in good faith and for value in the amount of P62,560.00 for one-half of the land which had no improvements whatsoever at the time they bought it.

Even if We assume that the tax sale of the petitioner's property was attended with irregularities, an assumption which We are inclined to elevate to the status of a fact in the light of the reasons given by the trial court which We find to be more convincing, still the record is bereft of any evidence to show that the Galang spouses were a party to or had knowledge of the irregularities. Accordingly, pursuant to the doctrines laid down by this Court, the title of the Galang spouses cannot be assailed. (William H. Anderson & Co. vs. Garcia, 64 Phil. 506 [1937]; Reyes vs. Barrera, 68 Phil. 656 [1939]; PHHC vs. Mencias, L-24114, Aug. 16, 1967, 20 SCRA 1031; Pascua vs. Capuyoc, L-23197, May 26, 1977, 77 SCRA 78; Tajonera vs. Court of Appeals, L-26677, March 27, 1981, 103 SCRA 467.)

The Court of Appeals erred by reversing the appealed decision and entering one dismissing the complaint. With this kind of judgment the petitioner is left with nothing even as against those defendants who did not appeal and as to whom the judgment of the trial court had long been executory. In fact, the petitioner has projected the scenario in the prayer of her memorandum thus:

"WHEREFORE, upon all the foregoing, petitioner reiterates her main prayer in the Petition that the judgment of the Court of Appeals be reversed and another one affirming the lower court be entered. In the event the Court finds no cogent basis for annulling the spouses' title, she at least prays that, the tax sale itself being voided or not (a matter no longer relevant to the Ledesma people, because of their non-appeal) she be allowed to get back her interest in the portion of her property (still held by Ledesma & Co.) which has not yet passed into the hands of third persons who are innocent purchasers for value." (Rollo, p. 142, underscoring supplied.)

WHEREFORE, the petition is denied insofar as it seeks to nullify the title of the spouses Gregorio and Soledad Galang; and it is granted by preserving those portions of the trial court's judgment in favor of the petitioner and against the defendants who did not appeal therefrom. No costs.

SO ORDERED.

Concepcion, Jr., and Escolin, JJ., concur.

Makasiar, (Chairman), and Aquino, JJ., in the result.

Cuevas, J., no part.

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