

JOSE F. PUZON, PETITIONER-APPELLANT, VS. ALEJANDRA ABELLERA, SUBSTITUTED BY TOMASA D. DOMONDON, OPPOSITOR-APPELLEE.

G.R. No. 75082. January 31, 1989

Ponente: PARAS, J.

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PARAS, J.:

This is a petition for review on certiorari of the decision of the then First Civil Cases Division of the Intermediate Appellate Court* in AC-G.R. CV No. 04690, dated 13 March 1986, affirming in toto the decision of the then Court of First Instance of Baguio and Benguet, Branch IV, sitting as a Land Registration Court, in Administrative Case No. 2091. It is the contention of petitioner that:

"THE HONORABLE APPELLATE COURT COMMITTED GRAVE AND REVERSIBLE ERROR IN UPHOLDING THAT LANDS WITHIN THE BAGUIO TOWNSITE RESERVATION WHOSE TITLES HAVE BEEN ISSUED IN CIVIL RESERVATION CASE NO. 1, G.L.R.O. RECORD NO. 211 PURSUANT TO REPUBLIC ACT 931, AS AMENDED, ARE NOT SUBJECT TO REALTY TAX." (Petition, p. 7, Rollo)

The oppositor-appellee (now deceased and substituted by her only child Tomasa Domondon) was the registered owner of the land in question, a two-hectare lot known as Lot 1-B subdivision plan (LRC) PSU-33174, Res. Sec. 2, Km. 3 Asin Road, Baguio City and covered by TCT No. 8103. The said land was part of a bigger tract of public land but titled in a judicial reopening proceeding pursuant to the provisions of RA 931, as amended, entitled "An act to authorize the filing in the court, under certain conditions, of certain claims of titles to parcels of land that have been declared public land, by virtue of judicial decisions rendered within the forty years next preceding the approval of this act" (now inoperative).

Subsequently, in a case entitled *Republic, et al., v. Hon. Pio R. Marcos, et al.*, 29 SCRA 517 (1969), We declared all titles issued under RA 931 null and void since the said Act was applicable only to places that were covered by cadastral proceedings, not to the City of Baguio which was covered by a townsite reservation under Civil Reservation Case No. 1, G.L.R.O. Record No. 211 filed before the enactment of Cadastral Act No. 2259 on 11 February 1913. This was followed by another case also entitled *Republic v. Marcos*, 52 SCRA 238 (1973), where We reiterated the above ruling. The ruling in these cases was subsequently enacted into law as incorporated in Presidential Decree No. 1271 which took effect on 22 December 1977 with the title "An act nullifying decrees of registration and certificates of title covering lands within the Baguio Townsite Reservation Case No. 1, G.L.R.O. Record No. 211 pursuant to Republic Act No. 931, as amended, but considering as valid certain titles of such lands that are alienable and disposable under certain conditions and for other purposes." Hence, the lot in question was reverted to the public domain.

On 10 October 1977, certain real properties in Baguio City, which included two (2) properties of the oppositor-appellee, one of which is the land involved in this appeal, were auctioned off. Allegedly, the real property taxes on the land in question for the years 1971 to 1977 had not been paid. Having been previously

informed of the scheduled auction sale of tax delinquent properties in Baguio City, petitioner Puzon gained interest in the property in question. He examined the title of said land and all other documents evidencing transactions over the same. At the auction sale petitioner Puzon was declared winner in the bidding over the lot in question, being the lone bidder, and paid to the City Treasurer a total sum of only P3,253.95 which included his bid and other petty sums.

One year after the tax sale, petitioner Puzon was given a certificate of sale over the parcel of land sold to him. He went to the Registry of Deeds in order to register said certificate and to secure a new title in his name but was advised to first go to court for an order confirming said sale. Hence, petitioner filed this suit to consolidate his ownership over the property.

In the meantime, while trying to avail of the provisions of PD 1271 in oppositor-appellee's behalf, Tomasa Domondon found out that the two lands of the former had been auctioned off for alleged tax delinquencies for the years 1971 to 1977, one of which is the land purchased by petitioner Puzon. Domondon then arranged a meeting with the latter to discuss the matter with him. But when the latter failed to appear at the appointed time and place, Domondon consigned with the Court the amount of P4,780.00 after having verified that Puzon paid only P3,252.95 for a two-hectare land which could have commanded a very much higher price. She then filed her opposition to petitioner Puzon's petition for consolidation. The lower court ruled in favor of the then oppositor, declaring null and void the aforesaid auction sale and illegal the assessment made. This ruling was affirmed by the then Intermediate Appellate Court (IAC), hence, this present petition. As stated by the lower court and adopted by the IAC, the issues are "whether the (property) involved herein can be considered tax (delinquent) and, if so, has there been a valid tax sale of the same as to place the Court under no recourse but to confirm said (sale) and order the (title) thereof transferred in the name of petitioner Jose F. Puzon..." (p. 23, Rollo).

In concluding that the assessments made for the years 1971 to 1977 were legal, petitioner contends that PD 1271 is curative in nature. Section 1 of the said Decree states in part:

"SECTION 1. All orders and decisions issued by the Court of First Instance of Baguio and Benguet in connection with the proceedings for the reopening of Civil Reservation Case No. 1, GLRO Record No. 211, covering lands within the Baguio Townsite Reservation, and decreeing such lands in favor of private individuals or entities, are hereby declared null and void and without force and effect; PROVIDED, HOWEVER, that all certificates of titles issued on or before July 31, 1973 shall be considered valid and the lands covered by them shall be deemed to have been conveyed in fee simple to the registered owners upon a showing of, and compliance with, the following conditions...." (74 O.G. No. 19, pp. 3583-3584).

The petitioner submits that: "upon compliance with certain requirements the titles so issued are validated and deemed to have been conveyed in fee simple.... The validation of the title retroacts to the very day the title was originally issued" (pp. 4-5, Rollo). We agree with the petitioner. The intent of the law necessarily makes such titles valid from the time they were issued. The ninth "whereas" clause of PD 1271 states:

"WHEREAS, there are holders of titles who, before the promulgation of the decision of the Supreme Court on July 31, 1973, had acted in good faith and relied, although mistakenly, on the indefeasibility of torrens certificates of titles and who had introduced substantial improvements on the land covered by the certificates." (74 O.G. No. 19, p. 3583)

The foregoing necessarily implies that the intent of the law is to recognize the effects of certain acts of ownership done in good faith by persons with torrens titles issued in their favor before the cut-off date stated, honestly believing that they had validly acquired the lands. And such would be possible only by validating all the said titles issued before 31 July 1973, effective on their respective dates of issue. However, the validity of these titles would not become operative unless and after the conditions stated in PD 1271 are met. Hence, the phrase "upon a

showing, and compliance with, the following conditions." (Sec. 1, PD 1271)

While it may be argued that Article 4 of the New Civil Code prohibits the retroactive application of laws unless expressly provided therein, such rule allows some exceptions. As We have held in the case of *Nilo v. Court of Appeals*, 128 SCRA 519, "a statute operates prospectively only and never retroactively, unless the legislative intent to the contrary is made manifest either by the express terms of the statute or by necessary implications." As pointed out above, PD 1271 falls under one of the exceptions.

Considering, however, that during the years 1971-1977 the land in question was still part of the public domain, the oppositor-appellee could not, in those years, obviously be held liable for real property taxes over the land in question. Since the validity of her title would take effect retroactively only after having complied with the conditions set in PD 1271, only then could she be held liable for taxes for the period starting 1971 to 1977. It would be absurd then to hold the oppositor--appellee liable for taxes over a piece of land which she did not own (it being public land) or use. Consequently, the tax sale was prematurely conducted. The oppositor-appellee should have first been given the opportunity to settle the taxes assessed for the years 1971-1977 after having complied with PD 1271.

As to the validity of the auction sale, We reiterate that it was prematurely held, hence, null and void for the above reasons. But even on the evidence presented by the parties, assuming that the sale was properly and seasonably held, it has been clearly shown by the trial court and the IAC that the oppositor-appellee was not properly notified. The holding of the tax sale despite the absence of the requisite notice was tantamount to a violation of her substantial right to due process. As held by the IAC,

"...Under these provisions (referring to Secs. 59, 65, 73 and 76 of PD 464, the Real Property Tax Code) notice to the delinquent owner is required as a prerequisite to a valid tax sale.

'Failure to notify the registered owner shall vitiate the sale.' (*Cabrera v. Prov. Treasurer*, 75 Phil. 780)

"Tax sales are administrative proceedings. And -

'Administrative proceedings established for the sale of private lands for non-payment of taxes being in personam (*Pantaleon v. Santos*, L-10289, July 31, 1957), it is essential that there be actual notice to the delinquent, otherwise the sale is null and void although preceded by proper advertisement or publication.'" (*Vivencio v. Quintos*, CA-G.R. No. 44697, Jan. 23, 1975, 72 O.G. No. 11, March 15, 1975.) (Decision of the IAC, 13 March 1986, pp. 27-28, Rollo)

We do not see the above findings of fact of the trial court, as adopted by the IAC, to be contrary to the evidence presented nor tainted with partiality or indiscretion. Hence, We accord them great respect (*Premier Insurance and Surety Corporation v. IAC*, 141 SCRA 423; *Vda. de Roxas v. IAC*, 143 SCRA 77; *Republic v. IAC*, 144 SCRA 705).

WHEREFORE, the appealed decision is hereby MODIFIED accordingly, that is the land should really be considered owned by the respondent and her title thereto must not be disturbed BUT she must pay the real property taxes thereon for the years 1971-1977. As to the other matters raised, We find no reason to deviate from the findings of the lower court and, thus, AFFIRM the same.

SO ORDERED.

Melencio-Herrera, (Chairman), Sarmiento, and Regalado, JJ., concur.

Padilla, J., no part, by reason of ownership of a lot in the same Baguio townsite reservation.

* Penned by then Associate Justice Caguioa and concurred in by then Presiding Justice Gaviola and Associate Justices Quetulio-Losa and Ines Luciano.

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