

FRANCISCO JOSE, ANTONIO, ERLINDA, JOVITA, ARACELI, DOLORES, VIRGINIA, MARTA, LEDINIA, AND ANITA, ALL SURNAMED RAMON JAO, PETITIONERS, VS. COURT OF APPEALS AND LAUREANA C. VDA. D...

G.R. No. 85157. December 26, 1990

Ponente: PARAS, J.

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PARAS, J.:

This is a petition for review on certiorari seeking the reversal of the 1) decision[1] dated July 14, 1988 of the respondent appellate court in CA - G.R. CV - No. 09169, affirming the decision of the Regional Trial Court of Caloocan City, which dismissed herein petitioners' complaint for annulment of title and reconveyance of property and spouses Pablo Bairan and Laureana C. Bairan's counterclaim, and 2) respondent appellate court's resolution dated September 14, 1988, denying herein petitioners' motion for reconsideration.

The facts of the case are as follows:

On July 30, 1956, petitioners' predecessors-in-interest, Pedro Ramon Jao and Catalina Jao (hereinafter referred to as JAO), executed a deed of absolute sale selling to spouses Zosimo H. Tan and Elizabeth O. Tan (hereinafter referred to as TAN) four (4) hectares of property located in Novaliches, Caloocan City, for and in consideration of P1.00 and other good and valuable consideration. On July 31, 1956, the said deed of sale was registered with the Register of Deeds, Caloocan City and TCT No. 45783 was issued in the name of the spouses TAN.[2]

According to JAO, the four (4) hectares of land was merely loaned to TAN to be utilized as a site of a Chinese Temple to be returned to JAO if the temple could not be erected in five (5) years from the date of said transfer. The five-year period having elapsed without the Chinese Temple being erected, JAO demanded from TAN the reconveyance of the property.[3]

It appears however that a certain Segundina Vda. de Tiongson fraudulently holding herself out as Elizabeth O. Tan filed a petition for the issuance of a new owner's duplicate of Transfer Certificate of Title No. 45783 in lieu of the one supposedly lost, successfully obtained another duplicate copy thereof on February 7, 1964 and then on February 10, 1964 executed a false deed of absolute sale in her favor which was inscribed at the back of TCT No. 45783 resulting in its cancellation and the issuance of TCT No. 3559 in the name of Segundina Vda. de Tiongson. Tiongson then offered the property for sale to the spouses Pablo and Laureana Bairan (herein referred to as BAIRAN) who after finding after verification with the Register of Deeds that the title of Tiongson was in order bought the same and was issued TCT No. 3667.

All the while that the foregoing transactions transpired, TCT 45783, allegedly lost, was in the possession of the TAN spouses.

Subsequently, three civil cases arose therefrom as follows:

(a) Civil Case No. 190 entitled Petition for Annulment of Titles and Revival of Former Title, filed by TAN with the Court of First Instance of Rizal against Tiongson and the BAIRANS praying for a declaration of nullity of TCT No. 3667 in the name of BAIRAN and a revival of TCT No. 45783 in their (TAN'S) name. A notice of lis pendens was annotated at the back of TCT No. 3667.[4]

(b) Civil Case No. 390 entitled "Annulment of Documents and/or Reconveyance" filed by JAO, the original owner against TAN and Tiongson, at the Court of First Instance, praying that said defendants be ordered to transfer and reconvey to him the said property. For unknown reasons, JAO did not include the BAIRANS in his complaint although the BAIRANS were already the registered owner on March 4, 1964 when their title was issued while the complaint was filed on July 1964.

(c) Civil Case No. C-10228 filed eighteen years later by herein petitioners (JAO's heirs) for annulment of title and reconveyance against the BAIRANS, with the Regional Trial Court of Caloocan City.

After hearing the Trial Court in Civil Case No. C-390 sustained the claim of JAO and rendered judgment, the dispositive portion of which reads:

"WHEREFORE, judgment is rendered in favor of the plaintiffs and against the defendants and hereby declares the Deed of Absolute Sale, 'Exhibit '11', as null and void and inexistent, and order the defendants Zosimo H. Tan and Elizabeth O. Tan, to execute a deed of reconveyance over the four (4) hectares of land covered by TCT No. 45783 of the Register of Deeds of Caloocan City, in favor of the plaintiffs, now substituted by their children namely, Jose Ramon Jao, Antonio Ramon Jao, Erlinda Ramon Jao, Jovita Ramon Jao, Araceli Ramon Jao, Dolores Ramon Jao, Virginia Ramon Jao, Marta Ramon Jao, Ledinia Ramon Jao and Anita Ramon Jao, without pronouncement as to costs."[5]

On appeal, the judgment was affirmed by the Court of Appeals in a decision promulgated on August 27, 1976. The Supreme Court denied the petition for review on certiorari of said decision, which denial became final and executory on October 7, 1977.[6]

On September 27, 1977, Civil Case No. C-190 was dismissed, it appearing that petitioner therein, Zosimo Tan, has no more cause of action against BAIRAN.[7]

In the meantime, Segundina Vda. de Tiongson was prosecuted and convicted of falsification of public document in Criminal Case No. C-566.[8]

On September 30, 1985, the lower court rendered judgment, in Civil Case No. C-10228 the dispositive portion of which is as follows:

"WHEREFORE, judgment is hereby rendered DISMISSING plaintiffs' complaint with costs against the plaintiffs.

"Defendants counterclaim is likewise dismissed for lack of merit, there being no showing that in filing this complaint plaintiffs acted in bad faith.

"SO ORDERED."[9]

On appeal the Court of Appeals, on July 14, 1988, affirmed the judgment of the lower court.

The motion for reconsideration having been denied, herein petitioners instituted the instant petition.

In the resolution of June 14, 1989, the Second Division of this Court gave due course to the petition.

Petitioners filed their memorandum on July 24, 1989;[10] while private respondent filed theirs on August 11, 1989.[11]

Reduced to bare essentials, the only issue in this case is whether or not the rights or title to the property of Tiongson, an impostor, can be the root of a valid title for the BAIRAN spouses, allegedly innocent purchasers for value.

It is not disputed that the BAIRANs not only had knowledge of the decision of the trial court in Civil Case No. 390 declaring the Deed of Absolute Sale between JAO and TAN as a simulated sale and as such null and void and inexistent and ordering the TANs to execute a deed of reconveyance over the four (4) hectares of land covered by TCT No. 45783 in favor of JAO, which decision had been affirmed by both the Court of Appeals and the Supreme Court and which had become final and executory, but the BAIRANs even judicially admitted and acknowledged that the property in litigation belongs to the JAO family and used that fact as basis of their "Motion to Dismiss" in Civil Case No. C-190. In addition, Segundina Vda. de Tiongson was prosecuted and convicted of falsification of public document in Criminal Case No. C-566, leaving no doubt that the title of Tiongson from which the title of BAIRANs was derived, was procured through misrepresentation, deceit and fraud.

Under similar circumstances, this Court has already ruled that wrongly reconstituted certificates of title secured through fraud and misrepresentation cannot be the source of legitimate rights and benefits, unless of course the transferee of the title is in good faith. Thus, in the case of *Republic v. Court of Appeals*, it was held that:

"The existence of the two titles of the Government ipso facto nullified the reconstitution proceedings and signified that the evidence in the said proceedings were sham and deceitful and were filed in bad faith. Such humbuggery or imposture cannot be countenanced and cannot be the source of legitimate rights and benefits.

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"To sustain the validity of the reconstituted titles would be to allow Republic Act No. 26 to be utilized as an instrument for land grabbing (see *Republic v. Court of Appeals, Ocampo and Anglo*, L--31303-04, May 31, 1978, 83 SCRA 453, 480 per J.G.S. Santos) or to sanction fraudulent machinations for depriving a registered owner of his land to undermine the stability and security of Torrens titles and to impair, the Torrens system of registration.

"The theory of A & A Torrijos Engineering Corporation that it was a purchaser in good faith and for value is indefensible because the title of the lot which it purchased unmistakably shows that such title was reconstituted. That circumstance should have alerted its officers to make the necessary investigation in the registry of Deeds of Caloocan City and Rizal where they could have found that Lot 918 is owned by the State." [12]

The case at bar involves the issuance of a new owners's duplicate through court proceedings equally sham and deceitful which under the same principle cannot be the source of legitimate rights and benefits.

A new owner's duplicate certificate of title issued under these circumstances indicates that it was issued in lieu of a lost one and should have alerted the BAIRANs to take precautions in the examination of the records in the Registry where they could easily discover among others: that the Order for the Issuance of a New Owner's Duplicate Copy of TCT No. 45783 was dated February 7, 1964; on February 8, 1964 a Deed of Sale in favor of Tiongson for a measly sum of five thousand pesos (P5,000) was executed on February 8, 1964; the certificate was already in the name of Tiongson on February 10, 1964 and on March 4, 1964, the title was transferred to BAIRANs, all in less than the 30-day period from notice or Order to the Register of Deeds before a lost owner's duplicate copy could be reissued. [13] As they obviously did not, they cannot now claim to be in good faith.

Neither can they claim prescription which is unavailing not only against the registered owner but also equally against the latter's hereditary successors [14] more specially in this case where private respondents themselves admitted that subject land belong to JAO, nor can they take advantage of the non-cancellation of their title TCT

No. 3667 for it has been settled by this Court, that where the reconstituted certificates of titles had been secured through fraud and misrepresentation and the lower court has not annulled the owner's duplicate certificate issued in compliance with the Order of Reconstitution, the holder thereof is regarded as a mere trustee of the rightful owners, with the obligation to give and convey to the latter their respective shares.[15]

PREMISES CONSIDERED, the assailed decisions of the Court of Appeals and the Trial Court are REVERSED and SET ASIDE, the proceedings for the issuance of a New Owner's duplicate are declared VOID and are SET ASIDE and the questioned TCT No. 3559 of Tiongson and TCT No. 3667 of the BAIRANs, are likewise declared VOID and the Register of Deeds of Caloocan City is ordered to CANCEL aforesaid titles.

SO ORDERED.

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

[1] Penned by Associate Justice Ricardo L. Pronove, Jr., concurred in by Associate Justices Florelana Castro-Bartolome and Bonifacio A. Cacdac, Jr.

[2] Rollo, pp. 42-43

[3] Ibid., p. 43

[4] Ibid., p. 44

[5] Ibid., pp. 44-45

[6] Ibid., p. 45

[7] Ibid., pp. 45-46

[8] Ibid., p. 46

[9] Ibid., p. 151

[10] Ibid., p. 212

[11] Ibid., p. 245

[12] 94 SCRA 872-873 [1979]

[13] Secs. 109 and 110 of P.D. 1529 (Rollo, pp. 24-25)

[14] Bailon-Casilao v. Court of Appeals, 160 SCRA 738 (1988)

[15] Anonuevo v. Anonuevo, 21 SCRA 1324 (1967)

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