

JESUS P. LIAO, PETITIONER, VS. HON. COURT OF APPEALS I. C. CRUZ CONSTRUCTION, INC. AND ARLE DEVELOPMENT CORPORATION, RESPONDENTS.

G.R. Nos. 102961-62. January 27, 2000

Ponente: PARDO, J.

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PARDO, J.:

Petitioner Jesus P. Liao seeks to annul the decisions of the Court of Appeals[1] which annulled an order of the Regional Trial Court,[2] Quezon City, Branch 99 directing the Register of Deeds to issue transfer titles to Estrella Mapa over certain lots in Piedad Estate, Quezon City.[3]

The cases before us involve the issuance to different persons of several torrens titles covering the same property.

The facts may be summarized as follows:

On March 5, 1986, Estrella Mapa filed with the Regional Trial Court, Quezon City, Branch 99 a petition for reconstitution of documents and issuance of certificates of title over certain parcels of land covered by OCT 614, Decree No. 6667, GLRO Rec. No. 5975.[4]

Estrella Mapa claimed that on June 16, 1913, the Director of Lands issued certificates of sales[5] to Vicente Salgado over the parcels of land covered by OCT 614, Decree No. 6667, GLRO Rec. No. 5975 in accordance with Act. No. 1120, otherwise known as the Friar Lands Act. The sale involves four (4) parcels of land (Lot Nos. 755, 777, 778 and 783) located at Bgy. Payatas, Quezon City. Lot No. 755 has an area of 3.691 hectares, Lot No. 777 has 25.0155 hectares, Lot No. 778 has 24.5091 hectares, and Lot No. 783 has 25.0363 hectares. The four lots form part of the Piedad Estate.[6]

On April 12, 1930, Vicente Salgado assigned the property to Estrella Mapa.

After hearing, on June 30, 1986, the trial court issued an order which provides:

"WHEREFORE, finding the Assignment of Sales Certificate Nos. 781 and 783 covering lots 778 and 777 respectively, to be genuine, valid and registrable titles, and the existence of approved technical descriptions of said lots, the Court hereby orders the Registry of Deeds of Quezon City, after payment of the required fees therefore, to issue a transfer Certificate of Title in the name of petitioner Estrella Mapa for Lot No. 778 as per technical description approved and certified by, and on file with the Bureau of Lands, and as earlier ordered reconstituted in the Office of the Land Registration Commission; and portions of Lot 777 as per amended technical description submitted by petitioner and based on duly-approved technical description on file with the Bureau of Lands.

"SO ORDERED.

"Quezon City, Philippines, June 30, 1986.

"GODOFREDO Q. ASUNCION

J u d g e"[7]

Pursuant to this order, the Register of Deeds of Quezon City issued T.C.T. No. 348156 dated August 5, 1986 covering Lot No. 778 and a portion of Lot No. 777. On August 12, 1986, the Register of Deeds cancelled this title and issued T.C.T. No. 348291 and T.C.T. No. 348292 covering Lot No. 778 and a portion of Lot No. 777 respectively.[8]

Unfortunately, the above titles were in conflict with several existing certificates of title, resulting in the filing of several actions with the Regional Trial Court, Quezon City for quieting, and an investigation into the matter by the National Bureau of Investigation.[9] Meantime, Estrella Mapa assigned the parcels of land covered by T.C.T. No. 348291 and T.C.T. No. 348292 in favor of Palmera Agricultural Realty Development Corporation, which is a family corporation headed by Lourdes Angeles, Estrella Mapa's daughter.

Re: G. R. Nos. 102961-62

On March 28, 1990, I.C. Cruz Construction, Inc. (ICC) filed with the Court of Appeals[10] a petition for the annulment of the Order dated June 30, 1986 of the Regional Trial Court, Quezon City.[11] I.C. Cruz alleged that the title issued by the Register of Deeds of Quezon City pursuant to said order encompassed property which had been registered and titled in its name under TCT No. 836975.

On July 3, 1990, Arle Realty Development Corporation (hereafter Arle) filed a similar petition with the Court of Appeals[12] praying for the annulment of the same order of the Regional Trial Court. Arle claimed ownership of six (6) lots covered by TCT No. 263984 to 263989, which had overlapped TCT No. 348292 covering Lot No. 777.

After consolidation of the two cases, the Court of Appeals set the cases for preliminary conference on March 21, 1991. At this conference, Jesus P. Liao appeared with his counsel and claimed that he purchased the parcels of land from Palmera by virtue of a Deed of Omnibus Assignment dated August 23, 1990.

On August 29, 1991, the Court of Appeals rendered decision as follows:

"WHEREFORE, the Order dated June 30, 1986 of the respondent Regional Trial Court of Quezon City (Br. 99) in LRC Case No. Q-3369 (86) is declared null and void. Consequently, the Register of Deeds of Quezon City is ordered to cancel T.C.T. No. 348156, T.C.T. No. 348291 and T.C.T. No. 348292 of the Registry of Deeds of Quezon City, all of which were issued pursuant to the aforesaid Order, as well as all the subsequent titles derived therefrom.

"SO ORDERED.

"SALOME A. MONTOKA

"Associate Justice

"WE CONCUR:

"FIDEL P. PURISIMA BONIFACIO CACDAC, JR.

"Associate Justice Associate Justice"[13]

By resolution issued on November 28, 1991, the Court of Appeals denied Jesus Liao's motion for reconsideration.[14]

On January 17, 1992, petitioner filed the present recourse.[15]

Re: G. R. No. 107625

On February 17, 1988, respondents Susan A. Foronda, Iluminada R. Dionisio, Azucena Q. Pua, and Lucia Pua Liok Bin filed with the Regional Trial Court, Quezon City, Branch 85 a complaint[16] for "Annulment of Title, Reconveyance of Property, Damages and Injunction with Restraining Order" against Estrella Mapa, Lourdes Angeles, Serafin B. Riosa, Ernie M. Palmos, Palmera Agricultural Realty Corporation and Maristel Y. Angeles, involving lots titled in the names of the complainants but also covered by TCT No. 348292 (Lot No. 777).

Respondents alleged that Lot 777 ceased to be part of Friar Land as early as May 1922 when the Director of Lands executed Deed of Sale No. 10570 conveying ownership of Lot 777 to one Carlos Sarmiento, not to Vicente Salgado. The lot could not have been validly assigned to defendant Estrella Mapa on April 12, 1930 by Vicente Salgado, who was not the rightful owner of the property. TCT 348292 was procured only in 1986 while the titles of plaintiffs were issued in 1967 and one was issued in 1958.

Sometime in October 1986, respondents went to the Office of the City Assessor of Quezon City in response to a letter of the City Assessor informing them that Estrella Mapa was applying for the issuance of tax clearance for Lot 777 covering respondents' property. The basis of the application was TCT No. 348292 of the Registry of Deeds for Quezon City dated August 12, 1986. The title contained an encumbrance, which stated that the title was under investigation by the Verification Committee of the Land Registration Commission (LRC), later known as National Land Titles and Deeds Registration Administration (NALTDRA).[17]

On November 4, 1987, the Verification Committee submitted a report stating that TCT No. 348292 was fraudulently and irregularly issued, being a duplication of previously issued titles and recommending the filing of an action for the annulment of TCT Nos. 348156, 348291 and 348292 all in the name of Estrella Mapa.

The committee recommended that:

"1. A complaint be filed in court through the Office of the Solicitor General for the annulment of TCT Nos. 348156, 348291 and 348292 all in the name of ESTRELLA MAPA, for having been fraudulently and/or illegally issued they being a duplication of several previously issued regular titles;

"2. The matter be endorsed to the National Bureau of Investigation to pinpoint the person or persons responsible therefor, for possible criminal and/or administrative prosecution;

"3. To conduct fact finding investigation relative to the issuance of said Transfer Certificate of Title Nos. 348156, 348291 and 348292, by the Register of Deeds of Quezon City, notwithstanding the existence of other titles covering the same lots, for possible administrative prosecution;

"4. The Register of Deeds of Quezon City, be informed of these findings for his information and guidance; and

"5. The return of the original copies of TCT Nos. 348291 and 348292 to the Register of Deeds of Quezon City, after filing of the complaint of annulment and annotation of the notice of lis pendens thereof.

"Respectfully submitted:

"THE VERIFICATION COMMITTEE

"By:

"EDILBERTO R. FELICIANO

"Chairman"[18]

On May 25, 1988, NBI agent Samuel B. Ong submitted a report recommending the prosecution of Estrella Mapa and Lourdes Angeles for violation of Article 172 of the Revised Penal Code.

On April 22, 1988, Azucena O. Pua and Lucia Pua Liok Bin filed with the Regional Trial Court, Quezon City, Branch 85 a motion for intervention and a complaint in intervention, alleging that they had a legal interest in the property in litigation inasmuch as they acquired a portion of the lot from Purita Mapua, who in turn acquired it from plaintiff Iluminada Dionisio and that they were presently owners of the property under TCT 254620.

On July 24, 1990, the trial court rendered decision ruling, citing *de Villa vs. Trinidad*, 22 SCRA 1167, 1174 [1968], that "where two certificates of title are issued to different persons covering the same land in whole or in part, the earlier in date must prevail as between the original parties and in case of successive registrations where more than one certificate is issued over the land, the person holding under prior certificate is entitled to the land as against the persons who rely on the second certificate." The dispositive portion of the decision reads:

"Wherefore, judgment is hereby rendered as follows:

"1. Declaring null and void, and ordering the Register of Deeds of Quezon City to cancel TCT No. 348292 in the name of Estrella Mapa, as well as TCT No. 373356 and all titles emanating from TCT No. 348292.

"2. Ordering defendants to reconvey to plaintiff Susan A. Foronda her parcel of land under TCT No. 363045; and to plaintiff Iluminada R. Dionisio, her parcel of land under TCT Nos. 44738, 117939, 117940, 117941 and 117943;

"3. Ordering defendants to refrain and desist from advertising and selling any of the lots within the property of herein plaintiffs and from building and constructing roads and other structures thereon;

"4. Ordering defendants to pay plaintiffs and plaintiffs-intervenors, jointly and severally, the sum of P 20,000 as attorney's fees;

"5. Dismissing the counterclaim and crossclaim, with costs against defendants.

"SO ORDERED.

"Quezon City, Philippines, July 24, 1990.

"BERNARDO P. ABESAMIS

"J u d g e"[19]

On appeal by petitioner to the Court of Appeals, on October 23, 1992, the Court of Appeals dismissed the appeal on two grounds. First, the decision of the trial court which authorized the issuance to Estrella Mapa of TCT No. 348292 had lost its force when the Court of Appeals declared it null and void in its decision promulgated on August 29, 1991.[20] Second, the July 24, 1990 decision of the trial court was a valid decision, which the Court of Appeals found no reason to disturb.[21]

On December 16, 1992, Jesus P. Liao filed this petition.

Re: G. R. No. 108759

Following the same facts above where the Register of Deeds, Quezon City issued TCT No. 348292 in the name of Estrella Mapa, the third case developed as follows:

On February 9, 1988, Edmund Ruiz, Romeo Gomez, and Rosalinda Villapa filed with the Regional Trial Court, Quezon City, Branch 105 a complaint for annulment of title, reconveyance of real property, damages, and injunction against Estrella Mapa, Lourdes Angeles, Serafin Riosa and Ernie Palmos.[22]

On September 22, 1989, the trial court rendered decision against the defendants therein. The dispositive portion reads:

"WHEREFORE, premises considered, judgment is hereby rendered:

"1. Declaring Transfer Certificate of Title No. 191487 in the name of plaintiff Edmond M. Ruiz covering Lot 777-B-7-B-4, Transfer Certificate No. 27265 in the name of plaintiff Romeo Gomez covering Lot 777-B-23, and Transfer Certificate of Title No. 238282 covering Lot 777-B-5-A in the name of plaintiff Rosalinda N. Villapa, all valid and to be given full force and effect;

"2. Declaring defendant Estrella Mapa's Transfer Certificate of Title No. 348292 as null and void in so far as the Lot 777 which it covers overlaps the aforementioned lots of plaintiffs;

"3. Making permanent the writ of preliminary injunction issued and ordering all the defendants to pay costs;

"4. Ordering defendants Estrella Mapa and Lourdes Angeles jointly and severally to pay the three the three plaintiffs Edmond M. Ruiz, Romeo Gomez, and Rosalinda Villapa, P10,000.00 each, as moral damages; P 5,000.00 each, as exemplary damages; and P 10,000.00 each, as and by way of attorney's fees.

"As recommended by the Verification Committee of the new Land Registration Authority, and considering numerous other titles and lot owners affected by the issuance of Transfer Certificate of Title No. 348292 of Estrella Mapa, the Office of the Solicitor general is hereby directed (if other private parties have not yet done so) to file action to annul said TCT No. 348292.

"Likewise, the Land Registration Authority is hereby directed to immediately communicate with the Housing and Land Use Regulatory Board for the purpose of investigating the Riosa City Subdivision owned and/or operated by defendants Serafin B. Riosa and Ernie B. Palmos, the owners-developers of Lot 777 with the view of cancelling whatever authority or permit granted by said HLURB to sell and/or offer to sell subdivision lots of said subdivision which are within TCT 348292, TCT 348291, and TCT 348156, all in the names of defendant Estrella Mapa, this for the protection of lot buyers.

"SO ORDERED.

"Quezon City, Metro Manila, this 22nd day of September, 1989.

"(Sgd.) TOMAS V. TADEO, JR.

"Judge"[23]

On July 13, 1992, petitioner Jesus P. Liao, as successor-in-interest of Palmera Agricultural Realty Development, which was in turn the successor-in-interest of Estrella Mapa to lot 778 and a portion of lot 777, Piedad Estate, filed a petition for annulment of judgment with the Court of Appeals.[24]

On February 4, 1993, the Court of Appeals rendered decision denying due course to the petition, thus:

"Nevertheless, let it be stated that it is within the prerogative and in the exercise of its judicial discretion pursuant to Section 1, Rule 18 of the Revised Rules of Court for respondent court to declare defendant as in default for their failure to appear during the pre-trial. Likewise, it is within the judicial discretion of respondent court to base its decision on the report and recommendation of the Verification Committee. The fact that defendants were not able to cross-examine the members of the committee is a natural and legal consequence of defendants having been declared as in default.

"WHEREFORE, finding herein petition for annulment of judgment not to be sufficient in substance, We hereby DENY DUE COURSE to said petition which is accordingly dismissed pursuant to section 1(c), Rule 6 of the Revised Internal Rules of the Court of Appeals.

"SO ORDERED."[25]

Hence, this petition.[26]

The Issue

The basic issue in these consolidated cases is whether or not the Court of Appeals erred in upholding the annulment of the order of the trial court in LRC Case No. 3369 (86) authorizing issuance of titles on the basis of sales certificates and technical descriptions as reconstituted by the Land Registration Commission.

We deny the petitions.

The subject lots are part of the Piedad Estate, Quezon City, a Friar Land acquired by the Philippine Government from the Philippine Sugar Estates Development Company, Ltd., La Sociedad Agricola de Ultramar, the British-Manila Estate Company, Ltd., and the Recoleta Order of the Philippine Islands on December 23, 1903, as indicated in Public Act No. 1120 (Friar Lands Act) enacted on April 26, 1904.[27] The Piedad Estate has been titled in the name of the Government under Original Certificate of Title No. 614.

By virtue of Act No. 1120, the Piedad Estate was placed under the administration of the Director of Lands.

a. Petitioner not owner of land

Petitioner Liao claims that his predecessor in interest acquired the property through sale certificates Nos. 780, 781, 783, issued by the Director of Lands in 1913. It is shown, however, that the sale certificates were signed by the Director of Lands and approved by the Secretary of the Interior. These sales were void. This is because the sales were not approved by the Secretary of Agriculture and Natural Resources. In *Solid State Multi-Products Corp. vs. Court of Appeals*, [28] we said that approval by the Secretary of Agriculture and Commerce is indispensable for the validity of the sale of friar lands. In the absence of such approval, the sales were void.[29] In view of the invalidity of the sales, there can be no valid titles issued on the basis of such sales.

In any event, the certificates of sale,[30] assuming their validity, became stale after ten (10) years from its issuance.[31] They can not be the source documents for issuance of title more than seventy (70) years later.[32]

The rule entrenched on public policy denies relief to a claimant whose right has become "stale" by reason of negligence or inattention for a long period of time.[33] In these cases, Estrella Mapa's inaction for a period of about fifty-six (56) years, counted from the time of the sale to her in 1930 up to the filing of the petition for the issuance of title in 1986, bars petitioner from whatever rights he could have acquired thereunder. If petitioner's predecessor was indeed the owner, she should have taken steps to have the land properly titled long ago.

b. Double Sale

These cases involve a classic issue of double sale.

Faced with a situation where both parties claim to have acquired the subject property, the law provides that as between two purchasers, the one who registered the sale in his favor has a preferred right over the other who has not registered his title, even if the latter is in actual possession of the immovable property.[34]

We have consistently ruled that "when two certificates of title are issued to different persons covering the same land in whole or in part, the earlier in date must prevail, and, in case of successive registrations where more than one certificate is issued over the same land, the person holding a prior certificate is entitled to the land as against a person who relies on a subsequent certificate." [35] A certificate is not conclusive evidence of title if the same land had been registered and an earlier certificate for the same is in existence.[36]

c. Title not tantamount to ownership

Consequently, private respondents' title must be respected. They have in their favor the law that protects holders of title under the torrens system of land registration.[37] Although title does not vest ownership, time and again

we have ruled that a torrens certificate is evidence of an indefeasible title to property in favor of the person whose name appears thereon.[38] Thus, the Court of Appeals correctly annulled the trial court's order allowing registration of the subject property in the name of Estrella Mapa and her successors in interest.

WHEREFORE, the petitions are DISMISSED, for lack of merit. The decisions of the Court of Appeals in CA-G. R. SP Nos. 20381 & 22098 promulgated on August 29, 1991, CA-G. R. SP No. 28422 promulgated on October 23, 1992, and CA-G. R. SP No. 28368 promulgated on February 4, 1993 are AFFIRMED.

No costs.

SO ORDERED.

Davide, Jr., C.J., (Chairman), Puno, Kapunan, and Ynares-Santiago, JJ., concur.

[1] In CA-G. R. SP Nos. 20381 and 22098 dated August 29, 1991; in CA-G. R. SP No. 28422 dated October 23, 1992; and in CA-G. R. SP No. 28368 dated February 4, 1993.

[2] Dated June 30, 1986 in LRC Case No. Q-3369 (86).

[3] In LRC Case No. Q-3369 (86) penned by Judge Godofredo Q. Asuncion.

[4] Rollo of G. R. No. 102961-62, pp. 45-49.

[5] Numbers 780, 781 and 783.

[6] Petition for Reconstitution, LRC Case No. Q-3369 (86) and GLRO Rec. No. 5957, Rollo of G. R. Nos. 102961-62, pp. 45-49; Order, Regional Trial Court in LRC Case No. 3369 (86) dated June 30, 1986, Rollo of G. R. Nos. 102961-62, pp. 51-57.

[7] Regional Trial Court Order in LRC Case No. 3369 (86) dated June 30, 1986, Rollo of G. R. Nos. 102961-62, pp. 51-57.

[8] Court of Appeals Decision dated August 29, 1991, Rollo of G. R. Nos. 102961-62, pp. 32-41.

[9] Ibid.

[10] Docketed as CA-G. R. SP No. 20381.

[11] Branch 99.

[12] Docketed as CA-G. R. SP No. 22098.

[13] Court of Appeals Decision dated August 29, 1991, Rollo of G. R. Nos. 102961-62, pp. 32-41.

[14] Rollo of G. R. No. 102961-62, pp. 43-44.

[15] Petition filed on January 17, 1992, Rollo of G. R. Nos. 102961-62, pp. 8-30.

[16] Docketed as Civil Case No. Q-52899.

[17] Now the Land Registration Authority.

[18] Court of Appeals Rollo of CA-G. R. SP No. 28422, pp. 66-87.

[19] Regional Trial Court Decision, Rollo of G. R. No. 107625, pp. 57-62.

- [20] CA-G. R. SP Nos. 20381 and 22381.
- [21] Court of Appeals Decision in CA-G. R. SP No. 28422 dated October 23, 1992, Rollo of G. R. No. 107625, pp. 31-34.
- [22] Docketed as Civil Case No. Q-52869.
- [23] Rollo of G.R. No. 108759, pp. 41-48.
- [24] Docketed as CA-G. R. SP No. 28368.
- [25] Court of Appeals Decision, Rollo of G. R. No. 108759, pp. 26-33, at 32-33.
- [26] Filed on February 16, 1993, Rollo of G. R. No. 108759, pp. 7-22.
- [27] *De la Cruz vs. De la Cruz*, 130 SCRA 666, 693-694 (1984).
- [28] 274 Phil. 30 (1991).
- [29] *Ibid.*
- [30] Sales certificate issued on June 16, 1913.
- [31] *De los Reyes vs. Court of Appeals*, 285 SCRA 81 (1998).
- [32] Petition for reconstitution filed on March 5, 1986.
- [33] *Caltex vs. Court of Appeals*, 292 SCRA, 273 (1998).
- [34] *Tañedo vs. Court of Appeals*, 252 SCRA 80, 88 (1996), citing *Nuguid vs. Court of Appeals*, 171 SCRA 213 (1989); *Tan vs. Court of Appeals*, 295 SCRA 247 (1998).
- [35] *Chan vs. Court of Appeals*, 298 SCRA 713, 725 (1998), citing *Margolles vs. Court of Appeals*, 230 SCRA 97 (1994); *Director of Lands vs. Court of Appeals*, 102 SCRA 370 (1981); *Pajomayo vs. Manipon*, 39 SCRA 676 (1971); *De Villa vs. Trinidad*, 22 SCRA 1167 (1968); *Hodges vs. Dy Buncio*, 6 SCRA 287 (1962); *Register of Deeds vs. PNB*, 13 SCRA 46 (1965); *Alzate vs. PNB*, 20 SCRA 422 (1967).
- [36] *Mathay vs. Court of Appeals*, 295 SCRA 556, 577 (1998), citing *Gonzaga vs. Court of Appeals*, 261 SCRA 327 (1996); *MWSS vs. Court of Appeals*, 215 SCRA 783 (1992).
- [37] *Bernardino Ramos vs. Court of Appeals*, 302 SCRA 589 (1999).
- [38] *Strait Times, Inc. vs. Court of Appeals*, 294 SCRA 714 (1998).

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