

HEIRS OF NICOLAS Y. OROSA, (REPRESENTED HEREIN BY THEIR ATTORNEY-IN-FACT, RICARDO Q. OROSA), PETITIONERS, VS. THE HON. EUTROPIO MIGRINO, PRESIDING JUDGE, REGIONAL TRIAL COURT OF...

G.R. Nos. 99338-40. February 01, 1993

Ponente: FELICIANO, J.

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FELICIANO, J.:

In *Maria Mayug Vda. de Cailles v. Dominador Mayuga, et. al.*,^[1] the Court affirmed the decision of the Court of Appeals in C.A.-G.R. No.31887-R, confirming ownership over a fifty-three (53) hectare parcel of land located in Las Pinas, Rizal, more particularly referred to as Lot 9 Psu-11411 Amd-2, favor of one Dominador Mayuga. The Court also extended the benefit of such confirmation to the latter's successor-in-interest, the late Nicolas Orosa.

After the case was remanded to Branch 151 of the Regional Trial Court, Pasig, where it was originally docketed in 1958 as Land Registration Case ("LRC") No. 2839, the heirs of Nicolas Orosa (petitioners herein) moved for execution of judgment. This motion was granted by the lower court in its Order dated 25 October 1989, directing the Land Registration Authority ("LRA") to submit the property's amended technical description for approval.^[2]

However, the LRA did not comply with said order because, among others, its records indicated that the property had previously been decreed in favor of one Jose T. Velasquez, to whom was issued Original Certificate of Title No. 6122.^[3]

On 10 September 1990, Goldenrod, Inc. ("Goldenrod") filed a motion for leave to intervene in the execution proceeding, alleging an interest in the property which is the subject matter of LRC No. 2839.^[4]

Petitioners opposed Goldenrod's motion, without success. The lower court permitted Goldenrod to file its pleading in intervention through its Order dated 7 December 1990. Petitioners' motion for reconsideration therefrom was likewise denied in an Order dated 11 April 1991.^[5]

Hence this Petition for Certiorari and Prohibition.

After reviewing the comment required of private respondent Goldenrod, the Court resolved to give due course to the petition and to issue a temporary restraining order to enjoin the public respondent lower court from taking further action in LRC No. 2839. Upon filing of petitioner's reply to said comment, the case was submitted for decision.

Two (2) ultimate issues are posed for the Court's consideration in this case: 1) whether Goldenrod has shown in its pleadings in intervention a sufficient legal interest in the land which is the subject matter of LRC No. 2839; and 2) whether the legal interest actually shown by Goldenrod over the land can be protected in a proceeding separate from LRC No.2839.

In respect of the first issue, the Court must observe that the lower court had evaded resolving this matter before

permitting Goldenrod's intervention:

"The Orosa heirs also contend that the purported intervenor failed to establish its alleged legal interest in these proceedings to the subject parcel of land. Precisely, this case has to be set for hearing to enable Goldenrod to prove its claim to the land in question." [6] (Underscoring supplied)

As the Court understands it, Goldenrod attempts to augment the ruling of the lower court by showing in its pleadings in intervention, as well as in its comment before the Court, the existence of a legal interest in the land sufficient to justify its intervention.

Goldenrod claims that in 1977, during the pendency of this case before the Court in G.R. No. L-30859, Delta Motors Corporation (Delta) acquired for value the contingent rights of Nicolas Orosa over the property, as well as the conflicting claims thereto of one Jose Velasquez. [7] In 1980, the land registration court trying Jose Velasquez' claims in LRC No. N-5416 excluded therefrom the land referred to as Lot 9 Psu-11411 Amd-2 in G.R. No. L-30859. [8] Meanwhile, Delta somehow managed to obtain transfer certificates of titles over the land and sold this acquisition to Goldenrod in 1987. [9] The latter then succeeded in obtaining issuance in its favor of Transfer Certificates of Title Nos. 4893 and 4901, whose technical descriptions overlapped "big portions" of the land referred to as Lot 9 Psu-11411 Amd-2 in G.R. No. L-30859. [10] In February 1989, Goldenrod sold the land covered by said transfer certificates of title to a consortium composed of Fil Estate Management Inc., Arturo Y. Dy, Megatop Realty Development Inc., Peaksun Enterprises and Export Corporation, and Elena D. Jao ("Consortium"). [11] The contract of sale contained an undertaking on Goldenrod's part to "defend the title of the VENDEES to the property against claims of any third person whatsoever." [12] It is on the basis of this stipulation that Goldenrod seeks to intervene in the execution proceedings of LRC No. 2839.

Taking Goldenrod's own admissions at their face value, it is quite apparent that whatever direct and actual legal interest it may have had over the land had been disposed of by it for value in favor of the consortium in 1989 and that whatever residual legal interest in the property can be premised on Goldenrod's contractual undertaking, actually an express warranty against eviction, is expectant or contingent in nature. Presently, Goldenrod has no legal interest in the property and its warranty can only be enforced by the consortium if the latter is dispossessed of the land by virtue of a proper action instituted by the Orosa heirs as registered owners thereof. [13]

But, the legal interest which entitles a person to intervene in a suit must be actual and material, direct and immediate. A party seeking to intervene in a pending case must show that he will either gain or lose by the direct legal operation and effect of a judgment. [14]

In the present case, Goldenrod has failed to meet this criteria and the lower court gravely abused its discretion in permitting intervention after having overlooked this matter.

One of the other reasons invoked by the public respondent in permitting intervention at the execution stage of LRC No. 2839, follows:

"The Orosa heirs contend that intervention can not be allowed at this stage of the proceedings in this case. They forget that in a land registration case even when the decree has been issued, the case can be re-opened within (1) year from issuance of said decree to enable any prejudiced party to present evidence in support of his claim." [15]

It appears that the lower court cited Section 32 of P.D. 1529, [16] permitting the reopening of a decree of registration within one year after its entry, if the same was procured through actual fraud and a person is thereby deprived of any interest over the affected land.

The difficulty with this view is that, as earlier noted, Goldenrod had not shown any actual interest in the land of

which it could have been deprived, on the basis of an actual or extrinsic fraud perpetrated by petitioners in the course of procuring their decree of confirmation. Goldenrod had merely alleged, rather ambiguously, a cause of action against petitioners in that they "suddenly breached and disregarded the 1977 Agreement" (the sale between Nicolas Orosa and Delta).[17] Even the public respondent made no finding that Goldenrod was the apparent victim of an actual fraud. Hence its invocation of the remedy provided in Section 32 of P.D. 1529 was bereft of basis.

The action of the lower court in permitting Goldenrod's intervention at this late stage of the proceedings in LRC No. 2839 is also flawed by another, more serious defect. It must be remembered that upon entry of the Court's judgment in G.R. No. L-30859, the confirmation of a registerable title, and the consequent adjudication of ownership over Lot 9 Psu-11411 Amd-2, in favor of petitioners' predecessors-in-interest became a final and settled matter.[18] Such entry of judgment operated ipso facto to divest the lower court of its general jurisdiction to act in LRC No. 2839, save for the limited matter of supervising the process of executing the Court's decision. The public respondent simply cannot, as it appears to be trying to do in this case, interpret or reverse the implication of this Court's ruling that petitioners are entitled to a Torrens title over Lot 9 Psu-11411 Amd-2, just because Goldenrod seeks to recall execution by making a supervening allegation that petitioners are no longer the owners thereof.[19]

Goldenrod attempted to broaden the jurisdiction of the lower court, so as to enable the latter to take cognizance of its motion for intervention, by invoking the Court's ruling in *Suson v. Court of Appeals*: [20]

"It cannot be overlooked that the hearing before the respondent court on the motion for demolition (underscoring supplied by the Court) was in connection with the implementation or execution of a final judgment in Civil Case No. R-14351. Petitioner was precisely given an opportunity to intervene in order to guide the court in disposing of private respondent's motion for demolition in the light of petitioner's claim that his house was erected on the disputed lot (underscoring supplied by the Court), and yet, he was not an original party to the action. Petitioner was thus given a chance to raise and prove his claim of ownership over a part of the lot in question (underscoring supplied by the Court), but he ignored such opportunity. He cannot now complain that he was denied due process. 'A case in which an execution has been issued is regarded as still pending so that all proceedings on the execution are proceedings in the suit. There is no question that the court which rendered the judgment has a general supervisory control over its process of execution, and this power carries with it the right to determine every question of fact and law which may be involved in the execution.'" (Underscoring supplied by Goldenrod)

But it is evident that Goldenrod's reliance upon the *Suson* case is misplaced because the intervenor therein had a direct and actual legal interest in the property sought to be recovered by the prevailing party at execution. Consequently, the executing court thereat had to accord the intervenor a full hearing on whatever claim he might seek to make, disregarding the rules of procedure limiting intervention to the period before or during a trial of a case, [21] in the interest of observing due process as an aspect of substantial justice.

Here, these considerations do not obtain and the lower court, in permitting intervention, caused needless complication, expense and delay in the execution proceedings of LRC No. 2839, to the prejudice of petitioners' right to a speedy disposition thereof.

Turning to the second issue posed in this case, given the remote and contingent nature of Goldenrod's legal interest over the real property which is the subject matter of LRC No. 2839, the Court believes that Goldenrod can and should, protect such interest in a separate proceeding.

The public respondent invoked the following to support its view that the execution stage of the land registration proceeding was the proper venue within which Goldenrod can protect its interest in the property: [22]

"Movants also contend that the granting of leave to intervene will unduly delay the disposition of this case. The adjudication of Goldenrod, Inc.'s interest in the subject parcel of land in the instant case would be for the benefit not only of Goldenrod, Inc. itself, (but) also of the Orosa heirs, because thereafter there will be no cloud in the title of the party to whom the ownership of said parcel of land may be adjudicated.

Finally, the movants contend that the intervenor's interest can be protected in a separate proceedings (sic). The Court doubts if this is true. In any event, as above adverted to, everybody will be benefited by this Court adjudicating in this case the claim of the intervenor." (Underscoring supplied)

It would appear that the public respondent premised its ruling solely on the belief that a cloud had descended on the title over the real property which is the subject matter of LRC No. 2839 and that this cloud had to be removed.

This justification does not persuade. Under Article 447 of the Civil Code,[23] the plaintiff in an action for quieting of title must at least have equitable title to or an interest in the real property which is the subject matter of the action. Evidence of Goldenrod's capacity on this point is inexistent because Goldenrod is not asserting a claim to the property.[24] On the contrary, it had admitted having alienated its interest in the land referred to as Lot 9 Psu-11411 Amd-2 to the consortium. Thus, Goldenrod is not an interested party capable of instituting an action to quiet title, either by intervening in LRC No. 2839 or by instituting a separate action. The right to commence such a separate action pertains to its Vendee, if the latter wishes to defend the validity of its 1987 purchase from Goldenrod and to hold the Vendor Goldenrod liable on its warranty of title.

WHEREFORE, the Petition for Certiorari and Prohibition is hereby GRANTED. The Orders of the public respondent dated 7 December 1990 and 11 April 1991, being issued with grave abuse of discretion amounting to excess of jurisdiction, are hereby ANNULLED and SET ASIDE. The public respondent's Order dated 25 October 1989 is hereby REINSTATED and the Temporary Restraining Order issued by the Court in this case is correspondingly LIFTED. In view of the long pendency of LRC No. 2839, the public respondent is hereby enjoined to terminate the proceeding as soon as possible by completing the execution of the Court's Decision in G.R. No. L-30859 with all deliberate speed. This Decision is immediately executory. No costs. SO ORDERED.

Narvasa, C.J., (Chairman), Regalado, Nocon, and Campos, Jr., JJ., concur.

[1] G.R. No. L-30859, 20 February 1989, 170 SCRA 347.

[2] Rollo, pp. 39-40.

[3] Id., 144-146.

[4] Id., p. 41.

[5] Id., pp. 26-28 and 43.

[6] Order, pp. 1-2; Rollo, pp. 26-27.

[7] Rollo, pp. 117-118 and 157.

[8] Id., pp. 79-80, 83 and 87-88.

[9] Id., p. 118.

[10] Id., p. 118-119, and 138.

[11] Id., p. 119.

[12] Rollo, pp. 119 and 195. The contractual stipulations relevant to Goldenrod's motion in intervention appear to be the following:

"6. That the **VENDOR** shall defend the title of the **VENDEES** to the property against claims of any third persons whatsoever and that in the event of suits filed concerning the ownership of the property, the **VENDEES** shall have the right to suspend the payment of any amount provided herein, and any and all period (sic) under this agreement shall be deemed automatically suspended and shall only commence to run upon final settlement of said suits or claims, and if by reason of said suits the **VENDEES** is compelled to litigate all expenses for the same and the damages occasioned thereby shall be for the **VENDOR**'s account.

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9. It is hereby emphasized that the **VENDEES** has (sic) entered into this transaction on the representation and commitments by the **VENDOR** that all pending claims, liens, litigations involving the subject property hereof have all been finalized, settled, terminated or otherwise dismissed and that the property shall be delivered cleared of any claims whatsoever." (Underscoring supplied)

[13] Articles 1557 and 1558, Civil Code.

"Art. 1557. The warranty cannot be enforced until a final judgment has been rendered whereby the vendee loses the thing acquired or part thereof.

Art. 1558. The vendor shall not be obliged to make good the proper warranty, unless he is summoned in the suit for eviction at the instance of the vendee."

[14] See *Garcia .v. David*, 67 Phil. 279, 284-285 (1939); see also *Philippine National Construction Corporation v. Republic*, 188 SCRA 785-787 (1990) and *Saw v. Court of Appeals*, 195 SCRA 740, 744-745 (1991).

[15] Rollo, p. 26.

[16] "Section 32. Review of decree of registration; Innocent purchaser for value. --

The decree of registration shall not be reopened or revised by reason of absence, minority, or other disability of any person adversely affected thereby, nor by any proceeding in any court reversing judgments, subject, however, to the right of any person, including the government and the branches thereof, deprived of land or of any estate or interest therein by such adjudication or confirmation of title obtained by actual fraud, to file in the proper Court of First Instance [now Regional Trial Court] a petition for reopening and review of the decree of registration not later than one year from and after the date of the entry of such decree of registration, but in no case shall such petition be entertained by the court where an innocent purchaser for value has acquired the land or an interest therein, whose rights may be prejudiced. Whenever the phrase 'innocent purchaser for value' or an equivalent phrase occurs in this Decree, it shall be deemed to include an innocent lessee, mortgagee, or other encumbrancer for value.

Upon expiration of said period of one year, the decree of registration and the certificate of title issued shall become incontrovertible. Any person aggrieved by such decree of registration in any case may pursue his remedy by action for damages against the applicant or any other persons responsible for the fraud." (Underscoring supplied)

[17] Rollo, p. 137.

[18] See *Chua Huat v. Court of Appeals*, 199 SCRA 1, 14 (1991).

[19] See *Tan v. Court of Appeals*, 199 SCRA 212, 222-223 (1991), *Shell Company of the Phils., Ltd. v. Presiding*

Judge of the Regional Trial Court of Agusan del Norte, 198 SCRA 254, 265 (1991) and Cruz v. Nicholas, 194 SCRA 639, 643 (1991).

[20] 172 SCRA 70, 75 (1989); Comment, pp.20-22; Rollo, pp.134-136.

[21] Section 2, Rule 12.

"Sec. 2. Intervention. - A person may, before or during a trial, be permitted by the court, in its discretion, to intervene in an action, if he has a legal interest in the matter in litigation, or in the success of either of the parties, or an interest against both, or when he is so situated as to be adversely affected by a distribution or other disposition of property in the custody of the court or of an officer thereof.

x x x x x x x x"

(Underscoring supplied)

[22] Rollo, pp. 27.

[23] "ART. 477. The plaintiff must have legal or equitable title to, or an interest in the real property which is the subject matter of the action. He need not be in possession of said property." (Underscoring supplied)

[24] See Binalay v. Manalo, 195 SCRA 374, 387 (1991).

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