

THIRD DIVISION

[G.R. No. 160409, October 02, 2009]

**LANDCENTER CONSTRUCTION AND DEVELOPMENT
CORPORATION, PETITIONER, VS. V.C. PONCE, CO., INC. AND
VICENTE C. PONCE, RESPONDENTS.**

DECISION

NACHURA, J.:

Before this Court is a Petition^[1] for Review on *Certiorari* under Rule 45 of the Rules of Civil Procedure, seeking the reversal of the Court of Appeals (CA) Decision,^[2] dated May 6, 2003, which annulled and set aside the Order^[3] of the Regional Trial Court (RTC) of Parañaque City, Branch 260, dated June 9, 2000.

The Facts

This case involves a dispute over the ownership of the Fourth Estate Subdivision, Area I, situated in *Barrio Kaybiga*, Parañaque City, with an area of 107,047 square meters and originally titled in the name of respondent V.C. Ponce Co., Inc. (V.C. Ponce) under Transfer Certificate of Title (TCT) No. 97084^[4] (subject property).

On November 2, 1962, a subdivision plan^[5] (LRD Psd-23194) was prepared by V.C. Ponce for the purpose of converting the subject property into a subdivision. Pursuant to the subdivision plan, the subject property was subdivided into 239 smaller lots. Accordingly, TCT No. 97084 was partially canceled and, in lieu thereof, TCT Nos. 110001 to 110239 were issued.

Sometime in January 1974, respondent Vicente C. Ponce (Vicente) mortgaged the properties covered by TCT Nos. 175575, 175758, 129847, and 207492 to 207544, including TCT No. 97084, with the Philippine Commercial International Bank (PCI Bank) in the amount of P1,327,000.00. PCI Bank was not informed that the subject property covered by the mortgage had been previously subdivided into 239 smaller lots. Respondents failed to pay their mortgage indebtedness, resulting in the foreclosure of the mortgage and the subsequent sale of the property at auction, with PCI Bank as the highest bidder.

Respondents filed a complaint against PCI Bank for the annulment of the extrajudicial foreclosure sale conducted on January 22, 1975, docketed as Civil Case No. 24608. The Court of First Instance (CFI) of Rizal rendered a Decision^[6] on September 1, 1978, dismissing the complaint and upholding the right of PCI Bank over the subject property. On appeal to the CA,^[7] and subsequently to this Court,^[8] the CFI's decision was affirmed with finality on August 13, 1987.^[9]

Respondents filed another complaint against PCI Bank with the RTC of Pasig City,

Branch 164, docketed as Civil Case No. 33017, for reconveyance of 54 lots, and for refund of the amount representing overpayment and unused letters of credit. While the case was pending resolution, respondents caused the annotation of a notice of *lis pendens* over the 54 lots. Meanwhile, TCT No. 97084 was detached from the Register of Deeds (RD) of Pasig and transferred to Makati. On June 25, 1976, the RD of Makati canceled TCT No. 97084 and issued TCT No. S-30409^[10] in the name of PCI Bank.

Meanwhile, on April 27, 1987, PCI Bank sold the subject property to petitioner Landcenter Construction and Development Corporation (Landcenter), including other properties embraced under TCT Nos. S-30410 to S-30463, S-30464, and S-30465, in the amount of P1,200,000.00.^[11] The sale was registered with the RD of Parañaque. Thereafter, TCT No. S-30409 was canceled and, in its place, TCT No. 123917^[12] was issued in the name of Landcenter.

On October 20, 1987, the RTC rendered a decision in favor of respondents and against PCI Bank, granting the former's prayer for return/reconveyance of the 54 lots, and refund of overpayment and unused letters of credit.

By way of amicable settlement in Civil Case No. 33017, respondents, Landcenter and PCI Bank entered into a compromise agreement concerning the 54 lots. Instead of the 54 lots, however, Landcenter was to sign and reconvey to respondents merely 24 lots worth P2,700,161.47, representing full and final compromise settlement of the RTC's judgment of reconveyance. In return, respondents obligated themselves to cancel the *lis pendens* annotated on the titles other than the 24 lots reconveyed. The transaction was set forth in a Deed of Assignment dated December 27, 1988 and signed by the parties.

On March 13, 1989, Vicente produced an allegedly fake deed of assignment signed by Manuel Ponce (Manuel), as president of Landcenter, showing that the latter signed, transferred and conveyed to respondents two road lots and the subject property embraced in TCT No. S-30409, containing an area of 107,047 square meters.

Thus, on November 11, 1997, Landcenter filed a Complaint^[13] with the RTC of Parañaque City, Branch 260, docketed as **Civil Case No. 97-0532**, against respondents and the RD of Parañaque for the Annulment of the Deed of Assignment, Cancellation of Transfer Certificates of Title, and Damages. The complaint assailed the validity of the deed of assignment because Manuel's signature was forged, and there was no reason why Landcenter would assign, transfer and convey in favor of respondents the subject property. The complaint averred that the deed was not valid, as no resolution was passed by the Landcenter's Board of Directors authorizing Manuel to assign, transfer and convey the subject property in favor of respondents. Moreover, Landcenter claimed that it was ridiculous for Landcenter to assign the subject property when respondents previously agreed to receive only 24 lots as a result of the amicable settlement effected on December 27, 1987.

During the pendency of the case, respondents filed a motion to enjoin Landcenter from disposing of the subject property. On June 29, 1999, the RTC directed the RD to release TCT No. 123917, which was issued in lieu of TCT No. S-30409, to Landcenter's representative allegedly forming part of the property bought from PCI

Bank.

On September 16, 1999, Landcenter filed an Urgent Motion^[14] to require respondents to remove the sales ad boards erected on the subject property on the ground of the pendency of the case, at the same time invoking the Housing Land Use and Regulatory Board order directing respondents to cease and desist from selling the lots of the Fourth Estate Subdivision.

The RTC's Ruling

On September 21, 1999, the RTC issued an Order^[15] in favor of Landcenter, which fully reads:

Plaintiff's motion dated September 16, 1999 appearing to be well taken, the same is hereby GRANTED.

Defendants are ordered to remove their sales ad boards and the structures from the grounds of [the] 4th Estate Subdivision within five (5) days from receipt hereof, otherwise, Plaintiff may remove the same at defendant's expense.

The Registry of Deeds of Parañaque City is directed to cancel defendants['] TCT No. 110001 to 110239 of the Registry of Deeds of Rizal.

SO ORDERED.

On October 1, 1999, respondents filed a motion for reconsideration of the order. On November 17, 1999, respondents filed another motion, praying for the dismissal of the complaint on the ground of lack of jurisdiction and asserting that the complaint was not only for annulment of deed of sale but also for the cancellation of title which is a real action. Respondents claimed that the docket fees paid by Landcenter should have been based on the assessed value of the property or its estimated value.

On May 8, 2000, the RTC issued another Order^[16] granting the motion for reconsideration but denying the motion to dismiss. The pertinent portion of the Order reads as follows:

WHEREFORE, the court hereby resolves as follows:

x x x x

The Motion to Dismiss filed by Defendants and Intervenor Jackley Philippines[,] Inc. is hereby DENIED. The docket fees as assessed by the Clerk of Court has been paid and if ever there is a need to increase the docket and filing fees it has not been supported by the defendants. The case at bar is for the Annulment of Deed of Assignment which is not an action in rem but an action in personam.

The Motion for Reconsideration of the court's order dated September 21, 1999 is hereby GRANTED. It appearing that both parties are claiming to have Transfer Certificates of Title over the subject properties and sale by either of the parties could cause multiplicity of suits, both parties are enjoined from selling the subject properties until further order from this court.

Since this court has been assigned as a Family Court and these cases have not gone through pre-trial let the same be raffled and transferred to another court.

SO ORDERED.

Insofar as the said order denied their motion to dismiss, respondents filed a motion for reconsideration. Landcenter, on the other hand, filed a motion for reconsideration of the same order insofar as it reconsidered its previous order directing the RD of Parañaque to cancel TCT Nos. 110001 to 110239 in the name of respondents.

Finally, on June 9, 2000, the RTC issued two separate Orders. The first Order^[17] granted Landcenter's motion for reconsideration of the RTC Order dated May 8, 2000; upheld the right of Landcenter to the subject property; and, in effect, affirmed its previous order canceling TCT Nos. 110001 to 110239 in the name of respondents. A portion of the Order reads:

There is no question that previously, the land known as [the] 4th Estate consisting of 107,047 square meters was owned by V.C. Ponce Co., Inc. and was covered by TCT No. 97084 of the Register of Deeds of Rizal. Said property was subdivided into 239 lots. On January 18, 1963, the land was mortgaged to PCIBank which was not aware that the property was previously subdivided. Because of nonpayment of the obligation, the property was sold by PCIBank to Plaintiff Landcenter on April 27, 1987. The sale was registered with the Register of Deeds who issued TCT No. 123917.

It appears that there is no question that the land in question is owned by plaintiff.

WHEREFORE, the Motion for Reconsideration filed by plaintiff is hereby GRANTED.

SO ORDERED.

Correlatively, the RTC's second Order^[18] denied respondents' motion for reconsideration of its Order dated May 8, 2000.

Aggrieved, respondents filed a Petition^[19] for *Certiorari* under Rule 65 of the 1997 Rules of Civil Procedure before the CA against the three (3) Orders separately issued by the RTC on September 21, 1999, May 8, 2000 and June 9, 2000.