

FIRST DIVISION

[G.R. No. 106812, June 10, 1997]

**TAGAYTAY-TAAL TOURIST DEVELOPMENT CORPORATION,
PETITIONER, VS. COURT OF APPEALS (SPECIAL NINTH
DIVISION) AND THE CITY OF TAGAYTAY, RESPONDENTS.**

D E C I S I O N

KAPUNAN, J.:

The instant petition for review on certiorari seeks to reverse the decision^[1] of respondent Court of Appeals in CA-G.R. CV No. 24933 entitled "City of Tagaytay vs. Tagaytay-Taal Tourist Development Corporation" promulgated on November 11, 1991 and the Resolution of the Court of Appeals dated August 24, 1992 denying petitioner's motion for reconsideration.

The Court of Appeals' decision sought to be reviewed affirmed the decision of the Regional Trial Court of Cavite, Branch XVIII, dated December 5, 1989^[2] granting respondent City's unnumbered "Petition for Entry of New Certificate of Title," and ordering the issuance in its name of new certificates of title over certain properties it acquired through public auction to satisfy petitioner's alleged real estate tax delinquency.

It appears that petitioner was the registered owner of four (4) parcels of land with an aggregate area of 220 hectares and covered by TCT Nos. T-9816, T-9817, T-9818 and T-9819 supposed to be of the Register of Deeds of Tagaytay City. The properties were mortgaged on June 7, 1976 to Filipinas Manufacturers Bank and Trust Company by Benjamin Osias, representing himself as President and Chairman of the Board of petitioner. Two of the parcels of land, Lot 10-A and Lot 10-B of Subd. Plan (LRC) Psd-229279 and covered by TCT No. T-9816 and TCT No. 9817, respectively, are more particularly described as follows:

TECHNICAL DESCRIPTION

TCT No. 9816

CITY OF TAGAYTAY

A parcel of land (Lot 10-A of the subdivision plan (LRC) Psd-229279, being portion of Lot 10, Psu-82838, Amd. 4 L.R.C. Record No. 43057, situated in the Barrio of Birinayan, Municipality of Talisay, Province of Batangas, island of Luzon. Bounded on the NW., and NE., points 7 to 1 and 1 to 2 Lot 10-B on the SE., points 3 to 4, Lot 1-C both of the subdivision plan; and on the SW., points 4 to 7 by property of Agapito Rodriguez x x x x containing an area of SEVENTY FOUR THOUSAND

THREE HUNDRED FORTY (74,340) SQUARE METERS, more or less xxx.

TECHNICAL DESCRIPTION

TCT No. 9817

CITY OF TAGAYTAY

A parcel of land (Lot 10-B, of the subdivision plan (LRC) Psd-229279, being a portion of Lot 10, Psu-82838, Amd. 4., L.R.C. Record No. 49057), situated in the Barrio of Birinayan, Municipality of Talisay, Province of Batangas, Island of Luzon. Bounded on the NE., points 14 to 1 and 1 to 4 by property of Angel T. Limjoco; on the SE., points 4 to 5 by Lot 10-B, on the SW., and SE., points 5 to 7 by Lot 10-A, both of the subdivision plan; on the SW., points 7 to 9 by property of Agapito Rodriguez; and on the NW., points 9 to 12 by Lot 11, points 12 to 13 by Lot 9, and points 13 to 14 containing an area of NINE HUNDRED THIRTY SEVEN THOUSAND AND EIGHT HUNDRED FOURTEEN (937,814) SQUARE METERS, more or less xxx.

Owing to a dispute regarding the composition of its set of corporate officers and board of directors, petitioner in June of 1976, filed a complaint to nullify the aforesaid mortgage with the Regional Trial Court of Cavite, docketed as Civil Case No. TG-346, with prayer for the issuance of a writ of preliminary injunction. The trial court forthwith issued a temporary restraining order enjoining the Register of Deeds from registering the mortgage and directing it to hold for safekeeping the four (4) titles covering the properties until further orders.

On August 13, 1979, the trial court rendered a decision^[3] dismissing the complaint for lack of jurisdiction stating that the subject matter thereof involved the determination of who were the legitimate officers of petitioner, a question falling within the jurisdiction of the Securities and Exchange Commission. Said decision was subsequently upheld by this Court in G.R. No. 55521 in Tagaytay-Taal Tourist Development Corporation vs. Judge Alfredo B. Concepcion, et al.

In the meantime, the parcels of land covered by TCT Nos. T-9816 and T-9817 allegedly became delinquent in the payment of real estate taxes corresponding to the years 1976-1983 in the amounts of P131,465.20 and P950,616.11, respectively, resulting in the sale of the said properties in a public auction on November 28, 1983 to satisfy the taxes. Respondent City itself was the successful bidder in the public auction sale and was issued a Certificate of Sale on the same date.

On June 30, 1989, respondent City registered the final bills of sale over the lots covered by TCT Nos. T-9816 and T-9817.

On July 14, 1989, respondent City filed before the Regional Trial Court of Cavite City, sitting as land registration court, an unnumbered petition for the entry of new certificates of title over the lots in its name. Said petition was opposed by herein petitioner, alleging that the tax delinquency sale was null and void for lack of valid and proper notice to petitioner.^[4]

On December 5, 1989, the trial court rendered its decision holding that whatever

rights and interests petitioners may have had in the subject properties had long been lost through prescription or laches, the dispositive portion of the decision reads:

WHEREFORE, finding the petition to be meritorious and sufficiently sustained with preponderant, legal and factual basis, this Court hereby gives its imprimatur to it and grants the same, dismissing in the process, the Opposition filed by Tagaytay-Taal Tourist Development Corporation. Accordingly, the Register of Deeds of Tagaytay City is hereby ordered to allow the City to consolidate the titles covering the properties in question (TCT Nos. T-9816 and T-9817), by issuing in its favor, and under its name, new Transfer Certificates of Titles and cancelling as basis thereof, the said TCT Nos. 9816 and 9817 in the name of Tagaytay-Taal Tourist Development Corporation, all of which, being hereby declared null and void, henceforth.

Not satisfied with the above decision, petitioner appealed to the Court of Appeals, docketed as CA-G.R. CV No. 24933, citing the following errors:

I. THE TRIAL COURT ERRED IN GIVING DUE COURSE TO THE PETITION FROM WHICH THE PRESENT APPEAL AROSE DESPITE ITS BEING PREDICATED ON A MISPLACED LEGAL BASIS.

II. THE TRIAL COURT ERRED IN FINDING THAT THE ENFORCEMENT OF WHATEVER RIGHTS THE APPELLANT HAS OVER THE SUBJECT PROPERTIES HAD ALREADY PRESCRIBED.

On July 19, 1991, during the pendency of CA-G.R. CV No. 24933, petitioner filed with the Regional Trial Court of Cavite, sitting as a regular court, a petition entitled "Tagaytay-Taal Tourist Development Corporation vs. City of Tagaytay, Municipality of Laurel (formerly Talisay), Province of Batangas, Register of Deeds of Batangas, and Register of Deeds of the City of Tagaytay," docketed as Civil Case No. TG-1196,^[5] assailing the authority of respondent City to levy real estate tax on the properties covered by TCT Nos. T-9816 and T-9817 on the ground that said properties are located in the Province of Batangas, and not in Tagaytay City. The case was assigned to Branch XVIII of the RTC.

On October 21, 1991, petitioner filed a Motion to Suspend Proceedings in CA-G.R. CV No. 24933,^[6] until the termination of TG-1196 arguing that should the RTC in Civil Case No. TG-1196 rule that respondent City is without authority to levy realty taxes on the properties in question, then the decision of the RTC of December 5, 1989, subject of appeal in the Court of Appeals, directing the issuance of new certificates of titles in the name of respondent City over the properties would have no legal basis. The Court of Appeals did not resolve the motion.

On September 24, 1991, the Regional Trial Court of Cavite in Civil Case No. TG-1196 granted petitioner's application for writ of preliminary injunction, enjoining respondents therein from taking physical possession of the properties and/or offering the same for sale.^[7]

On November 11, 1991, the Court of Appeals promulgated a decision^[8] affirming the judgment of the Regional Trial Court in the petition for the entry of new

certificates of title. Petitioner's motion for reconsideration was denied in a Resolution of the Court of Appeals dated August 24, 1992.^[9]

Thus, on October 16, 1992, petitioner filed the instant petition on the following grounds:

xxx. The Regional Trial Court of Cavite (Tagaytay City) sitting as a land registration/cadastral court did not have any jurisdiction to hear and decide respondent City's petition for entry of new certificate of title. The respondent appellate Court, therefore, erred in affirming the decision of the lower court dated December 5, 1989. Assuming that the lower court has jurisdiction, the petition of respondent City should have been denied considering that the public auction sale of herein petitioner's properties was conducted without due and valid notice; and

xxx. In any event, the decision of the respondent Court is premature. The issue of authority of respondent City to levy real estate taxes on petitioner's properties, to declare herein petitioner a tax delinquent and to sell the properties in question is still pending determination by the Regional Trial Court of Tagaytay City in Civil Case No. TG-1196. The determination of such authority constitutes a prejudicial issue which must be resolved ahead of respondent City's petition for entry of a new title.

In the meantime, on October 21, 1994, the Regional Trial Court of Cavite rendered a decision in Civil Case No. TG-1196,^[10] the dispositive portion of which reads:

WHEREFORE, judgment is hereby rendered granting the instant petition and as a consequence, the public auction sale of the properties of the petitioner, both covered by TCT Nos. T-9816 and T-9817 of the Register of Deeds of Tagaytay City, as well as the Certificate of Sale and the Final Bills of Sale of said properties in favor of the respondent City of Tagaytay City, and all proceedings held in connection therewith are hereby annulled and set aside, and the respondent Register of Deeds of the City of Tagaytay is hereby directed to cancel Entries Nos. 21951/T-9816 and 21984/T-9816 annotated and appearing on TCT No. T-9816 and Entries Nos. 21950/T-9817 and 30087/T-9817 annotated and appearing on TCT No. T-9817 regarding the sale of the lots described therein in favor of the City of Tagaytay.

Moreover, the writ of preliminary injunction issued by this Court on September 24 is hereby made permanent.

SO ORDERED.

No appeal having been taken from the above cited decision by any of the parties, the same had become final and executory.

Asserting that the decision of the Regional Trial Court in Civil Case No. TG-1196 is material to the resolution of the petition at bar, petitioner on May 31, 1995 filed a Supplemental Petition dated May 24, 1995 principally anchored on the following grounds:

xxx. In addition or as supplement to the grounds relied upon in the petition, petitioner seeks the reversal of the decision (Annex 'A', Petition) and resolution (Annex 'B', Petition) promulgated in CA-G.R. CV No. 24933 on November 11, 1991 and August 24, 1992, respectively, on the basis of the following: By a decision (now final and conclusive on respondent City of Tagaytay and the petitioner) rendered by the Regional Trial Court of Cavite on October 21, 1994 in Civil Case No. TG-1196 entitled 'Tagaytay Taal Tourist Development Corporation vs. City of Tagaytay, et al.' the respondent City of Tagaytay had been found without authority to levy real estate taxes on the properties. The public auction sale at which respondent City of Tagaytay allegedly purchased the properties subject of the petition was annulled and set aside. Similarly, the certificates of sale and the final bills of sale covering said properties were annulled and set aside. Hence, there is clearly no basis for the decision (Annex 'A', Petition) and Resolution (Annex 'B', Petition) of respondent Court of Appeals promulgated on November 11, 1991 and August 24, 1992 in CA-G.R. CV No. 24933.^[11]

After respondent City filed its comment on the supplemental petition, followed by petitioner's reply thereto, this Court gave due course to the petition and required the parties to file their respective memoranda.

We grant the petition.

The issues in the instant petition are: (a) whether or not the Regional Trial Court of Cavite, sitting as a land registration or cadastral court, had jurisdiction to hear and decide respondent City's petition for the cancellation of TCT No. T-9816 and TCT No. T-9817 in the name of petitioner and the issuance of new ones in the name of respondent City despite serious opposition by petitioner; (b) whether or not respondent City had the right to levy real estate tax over the properties covered by TCT Nos. T-9816 and T-9817.

We answer both issues in the negative.

I

Respondent City's unnumbered petition filed on July 14, 1989 with the Regional Trial Court of Cavite sitting as land registration or cadastral court for the entry of new certificates of title over the properties in its name, is pursuant to Section 75, Presidential Decree No. 1529,^[12] which provides as follows:

SEC. 75. *Application for new certificate upon the expiration of redemption period.* — Upon the expiration of the time, if any, allowed by law for redemption after registered land has been sold on execution taken or sold for the enforcement of a lien of any description, except a mortgage lien, the purchaser at such sale or anyone claiming under him may petition the court for the entry of a new certificate of title to him.

Before the entry of a new certificate of title, the registered owner may pursue all legal and equitable remedies to impeach or annul such proceedings.