

## **SPECIAL THIRD DIVISION**

**[ G.R. No. 170677, March 11, 2020 ]**

**VSD REALTY & DEVELOPMENT CORPORATION, PETITIONER, VS.  
UNIWIDE SALES, INC. AND DOLORES BAELO TEJADA,  
RESPONDENTS.**

### **R E S O L U T I O N**

#### **PERALTA, C.J.:**

This case involves a complaint for annulment of title and recovery of possession of property filed by petitioner VSD Realty & Development Corporation (*VSD*) against respondents Uniwide Sales, Inc. (*Uniwide*) and Dolores Baello Tejada (*Baello*). VSD seeks the nullification of Transfer Certificate of Title (*TCT*) No. (35788) 12754 in the name of Baello, and recovery of possession of the property that is being occupied by Uniwide by virtue of a contract of lease with Baello.

In the Court's Resolution<sup>[1]</sup> dated July 31, 2013, the Court remanded this case to the Court of Appeals for further proceedings to determine which of the parties in this case derived valid title from the legitimate and authentic Original Certificate of Title (*OCT*) No. 994 registered on May 3, 1917 and which of the conflicting claims of title to the subject property should prevail. The *fallo* of the Resolution reads:

Accordingly, the Court hereby remands this case to the Court of Appeals. The Court of Appeals is tasked to hear and receive evidence, conclude the proceedings and submit to this Court a report on its findings and recommended conclusions within three (3) months from finality of this Resolution.

In determining which of the conflicting claims of title should prevail, the Court of Appeals is directed to establish, based on the evidentiary evidence already on record and other evidence that will be presented in the proceedings before it, the following matter:

- (1) Whether the title of Felisa D. Bonifacio, TCT No. 265777/T-1325, and the title of VSD, TCT No. T-285312, can be traced back to the legitimate and authentic OCT No. 994 dated May 3, 1917;
- (2) Whether Eleuteria Rivera Bonifacio, who allegedly assigned the subject property to Felisa D. Bonifacio, had the right and interest over the subject property, and whether Eleuteria Rivera Bonifacio was entitled to assign her alleged rights and interests over the subject property, known as Lot 23-A-4-B-2-A-3-A, Psd 706, covered by OCT No. 994, to Felisa D. Bonifacio;

- (3) Whether the copy of Felisa D. Bonifacio's TCT No. 265777/T-1325 was tampered with to fraudulently reflect that it was derived from the legitimate and authentic OCT No. 994 dated May 3, 1917;
- (4) Whether respondent Baello's TCT No. (35788) 12754 can be traced back to the legitimate and authentic OCT No. 994 dated May 3, 1917;
- (5) Whether the technical description of the title of Baello covers the subject property; and
- (6) Such other matters necessary and proper in determining which of the conflicting claims of title should prevail.

WHEREFORE, this case is REMANDED to the Court of Appeals for further proceedings in accordance with the two preceding paragraphs of this Resolution.

SO ORDERED.<sup>[2]</sup>

### **Factual Antecedents**

On June 8, 1995, petitioner VSD filed with the Regional Trial Court (RTC) of Caloocan City, Branch 126 (*trial court*) a Complaint<sup>[3]</sup> for annulment of title and recovery of possession of property against respondents Uniwide and Baello.<sup>[4]</sup>

VSD alleged that it is the registered owner of a parcel of land in Caloocan City, with an area of 2,835.30 square meters, more or less, and covered by TCT No. T-285312<sup>[5]</sup> of the Register of Deeds of Caloocan City. On September 7, 1994, VSD bought the said property from Felisa Bonifacio, whose title thereto, TCT No. 265777, was registered by virtue of an Order<sup>[6]</sup> dated October 8, 1992 of Judge Geronimo S. Mangay, RTC of Caloocan City, Branch 125, authorizing the segregation of two lots, Lot 23-A-4-B-2-A-3-A (the subject property in this case) and Lot 23-A-4-B-2-A-3-B, Psd-706, in Land Registration Commission (LRC) Case No. C-3288, entitled "*In the Matter of Petition for Authority to Segregate an Area of 5,630.1 Sq. mtrs. From Lot 23-A-4-B-2-A-3-B, Psd 706 (Psd-2345) of Maysilo Estate and Issuance of Separate Certificates of Title in the name of Felisa D. Bonifacio.*" VSD alleged that its right to the subject property, and the validity and correctness of the technical description and location of the property are duly established in LRC Case No. C-3288. VSD claimed that its title, TCT No. T-285312, is the correct, valid and legal document that covers the subject property since it is the result of land registration proceedings in accordance with the law.

Petitioner VSD alleged that the technical description of respondent Baello's title, TCT No. (35788) 12754, is so general that it is impossible to determine with certainty the exact location of the property covered by it and the technical description has no legal basis per the records of the Land Management Bureau and the Bureau of Lands. Moreover, Baello's title described the property to be Lot 3-A of subdivision plan Psd-706, but an examination of Psd-706 shows that there is no Lot 3-A in plan Psd-706. Thus, VSD contends that Baello has no legal basis to claim the subject property and Baello's title is spurious and illegal, and should be annulled. Hence,

VSD sought recovery of possession of the subject property and the payment of rent from respondents.

In her Answer, Baello alleged that the subject property was bequeathed to her through a will by her adoptive mother, Jacoba Galauran. She alleged that during the lifetime of Jacoba Galauran, the subject property was originally surveyed on January 24-26, 1923<sup>[7]</sup> and, thereafter, on December 29, 1924.<sup>[8]</sup> Baello alleged that after Jacoba Galauran died in 1952, her will was duly approved by the probate court, the Court of First Instance, Pasig, Rizal. Baello averred that she registered the subject property in her name, and TCT No. (35788) 12754<sup>[9]</sup> was issued in her favor on September 6, 1954. In 1959, she had the subject property surveyed. On July 15, 1988, she entered into a Contract of Lease<sup>[10]</sup> with respondent Uniwide which erected in full public view the building it presently occupies. Baello stated that she has been religiously paying realty taxes for the subject property,<sup>[11]</sup> and that VSD's complaint should be dismissed as she enjoys a superior right over the subject property because the registration of her title predates the registration of VSD's title by at least 40 years.

On October 2, 2000, the trial court rendered a Decision<sup>[12]</sup> in favor of petitioner VSD. The trial court held that the evidence for VSD showed that it is the rightful owner of the subject lot covered by TCT No. T-285312 of the Register of Deeds of Caloocan City. The lot was purchased by VSD from Felisa Bonifacio, who became the owner thereof by virtue of her petition for segregation of the subject property from OCT No. 994 of the Register of Deeds of Rizal in LRC Case No. C-3288. TCT No. 265777 was issued to Felisa Bonifacio pursuant to an Order dated October 8, 1992 by the RTC of Caloocan City in LRC Case No. C-3288. The trial court found that the technical description in respondent Baello's title is not the same as the technical description in VSD's title, and that a mere reading of the technical description in VSD's title and that in Baello's title would show that they are not one and the same. Moreover, the technical description of the subject lot in VSD's title is recorded with the Register of Deeds of Caloocan City.<sup>[13]</sup>

The trial court stated that in the face of documentary and testimonial evidence of competent government witnesses who affirmed VSD's right to the technical description, it was incumbent on Baello to present credible evidence to overcome the same, but she failed to do so. The trial court held that VSD proved its ownership and the identity of the subject property that it sought to recover, which is an essential requisite in its action for annulment of title and recovery of possession of property. The trial court also held that Baello is the holder of a title over a lot entirely different and not in any way related to VSD's title and its technical description. The dispositive portion of the trial court's Decision reads:

WHEREFORE, in the light of the foregoing considerations, judgment is hereby rendered ordering the following:

1. Declaring TCT No. 35788 [12754] to be null and void;
2. Defendant Baello and all persons/entity claiming title under her, including UNIWIDE, to convey and to return the property to plaintiff VSD on the basis of the latter's full, complete, valid and legal ownership;

3. Defendant Baello and UNIWIDE, jointly and severally, to pay a just and reasonable compensation per month of P1,200,000.00 with legal interest for the occupancy and use of plaintiffs land from September 12, 1994, until actually vacated by them;

4. Defendants, jointly and severally, to pay attorney's fees of P200,000.00.

SO ORDERED.<sup>[14]</sup>

Respondents Uniwide and Baello appealed the trial court's decision to the Court of Appeals.

In a Decision dated May 30, 2005, the Court of Appeals ruled in favor of respondents Uniwide and Baello. The *fallo* of the Decision of the Court of Appeals reads:

WHEREFORE, the assailed Decision of the Regional Trial Court of Caloocan City, Branch 126, in Civil Case No. C-16933 is REVERSED and SET ASIDE and a new one entered DISMISSING the instant complaint.

<sup>[15]</sup>

The Court of Appeals stated that the main issue to be resolved was whether or not there was a valid ground to annul Baello's title, TCT No. (35788) 12754, to warrant the reconveyance of the subject property to VSD. The Court of Appeals said that while VSD sought to annul Baello's TCT No. (35788) 12754 on the ground that the same was spurious, it failed to prove that Baello's title was indeed spurious. It held that since there was no legal basis for the annulment of Baello's TCT No. (35788) 12754, the trial court erred in declaring the said title null and void. It stated that a Torrens title is generally conclusive evidence of ownership of the land referred to therein, and a strong presumption exists that it was regularly issued and valid. Hence, the Court of Appeals held that Baello's title enjoys the presumption of validity.

VSD's motion for reconsideration was denied by the Court of Appeals in a Resolution<sup>[16]</sup> dated December 6, 2005.

VSD filed a petition for review on *certiorari* of the Court of Appeals' decision before this Court. The Court discussed the pertinent issues raised with the main issues: whether or not VSD is entitled to recover possession of the subject property and whether or not the title of Baello may be annulled.

The Court stated that Article 434<sup>[17]</sup> of the Civil Code provides that to successfully maintain an action to recover the ownership of a real property, the person who claims a better right to it must prove two (2) things: *first*, the identity of the land claimed; and *second*, his title thereto.<sup>[18]</sup>

As Baello failed to clearly establish that the technical description of her title pertains to the subject property, the Court upheld the decision of the trial court that VSD was able to establish through documentary and testimonial evidence that the technical description of its Torrens title, embodying the identity of the land claimed, covers the property that is being occupied by Uniwide by virtue of a lease contract with

Baello, and that a comparison of the technical description of the land covered by the title of VSD and the technical description of the land covered by the title of Baello shows that they are not the same. The dispositive portion of the Court's Decision dated October 24, 2012 reads:

WHEREFORE, the petition is GRANTED. The Decision of the Court of Appeals dated May 30, 2005 and its Resolution dated December 6, 2005, in CA-G.R. CV No. 69824, are REVERSED and SET ASIDE. The Decision of the Regional Trial Court of Caloocan City, Branch 126, in Civil Case No. C-16933 is REINSTATED with MODIFICATION as follows:

(1) Paragraph 1 of the dispositive portion of the Decision dated October 2, 2000 of the Regional Trial Court of Caloocan City, Branch 126, in Civil Case No. C-16933, is deleted;

(2) Respondent Dolores Baello and all persons/entities claiming title under her, including respondent Uniwide Sales, Inc., are ordered to convey and to return the property or the lot covered by TCT No. T-285312 to petitioner VSD Realty and Development Corporation upon finality of this Decision;

(3) Respondent Dolores Baello is ordered to pay just and reasonable compensation for the occupancy and use of the land of petitioner VSD Realty and Development Corporation in the amount of P58,333.30 per month from September 12, 1994 until the Decision is final and executory, with legal interest of six percent (6%) per annum reckoned from the filing of the Complaint on June 8, 1995 until the finality of this Decision. Thereafter, respondent Uniwide Sales, Inc. is jointly and severally liable with Dolores Baello for the payment to petitioner VSD Realty and Development Corporation of monthly rental in the amount of P58,333.30 from the finality of this Decision until the land is actually vacated, with twelve percent (12%) interest per annum.

(4) The award of attorney's fees is deleted.

No costs.

SO ORDERED.<sup>[19]</sup>

Respondent Baello filed a motion for reconsideration<sup>[20]</sup> of the Court's decision, contending that the Court erred (1) in not holding that petitioner VSD's TCT No. T-285312 is null and void, having been derived from the fake and non-existent OCT No. 994 dated April 19, 1917; (2) when it made a finding that Baello's title (TCT No. [35788] 12754) does not cover the subject property; (3) in finding that VSD was able to prove that it has a better right to the subject property by mere presentation of its TCT No. T-285312 and by showing that the title's technical description correctly described the subject property; (4) in not holding that Baello enjoys a superior right to the disputed property because the registration of her title predated the registration of VSD's title by at least 40 years; and (5) in ordering Baello to pay monthly compensation to VSD.<sup>[21]</sup>

On February 13, 2013, Baello,<sup>[22]</sup> by counsel, filed a *Motion for Leave and Time to*