

## THIRD DIVISION

[ G.R. No. 204378, August 05, 2019 ]

**HEIRS OF JUAN M. DINGLASAN, REPRESENTED BY SONIA M. DINGLASAN, PETITIONERS, VS. AYALA CORPORATION, OMNIPORT ECONOMIC CENTER, INC., AND REGISTER OF DEEDS OF BATANGAS CITY, RESPONDENTS.**

### D E C I S I O N

**PERALTA, J.:**

Before the Court is a petition for review on *certiorari* under Rule 45 of the Rules of Court seeking the reversal and setting aside of the Decision<sup>[1]</sup> and Resolution<sup>[2]</sup> of the Court of Appeals (CA), promulgated on August 31, 2011 and October 18, 2012, respectively, in CA-G.R. CV No. 94671. The assailed CA Decision dismissed herein petitioners' appeal from the Decision<sup>[3]</sup> dated June 8, 2009 of the Regional Trial Court (RTC) of Batangas City, Branch 8, in Civil Case Nos. 6046 and 5413, which, in turn, dismissed petitioners' complaint for quieting of title, cancellation of Transfer Certificate of Title, and damages against herein respondents and Pilipinas Shell Petroleum Corporation. The questioned CA Resolution denied petitioners' Motion for Reconsideration.

The factual and procedural antecedents are as follows:

On February 16, 1996, herein petitioners, through their representative Platon Dinglasan, filed an Application for Registration of Title with the RTC of Batangas City, which was docketed as Land Registration Case No. N-1515, seeking for the judicial confirmation and registration of their title over a parcel of land located at *Barangay Tabangao*, Batangas City. The subject land, designated as Lot 11808, Cad-264 of Batangas Cadastre, contains an area of Ninety-Three Thousand One Hundred and Twenty (93,120) square meters which was subdivided into three (3) lots, namely, Lots 11808-A, 11808-B and 11808-C with an area of 16,062, 37,571, and 39,489 square meter, respectively. Subsequently, several persons filed their respective oppositions, including herein private respondents Ayala Corporation (*Ayala*) and Omniport Economic Center (*Omniport*) as well as Pilipinas Shell Corporation (*Shell*). Both Ayala and Omniport alleged that they are the registered owners of several lots inside Cadastral Lot 11808, as evidenced by separate Transfer Certificates of Title (TCT) in their name, issued by the Register of Deeds of Batangas City. Shell, on the other hand, had an existing contract of lease over the properties under the name of Ayala. Petitioners' application for registration was later amended and was, subsequently, raffled to Branch 8 of the RTC of Batangas City (*Branch 8*).

In its Partial Decision<sup>[4]</sup> dated March 3, 1998, Branch 8, found, among others, that the lands claimed by Omniport are "situated within the boundaries of the property being applied for registration" by herein petitioners, and that "these lands have already been the subject of previous registration proceedings and are covered by

existing certificates of title." Thus, Branch 8 rendered partial judgment by declaring that the lots claimed by Omniport are excluded from the properties being sought to be registered by herein petitioners.

In a separate Order<sup>[5]</sup> dated November 6, 2000, Branch 8 noted that the lots claimed by the other oppositors were already excluded from herein petitioners' application for land registration. Thus, Branch 8 held that the only remaining issues to be resolved are those involving the lots being claimed by Ayala and Shell. In the same Order, however, Branch 8 found that the lots being claimed by Ayala have already been "brought under the Torrens System and for which corresponding [Original Certificates of Title] OCTs or TCTs have been issued." On the basis of the foregoing findings, Branch 8 dismissed herein petitioners' application for registration.

The March 3, 1998 Partial Decision and the November 6, 2000 Order of Branch 8 spawned two separate Complaints filed by herein petitioners, through their representative, Sonia Dinglasan (*Sonia*). The first Complaint, filed on September 9, 1999 and docketed as Civil Case No. 5413, was for cancellation of TCTs and damages against Omniport. On the other hand, the second Complaint, filed on September 7, 2001, later amended on November 26, 2001, and docketed as Civil Case No. 6046, was for reconveyance, quieting of title and cancellation of TCTs against Ayala, Shell and the Register of Deeds of Batangas City.

In both Complaints, petitioners alleged that they are the heirs of one Juan M. Dinglasan (*Juan*), who was the sole registered cadastral claimant and consequent owner of a parcel of land located at *Barangay* Tabangao, Batangas City, designated as Lot 11808, Cad-264 of Batangas Cadastre, and which contains an area of Ninety-Three Thousand One Hundred and Twenty (93,120) square meters; Juan acquired the subject property from his forebears since time immemorial and that petitioners subsequently inherited it from Juan who died intestate in 1981; petitioners are in public, peaceful, uninterrupted possession of the said parcel of land in the concept of an owner since time immemorial and are regularly paying all taxes due thereon. Petitioners' basic contention in both Complaints is that the TCTs in the names of Omniport and Ayala are null and void because the subject lots were never brought under registration and that OCT 18989, issued in the name of one Severina Luna Orosa (*Orosa*), from which Omniport's and Ayala's TCTs were ultimately derived, is fake or spurious. In their Complaint against Omniport, petitioners prayed that the TCTs covering the subject properties and registered in the name of Omniport be nullified and cancelled, and that Omniport pay petitioners actual damages in the amount of P300,000.00, moral damages of P200,000.00, and P100,000.00 as litigation expenses and attorney's fees. With respect to their Complaint against Ayala and Shell, petitioners prayed that: OCT 18989, as well as Ayala's TCTs covering the disputed properties, be declared void *ab initio*; Ayala be ordered to surrender its TCTs to the Register of Deeds of Batangas City for cancellation; the lease contract between Ayala and Shell over the subject lots be cancelled; and petitioners be declared as the absolute owners of the lots in question.

Omniport filed its Answer with Compulsory Counterclaim<sup>[6]</sup> denying the material allegations in the Complaint and setting up the following defenses: (1) it is a purchaser in good faith and for value having bought the subject properties from Benguet Management Corporation; (2) petitioners' Complaint states no cause of

action because petitioners are not real parties-in-interest as they do not assert any present and subsisting title over the property in question; (3) petitioners' cause of action has prescribed; (4) petitioners have not shown that they have been in actual, open and continuous possession of the subject properties; (5) petitioners are estopped from questioning the ownership of the disputed lands because they have entered into a previous stipulation of facts wherein they admitted that the said properties have been registered in the name of Omniport; (6) petitioners are also estopped from questioning the validity of OCT 18989 because they have also previously admitted the validity of TCTs which were derived from the same OCT; (7) petitioners have no legal capacity to sue; and (8) petitioners are barred by laches.

On the other hand, in their Answer with Compulsory Counterclaim,<sup>[7]</sup> Ayala and Shell admitted that TCT No. RT-5597 (26077) is owned by and registered in the name of Ayala and leased by Shell; that a portion of the lot (covered by TCT No. RT-4984 [23177]) being claimed by petitioners is registered in the name of Orosa who was not impleaded as party-respondent; they deny the other material allegations in the Complaint and set up the Special and Affirmative Defenses. In their defense, Ayala and Shell contended that: the Complaint states no cause of action; the Complaint is dismissible on grounds of prescription and laches; the Complaint is defective for failure to implead Orosa who is a necessary party; Ayala is an innocent purchaser for having relied on the validity of Orosa's certificate of title during the purchase of the disputed lots; Ayala and Shell are the ones who have been in continuous, open and adverse possession of the subject properties in the concept of owner; and, petitioners have no personality to question the validity of and ask for the nullification of the contract of lease between Ayala and Shell because they are not privy thereto. As compulsory counterclaim, Ayala and Shell sought recovery of moral damages in the amount of P3,000,000.00 as well as P300,000.00 as attorney's fees, plus appearance fee of P3,000.00.

The Register of Deeds of Batangas City did not file an Answer.

Subsequently, both cases were consolidated and, after the issues were joined, trial on the merits ensued.

On June 8, 2009, the RTC of Batangas City, Branch 8 rendered its Decision, the dispositive portion of which reads as follows:

Wherefore, judgment is hereby rendered against the Plaintiffs and in favor of the Defendants Ayala and Shell in Civil Case No. 6046, as well as in favor of Defendant Omniport in Civil Case No. 5413.

- That Plaintiffs failed to present sufficient evidence for this Court to declare that Original Certificate of Title No. 18989 and all the derivative Titles to be fraudulently issued;
- No Damages will be awarded to the Defendants Ayala/Shell as well as Defendant Omniport;
- Cost of suit chargeable against the Plaintiffs.

SO ORDERED.<sup>[8]</sup>

The trial court found that Orosa and all other persons who expressed opposition to petitioners' Application for Registration of Title are indispensable parties to the case but, nonetheless, were not impleaded as defendants. The RTC ruled that "[a] valid judgment cannot be rendered where there is want of indispensable parties."<sup>[9]</sup> The RTC, however, proceeded to dispose of the case on the merits by ruling that "[p]laintiffs failed to present sufficient evidence for this Court to declare that Original Certificate of Title No. 18989, and all the derivative titles to be fraudulently issued."<sup>[10]</sup> The RTC, likewise, held that petitioners are guilty of laches for failure of their predecessor-in-interest to assert his right over the disputed properties during his lifetime.

Aggrieved, petitioners filed an appeal with the CA.

Pending resolution of their appeal, petitioners filed a Notice of Withdrawal of Appeal Against Shell Petroleum<sup>[11]</sup> on the ground that petitioners' cause of action against Shell has been extinguished because the lease agreement between Ayala and Shell expired on December 4, 2009 and no evidence was submitted to show that such lease agreement has been extended.

On August 31, 2011, the CA promulgated its assailed Decision which dismissed petitioners' appeal and affirmed the RTC Decision. The CA ruled that the joinder of Orosa as indispensable party is mandated by the Rules of Court and petitioners' failure to do so violated her right to due process of law. Despite such ruling, however, the CA, like the RTC, continued to rule on the merits of the case and concluded that petitioners "have not established any right over the subject properties."<sup>[12]</sup>

Petitioners filed a Motion for Reconsideration,<sup>[13]</sup> but the CA denied it in its Resolution dated October 18, 2012.

Hence, the present petition for review on *certiorari* based on the following grounds:

I.

THE COURT OF APPEALS GRAVELY ERRED WHEN IT RULED THAT A DECREE OF REGISTRATION WAS ISSUED FOR CADASTRAL LOT NO. 11808 OF THE BATANGAS CADASTRE.

II.

THE COURT OF APPEALS GRAVELY ERRED IN DECLARING THAT LOT NO.2 OF PS-15445 WAS ISSUED DECREE OF REGISTRATION NO. 607116.

III.

THE COURT OF APPEALS GRAVELY ERRED IN RULING THAT DECREE OF REGISTRATION NOS. 607116 AND 63706 ORDERED REGISTRATION OF CADASTRAL LOT NO. 11808 BECAUSE THE LOTS DESCRIBED IN THE NOTICE OF INITIAL HEARING OF THE CASE WERE LOT NOS. 1, 2, 3, 4, 5, AND 6 OF SURVEY PLAN PS-15445.

IV.

THE COURT OF APPEALS ACTED WITH GRAVE ABUSE OF DISCRETION IN NOT RULING THAT OCT NO. 11808 IS NULL AND VOID FOR BEING FAKE AND SPURIOUS BECAUSE NO SUCH TITLE WAS ISSUED AT ALL.

V.

IN CONNECTION WITH CADASTRAL LOT 11808 OF THE BATANGAS CADASTRE, THE COURT OF APPEALS GRAVELY ERRED IN GIVING MORE WEIGHT TO THE RECORDS OF THE BATANGAS CITY ASSESSOR'S OFFICE AND THE BATANGAS CITY TREASURER'S OFFICE OVER THE RECORDS OF THE SURVEYS DIVISION OF DENR, REGION IV.

VI.

THE COURT OF APPEALS GRAVELY ERRED IN HOLDING THAT PETITIONERS' PLAN AP 04-8100 ISSUED BY REGION IV OF THE DENR FOR LOT NO. 11808 WAS DEFECTIVE.

VII.

THE COURT OF APPEALS GRAVELY ERRED IN RULING THAT THE CANCELLATION OF PETITIONERS' PLAN CSD-04-014222-D CANCELLED THE VALIDITY OF THE DATA COVERED BY THE PLAN.

VIII.

THE COURT OF APPEALS GRAVELY ERRED IN HOLDING THAT PETITIONERS ARE NOT POSSESSORS IN GOOD FAITH OF LOT NO. 11808 OF THE BATANGAS CADASTRE.

IX.

THE COURT OF APPEALS GRAVELY ERRED IN HOLDING THAT AYALA CORPORATION WAS A BUYER IN GOOD FAITH BECAUSE THE QUESTION OF GOOD FAITH OF THE BUYER IS CONSIDERED ONLY WHEN THE PROPERTY IN LITIGATION IS COVERED BY THE TORRENS SYSTEM.

X.

THE COURT OF APPEALS GRAVELY ERRED IN RULING THAT THE SPOUSES OROSA ARE INDISPENSABLE PARTIES TO THE CASE.

XI.

THE HONORABLE COURT OF APPEALS GRAVELY ERRED IN DECLARING PETITIONERS HAD SLEPT ON THEIR RIGHTS AND ARE GUILTY OF LACHES.<sup>[14]</sup>

At the outset, the Court deems it proper to dispose of the procedural issues raised by respondents in their respective Comments.