

THIRD DIVISION

[G.R. No. 173186, September 16, 2015]

ANICETO UY, PETITIONER, VS. COURT OF APPEALS, MINDANAO STATION, CAGAYAN DE ORO CITY, CARMENCITA NAVAL-SAI, REP. BY HER ATTORNEY-IN FACT RODOLFO FLORENTINO RESPONDENTS.

D E C I S I O N

JARDELEZA, J.:

This is a Petition for Review on *Certiorari*^[1] under Rule 45 of the Revised Rules of Court assailing the Decision^[2] dated January 26, 2006 of the Court of Appeals, Mindanao Station, Cagayan de Oro City in CA-G.R. CV No. 70648, and its Resolution^[3] dated May 18, 2006 denying petitioner's motion for reconsideration.

The Facts

In 1979, private respondent Carmencita Naval-Sai (Naval-Sai) acquired ownership of a parcel of land described as Lot No. 54-B (LRC) Psd 39172 and covered by Transfer Certificate of Title (TCT) No. T-19586 from her brother. The land was later subdivided, with the corresponding titles issued in Naval-Sai's name in the Register of Deeds of North Cotabato.^[4] Two of these subdivided lots, Lots No. 54-B-8 (LRC) Psd 173106 and No. 54-B-9 (LRC) Psd 173106, covered by TCTs No. T-58334 and No. T-58335,^[5] respectively, are the subject of this case.

Subsequently, Naval-Sai sold Lot No. 54-B-76 (LRC) Psd 17310^[6] to a certain Bobby Adil on installment, on the condition that the absolute deed of sale will be executed only upon full payment. Adil failed to pay the amortization, forcing him to sell his unfinished building on the property to spouses Francisco and Louella Omandac.^[7]

Meanwhile, Naval-Sai borrowed money from a certain Grace Ng. As security, Naval-Sai delivered to Ng TCTs No. T-58334 and No. T-58335 covering Lots No. 54-B-8 and No. 54-B-9, respectively. Ng, on the other hand, borrowed money from petitioner and also delivered to the latter the two titles to guarantee payment of the loan.^[8]

Sometime thereafter, Naval-Sai learned that petitioner filed a case for recovery of possession (Civil Case No. 1007) against Francisco Omandac. Branch 17 of the Regional Trial Court (RTC) in Kidapawan City ruled in favor of petitioner.^[9] Naval-Sai filed a motion for new trial before the Court of Appeals, arguing that her signature in the purported deed of sale presented in the case between her and petitioner was a forgery. Civil Case No. I007, however, became final and executory in 2001.^[10] The spouses Omandac were ejected from the property and petitioner gained possession of the same.^[11]

In July 1999, Naval-Sai filed a Complaint for Annulment of Deed with Damages^[12] before the same Branch 17 of the RTC in Kidapawan City against petitioner. The subject of the complaint was the deed of sale allegedly executed between Naval-Sai and petitioner involving Lots No. 54-B-8 and No. 54-B-9. Naval-Sai prayed that the deed of sale be declared null and void *ab initio* because the alleged sale between her and petitioner was a forgery. Naval-Sai argued that she never sold the lots and that her signature in the purported deed of sale is spurious.

Naval-Sai filed an Amended Complaint^[13] dated July 29, 1999. She asserted that the subject TCTs were already cancelled by virtue of the deed of sale. TCT No. T-62446 was issued in lieu of TCT No. T-58334 and TCT No. T-62447 replaced TCT No. T-58335. Hence, the Amended Complaint added as a relief the declaration of TCTs No. T-62446 and No. T-62447, which were registered in the name of petitioner, as null and void *ab initio*. Unlike the original complaint, however, the Amended Complaint was not signed by Naval-Sai, but by her counsel.

In his Answer with Counterclaim^[14] dated October 4, 1999, petitioner specifically denied that the two TCTs were delivered to him by Ng as a guaranty for payment of her loan. Petitioner claimed that he and Naval-Sai entered into a valid contract of sale in 1981 and that the lots were sold for value. The corresponding TCTs were issued in his name shortly thereafter and since then, he had been in complete control of the properties. When Francisco Omandac constructed a house in one of the properties, petitioner filed Civil Case No. 1007.

Petitioner also raised special and affirmative defenses of, among others, non-compliance with the requisite certification of non-forum shopping and prescription. He asserted that jurisdiction has never been acquired over the parties and the subject matter because the certification against forum shopping in the Amended Complaint was defective, for having been merely signed by Naval-Sai's counsel. He further claimed that the action for annulment of deed of sale is already barred by the statute of limitations and that Naval-Sai is guilty of estoppel and laches.

The RTC dismissed the complaint on the grounds of prescription and a defective certification against forum shopping. The dispositive portion of its order reads:

WHEREFORE, finding the defendant's defense meritorious, this Court hereby orders the dismissal of the instant complaint without prejudice to the prosecution in the same action of the counterclaim pleaded in the answer pursuant to Section 6 Rule 16 of the Rules of Court.

Let the hearing on the counterclaim be set on March 30, 2001.

SO ORDERED.^[15]

The RTC found the action for annulment of deed of sale to be a collateral attack on the titles, which is prohibited by law under the principle of indefeasibility of title after the lapse of one year from registration. The RTC explained that Naval-Sai's complaint was not only for the annulment of deed of sale but, ultimately, for the

cancellation of the titles in the name of petitioner, thus:

It is true that an action to set aside a contract which is void [*ab initio*] does not prescribe. However, a closer glance on the substance of the plaintiffs claim would reveal that its ultimate thrust is to have the Transfer Certificate of Title Nos. T-62446 and T-62447 cancelled. This is evidenced by the plaintiff's prayer asking for the declaration of TCT Nos. T-62446 and TCT No. 62447 registered in the name of the defendant as null and void [*ab initio*] in addition to her prayer for the declaration of nullity of the subject deed of sale. x x x

Under the Land Registration Act, a title is valid and effective until annulled or reviewed in a direct proceeding and not in a collateral one, which review must be made within one year from the issuance of the title. After the lapse of such period, the title would be conclusive against the whole world including the government. In other words, the title, after the lapse of one year from registration become[s] indefeasible.^[16]

On the issue of non-compliance with the required certification on non-forum shopping, the RTC noted that Naval-Sai did not explain why she failed to comply with the Rules. The RTC cited the case of *Five Star Bus Company, Inc. v. Court of Appeals*^[17] where we, faced with the similar issue of whether or not to dismiss a petition on the ground that the certification was signed by counsel, ruled that there was non-compliance with the Supreme Court Revised Circular No. 28-91^[18] and that substantial compliance cannot be applied.^[19]

The Court of Appeals set aside the order of the RTC in the now assailed Decision^[20] dated January 26, 2006. The Court of Appeals ruled that there was substantial compliance with the requirement of verification and certification of non-forum shopping. It noted that the original complaint has a proper verification and certification of non-forum shopping signed by Naval-Sai herself. What was signed by Naval-Sai's counsel was the amended complaint dated July 29, 1999. Its verification and certification carries the statement "x x x that this [a]mended [c]omplaint should be taken and read together with the original complaint; x x x"^[21] which the Court of Appeals found to be a "cautionary move" tantamount to substantial compliance.^[22] The Court of Appeals further explained that the rule on certification against forum shopping was complied with in the original complaint because although an amended complaint supersedes the pleading that it amends, it is not an initiatory pleading contemplated under the Rules of Court.^[23]

On the issue of whether the action is a collateral attack in relation to prescription, the Court of Appeals ruled that it is neither a direct nor a collateral attack. According to the Court of Appeals, the action is a direct attack when the object of an action is to annul or set aside the judgment in the registration proceeding. On the other hand, a collateral attack is when, in an action to obtain a different relief, an attack on the judgment or registration proceeding is nevertheless made as an incident thereof.

Here, however, Naval-Sai is seeking a relief for an annulment of the deed of sale,

which is not an attack on the judgment or registration proceeding pursuant to which the titles were decreed. It does not seek to set aside the judgment of registration of titles nor does it seek to nullify the title by challenging the judgment or proceeding that decreed its issuance. The action is in reality one for reconveyance, which is imprescriptible when based on a void contract. Thus:

A perusal of the records of the case shows that the caption of appellant's Complaint before the RTC is annulment of deed. However considering that the ultimate relief sought is for the appellee to "return" the subject property to him, it is in reality an action for reconveyance. In *De Guzman* [v.] *Court of Appeals*, the Court held that, "the essence of an action for reconveyance is that the decree of registration is respected as incontrovertible but what is sought instead is the transfer of the property which has been wrongfully or erroneously registered in another person's name, to its rightful owner or to one with a better right."

x x x

An action for reconveyance on the ground that the certificate of title was obtained by means of a fictitious or forged deed of sale is virtually an action for the declaration of the nullity of the forged deed, hence, it does not prescribe. x x x [24]

However, the Court of Appeals emphasized that despite its discussion on the prescriptibility of the action, it has not made a finding that the deed of sale is indeed fictitious or forged because it is for the RTC to rule on after evidence has been presented and evaluated. Thus, the relevant dispositive portion of the Court of Appeals' decision reads:

WHEREFORE, premises considered, the petition is GRANTED. The assailed Order of dismissal dated 30 March 2001 is hereby SET ASIDE and deemed of no effect.

Let this case be remanded to the lower court for further proceedings.

SO ORDERED. [25]

Petitioner filed a Motion for Reconsideration [26] on March 3, 2006, which was denied by the Court of Appeals in its Resolution [27] dated May 18, 2006.

Hence, this petition, which raises the following issues:

I.

THE COURT OF APPEALS ERRED WHEN IT RULED THAT THERE WAS SUBSTANTIAL COMPLIANCE WITH THE REQUIREMENTS ON

CERTIFICATION FOR NON-FORUM SHOPPING.

II.

THE COURT OF APPEALS ERRED IN NOT HOLDING THAT THE ACTION HAS PRESCRIBED AND/OR THE PRIVATE RESPONDENT IS GUILTY OF INACTION, LACHES OR ESTOPPEL.

Our Ruling

There was substantial compliance with the requirements on certification against forum shopping.

A certification against forum shopping is a peculiar and personal responsibility of the party, an assurance given to the court or other tribunal that there are no other pending cases involving basically the same parties, issues and causes of action.^[28] It must be executed by the party-pleader, not by his counsel. If, however, for reasonable or justifiable reasons, the party-pleader is unable to sign, he must execute a Special Power of Attorney (SPA) designating his counsel of record to sign on his behalf.^[29]

Here, the original complaint contained a proper verification and certification against forum shopping duly signed by Naval-Sai as plaintiff. The verification and certification in the amended complaint, on the other hand, was only signed by her counsel, Atty. Norberta L. Ela. Atty. Ela was not authorized to sign on behalf of Naval-Sai, as in fact, she assigned one Rodolfo Florentino as agent.^[30] The Court of Appeals pointed out that in the certification in the amended complaint, Atty. Ela specified that it should be taken and read together with the original complaint. The Court of Appeals took this as a cautionary move on the part of Naval-Sai, justifying the relaxation of the rules on the ground of substantial compliance. We find, however, that this cautionary move is ineffectual because under the Rules of Civil Procedure, an amended complaint supersedes the original complaint.^[31] For all intents and purposes, therefore, the original complaint and its verification and certification ceased to exist. This, notwithstanding, we find there was still substantial compliance with the Rules.

In the case of *Far Eastern Shipping Company v. Court of Appeals*,^[32] while we said that, strictly, a certification against forum shopping by counsel is a defective certification, the verification, signed by petitioner's counsel in said case, is substantial compliance because it served the purpose of the Rules of informing the Court of the pendency of another action or proceeding involving the same issues. We then explained that procedural rules are instruments in the speedy and efficient administration of justice which should be used to achieve such end and not to derail it.^[33]

We also find that the *prima facie* merits of the case serve as a special circumstance or a compelling reason to relax the rules on certification against forum shopping.