

FIRST DIVISION

[G.R. No. 160684, September 02, 2015]

CLT REALTY DEVELOPMENT CORPORATION, PETITIONER, VS. HI-GRADE FEEDS CORPORATION, REPUBLIC OF THE PHILIPPINES (THROUGH THE OFFICE OF THE SOLICITOR GENERAL), REGISTRY OF DEEDS OF METRO MANILA, DISTRICT III, CALOOCAN CITY , AND THE COURT OF APPEALS, RESPONDENTS.

D E C I S I O N

PEREZ, J.:

The properties in dispute were formerly part of the notorious Maysilo Estate left by Gonzalo Tuason, the vastness of which measures 1,660.26 hectares, stretching across Caloocan City, Valenzuela, and Malabon, covered by five (5) mother titles or Original Certificate of Title (OCT). One of the mother titles is OCT No. 994, the mother title in dispute. Later on, smaller lots forming part of the Maysilo Estate were sold to different persons. Several subsequent subdivisions, consolidations, and one expropriation of the Estate, spawned numerous legal disputes, living-up to the name "*Land of Caveat Emptor*."^[1] One of these disputed lots was Lot 26, the property subject of this litigation.

Assailed in this Petition for Review on *Certiorari* are the Decision^[2] and Resolution^[3] of the Court of Appeals in CA-G.R. CV No. 53770 dated 18 June 2003 and 28 October 2003, respectively, which annulled petitioner CLT Realty Development Corporation's (CLT) TCT No. T-177013 and affirmed Hi-Grade Feeds Corporation's (Hi-Grade) TCTs No. 237450 and No. T-146941.

The conflict arose due to an overlapping of the properties of CLT and Hi-Grade, which prompted CLT to file a case for Annulment of Transfer Certificates of Title, Recovery of Possession, and Damages before the Regional Trial Court (RTC) of Caloocan City, Branch 121, docketed as Civil Case No. C-15463 against Hi-Grade.

Version of Hi-Grade

Respondent Hi-Grade is the registered owner of two (2) parcels of land covered by TCT Nos. 237450 and T-146941, derived from TCT No. 4211 of the Register of Deeds of the Province of Rizal, registered under the names of Alejandro Ruiz (Ruiz) and Mariano Leuterio (Leuterio), which is a derivative title of OCT No. 994, the mother title.^[4]

Tracing the line of transfer that preceded the title of Hi-Grade, it is averred that TCT No. 4211 was registered under the names of Ruiz and Leuterio on 9 September 1918. Later, Lot 26 was sold to Francisco Gonzalez (Gonzalez), which resulted in the cancellation of TCT No. 4211 and its replacement by TCT No. 5261, registered under the name of Gonzalez.^[5]

Upon Gonzalez's death, TCT No. 5261 was cancelled and replaced by TCT No. 35486, registered under the name of his surviving spouse Rufina Narciso Vda. De Gonzalez. The land covered by TCT No. 35486 was subdivided into seven (7) lots under subdivision plan Psd-21154. By virtue of Psd-21154, TCT No. 35486 was cancelled and seven (7) new titles were issued, TCTs No. 1368 to No. 1374, registered under the children of Gonzalez.

In 1947, the Government expropriated the seven lots.^[6] By virtue of the expropriation, TCTs No. 1368 to No. 1374 were cancelled and replaced by TCTs No. 12836 to No. 12842. Afterwards, by virtue of Consolidated Subdivision Plan Psd (LRC) Pcd-1828, the Government consolidated the titles and then further subdivided the property into 77 lots.

One of the 77 lots was registered in the name of Benito Villanueva under TCTs No. 23027 to No. 23028, which was further subdivided into Lot-A and 17-B, pursuant to subdivision plan Psd-276839. One of the properties in dispute is Lot 17-B, which was later on registered in the name of Jose Madulid, Sr. (Madulid, Sr.), under TCT No. C-32979, which was later on sold to Hi-Grade.

Another lot resulting from the Government's consolidation and subdivision of the Maysilo Estate into 77 lots, is Lot No. 52, which was registered in the name of Inocencio Alvarez (Alvarez) under TCT No. 7363. Soon after, Alvarez sold Lot No. 52 to Madulid, Sr. TCT No. 7363 was cancelled and TCT No. 7364 was issued to Madulid, Sr. Afterwards, Madulid, Sr. sold the lot to Hi-Grade. This is another one of the properties in dispute.

As a review, first, Hi-Grade traces its title to TCTs No. 7364 and No. C-32979, which were registered in the name Madulid, Sr., which in turn stemmed from TCT Nos. 36557-63/T-460.

TCT Nos. 36557-63/T-460 were derived from TCTs No. 1368 to No. 1374.

TCTs No. 1368 to No. 1374 stemmed from TCT No. 35486, which was subdivided into smaller lots.

TCT No. 35486 was derived from TCT No. 5261. TCT No. 5261 stemmed from TCT No. 4211.

Finally, TCT No. 4211 was derived from OCT No. 994, the mother title.

Version of CLT

CLT is the registered owner of TCT No. T-177013, by virtue of a Deed of Absolute Sale with Real Estate Mortgage dated 10 December 1988, executed by the former registered owner, Estelita I. Hipolito.

CLT argued that Hi-Grade's title is null and void for being fake and spurious based on the following:

1. As shown in the face of TCT No. 4211, it purports to have been derived from OCT No. 994;

2. The original copy of OCT No. 994, which is existing and in due form, on file with the Registry of Deeds of Caloocan City, contains dilapidated pages and no longer contains the pages where Lot No. 26 and some other lots are supposedly inscribed.
3. Upon examination of the original copy of OCT No. 994, it can be seen that the technical descriptions of the lots and the certificate itself are entirely written in the English language. On the other hand, the technical descriptions on the alleged TCTs No. 4211, No. 5261, and No. 35486 are still inscribed in the Spanish language.
4. The dates of the original survey of OCT No. 994, the mother title of TCT No. 4211, *i.e.*, 8-27 September, 4-21 October and 17-18 November 1911, are not indicated on TCTs No. 4211, No. 5261, and No. 35486. Rather, an entirely different date, 22 December 1917, is indicated at the end of the Spanish technical descriptions on the alleged TCTs No. 4211, No. 5261, and No. 35486.
5. The parcel of land covered successively by TCTs No. 4211, No. 5261, and No. 35486 is not identified by a lot number and there is no reference or mention of Lot No. 26 of the Maysilo Estate in the technical description of said titles.
6. There is no subdivision survey plan number indicated on TCTs No. 4211, No. 5261, and No. 35486 covering the subdivision of Lot No. 26 of the Maysilo Estate.
7. The plan Psd-21154 which subdivided the lot covered by TCT No. 35486 (formerly covered by TCT No. 4211, then TCT No. 5261), could not be traced at the official depository of plans, which is the Lands Management Bureau (LMB). According to the EDPS Listings of the Records Management Division of the LMB, there is no record of Plan Psd-21154. Said EDPS listings indicate those records which were surveyed after the Second World War. It appears, from TCTs No. 1368 to No. 1374, plan PSD-21154 was done after the war on 15, 21, 29 September and 5-6 October 1946.
8. The technical descriptions inscribed on TCTs No. 1368 to No. 1374 show that the tie points deviated from the mother lot's tie point, which is the Bureau of Lands Location Monument ("BLLM") No. 1, Caloocan. Instead, different location monuments of the adjoining Piedad Estate were used. The tie point used in TCT No. 1368 is B.M. 10, Piedad Estate; while TCTs No. 1369 and No. 1470 used B.M. No. 8, Piedad Estate; and TCTs No. 1371, No. 1372, No. 1373, and No. 1374 used B.M. No. 7, Piedad Estate. The changing tie points resulted in the shifting of the position of the seven lots in relation to the mother lot, using their technical descriptions inscribed on the face of the titles. Thus, when plotted, the seven lots do not fall exactly inside the boundary of the mother lot. The same is true when the lots described on the titles of Hi-Grade are plotted on the basis of their technical descriptions inscribed on the titles.
9. TCT No. 4211 contains patent infirmities, inconsistencies, and irregularities indicating that it is a falsified document representing a fictitious title and is, therefore, null and void. The fact was confirmed by an examination by the Forensic Chemistry Division of the National Bureau of Investigation, which

concluded that TCT No. 4211 was prepared only sometime in the 1940s and not in 1918, as it is made to appear on the face of the document. Thus, the series of titles from where Hi-Grade's titles were derived, starting from TCTs No. 4211, No. 5261, and No. 35486, and up to and including the titles of Hi-Grade, are also necessarily null and void.

During trial, CLT presented the following witnesses: (1) Ramon Velazquez (Velazquez), Officer-in-Charge of the Survey Records Section, Records Management Division of the LMB, who testified that the LMB does not have a copy of Psd 21154; (2) Norberto Vasquez, Jr. (Vasquez), Deputy Register of Deeds of Caloocan City, who identified the various titles relevant to the case; (3) Juanito Bustalino (Bustalino), a licensed Geodetic Engineer, who testified that CLT engaged his services to survey the subject property and discovered that there was an overlap between CLT's and Hi-Grade's titles; (4) Atty. Rafael Antonio M. Santos, one of the counsel of CLT; and (5) Aida R. Villora-Magsipoc, a Forensic Chemist of the Forensic Division, National Bureau of Investigation, who examined the titles as an expert witness.

On the other hand, Hi-Grade presented its sole witness, Atty. Jose Madulid, counsel for and stockholder of Hi-Grade, and son of Hi-Grade's predecessor, Jose Madulid, Sr., who testified that his family has been occupying the subject properties under the concept of an owner for more than twenty-seven (27) years, until the properties were transferred to Hi-Grade.

The Ruling of the RTC

After trial, the RTC^[7] ruled in favor of CLT. According to the RTC, Hi-Grade's title, the older title, cannot prevail over CLT's title because it suffers from patent defects and infirmities. Although Hi-Grade paid realty taxes on the subject properties, it is not considered as a conclusive proof of ownership. The dispositive portion of the Decision of the RTC dated 27 December 1995 reads:

WHEREFORE, premises considered and by preponderance of evidence, judgment is hereby rendered in favor of the plaintiff CLT REALTY DEVELOPMENT CORP. and against defendants HI-GRADE FEEDS CORP. et. al., ordering

1. TCT Nos. 237450 and 146941 in the name of the defendant null and void and accordingly ordering their cancellation;
2. defendant to vacate the portion of Lot No. 26 presently occupied by it and turn over possession of the same to the plaintiff; and
3. defendant to pay the costs of suit.

SO ORDERED.^[8]

Aggrieved, Hi-Grade filed a Motion for New Trial and/or Reconsideration on the grounds of newly discovered evidence and serious and patent errors in the court's appreciation of evidence and factual findings based on the decision of the court in Civil Case No. C-15491, entitled "*CLT v. Sto. Niño Kapithahayan Association*." The RTC denied the motion for utter lack of merit. According to the RTC, the ruling in favor of Hi-Grade in *Sto. Niño* is not a newly-discovered evidence, as Hi-Grade could not have failed to produce such evidence if it exercised reasonable diligence. Hi-

Grade's reliance in the aforesaid case is already moot and academic as the court in *Sto. Niño* already reconsidered its decision and upheld the validity of CLT's title.

The Ruling of the Court of Appeals

Impelled by the adverse ruling of the RTC, Hi-Grade elevated the case to the Court of Appeals. During the pendency of the appeal, Hi-Grade filed a Motion to Admit and Take Judicial Notice of Committee Report on Senate Inquiry into Maysilo Estate Submitted by the Committees on Justice and Human Rights and on Urban Planning, Housing and Resettlement (Senate Report) on 1 July 1998. The Court of Appeals granted the motion in a Resolution^[9] dated 31 August 1998. Included in the Resolution, however, is a statement that although the Court of Appeals takes judicial notice of the Senate Report, the Court of Appeals is not bound by the findings and conclusions therein.^[10]

In the meantime, the Office of the Solicitor General (OSG), on behalf of the Republic and in representation of the Administrator of the Land Registration Authority, filed a Petition for Intervention dated 25 August 1998. The OSG averred that its intervention is indispensable as it is pursuant to its duty to preserve the integrity of the Torrens system of registration and to protect the Assurance Fund, in connection with which it can initiate necessary actions for the annulment of titles irregularly and fraudulently issued. The Court of Appeals granted the OSG motion. The Court of Appeals resolved the issue on intervention in the appealed Decision dated 18 June 2003. According to the Court of Appeals, due to the magnitude and significance that will affect the stability and integrity of the Torrens system, the State has sufficient interest in the case.

Departing from the trial court's findings of fact, the Court of Appeals ruled as baseless the trial court's reliance on the testimonies of CLT's witnesses, Vasquez and Bustalmo, on the alleged patent infirmities and defects in TCT No. 4211. According to the Court of Appeals, Vasquez and Bustalino never testified that the issuance of TCT No. 4211 failed to conform to the registration procedures in 1917, the year it was issued. Also, Vasquez and Bustalino are incompetent to testify on the customary practices in land registration at that time. Reversing the Decision of the RTC, the Decision of the Court of Appeals reads:

WHEREFORE, the decision appealed from is hereby REVERSED and SET ASIDE and a new one entered DISMISSING CLT's complaint *a quo* and upholding the validity of TCT Nos. 237450 and T-146941 of appellant Hi-Grade Feeds Corporation.

Appellant CLT is further ordered to surrender its owner's duplicate copy of TCT No. T-177013 to the Registrar of Deeds of Caloocan City who is hereby directed to effect its cancellation.

The other incidents are resolved as above indicated. No pronouncements as to costs.

SO ORDERED.^[11]

Hence, the present Petition for Review on *Certiorari*. In addition to the factual issues raised in the trial court, the Petition raised the following arguments: