

## FIRST DIVISION

[ G.R. No. 173531, February 01, 2012 ]

**LEONCIO C. OLIVEROS, REPRESENTED BY HIS HEIRS, \* MOISES DE LA CRUZ, \*\* AND THE HEIRS OF LUCIO DELA CRUZ, REPRESENTED BY FELIX DELA CRUZ, PETITIONERS, VS. BERSAMIN, SAN MIGUEL CORPORATION, THE REGISTER OF DEEDS OF CALOOCAN CITY, AND THE REGISTER OF DEEDS OF VALENZUELA, METRO MANILA, RESPONDENTS.**

### D E C I S I O N

**DEL CASTILLO, J.:**

Only holders of valid titles can invoke the principle of indefeasibility of Torrens titles.

Before the Court is a Petition for Review<sup>[1]</sup> of the April 21, 2006 Decision of the Court of Appeals (CA) in CA-G.R. CV No. 59704, as well as its July 7, 2006 Resolution, denying reconsideration of the assailed Decision. The dispositive portion of the April 21, 2006 Decision reads:

**WHEREFORE**, the appealed Decision dated August 12, 1997 is affirmed, subject to the modification that the award of attorney's fees is reduced to P100,000.00.

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

The CA affirmed the trial court's judgment, which **dismissed** petitioners' complaint for the nullification of the title of San Miguel Corporation's (SMC) predecessor-in-interest, Ramie Textile (Ramitex), Inc., over Lot 1131 of the Malinta Estate and **granted** Ramitex' prayer for the cancellation of petitioner Leoncio C. Oliveros' (Oliveros) title over the subject property.

#### ***Factual Antecedents***

This case involves a parcel of land known as Lot 1131 (subject property) of the Malinta Estate located in Barrio Bagbaguin of Valenzuela, Metro Manila.

Ramitex bought the subject property from co-owners Tomas Soriano (Soriano) and Concepcion Lozada (Lozada) in 1957. On the basis of such sale, the Register of Deeds of Bulacan (Bulacan RD) cancelled the vendors' Transfer Certificate of Title (TCT) No. 29334<sup>[3]</sup> and issued TCT No. T-18460 on March 6, 1957 in favor of Ramitex.

Lot 1131 is just one of the 17 lots owned by Ramitex within the Malinta Estate. In 1986, Ramitex consolidated and subdivided its 17 lots within the Malinta Estate into six lots only under Consolidation Subdivision Plan Pcs-13-000535.<sup>[4]</sup> Lot 1131, which contains 8,950 square meters, was consolidated with portions of Lots 1127-A and 1128-B to become consolidated Lot No. 4 (consolidated Lot 4). The consolidated area of Lot 4 is 16,958 square meters. By virtue of this consolidation, the Register of Deeds of Caloocan City (Caloocan RD) cancelled Ramitex' individual title to Lot 1131 (TCT No. T-18460) and issued a new title, TCT No. T-137261, for the consolidated Lot 4.

Troubles began for Ramitex on February 22, 1989, when Oliveros filed a petition<sup>[5]</sup> in Branch 172 of the Regional Trial Court of Valenzuela (Valenzuela RTC) for the reconstitution of TCT No. T-17186, his alleged title over Lot 1131 of the Malinta Estate (reconstitution case).<sup>[6]</sup> He claimed that the original copy was destroyed in the fire that gutted the office of the Bulacan RD on March 7, 1987.<sup>[7]</sup>

Ramitex filed its opposition to Oliveros' petition<sup>[8]</sup> asserting that TCT No. T-17186 never existed in the records of the Bulacan RD and cannot therefore be reconstituted.<sup>[9]</sup> The State, through the provincial prosecutor, also opposed on the basis that Oliveros' TCT No. T-17186, which is embodied on a judicial form with Serial Number (Serial No.) 124604, does not come from official sources. The State submitted a certification from the Land Registration Authority (LRA) that its Property Section issued the form with Serial No. 124604 to the Register of Deeds of Davao City (Davao RD), and not to the Bulacan RD, as claimed in Oliveros' alleged title.<sup>[10]</sup>

In light of Ramitex' opposition and ownership claims over Lot 1131, Oliveros filed a complaint for the declaration of nullity of Ramitex' title over Lot 1131 on November 16, 1990 (nullity case).<sup>[11]</sup> This complaint was docketed as Civil Case No. 3232-V-89 and raffled to Branch 172 of the Valenzuela RTC. Oliveros claimed that he bought the subject property sometime in November 1956 from the spouses Domingo De Leon and Modesta Molina, and pursuant to such sale, the Bulacan RD issued TCT No. T-17186 in his favor on November 14, 1956.

He was joined in the suit by his alleged overseers to Lot 1131, petitioners Moises and Felix Dela Cruz, who were judicially ejected by Ramitex from Lot 1127 two years before.<sup>[12]</sup>

Oliveros and his co-petitioners alleged that Ramitex did not own Lot 1131 and that its individual title to Lot 1131, TCT No. 18460, was fake and was used by Ramitex to consolidate Lot 1131 with its other properties in the Malinta Estate. They further claimed that the resulting consolidated Lot 4 is not actually a consolidation of several lots but only contains Lot 1131, which belongs to Oliveros. Thus, they asked for the nullification as well of Ramitex' title to consolidated Lot 4,<sup>[13]</sup> insofar as it unlawfully included Lot 1131.

Given the prejudicial nature of the nullity case on the reconstitution case, the latter was held in abeyance until the resolution of the former.

Ramitex answered that its title over Lot 1131 is valid and claimed continuous

possession and ownership of the subject property. It prayed for the dismissal of petitioners' complaint against it for lack of merit.<sup>[14]</sup> Ramitex counterclaimed that it is Oliveros' title, TCT No. T-17186, that should be cancelled for being spurious and non-existent.

During trial, <sup>[15]</sup> Oliveros testified that the Bulacan RD lost the original of his alleged title when its office and records were destroyed by fire on March 7, 1987. He presented a certification from the Bulacan RD to the effect that all its records, titles and documents were burned.<sup>[16]</sup> He also presented a certification from the Caloocan RD to the effect that it did not receive the original certificate of title bearing TCT No. T-17186 from the Bulacan RD, after Presidential Decree No. 824<sup>[17]</sup> removed jurisdiction over the Municipality of Valenzuela from the Province of Bulacan to Caloocan.<sup>[18]</sup> The Valenzuela RD likewise certified that it has no record of the original of TCT No. T-17186.<sup>[19]</sup>

When questioned why the original of his title was not transmitted to the Caloocan RD and the Valenzuela RD when the jurisdiction over the properties of the Malinta Estate was transferred to these offices, Oliveros explained that it was only the titles with new transactions that were transferred. Since his title was dormant, meaning he did not make any transaction on it, it was never transmitted to the Caloocan or Valenzuela RD.

Notably, Oliveros failed to present his owner's duplicate of TCT No. T-17186 during the entire trial but only presented a machine copy thereof. He claimed that he had already sold Lot 1131 to a certain Nelson Go of DNG Realty and Development Corporation (DNG Realty) in June of 1991,<sup>[20]</sup> and that the vendee has possession of the owner's duplicate. Oliveros explained that Go would not lend to him the owner's duplicate for presentation to the court because of a pending case for rescission of sale between them.<sup>[21]</sup> The complaint for rescission alleged that Oliveros deceived and defrauded Nelson Go and DNG Realty by misrepresenting ownership and actual possession of Lot 1131, which turned out to be owned and possessed by Ramitex.<sup>[22]</sup>

Instead of his owner's duplicate, Oliveros presented a lot data computation<sup>[23]</sup> from the Land Management Bureau (LMB) as proof that Lot 1131 exists in the public records as comprising 16,958 square meters, not 8,950 as claimed by SMC and Ramitex.<sup>[24]</sup> He also showed an undated and unapproved survey plan<sup>[25]</sup> to prove that Lot 1131 was surveyed to contain the said area.<sup>[26]</sup> As further proof of his ownership, Oliveros presented his tax declarations covering Lot 1131.

With respect to his allegation that Ramitex' title to Lot 1131 is void, Oliveros pointed out that the title does not contain the property's technical description; it was issued on March 6, 1957, the same date that 13 other titles over other lots within the Malinta Estate were issued in favor of Ramitex; and the signatures of the registrar, Soledad B. De Jesus, on the said titles were dubious.<sup>[27]</sup>

On the other hand, SMC (having substituted<sup>[28]</sup> Ramitex as party-defendant after buying Ramitex' interests over the subject property<sup>[29]</sup>) presented officials from various government offices to prove that Oliveros' purported title to Lot 1131 does

not actually exist in the official records.

Fortunato T. Pascual (Pascual),<sup>[30]</sup> who heads the Property Section of the Land Registration Authority,<sup>[31]</sup> explained that his office supplies all the RDs throughout the country with the blank title forms, called Judicial Form No. 109-D. Starting in 1954, Judicial Forms No. 109-D became accountable forms bearing **unique** serial numbers.<sup>[32]</sup> Once a form is used by a registrar for issuing a land title, the registrar has to account for such forms by submitting a report of consumption (of the title forms) to the LRA.<sup>[33]</sup> The Property Section of the LRA maintains a record of all the title forms already used by the different registers of deeds.<sup>[34]</sup> Pascual then testified that, based on the LRA's Record of Consumption of Judicial Forms,<sup>[35]</sup> the LRA issued Judicial Form No. 109-D with Serial No. 124604 to the Davao RD on February 21, 1957, and **not** to the Bulacan RD sometime in 1956, as stated on Oliveros' purported title.<sup>[36]</sup> As further proof that the Bulacan RD has not been issued a Judicial Form No. 109-D with Serial No. 124604 in November 1956 (as stated in Oliveros' title), Pascual presented the record of consumption that was submitted by the Bulacan RD for the said month and year. The record states that the Bulacan RD consumed or issued 52 pieces of Judicial Form No. 109-D, with serial numbers starting from 113292 up to 113343 only.<sup>[37]</sup>

Atty. Aludia P. Gadia (Gadia), the Registrar of Davao RD, confirmed Pascual's testimony. She personally conducted the research and verifications from her office records that Judicial Form No. 109-D bearing Serial No. 124604 was used for issuing TCT No. T-7522 on August 8, 1957 in the name of a certain Consuelo Javellana, married to Angel Javellana. She presented the cancelled copy of TCT No. T-7522 to the court.<sup>[38]</sup> Gadia likewise attested to the fact that the serial numbers close to Serial No. 124604 (e.g. 124599, 124600, 124601, etc.) are all accounted for in Book No. 38 of the Davao RD.<sup>[39]</sup>

SMC then assailed Oliveros' Tax Declaration (TD) No. B-027-01995 over Lot 1131. It presented Cesar Marquez (Marquez), the municipal assessor of the Municipality of Valenzuela. Marquez testified that TD No. B-027-01995, which on its face states that it covers Lot 1131 with TCT No. T-17186,<sup>[40]</sup> is actually a revision of TD No. B-027-01170,<sup>[41]</sup> which covers Lot 1134 of the Malinta Estate with TCT No. T-193116.<sup>[42]</sup>

Bartolome Garcia, the acting chief of the Realty Tax Division of the Office

of the Municipal Treasurer of Valenzuela,<sup>[43]</sup> corroborated Marquez' testimony that it was only on September 12, 1983<sup>[44]</sup> that Oliveros started paying real estate taxes, but the said payments were for Lot 1134,<sup>[45]</sup> not Lot 1131. Per the records of his office, Oliveros began paying taxes for Lot 1131 only on March 12, 1990. On the other hand, Ramitex had been paying realty taxes for Lot 1131 since 1967.<sup>[46]</sup>

Engineer Ernesto Erive (Engineer Erive), chief of the Surveys Division of the Land Management Sector, testified that the lot data computation and unapproved survey plan presented by Oliveros are used by geodetic engineers for reference purposes only, not for registration purposes.<sup>[47]</sup>

Engineer Erive also pointed out that Oliveros' title, which describes Lot 1131 as containing 16,958 square meters, is clearly erroneous. According to their office records, Lot 1131 of the Malinta Estate contains 8,950 square meters only. He presented as proof the approved survey plan for Lot 1131, Plan SP-2906. Engineer Erive explained that it was only after the consolidation made by Ramitex that Lot 1131 became a part of consolidated Lot 4 with the consolidated area of 16,958 square meters.<sup>[48]</sup> Thus, Oliveros' title, unapproved survey plan and lot data computation all contain technical descriptions of the consolidated Lot 4 of Ramitex' Pcs-13-000-535, and not of Lot 1131 of the Malinta Estate.<sup>[49]</sup>

Engineer Erive dispelled doubts regarding the absence of a technical description on TCT No. (T-18460) T-64433, Ramitex' title over Lot 1131. He explained that such was the usual practice with respect to lots within the Malinta Estate; that titles there usually include only the lot number and the case number.<sup>[50]</sup>

SMC also debunked the alleged parent title, from which Oliveros' title was

derived, TCT No. T-16921. For this purpose, SMC presented Christian Bautista (Bautista), the land registration examiner from the Valenzuela RD, who testified that the only record it has of TCT No. T-16921 pertains to Lot 20-D of the Lolomboy Estate in the name of Beatriz Dela Cruz. It does not pertain to Lot 1131 of the Malinta Estate and is not in the name of Oliveros' alleged transferors, Domingo De Leon and Modesta Molina.<sup>[51]</sup>

In stark contrast, SMC established its claim to Lot 1131. Bautista presented the original copies of Ramitex' individual titles over the 16 parcels of land within the Malinta Estate, as well as the original titles of the consolidated lots,<sup>[52]</sup> which are all properly recorded in the Valenzuela RD.<sup>[53]</sup> Bautista also brought to court TCT No. (T-29334) T-63790, which is the title of Ramitex's alleged predecessors-in-interest to Lot 1131, Soriano and Lozada.<sup>[54]</sup>

For his rebuttal, Oliveros presented Ramon Vasquez (Vasquez), a record custodian of the LMB assigned to the Escolta Branch.<sup>[55]</sup> Vasquez testified that their office has a record of an unsigned and undated lot data computation for Lot 1131 of the Malinta Estate in the name of Domingo De Leon.<sup>[56]</sup> Upon cross examination, however, Vasquez admitted that the Escolta branch had no record of survey plans for the Malinta Estate<sup>[57]</sup> and that a lot data computation is not used as basis for the registration of land.<sup>[58]</sup>

### ***Ruling of the Regional Trial Court***<sup>[59]</sup>

The trial court found sufficient evidence to support the conclusion that Oliveros' TCT No. T-17186 does not exist. It gave due credence to the certification of the LRA that Bulacan RD never possessed, hence could never have issued, Judicial Form No. 109-D with Serial No. 124604.<sup>[60]</sup>

It observed that the certification from the Bulacan RD only proved that its records and documents were destroyed in the fire of March 1987. It did not, in the least,