

THIRD DIVISION

[G.R. No. 170528, August 26, 2008]

HEIRS OF JULIAN TIRO, PETITIONERS, VS. PHILIPPINE ESTATES CORPORATION, RESPONDENTS.

D E C I S I O N

CHICO-NAZARIO, J.:

This is a Petition for Review on *Certiorari* under Rule 45 of the Rules of Court, assailing the Decision^[1] dated 1 July 2005, rendered by the Court of Appeals in CA-G.R. CV No. 78582, which affirmed the Decision^[2] dated 16 April 2002 of the Regional Trial Court (RTC), Branch 54, Lapu-Lapu City, in Civil Case No. 4824-L dismissing petitioners' complaint and declaring the respondent as the owner of the disputed property.

Petitioners Guillerma Tiro, Dominga Tiro Nunez and Maximo Tiro filed before the RTC a Complaint for Quieting of Title against respondent Philippine Estates Corporation, a corporation duly organized and existing under the laws of the Philippines. The complaint was docketed as Civil Case No. 4824-L. Petitioners alleged that they are the children of the late Julian Tiro and the authorized representatives of the Heirs of the late Pedro Tiro. Both decedents were purportedly, during their lifetime, the lawful absolute and registered owners of the disputed land as evidenced by Original Certificate of Title (OCT) No. RO-1121.^[3] The disputed property is herein described as follows:

A parcel of land (Lot 2914 of the Cadastral Survey of Opon, L.R.C. Record No. 1003) situated in the Barrio of Marigondon, Municipality of Opon, Province of Cebu, Island of Mactan x x x; containing an area of EIGHT THOUSAND ONE HUNDRED TWENTY (8,120) SQUARE METERS.^[4]

Petitioners averred that they and their predecessors-in-interest had been in actual possession of the disputed land since time immemorial until they were prevented from entering the same by persons claiming to be the new owners sometime in 1995. After examining the records found in the Office of the Register of Deeds of Lapu-Lapu City, they discovered that OCT No. RO-1121 had already been cancelled as early as 1969 and that the subject property, after several other transfers, was presently registered in the name of respondent under Transfer Certificate of Title (TCT) No. 35672.^[5]

The records in the Office of the Register of Deeds showed each transfer involving the disputed land. Petitioners learned that OCT No. RO-1121, registered in the names of Julian and Pedro Tiro, was cancelled on 10 September 1969. In its place, TCT No. 2848 was issued in favor of Spouses Julio Baba and Olimpia Mesa. The registration of the disputed property in favor of the Spouses Baba was supported by two documents: (1) an Extrajudicial Declaration of Heir and Confirmation of Sale^[6]

dated 20 August 1969, executed by Maxima Ochea (Ochea), claiming to be the only surviving heir of Julian and Pedro Tiro, wherein she confirmed and ratified an alleged sale of the subject land made before World War II by Julian and Pedro Tiro in favor of Spouses Bibiano Amores and Isabel Digno; and (2) another document entitled "Deed of Confirmation,^[7]" also dated 20 August 1969, executed by the Spouses Amores, wherein they verified that they subsequently transferred the disputed property to the Spouses Baba sometime in 1947.

On 20 June 1979, TCT No. 2848 was cancelled to give way to the issuance of TCT No. 9415 in the name of Spouses Ronaldo Velayo and Leonor Manuel, after the Spouses Baba sold the disputed property to them.^[8] Subsequently, the same property was sold by the Spouses Velayo to Pacific Rehouse Corporation, as a consequence of which TCT No. 9415 was cancelled and TCT No. 30186 was issued in the name of the latter on 16 February 1995.^[9] Finally, on 25 October 1996, following the sale of the disputed land to respondent, TCT No. 30186 was cancelled and TCT No. 35672 was issued in its name.^[10]

Petitioners averred that Ochea, who executed the document "Extrajudicial Declaration of Heir and Confirmation of Sale," which resulted in the cancellation of OCT No. RO-1121 in the name of Julian and Pedro Tiro, was not in any way related to Julian and Pedro Tiro. It was the petitioners' contention that since Ochea was not an heir of the original registered owners, she had no right to cause the transfer of the disputed property and, thus, her transfer and all subsequent transfers of said property, including that made to respondent, were invalid.^[11] Instead of presenting documents to evidence their relationship to the decedents Julian and Pedro Tiro, petitioners offered the testimonies of petitioners Maximo Tiro^[12] and his son-in-law Joveniano Diasana.^[13] Finally, the petitioners prayed that all the transactions emanating from the "Extrajudicial Declaration of Heirs and Confirmation of Sale," executed by Maxima Ochea, be declared void, including the transfer made in favor of the respondent; that the title which was issued in the name of respondent be cancelled; and that the property be restored and registered in the name of the petitioners.^[14]

In its Answer dated 10 February 1998, respondent claimed that its predecessor-in-interest Pacific Rehouse Corporation acquired the subject land from the Spouses Velayo, the registered owners of the property who were also in possession of the same at the time of the sale. There was nothing in the title or any circumstances during the sale that would indicate any defect in the Spouses Velayo's title to the property. Respondent pointed out that 27 years had elapsed since the cancellation of OCT No. RO-1121 before petitioners asserted their rights over the disputed land. Moreover, petitioners' predecessors-in-interest Julian and Pedro Tiro did not question the cancellation of their title to the property during their lifetimes. Hence, respondent argued that petitioners' action for quieting of title was barred by laches and prescription.^[15]

To support its allegations, respondent presented TCT No. 2914 in the name of the Spouses Velayo as proof that they were the registered owners of the disputed property at the time they sold it to Pacific Rehouse Corporation.^[16] Additionally, respondent presented a Decision^[17] dated 28 June 1994 in Civil Case No. R-1202, entitled *Spouses Velayo v. Spouses Tiro*, rendered by the Municipal Trial Court

(MTC) of Lapu-Lapu City to further prove that the Spouses Velayo were also in possession of the disputed property at the time of its sale to Pacific Rehouse Corporation. Civil Case No. R-1202 was a case for Forcible Entry with Writ of Preliminary Mandatory Injunction, and in its Decision dated 28 June 1994, the MTC declared the Spouses Velayo the rightful possessors of the subject property and ordered petitioner Maximo Tiro and his co-defendant spouse to vacate the portion of the property which they forcibly entered on 7 May 1994. Respondent likewise presented the Deed of Sale^[18] dated 4 October 1994 executed by the Spouses Velayo in favor of Pacific Rehouse Corporation; the Deed of Transfer^[19] dated 23 October 1996 executed by Pacific Rehouse Corporation in favor of respondent; and various tax declarations issued in the names of the Spouses Baba, Spouses Velayo, Pacific Rehouse Corporation, and respondent during the years that each of them claimed ownership over the disputed property.^[20]

On 16 April 2002, the RTC issued a Decision^[21] in Civil Case No. 4824-L dismissing petitioners' Complaint. The trial court noted that petitioners' claims of filiation to Julian and Pedro Tiro were not supported by documents. The testimonies of petitioners' witnesses were also inconsistent as to the location of the disputed land, as well as the number of Pedro Tiro's children. The RTC stressed that even assuming that petitioners were heirs of the late Julian and Pedro Tiro, and Maxima Ochea was in no way related to them, petitioners' claims had already prescribed, considering that the Complaint was filed more than ten years since the registration of the disputed property in the name of the Spouses Baba in 1969. Petitioners' allegation that they were in continuous possession of the subject property until 1995 was also belied by the Decision dated 28 June 1994 of the MTC in Civil Case No. R-1202, ordering petitioners to vacate the disputed property, which they forcibly entered, and to restore possession to the Spouses Velayo. Lastly, the RTC ruled that respondent was an innocent purchaser for value who relied on the correctness of the certificate of title in the name of the vendor.

Petitioners filed a Notice of Appeal on 2 May 2002 questioning the 16 April 2002 Decision of the RTC. The petitioners filed with the Court of Appeals an appeal docketed as CA-G.R. CV No. 78582, questioning the decision rendered by the trial court.

However, instead of filing an Appellants' Brief as required by the Court of Appeals, petitioners filed before the Court of Appeals in CA-G.R. CV No. 78582 a Motion to Grant New Trial Pursuant to Section 1, Rule 53,^[22] on 8 January 2004. They attached as annexes to their motion the following documents to prove that Julian Tiro was their father: (1) Certificates of Baptism of Pastor Tiro and Dominga Tiro;^[23] (2) marriage contract of Dominga Tiro;^[24] (3) Certificate of Marriage of Guillerma Tiro;^[25] (4) Certification of Marriage of Pastor Tiro;^[26] and (5) Certificate of Baptism of Victoria Tiro.^[27] In a Resolution^[28] dated 5 August 2004, the appellate court denied the motion.

In its Decision dated 1 July 2005, the Court of Appeals likewise denied the petitioners' appeal in CA-G.R. CV No. 78582 and affirmed the RTC Decision dated 16 April 2002 in Civil Case No. 4824-L. The appellate court found that petitioners failed to prove that they were the heirs of Julian and Pedro Tiro. It also took into account the fact that during their lifetime, Julian and Pedro Tiro never questioned the

transactions which affected their land. The Court of Appeals gave significant weight to the respondent's statements that it had acquired the subject property from the registered owners, supported by the registered titles that were presented in court. Thus, the Court of Appeals held that even assuming that the first few transfers turned out to be fraudulent, the transfer to respondent, a purchaser in good faith, may be the root of a valid title.^[29]

Petitioners filed a Motion for Reconsideration dated 25 July 2005,^[30] which the Court of Appeals denied in a Resolution dated 28 October 2005.^[31]

Hence, the present Petition, in which petitioners make the following assignment of errors:

I

THE HONORABLE COURT OF APPEALS GRAVELY ERRED IN NOT FINDING THAT THE ACT OF THE REGISTER (sic) OF DEEDS OF REGISTERING A CLEARLY VOID AND UNREGISTRABLE DOCUMENT CONFERS NO VALID TITLE ON THE PRESENTOR AND HIS SUCCESSORS-IN-INTEREST.

II

THE COURT OF APPEALS GRAVELY ERRED IN NOT APPLYING THE DOCTRINE IN SPOUSES SANTIAGO, ET AL. VS. COURT OF APPEALS, ET AL., G.R. [NO.] 103959, AUGUST 21, 1997 WHEREBY IT IS HELD [THAT] "THE TORRENS SYSTEM DOES NOT CREATE OR VEST TITLE. IT ONLY CONFIRMS AND RECORDS TITLE ALREADY EXISTING AND VESTED. IT DOES NOT PROTECT A USURPER FROM THE TRUE OWNER NOR CAN IT BE A SHIELD IN THE COMMISSION OF FRAUD. WHERE ONE DOES NOT HAVE ANY RIGHTFUL CLAIM OVER A REAL PROPERTY, THE TORRENS SYSTEM OF REGISTRATION CONFIRM[S] OR RECORD[S] NOTHING."^[32]

This Petition lacks merit.

Petitioners' main contention is, since Ochea was not even related to either Julian or Pedro Tiro, the "Declaration of Heir and Confirmation of Sale" which she executed could not have resulted in the cancellation of OCT No. RO-1121 in the names of Julian and Pedro Tiro. They further argue that since the initial transfer of the disputed land was fraudulent, therefore, all the subsequent transfers, including that made to respondent, were all invalid.

Petitioners' arguments are unfounded.

Insofar as a person who has fraudulently obtained property is concerned, the consequently fraudulent registration of the property in the name of such person would not be sufficient to vest in him or her title to the property. Certificates of title merely confirm or record title already existing and vested. The indefeasibility of the torrens title should not be used as a means to perpetrate fraud against the rightful owner of real property. Good faith must concur with registration because, otherwise, registration would be an exercise in futility.^[33] However, where good faith is established, as in the case of an innocent purchaser for value, a forged