

SECOND DIVISION

[G.R. No. 162704, November 19, 2004]

**MEMORIA G. ENCINAS AND ADOLFO A. BALBOA, PETITIONERS,
VS. NATIONAL BOOKSTORE, INC., RESPONDENT.**

DECISION

TINGA, J.:

Two certificates of title in the names of two different persons cover one and the same piece of land. The question in this case is who is the rightful owner of the property.

The land in question is located at the corner of Epifanio de los Santos Avenue (EDSA) and Aurora Boulevard, Quezon City. It was originally part of a larger piece of land designated as Lot No. 4-B-2-B of the subdivision plan Psd-20172,^[1] being a portion of Lot 4-B-2 of Plan SWO-16797, per original survey for Valentin Afafe, *et. al.* dated March 3, 1944. Lot No. 4-B-2-A of said plan was in the name of Valentin Afafe, while Lot No. 4-B-2-B of the same plan was in the name of Eugenio Evangelista. Lot 4-B-2-B had an area of 8,371 square meters.^[2]

Lot 4-B-2-B was later recorded in the names of the Heirs^[3] of one Simeon Evangelista under Transfer Certificate of Title (TCT) No. T-219636, issued on June 22, 1976.^[4] The title indicated that the land was originally registered under Act No. 496 on October 3, 1927, in the registration book of the Register of Deeds of Rizal, Vol. T-51, Page 218, pursuant to Decree No. 917, G.L.R.O. Record No. 197.^[5]

On December 4, 1978, the Heirs of Simeon Evangelista executed a deed of sale with mortgage of Lot 4-B-2-B in favor of the spouses Nereo and Gloria Paculdo, resulting in the cancellation of TCT No. 219636 and the issuance of TCT No. 251175^[6] in the names of the Paculdo spouses, with the mortgage lien annotated thereon. For failure of the Paculdo spouses to pay their obligation under the mortgage contract, the mortgage was extra-judicially foreclosed and the land sold at public auction to the Heirs of Simeon Evangelista. On August 7, 1981, on the basis of the Sheriff's Certificate of Sale^[7] executed in favor of the Heirs, TCT No. 251175 of the Paculdo spouses was cancelled and TCT No. 279654^[8] was issued in the name of the Heirs^[9] of Simeon Evangelista.

In 1982, an unsegregated portion measuring 906 square meters of Lot 4-B-2-B was expropriated by the Government for the widening of Aurora Boulevard. The unsegregated portion was designated as Lot 4-B-2-B-1. The remaining portion of 7,465 square meters was designated as Lot 4-B-2-B-2, the subject land. On May 23, 1983, the Heirs of Simeon Evangelista sold the subject land, to respondent National Bookstore Inc. through a *Deed of Sale with Real Estate Mortgage*.^[10]

Respondent took possession of the subject land, declared the same for taxation purposes^[11] and was issued TCT No. 300861^[12] covering the subject land.

In 1994, petitioner Memoria G. Encinas, through her attorney-in-fact and herein co-petitioner Adolfo Balboa, filed a *Petition*^[13] for the administrative reconstitution of her title, TCT No. 179854, which was supposedly burned in the fire that razed the Registry of Deeds of Quezon City on June 11, 1988. To support her petition, she presented a copy of her Tax Declaration No. B-040-01639^[14] for the year 1985 allegedly covering the subject property and a certification^[15] from the Acting Chief of the Revenue Collection Office of the Quezon City Treasurer stating that the real property taxes on the said property have been paid up to 1994 under Tax Declaration No. 1639. On October 20, 1994, the Administrator of the Land Registration Authority (LRA), after investigation and verification that the titles to be reconstituted do not overlap other properties, issued an order^[16] reconstituting several transfer certificates of title, including petitioner Encinas' TCT No. 179854. Pursuant to the order, the Registry of Deeds of Quezon City issued TCT No. RT-103022^[17] in petitioner Encinas' name on November 9, 1994.

Petitioner offered the property covered by the reconstituted title for sale to Alfredo C. Ramos, the president of respondent. It was then that respondent discovered that its TCT No. 300861 and petitioner's TCT No. RT-103022 referred to the same property, Lot No. 4-B-2-B-2.

On July 17, 1997, after conducting an investigation on titles alleged to have been illegally reconstituted, the LRA Reconstitution Officer issued a Supplemental Order dated July 17, 1997 and an Order dated June 8, 1999 which set aside the previous order of reconstitution dated October 20, 1994, and in particular, directed the exclusion of the reconstitution of the original of TCT No. T-179854.^[18]

On February 28, 1996, respondent as plaintiff filed an action for quieting of title before the Regional Trial Court of Quezon City, Branch 215, alleging that it was the true and lawful owner of Lot 4-B-2-B-2 as evidenced by its TCT No. 300861. The complaint was docketed as Civil Case No. Q-96-26716.

Petitioner Encinas as defendant denied respondent's allegations and stubbornly claimed that she was the real and absolute owner in fee simple of the subject property and neither she nor her predecessor-in-interest ever sold the property to anybody. She relied on the legality and regularity of the reconstitution of her title to the subject property.^[19]

On June 21, 1999, the RTC decided in favor of respondent. The trial court declared that while a reconstituted title has a *prima facie* appearance of legality, the reconstitution of said title is subject to the proviso that no other certificate of title covering the same parcel of land exists in the records of the registry. A certificate of title considered lost or destroyed, if found or recovered, prevails over the reconstituted title. In Civil Case No. Q-96-26716, the original transfer certificate of title covering the property, TCT No. 300861 in respondent's name, is on file with the Registry of Deeds of Quezon City and is one of the titles which were not burned in the fire of June 1988. The owner's duplicate copy of the title is intact and in respondent's possession. Furthermore, respondent was able to show how it

acquired the property from its immediate predecessors and was able to account for the previous major transactions involving the subject property until ownership thereof was transferred to respondent.

Petitioner Encinas, on the other hand, failed to present any evidence to show how she acquired ownership of the property. She merely alleged that she was the owner in fee simple. To support her claim of ownership, she presented a tax declaration covering the property. But it was shown that said tax declaration was tampered with and apparently falsified. Petitioner Encinas relied mainly on the presumption of validity of her reconstituted title. However, as the trial court noted, the LRA Administrator eventually issued the Supplemental Order of July 17, 1997 and Order of June 8, 1999 excluding petitioner Encinas' title from the reconstitution order. To the trial court, not only was respondent able to prove its ownership of the subject property with preponderant evidence, but the case had already become moot and academic by virtue of the LRA's cancellation of petitioner Encinas' reconstituted title. Hence, it upheld respondent's title to the subject property and ordered the cancellation of petitioner Encinas' reconstituted title.^[20]

Petitioners promptly moved for reconsideration. On November 10, 1999, the trial court granted the same and set aside its earlier *Decision*.^[21] In a complete reversal of its previous ruling, the trial court upheld the validity of petitioner Encinas' title. According to the trial court, petitioner Encinas' title, TCT No. 179854, was registered and issued on August 25, 1972 which should have served as constructive notice to respondent whose title, TCT No. 300861, was issued only on June 6, 1983. The trial court also pointed out that there is a manifest defect in respondent's title as to its origin: respondent's title is a derivative of an original certificate of title issued pursuant to Decree No. 917, GLRO Record No. 197; however, said GLRO Record No. 197 referred to a piece of land located in Bataan, not Quezon City. Respondent's title referred to a piece of land in Bataan and not the subject property. Hence, in the *Order* dated November 10, 1999, the RTC nullified respondent's title, and declared petitioner Encinas' reconstituted title valid.

Respondent appealed the RTC *Order* of November 10, 1999 to the Court of Appeals. On October 27, 2003, the Court of Appeals reversed and set aside the RTC *Order* and reinstated the RTC *Decision* of June 21, 1999.^[22] The appellate court found that the antecedents leading to respondent's acquisition of the property were clearly shown in the records and even annotated in its TCT No. 300861. On the other hand, petitioner Encinas failed to describe the circumstances of her ownership or possession of the land and to identify her predecessor-in-interest or the manner by which she acquired the property. Petitioners again raised the argument that the erroneous entry of the GLRO record number in respondent's title is a fatal defect which proves the title's invalid source. However, the appellate court concluded that based on the testimony of petitioners' own witnesses,^[23] the variance was merely a typographical or clerical error. The same witnesses testified that in cases of such clerical errors, it is the technical description which controls. The technical description in respondent's title described the subject property, Lot 4-B-2-B-2, located in Quezon City.

On the other hand, the technical description in petitioner Encinas' title refers to a different parcel of land. Her title describes a parcel of land which is a portion of Lot 2-E-2 of plan SWO-16797, certainly not the subject property.

The Court of Appeals also observed that respondent was able to present tax declarations and real property tax bill receipts in its name and in the name of its immediate predecessor, the Evangelista clan. While petitioners also presented a tax declaration and certification from the Revenue Collection Office of Quezon City, upon closer scrutiny, said documents showed that petitioners had declared Lot 4-B-2-B-1 for taxation purposes, and not Lot 4-B-2-B-2, the property subject of this case.^[24] It should be remembered that Lot 4-B-2-B-1 refers to the portion which was expropriated by the government.

Petitioners timely filed a *Motion for Reconsideration*^[25] of the appellate court's decision but this was denied on March 12, 2004.^[26] Hence, they filed this Petition for *Review on Certiorari*, alleging that the Court of Appeals "committed grave abuse of discretion amounting to lack or in excess of jurisdiction in upholding the validity of [respondent's] purported TCT No. 300861 notwithstanding the abundance of competent evidence demonstrating positively that said title is spurious and fake." Petitioners insist that the variance in the entries in respondent's TCT No. 300186 and GLRO Record No. 197 is not a mere typographical or clerical error, but instead an indication of the fraudulent nature of respondent's title.

Petitioners submit that respondent's evidence failed to show that it proved its ownership of the subject property. In particular, petitioners take issue with the Court of Appeals' alleged disregard of its evidence which allegedly demonstrates that respondent's title to the subject property is fake and spurious. Petitioners harp on the supposed incongruity between the entries in the GLRO Record Numbers in respondent's and petitioner's respective titles to the property.

Respondent, in its *Comment*, seeks to have the *Petition* dismissed on the ground that it raises only questions of fact which this Court cannot entertain via a petition for certiorari.^[27]

Indeed, this Court has held that factual findings of the trial court, when adopted and confirmed by the Court of Appeals, are final and conclusive and may not be reviewed on appeal. However, there are several exceptions to the rule, namely: (1) when the inference made is manifestly mistaken, absurd or impossible; (2) when there is a grave abuse of discretion; (3) when the finding is grounded entirely on speculations, surmises or conjectures; (4) when the judgment of the Court of Appeals is based on misapprehension of facts; (5) when the findings of fact are conflicting; (6) when the Court of Appeals, in making its findings, went beyond the issues of the case and the same is contrary to the admissions of both appellant and appellee; (7) when the findings of the Court of Appeals are contrary to those of the trial court; (8) when the findings of fact are conclusions without citation of specific evidence on which they are based; (9) when the Court of Appeals manifestly overlooked certain relevant facts not disputed by the parties and which, if properly considered, would justify a different conclusion; and (10) when the findings of fact of the Court of Appeals are premised on the absence of evidence and are contradicted by the evidence on record. ^[28]

This case falls under one of the exceptions, as the factual conclusions of the trial court and the appellate court are in conflict with each other. Hence, although the petition raises questions of fact since it entails a review of the evidence at hand, it