



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

SPOUSES YU HWA PING
and MARY GAW,

G.R. No. 173120

Petitioners,

- versus -

AYALA LAND, INC.,

Respondent.

X ----- X

HEIRS OF SPOUSES ANDRES
DIAZ and JOSEFA MIA,

G.R. No. 173141

Petitioners,

Present:

- versus -

CARPIO, J., Chairperson,
PERALTA,
MENDOZA,
LEONEN, and
MARTIRES, JJ.

AYALA LAND, INC.,

Respondent.

Promulgated:

26 JUL 2017

X ----- X

DECISION

MENDOZA, J.:

These petitions for review on *certiorari* seek to reverse and set aside the June 19, 2006 Decision¹ of the Court of Appeals (CA) in CA-G.R. CV Nos. 61593 and 70622, which reversed and set aside its February 8, 2005

¹ Rollo (G.R. No. 173120), pp. 1397-1437.

Amended Decision² and reinstated its February 28, 2003 Decision,³ in a case for annulment of title and surveys, recovery of possession and judicial confirmation of title.

The Antecedents

On **March 17, 1921**, petitioners Spouses Andres Diaz and Josefa Mia (*Spouses Diaz*) submitted to the General Land Registration Office for approval of the Director of Lands a survey plan designated as **Psu-25909**, which covered a parcel of land located at Sitio of Kay Monica, Barrio Pugad Lawin, Las Piñas, Rizal, with an aggregate area of 460,626 square meters covered by Lot 1. On **May 26, 1921**, the Director of Lands approved survey plan Psu-25909.

On **October 21, 1925**, another survey plan was done covering Lot 3 of the same parcel of land designated as **Psu-47035** for a certain Dominador Mayuga. The said survey, however, stated that the lot was situated at Sitio May Kokek, Barrio Almanza, Las Piñas, Rizal. Then, on **July 28, 1930**, another survey was undertaken designated as **Psu-80886** for a certain Eduardo C. Guico (*Guico*). Again, the survey indicated a different address that the lots were situated in Barrio Tindig na Mangga, Las Piñas, Rizal. Finally, on **March 6, 1931**, an additional survey plan was executed over the similar parcel of land designated as **Psu-80886/SWO-20609** for a certain Alberto Yaptinchay (*Yaptinchay*). Psu-80886 and Psu-80886/SWO-20609 covered Lot 2, with 158,494 square meters, and Lot 3, with 171,309 square meters, of the same land.

On **May 9, 1950**, **Original Certificate of Title (OCT) No. 242** was issued in favor of Yaptinchay covering Lots 2 and 3 pursuant to Psu-80886/SWO-20609. On **May 11, 1950**, **OCT No. 244** was also issued to Yaptinchay. On **May 21, 1958**, **OCT No. 1609** covering Lot 3 pursuant to Psu-47035 was issued in favor of Dominador Mayuga. On May 18, 1967, some of properties were sold to CPJ Corporation resulting in the issuance of Transfer Certificate Title (*TCT*) No. 190713 in its name.

On **February 16, 1968**, petitioner Andres Diaz filed a petition for original registration before the Court of First Instance (*CFI*) of Pasay for Lot No. 1 of Psu-25909. On **October 19, 1969**, judgment was rendered by the CFI of Pasay for the original registration of Psu-25909 in favor of Andres Diaz. On **May 19, 1970**, **OCT No. 8510** was issued in the name of Spouses Diaz. On **May 21, 1970**, the Spouses Diaz **subdivided** their 460,626 square

² Id. at 1178-1197.

³ Id. at 1061-1121.

meter property covered by **OCT No. 8510 into ten (10) lots**, described as Lots No. 1-A to 1-J and conveyed to different third parties.

On May 17, 1971, CPJ Corporation, then owner of the land covered by TCT No. 190713, which originated from OCT No. 242, filed Land Registration Case No. N-24-M before the Regional Trial Court (*RTC*) of Pasig City, Branch 166, against Spouses Diaz and other named respondents (*Diaz Case*). It sought to review OCT No. 8510 in the names of Spouses Diaz on the ground that the interested persons were not notified of the application.

On August 30, 1976 and December 4, 1976, **Andres Diaz sold to Librado Cabautan (*Cabautan*)** the following parcels of land, which originated from OCT No. 8510 under Psu-25909, to wit:

1. Lot 1-I, with an area of 190,000 square meters covered by the new TCT No. 287416;
2. Lot 1-B, with an area of 135,000 square meters covered by the new TCT No. 287411;
3. Lot 1-A with an area of 125,626 square meters covered by the new TCT No. 287412; and
4. Lot 1-D, with an area of 10,000 square meters also covered by the new TCT No. 287412.⁴

On March 12, 1993, petitioner Spouses Yu Hwa Ping and Mary Gaw (*Spouses Yu*) acquired ownership over **67,813 square meters representing the undivided half-portion of Lot 1-A originating from OCT No. 8510 of Spouses Diaz**. The said property was co-owned by Spouses Diaz with Spouses Librado and Susana Cabautan resulting from a civil case decided by the RTC of Makati on March 29, 1986.

On January 27, 1994, Spouses Yu acquired ownership over Lot 1-B originating from OCT No. 8510 of Spouses Diaz with an area of 135,000 square meters. Pursuant to the transfers of land to Spouses Yu, TCT Nos. 39408 and 64549 were issued in their names.

On the other hand, on May 4, 1980, CPJ Corporation transferred their interest in the subject properties to third persons. Later, in 1988, Ayala Corporation obtained the subject properties from Goldenrod, Inc. and PESALA. In 1992, pursuant to the merger of respondent Ayala Land, Inc. (*ALI*) and Las Piñas Ventures, Inc., ALI acquired all the subject properties, as follows:

⁴ Id. at 1181.

1. Lot 3 which originated from OCT No. 1609 under Psu-47035 and covered by a new TCT No. 41325;
2. Lot 2 which originated from OCT No. 242 under Psu-80886/SWO-20609 and covered by a new TCT No. 41263;
3. Lot 3 which originated from OCT No. 242 under Psu-80886/SWO-20609 and covered by a new TCT No. 41262; and
4. Lot 6 which originated from OCT No. 242 under Psu-80886/SWO-20609 and covered by a new TCT No. 41261.⁵

First RTC Ruling

Returning to the Diaz case, on December 13, 1995, the RTC of Pasig City rendered a Decision⁶ against Spouses Diaz. It held that OCT No. 8510 and all the transfer certificates issued thereunder must be cancelled. The RTC of Pasig City opined that Spouses Diaz committed fraud when they filed their application for original registration of land without informing the interested parties therein in violation of Sections 31 and 32 of Act No. 496. It also held that Spouses Diaz knew that CPJ Corporation had an appropriate interest over the subject properties.

Aggrieved, Spouses Diaz elevated an appeal before the CA docketed as CA-G.R. CV No. 61593.

Meanwhile, sometime in August 1995, Spouses Yu visited their lots. To their surprise, they discovered that ALI had already clandestinely fenced the area and posted guards thereat and they were prevented from entering and occupying the same.⁷ They also discovered that the transfer of certificates of titles covering parcels of land overlapping their claim were in the name of ALI under TCT Nos. 41325, 41263, 41262, and 41261.

On December 4, 1996, Spouses Yu filed a complaint before the RTC of Las Piñas City, Branch 255, against ALI for declaration of nullity of the TCTs issued in the name of the latter (*Yu case*). They also sought the recovery of possession of the property covered by ALI's title which *overlapped* their land alleging that Spouses Diaz, their predecessors had open, uninterrupted and adverse possession of the same from 1921 until it was transferred to Cabautan in 1976. Spouses Yu averred that Cabautan

⁵ Id. at 842.

⁶ Id. at 130-144.

⁷ Id. at 157.

possessed the said land until it was sold to them in 1994.⁸ They likewise sought the judicial confirmation of the validity of their titles.

Spouses Yu principally alleged that the titles of ALI originated from OCT Nos. 242, 244, and 1609, which were covered by Psu-80886 and Psu-47035. The said surveys were merely copied from Psu-25909, which was prepared at an earlier date, and *the Director of Lands had no authority to approve one or more surveys by different claimants over the same parcel of land.*⁹ They asserted that OCT No. 8510 and its transfer certificates, which covered the Psu-25909, must be declared valid against the titles of ALI.

The RTC of Las Piñas ordered the conduct of a verification survey to help in the just and proper disposition of the case. Engr. Veronica Ardina-Remolar from the Bureau of Lands, the court-appointed commissioner, supervised the verification survey, and the parties sent their respective surveyors. After the verification survey was completed and the parties presented all their pieces of evidence, the case was submitted for resolution.

Second RTC Ruling

In its May 7, 2001 Decision,¹⁰ the RTC of Las Piñas ruled in favor of Spouses Yu. It held that **based on the verification survey and the testimonies of the parties' witnesses**, OCT Nos. 242, 244, and 1609 **overlapped** OCT No. 8510. The RTC of Las Piñas also pointed out, and extensively discussed, that Psu-80886 and Psu-47035, which were the bases of OCT Nos. 242, 244, and 1609, were marred with numerous and blatant errors. It opined that ALI did not offer any satisfactory explanation regarding the glaring discrepancies of Psu-80886 and Psu-47035. On the other hand, it observed that Psu-25909, the basis of OCT No. 8510, had no irregularity in its preparation. Thus, the RTC of Las Piñas concluded that the titles of ALI were void *ab initio* because their original titles were secured through fraudulent surveys. The *fallo* reads:

WHEREFORE, judgment is rendered in favor of the plaintiffs in that the three transfer certificates issued in the name of Ayala Land, Inc. by the Register of Deeds in the City of Las Piñas, namely, Transfer Certificate of Title Nos. 41325, 41263 and 41262 all covering Lots Nos. 1, 2 and 6 of survey plans PSU-47035, PSU-80886, Psu-80886/SWO-20609, the original survey under PSU-47035 and decree of registration no. N-63394, and Original Certificate of Title No. 1609 issue in favor of Dominador Mayuga, including all other titles, survey and decrees pertaining thereto and from or upon which the aforesaid titles emanate, are hereby

⁸ Id. at 157.

⁹ Id. at 159.

¹⁰ Id. at 679-715.

declared spurious and void *ab initio*. In the same vein, the Court upholds the validity of Transfer Certificates of Title Nos. TCT Nos. T-64549 covering Lot 1-A in the name of Mary Gaw, spouse of Yu Hwa Ping, and T-39408 covering Lot 1-B in the name of Yu Hwa Ping (both originating from Original Certificate of Title No. 8510) pursuant to plan PSU-25909 undertaken on March 17, 1921. The defendant is also ordered to pay the plaintiffs temperate damages in the amount of One Million Pesos (PHP1,000,000.00) exemplary damages in the amount of Five Hundred Thousand Pesos (PHP500,000.00), and to pay the costs.

SO ORDERED.¹¹

Unconvinced, ALI appealed to the CA, where the case was docketed as CA-G.R. CV No. 70622. Eventually, said appeal was consolidated with the earlier appeal of Spouses Diaz in CA-G.R. CV No. 61593.

The CA Rulings

In its decision, dated June 19, 2003, the CA ruled in favor of ALI. It held that in the Diaz case, the RTC of Pasig properly cancelled OCT No. 8510 because Spouses Diaz committed fraud. It opined that Spouses Diaz knew of CPJ Corporation's interest over the subject land but failed to inform it of their application.

With respect to the Yu case, the CA ruled that Spouses Yu could no longer assert that the titles of ALI were invalid because the one-year period to contest the title had prescribed. Hence, ALI's titles were incontestable. The CA underscored that the errors cited by the RTC of Las Piñas in Psu-80886 and Psu-47035, upon which the titles of ALI were based, were innocuous or already explained. It also stressed that OCT Nos. 242, 244, and 1609, from which the titles of ALI originated, were issued in 1950 and 1958; while the OCT No. 8510, from which the titles of Spouses Yu originated, was only issued in 1970. As the original titles of ALI predated that of Spouses Yu, the CA concluded that the former titles were superior.

Undaunted, Spouses Yu and Spouses Diaz filed their motions for reconsideration.

In its decision, dated February 8, 2005, the CA granted Spouses Yu and Spouses Diaz' motions for reconsideration. It opined that the numerous errors in Psu-80886 and Psu-47035 were serious and these affected the validity of the original titles upon which the surveys were based. In contrast,

¹¹ Id. at 714-715.

the CA noted that Psu-25909, upon which the original titles of Spouses Yu and Spouses Diaz were based, bore all the hallmarks of verity.

The CA also emphasized that in *Guico v. San Pedro*,¹² the Court already **recognized the defects surrounding Psu-80886**. In that case, the Court noted that the applicant-predecessor of Psu-80886 was not able to submit the corresponding measurements of the land and he failed to prove that he had occupied and cultivated the land continuously since the filing of their application. The CA likewise cited (1) the certification from the Department of Environment and Natural Resources-Land Management Bureau (*DENR-LMB*) that Psu-80886 was included in the list of restricted plans because of the doubtful signature of the surveyor, and (2) the memorandum, dated August 3, 2000, from the Assistant Regional Director for Operations of the DENR directing all personnel of the Land Survey Division not to issue copies or technical descriptions of Psu-80886 and Psu-47035.

The CA further wrote that the slavish adherence to the issue of prescription and laches by ALI should not be countenanced. It declared that the doctrine that registration done fraudulently is no registration at all prevails over the rules on equity. With respect to the Diaz case, the CA held that Spouses Diaz had no obligation to inform CPJ Corporation and its successors about their registration because the original titles of the latter, from which their transferred titles were derived, were based on fraudulent surveys.

Undeterred, ALI filed a second motion for reconsideration.

In its assailed June 19, 2006 decision, the CA granted the second motion for reconsideration in favor of ALI. It reversed and set aside its February 8, 2005 decision and reinstated its February 28, 2003 decision. The CA held that *Guico v. San Pedro* did not categorically declare that Psu-80886 was invalid and it even awarded some of the lots to the applicant; and that the certification of DENR-LMB and the memorandum of the Assistant Director of the DENR could not be considered by the courts because these were not properly presented in evidence.

The CA reiterated its ruling that Spouses Yu could no longer question the validity of the registrations of OCT Nos. 242, 244, and 1609 because the one-year reglementary period from the time of registration had already expired and these titles were entitled to the presumption of regularity. Thus, once a decree of registration was made under the Torrens system, and the

¹² 72 Phil. 415 (1941).

W

reglementary period had lapsed, the title was perfected and could not be collaterally attacked. The CA also stressed that the noted discrepancies in Psu-80886 and Psu-47035 were immaterial to assail the validity of OCT Nos. 242, 244 and 1609, which were registered earlier than OCT No. 8510.

Hence, these petitions, anchored on the following

ISSUES

I

WHETHER THE COMPLAINT OF SPOUSES YU IS BARRED BY PRESCRIPTION

II

WHETHER THE VALIDITY OF THE SURVEYS OF OCT NOS. 242, 244 AND 1609 AS AGAINST OCT NO. 8510 CAN BE ASSAILED IN THE PRESENT CASE

III

WHETHER THE CASE OF GUICO V. SAN PEDRO IS APPLICABLE IN THE PRESENT CASE

IV

WHETHER THE ALLEGED ERRORS IN PSU-80886 AND PSU-47035 ARE OF SUCH DEGREE SO AS TO INVALIDATE OCT NOS. 242, 244 AND 1609 AND ITS TRANSFER CERTIFICATES OF TITLES

In their Memorandum,¹³ the petitioners chiefly argue that the complaint filed by Spouses Yu is not barred by the one-year prescriptive period under Act No. 496 because an action to annul the fraudulent registration of land is imprescriptible; that there are several and conspicuous irregularities in Psu-80886 and Psu-47035 which cast doubt on the validity of OCT Nos. 242, 244, and 1609; that *Guico v. San Pedro* did not categorically award Lots No. 2 and 3 covered by Psu-80886 to the applicant therein because he was still required to submit an amended plan duly approved by the Director of Lands; that the applicant in *Guico v. San Pedro* never submitted any amended plan, hence, no lot was awarded under Psu-80886 and its irregularity was affirmed by the Supreme Court; that the registration of OCT Nos. 242, 244, and 1609 on a date earlier than OCT No. 8510 did not render them as the superior titles; that in case of two conflicting titles, the court must look into the source of the titles; that the sources of the

¹³ *Rollo* (G.R. No. 173141), pp. 414-554.

titles, Psu-80886 and Psu-47035, had numerous errors that could not be satisfactorily explained by ALI; and that Psu-25909 had the hallmark of regularity and it was approved by the Director of Lands at an earlier date.

In its Memorandum,¹⁴ ALI essentially countered that in the June 19, 2006 decision, the CA properly disregarded the certification of DENR-LMB and the memorandum of the Assistant Director of the DENR because these were not presented in evidence; that *Guico v. San Pedro* recognized the registrability of Lots No. 2 and 3 under Psu-80886; that the RTC of Las Piñas did not have jurisdiction to look beyond the details of the decrees of registration; that the registration of a land under the Torrens system carries with it a presumption of regularity; that in case of conflict between two certificates of title, the senior and superior title must be given full effect and validity; and that the alleged errors in the Psu-80886 and Psu-47035 were sufficiently explained.

The Court's Ruling

The Court finds the petitions meritorious.

The present case essentially involves the issue: between the registered titles of the petitioners and ALI, which is more superior? Before the said issue can be discussed thoroughly, the Court must first settle whether the actions instituted by the petitioners were filed within the reglementary periods.

*The actions were filed
within their respective
prescriptive periods*

The Diaz case was a petition for review before the RTC of Pasig. It assailed OCT No. 8510 in the names of Spouses Diaz on the ground that the said title was issued through fraud because the interested persons were not informed of their application for registration. Under Section 38 of Act No. 496, "any person deprived of land or of any estate or interest therein by decree of registration obtained by fraud [may] file in the competent Court of First Instance a petition for review within one year after entry of the decree provided no innocent purchaser for value has acquired an interest."¹⁵

¹⁴ Id. at 355-408.

¹⁵ See *Rublico v. Orellana*, 141 Phil. 181(1969).

Here, OCT No. 8510 was issued in the name of Spouses Diaz on May 21, 1970. On the other hand, the petition for review of CPJ Corporation was filed on May 17, 1971. Thus, the said petition was timely filed and the RTC of Pasig could tackle the issues raised therein. When the RTC of Pasig ruled in favor of CPJ Corporation, Spouses Diaz appealed to the CA. In the same manner, when they received an unfavorable judgment from the CA, Spouses Diaz filed a petition for review on *certiorari* before the Court. Accordingly, the appeal of Spouses Diaz is proper and it can be adjudicated on the merits.

On the other hand, the Yu case began when they filed a complaint before the RTC of Las Piñas against ALI for declaration of nullity of the TCTs issued in the name of the latter because of the spurious, manipulated and void surveys of OCT Nos. 242, 244 and 1609. They also sought the recovery of possession of the property covered by ALI's title that overlapped their land alleging that their predecessors, Spouses Diaz, had open, uninterrupted and adverse possession of the same from 1921 until it was transferred to Cabautan in 1976. Spouses Yu also alleged that Cabautan possessed the said land until it was sold to them in 1994.¹⁶ It was only in August 1995 that they discovered that ALI clandestinely fenced their property and prevented them from occupying the same. They also sought the judicial confirmation of the validity of their titles.

ALI argues that the complaint of Yu is barred by prescription because it was filed beyond the one-year period under Section 38 of Act No. 496. On the other hand, Spouses Yu assert that their action was imprescriptible because they sought to set aside the titles that were obtained through void surveys and they assert that the principle of indefeasibility of a Torrens title does not apply where fraud attended the issuance of the title.

The Court finds that the complaint of Spouses Yu is not barred by prescription. While Section 38 of Act No. 496 states that the petition for review to question a decree of registration must be filed within one (1) year after entry of the decree, such provision is not the only remedy of an aggrieved party who was deprived of land by fraudulent means. The remedy of the landowner whose property has been wrongfully or erroneously registered in another's name is, after one year from the date of the decree, not to set aside the decree, as was done in this case, but, respecting the decree as incontrovertible and no longer open to review, to bring an ordinary action in the ordinary court of justice for reconveyance or, if the property has passed into the hands of an innocent purchaser for value, for damages.¹⁷

¹⁶ *Rollo* (G.R. No. 173120), p. 157.

¹⁷ *Philippine National Bank v. Jumamoy*, 670 Phil. 472, 482 (2011).

*Uy v. Court of Appeals*¹⁸ remarkably explained the prescriptive periods of an action for reconveyance depending on the ground relied upon, to wit:

The law creates the obligation of the trustee to reconvey the property and its title in favor of the true owner. Correlating Section 53, paragraph 3 of PD No. 1529 and Article 1456 of the Civil Code with Article 1144 (2) of the Civil Code, the prescriptive period for the reconveyance of fraudulently registered real property is ten (10) years reckoned from the date of the issuance of the certificate of title. This ten-year prescriptive period begins to run from the date the adverse party repudiates the implied trust, which repudiation takes place when the adverse party registers the land. An exception to this rule is when the party seeking reconveyance based on implied or constructive trust is in actual, continuous and peaceful possession of the property involved. Prescription does not commence to run against him because the action would be in the nature of a suit for quieting of title, an action that is imprescriptible.

The foregoing cases on the prescriptibility of actions for reconveyance apply when the action is based on fraud, or when the contract used as basis for the action is voidable. Under Article 1390 of the Civil Code, a contract is voidable when the consent of one of the contracting parties is vitiated by mistake, violence, intimidation, undue influence or fraud. When the consent is totally absent and not merely vitiated, the contract is void. An action for reconveyance may also be based on a void contract. When the action for reconveyance is based on a void contract, as when there was no consent on the part of the alleged vendor, the action is imprescriptible. The property may be reconveyed to the true owner, notwithstanding the TCTs already issued in another's name. The issuance of a certificate of title in the latter's favor could not vest upon him or her ownership of the property; neither could it validate the purchase thereof which is null and void. Registration does not vest title; it is merely the evidence of such title. Our land registration laws do not give the holder any better title than what he actually has. Being null and void, the sale produces no legal effects whatsoever.

Whether an action for reconveyance prescribes or not is therefore determined by the nature of the action, that is, whether it is founded on a claim of the existence of an implied or constructive trust, or one based on the existence of a void or inexistent contract.
x x x¹⁹

As discussed-above, when the action for reconveyance is based on an implied or constructive trust, the prescriptive period is ten (10) years, or it is *imprescriptible if the movant is in the actual, continuous and peaceful*

¹⁸ G.R. No. 173186, September 16, 2015.

¹⁹ Id.

V

possession of the property involved. On the other hand, when the action for reconveyance is based on a void deed or contract the action is imprescriptible under Article 1410 of the New Civil Code.²⁰ As long as the land wrongfully registered under the Torrens system is still in the name of the person who caused such registration, an action *in personam* will lie to compel him to reconvey the property to the real owner.²¹

In *Hortizuela v. Tagufa*,²² the complainant therein filed an action for reconveyance and recovery of possession with damages for a parcel of land which was wrongfully granted a patent or decree issued in a registration proceedings in the name of a third person. The CA and the Municipal Circuit Trial Court initially dismissed the complaint because it allegedly questioned the validity of the Torrens title in a collateral proceeding and it had prescribed. When the case reached the Court, it ruled that the instituted complaint had not prescribed because “*in a complaint for reconveyance, the decree of registration is respected as incontrovertible and is not being questioned. What is being sought is the transfer of the property wrongfully or erroneously registered in another's name to its rightful owner or to the one with a better right. If the registration of the land is fraudulent, the person in whose name the land is registered holds it as a mere trustee, and the real owner is entitled to file an action for reconveyance of the property.*”²³ It was eventually ruled therein that the action for reconveyance was proper and the possession was recovered.

In this case, Spouses Yu sought to reconvey to them once and for all the titles over the subject properties. To prove that they had a superior right, they questioned the validity of the surveys which were the bases of OCT Nos. 242, 244 and 1609, the origin of ALI's TCTs. Moreover, they also sought to recover the possession that was clandestinely taken away from them. Thus, as the subject matter of this case is the ownership and possession of the subject properties, Spouses Yu's complaint is an action for reconveyance, which is not prohibited by Section 38 of Act No. 496.

Moreover, a reading of Spouses Yu's complaint reveals that they are seeking to declare void *ab initio* the titles of ALI and their predecessors-in-interest as these were based on spurious, manipulated and void surveys.²⁴ If successful, the original titles of ALI's predecessors-in-interest shall be declared void and, hence, they had no valid object to convey. It would result to a void contract or deed because the subject properties did not belong to the said predecessors-in-interest. Accordingly, the Yu case involves an

²⁰ New Civil Code, Art. 1410. The action or defense for the declaration of the inexistence of a contract does not prescribe.

²¹ *Daclag v. Macahilig*, 599 Phil. 28, 31 (2009).

²² *Hortizuela v. Tagufa*, G.R. No. 205867, February 23, 2015, 751 SCRA 371.

²³ *Id.* at 382.

²⁴ *Rollo* (G.R. No. 173120), p. 160.

action for reconveyance based on a void deed or contract which is imprescriptible under Article 1410 of the New Civil Code.

Further, the Court agrees with the observation of the CA in its February 8, 2005 Amended Decision, to wit:

9. In light of the circumstances, we feel that a slavish adherence to the doctrine being invoked by ALI with respect to alleged prescription and laches, should not be countenanced. The said axioms do not possess talismanic powers, the mere invocation of which will successfully defeat any and all attempts by those who claim to be the real owners of property, to set aright what had been done through fraud and imposition. Consistent with the doctrine that registration done fraudulently is no registration at all, then this court must not allow itself to be swayed by appeals to a strict interpretation of what are, after all, principles based on equity. To rule otherwise would be to reward deception and duplicity and place a premium on procedural niceties at the expense of substantial justice.²⁵

Neither can ALI be considered an innocent purchaser for value of the subject properties. As discussed by the RTC of Las Piñas, when ALI purchased the subject lots from their predecessors-in-interest in 1988, the titles bore notices of the pending cases and adverse claims sufficient to place it on guard. In the TCTs of ALI, the notices of *lis pendens* indicated therein were sufficient notice that the ownership of the properties were being disputed. The trial court added that even the certified true copy of Psu-80886 had markings that it had been used in some other cases as early as March 7, 1959.²⁶ Accordingly, ALI is covered by the present action for reconveyance. As both the Diaz and Yu cases were properly filed and are not barred by prescription, these can be adjudicated by the Court on the merits.

The Rule - that between two (2) conflicting titles, the title registered earlier prevails - is Not Absolute

The June 19, 2006 and February 28, 2003 decisions of the CA essentially ruled that ALI's titles were superior to those of the petitioners because OCT Nos. 242, 244 and 1609 were registered earlier than OCT No. 8510. The CA emphasized that the general rule was that in case of two certificates of title purporting to include the same land, the earlier date

²⁵ Id. at 1195.

²⁶ Id. at 973-974.

prevails. This general rule was first discussed in *Legarda v. Saleeby*,²⁷ as follows:

The question, who is the owner of land registered in the name of two different persons, has been presented to the courts in other jurisdictions. In some jurisdictions, where the "torrens" system has been adopted, the difficulty has been settled by express statutory provision. In others it has been settled by the courts. Hogg, in his excellent discussion of the "Australian Torrens System," at page 823, says: "The general rule is that in the case of two certificates of title, purporting to include the same land, the earlier in date prevails, whether the land comprised in the latter certificate be wholly, or only in part, comprised in the earlier certificate. xxx In successive registrations, where more than one certificate is issued in respect of a particular estate or interest in land, the person claiming under the prior certificate is entitled to the estate or interest; and that person is deemed to hold under the prior certificate who is the holder of, or whose claim is derived directly or indirectly from the person who was the holder of the earliest certificate issued in respect thereof xxxx."²⁸

The said general rule has been repeated by the Court in its subsequent decisions in *Garcia v. Court of Appeals*,²⁹ *MWSS v. Court of Appeals*,³⁰ *Spouses Carpo v. Ayala Land, Inc.*,³¹ and recently in *Jose Yulo Agricultural Corp. v. Spouses Davis*.³² Nevertheless, the rule on superiority is **not absolute**. The same case of *Legarda v. Saleeby* explains the exception to the rule, viz:

Hogg adds however that, "if it can be clearly ascertained by the ordinary rules of construction relating to written documents, that the **inclusion of the land in the certificate of title of prior date is a mistake**, the mistake may be **rectified by holding the latter** of the two certificates of title **to be conclusive**."³³ [Emphasis supplied]

Accordingly, if the inclusion of the land in the earlier registered title was a result of a mistake, then the latter registered title will prevail. The *ratio decidendi* of this exception is to prevent a title that was earlier registered, which erroneously contained a parcel of land that should not have been included, from defeating a title that was later registered but is legitimately entitled to the said land. It reinforced the doctrine that "[r]egistering a piece of land under the Torrens System does not create or vest title because registration is not a mode of acquiring ownership. A

²⁷ 31 Phil. 590 (1915).

²⁸ Id. at 595-596.

²⁹ 184 Phil. 358 (1980).

³⁰ 290 Phil. 284 (1992).

³¹ 625 Phil. 277 (2010).

³² G.R. No. 197709, August 3, 2015, 764 SCRA 589.

³³ *Legarda v. Saleeby*, supra note 27, at 595.

certificate of title is merely an evidence of ownership or title over the particular property described therein.”³⁴

In his book, *Land Registration and Related Proceedings*,³⁵ Atty. Amado D. Aquino further explained that the principle of according superiority to a certificate of title earlier in date cannot, however, apply if it was procured through fraud or was otherwise jurisdictionally flawed. Thus, if there is a compelling and genuine reason to set aside the rule on the superiority of earlier registered title, the Court may look into the validity of the title bearing the latter date of registration, taking into consideration the evidence presented by the parties.

In *Golloy v. Court of Appeals*,³⁶ there were two conflicting titles with overlapping boundaries. The first title was registered on March 1, 1918, while the second title was registered on August 15, 1919. Despite having been registered at a prior date, the Court did not allow the earlier registered title of the respondents to prevail because of the continuing possession of the petitioners therein and the laches committed by the respondents. Hence, the holder of an earlier registered title does not, in all instances, absolutely triumph over a holder of a latter registered title.

In this case, the petitioners assail the numerous and serious defects in the surveys of OCT Nos. 242, 244 and 1609, which cast doubt on the inclusion of the subject lands in ALI’s titles. Accordingly, the Court must delve into the merits of their contentions to determine whether the subject properties are truly and genuinely included in ALI’s title. Merely relying on the date of registration of the original titles is insufficient because it is the surveys therein that are being assailed. It is only through a judicious scrutiny of the evidence presented may the Court determine whether to apply the general rule or the exception in the superiority of titles with an earlier registration date.

The survey of the registered land may be scrutinized by the courts when compelling reasons exist

In its June 19, 2006 decision, the CA emphasized that OCT Nos. 242, 244, and 1609 carry with it the presumption of regularity and that the surveys therein were presumably undertaken by qualified surveyors before

³⁴ *Heirs of Ermac v. Heirs of Ermac*, 451 Phil. 368, 377 (2003).

³⁵ 2007 ed., pp. 140-141.

³⁶ 255 Phil. 26 (1989).

the issuance of the titles. In effect, the appellate court declares that the surveys of these titles should no longer be inspected.

The Court does not agree.

Although a certificate of title serves as evidence of an indefeasible and incontrovertible title to the property in favor of the person whose name appears therein,³⁷ it is not a conclusive proof of ownership. It is a well-settled rule that ownership is different from a certificate of title. The fact that a person was able to secure a title in his name does not operate to vest ownership upon him of the subject land. Registration of a piece of land under the Torrens System does not create or vest title, because it is not a mode of acquiring ownership. A certificate of title is merely an evidence of ownership or title over the particular property described therein. It cannot be used to protect a usurper from the true owner; nor can it be used as a shield for the commission of fraud; neither does it permit one to enrich himself at the expense of others. Its issuance in favor of a particular person does not foreclose the possibility that the real property may be co-owned with persons not named in the certificate, or that it may be held in trust for another person by the registered owner.³⁸

Hence, the Court may inquire into the validity of the ownership of a property by scrutinizing the movant's evidence of title and the basis of such title. When there is compelling proof that there is doubt on the validity of the sources or basis of such title, then an examination is proper. Thus, the surveys of the certificates of title are not immune from judicial scrutiny, in light of the genuine and legitimate reasons for its analysis.

In *Dizon v. Rodriguez*³⁹ and *Republic v. Ayala y Cia*,⁴⁰ the Court confronted the validity of the surveys conducted on the lands to determine whether the title was properly subdivided. It was ruled therein that subdivision plan Psd-27941 was erroneous because it was "prepared not in accordance with the technical descriptions in TCT No. T-722 but in disregard of it, support the conclusion reached by both the lower court and the Court of Appeals that Lots 49 and 1 are actually part of the territorial waters and belong to the State."⁴¹ Accordingly, the sole method for the Court to determine the validity of the title was to dissect the survey upon which it was sourced. As a result, it was discovered that the registered titles therein contained areas which belong to the sea and foreshore lands.

³⁷ *Heirs of Maligaso, Sr. v. Spouses Encinas*, 688 Phil. 516, 523 (2012).

³⁸ *Wee v. Mardo*, G.R. No. 202414, June 4, 2014, 725 SCRA 242, 256-257.

³⁹ 121 Phil. 681(1965).

⁴⁰ 121 Phil. 1052 (1965).

⁴¹ *Dizon v. Rodriguez*, supra note 39, at 686.

Here, only a direct review of the surveys of OCT Nos. 242, 244, and 1609, as well as OCT No. 8510 can resolve the issue on the validity of these titles. The findings of the RTC of Las Piñas and the CA differ with respect to the cited errors in the surveys. The Court is convinced that through a rigorous study of the affected surveys, the valid owners of the subject properties are can be finally adjudicated.

Finally, after resolving the various preliminary issues, the Court can now tackle the crux of these petitions – the validity of Psu-25909, Psu-47035, Psu-80886, and Psu-80886/SWO-20609. The resolution of this issue will decisively determine the true and rightful owner of the subject properties.

Psu-47035, Psu-80886 and Psu-80886/SWO-20609 contain numerous and serious irregularities which cast doubt on the validity of OCT Nos. 242, 244 and 1609

At the onset, the present case poses an issue on the validity of registered and overlapping titles based on their surveys. The Court must commend the RTC of Las Piñas for taking the correct procedure in resolving such issue.

In *Cambridge Realty and Resources Corp. v. Eridanus Development, Inc.*,⁴² it was ruled that a case of overlapping of boundaries or encroachment depends on a reliable, if not accurate, verification survey; barring one, no overlapping or encroachment may be proved successfully, for obvious reasons. The first step in the resolution of such cases is for the court to direct the proper government agency concerned to conduct a verification or relocation survey and submit a report to the court, or constitute a panel of commissioners for the purpose. In that case, the Court lamented that the trial court therein did not order the conduct of a verification survey and the appointment of geodetic engineers as commissioners, to wit:

This is precisely the reason why the trial court should have officially appointed a commissioner or panel of commissioners and not leave the initiative to secure one to the parties: so that a thorough investigation, study and analysis of the parties' titles could be made in order to provide, in a comprehensive report, the necessary information that will guide it in resolving the case completely, and not merely leave the determination of the case to a consideration of the parties' more often than not self-serving evidence.⁴³

⁴² 579 Phil. 375(2008).

⁴³ Id. at 401.

Similarly, in *Chua v. B.E. San Diego, Inc.*,⁴⁴ the Court ruled that in overlapping boundary disputes, the verification survey must be actually conducted on the very land itself. In that case, the verification survey conducted it was merely based on the technical description of the defective titles. The opinion of the surveyor lacked authoritativeness because his verification survey was not made on the land itself.

In this case, the RTC of Las Piñas issued an Order,⁴⁵ dated December 5, 1997, which directed the parties to conduct a verification survey pursuant to the prescribed rules. Engr. Veronica Ardina-Remolar (*Remolar*) from the Bureau of Lands of the DENR was the court-appointed commissioner who supervised and coordinated the verification survey. Engrs. Rolando Nathaniel Pada (*Pada*) and Alexander Ocampo (*Ocampo*) were the geodetic engineers for Spouses Yu; while Engr. Lucal Francisco (*Francisco*) was the geodetic engineer for ALI. They conducted actual verification survey on April 5, 6, 7 and 16, 1998 and June 8, 1998. Afterwards, Engr. Remolar submitted her Report,⁴⁶ dated November 4, 1998, to the trial court which stated that there were *overlapping areas* in the contested surveys. Likewise, Engrs. Pada and Francisco submitted their Verification Reports and Survey Plans,⁴⁷ which were approved by the DENR. Then, the parties presented their respective witnesses.

The RTC of Las Piñas had a technical and accurate understanding and appreciation of the overlapping surveys of Psu-25909, Psu-47035, Psu-80886, and Psu-80886/SWO-20609. In its decision, dated May 7, 2001, it ruled in favor of Spouses Yu and it discussed extensively its observations and findings regarding the overlapping areas, to wit:

From the evidence on record, it appears that the following plans were made on the dates and by the surveyor specified herein:

Survey No. PSU-25909 March 17, 1921 A.N. Feliciano
Survey No. PSU-47035 October 21, 1925 A.N. Feliciano
Survey No. PSU-80886 July 28, 1930 A.N. Feliciano
Survey No. SWO-20609 March 6, 1931 A.N. Feliciano

Plan PSU-25909 (Exhibit "F") invoked by the plaintiffs and authenticity of which is certified by appropriate government custodians including Engineer Remolar, the court-designated commissioner, appears to have been prepared on March 17, 1921 for one Andres Diaz and recites the following entries:

⁴⁴ 708 Phil. 386 (2013).

⁴⁵ *Rollo* (G.R. No. 173120), pp. 287-293.

⁴⁶ *Id.* at 294-295.

⁴⁷ *Id.* at 296-308.

“THE ORIGINAL FIELD NOTES, COMPUTATIONS AND PLAN OF THIS SURVERY EXECUTED BY A.M. FELICIANO HAVE BEEN CHECKED AND VERIFIED IN THIS OFFICE IN ACCORDANCE WITH SECTIONS 1858 TO 1865, ACT 2711 AND ARE HEREBY APPROVED MAY 26, 1921.”

-and-

“This is to certify that this is a true and correct plan of Psu-25909 as traced from the mounted paper of plan Psu-25909 which is on file at T.R.S. Lands Management Sector, N.C.R.

“This true copy of the plan is requested by the Chief, Technical Records Section as contained in a letter dated February 15, 1989.

TEODORICO C. CALISTERIO
Chief, Topographic 7 Special Maps Section

Traced by: F. SUMAGUE
Checkd by: A.O. VENZON (Sgd.) 4/28/89

Thus, the Court holds that plan PSU-25909 (Exhibit”F) is a true copy of an official document on file with the Bureau of Lands and is, therefore, entitled to great weight and appreciation, there being no irregularity demonstrated in the preparation thereof.

On the other hand, an examination of Plan PSU-47035 (Exhibit “G”) invites suspicion thereto. As observed by Engineer Pada in his verification survey report, the photocopy of plan PSU-47035 submitted by the defendant shows that the plan appears to have done for one Estanislao Mayuga, while in the certified true copy of the pertinent decree (Exhibit “HH”/Exhibit 20), it appears that the same was done for a certain Dominador Mayuga. Viewing this discrepancy in the light of the fact that the plan for PSU-47035 was undertaken on October 21, 1925 or more than four years after the survey for plan PSU-25909 was done, the same discrepancy leads the Court to conclude that PSU-47035 is spurious and void.

The third plan enumerated above, plan PSU-80886 (Exhibit “II/Exhibit 29), prepared on July 28, 1930 or more than five years since plan PSU-25909 was done for Andres Diaz, also invites suspicion. An examination of the same reveals that the lower right hand corner of the plan, which bears the serial number PSU-80886, is manifestly different from the main document in terms of the intensity of its contrast, and that the change in the intensity of the shading is abrupt as one examines the document starting from the lower right hand corner to anywhere else in the same document. Also, it is worth observing that the main document, minus the lower right hand corner mentioned, does not indicate anything to even suggest that it pertains to plan PSU-80886. For these reasons, the contention of the plaintiffs that this lower right hand corner of the plan appears to be a spurious attachment to the main document to

make the main document it look like it is actually plan PSU-80886, has merit.

Another discrepancy invites further suspicion under the circumstances. The main document bears what appears to be the actual signature of the surveyor, Mr. A.N. Feliciano while the lower right hand corner of the plan mentions only the name "Serafin P. Hidalgo – Director of Lands" with the prefix "Sgd." But *without any actual signature*. An interesting query arises: Why would the document bear an actual signature of the surveyor without bearing the signature of the Director of Lands which in essence is the more important signature for authentication purposes?

Still another discrepancy is with respect to a monument appearing in PSU-80886 (Exhibit "II"). At the upper off-right portion thereof are entries referring to a monument more specifically described as B.L.L.M. No. 4. According to Engineer Pada, citing a certified document taken from the Land Management Bureau of the Department of Environment and Natural Resources, this *monument* was established *only on November 27, 1937* (TSN, March 24, 2000, pp. 18-20) which is more than seven years after PSU-80886 was undertaken. *How a monument which was established only in November 1937 can actually exist in a plan made on July 28, 1930 is absolutely incredible.*

In view of the foregoing, the Court finds good reason to consider PSU-80886 (Exhibit "II" and 29), relied upon by the defendant, *spurious* and *void* as well.

The fourth and last plan mentioned is SWO-20609, done on March 6, 1931.

It is admitted by the geodetic engineer of the defendant that a specific work order (SWO) co-exists with a survey plan, and that in particular, SWO-20609 was undertaken in view of alleged errors in plan PSU-80886 (TSN, February 16, 2001, pp. 31-32). Therefore, SWO-20609 must be *evaluated* in relation to plan PSU-80886. From this perspective, the Court also notes that SWO-20609 is attended with *discrepancies* thus rendering it devoid of any credence.

For the record, in PSU-80886 (Exhibit "II"/Exhibits 29 and 30), the land concerned appears to have been surveyed for one Eduardo C. *Guico* while in PSU-80886/SWO-20609 (Exhibit "H"/Exhibit 35), the same land appears to have been surveyed for one Alberto *Yapinchay*. In addition, it is evident in PSU-80886 (Exhibits 29 and 30) that vital entries regarding the total area of the property covered by the document bear many erasures, particularly two erasures as to the total area in terms of number and one erasure as to that total area in terms of unit of measurement.

The Court likewise notes with suspicion the fact that all four survey plans were purportedly undertaken by one and the *same* surveyor, a Mr. A.N. Feliciano. It seems extremely unusual why the same A.N. Feliciano, who surveyed the *same* property for

Andres Diaz *in 1921*, would do so again *in 1925* with *different results*, and again *in 1930* once more with *different results*, and still one more time *in 1931* with still *different results*. The only reasonable and logical conclusion under these telling circumstances is that the second, third and last surveys corresponding to PSU-47035, PSU-80886 and PSU-80886/SWO-20609 are all *spurious* and *void*, too.

The Court went through the record of the case and no satisfactory explanation has been offered by the defendant regarding these discrepancies. Even the documentary evidence presented by the defendant offers no plausible reason for the Court to reject the contentions of the plaintiffs. This all the more strengthens the view of the Court to effect that PSU-47035, PSU-80886 and PSU-80886/SWO-20609 are spurious and void ab initio. This view is also strengthened by the credentials of Engineer Pada whom the Court considers as a very credible witness.

All in all, the Court is convinced that the title of the plaintiffs to the properties in dispute is superior over those invoked by the defendant.⁴⁸ [Emphases supplied]

The findings of the RTC of Las Piñas were affirmed by the CA in its February 8, 2005 decision. It agreed that there are indeed glaring errors in the surveys relied upon by ALI. These errors could not be merely disregarded as they affect the authenticity and validity of OCT Nos. 242, 244 and 1609.

Conclusion

After a judicious study of the case, the Court agrees with the findings of the RTC of Las Piñas and the CA in its February 8, 2005 decision.

First, Psu-25909 was conducted by a certain A.N. Feliciano in favor of Andres Diaz and was approved on May 26, 1921. Curiously, the subsequent surveys of Psu-47035 for a certain Dominador Mayuga, Psu-80886 for a certain Guico and Psu-80886/SWO-20609 for a certain Yaptinchay were also conducted by A.N. Feliciano. It is dubious how the same surveyor or agrimensor conducted Psu-47035, Psu-80886 and Psu-80886/SWO-20609 even though an earlier survey on Psu-25909, which the surveyor should obviously be aware, was already conducted on the same parcel of land. Engr. Pada, witness of Spouses Yu, also observed this irregularity and stated that this practice is not the standard norm in conducting surveys.

⁴⁸ Id. at 710-713.

Second, even though a single entity conducted the surveys, the lands therein were *described to be located in different places*. Psu-25909, the earliest dated survey, indicated its location at Sitio of Kay Monica, Barrio Pugad Lawin, Las Piñas, Rizal, while Psu-47035 and Psu-80886 stated their locations at Sitio May Kokek, Barrio Almanza, Las Piñas, Rizal, and Barrio Tindig na Mangga, Las Piñas, Rizal, respectively. Again, Engr. Pada observed this peculiarity and pointed out that the subject properties should have had the same address. ALI did not provide an explanation to the discrepancies in the stated addresses. Thus, it led the CA to believe that the same surveyor indicated different locations to prevent the discovery of the questionable surveys over the same parcel of land.

Third, there is a *discrepancy as to who requested the survey of Psu-47035*. The photocopy of Psu-47035 as submitted by ALI shows that it was done for a certain Estanislao Mayuga. On the other hand, the certified true copy of Psu-47035 depicts that it was made for Dominador Mayuga. Once more, Engr. Pada noticed this discrepancy on the said survey. ALI, however, did not give any justification on the diverging detail, which raises question as to the authenticity and genuineness of Psu-47035.

Fourth, *Psu-80886 does not contain the signature of then Director of Lands, Serafin P. Hidalgo*; rather, the prefix “Sgd.” was simply indicated therein. As properly observed by the CA in its February 8, 2005 decision, any person can place the said prefix and it does not show that the Director of Lands actually signed and gave his *imprimatur* to Psu-80886. The absence of the approval of the Director of Lands on Psu-80886 added doubt to its legitimacy. The excuse proffered by ALI - that Psu-80886 is regular and valid simply because land registration proceedings were undertaken - is insufficient to cure the crucial defect in the survey.

In *University of the Philippines v. Rosario*,⁴⁹ it was held that “[n]o plan or survey may be admitted in land registration proceedings until approved by the Director of Lands. The submission of the plan is a statutory requirement of mandatory character. *Unless a plan and its technical description are duly approved by the Director of Lands, the same are of no value.*” Hence, the lack of approval by the Director of Lands of Psu-80886 casts doubt on its legality. It also affects the jurisdictional facts before the land registration courts which relied on Psu-80886 for registration.

Fifth, Psu-80886 was *issued on July 28, 1930* but it *referred to a specific monument* described as B.L.L.M No. 4. According to the LMB-DENR, the *said monument was only established on November 27, 1937*,

⁴⁹ 407 Phil. 924 (2001).

more than seven years after Psu-80886 was issued.⁵⁰ This discrepancy was duly noted in the findings of the verification report and it was affirmed by the testimony of Engr. Pada. Thus, both the RTC of Las Piñas and the CA in its February 8, 2005 decision properly observed that it was highly irregular for Psu-80886 to refer to B.L.L.M No. 4 because the said monument existed seven years later.

Sixth, ALI attempted to explain this anomaly by stating that Psu-80886 was amended by Psu-80886/SWO-20609, a Special Work Order, in view of the discrepancies of the former. While Psu-80886/SWO-20609 is dated March 6, 1931, ALI insists that it was actually conducted in 1937 and approved in 1940. However, in its February 8, 2005 decision, the CA noted that said testimony crumbled under cross-examination as ALI's witness, Engr. Felino Cortez (*Cortez*), could not reaffirm the said justification for Psu-80886's manifest error of including a latter dated monument. Also, the Court observed that ALI's other witness, Engr. Percival Bacani, testified that he does not know why B.L.L.M No. 4 was used in preparing Psu-80886 even though the said monument appears on all the titles.⁵¹ Moreover, the alleged explanation provided by ALI to justify the existence of B.L.L.M No. 4 in Psu-80886 was not indicated at all in the verification report and survey plan they submitted before the RTC of Las Piñas. Accordingly, ALI did not resolve the uncertainty surrounding the reference to B.L.L.M No. 4 by Psu-80886 and it seriously damages the validity of the said survey.

Seventh, ALI explained that Psu-80886/SWO-20609 was undertaken to correct a discrepancy in Psu-80886. Its witness, Engr. Cortez, confirmed that Psu-80886/SWO-20609 was commenced to resolve the mistake in the timeline. He added that the timeline published in the notice of initial hearing in the Official Gazette for Psu-80886 was different from the approved plan in Psu-80886/SWO-20609. He also noted some difference in the area of Psu-80886 compared to Psu-80886/SWO-20609.⁵² *These admissions show that Psu-80886 was flawed from the very beginning. Yaptinchay merely requested the conduct of Psu-80886/SWO-20609 in order to resurrect or salvage the erroneous Psu-80886 and to wrongfully acquire OCT No. 242.* It does not, however, erase the fact that Psu-80886, from which ALI's titles originated, is marred with irregularities. This is a badge of fraud that further runs counter to the legitimacy of the surveys that ALI relied upon.

Eight, the RTC of Las Piñas continuously observed the irregularities in Psu-80886. It stated that *"the total area of the property covered by the document bear many erasures, particularly two erasures as to the total area in terms of number and one erasure as to that total area in terms of unit of*

⁵⁰ TSN, March 24, 2000, pp. 18-20.

⁵¹ TSN, November 24, 2000, pp. 4-9.

⁵² TSN, February 16, 2001, pp. 40-41.

measurement.”⁵³ Manifestly, no explanation was provided why it was necessary to make erasures of the crucial data in the survey regarding the total area.

Ninth, the RTC of Las Piñas continued its observations regarding Psu-80886’s anomalies. It added that “[a]n examination of the same reveals that the lower right hand corner of the plan, which bears the serial number PSU-80886, is manifestly different from the main document in terms of the intensity of its contrast, and that the change in the intensity of the shading is abrupt as one examines the document starting from the lower right hand corner to anywhere else in the same document. Also, it is worth observing that the main document, minus the lower right hand corner mentioned, does not indicate anything to even suggest that it pertains to plan PSU-80886. For these reasons, the contention of the plaintiffs that this lower right hand corner of the plan appears to be a spurious attachment to the main document to make the main document it look like it is actually plan PSU-80886, has merit.”⁵⁴ These observations were based on the first-hand examination of the surveys, verification reports, and witnesses by the RTC of Las Piñas.

Tenth, as correctly emphasized by the CA in its February 8, 2005 decision, the Supreme Court had previously noted the defects surrounding Psu-80886 in the case of *Guico v. San Pedro*. The said case involved the application of registration of Guico of a tract of land covered by Psu-80886, subdivided into eleven (11) lots, filed on November 4, 1930 before the Court of First Instance of Rizal (*CFI*). The said land originated from Pedro Lopez de Leon, covered by Psu-16400. It was transferred to his son, Mariano Lopez de Leon, and then one-third portion thereof was conveyed to Guico. Several oppositors appeared therein to assail Guico’s application. On August 19, 1935, the CFI ruled that only Lot Nos. 1, 2, 3, 6, 7 and 10 may be registered in the name of Guico.

On appeal, the CA disposed the case in this wise:

*Adjudicamos a Eduardo C. Guico los lotes 2 y 3 de su plano y las porciones que quedan de las adjudicadas a el por el Juzgado inferior y que no estan comprendidos en los terrenos reclamados por Valeriano Miranda, Nicasio san Pedro, Jose Dollenton, Gregorio Arciaga, Donato Navarro, Leon Navarro, Dionisio Dollenton, Basilio Navarro, Bernardo Mellama y Lorenzo Dollenton, debiendo al efecto presentar un plano enmendado debidamente aprobado por el Director de Terrenos, confirmado asi la decision apelada en lo que estuvira conforme, y revocandola en lo que no estuviera.*⁵⁵

⁵³ *Rollo* (G.R. No. 173120), p. 712.

⁵⁴ *Id.* at 711.

⁵⁵ *Guico v. San Pedro*, supra note 12, at 417.

When translated, the text reads:

We adjudicate to Eduardo C. Guico Lots 2 and 3 of his plant and the portions that remain adjudicated to him by the lower court and that are not included in the lands claimed by Valeriano Miranda, Nicasio San Pedro, Jose Dollenton, Gregorio Arciaga, Donato Navarro, Leon Navarro, Dionisio Dollenton, Basilio Navarro, Bernardo Mellama, and Lorenzo Dollenton, **under the obligation to present an amended properly approved plan to the Director of Lands, confirming therefore the appealed decision what is consistent with this and revoking it on what is not.**⁵⁶ [Emphasis and underscoring supplied]

Undeterred, Guico filed an appeal before the Supreme Court alleging that the CA erred in declaring that there was no imperfect title in favor of Pedro Lopez de Leon, his predecessor-in-interest.

In its decision, dated June 20, 1941, the Court dismissed the appeal of Guico and affirmed the CA ruling. It was held that “*la solicitud de Pedro Lopez de Leon composicion con el Estado no fue aprobada porque no pudo hacerse la medicion correspondiente.*” Its translation stated that the application of Pedro Lopez de Leon regarding the composition of the estate was not approved because he was not able to submit the corresponding measurements, referring to Psu-16400, from which Psu-80886 was derived.

In addition, the Supreme Court noted that “while abundant proof is offered concerning the filing of the application for composition title by the original possessor, the records nowhere exhibits compliance with the operative requirement of said section 45 (a) of Act. No. 2874, that such applicants or grantees and their heirs have occupied and cultivated said lands continuously since the filing of their applications.”⁵⁷

Consequently, the Court observed *two major irregularities* in the application of Guico under Psu-80886, (1) his predecessor-in-interest *did not submit any valid measurement* of the estate from which Psu-80886 was derived; and (2) that the *applicant or his grantees failed to occupy or cultivate the subject land continuously*. These findings are substantial and significant as these affect the validity of Psu-80886.

ALI insisted that *Guico v. San Pedro* should actually be construed in their favor because the Court affirmed the ruling of the CA which awarded Lot Nos. 2 and 3 to Guico, hence, Psu-80886 was valid.

The Court is not persuaded.

⁵⁶ *Rollo* (G.R. No. 173120), p. 1418.

⁵⁷ *Guico v. San Pedro*, supra note 12, at 419.

A reading of the dispositive portion of the CA decision in *Guico v. San Pedro* does not categorically state that Lot Nos. 2 and 3 were absolutely and completely awarded to Guico. The award of the said lots was subject to the vital and primordial condition or obligation to present to the court an amended, properly approved, plan to the Director of Lands. Evidently, the Court was not satisfied with Psu-80886 because it lacked the requisites for a valid survey. Thus, it required Guico to secure an amended and correctly approved plan, signed by the Director of Lands. The purpose of this new plan was to confirm that the appealed decision was consistent with the facts established therein. The records, however, did not show that Guico indeed secured an amended and properly approved plan. Psu-80886/SWO-20609 obviously was not the required amended order because a special work order is different from an amended survey.⁵⁸ Moreover, the said special work order was initiated by Yaptinchay, and not Guico. The insufficiency of Psu-80886 is evident in this decision.

Thus, as Guico did not subject Psu-80886 to a valid amended approved plan, he was not awarded Lot Nos. 2 and 3 for registration. It can be seen from the OCT Nos. 242, 244, and 1609; that Guico never secured their registration because the Court discovered the anomalous Psu-80886. The Court's pronouncement in *Guico v. San Pedro*, although promulgated more than half a century ago, must be respected in accordance with the rule on judicial adherence.

Lastly, the Court also agrees with the finding of the CA in its February 8, 2005 decision that Psu-25909 bears all the hallmarks of verity. It was established that Andres Diaz was the very first claimant of the subject property and was the proponent of Psu-25909. The said survey clearly contained the signature of the surveyor and the Director of Lands, as can be seen on its face. In stark contrast with Psu-80886, which contained alterations and erasures, Psu-25909 has none. The original of Psu-25909 was likewise on file with the Bureau of Lands and a microfilm reproduction was readily obtained from the file of the said office, unlike in Psu-80886 and Psu-47909.

The RTC of Las Piñas shared this examination. It ruled that Psu-25909 was a true copy of an official document on file with the Bureau of Lands. It also gave great weight and appreciation to the said survey because *no irregularity* was demonstrated in the preparation thereof. The trial court added that Engr. Remolar, as the appropriate government custodian and court-appointed commissioner, certified the authenticity of Psu-25909.

⁵⁸ See Sections 605 and 579 of DENR-LMB Administrative Order No. 4 or the Manuel for Land Survey of the Philippines for the definitions of a special work order and an amended survey.

In fine, the Court finds that there are numerous defects in Psu-47909, Psu-80886 and Psu-80886/SWO-20609, which are all hallmarks of fraud, *viz*:

1. That A.N. Feliciano conducted all the surveys even though he should have known that the earlier dated survey Psu-25909, already covered the same parcel of land;
2. That Psu-47909, Psu-80886 and Psu-25909 covered the same parcel of land and were conducted by the same surveyor but each survey stated a different location;
3. That the photocopy of Psu-47035, as submitted by ALI, shows that it was done for a certain Estanislao Mayuga but the certified true copy of Psu-47035 depicted that it was made for Dominador Mayuga;
4. That Psu-80886 did not contain the signature of then Director of Lands, Serafin P. Hidalgo, and it is well-settled rule that no plan or survey may be admitted in land registration proceedings until approved by the Director of Lands;
5. That Psu-80886 was issued on July 28, 1930 but it referred to a specific monument described as B.L.L.M No.4, which was only established on November 27, 1937;
6. That ALI attempted to explain this anomaly by stating that Psu-80886 was amended by Psu-80886/SWO-20609, which was done in 1937. On cross-examination, however, the witness of ALI was unable to reaffirm that the special work order was rightly performed in 1937 and the said explanation was not reflected in the verification report and survey plan of ALI;
7. That Psu-80886/SWO-20609 was undertaken to correct a discrepancy in Psu-80886, which was an admission that the latter survey, from which the titles of ALI originated, was defective;
8. That the total area of the property covered by Psu-80886 contained many erasures, which were not satisfactorily explained;
9. That there was a difference in the intensity of the lower right portion of Psu-80886 which showed that it may simply have been an attachment to the main document; and
10. That in *Guico v. San Pedro*, the Court found that irregularities surround Psu-80886 because its predecessor-in-interest did not submit the corresponding measurement of

11

his survey and the applicant or his grantees failed to occupy and cultivate the subject land continuously. Further, Lot Nos. 2 and 3 of Psu-80886 were not awarded to Guico because the records do not show that he submitted the required amended properly approved plan by the Director of Lands.

In contrast, Psu-25909 bore all the hallmarks of verity because it contains the signatures of the surveyor and the Director of Lands, and it did not contain any erasure or alterations thereon. Likewise, a duly authenticated copy of Psu-25909 is readily available in the Bureau of Lands.

The foregoing anomalies surrounding Psu-47909, Psu-80886, and Psu-80886/SWO-20609 were similarly observed by the RTC of Las Piñas. The trial court was able to establish its findings based on the verification survey it ordered, under the supervision of the court-appointed commissioner. Hence, the trial court had the direct access to the evidence presented by the parties as well as the verification reports and survey plans submitted by the parties. It is a fundamental rule that the conclusion and findings of fact by the trial court are entitled to great weight on appeal and should not be disturbed except for strong and cogent reasons, because the trial court is in a better position to examine real evidence, as well as to observe the demeanor of the witnesses while testifying in the case.⁵⁹

Even without considering (1) the certification from the DENR-LMB that Psu-80886 is included in the list of restricted plans because of the doubtful signature of the surveyor, and (2) the memorandum, dated August 3, 2000, from the Assistant Regional Director of the DENR directing all personnel of the Land Survey Division not to issue copies or technical descriptions of Psu-80886 and Psu-47035, there were numerous defects on the surveys that affected their validity. The exclusion of these documents did not alter the finding of the Court that the surveys were spurious and must be set aside.

Further, the Court cannot subscribe to the finding of the CA in its June 19, 2006 decision that the numerous defects in Psu-47909, Psu-80886 and Psu-80886/SWO-20609 are “not enough to deprive the assailed decree of registration of its conclusive effect, neither are they sufficient to arrive at the conclusion that the survey was definitely, certainly, conclusively spurious.”⁶⁰ The Court cannot close its eyes to the blatant defects on the surveys upon which the original titles of ALI were derived simply because its titles were registered. To allow these certificates of title in the registration books, even though these were sourced from invalid surveys, would tarnish

⁵⁹ *Ban v. Intermediate Appellate Court*, 229 Phil. 159, 163 (1986).

⁶⁰ *Rollo* (G.R. No. 173120), p. 1430.

and damage the Torrens system of registration, rather than uphold its integrity.

It is an enshrined principle in this jurisdiction that registration is not a mode of acquiring ownership. A certificate of title merely confirms or records title already existing and vested. The indefeasibility of a 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. A Torrens title does not furnish a shield for fraud, notwithstanding the long-standing rule that registration is a constructive notice of title binding upon the whole world. The legal principle is that if the registration of the land is fraudulent, the person in whose name the land is registered holds it as a mere trustee.⁶¹

When a land registration decree is marred by severe irregularity that discredits the integrity of the Torrens system, the Court will not think twice in striking down such illegal title in order to protect the public against unscrupulous and illicit land ownership. Thus, due to the numerous, blatant and unjustifiable errors in Psu-47909, Psu-80886, and Psu-80886/SWO-20609, these must be declared void. Likewise, OCT Nos. 242, 244, and 1609, their transfer certificates, and instruments of conveyances that relied on the anomalous surveys, must be absolutely declared void *ab initio*.

With respect to the Diaz case, the Court agrees with the CA in its February 8, 2005 decision that Spouses Diaz did not commit fraud. As Psu-47909, Psu-80886 and Psu-80886/SWO-20609 are void, then OCT Nos. 242, 244 and 1609 are also void *ab initio*. The transfer certificates in the hands of third parties, including CPJ Corporation and ALI, are likewise void. Accordingly, Spouses Diaz had no obligation to inform CPJ Corporation of their application for registration and they could not be held guilty of fraud.

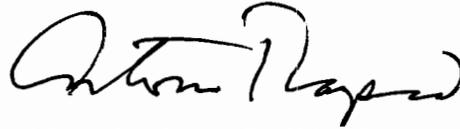
WHEREFORE, the petitions are **GRANTED**. The June 19, 2006 Decision of the Court of Appeals in CA-G.R. CV Nos. 61593 & 70622 is hereby **REVERSED** and **SET ASIDE**. The February 8, 2005 Amended Decision of the Court of Appeals is hereby **REINSTATED**.

SO ORDERED.


JOSE CATRAL MENDOZA
Associate Justice

⁶¹ *Spouses Reyes v. Montemayor*, 614 Phil. 256 (2009).

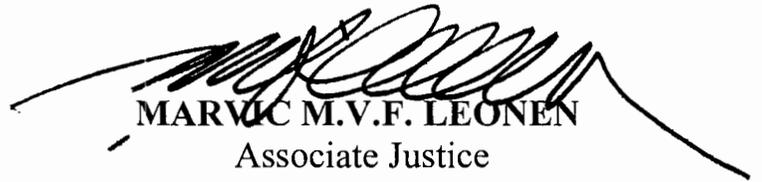
WE CONCUR:



ANTONIO T. CARPIO
Associate Justice
Chairperson



DIOSDADO M. PERALTA
Associate Justice



MARVIC M.V.F. LEONEN
Associate Justice



SAMUEL R. MARTIRES
Associate Justice

A T T E S T A T I O N

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



ANTONIO T. CARPIO
Associate Justice
Chairperson, Second Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



MARIA LOURDES P. A. SERENO
Chief Justice