

FIRST DIVISION

[G.R. No. 112905, February 03, 2000]

THE HEIRS OF PEDRO LOPEZ, EUGENIO LOPEZ DE LEON, PASCUAL LOPEZ DE LEON, ANTONIO GUICO LOPEZ, FORTUNATO GUICO LOPEZ, MIGUEL GUICO LOPEZ, ERLINDA LOCERO LOPEZ, TING LOPEZ DE LEON, RUFINA LAYAO LOPEZ, LUISITA LOPEZ DE LEON, MACARIO LOPEZ DE LEON, FELISA LOPEZ DE LEON, PRINTIS L. DE LEON, FLOVIANA LOPEZ VELASCO, LOURDES LOPEZ DE LEON, LAGRIMAS LOPEZ DE LEON, ROSARIO LOPEZ DE LEON, RESURRECCION LOPEZ DE LEON AND RICARDA LOPEZ DE LEON, PETITIONERS, VS. HONESTO C. DE CASTRO, MARIA SOCORRO DE CASTRO MARRIED TO ANTONIO PERIGRINA, FRANCISCO DE CASTRO, FAUSTINO DE CASTRO, EPIFANIA C. VDA. DE CASTRO, AND THEIR SUCCESSORS-IN-INTEREST, RESPONDENTS.

D E C I S I O N

YNARES-SANTIAGO, J.:

In this case, the two applications for registration of the same parcel of land were filed twelve years apart in different branches of the same Court of First Instance, but a certificate of title was issued in one case while the other is still pending appeal.

The applicants in the earlier case are now before this Court on a petition for review on certiorari. They assert that the decision ordering the issuance of a decree of registration in their favor, while promulgated subsequent to the issuance of the certificate of title in the names of the second applicants, should be "executed" and that the certificate of title issued to the latter should be nullified.

The facts of the case are as follows:

On July 25, 1956, Pedro Lopez, *et al.* filed an application for the registration of a 69-hectare parcel of land in Tagaytay City with the Court of First Instance of Cavite, Branch III under Land Registration Case No. 299 and LRC Record No. 11617. On January 29, 1957, the court issued an order of general default, excepting only the Director of Lands.

On June 24, 1957, Assistant Fiscal Jose M. Legaspi, representing the Municipality of Silang, Cavite, filed a motion to lift the order of general default and submitted an opposition on behalf of the municipality. The opposition was later amended on September 16, 1966 alleging that a portion of the land applied for which the municipality had leased to private persons had been its patrimonial property since 1930 or earlier. The municipality further alleged that in a registration case entitled "*Mariano Lopez de Leon v. Municipality of Silang*" (CA-G.R. No. 8161-R), the Court

of Appeals found that the applicants had never been in possession of the land sought to be registered.

In its answer to the amended opposition, the applicants claimed that a part of the whole tract of land they sought to register was their inheritance, which includes Lot No. 2 of plan PSU-51901 with an area of 119 hectares. However, it had to be excluded in the application for registration of the 69-hectare land in Cavite upon the recommendation of the Chief Surveyor of the General Land Registration Office because it is located in the province of Laguna. Similarly, Lot No. 1 of PSU-51901 that lies within Tagaytay City had been excluded from the registration proceedings under G.L.R.O. Rec. No. 53498 or Land Registration Case No. 2201 in the Court of First Instance of Laguna.^[1]

Nevertheless, the municipality filed a motion to dismiss the application for original registration of Lot No. 1 on the ground of *res judicata*. The applicants, on the other hand, contended that the principle of *res judicata* is not applicable because the subject matter of CA-G.R. No. 8161-R (*Mariano Lopez de Leon v. Municipality of Silang*) was Lot No. 2 or the portion of the land in Laguna.

On February 7, 1969, the lower court issued an order denying the motion to dismiss for lack of merit on the ground that the oppositor municipality had no personality to intervene considering that Lot No. 1 was outside of its territorial limits. The lower court held:

"x x x. Even if said land was communal property of the Municipality of Silang, by virtue of its incorporation into (the) city of Tagaytay it became the property of the latter. Hence, the Municipality of Silang has no personality to appear in this (sic) proceedings. If any right of action exists, it accrues in favor of the City of Tagaytay and the same should be pursued by the said city."^[2]

The oppositor municipality filed a motion for reconsideration of the said order. On July 23, 1970, the court issued an order stating that "in order not to impede whatever action the movant" might take against the order of February 7, 1969, said motion should be denied. On January 12, 1971, the applicants filed a motion praying that the clerk of court be commissioned to receive evidence for them it appearing that the order of July 23, 1970 had become final and executory "by virtue of which the Municipality of Silang no longer ha(d) any personality to appear in these proceedings."^[3] The court granted said motion and directed the clerk of court to submit a report on the matter.

In his report dated April 15, 1971, Clerk of Court Rolando D. Diaz stated that since time immemorial, Micaela, Fernando, Ciriaco and Catalino, all surnamed De los Reyes, owned and possessed the parcel of land in question. On November 3, 1870, they sold the land to Ambrocio Carrillo Trinidad and Francisco Dimaranan. On September 15, 1892, the property passed in ownership to Pedro Lopez de Leon, Sr. and Maxima Carrillo Trinidad, the daughter and sole heir of Ambrocio Carrillo Trinidad. Pedro and Maxima remained in possession of the property until their death when their children, applicants Pedro Lopez, Mariano Lopez de Leon, Pastor Lopez de Leon, Eulogio Lopez, Clara Lopez, Ricarda Lopez and Rosario Lopez took over ownership and possession thereof. Upon their death, their respective heirs succeeded over the property and, on February 25, 1971, they partitioned it. The

agricultural property was under the supervision of Domingo Opeña who planted portions thereof to rice and other agricultural products.

The clerk of court thus recommended that the court confirm its order of general default, approve his report, and register the property in the names of the applicants in accordance with the extrajudicial partition of the property.^[4]

On April 19, 1971, the court^[5] accordingly rendered a decision approving the report of the clerk of court and ordering that once the decision becomes final, the corresponding decree of registration of title be issued in favor of the applicants.^[6]

The oppositor Municipality of Silang interposed an appeal from the said decision of the land registration court to the Court of Appeals. On May 2, 1979, the Court of Appeals rendered a Decision^[7] dismissing the appeal "for lack of personality of the oppositor-appellant Municipality of Silang to interfere in the registration proceedings below."^[8] Undaunted, the oppositor municipality filed with this Court a petition for review on certiorari docketed as G.R. No. 51054 (*Municipality of Silang v. Court of Appeals*) which was denied on September 19, 1979. The municipality's motion for reconsideration was likewise denied with finality for lack of merit on October 24, 1979.^[9] On November 9, 1979, judgment was entered in the said case.^[10]

Meanwhile, in the course of examining the records for the purpose of issuing the decree of registration in favor of Pedro Lopez, *et al.*, the Land Registration Commission discovered that Lot No. 1, plan Psu-51901 had been decreed in favor of private respondents Honesto de Castro, *et al.*^[11]

Further investigation revealed that sometime in 1967,^[12] Honesto de Castro, *et al.* filed before the Court of First Instance of Cavite, Branch IV in Tagaytay City, an application for the registration of the same parcel of land under Land Registration Case No. TG-95 and LRC Rec. No. N-33292. The case was called for hearing on March 18, 1968. Eight (8) days later or on March 26, 1968, the court^[13] promulgated a decision adjudicating the land located at Barrio Iruhin, Tagaytay City, more particularly described as Plan Psu-51901-Amd., in favor of said applicants and directing that upon the finality of the decision, the corresponding decree of registration be issued.^[14] The ruling of the court was based on its finding that one Hermogenes Orte, who originally owned the land sought to be registered, sold it in 1932 to Marciano de Castro. The deed evidencing said sale was destroyed during the Japanese occupation. De Castro continued possession of the land until his death on April 26, 1940. His wife Epifania and their children named Maria Socorro, Francisco, Honesto, Romualdo, Felicitacion, Faustino and Felixberto continued possession of the property who declared the land for assessment and taxation purposes in Cabuyao, Laguna. However, upon learning that the property lies in Tagaytay City, the applicants declared it in their names in said city.

The cause of the conflicting claims over the same land was never explained because the head of the geodetic engineers of the Land Registration Commission did not appear in court in Land Registration Case No. 299. Hence, on August 19, 1981, the CFI of Cavite, Branch III^[15] issued an order declaring that the court had lost jurisdiction to hear the case, without, however, dismissing the case.

Seven (7) years later, or on June 28, 1988, the heirs of Pedro Lopez, et al. filed a complaint "for execution of judgment and cancellation of land titles of the defendants and their successors-in-interest" before the Regional Trial Court of Cavite, Branch 18, at Tagaytay City. Docketed as Civil Case No. TG-1028, the complaint named as defendants Honesto C. de Castro, Maria Socorro de Castro married to Antonio Perigrina, Francisco de Castro "widow", Faustino de Castro, Felixberto de Castro, Epifania C. Vda. de Castro and their successors-in-interest.

The complaint alleged the facts pertinent to enforce the judgment of April 19, 1971. The plaintiffs, petitioners herein, alleged further that, upon the filing of their application for registration with the CFI of Cavite, Branch III at Cavite City, said court acquired jurisdiction over the res because land registration proceedings are *in rem* and therefore, the CFI of Cavite, Branch IV at Tagaytay City could not have acquired jurisdiction over the same res by virtue of De Castros' application for registration. They claimed that no less than this Court had recognized the jurisdiction of Branch III in Cavite City when it passed upon the correctness of the lower court's ruling in favor of Pedro Lopez, et al. Contending that the decision of Branch III on April 19, 1971 declaring that title to the land belonged to Pedro Lopez, et al. had become final and executory on June 18, 1980, they asserted that they were the lawful owners of the land. However, they had been unduly deprived ownership and possession thereof on account of its "wrongful registration" in the name of the defendants "by means of fraud and misrepresentation." As a result of their undue deprivation of ownership, possession and enjoyment of the property notwithstanding that the question of ownership had been settled in their favor, plaintiffs claimed that they suffered actual and moral damages. Claiming that the judgment sought to be executed had not been barred by the statute of limitations, they prayed as follows:

WHEREFORE, plaintiffs pray for the judgment to effect:

1. Execution of judgment of the decision of the then Court of First Instance (CFI) Branch III, Cavite, dated April 19, 1971 by the Hon. Judge Alfredo Catolico which became final on June 18, 1980;
2. Ordering the National Land Titles and Deeds Registration Administration and the Register of Deeds of Tagaytay City to cancel the titles of the land in question under the names of the defendants and their successors in interest and that new title to the same parcel of land be issued to plaintiffs;
3. Ordering all the occupants of the questioned land to vacate the premises and deliver possession thereof to the plaintiffs;
4. Ordering the defendants and/or their successors in interest to pay plaintiffs or its (sic) heirs and/or successors in interest actual damages (in) the amount of P200,000.00 or the amount that may be proven during the hearing and trial of this case;
5. Ordering the defendants and/or their successors in interest to pay plaintiffs the sum of P200,000.00 for and as attorney's fees;

6. To pay plaintiffs exemplary damages in the amount of P100,000.00 or the sum that may be proven during the trial;

7. Ordering the defendants to pay the costs of suit.

Plaintiffs further pray for such other reliefs just and proper under the premises.^[16]

In their answer with compulsory counterclaim, the defendants interposed the defenses of prescription, laches and/or estoppel and failure to state a cause of action. They averred that they were no longer the owners of the property as it had been sold "absolutely and unconditionally to innocent third parties for valuable consideration and in good faith." They contended that in view of the indefeasibility of their title to the property, even the title of their successors-in-interest can not be subject to collateral attack. They claimed that Branch III of the CFI in Cavite should have "remanded" the records of LRC Case No. 299 or LRC Record No. 11617 to the same CFI branch in Tagaytay City to which the "legal and proper jurisdiction to hear and decide that particular case belonged." They asserted that the complaint should have been directed by the plaintiffs against the Assurance Fund under the provisions of P. D. No. 1529. Alleging that the "very precipitate and wrongful suit" caused them mental anguish, serious anxiety, social humiliation and similar injury, they claimed moral damages of P500,000.00, nominal damages of P100,000.00 and attorney's fees of P300,000.00.

On May 21, 1990, the RTC of Cavite, Branch 18 in Tagaytay City^[17] rendered the decision in Civil Case No. TG-1028 dismissing the complaint for being "improper and premature". The court likewise dismissed the defendants' counterclaims for "their dearth of sufficient legal, factual and evidentiary support."^[18]

The lower court held that the decision of Branch III that became final on June 18, 1980, could not be enforced against defendants considering that they were not parties in LRC Record No. 11617. Neither could it order the cancellation of the titles issued to defendants because the LRC and/or the Register of Deeds of Tagaytay City had not been impleaded as parties to the case and therefore the court did not acquire jurisdiction over them.

The lower court held further that because the case was covered by Act No. 496 and/or P.D. No. 1529 which are special laws, Section 6, Rule 39 of the Rules of Court on execution of judgment by independent action cannot be invoked. The court also ruled that:

Treating the second issue raised by plaintiffs, the then Court of First Instance of Cavite, Branch IV, or this Court, validly acquired jurisdiction over the case filed by defendants Honesto de Castro, et al., in LRC Case No. TG - 95. The records show that herein defendants as petitioner(s) in that case, complied with all the jurisdictional requirements of law, conferring jurisdiction upon this Court to try that case and lent validly (sic) upon its proceedings. As admitted by the plaintiffs themselves, this Court was not aware of the existence of LRC Record No. 11617, pending before the other Branch of this Court, in the same manner that they, or the plaintiffs themselves, did not also know the existence of LRC Case No. TG - 95 before this Court. This Court is assured that good faith