

THIRD DIVISION

[G.R. No. 204594, November 07, 2018]

SINDOPHIL, INC., PETITIONER, VS. REPUBLIC OF THE PHILIPPINES, RESPONDENT.

DECISION

LEONEN, J.:

The presumption that a holder of a Torrens title is an innocent purchaser for value is disputable and may be overcome by contrary evidence. Once a *prima facie* case disputing this presumption is established, the adverse party cannot simply rely on the presumption of good faith and must put forward evidence that the property was acquired without notice of any defect in its title.

This resolves Sindophil, Inc.'s (Sindophil) Petition for Review on Certiorari^[1] assailing the June 19, 2012 Resolution^[2] and November 23, 2012 Resolution^[3] of the Court of Appeals in CA-G.R. CV No. 96660. The Court of Appeals deemed as abandoned and, consequently, dismissed Sindophil's joint appeal with a certain Marcelo R. Teodoro (Teodoro) for their failure to file their Appellants' Brief within the required period.^[4]

This case involves a 2,791-square-meter parcel of land (Tramo property) located on Aurora Boulevard (Tramo), Pasay City, currently in Sindophil's possession. Sindophil anchors its right to the Tramo property on Transfer Certificate of Title (TCT) No. 132440, which was purportedly issued by the Register of Deeds of Pasay City.^[5]

On July 27, 1993, the Republic of the Philippines filed a Complaint^[6] for revocation, annulment, and cancellation of certificates of title before the Pasay City Regional Trial Court, and impleaded Sindophil as one of the defendants.

In its Complaint, the Republic alleged that per TCT No. 10354,^[7] issued by the Register of Deeds of Pasay City, the Tramo property was initially registered under the name of Teodoro on November 12, 1964. Teodoro then sold it to a certain Reynaldo Puma (Puma), causing the cancellation of TCT No. 10354 and the issuance of TCT No. 128358.^[8] Subsequently, Puma sold it to a certain Lourdes Ty (Ty). Puma's TCT No. 128358 was cancelled and TCT No. 129957 was issued to Ty.^[9] Finally, on May 3, 1991,^[10] Ty sold the property to Sindophil, causing the cancellation of TCT No. 129957 and the issuance of TCT No. 132440 to Sindophil on March 24, 1993.^[11]

Despite the issuance of certificates of title over the Tramo property, the Republic claimed that TCT No. 10354 in the name of Teodoro was "spurious or of doubtful authenticity."^[12] For one, the registry records of the Register of Deeds of Pasay City

showed that it was issued for a parcel of land in the name of a certain Maximo Escobar, not Teodoro.^[13] Another instance was that Teodoro's TCT No. 10354 provided that it emanated from TCT No. 3632; but the memorandum of cancellation annotated on TCT No. 3632 provided that it was cancelled by TCT No. 8081 issued to a certain Efigenia A. Vda. de Inocencio, not by TCT No. 10354 supposedly issued to Teodoro.^[14] Furthermore, TCT No. 10354 provided that it covered Lot 3270-B of the subdivision plan Psd-18572, allegedly a portion of Lot 3270 registered in the name of the Republic of the Philippines under TCT No. 6735. An examination of TCT No. 6735, however, revealed that it was never subdivided and that it remained under the name of the Republic. Neither was there a record of subdivision plan Psd-18572 recorded with the Department of Environment and Natural Resources.^[15] For these reasons, the Republic argued that TCT No. 10354 and all certificates of title that emanated from it, including Sindophil's TCT No. 132440, were null and void and should accordingly be cancelled.^[16]

In their Answer,^[17] Teodoro, Puma, Ty, and Sindophil countered that the Republic was estopped from questioning the transfers considering that it had allowed the series of transfers and even accepted the "tremendous amount[s] paid"^[18] as capital gains tax. They added that the Complaint was filed because of the Register of Deeds' "personal grudge"^[19] against them because they had questioned a consulta issued by the Register of Deeds before the Administrator of the Land Registration Authority.^[20] Finally, they contended that they were innocent purchasers for value and, in the absence of evidence to the contrary, reconveyance should not lie.^[21] Arguing that the Republic had no cause of action against them, they prayed for the dismissal of the Complaint.^[22]

During trial, only the Republic was able to present its evidence. Defendants Teodoro, Puma, Ty, and Sindophil were all deemed to have waived their right to present evidence when they failed to present any evidence or witness despite several settings. The parties were then ordered to file their respective memoranda; but instead of filing a memorandum, Sindophil filed a Motion to Re-Open Case,^[23] praying that it be allowed to present evidence that it was a buyer in good faith. As to why it failed to present evidence during trial, Sindophil explained that its witness, Sindophil President Victoria Y. Chalid (Chalid), suffered a stroke which prevented her from testifying during trial.^[24] Lastly, it pointed out that the Regional Trial Court granted the Republic a total of 110 days to file a formal offer of evidence. Thus, Sindophil prayed that it be "given equal opportunity to present [its] defense since the [Regional Trial Court] had been very lenient to [the Republic's counsel,] the Office of the Solicitor General[.]"^[25]

The Regional Trial Court, however, went on to decide the case without acting on Sindophil's Motion to Re-Open Case. In its November 13, 2009 Decision,^[26] it ruled in favor of the Republic and voided the certificates of title issued to defendants Teodoro, Puma, Ty, and Sindophil. It found that the Tramo property claimed by Teodoro under TCT No. 10354 was derived from TCT No. 6735 registered in the name of the Republic.^[27] However, no annotation of the supposed transfer to Teodoro was annotated on TCT No. 6735.^[28]

On the claim of defendants that they were innocent purchasers for value, the

Regional Trial Court said that this defense was "just a mere [assertion] and was never supported by any documents."^[29] It stated that defendants failed to discharge the burden of proving that they were purchasers in good faith and for value, thus, rejecting their argument.^[30]

The dispositive portion of the Regional Trial Court November 13, 2009 Decision read:

WHEREFORE, in view of the foregoing, TCT No. 10354 in the name of Marcelo R. Teodoro and all subsequent titles derived therein, TCT Nos. 128358, 129957 and 132440, in the names of Reynaldo Puma, Lourdes Ty and Sindophil, Inc., respectively, are hereby declared **Null and Void**. The Re[g]ister of Deeds is hereby ordered to effect the cancellation of the same. Likewise, defendants are hereby directed to refrain from exercising or representing acts of ownership and/or possession over the land covered by the titles declared Null and Void.

SO ORDERED.^[31] (Emphasis in the original)

Sindophil, together with Teodoro, appealed before the Court of Appeals.^[32] However, for failure to file their appellants' brief within the required period, the Court of Appeals deemed the appeal abandoned and consequently dismissed it. The Court of Appeals June 19, 2012 Resolution^[33] stated:

In view of the failure of the defendants-appellants to file their Appellants' Brief within the period allowed to them, we hereby consider their appeal as **ABANDONED** and, consequently, **DISMISSED** pursuant to Section 1(e) of Rule SO of the 1997 Rules of Civil Procedure.

IT IS SO ORDERED.^[34] (Emphasis in the original)

Sindophil filed a Motion for Reconsideration^[35] with its appellant's brief^[36] annexed to it. It explained that it failed to file its appeal brief on time because its counsel, Atty. Rovenel O. Obligar (Atty. Obligar), transferred his law office from Pasig City to Las Piñas City and, in the process, his house helpers probably lost or inadvertently disposed of the Resolution directing the filing of appeal brief.^[37]

In its November 23, 2012 Resolution,^[38] the Court of Appeals denied Sindophil's Motion for Reconsideration, thus:

This has reference to the motion filed by the defendant-appellant Sindophil, Inc., through its counsel, for reconsideration of the resolution promulgated in this case on June 19, 2012.

We find no cogent reason to warrant a reconsideration of the aforementioned resolution. The petitioner, through its counsel, admitted in its motion that it committed lapses. It has to suffer the consequence of such lapses.

Procedural rules have their own wholesome rationale in the orderly administration of justice. Justice is to be administered according to the

rules in order to obviate arbitrariness, caprice or whimsicality (*Vasco vs. Court of Appeals*, G.R. No. L-46763, February 28, 1978, 81 SCRA 763, 766).

Thus, procedural rules are not to be belittled or dismissed simply because their non-observance may have resulted in prejudice to a party's substantive rights. Like all rules, they are required to be followed except only when, for the most persuasive of reasons, they may be relaxed to relieve a litigant of an injustice not commensurate with the degree of his thoughtlessness in not complying with the procedure prescribed. While it is true that litigation is not a game of technicalities, this does not mean that the Rules of Court may be ignored at will and at random to the prejudice of the orderly presentation and assessment of the issues and their just resolution. As held by the Supreme Court in *Garbo vs. Court of Appeals*, G.R. No. 107698, July 5, 1996, 258 SCRA 159:

"Procedural rules are tools designed to facilitate the adjudication of cases. Courts and litigants alike are thus enjoined to abide strictly by the rules. And while the Court, in some instances, allows a relaxation in the application of the rules, this, we stress, was never intended to forge a bastion of erring litigants to violate the rules with impunity. The liberality in the interpretation and application of the rules applies only in proper cases and under justifiable causes and circumstances. While it is true that litigation is not a game of technicalities, it is equally true that every case must be prosecuted in accordance with the prescribed procedure to insure an orderly and speedy administration of justice."

Procedural rules, therefore, are not to be disdained as mere technicalities that may be ignored at will to suit the convenience of a party (*Santos vs. Court of Appeals*, G.R. No. 92862, July 4, 1991, 198 SCRA 806). We find the instant case to be not an exception to the aforementioned rule.

WHEREFORE, in view of the foregoing premises, we hereby **DENY** the motion for reconsideration filed in this case by the defendant-appellant Sindophil, Inc.

SO ORDERED.^[39]

On January 18, 2013, Sindophil filed its Petition for Review on Certiorari^[40] before this Court. After four (4) Motions^[41] for Extension, the Republic filed its Comment^[42] on July 15, 2013. In its July 31, 2013 Resolution,^[43] this Court noted the Comment and directed Sindophil to file its Reply within 10 days from notice.

Sindophil was served a copy of the Comment on September 18, 2013 and had until September 28, 2013 to file its Reply.^[44] However, Sindophil failed to file its Reply within the required period and its counsel was required to show cause^[45] why he should not be disciplinarily dealt with and was again required to file a Reply. On May 15, 2014, Sindophil filed its Reply^[46] with its counsel apologizing for failing to file it within the required period "because he honestly believed that the filing of one is

optional and not mandatory."^[47] This Court noted the Reply in its July 7, 2014 Resolution.^[48]

The parties raise both procedural and substantive issues for resolution of this Court. The procedural issues in this case are:

First, whether or not the Court of Appeals erred in dismissing Sindophil's appeal for failure to file an appeal brief within the required period; and

Second, whether or not the Regional Trial Court erred in deciding the case despite Sindophil's filing of a Motion to Re-Open Case.

The substantive issues are:

First, whether or not the certificates of title emanating from TCT No. 10354 are null and void; and

Second, whether or not the Regional Trial Court erred in not awarding Sindophil, compensation from the Assurance Fund.

On the procedural issues, Sindophil mainly argues that it was deprived of the right to "genuine" due process both by the Regional Trial Court and the Court of Appeals. According to Sindophil, its failure to present evidence during trial and its failure to file the appeal brief within the required period are "technical grounds"^[49] that the Regional Trial Court and the Court of Appeals could have excused in the interest of substantial justice.

On the merits, Sindophil maintains that when it bought the Tramo property from Ty, it was a buyer in good faith and had no notice of any infirmities in his title.^[50] Considering that under the Torrens System, "[a] purchaser is not bound by the original certificate of title but only by the certificate of title of the person from whom he purchased the property[,]"^[51] the Regional Trial Court erred in voiding its title to the Tramo property because of the supposed anomalies surrounding the issuance of TCT No. 10354 to Teodoro. Assuming that its title is indeed void, Sindophil nevertheless argues that it should have been awarded compensation from the Assurance Fund per Section 95^[52] of the Property Registration Decree, as amended.^[53]

As for respondent, it argues that there was no deprivation of due process because Sindophil was given more than enough opportunity to present its case but repeatedly and unjustifiably failed to do so. Its reasons for failing to file the appeal brief-the Resolution directing the filing of the brief was lost either because of its counsel's transfer of office from Pasig City to Las Piñas City or because it might have been disposed by the counsel's house helpers-are inexcusable and are all due to the negligence of its counsel. With appeal being a mere statutory privilege, respondent argues that the Court of Appeals did not err in dismissing Sindophil's appeal for failure to comply with the Rules of Court.^[54]

Furthermore, respondent maintains that the issue of whether a buyer is in good faith is a question of fact. The issue of whether Sindophil is entitled to compensation