

FIRST DIVISION

[G.R. No. 208948, February 24, 2016]

**JOSE B. LURIZ, PETITIONER, VS. REPUBLIC OF THE
PHILIPPINES, RESPONDENTS.**

D E C I S I O N

PERLAS-BERNABE, J.:

Assailed in this petition for review on *certiorari*^[1] are the Decision^[2] dated May 15, 2013 and the Resolution^[3] dated August 30, 2013 of the Court of Appeals (CA) in CA-G.R. CV No. 95148, which reversed and set aside the Decision^[4] dated December 15, 2009 of the Regional Trial Court of Quezon City, Branch 83 (RTC) in LRC Case No. Q-8922 (97), thereby dismissing the petition for reconstitution filed by petitioner Jose B. Luriz (Luriz).

The Facts

On May 26, 1997, Luriz filed before the RTC a verified Amended Petition^[5] for reconstitution (reconstitution petition) of Transfer Certificate of Title (TCT) No. 1297^[6] of the Registry of Deeds of Quezon City (RD-QC) in the name of his predecessor-in-interest, Yoichi Urakami (Urakami), covering Lots 8 and 10, Block 260 of Subdivision Plan PSD-18527 situated in Quezon City (subject properties), with an area of 1,517 square meters (sq. m.) and 1,516.50 sq. m., respectively. The case was docketed as LRC Case No. Q-8922 (97).^[7]

Luriz alleged that Urakami was the registered owner of the subject properties who sold the same to Tomas Balingit (Balingit) by virtue of a Deed of Absolute Sale^[8] dated February 12, 1948 (February 12, 1948 deed of sale) who, in turn, sold the same to him through a Deed of Absolute Sale^[9] dated January 31, 1975 (January 31, 1975 deed of sale).^[10] However, the original copy of TCT No. 1297 with the RD-QC was destroyed by the fire that gutted the Quezon City (QC) Hall in June 1988; hence, the reconstitution petition based on the owner's duplicate copy of TCT No. 129711 (questioned certificate).

Finding the reconstitution petition to be sufficient in form and substance, the RTC issued an Amended Order^[12] dated June 11, 1997 (June 11, 1997 Amended Order), setting the case for initial hearing on September 25, 1997 and directing that the concerned government offices and the adjoining property owners be furnished a copy thereof. The RTC likewise ordered that notice of the reconstitution petition be published in the Official Gazette once a week for two (2) consecutive weeks and posted at least thirty (30) days prior to the scheduled hearing at the main entrance of the RTC's courtroom and on the bulletin board of the Sheriffs Office.^[13] The notice was published in the August 11, 1997 (Vol. 93, No. 32) and August 18, 1997

(Vol. 93, No. 33) issues of the Official Gazette^[14] and posted as required.^[15]

The Republic of the Philippines (Republic) filed its Supplemental Opposition^[16] declaring that it is the registered owner of the subject properties as evidenced, *inter alia*, by the following documents: (a) Vesting Order No. P-89^[17] dated April 9, 1947 of the Philippine, Alien Property Administration of the United States of America (US) confiscating the same as properties belonging to citizens of an enemy country, Japan; (b) Transfer Agreement^[18] dated May 7, 1953 between the President of the Philippines and the Attorney General of the US, transferring all of the latter's right, title and interest to the subject properties to the Government of the Republic; (c) Ledger Sheet^[19] of the Board of Liquidators describing the dealings in the said properties; (d) Proclamation No. 438^[20] issued on December 23, 1953 reserving the subject properties for dormitory site purposes of the North General Hospital; and (e) Proclamation No. 732^[21] issued on February 28, 1961 revoking Proclamation No. 438 and reserving the subject properties, instead, for dormitory site purposes of the National Orthopedic Hospital, now Philippine Orthopedic Center (POC), which is presently in possession thereof.

After compliance with the jurisdictional requirements, the RTC allowed Luriz to present his evidence.^[22]

In the interim, or on November 4, 1997, the Republic filed a Motion for Examination of Documents by the National Bureau of Investigation^[23] (NBI) seeking to determine the genuineness and due execution of the questioned certificate and the February 12, 1948 and January 31, 1975 deeds of sale, which was granted in an Order^[24] dated June 15, 1998. Consequently, the Republic submitted NBI Questioned Documents Report No. 733-998^[25] dated November 10, 1998 rendered by NBI Document Examiner III Zenaida J. Torres (Ms. Torres) concluding that the questioned certificate is not genuine, and presented the testimony of Ms. Torres affirming said finding.^[26]

In rebuttal, Luriz presented the report^[27] and testimony of Atty. Desiderio A. Pagui (Atty. Pagui), a retired NBI Document Examiner, who likewise conducted a scientific comparative examination of the questioned certificate, but opined that the two (2) signatures of the Register of Deeds of Quezon City (Register of Deeds-QC) appearing in the questioned certificate are genuine.^[28]

On the other hand, the other oppositor, Fidel Villanueva (Villanueva), who similarly asserted ownership over the subject properties on the basis of a purported administratively reconstituted TCT No. 65677,^[29] no longer participated in the proceedings after his motion to set aside the June 11, 1997 Amended Order and the September 25, 1997 hearing was denied by the RTC.^[30]

The RTC Ruling

In a Decision^[31] dated December 15, 2009, the RTC granted Luriz's reconstitution petition and thereby, ordered the Register of Deeds-QC to reconstitute the lost/destroyed original copy of TCT No. 1297.^[32] It held that Luriz was able to prove

the existence³³ of the said title and his interest in the subject properties.^[34] On the other hand, it found that the evidence presented by the Republic merely tended to establish its claim of ownership over the subject properties, which are improper in a reconstitution proceeding and should be threshed out in a separate proceeding.^[35]

Dissatisfied, the Republic appealed^[36] to the CA.

The CA Ruling

In a Decision^[37] dated May 15, 2013, the CA reversed and set aside the RTC ruling and, instead, dismissed Luriz's reconstitution petition.^[38] It found that the sale in Luriz's favor was *simulated* or *fictitious* considering: (a) his admissions that he was not aware of such sale until sometime in 1996 when his mother-in-law handed him the documents pertaining thereto, and that he did not pay the consideration therefor; and (b) the absence of his signature on the deed of sale. Since the document where Luriz anchors his claim is void, he does not have any interest in the properties in question and has no legal standing to seek reconstitution.^[39]

Unperturbed, Luriz moved for reconsideration,^[40] which was denied in a Resolution^[41] dated August 30, 2013; hence, this petition.

The Issue Before the Court

The essential issue for the Court's resolution is whether or not the CA erred in dismissing the petition for reconstitution.

The Court's Ruling

The petition lacks merit.

The reconstitution of a certificate of title denotes restoration in the original form and condition of a lost or destroyed instrument attesting the title of a person to a piece of land. It partakes of a land registration proceeding. Thus, it must be granted only upon **clear proof that the title sought to be restored was indeed issued to the petitioner or his predecessor-in-interest, and such title was in force at the time it was lost or destroyed.**^[42]

In the present case, the reconstitution petition is anchored on a purported owner's duplicate copy of TCT No. 1297 - a source for reconstitution of title under Section 3 (a)^[43] of Republic Act No. (RA) 26.^[44] Based on the provisions of the said law, the following must be present for an order of reconstitution to issue: (a) the certificate of title had been lost or destroyed; (b) the documents presented by petitioner are sufficient and proper to warrant reconstitution of the lost or destroyed certificate of title; (c) the petitioner is the registered owner of the property or had an interest therein; (d) the certificate of title was in force at the time it was lost and destroyed; and (e) the description, area, and boundaries of the property are substantially the same as those contained in the lost or destroyed certificate of title.^[45] Particularly, when the reconstitution is based on an extant owner's duplicate TCT, **the main concern is the authenticity and genuineness of the certificate.**^[46]

Tested against the foregoing, the Court finds that **Luriz was not able to prove that TCT No. 1297 sought to be reconstituted was authentic, genuine, and in force at the time it was lost and destroyed.**

At the forefront of this pronouncement is Vesting Order No. P-89^[47] dated April 9, 1947, which was promulgated pursuant to the provisions of the Trading with the Enemy Act^[48] of the US, as amended (Trading with the Enemy Act), the Philippine Property Act of 1946,^[49] and Executive Order No. 9818,^[50] with the document entitled "Exhibit A,"^[51] which seized or vested the subject properties "to be held, used, administered, liquidated, sold or otherwise dealt with in the interest and for the benefit of the [US]"^[52] in accordance with the foregoing Acts.^[53]

To recall, after the liberation of the Philippines during World War II, properties belonging to Japanese nationals located in this country were taken possession of by the Alien Property Custodian appointed by the President of the US under the Trading with the Enemy Act. Although the Philippines was not a territory or within the jurisdiction or national domain of the US, it was then occupied by the US military and naval forces.^[54] The application of the Trading with the Enemy Act was extended to the Philippines by mutual agreement of the two Governments, while the operation of the Philippine Property Act of 1946 was based on the express provision of the said act, and on the tacit consent thereto and the conduct of the Philippine Government in receiving the benefits of its provisions.^[55] The extraterritorial effect of the said foreign statutes to the Philippines was expressly recognized in *Brownell, Jr. v. Sun Life Assurance Company*^[56] where the Court ruled:

[W]hen the proclamation of the independence of the Philippines by President Truman was made, said independence was granted 'in accordance with and subject to the reservations provided in the applicable statutes of the United States,' The enforcement of the Trading With the Enemy Act of the United States was contemplated to be made applicable after independence, within the meaning of the reservations.

On the part of the Philippines, conformity to the enactment of the Philippine Property Act of 1946 of the United States was announced by President Manuel Roxas in a joint statement signed by him and by Commissioner McNutt. Ambassador Romulo also formally expressed the conformity of the Philippine Government to the approval of said act to the American Senate prior to its approval. And after the grant of independence, the Congress of the Philippines approved Republic Act No. 8, entitled

AN ACT TO AUTHORIZE THE PRESIDENT OF THE PHILIPPINES TO ENTER INTO SUCH CONTRACT OR UNDERTAKINGS AS MAY BE NECESSARY TO EFFECTUATE THE TRANSFER TO THE REPUBLIC OF THE PHILIPPINES UNDER THE PHILIPPINE PROPERTY ACT OF NINETEEN HUNDRED AND FORTY-SIX OF ANY PROPERTY OR PROPERTY RIGHTS OR THE PROCEEDS THEREOF AUTHORIZED TO BE TRANSFERRED UNDER SAID ACT; PROVIDING FOR THE ADMINISTRATION AND

DISPOSITION OF SUCH PROPERTIES ONCE RECEIVED; AND
APPROPRIATING THE NECESSARY FUND THEREFOR.

The Congress of the Philippines also approved Republic Act No. 7, which established a Foreign Funds Control Office. After the approval of the Philippine Property Act of 1946 of the United States, the Philippine Government, also formally expressed, through the Secretary of Foreign Affairs, conformity thereto. (See letters of Secretary dated August 22, 1946, and June 3, 1947.) The Congress of the Philippines has also approved Republic Act No. 477, which provides for the administration and disposition of properties which have been or may hereafter be transferred to the Republic of the Philippines in accordance with the Philippine Property Act of 1946 of the United States.

It is evident, therefore, that the consent of the Philippine Government to the application of the Philippine Property Act of 1946 to the Philippines after independence was given, not only by the Executive Department of the Philippine Government, but also by the Congress, which enacted the laws that would implement or carry out the benefits accruing from the operation of the United States law. x x x.^[57] (Emphasis supplied)

Being an official record of a duty especially enjoined by laws in force in the Philippines at the time it was issued,^[58] Vesting Order No. P-89 is, therefore, *prima facie* evidence of the facts stated therein.^[59]

Vesting Order No. P-89 dated April 9, 1947 stated that, after proper investigation, the Philippine Alien Property Administration had found that the properties particularly described in **Exhibit A**, *i.e.*, the Transcript of TCT No. 1297; B[oo]k T-9 P[age] 47, were owned or controlled by "nationals of a designated enemy country (Japan)."^[60] **Exhibit A** identified the vested properties as:

- (a) covered by **TCT No. 1297** issued by the RD-QC on **July 19, 1941**, and may be found in **B[oo]k T-9 P[age] 47** of the registration book;
- (b) situated in QC, and bounded and described as follows:
 - " Lot No. 8, Block No. 260, subdivision, Psd-18527, portion
(1) of Lot No. 4-B-3-C-2A-1, described in subdivision Plan Psd-18526, GLRO Record No. 7681
NE - Lot No. 10, Block No.)
260
SE - Lot No. 9, Block No.)
260
SW - Lot No. 6, Block No.) **AREA: 1578.8**
260
NW - Street Lot No. 31) square meters
 - (2) Lot No. 10, Block No. 260, etc. (see above)
NE - Lot No. 12, Block No.)
260
SE - Lot No. 11, Block No.)
260