

FIRST DIVISION

[G.R. No. 160728, March 11, 2015]

**CLT REALTY DEVELOPMENT CORPORATION, PETITIONER, VS.
PHIL-VILLE DEVELOPMENT AND HOUSING CORPORATION,
REPUBLIC OF THE PHILIPPINES (THROUGH THE OFFICE OF THE
SOLICITOR GENERAL), AND THE REGISTER OF DEEDS OF METRO
MANILA DISTRICT III, CALOOCAN CITY, RESPONDENTS.**

D E C I S I O N

LEONARDO-DE CASTRO, J.:

Once more, the Court has the opportunity to correct the errors in the Torrens system about the fake titles that were erroneously issued covering the controversial Maysilo Estate. This case calls for a direct application of the Court En Banc's resolutions in *Manotok Realty, Inc. v. CLT Realty Development Corporation*^[1] as petitioner's title involved here was conclusively dealt with in those cases.

This is a petition for review on *certiorari* under Rule 45 of the Rules of Court seeking to reverse and set aside the **Decision**^[2] dated February 27, 2003 and the **Resolution**^[3] dated November 10, 2003 (the questioned Decision and Resolution) both issued by the Court of Appeals in **CA-G.R. CV No. 52606**, which affirmed the **Decision**^[4] dated March 15, 1996 of the Regional Trial Court (RTC), Branch 122, Caloocan City, in **Civil Case No. C-15045**.

The questioned Decision and Resolution sustained the RTC Decision, which ruled in favor of respondent Phil-Ville Development and Housing Corporation (respondent Phil-Ville) and against petitioner CLT Realty Development Corporation (petitioner), as shown in the dispositive portion quoted below:

WHEREFORE, in view of all the foregoing premises, judgment is hereby rendered:

1. Declaring plaintiff Phil-Ville Development and Housing Corporation the true, absolute and legitimate owner of the sixteen (16) parcels of land subject matter of this case located in Caloocan City registered in its name;
2. Declaring null and void defendant CLT's Transfer Certificate of Title No. T-177013 and ordering defendant to surrender said title to defendant Register of Deeds of Metro Manila District III;
3. Ordering the defendant Register of Deeds of Metro Manila District III to cancel the original title of TCT No. 177013 in the name of CLT in the records of his office as well as the corresponding owner's duplicate

certificate;

4. Ordering defendant to pay plaintiff the sum of P50,000.00 as for attorney's fees;

5. The Injunction issued by this Court in its Order dated August 28, 1992 is hereby dissolved permanently;

6. To pay the cost of this suit.^[5]

FACTS

This case started with a **Complaint**^[6] for **Quieting of Title, Damages and Injunction** filed by respondent Phil-Ville against petitioner and the **Register of Deeds of Metro Manila District III** on August 28, 1991 before the RTC of Caloocan City, Branch 122, docketed as **Civil Case No. 15045**. Both corporations are domestic, duly organized and existing under and by virtue of the laws of the Republic of the Philippines.

Respondent Phil-Ville claims that it is the registered owner and actual possessor of sixteen (16) parcels of land in Baesa, Caloocan City, as shown in the following table^[7]:

Title No.	Lot Description	Exhibit
C-21568	Lot 25-A, (LRC) Psd-41914	"B"
C-24966	Lot 25-B-1, (LRC) Psd-42341	"C"
C-33124	Lot 25-B-2, (LRC) Psd-42341	"D"
C-21569	Lot 25-C, (LRC) Psd-41914	"E"
C-33418	Lot 25-D, (LRC) Psd-41914	"F"
C-21570	Lot 25-E, (LRC) Psd-41914	"G"
C-232569	Lot 26, (LRC) Pcs-1828	"H"
C-28076	Lot 27, (LRC) Pcs-1828	"I"
C-28077	Lot 28, (LRC) Pcs-1828	"J"
C-29114	Lot 31-A, (LRC) Psd-42343	"K"
C-27944	Lot 31-B, (LRC) Psd-42343	"L"
C-156145	Lot 34-A-2, (LRC) Psd-306716	"M"
C-28075	Lot 34-B, (LRC) Psd-1234001	"N"

C-29113	Lot 57-A-1, (LRC) Psd-116549	"O"
C-35359	Lot 57-A-2, (LRC) Psd-116549	"P"
C-27943	Lot 57-B, Psd-75893	"Q"

Respondent Phil-Ville claimed that it had been in "actual, open, notorious, public, physical and continuous possession" of the 16 parcels of land "before 1980 up to [the] present."^[8] It fenced said parcels of land in 1980 and 1991.^[9]

Respondent Phil-Ville presented a chart^[10] showing that the 16 parcels of land were derived from and were part of Lot 26, Maysilo Estate originally covered by Original Certificate of Title (OCT) No. 994 issued on May 3, 1917.

Respondent Phil-Ville alleged that based on official records of the office of respondent Register of Deeds and the Land Registration Authority, petitioner was issued **Transfer Certificate of Title (TCT) No. T-177013**, covering a parcel of land situated in Caloocan City, particularly described as follows:

A parcel of land (Lot 26, Maysilo Estate, LRC Swo-5268), situated in the Mun. of Malabon, Caloocan City, Island of Luzon. Bounded on the NW along lines 1 to 19 by the Tullajan River; on the NE., along lines 19 to 24 by Piedad Estate; on the SE., along lines 24 to 37 by Lot 27 (LRC) SWO-5268; on the SW., along lines 37 to 46 and 46 to 1 by Lot 25-A (LRC) SWO 5268 x x x containing an area of EIGHT HUNDRED NINETY[-]ONE THOUSAND FIVE HUNDRED FORTY[-]SEVEN AND FORTY-THREE (891,547.43) x x x.^[11]

Respondent Phil-Ville further claimed that an actual plotting of the relative position of Lot 26 as particularly described in petitioner's aforementioned TCT No. T-177013 in relation to the positions of all the lots covered by respondent Phil-Ville's transfer certificates of title, respectively, proved positively that said *TCT No. T-177013 of petitioner **overlaps** respondent Phil-Ville's aforesaid parcels of land.* Respondent Phil-Ville contended that petitioner's TCT No. T-177013, although apparently valid or effective, is in truth and in fact, invalid and ineffective, and unless declared as such by the court, will inevitably prejudice respondent Phil-Ville's title over its 16 parcels of land, as said title of petitioner is a potential cause of litigations between respondent Phil-Ville and petitioner, as in the present suit, as well as suit/s involving respondent Phil-Ville and transferee/s of petitioner of the entire and/or a portion of Lot 26 in question.^[12]

The other allegations of respondent Phil-Ville as contained in its Complaint to support its action to quiet title were succinctly summarized by the Court of Appeals and are quoted below:

[A]n examination of the annotations under the Memorandum of Encumbrances of Original Certificate of Title No. 994, earlier mentioned as the mother title of TCT No. 177013, reveals that on September 9,

1918, TCT No. 4210 was issued in favor of Alejandro Ruiz and Mariano P. Leuterio, cancelling OCT No. 994, Lot 26, over an area of 3,052.93 square meters and another area of 16,512.50 square meters by virtue of a Deed of Sale executed on August 21, 1918; another inscription stated that TCT No. 4211 Lot 26 with an area of 871,982 square meters was issued on September 9, 1918, totally cancelling OCT No. 994 with regard to Lot 26 by virtue of a sale on August 21, 1918 also in favor of Alejandro Ruiz and Mariano P. Leuterio; said sales were executed by Commissioners Don Tomas Arguelles and Don Enrique Llopiá, duly appointed by the then Court of First Instance of Rizal in CC-391 and the sale was approved by the court; if the aforementioned sales were added together, TCT No. 4210 consisting of 3,052.93 square meters and 16,512.50 square meters when added to the 871,547 square meters of TCT No. 4211 amount to 891,547 square meters, which is equivalent to the total area of Lot No. 26, as appearing on the face of OCT No. 994; TCT No. 4211 covering Lot 26 with an area of 871,982 (LRC) Pcs-1828 in the names of Alejandro Ruiz and Mariano P. Leuterio, was cancelled by TCT No. 5261 in the name of Francisco J. Gonzales, who purchased the property from Alejandro Ruiz and Mariano P. Leuterio; when Francisco J. Gonzales died, the property was transferred to his six (6) children in undivided shares under TCT No. 35486, who partitioned among themselves the same property and seven TCTs were issued to them; the Republic of the Philippines expropriated the lands of the Gonzales and as a consequence the titles of the Gonzales were cancelled and in lieu thereof seven (7) new TCTs were issued in the name of the Republic of the Philippines; thereafter, the Republic of the Philippines through the National Housing Authority (NHA) consolidated and subdivided into 77 lots to the 8 vendees of NHA; [respondent Phil-Ville] subsequently acquired the 8 lots through sale and deeds of exchange and had the lots titled in its name; Estelita Hipolito, Jose B. Dimson and [petitioner] CLT were not among the vendees of NHA or of the latter's vendees/transferees covering the disposition of the aforementioned expropriated lands; a further examination of TCT No. 177013 of [petitioner] CLT revealed that said title was a transfer from TCT No. R-17994 in the name of Estelita I. Hipolito and said TCT No. R-17994 was a transfer from TCT No. 15166 in the name of Jose B. Dimson married to Rueta Rodriguez Dimson and TCT No. 15166 originated from OCT No. 994 in the name of Isabel Gil de Gola as judicial administratrix of the estate of Gonzalo Tuazon and 31 others; the annotations in the aforementioned titles of Estelita Hipolito and Jose B. Dimson showed that Estelita Hipolito acquired Lot 26 by virtue of an Order of Court dated October 18, 1977, approving a compromise agreement which admitted that the sale was made by Jose B. Dimson in her favor on September 2, 1976; Jose B. Dimson acquired the lot by virtue of the Court Order dated June 13, 1966 awarding to him as attorney's fees 25% of whatever remained under Lot 25-A, 26, 27, 28 and 29 undisposed of the intestate estate of decedent Concepcion Vidal, one of the registered owners of properties covered by OCT No. 994; x x x Lot 26 was totally disposed of on September 9, 1918 and August 21, 1918 in favor of Alejandro Ruiz and Mariano P. Leuterio, predecessors-in-interest of [respondent], hence, at the time of the issuance of the Order of Court dated June 13, 1966, granting to Jose B. Dimson as part of his attorney's fees the undisposed portion of Lot 26, among others, **nothing more was left of said Lot 26**

which could be further awarded to or conveyed to Jose B. Dimson as attorney's fees; consequently, nothing at all was left for Jose B. Dimson to convey to Estelita Hipolito; by necessary consequence, nothing more of said Lot 26 could be conveyed by Estelita Hipolito to [petitioner] CLT, thus, rendering TCT No. T-177013 void and ineffective x x x; at the time of [petitioner] CLT's acquisition of Lot 26, and in the subsequently acquired title of [petitioner] CLT, an annotation appeared on the TCTs which reads: *"(P)ursuant to Ministry Opinion No. 239 dated November 4, 1982, Notice is hereby given that this titles (sic) is subject to the verification by the LRC Verification Committee on questionable titles, plan, decrees and other documents"*; [petitioner] CLT was not only effectively forewarned of the questionable character of its predecessors-in-interests' title on Lot 26, but must and should had also known of [respondent Phil-Ville's] ownership of the disputed land because the latter had been in actual possession thereof then and up to now x x x.^[13] (Emphasis supplied.)

On the other hand, petitioner's allegations contained in its **Answer (With Petition for Issuance of Writ of Preliminary Injunction)**^[14] were likewise summarized by the Court of Appeals as follows:

[Petitioner CLT] is the registered owner of a parcel of land known as Lot 26 of the Maysilo Estate as evidenced by a valid and regular title and devoid of any infirmity, TCT No. 177013 of the Registry of Deeds of Caloocan City; it acquired said real property on December 10, 1988 from Estelita I. Hipolito, the legal registered owner of said property, by virtue of a Deed of Absolute Sale with Real Estate Mortgage; Estelita I. Hipolito, in turn, acquired Lot No. 26 of the Maysilo Estate from Jose B. Dimson, also a previous holder of Torrens title, TCT No. 15166, by virtue of a Deed of Sale dated September 2, 1976; Jose B. Dimson, on the other hand, acquired title over Lot No. 26 of the Maysilo Estate by virtue of a Court Order dated June 13, 1966 issued by the then Court of First Instance of Rizal in Civil Case No. 4557 concerning the rights and interest of the heirs of Maria de la Concepcion Vidal over certain parcels of land covered by OCT No. 994, including Lot No. 26 of the Maysilo Estate; at the time TCT No. 15166 was issued in favor of Jose B. Dimson, the parcels of land covered by OCT No. 994 were not totally disposed of, more particularly Lot No. 26; insofar as Lot 26 was concerned, OCT No. 994 was not yet cancelled; in view thereof, the Register of Deeds partially cancelled OCT No. 994 and issued a Torrens Title, TCT No. 15166, in favor of Jose B. Dimson; contrary to [respondent Phil-Ville's] allegations, it was not occupying its own properties but portions of the property of [petitioner] CLT Realty covered by TCT No. T-177013 of the Registry of Deeds of Caloocan City; contrary to [respondent Phil-Ville's] allegations, its titles to the aforementioned 16 parcels of land, are the ones which are null and void; [petitioner] CLT Realty's examination of the available records revealed that TCT No. 4211, the alleged title from which [respondent Phil-Ville's] titles originated, was clearly forged and spurious; the same is true with TCT Nos. 5461, 35486 and the succeeding derivative titles; records of the alleged deeds of sale in favor