

SECOND DIVISION

[G.R. No. 190028, February 26, 2014]

LETICIA P. LIGON, PETITIONER, VS. THE REGIONAL TRIAL COURT, BRANCH 56 AT MAKATI CITY AND ITS PRESIDING JUDGE, JUDGE REYNALDO M. LAIGO, SHERIFF IV LUCITO V. ALEJO, ATTY. SILVERIO GARING, MR. LEONARDO J. TING, AND MR. BENITO G. TECHICO, RESPONDENTS.

D E C I S I O N

PERLAS-BERNABE, J.:

Assailed in this petition for review on *certiorari*^[1] is the Decision^[2] dated October 30, 2009 of the Court of Appeals (CA) in CA-G.R. SP No. 106175, finding no grave abuse of discretion on the part of the Regional Trial Court of Makati City, Branch 56 (Makati City RTC) in issuing the following orders (Assailed Orders) in Civil Case No. 03-186:

(a) the Order^[3] dated February 9, 2007 which directed the Register of Deeds of Muntinlupa City, respondent Atty. Silverio Garing (Atty. Garing), to (1) register the Officer's Final Deed of Sale issued by respondent Sheriff Lucito V. Alejo (Sheriff Alejo) on October 27, 2006 in favor of the highest bidder, respondent Leonardo J. Ting (Ting), (2) cancel Transfer Certificate of Title (TCT) No. 8502/T44 in the name of Spouses Rosario and Saturnino Baladjay (Sps. Baladjay), and (3) issue a new certificate of title in favor of Ting, free from any liens and encumbrances;

(b) the Order^[4] dated March 20, 2007 which directed Atty. Garing to comply with the February 9, 2007 Order under pain of contempt of court; and

(c) the Order^[5] dated April 25, 2007 which reiterated the directive to Atty. Garing to issue a new title in favor of Ting after the latter's payment of capital gains, documentary and transfer taxes, as required.

The Facts

On November 20, 2002, petitioner Leticia P. Ligon (Ligon) filed an amended complaint^[6] before the Regional Trial Court of Quezon City, Branch 101 (Quezon City RTC) for collection of sum of money and damages, rescission of contract, and nullification of title with prayer for the issuance of a writ of preliminary attachment, docketed as **Civil Case No. Q-10-48145** (Quezon City Case), against Sps. Baladjay, a certain Olivia Marasigan (Marasigan), Polished Arrow Holdings, Inc. (Polished Arrow), and its incorporators,^[7] namely, Spouses Julius Gonzalo and Charaine Doreece Anne Fuentebella (Sps. Fuentebella), Ma. Linda Mendoza (Mendoza), Barbara C. Clavo (Clavo), Bayani E. Arit, Jr. (Arit, Jr.), and Peter M. Kairuz (Kairuz), as well as the latter's spouses (individual defendants).

In her complaint, Ligon alleged, *inter alia*, that Rosario Baladjay (Rosario) enticed her to extend a short-term loan in the amount of P3,000,000.00, payable in a month's time and secured by an Allied Bank post-dated check for the same amount.

[8] Ligon likewise claimed that Rosario, as further enticement for the loan extension, represented that she and her husband Saturnino were in the process of selling their property in Ayala Alabang Village, Muntinlupa City (subject property), covered by a clean title, *i.e.*, **TCT No. 8502**^[9] **in the name of Rosario Baladjay, married to Saturnino Baladjay**, and that the proceeds of the said sale could easily pay-off the loan.^[10] Unfortunately, the Allied Bank check was dishonored upon presentment and, despite assurances to replace it with cash, Rosario failed to do so. Moreover, Ligon discovered that the subject property had already been transferred to Polished Arrow, alleged to be a dummy corporation of Sps. Baladjay and the individual defendants (defendants). As a result, TCT No. 8502 was cancelled and replaced on October 11, 2002 by **TCT No. 9273**^[11] **in the name of Polished Arrow**. Thus, Ligon prayed that all defendants be held solidarily liable to pay her the amount of P3,000,000.00, with interest due, as well as P1,000,000.00 as attorney's fees and another P1,000,000.00 by way of moral and exemplary damages. Asserting that the transfer of the subject property to Polished Arrow was made in fraud of Sps. Baladjay's creditors, Ligon also prayed that the said transfer be nullified, and that a writ of preliminary attachment be issued in the interim against defendants' assets, including the subject property. **Subsequently, an Amended Writ of Preliminary Attachment**^[12] **was issued on November 26, 2002, and annotated on the dorsal portion**^[13] **of TCT No. 9273 on December 3, 2002** (December 3, 2002 attachment annotation).

On February 18, 2003, a similar complaint for collection of sum of money, damages, and cancellation of title with prayer for issuance of a writ of preliminary attachment was lodged before the Makati City RTC, docketed as **Civil Case No. 03-186** (Makati City Case), by Spouses Cecilia and Gil Vicente (Sps. Vicente) against Sps. Baladjay, Polished Arrow, and other corporations.^[14] In that case, it was established that Sps. Baladjay solicited millions of pesos in investments from Sps. Vicente using conduit companies that were controlled by Rosario, as President and Chairperson. **During the proceedings therein, a writ of preliminary attachment also against the subject property was issued and annotated on the dorsal portion of TCT No. 9273 on March 12, 2003.** Thereafter, but before the Quezon City Case was concluded, the Makati City RTC rendered a Decision^[15] dated December 9, 2004 (December 9, 2004 Decision), rescinding the transfer of the subject property from Sps. Baladjay to Polished Arrow upon a finding that the same was made in fraud of creditors.^[16] Consequently, the Makati City RTC directed the Register of Deeds of Muntinlupa City to: (a) cancel TCT No. 9273 in the name of Polished Arrow; and (b) restore TCT No. 8502 "in its previous condition" in the name of Rosario Baladjay, married to Saturnino Baladjay.

Meanwhile, in the pending Quezon City Case, Polished Arrow and the individual defendants (with the exception of Marasigan) were successively dropped^[17] as party-defendants, after it was established that they, by themselves directly or through other persons, had no more ownership, interest, title, or claim over the subject property. The parties stipulated on the existence of the December 9, 2004 Decision of the Makati City RTC, and the fact that the same was no longer questioned by defendants Sps. Fuentebella, Arit, Jr., and Polished Arrow were made

conditions for their dropping as party-defendants in the case.^[18] In view of the foregoing, the Quezon City Case proceeded only against Sps. Baladjay and Marasigan and, after due proceedings, the Quezon City RTC rendered a Decision^[19] dated March 26, 2008 (March 26, 2008 Decision), directing Sps. Baladjay to pay Ligon the amount of P3,000,000.00 with interest, as well as attorney's fees and costs of suit.

On September 25, 2008, the March 26, 2008 Decision of the Quezon City RTC became final and executory.^[20] However, when Ligon sought its execution, she discovered that the December 3, 2002 attachment annotation had been deleted from TCT No. 9273 when the subject property was sold by way of public auction on September 9, 2005 to the highest bidder, respondent Ting, for the amount of P9,000,000.00 during the execution proceedings in the Makati City Case, as evidenced by the Officer's Final Deed of Sale^[21] dated October 27, 2006 (Officer's Final Deed of Sale) issued by Sheriff Alejo. In this regard, Ligon learned that the Makati City RTC had issued its first assailed **Order^[22] dated February 9, 2007** (First Assailed Order), directing Atty. Garing, as the Register of Deeds of Muntinlupa City, to: (a) register the Officer's Final Deed of Sale on the official Record Book of the Register of Deeds of Muntinlupa City; and (b) cancel TCT No. 8502 in the name of Sps. Baladjay and **issue a new title in the name of Ting, free from any liens and encumbrances.**

Atty. Garing manifested^[23] before the Makati City RTC that it submitted the matter *en consulta*^[24] to the Land Registration Authority (LRA) as he was uncertain whether the annotations on TCT No. 9273 should be carried over to TCT No. 8502. In response to the manifestation, the Makati City RTC issued its second assailed **Order^[25] dated March 20, 2007** (Second Assailed Order), directing Atty. Garing to comply with the First Assailed Order under pain of contempt. It explained that it could not allow the LRA to carry over all annotations previously annotated on TCT No. 9273 in the name of Polished Arrow as said course of action would run counter to its December 9, 2004 Decision which specifically ordered the cancellation of said TCT and the restoration of TCT No. 8502 in its previous condition. It further clarified that:^[26]

[I]f there were liens or encumbrances annotated on TCT No. 8502 in the name of Rosario Baladjay when the same was cancelled and TCT No. 9273 was issued by the Register of Deeds of Muntinlupa City in favor of Polished Arrow Holdings, Inc. based on the Deed of Absolute Sale executed between the former and the latter, **only such liens or encumbrances will have to be carried over to the new Transfer Certificate of Title that he (Atty. Garing) is mandated to immediately issue in favor of Leonardo J. Ting even as the Order of the Court dated February 9, 2007 decreed that a new TCT be issued in the name of Mr. Leonardo J. Ting, free from any encumbrance.** On the other hand, if TCT No. 8502 in the name of Rosario Baladjay was free from any liens or encumbrances when the same was cancelled and TCT No. 9273 was issued by the Register of Deeds of Muntinlupa City in favor of Polished Arrow Holdings, Inc. by virtue of that Deed of Absolute Sale executed between Rosario Baladjay and Polished Arrow Holdings, Inc., **it necessarily follows that the new Transfer of Certificate of Title that the said Registrar of Deeds is**

duty bound to issue immediately in favor of Leonardo Ting will also be freed from any liens and encumbrances, as simple as that.

(Emphases and underscoring supplied)

Based on the foregoing, it pronounced that it was Atty. Garing's ministerial duty "to promptly cancel TCT No. 8502/T-44 in the name of defendant-spouses Baladjay and to issue a new Transfer Certificate of Title in the name of the highest bidder, Leonardo J. Ting."^[27]

Separately, Ting filed a motion before the Makati City RTC on account of Atty. Garing's letter^[28] dated March 26, 2006 requiring him to comply with certain documentary requirements and to pay the appropriate capital gains, documentary stamp and transfer taxes before a new title could be issued in his name. In its third assailed **Order^[29] dated April 25, 2007** (Third Assailed Order), the Makati City RTC directed Ting to pay the aforesaid taxes and ordered Atty. Garing to immediately cancel TCT No. 8502 and issue a new title in the former's name.

On June 7, 2007, Atty. Garing issued **TCT No. 19756^[30] in the name of Ting, free from any liens and encumbrances.** Later, Ting sold^[31] the subject property to respondent Benito G. Techico (Techico), resulting in the cancellation of TCT No. 19756 and the issuance of **TCT No. 31001^[32] in Techico's name.**

In view of the preceding circumstances, Ligon filed, *inter alia*, a *certiorari* petition^[33] against respondent Presiding Judge Reynaldo Laigo (Judge Laigo), Sheriff Alejo, Atty. Garing, Ting, and Techico (respondents), alleging, among others, that the Makati City RTC committed grave abuse of discretion in issuing the Assailed Orders. In this relation, she prayed that the said orders be declared null and void for having been issued in violation of her right to due process, and resulting in (a) the deletion of the December 3, 2002 attachment annotation on TCT No. 9273 which evidences her prior attachment lien over the subject property, and (b) the issuance of new titles in the names of Ting and Techico.

Consolidated with Ligon's *certiorari* petition is a complaint for indirect contempt^[34] against respondents, whereby it was alleged that the latter unlawfully interfered with the court processes of the Quezon City RTC, particularly by deleting the December 3, 2002 attachment annotation on TCT No. 9273 which thereby prevented the execution of the Quezon City RTC's March 26, 2008 Decision.

The CA Ruling

In a Decision^[35] dated October 30, 2009, the CA dismissed Ligon's *certiorari* petition, finding that the Makati City RTC did not gravely abuse its discretion in issuing the Assailed Orders, adding further that the same was tantamount to a collateral attack against the titles of both Ting and Techico, which is prohibited under Section 48^[36] of Presidential Decree No. (PD) 1529.^[37] Likewise, it dismissed the indirect contempt charge for lack of sufficient basis, emphasizing that the Assailed Orders were issued prior to the Quezon City RTC's Decision, meaning that the said issuances could not have been issued in disregard of the latter decision.

Aggrieved, Ligon filed the present petition.

The Issues Before the Court

The Court resolves the following essential issues: (a) whether or not the CA erred in ruling that the Makati City RTC did not gravely abuse its discretion in issuing the Assailed Orders; and (b) whether or not Judge Laigo should be cited in contempt and penalized administratively.

The Court's Ruling

The petition is partly meritorious.

A. Issuance of the Assailed Orders vis-à-vis Grave Abuse of Discretion.

Attachment is defined as a provisional remedy by which the property of an adverse party is taken into legal custody, either at the commencement of an action or at any time thereafter, as a security for the satisfaction of any judgment that may be recovered by the plaintiff or any proper party.^[38] Case law instructs that an attachment is a proceeding *in rem*, and, hence, is against the particular property, enforceable against the whole world. Accordingly, the attaching creditor acquires a specific lien on the attached property which nothing can subsequently destroy except the very dissolution of the attachment or levy itself. Such a proceeding, in effect, means that the property attached is an indebted thing and a virtual condemnation of it to pay the owner's debt. The lien continues until the debt is paid, or sale is had under execution issued on the judgment, or until the judgment is satisfied, or the attachment discharged or vacated in some manner provided by law.^[39] Thus, a prior registration^[40] of an attachment lien creates a preference,^[41] such that when an attachment has been duly levied upon a property, a purchaser thereof subsequent to the attachment takes the property subject to the said attachment.^[42] As provided under PD 1529, said registration operates as a form of constructive notice to all persons.^[43]

Applying these principles to this case, the Court finds that the CA erred in holding that the RTC did not gravely abuse its discretion in issuing the Assailed Orders as these issuances essentially disregarded, *inter alia*, Ligon's prior attachment lien over the subject property patently anathema to the nature of attachment proceedings which is well-established in law and jurisprudence.^[44] In this case, Ligon, in order to secure the satisfaction of a favorable judgment in the Quezon City Case, applied for and was eventually able to secure a writ of preliminary attachment^[45] over the subject property on November 25, 2002, which was later annotated on the dorsal portion^[46] of TCT No. 9273 in the name of Polished Arrow on December 3, 2002. Notwithstanding the subsequent cancellation of TCT No. 9273 due to the Makati City RTC's December 9, 2004 Decision rescinding the transfer of the subject property from Sps. Baladjay to Polished Arrow upon a finding that the same was made in fraud of creditors, Ligon's attachment lien over the subject property continued to subsist since the attachment she had earlier secured binds the property itself, and, hence, continues until the judgment debt of Sps. Baladjay to Ligon as adjudged in the Quezon City Case is satisfied, or the attachment discharged or vacated in some manner provided by law. The grave abuse of discretion of the Makati City RTC lies with its directive to issue a new certificate of title in the name of Ting (i.e., TCT No. 19756),^[47] free from any liens and encumbrances. This course of action clearly negates the efficacy of Ligon's attachment lien and, also, defies the legal characterization of attachment proceedings. It bears noting that Ligon's claim, secured by the aforesaid attachment, is against Sps. Baladjay whose ownership over the subject property had been effectively restored in view of the RTC's rescission of