

THIRD DIVISION

[G.R. No. 170677, July 31, 2013]

**VSD REALTY & DEVELOPMENT CORPORATION, PETITIONER, VS.
UNIWIIDE SALES, INC. AND DOLORES BAELO TEJAD
RESPONDENTS.**

R E S O L U T I O N

PERALTA, J.:

This is a motion for reconsideration of the Decision^[1] dated October 24, 2012, the dispositive portion of which reads:

WHEREFORE, the petition is **GRANTED**. The Decision of the Court of Appeals dated May 30, 2005 and its Resolution dated December 6, 2005 in CA-G.R. CV No. 69824 are **REVERSED** and **SET ASIDE**. The Decision of the Regional Trial Court of Caloocan City, Branch 126, in Civil Case No. C-16933 is **REINSTATED** with **MODIFICATION** as follows:

(1) Paragraph 1 of the dispositive portion of the Decision dated October 2, 2000 of the Regional Trial Court of Caloocan City, Branch 126, in Civil Case No. C-16933, is deleted;

(2) Respondent Dolores Baello and all persons/entities claiming title under her, including respondent Uniwide Sales, Inc., are ordered to convey and to return the property or the lot covered by TCT No. T-285312 to petitioner VSD Realty and Development Corporation upon finality of this Decision;

(3) Respondent Dolores Baello is ordered to pay just and reasonable compensation for the occupancy and use of the land of petitioner VSD Realty and Development Corporation in the amount of P58,333.30 per month from September 12, 1994 until the Decision is final and executory, with legal interest of six percent (6%) *per annum* reckoned from the filing of the Complaint on June 8, 1995 until the finality of this Decision. Thereafter, respondent Uniwide Sales, Inc. is jointly and severally liable with Dolores Baello for the payment to petitioner VSD Realty and Development Corporation of monthly rental in the amount of P58,333.30 from the finality of this Decision until the land is actually vacated, with twelve percent (12%) interest *per annum*.

(4) The award of attorney's fees is deleted. No costs.

SO ORDERED.^[2]

We recapitulate the facts. On June 8, 1995, petitioner VSD Realty and Development Corporation (VSD) filed a Complaint for annulment of title and recovery of possession of property against respondents Uniwide Sales, Inc. (Uniwide) and Dolores Baello^[3] with the Regional Trial Court (RTC) of Caloocan City, Branch 126 (trial court). Petitioner sought the nullification of Transfer Certificate of Title (TCT) No. (35788) 12754 in the name of Dolores Baello and the recovery of possession of property that is being occupied by Uniwide by virtue of a contract of lease with Dolores Baello.

Petitioner VSD alleged that it is the registered owner of a parcel of land in Caloocan City, with an area of 2,835.30 square meters, more or less, and covered by TCT No. T-285312^[4] of the Register of Deeds of Caloocan City. VSD bought the said property from Felisa D. Bonifacio, whose title thereto, TCT No. 265777, was registered by virtue of an Order^[5] dated October 8, 1992 authorizing the segregation of the same in Land Registration Commission (LRC) Case No. C-3288. Petitioner also alleged that its right to the subject property and the validity and correctness of the technical description and location of the property are duly established in LRC Case No. C-3288.^[6] Petitioner alleged that its title, TCT No. 285312, is the correct, valid and legal document that covers the subject property, since it is the result of land registration proceedings in accordance with law.

Petitioner alleged that respondent Baello's title, TCT No. 35788, covering the same property, is spurious and can only be the result of falsification and illegal machinations, and has no legal basis to establish any right over the subject property. Moreover, the technical description of Baello's title is so general that it is impossible to determine with certainty the exact location of the property covered by it. Petitioner further alleged that the technical description has no legal basis per the records of the Lands Management Bureau and the Bureau of Lands. It added that Baello's title described the property to be Lot 3-A of subdivision plan Psd 706, but an examination of Psd 706 shows that there is no Lot 3-A in plan Psd 706. Petitioner contends that in view of the foregoing reasons, Baello has no legal basis to claim the subject property, and Baello's title, TCT No. 35788, is spurious and illegal and should be annulled. Thus, petitioner sought recovery of possession of the subject property and the payment of rent from respondents.

Respondent Baello filed a Motion to Dismiss on the grounds that the complaint stated no cause of action, and that the demand for annulment of title and/or conveyance, whether grounded upon the commission of fraud or upon a constructive trust, has prescribed, and is barred by laches. The trial court denied Baello's motion to dismiss as well as Baello's subsequent motion for reconsideration for lack of merit.

Thereafter, respondent Baello filed an Answer, alleging that the subject property was bequeathed to her through a will by her adoptive mother, Jacoba Galauran. She alleged that during the lifetime of Jacoba Galauran, the subject property was originally surveyed on January 24-26, 19237 and, thereafter, on December 29, 1924.^[8] Baello alleged that after Jacoba Galauran died in 1952, her will was duly approved by the probate court, the Court of First Instance, Pasig, Rizal. Baello stated that she registered the subject property in her name, and TCT No. (35788) 12754^[9] was issued in her favor on September 6, 1954. In 1959, she had the

subject property surveyed. On July 15, 1988, she entered into a Contract of Lease^[10] with respondent Uniwide, which erected in full public view the building it presently occupies. Baello stated that she has been religiously paying realty taxes for the subject property,^[11] and that the Complaint should be dismissed as she enjoys a superior right over the subject property because the registration of her title predates the registration of petitioner's title by at least 40 years.

The deposition of respondent Baello, which was taken on October 1, 1998 at the Philippine Consular Office in San Francisco, California, United States of America, affirmed the same facts stated in her Answer.

On October 2, 2000, the trial court rendered a Decision^[12] in favor of petitioner. The trial court held that the evidence for petitioner showed that it is the rightful owner of the subject lot covered by TCT No. 285312 of the Register of Deeds of Caloocan City. The lot was purchased by petitioner from Felisa D. Bonifacio, who became the owner thereof by virtue of her petition for segregation of the subject property from Original Certificate of Title (OCT) No. 994 of the Register of Deeds of Rizal in LRC Case No. C-3288. TCT No. 265777 was issued to Felisa Bonifacio pursuant to an Order dated October 8, 1992 by the RTC of Caloocan City in LRC Case No. C-3288. The trial court stated that it cannot question the Order (in LRC Case No. C-3288) issued by a co-equal court in this respect, considering that Regional Trial Courts now have the authority to act not only on applications for original registration, but also over all petitions filed after original registration of title, with power to hear and determine all questions arising from such applications or petitions.

Moreover, the trial court found that the technical description in respondent Baello's title is not the same as the technical description in petitioner's title, and that a mere reading of the technical description in petitioner's title and that in Baello's title would show that they are not one and the same. The trial court averred that the technical description of the subject lot in petitioner's title is recorded with the Register of Deeds of Caloocan City.^[13]

The trial court stated that in the face of the documentary and testimonial evidence of competent government witnesses who affirmed petitioner's right to the technical description, it was incumbent on respondent Baello to present credible evidence to overcome the same, but she failed to do so. The trial court held that from the evidence adduced, petitioner is the registered owner of TCT No. 285312, formerly TCT No. 265777 when Felisa D. Bonifacio was the registered owner, while respondent Baello is the registered owner of a parcel of land covered by TCT No. (35788) 12754 and respondent Uniwide is a mere lessee of the land. Baello is the holder of a title over a lot entirely different and not in any way related to petitioner's title and its technical description. Petitioner proved its ownership and the identity of the subject property that it sought to recover, which is an essential requisite in its action for annulment of title and recovery of possession of property. The dispositive portion of the trial court's Decision reads:

WHEREFORE, in the light of the foregoing consideration, judgment is hereby rendered ordering the following:

1. Declaring TCT No. 35788 [12754] to be null and void;
2. Defendant Baello and all persons/entity claiming title under her, including UNIWIDE, to convey and to return the property to plaintiff VSD on the basis of the latter's full, complete, valid and legal ownership;
3. Defendant Baello and UNIWIDE, jointly and severally, to pay a just and reasonable compensation per month of P1,200,000.00 with legal interest for the occupancy and use of plaintiff's land from September 12, 1994, until actually vacated by them;
4. Defendants, jointly and severally, to pay attorney's fees of P200,000.00.

SO ORDERED. [14]

Respondents appealed the trial court's decision to the Court of Appeals, which rendered a Decision dated May 30, 2005 in favor of respondents, and reversed and set aside the Decision of the RTC and dismissed petitioner's complaint.

The Court of Appeals stated that the main issue to be resolved was whether or not there was a valid ground to annul respondent Baello's TCT No. (35788) 12754 to warrant the reconveyance of the subject property to petitioner. The Court of Appeals stated that based on existing jurisprudence, a certificate of title may be annulled or cancelled by the court under the following grounds: (1) when the title is void because (a) it was procured through fraud, (b) it was issued for a land already covered by a prior Torrens title, (c) it covers land reserved for military, naval or civil public purposes, and (d) it covers a land which has not been brought under the registration proceeding; (2) when the title is replaced by one issued under a cadastral proceeding; and (3) when the condition for its issuance has been violated by the registered owner. [15] The Court of Appeals averred that while petitioner sought to annul respondent Baello's TCT No. 35788 on the ground that the same was spurious, it failed to prove that Baello's title was indeed spurious.

The appellate court also noted that the trial court's decision never mentioned that Baello's title was spurious. It further stated that any doubt or uncertainty as to the technical description contained in a certificate of title is not a ground for annulment of title. It held that since there was no legal basis for the annulment of Baello's TCT No. 35788, the trial court erred in declaring the said title null and void. It stated that well settled is the rule that a Torrens title is generally conclusive evidence of ownership of the land referred to therein, and a strong presumption exists that it was regularly issued and valid. [16] Hence, respondent Baello's TCT No. 35788 enjoys the presumption of validity.

Petitioner filed a petition for review on *certiorari* before this Court, raising the following issues: (1) The Court of Appeals erred in ruling that the burden of proof did not shift to respondents, notwithstanding the overwhelming evidence presented by petitioner; (2) the Court of Appeals misconstrued petitioner's allegation that the

“issuance of two titles over the same piece of land has not been proved”; (3) the Court of Appeals erred in treating petitioner's complaint as one only for annulment of title when petitioner also sought reconveyance of the lot in question; (4) the Court of Appeals erred in ruling that respondent Baello's title is not spurious; and (5) respondent Uniwide is not a lessee in good faith.^[17]

This Court discussed the pertinent issues raised with the main issues: whether or not petitioner is entitled to recover possession of the subject property; and, whether or not the title of respondent Baello may be annulled.

The established legal principle in actions for annulment or reconveyance of title is that a party seeking it should establish not merely by a preponderance of evidence but by clear and convincing evidence that the land sought to be reconveyed is his.^[18] Article 434^[19] of the Civil Code provides that to successfully maintain an action to recover the ownership of a real property, the person who claims a better right to it must prove two (2) things: *first*, the identity of the land claimed, and; *second*, his title thereto.^[20] In an action to recover, the property must be identified, and the plaintiff must rely on the strength of his title and not on the weakness of the defendant's claim.^[21]

The Court upheld the decision of the trial court that petitioner was able to establish through documentary and testimonial evidence that the technical description of its Torrens title, embodying the identity of the land claimed, covers the property that is being occupied by respondent Uniwide by virtue of a lease contract with respondent Baello, and that a comparison of the technical description of the land covered by the title of petitioner and the technical description of the land covered by the title of Baello shows that they are not the same. Hence, the Court granted the petition, and reversed and set aside the Decision of the Court of Appeals and its Resolution denying petitioners' motion for reconsideration; and the Decision of the RTC was reinstated with modification. The dispositive portion of the Court's decision has been cited earlier.

Respondent Baello filed a motion for reconsideration^[22] of the Court's decision on the following grounds:

- 1) This honorable Court erred in not holding that petitioner VSD's Title (Transfer Certificate of Title No. T-285312) is null and void and that the same cannot give rise to any claim of ownership or possession over the subject property, having been derived from the fake and non-existent Original Certificate of Title (OCT) No. 994 dated 19 April 1917, which purportedly covered the non-existent Maysilo estate.

- 2) This honorable Court erred, and deprived respondent Baello of due process, when it made a finding that respondent Baello's title ([TCT] No. (35788) 12754) does not cover the subject property considering that:

- (a) Whether respondent Baello's title covers the subject property was never the issue in this case. In praying for the annulment of respondent Baello's title, the basic underlying premise and basis of such action is that the two titles, petitioner VSD's title and