

FIRST DIVISION

[G.R. No. 189316, July 01, 2013]

PHILIPPINE NATIONAL BANK, PETITIONER, VS. SPOUSES BERNARD AND CRESENCIA MARAÑON, RESPONDENTS.

DECISION

REYES, J.:

This is a petition for review on *certiorari*^[1] under Rule 45 of the Rules of Court, assailing the Decision^[2] dated June 18, 2008 and Resolution^[3] dated August 10, 2009 of the Court of Appeals (CA) in CA-G.R. SP No. 02513, which affirmed *in toto* the Orders dated September 8, 2006^[4] and December 6, 2006^[5] of the Regional Trial Court (RTC) of Bacolod City, Branch 54, directing petitioner Philippine National Bank (PNB) to release in favor of Spouses Bernard and Cresencia Marañon (Spouses Marañon) the rental fees it received amounting to Thirty Thousand Pesos (P30,000.00).

The Facts

The controversy at bar involves a 152-square meter parcel of land located at Cuadra-Smith Streets, Downtown, Bacolod (subject lot) erected with a building leased by various tenants. The subject lot was among the properties mortgaged by Spouses Rodolfo and Emilie Montealegre (Spouses Montealegre) to PNB as a security for a loan. In their transactions with PNB, Spouses Montealegre used Transfer Certificate of Title (TCT) No. T-156512 over the subject lot purportedly registered in the name of Emilie Montealegre (Emilie).^[6]

When Spouses Montealegre failed to pay the loan, PNB initiated foreclosure proceedings on the mortgaged properties, including the subject lot. In the auction sale held on August 16, 1991, PNB emerged as the highest bidder. It was issued the corresponding Certificate of Sale dated December 17, 1991^[7] which was subsequently registered on February 4, 1992.^[8]

Before the expiration of the redemption period or on July 29, 1992, Spouses Marañon filed before the RTC a complaint for *Annulment of Title, Reconveyance and Damages*^[9] against Spouses Montealegre, PNB, the Register of Deeds of Bacolod City and the Ex-Officio Provincial Sheriff of Negros Occidental. The complaint, docketed as Civil Case No. 7213, alleged that Spouses Marañon are the true registered owners of the subject lot by virtue of TCT No. T-129577 which was illegally cancelled by TCT No. T-156512 under the name of Emilie who used a falsified Deed of Sale bearing the forged signatures of Spouse Marañon^[10] to effect the transfer of title to the property in her name.

In its Answer,^[11] PNB averred that it is a mortgagee in good faith and for value and

that its mortgage lien on the property was registered thus valid and binding against the whole world.

As reflected in the Pre-trial Order^[12] dated March 12, 1996, the parties stipulated, among others, that the period for legal redemption of the subject lot has already expired.

While the trial proceedings were ongoing, Paterio Tolete (Tolete), one of the tenants of the building erected on the subject lot deposited his rental payments with the Clerk of Court of Bacolod City which, as of October 24, 2002, amounted to P144,000.00.

On June 2, 2006, the RTC rendered its Decision^[13] in favor of the respondents after finding, based on the expert testimony of Colonel Rodolfo Castillo, Head of the Forensic Technology Section of Bacolod City Philippine National Police, that the signatures of Spouses Marañon in the Deed of Sale presented by Spouses Montealegre before the Register of Deeds to cause the cancellation of TCT No. T-129577 were forged. Hence, the RTC concluded the sale to be null and void and as such it did not transfer any right or title in law. PNB was adjudged to be a mortgagee in good faith whose lien on the subject lot must be respected. Accordingly, the Decision disposed as follows:

WHEREFORE, judgment is hereby rendered in favor of the plaintiffs [herein respondents]:

1. The cancellation of TCT No. 129577 over Lot 177-A-1 Bacolod Cadastre in the name of Bernard Marañon and the issuance of new TCT No. 156512 in the name of defendant Emilie Montealegre are hereby declared null and void;
2. The defendant Emilie Montealegre is ordered to reconvey the title over Lot No. 177-A-1, Bacolod Cadastre back to the plaintiffs Marañon [herein respondents];
3. The Real Estate Mortgage lien of the Philippine National Bank registered on the title of Lot No. 177-A-1 Bacolod Cadastre shall stay and be respected; and
4. The defendants - Emilie Montealegre and spouse are ordered to pay attorney's fees in the sum of Php50,000.00, and to pay the costs of the suit.

SO ORDERED.^[14]

Neither of the parties sought a reconsideration of the above decision or any portion thereof nor did they elevate the same for appellate review.

What precipitated the controversy at hand were the subsequent motions filed by Spouses Marañon for release of the rental payments deposited with the Clerk of Court and paid to PNB by Tolete.

On June 13, 2006, Spouses Marañon filed an Urgent Motion for the Withdrawal of Deposited Rentals^[15] praying that the P144,000.00 rental fees deposited by Tolete with the Clerk of Court be released in their favor for having been adjudged as the real owner of the subject lot. The RTC granted the motion in its Order^[16] dated June 28, 2006.

On September 5, 2006, Spouses Marañon again filed with the RTC an Urgent Ex-Parte Motion for Withdrawal of Deposited Rentals^[17] praying that the P30,000.00 rental fees paid to PNB by Tolete on December 12, 1999 be released in their favor. The said lease payments were for the five (5)-month period from August 1999 to December 1999 at the monthly lease rate of P6,000.00.

The RTC granted the motion in its Order^[18] dated September 8, 2006 reasoning that pursuant to its Decision dated June 2, 2006 declaring Spouses Marañon to be the true registered owners of the subject lot, they are entitled to its fruits.

The PNB differed with the RTC's ruling and moved for reconsideration averring that as declared by the RTC in its Decision dated June 2, 2006, its mortgage lien should be carried over to the new title reconveying the lot to Spouses Marañon. PNB further argued that with the expiration of the redemption period on February 4, 1993, or one (1) year from the registration of the certificate of sale, PNB is now the owner of the subject lot hence, entitled to its fruits. PNB prayed that (1) the Order dated September 8, 2006 be set aside, and (2) an order be issued directing Spouses Marañon to turn over to PNB the amount of P144,000.00 released in their favor by the Clerk of Court.^[19]

On November 20, 2006, the RTC issued an Order again directing PNB to release to Spouses Marañon the P30,000.00 rental payments considering that they were adjudged to have retained ownership over the property.^[20]

On December 6, 2006, the RTC issued another Order denying PNB's motion for reconsideration and reiterating the directives in its Order dated September 8, 2006.^[21]

Aggrieved, PNB sought recourse with the CA *via* a petition for *certiorari* and *mandamus*^[22] claiming that as the lawful owner of the subject lot per the RTC's judgment dated June 2, 2006, it is entitled to the fruits of the same such as rentals paid by tenants hence, the ruling that "the real estate mortgage lien of the [PNB] registered on the title of Lot No. 177-A-1 Bacolod Cadastre shall stay and be respected." PNB also contended that it is an innocent mortgagee.

In its Decision^[23] dated June 18, 2008, the CA denied the petition and affirmed the RTC's judgment ratiocinating that not being parties to the mortgage transaction between PNB and Spouses Montealegre, Spouses Marañon cannot be deprived of the fruits of the subject lot as the same will amount to deprivation of property without due process of law. The RTC further held that PNB is not a mortgagee in good faith because as a financial institution imbued with public interest, it should have looked beyond the certificate of title presented by Spouses Montealegre and conducted an inspection on the circumstances surrounding the transfer to Spouses Montealegre.

The decretal portion of the Decision thus read:

WHEREFORE, in view of the foregoing, the petition is hereby **DISMISSED**. The Orders dated September 8, 2006 and December 6, 2006, rendered by the respondent Presiding Judge of the Regional Trial Court, Branch 54, Bacolod City, in Civil Case NO. 7213 directing the release of the deposited rental in the amount of THIRTY THOUSAND PESOS ([P]30,000.00) to private respondents are hereby **AFFIRMED**.

SO ORDERED.^[24]

PNB moved for reconsideration^[25] but the motion was denied in the CA Resolution dated August 10, 2009.^[26] Hence, the present recourse whereby PNB argues that the RTC Decision dated June 2, 2006 lapsed into finality when it was not appealed or submitted for reconsideration. As such, all conclusions therein are immutable and can no longer be modified by any court even by the RTC that rendered the same. The CA however erroneously altered the RTC Decision by reversing the pronouncement that PNB is a mortgagee-in-good-faith.

PNB further asseverates that its mortgage lien was carried over to the new title issued to Spouses Marañon and thus it retained the right to foreclose the subject lot upon non-payment of the secured debt. PNB asserts that it is entitled to the rent because it became the subject lot's new owner when the redemption period expired without the property being redeemed.

Ruling of the Court

We deny the petition.

It is readily apparent from the facts at hand that the status of PNB's lien on the subject lot has already been settled by the RTC in its Decision dated June 2, 2006 where it was adjudged as a mortgagee in good faith whose lien shall subsist and be respected. The decision lapsed into finality when neither of the parties moved for its reconsideration or appealed.

Being a final judgment, the dispositions and conclusions therein have become immutable and unalterable not only as against the parties but even the courts. This is known as the doctrine of immutability of judgments which espouses that a judgment that has acquired finality becomes immutable and unalterable, and may no longer be modified in any respect even if the modification is meant to correct erroneous conclusions of fact or law and whether it will be made by the court that rendered it or by the highest court of the land.^[27] The significance of this rule was emphasized in *Apo Fruits Corporation v. Court of Appeals*,^[28] to wit:

The reason for the rule is that if, on the application of one party, the court could change its judgment to the prejudice of the other, it could thereafter, on application of the latter, again change the judgment and continue this practice indefinitely. The equity of a particular case must yield to the overmastering need of certainty and unalterability of judicial

pronouncements.

The doctrine of immutability and inalterability of a final judgment has a *two-fold* purpose: (1) to avoid delay in the administration of justice and thus, procedurally, to make orderly the discharge of judicial business and (2) to put an end to judicial controversies, *at the risk of occasional errors*, which is precisely why courts exist. Controversies cannot drag on indefinitely. The rights and obligations of every litigant must not hang in suspense for an indefinite period of time. The doctrine is not a mere technicality to be easily brushed aside, but a matter of public policy as well as a time-honored principle of procedural law.^[29] (Citations omitted)

Hence, as correctly argued by PNB, the issue on its status as a mortgagee in good faith have been adjudged with finality and it was error for the CA to still delve into and, worse, overturn, the same. The CA had no other recourse but to uphold the status of PNB as a mortgagee in good faith regardless of its defects for the sake of maintaining stability of judicial pronouncements. "The main role of the courts of justice is to assist in the enforcement of the law and in the maintenance of peace and order by putting an end to judicable controversies with finality. Nothing better serves this role than the long established doctrine of immutability of judgments."^[30]

Further, it must be remembered that what reached the CA on *certiorari* were RTC resolutions issued long after the finality of the Decision dated June 2, 2006. The RTC Orders dated September 8, 2006 and December 6, 2006 were implements of the pronouncement that Spouses Marañon are still the rightful owners of the subject lot, a matter that has been settled with finality as well. This notwithstanding, the Court agrees with the ultimate outcome of the CA's assailed resolutions.

Rent is a civil fruit^[31] that belongs to the owner of the property^[32] producing it by right of accession^[33].^[34] The rightful recipient of the disputed rent in this case should thus be the owner of the subject lot at the time the rent accrued. It is beyond question that Spouses Marañon never lost ownership over the subject lot. This is the precise consequence of the final and executory judgment in Civil Case No. 7213 rendered by the RTC on June 3, 2006 whereby the title to the subject lot was reconveyed to them and the cloud thereon consisting of Emilie's fraudulently obtained title was removed. Ideally, the present dispute can be simply resolved on the basis of such pronouncement. However, the application of related legal principles ought to be clarified in order to settle the intervening right of PNB as a mortgagee in good faith.

The protection afforded to PNB as a mortgagee in good faith refers to the right to have its mortgage lien carried over and annotated on the new certificate of title issued to Spouses Marañon^[35] as so adjudged by the RTC. Thereafter, to enforce such lien thru foreclosure proceedings in case of non-payment of the secured debt,^[36] as PNB did so pursue. The principle, however, is not the singular rule that governs real estate mortgages and foreclosures attended by fraudulent transfers to the mortgagor.

Rent, as an accessory follow the principal.^[37] In fact, when the principal property is