

## FIRST DIVISION

**[ G.R. No. 166577, February 03, 2010 ]**

**SPOUSES MORRIS CARPO AND SOCORRO CARPO, PETITIONERS,  
VS. AYALA LAND, INCORPORATED, RESPONDENT.**

### DECISION

**LEONARDO-DE CASTRO, J.:**

In the instant petition for review on *certiorari* under Rule 45 of the Rules of Court, petitioners seek to set aside and annul the Decision<sup>[1]</sup> dated December 22, 2003 of the Court of Appeals (CA) in CA-G.R. CV No. 61784, which reversed and set aside the Summary Judgment<sup>[2]</sup> dated December 22, 1998 of the Regional Trial Court (RTC) of Las Piñas City, Branch 255. Also subject of the present petition is the CA Resolution<sup>[3]</sup> dated December 16, 2004 which denied the motion for reconsideration of the earlier decision.

A summary of the facts, as culled from the records of the case, follows:

On February 16, 1995, petitioner spouses Morris and Socorro Carpo (Carpos) filed a Complaint for Quieting of Title<sup>[4]</sup> with the RTC of Makati City against Ayala Corporation, Ayala Property Ventures Corporation (APVC), and the Register of Deeds of Las Piñas, docketed as Civil Case No. 95-292.

In their Complaint, the Carpos claimed to be the owners of a 171,209-square meter parcel of land covered by Transfer Certificate of Title (TCT) No. 296463 issued in their names.<sup>[5]</sup> They further alleged that Ayala Corporation was claiming to have titles (specifically, TCT Nos. 125945, T-4366, T-4367 and T-4368) over the property covered by the Carpos' TCT No. 296463 and that Ayala Corporation had made such property its equity contribution in APVC to be developed into a residential subdivision. Attached as annexes to the complaint were photocopies of:

(a) TCT No. 296463 issued on August 13, 1970 in the name of the Carpos, covering a parcel of land (Lot 3, plan Psu-56007) located in the Barrio of Almanza, Las Piñas with an area of 171,309 square meters;

(b) TCT No. 125945 issued on April 6, 1988 in the name of Ayala Corporation, covering a parcel of land (Lot 3, Plan Psu-80886) located in Bo. Tindig na Manga, Las Piñas with an area of 171,309 square meters;

(c) TCT No. T-4367 issued on May 18, 1988 in the name of Ayala Corporation, covering a parcel of land (Lot 2, plan Psu-47035) located in the Sitio of May Kokak, Bo. of Almanza, Las Piñas with an area of 218,523 square meters; and

(d) TCT No. T-4368 issued on May 18, 1988 in the name of Ayala Corporation,

covering a parcel of land (Lot 3, plan Psu-47035) located in the Sitio of May Kokak, Bo. of Almanza, Las Piñas with an area of 155,345 square meters.

No copy of TCT No. T-4366 was attached to the complaint.

According to the complaint, TCT Nos. 125945, T-4366, T-4367 and T-4368 and their derivatives "appear to have been issued in the name of Ayala and purport to cover and embrace the Carpos' property or portion thereof duly covered registered under the already indefeasible and incontrovertible TCT [No.] 296463 are inherently invalid and enforceable (sic) for not being the duly issued derivatives of the Carpos' title."

[6] The Carpos additionally applied for a restraining order and writ of preliminary injunction to enjoin Ayala Corporation and APVC from doing construction and development works on the properties in purported violation of the Carpos' rights.

The complaint prayed that the trial court render judgment:

(1) canceling and declaring void TCT Nos. 125945, T-4366, T-4367, T-4368 and all alleged derivatives thereof, issued in the name of Ayala Corporation and/or APVC over the properties or portion thereof embraced in the Carpos' TCT No. 296463 and issuing a writ of possession in favor of the Carpos and/or ordering Ayala Corporation and APVC to surrender to the Carpos the properties or portion thereof being occupied by the said corporations under inherently invalid or void titles; (2) declaring TCT No. 296463 issued in their names as valid and the Carpos as the owners of the property described therein "including the parcels of land being claimed and occupied by Ayala [Corporation] and APVC withou[t] valid and enforceable titles"; and (3) ordering Ayala Corporation and APVC to pay jointly and severally the amount of P100,000 as attorney's fees plus costs of suit and litigation expenses.[7]

On March 10, 1995, before defendants could file an answer, petitioners filed an Amended Complaint, impleading respondent Ayala Land, Incorporated (ALI) in lieu of Ayala Corporation after purportedly verifying with the Register of Deeds of Las Piñas that the title to the subject property was registered in the name of ALI and not Ayala Corporation.[8]

On October 12, 1995 and January 12, 1996, ALI filed its *Answer with Counterclaims and Opposition to Application for Restraining Order and Writ of Preliminary Injunction*[9] and *Pre-trial Brief with Motion to Admit Amended Answer*,[10] respectively.

In its Amended Answer, ALI alleged that APVC no longer exists having been merged with ALI in 1991. ALI pointed out that the areas covered by TCT Nos. T-4366, T-4367, and T-4368 do not overlap with the Carpos' claimed property and the dispute pertained only to the land covered by the Carpos' TCT No. 296463 and TCT No. T-5333 in the name of Las Piñas Ventures, Inc. (LPVI) which was derived from TCT No. 125945 in the name of Ayala Corporation. It appeared that Ayala Corporation contributed the property to LPVI and LPVI had, in turn, also merged with ALI. Further, ALI alleged that it is the true owner of the property covered by TCT No. T-5333 as it traces back its title to Original Certificate of Title (OCT) No. 242 issued in 1950 while the Carpos' title was derived from OCT No. 8575 issued only in 1970. ALI also claimed the Carpos' complaint was barred by *res judicata* in view of the 1941

decision of this Court in *Guico v. San Pedro*<sup>[11]</sup> which upheld the ownership of a certain Eduardo Guico over the subject property as Lot 3, of Psu-80886 over the claim of a certain Florentino Baltazar who was asserting ownership of the same under his plan, Psu-56007.

During the pendency of the case, ALI secured a title in its own name, TCT No. T-41262, over the property previously covered by TCT No. T-5333.<sup>[12]</sup>

In the Order<sup>[13]</sup> dated March 6, 1996, the Makati RTC ruled that the present case was an action *in rem* and directed the transfer of the case to the RTC of Las Piñas where the disputed property is located. The case was thereafter assigned to Branch 255 of the Las Piñas RTC and docketed as Civil Case No. 96-0082.

On December 17, 1996, ALI filed a *Motion for Summary Judgment* on the ground that there was allegedly no genuine issue as to any material fact and the only issue for the court to resolve was a purely legal one – which of the two (2) titles should be accorded priority. According to ALI, the parties were relying on their respective TCTs, and since ALI admittedly traces its title to OCT No. 242 which was issued more than twenty (20) years earlier than the Carpos' predecessor's title (OCT No. 8575), its title is, thus, superior. Expectedly, the Carpos filed an opposition to the motion for summary judgment, arguing that there were "genuine issues and controversies to be litigated."

In an Order dated April 7, 1997, the RTC denied ALI's motion for summary judgment. This denial was challenged in a petition for *certiorari* with the CA in CA-G.R. SP No. 44243.

In a decision<sup>[14]</sup> dated September 25, 1997, the CA granted ALI's petition and ordered the RTC to render a summary judgment. Both parties moved for reconsideration of the CA Decision. ALI filed a motion for partial reconsideration, entreating the CA itself to render the summary judgment in the interest of judicial economy and on a claim that the sole issue was legal. The Carpos, in their motion, insisted that there were genuine issues in this case that must be threshed out in a trial. Both motions were denied in the CA Resolution dated January 12, 1998.<sup>[15]</sup>

Both parties elevated the matter to this Court in separate petitions for review on *certiorari*. In G.R. No. 132259, ALI assailed the CA's refusal to render a summary judgment, while in G.R. No. 132440, the Carpos assailed the CA's ruling that trial was unnecessary.

In separate minute Resolutions,<sup>[16]</sup> the Court denied both petitions. Both parties' motions for reconsideration were likewise denied.

Accordingly, the RTC rendered a Summary Judgment dated December 22, 1998, finding the Carpos' title superior to that of ALI and ruling, thus:

Upon the other hand, this Court is not inclined to concur with Ayala's claim of the validity of its TCT No. T-5333 and alleged OCT No. 242 absent of any admission to that effect by the plaintiffs in their complaint. A reading of the defendant's answer reveals that OCT No. 242 covers the

property surveyed under SWO, but the pleadings on file fail to allege that the same was approved by the Director of the Bureau of Lands, thereby justifying this court to be skeptical of the validity of the issuance of OCT No. 242. In original land registration cases, it is mandatory that the application should be accompanied by a survey plan of the property applied for registration, duly approved by the Director of the Bureau of Lands. A survey plan without the approval of the Director of the Bureau of Lands has the character of being of dubious origin and it is not therefore worthy of being accepted as evidence. The property being claimed by the defendant ALI, allegedly registered under OCT No. 242, is shown to have been surveyed under SWO and not bearing the approval of the Director of the Bureau of Lands. Any title issued emanating from a survey plan without the approval of the Director of the Bureau of Lands is tainted with irregularity and therefore void, as ruled in *Republic Cement Corporation vs. Court of Appeals, et al.*, 198 SCRA 734. In the said case, the Supreme Court held: "That unless a survey plan is duly approved by the Director of Lands the same is of dubious value and is not acceptable as evidence. Indubitably, therefore, the reported survey and its alleged results are not entitled to credit and should be rejected."

The submission of the plan is a statutory requirement of mandatory character and unless the plan and its technical description are duly approved by the Director of Lands, the same are not of much value (*Republic vs. Vera*, 120 SCRA 210). In another case, it was ruled that the Land Registration Commission has no authority to approve original survey plans (*Director of Lands, et al. vs. Honorable Salvador Reyes, et al.*, 68 SCRA 177).

Evidently, the SWO survey of the property which defendant ALI claimed to have been originated from OCT No. 242 had not been approved by the Director of the Bureau of Lands, but was apparently prepared and approved by the then Land Registration Commissioner and under the law, the same is void.

It will also be noted that aside from the admissions made by defendant ALI in its answer, it clearly appears in its title TCT No. T-5333 that the date of survey was on July 28, 1930. Plaintiffs' property covered by TCT No. 296463 was surveyed on January 4-6, 1927. This means that plaintiffs' predecessor-in-interest had claimed ownership of the property ahead of that of defendant ALI's predecessor-in-interest. The principle of prior registration cannot be applied in this case because the land previously surveyed cannot anymore be the subject of another survey, and there is already a record of a prior survey in the Bureau of Lands. This is precisely the reason why the survey plan has to be approved by the Director of the Bureau of Lands. This must be the reason why the later survey in favor of Ayala's predecessor-in-interest did not anymore bear the approval of the Director of Lands because had it been submitted for approval, the records of the Bureau of Lands will show that an earlier survey of the same land had already been made and approved by the Director of the Bureau of Lands.

Evidently, Ayala's claim of superiority of its title over that of the plaintiffs'

cannot therefore be sustained. Be that as it may, the fact that cannot be disputed on the basis of Ayala's answer is its admission that SWO survey without the approval of the Director of the Bureau of Lands was submitted in the alleged registration proceedings, rendering the decree and the title issued thereunder to be tainted with irregularity and therefore void.

WHEREFORE, in the light of the foregoing and the prevailing jurisprudence on the matter, judgment is hereby rendered:

(a) Declaring TCT No. 296463 in the name of the plaintiffs Spouses Morris G. Carpo and Socorro R. Carpo as valid and legal, and superior to that of defendant Ayala's TCT No. T-5333;

(b) Declaring TCT No. T-5333, TCT No. 125945, TCT No. T-6055, TCT No. 4366, TCT No. 4367 and TCT No. 4368 and their derivatives as null and void;

(c) Ordering the defendant Ayala Land, Inc. to pay the sum of P100,000.00 as attorney's fees; and

(d) To pay the costs.<sup>[17]</sup>

On January 5, 1999, ALI filed a notice of appeal but the same was dismissed by the CA in a Resolution<sup>[18]</sup> dated May 14, 1999 for failure to pay the full amount of docket fees. In its motion for reconsideration, ALI pointed out that it paid the full amount assessed by the cash clerk on duty at the RTC Las Piñas. The motion was also denied, prompting ALI to file with this Court a petition for review docketed as G.R. No. 140162. Finding ALI's petition meritorious, the Court, in a Decision<sup>[19]</sup> dated November 22, 2000, reversed the CA's dismissal of ALI's appeal and remanded the same to the CA for further proceedings.

On December 22, 2003, the CA rendered the herein challenged decision in favor of ALI, the dispositive portion of which reads as follows:

**FOR THE FOREGOING DISQUISITIONS**, the instant appeal is **GRANTED**, the assailed Summary Judgment of the Regional Trial Court of Las Piñas, Branch 255, dated December 22, 1998, is hereby **REVERSED** and **SET ASIDE**, and a new one is rendered as follows:

(1) TCT No. 41262, formerly TCT No. T-5333, in the name of defendant-appellant Ayala Land, Incorporated is hereby declared to be the **VALID** title to the subject property;

(2) TCT No. 296463 issued in the name of plaintiffs-appellees is declared to be **NULL** and **VOID**;

(3) The concerned Register of Deeds is hereby **ORDERED** to cancel plaintiffs-appellees' TCT No. 296463, and any and all titles issued