

EN BANC

[G.R. No.123346, December 14, 2007]

**MANOTOK REALTY, INC. AND MANOTOK ESTATE CORPORATION,
PETITIONERS, VS. CLT REALTY DEVELOPMENT CORPORATION,
RESPONDENT.**

[G.R. NO. 134385]

**ARANETA INSTITUTE OF AGRI-CULTURE, INC., PETITIONER, VS.
HEIRS OF JOSE B. DIMSON, REPRESENTED BY HIS COMPULSORY
HEIRS: HIS SURVIVING SPOUSE, ROQUETA R. DIMSON AND
THEIR CHILDREN, NORMA AND CELSA TIRADO, ALSON AND
VIRGINIA DIMSON, LINDA AND CARLOS LAGMAN, LERMA AND
RENE POLICAR, AND ESPERANZA R. DIMSON; REGISTER OF DEEDS
OF MALABON, RESPONDENTS.**

R E S O L U T I O N

TINGA, J,:

The stability of the country's Torrens system is menaced by the infestation of fake land titles and deeds. Any decision of this Court that breathes life into spurious or inexistent titles all but contributes to the blight. On the contrary, the judicial devotion is towards purging the system of illicit titles, concomitant to our base task as the ultimate citadel of justice and legitimacy.

These two petitions^[1] involve properties covered by Original Certificate of Title (OCT) No. 994 which in turn encompasses 1,342 hectares of the Maysilo Estate.^[2] The vast tract of land stretches over three (3) cities, comprising an area larger than the sovereign states of Monaco and the Vatican.^[3] Despite their prime location within Metropolitan Manila, the properties included in OCT No. 994 have been beset by controversy and sullied by apparent fraud, cloudy titles and shady transfers. It may as well be renamed the "*Land of Caveat Emptor*."

The controversy attending the lands of OCT No. 994 has not eluded this Court. Since 1992, our findings and ruling in *MWSS v. Court of Appeals*^[4] have stood as the Rosetta Stone in deciphering claims emanating from OCT No. 994, as was done in *Gonzaga v. Court of Appeals*,^[5] and in the Court's Decision dated 29 November 2005 (2005 Decision) in these cases.^[6] Yet in the course of resolving these motions for reconsideration came the revelation that OCT No. 994 was lost in translation following *MWSS*. Certain immutable truths reflected on the face of OCT No. 994 must emerge and gain vitality, even if we ruffle feathers in the process.

I.

A recapitulation of the facts, which have already been extensively narrated in the 2005 Decision, is in order. For clarity, we narrate separately the antecedent facts in G.R. Nos. 123346 and 134385.

*A. G.R. No. 123346, Manotok Realty, Inc.
and Manotok Estate Corporation, vs.
CLT Realty Development Corporation*

On 10 August 1992, CLT Realty Development Corporation (CLT) sought to recover from Manotok Realty, Inc. and Manotok Estate Corporation (Manotoks) the possession of Lot 26 of the Maysilo Estate in an action filed before the Regional Trial Court of Caloocan City, Branch 129.^[7]

CLT's claim was anchored on Transfer Certificate of Title (TCT) No. T-177013 issued in its name by the Caloocan City Register of Deeds, which title in turn was derived from Estelita Hipolito (Hipolito) by virtue of a Deed of Sale with Real Estate Mortgage dated 10 December 1988. Hipolito's title emanated from Jose Dimson's (Dimson) TCT No. R-15169, a title issued pursuant to an order of the Court of First Instance (CFI) of Caloocan City, Branch 33. Dimson's title appears to have been sourced from OCT No. 994.^[8]

For their part, the Manotoks challenged the validity of the title relied on by CLT, claiming that Dimson's title, the proximate source of CLT's title, was irregularly issued and, hence, the same and subsequent titles flowing therefrom are likewise void. The Manotoks asserted their ownership over Lot 26 and claimed that they derived it from several awardees and/or vendees of the National Housing Authority.^[9] The Manotok title likewise traced as its primary source OCT No. 994 which, on 9 September 1918, was transferred to Alejandro Ruiz and Mariano Leuterio who had previously acquired the property on 21 August 1918 by virtue of an "*Escritura de Venta*" executed by Don Tomas Arguelles and Don Enrique Llopis.^[10] On 3 March 1920, Ruiz and Leuterio sold the property to Francisco Gonzalez who held title thereto until 22 August 1938 when the property was transferred to Jose Leon Gonzalez, Consuelo Susana Gonzalez, Juana Francisca Gonzalez, Maria Clara Gonzalez, Francisco Felipe Gonzalez and Concepcion Maria Gonzalez under TCT No. 35486. The lot was then, per annotation dated 21 November 1946, subdivided into seven (7) parcels each in the name of each of the Gonzalezes.^[11]

The trial court, ruling for CLT, adopted the factual findings and conclusions arrived at by the majority commissioners appointed to resolve the conflict of titles. It was established that the entire Maysilo Estate was registered under Act No. 496 by virtue of which OCT No. 994 was issued by the Register of Deeds of Rizal;^[12] that Lot 26 was transferred to CLT by Hipolito whose title was derived from the Dimson title and that on the basis of the technical descriptions of the property appearing in the Manotok titles, the latter's property indeed encroached on the property described in CLT's title.^[13]

The Manotoks appealed to the Court of Appeals, which affirmed the decision of the trial court.^[14] Their motion for reconsideration having been denied,^[15] they filed a petition for review with the Supreme Court, ascribing error to the appellate court in

upholding the trial court's decision which decided the case on the basis of the majority commissioners' report and overlooked relevant facts in the minority commissioner's report.^[16]

B. G.R. No. 134385, Araneta Institute of Agriculture, Inc. v. Heirs of Jose B. Dimson, et. al.

On 18 December 1979, Dimson filed with the then CFI of Rizal, Branch 33, Caloocan City a complaint for recovery of possession and damages against Araneta Institute of Agriculture, Inc. (Araneta). Dimson alleged that he was the absolute owner of part of the Maysilo Estate in Malabon covered by TCT No. R-15169 of the Registry of Deeds of Caloocan City. Alleging that Araneta had been illegally occupying the land and that the latter refused to vacate the same despite repeated demands, he prayed that Araneta be ordered to vacate the same and remove all improvements thereon and to return full possession thereof to him. Araneta for its part admitted occupancy of the disputed land by constructing some buildings thereon and subdividing portions thereof in the exercise of its right as absolute owner. He alleged that Dimson's title to the subject land was void and hence he had no cause of action.^[17]

The trial court ruled for Dimson in its Decision dated 28 May 1993 with these findings: first, there were inherent technical infirmities or defects in the titles that formed each link in the chain of ownership that culminated in the Manotok title, *i.e.*, that the technical descriptions in the titles were written in Spanish whereas those in the alleged mother title, OCT No. 994, were in English, which, an abnormal state that deviated from the usual practice in the issuance of titles; and second, it was established procedure to indicate in the certificate of title, whether original or transfer certificate, the date of the original survey of the mother title together with the succeeding date of subdivision or consolidation. Thus, the absence of the original survey dates of OCT No. 994 on Manotok's chain of titles, the trial court added, should mean that OCT No. 994 was not the mother title not only because the original survey dates were different but also because the original survey date must always be earlier than the issue date of the original title. OCT No. 994 was issued on May 3, 1917 which was much ahead of the survey date indicated in the succeeding titles, which is December 22, 1917.^[18]

Undaunted, Araneta interposed an appeal to the Court of Appeals which, on 30 May 1997, affirmed the lower court's decision.^[19] In so holding, the appellate court declared that the title of Araneta to the disputed land is a nullity. It noted that Dimson's TCT No. R-15169 was derived from "OCT No. 994 registered on April 19, 1917" and that the same was obtained by Dimson simultaneously with other titles, *viz*: TCT Nos. 15166, 15167, and 15168 by virtue of the Decision dated October 13, 1977 and Order dated October 18, 1977, in Special Proceedings No. C-732. It was also pointed out that Araneta's TCT No. 13574 and 21343 were both derived from "OCT No. 994 registered on May 3, 1917" which was previously "declared null and void by the Supreme Court in *Metropolitan Waterworks and Sewerage System v. Court of Appeals*."^[20]

Araneta then filed a petition for review with the Supreme Court attributing error to the Court of Appeals in failing to recognize that it had a better right of possession over the property than did Dimson.^[21]

As both petitions involved interrelated challenges against the validity of the parties' separate titles to portions of the greater Maysilo Estate, they, along with G.R. No. 148767^[22], were consolidated per Resolutions dated 21 April 1999 and 6 March 2002. Also in 2002, the Republic of the Philippines sought and was allowed intervention in these cases.

On 29 November 2005, the Third Division of the Court rendered the 2005 Decision, ^[23] the dispositive portion of which reads:

WHEREFORE, the instant petitions are DENIED and the assailed Decisions and Resolution of the Court of Appeals are hereby AFFIRMED *in toto*. Costs against petitioners.

SO ORDERED.^[24]

The Court acknowledged that the paramount question raised in the petitions is whether the titles issued in the name of Dimson and of CLT are valid. Noting that this question is one purely of fact, the Court held that the same was beyond its power to determine and so, the factual findings of the trial courts in these cases as affirmed by the Court of Appeals must be accorded the highest degree of respect and not disturbed at all.

Nonetheless, the Court proceeded to discuss the absence of merit in the petitions. First, particularly with respect to G.R. No. 123346, the Court upheld the validity of the trial court's adoption of the commissioners' majority report as part of the decision inasmuch as the same is allowed by Section 11, Rule 32 of the Rules of Court and that a case of overlapping titles absolutely necessitates the assistance of experts in the field of geodetic engineering who, on account of their experience and expertise, are in a better position to determine which of the contending titles is valid. For this reason, the Court emphasized, the trial court may well rely on their findings and conclusions. Second, the Court pointed out that the titles of respondents in all three cases were derived from OCT No. 994 of the Registry of Deeds of Caloocan City registered on 19 April 1917. However, because the validity of said mother title was upheld by the Court itself in *MWSS* and reiterated in *Heirs of Gonzaga*, the Court chose not to delve anymore into the correctness of the said decisions which had already attained finality and immutability.

The Manotoks and Araneta duly filed their respective motions for reconsideration. On 5 June 2006, the cases were elevated to the Court *en banc*, which heard oral arguments on 1 August 2006. The Court formulated the issues for oral argument, thus:

From the above petitions, the following principal issues are gathered:

I.

Which of the Certificates of Title of the contending parties are valid:

A. Petitioner's titles:

1. Transfer Certificate of Title (TCT) Nos. 7528, 7762, 8012, 9866, C-17272, 21107, 21485, 26405, 26406, 26407, 33904, 34255, C-35267, 41956, 63268, 55896, T-1214528, 163902 and 165119 in the name of Manotok Realty, Inc., and TCT No. T-232568 in the name of Manotok Estate Corporation;
2. TCT Nos. 737 and 13574 in the name of Araneta Institute of Agriculture; and
3. TCT Nos. T-158373 and T-158374 in the name of Sto. Niño Kapitbahayan Association, Inc.

All these titles were derived from Original Certificate of Title (OCT) No. 994 registered on May 3, 1917 in the Registry of Deeds of Caloocan City covering Lot 26 of the Maysilo Estate, same city.

B. Respondents' Title:

1. TCT No. T-177013 in the name of CLT Realty Development Corporation;
2. TCT No. R-15169 in the name of Jose B. Dimson; and
3. TCT No. T-1770 in the name of CLT Realty Development Corporation/

All these titles were derived from OCT No. 994 registered earlier, or on April 19, 1917, covering the same Lot No. 26 of the Maysilo Estate.

II.

Can this Court still overturn at this point its Decision in *Metropolitan Water Works and Sewerage Systems (MWSS) v. Court of Appeals* (G.R. No. 103558, November 17, 1992) and *Heirs of Luis J. Gonzaga v. Court of Appeals* (G.R. No. 96259, September 3, 1996) sustaining the validity of OCT No. 994 registered on April 19, 1917 and nullify the same OCT No. 994 registered later, or on May 3, 1917?

III.

How will the Reports of the Department of Justice and the Senate Fact-Finding Committee, not presented in evidence before the trial courts concluding that the valid title is OCT No. 994 registered on May 3, 1917, affect the disposition of these cases?

Will it be necessary to remand these cases to the trial courts to determine which of the Certificates of Title are valid? If so, which trial court?^[25]

A crucial fact emerged during the oral arguments. The Republic, through the Solicitor General,^[26] strenuously argued that contrary to the supposition reflected in the Advisory, there was, in fact, only one OCT No. 994.

x x x In this particular case, it appears that on December 3, 1912, the Court of Land Registration, the Judge Norberto Romualdez presiding, acting on Land Registration Case No. 4429 rendered judgment ordering