

## THIRD DIVISION

[ G.R. No. 123346, November 29, 2005 ]

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

[G.R. NO. 134385]

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

[G.R. NO. 148767]

**STO. NINO KAPITBAHAYAN ASSOCIATION, INC., PETITIONER,  
VS. CLT REALTY DEVELOPMENT CORPORATION, RESPONDENT.**

### D E C I S I O N

**SANDOVAL-GUTIERREZ, J.:**

Before us for resolution are three petitions for review on certiorari:<sup>[1]</sup>

#### **1. G.R. No. 123346**

The petition in this case was filed by Manotok Realty, Inc. and Manotok Estate Corporation against CLT Realty Development Corporation assailing the Decision<sup>[2]</sup> dated September 28, 1995 and Resolution dated January 8, 1996 of the Court of Appeals in CA-G.R. CV No. 45255;

#### **2. G.R. No. 134385**

The petition was filed by Araneta Institute of Agriculture, Inc. against Jose B. Dimson (now deceased), represented by his surviving spouse and children, and the Registry of Deeds of Malabon, challenging the Joint Decision<sup>[3]</sup> dated May 30, 1997 and Resolution dated July 16, 1998 of the Court of Appeals in CA-G.R. CV No. 41883 and CA-G.R. SP No. 34819; and

#### **3. G.R. No. 148767**

The petition here was filed by Sto. Niño Kapitbahayan Association, Inc. against CLT Realty Development Corporation questioning the Decision<sup>[4]</sup> of the Court of Appeals

dated March 23, 2001 in CA-G.R. CV No. 52549.

On March 6, 2002, these petitions were consolidated<sup>[5]</sup> as the issue involved is the validity of the parties' titles over portions of land known as the **Maysilo Estate** located at Caloocan City and Malabon, Metro Manila, covered by **Original Certificate of Title (OCT) No. 994** of the Registry of Deeds of Caloocan City. It is this same **OCT No. 994** from which the titles of the parties were purportedly derived.

We shall state the antecedents of these cases separately considering their peculiar circumstances.

### **1. G.R. No. 123346**

**(Manotok Realty, Inc. and Manotok Estate Corporation, petitioners, vs. CLT Realty Development Corporation, respondents)**

On August 10, 1992, **CLT Realty Development Corporation (CLT Realty)** filed with the Regional Trial Court, Branch 129, Caloocan City a complaint for annulment of Transfer Certificates of Title (TCT), recovery of possession, and damages against **Manotok Realty, Inc. and Manotok Estate Corporation (Manotok Corporations)** and the Registry of Deeds of Caloocan City, docketed as Civil Case No. C-15539.

The complaint alleges *inter alia* that CLT Realty (plaintiff) is the registered owner of **Lot 26** of the **Maysilo Estate** located in Caloocan City, covered by **TCT No. T-177013** of the Registry of Deeds of said city; that this TCT was originally derived from **OCT No. 994**; that on December 10, 1988, CLT Realty acquired Lot 26 from its former registered owner, **Estelita I. Hipolito**, by virtue of a Deed of Sale with Real Estate Mortgage; that she, in turn, purchased the same lot from **Jose B. Dimson**; that Manotok Corporations (defendants) illegally took possession of 20 parcels of land (covered by 20 separate titles<sup>[6]</sup>) within said Lot 26 owned by CLT Realty; that based on the technical descriptions of Manotok Corporations' titles, their property **overlap** or embrace Lot 26 of CLT Realty; and that the titles of Manotok Corporations constitute a cloud of doubt over the title of CLT Realty. The latter thus prays that the 20 titles of Manotok Corporations be cancelled for being void; and that Manotok Corporations be ordered to vacate the disputed portions of Lot 26 and turn over possession thereof to CLT Realty, and to pay damages.

In their answer with counterclaim, Manotok Corporations denied the material allegations of the complaint, alleging that Jose B. Dimson's title (TCT No. R-15166) was irregularly issued, hence void; and that consequently, the titles of Estelita Hipolito (TCT No. R-17994) and CLT Realty (TCT No. 177013) derived therefrom are likewise void. By way of affirmative defense, Manotok Corporations assert ownership of the parcel of land being claimed by CLT Realty, alleging that they acquired the same from the awardees or vendees of the National Housing Authority.

During the pre-trial conference, the trial court, upon agreement of the parties, approved the creation of a commission composed of three commissioners tasked to

resolve the conflict in their respective titles. On July 2, 1993, the trial court issued an Order<sup>[7]</sup> defining the issues to be resolved by the commissioners, thus:

"1. Whether or not the property covered by the Transfer Certificates of Title of defendants (Manotok Realty, Inc. and Manotok Estate Corporation) pertain to or involved Lot No. 26 of the Maysilo Estate presently titled in the name of the plaintiff (CLT Realty Development Corporation); and

"2. Whether or not the property covered by the title of the plaintiff and the property covered by the titles of the defendants overlap."<sup>[8]</sup>

The commissioners chosen were Engr. Avelino L. San Buenaventura (nominated by CLT Realty), Engr. Teodoro I. Victorino (nominated by Manotok Corporations), and Engr. Ernesto S. Erive (chosen by the two commissioners and the parties).

**Significantly, Engr. Ernesto Erive is the Chief of the Surveys Division, Land Management Bureau, Department of Environment and Natural Resources (DENR), Quezon City.**<sup>[9]</sup> On July 2, 1993, the three took their oaths of office in open court.

On October 8, 1993, Ernesto Erive and Avelino San Buenaventura submitted an exhaustive Joint Final Report<sup>[10]</sup> (Majority Report) with the following conclusion:

"h. Based on the foregoing, it is the conclusion of the undersigned Commissioners that defendants' (Manotok Realty, Inc. and Manotok Estate Corporation) titles overlap portions of plaintiff's (CLT Realty Development Corporation) title, which overlapping is due to the irregular and questionable issuance of TCT Nos. 4211 (also of TCT No. 4210), 5261, 35486, 1368 to 1374. The inherent technical defects on TCT No. 4211 (from where defendants derive their titles) and TCT No. 4210 which were exhaustively elucidated above, point to the fact that there was no approved subdivision of Lot 26 which served as legal basis for the regular issuance of TCT Nos. 4210 and 4211. Thus, as between plaintiff's title, which was derived from regularly issued titles, and defendants' titles, which were derived from irregularly issued titles, plaintiff's title which pertains to the entire Lot 26 of the Maysilo Estate should prevail over defendants' titles."

On the other hand, Teodoro Victoriano submitted his Individual Final Report<sup>[11]</sup> (Minority Report) dated October 23, 1993 with the following findings:

"f. That viewed in the light of the foregoing considerations, there is no question that the different parcels of land which are covered by defendants' transfer certificates of title in question are parts of Lot 26 of then Maysilo Estate;

"g. That on the basis of the technical descriptions appearing on the certificates of titles of the defendants, it is ascertained that the parcels of land covered therein overlap portions of the parcel of land which is covered by the plaintiff's certificate of title."

The trial court then scheduled the hearing of the two Reports. CLT Realty filed its objections to the Minority Report. For its part, Manotok Corporations submitted their comment/objections to the Majority Report.

On February 8, 1994, the trial court issued an Order directing the parties to file their respective memoranda "to enable this court **to adopt wholly or partially the memorandum for either as the judgment herein**, x x x."<sup>[12]</sup>

On April 6, 1994, Manotok Corporations submitted their Memorandum praying that the trial court approve the Minority Report and render judgment in their favor.

CLT Realty likewise filed its Memorandum on April 15, 1994 praying that "the Majority Report be approved *in toto*, and that judgment be rendered pursuant thereto."

In its Order of April 22, 1994, the trial court considered the case submitted for decision.<sup>[13]</sup>

On May 10, 1994, the trial court rendered its Decision, the dispositive portion of which reads:

"WHEREFORE, premises considered, judgment is hereby rendered in favor of plaintiff (CLT Realty) and against defendants (Manotok Corporations) as follows:

"1. Ordering the annulment and cancellation of defendants' Transfer Certificates of Title Nos. 4210 and 4211 of the Registry of Deeds of Caloocan City which encroach on plaintiff's 201,288 square meters of Lot No. 26 of the Maysilo Estate, Caloocan City;

"2. Ordering defendants to vacate said 201,288 square meters of Lot No. 26 registered in the name of plaintiff;

"3. Ordering defendants jointly and severally to pay plaintiff the sum of P201,288.00 annually from March 15, 1989, as reasonable compensation for defendants' occupancy and use of the 201,288 square meters involved in this case until the area is vacated;

"4. Ordering defendants jointly and severally to pay plaintiff's counsel (Villaraza & Cruz Law Office) the sum of P50,000.00 as attorney's fees; and

"5. Ordering defendants jointly and severally to pay the costs of suit.

"Defendants' Counterclaim is dismissed for lack of merit.

"SO ORDERED."

The findings of fact and conclusions contained in the Majority Report, which the trial court adopted in its Decision, are quoted as follows:

"7. That the following facts were established by the undersigned Commissioners:

"a. Records show that Maysilo Estate was surveyed under Plan No. Psu-2345 on September 8 to 27, October 4 to 21 and November 17 to 18, 1991;

"b. That **on the basis of the Decision rendered on December 3, 1912 by Hon. Norberto Romualdez in Land Registration Case No. 4429 pursuant to which the Decree No. 36455 was issued and the approved plan Psu-2345**, the **Maysilo Estate** was registered under Republic Act No. 496 and **Original Certificate of Title No. 994**, OCT-994, was issued by the Registry of Deeds of Rizal, covering 34 parcels of land, Lots 1 to 6, 7-A, 8 to 15, 17 to 22, 23-A, 24, 25-A, 25-D and 26 to 33, all of Psu-2345.

"c. The original copy of OCT-994 in its original form although dilapidated is on file at the Registry of Deeds of Caloocan City;

"d. That according to the documents submitted by the plaintiff, **TCT-177013** in the name of plaintiff **CLT Realty Development Corporation** specifically describes the parcel of land covered by its title as '**Lot 26, Maysilo Estate.**' TCT-177013 was a transfer from **TCT-R-17994** registered in the name of **Estelita Hipolito** which in turn is a transfer from **TCT-R-15166** registered in the name of **Jose B. Dimson** which also is a transfer from **OCT-994**. TCT-R-17994 and TCT-R-15166 also specifically describe the parcel of land covered by the titles as '**Lot 26, Maysilo Estate**';

"e. That defendant Manotok Realty Inc.'s properties are covered by TCT Nos. 7528, 7762, 8012, 9866, C-17272, 21107, 21485, 26405, 26406, 26407, 33904, 34255, C-35267, 41956, 53268, 55896, T-1214528, 163902 and 165119, while defendant Manotok Estate Corporation's property is covered by TCT No. T-232568, all of the Registry of Deeds of Caloocan City.

"f. That on the basis of the technical descriptions on the titles of defendants, the parcels of land covered therein **overlap** portions of the parcel of land covered by plaintiff's title;

"g. That according to the documents of defendants, Lot 26 was apparently subdivided which led to the issuance of Transfer Certificates of Title Nos. 4210 and 4211 which were registered on September 9, 1918 in the names of Messrs. Alejandro Ruiz and Mariano Leuterio. All of defendants' titles are derived from TCT No. 4211.

"h. The original copy of OCT-994 does not contain the pages where Lot 26 and some other lots are supposedly inscribed;

"i. TCT No. 4211 was later cancelled by TCT No. 5261 in the name of Francisco J. Gonzales which was later cancelled by TCT No. 35486 in the names of Jose Leon Gonzales, Consuelo Susana Gonzales, Juana