

## EN BANC

[ G. R. No. 130876, January 31, 2002 ]

**FRANCISCO M. ALONSO, SUBSTITUTED BY HIS HEIRS,  
PETITIONERS, VS. CEBU COUNTRY CLUB, INC., RESPONDENT.**

### DECISION

**PARDO, J.:**

#### The Case

The case is an appeal *via* certiorari from a decision of the Court of Appeals<sup>[1]</sup> affirming *in toto* that of the Regional Trial Court, Branch 8, Cebu City,<sup>[2]</sup> declaring that the title to the contested Lot No. 727, Banilad Friar Lands Estate, Cebu City, was validly re-constituted in the name of the Cebu Country Club, Inc. and ordering petitioners to pay attorney's fees of P400,000.00, and litigation expenses of P51,000.00, and costs.

In an appeal *via* certiorari, petitioners may raise only questions of law, which shall be distinctly set forth.<sup>[3]</sup> The jurisdiction of the Supreme Court in cases brought before it from the Court of Appeals is limited to the review of errors of law and not to analyze or weigh the evidence all over again, as its findings of facts are deemed final and conclusive.<sup>[4]</sup>

In this appeal, petitioners raise five (5) issues, all of which involve questions of fact that have been resolved by the trial court and the Court of Appeals in favor of the Cebu Country Club, Inc.

#### The Facts

The facts, as found by the Court of Appeals, are as follows:

(1) Petitioner Francisco M. Alonso, who died *pendente lite* and substituted by his legal heirs, a lawyer by profession, the only son and sole heir of the late Tomas N. Alonso and Asuncion Medalle, who died on June 16, 1962 and August 18, 1963, respectively (Exhibits "P" and "P-1"). Cebu Country Club, Inc. is a non-stock, non-profit corporation duly organized and existing under Philippine Laws the purpose of which is to cater to the recreation and leisure of its members.

(2) Sometime in 1992, petitioner discovered documents and records — Friar Lands Sale Certificate Register/Installment Record Certificate No. 734, Sales Certificate No. 734 and Assignment of Sales Certificate (Exhs. "A", "J" and "K") — showing that his father acquired Lot No. 727 of the Banilad Friar Lands Estate from the Government of the Philippine Islands in or about the year 1911 in accordance with the Friar Lands Act (Act No. 1120). The documents show that one Leoncio Alburo, the original vendee of Lot No. 727, assigned his sales certificate to petitioner's father on

December 18, 1911, who completed the required installment payments thereon under Act No. 1120 and was consequently issued Patent No. 14353 on March 24, 1926. On March 27, 1926, the Director of Lands, acting for and in behalf of the government, executed a final deed of sale in favor of petitioner's father Tomas N. Alonso (Exh. "C"). It appears, however, that the deed was not registered with the Register of Deeds because of lack of technical requirements, among them the approval of the deed of sale by the Secretary of Agriculture and Natural Resources, as required by law.

(3) Upon investigation of the status of the land, petitioner found out from the office of the Registrar of Deeds of Cebu City that title to Lot No. 727 of the Banilad Friar Lands Estate had been "administratively reconstituted from the owner's duplicate" on July 26, 1948 under Transfer Certificate of Title (TCT) No. RT-1310 (T-11351) in the name of United Service Country Club, Inc., predecessor of Cebu Country Club, Inc. On March 8, 1960, upon order of the Court of First Instance, the name of the registered owner in TCT No. RT-1310 (T-11351) was changed to Cebu Country Club, Inc. Moreover, the TCT provides that the reconstituted title was a transfer from TCT No. 1021 (Exh. "D" and sub-markings).

(4) At present, TCT No. RT-1310 (T-11351) has been partially cancelled when Lot No. 727 was subdivided in accordance with the Memorandum of Agreement entered into by Cebu Country Club, Inc. and Susana Ingles Marquiso and Simeon Ingles, Jr. by virtue of the ruling of the Court of Appeals in the case of Heirs of Ramon Cabrera and Graciano Ingles v. Cebu Country Club, Inc.<sup>[5]</sup> and affirmed by the Supreme Court in G. R. No. 60392, per resolution dated August 29, 1983. Lot 727-D-2 covered by TCT No. 94905 remains registered in the name of Cebu Country Club, Inc. (Exh. "D-2").

(5) In the firm belief that petitioner's father is still the rightful owner of Lot No. 727 of the Banilad Friar Lands Estate since there are no records showing that he ever sold or conveyed the disputed property to anyone, on July 7, 1992, petitioner made a formal demand upon Cebu Country Club, Inc. to restore to him the ownership and possession of said lot within fifteen (15) days from receipt thereof. He indicated that his claim was analogous to that of the heirs of the late Ramon Cabrera and Graciano Ingles which was upheld by the Court of Appeals (Exh. "H"). Cebu Country Club, Inc., however, denied petitioner's claim and refused to deliver possession to him.

(6) Left with no other recourse, on September 25, 1992, petitioner filed with the Regional Trial Court, Cebu City,<sup>[6]</sup> a complaint for declaration of nullity and non existence of deed/title, cancellation of certificates of title and recovery of property against defendant Cebu Country Club, Inc.<sup>[7]</sup> He alleged that the Cebu Country Club, Inc. fraudulently and illegally managed to secure in its name the administrative reconstitution of TCT No. RT-13 10 (T-11351) despite the absence of any transaction of specific land dealing that would show how Lot No. 727 had come to pass to Cebu Country Club, Inc.; that TCT No. 11351 which is the source title of TCT No. RT-1310 (T-11351) does not pertain to Lot No. 727; that the reconstituted title which was issued on July 26, 1948, did not contain the technical description of the registered land which was inserted only on March 8, 1960, twenty-eight (28) years after the issuance of TCT No. RT-1310 (T-11351), hence, Cebu Country Club, Inc.'s title is null and void. Petitioner thus prayed for the cancellation of TCT No. RT-1310 (T-11351) and the issuance of another title in his name as the sole heir of

Tomas Alonso, for Cebu Country Club, Inc. to deliver possession of the property to petitioner, and render an accounting of the fruits and income of the land. Petitioner likewise prayed for the sum of P100,000.00 by way of attorney's fees plus P500.00 per hearing as appearance fee, and P10,000.00 as reasonable litigation expenses.

(7) On November 5, 1992, Cebu Country Club, Inc. filed with the trial court its answer with counterclaim. It alleged that petitioner had no cause of action against Cebu Country Club, Inc. since the same had prescribed and was barred by laches, Cebu Country Club, Inc. having been in possession of the land since 1935 until the present in the concept of an owner, openly, publicly, peacefully, exclusively, adversely, continuously, paying regularly the real estate taxes thereon; that Cebu Country Club, Inc. acquired the lot in good faith and for value; that it caused the administrative reconstitution of Lot No. 727 in 1948 from the owner's duplicate, the original of TCT No. 11351 having been lost or destroyed during the war, pursuant to Republic Act No. 26, its implementing Circular, GLRO Circular No. 17<sup>[8]</sup> and Circular No. 6 of the General Land Registration Office;<sup>[9]</sup> that unlike Cebu Country Club, Inc., petitioner's father never had any registered title under the Land Registration Act No. 496 nor did he pay the necessary taxes on Lot No. 727 during his lifetime; that petitioner's father knew that the United Service Country Club, Inc., predecessor of Cebu Country Club, Inc. was occupying Lot No. 727 as owner; that petitioner's father never reconstituted his alleged title to Lot No. 727 but did so over Lot No. 810 of the Banilad Friar Lands Estate, a lot adjacent to the disputed property, in 1946; that petitioner himself lived in Cebu City, a few kilometers away from the land in litigation; that petitioner's father or petitioner himself, both of whom are lawyers and the former a congressman as well, for more than sixty (60) years, never made any demand on Cebu Country Club, Inc. for the recovery of the property knowing fully well that said land was owned and utilized by Cebu Country Club, Inc. as its main golf course. By way of counterclaim, Cebu Country Club, Inc. prayed for the award of attorney's fees in the amount of P900,000.00 and litigation expenses of P100,000.00, moral damages of P500,000.00 and exemplary damages of P2,000,000.00.<sup>[10]</sup>

(8) In the course of the trial, Cebu Country Club, Inc. to disprove petitioner's allegation that its title, TCT No. RT-1310 (T-11351), was obtained illegally and fraudulently, submitted the deposition of an expert witness, Atty. Benjamin Bustos, Chief of the Reconstitution Division, Land Registration Authority, Central Office, Metro Manila (Exh. "8"). He testified that pursuant to GLRO Circular No. 17 dated February 19, 1947 and Circular No. 6 (RD-3) dated August 5, 1946 (Exhs "2" and "3"), titles issued before the inauguration of the Republic of the Philippines were numbered consecutively, and titles issued after the inauguration of the Republic were likewise numbered consecutively, starting with the number one (1). Eventually, therefore, the title numbers issued before the inauguration would be duplicated by the title numbers issued after the inauguration of the Republic.<sup>[11]</sup>

(9) On May 7, 1993, the trial court rendered a decision, the dispositive portion of which reads:

"THE FOREGOING CONSIDERED, judgment is hereby rendered in favor of the defendant and against the plaintiff: declaring the contested property or Lot 727 as legally belonging to the defendant; directing the plaintiff to pay attorney's fee of P400,000.00; and litigation expenses of P51,000.00;

and finally, with costs against the plaintiff.

"SO ORDERED.

"Cebu City, May 7, 1993.

"(s/t) BERNARDO LL.  
SALAS  
"Judge"[12]

(10) In due time, both parties appealed to the Court of Appeals.[13]

After proceedings on appeal, on March 31, 1997, the Court of Appeals promulgated a decision, the dispositive portion of which reads:

"WHEREFORE, IN VIEW OF THE FOREGOING, the appeals interposed by both parties are hereby DENIED, and the lower court's Decision dated May 7, 1993 is AFFIRMED in toto. No pronouncement as to costs."

"SO ORDERED."[14]

On April 30, 1997, petitioner filed a motion for reconsideration; however, on October 2, 1997, the Court of Appeals denied the motion.[15]

Hence, this appeal.[16]

On October 24, 2000, we required the Solicitor General to file comment on the issue of the validity of the re-constituted title in dispute.[17]

On November 8, 2000, the Solicitor General submitted a comment stating that on the basis of information received from the Land Registration Authority (LRA) and the Land Management Bureau (LMB), the Cebu Country Club, Inc. had been occupying the disputed property even before the Second World War and developed it into a golf course and must have acquired the property in a proper and valid manner.[18] Nonetheless, the Solicitor General emphasized that the Cebu Country Club's certificate of title is a reconstituted title. A reconstituted title does not confirm or adjudicate ownership of land covered by lost or destroyed title.[19] And the Government's right to file reversion proceedings cannot be barred by prescription that does not run against the State.[20]

### The Issues

Petitioners raise the following issues:

1. Whether the Court of Appeals erred in affirming the validity of TCT No. RT-1310 (T-11351).
2. Whether the Court of Appeals erred in sustaining respondent's claim of ownership over Lot No. 727;

3. Whether the Court of Appeals erred in holding that the present action is barred by prescription and/or by laches;
4. Whether the Court of Appeals erred in not applying the doctrine of *stare decisis*;
5. Whether the Court of Appeals erred in sustaining the trial court's award for damages in the form of attorney's fees and litigation expenses.<sup>[21]</sup>

We resolve the issues *in seriatim*.

#### First Issue: Validity of Cebu Country Club, Inc.'s Title

The first issue is whether the Court of Appeals lawfully adjudged the validity of the administrative reconstitution of the title of Cebu Country Club, Inc. over the OCT of the Government of the Philippine Islands and Sales Patent No. 14353 on Lot No. 727 in the name of Tomas N. Alonso.

The issue is factual, which, as aforesaid, cannot be reviewed in this appeal. Nevertheless, petitioners assail the validity of the administrative reconstitution of Cebu Country Club, Inc.'s title No. RT-1310 (T-11351) on three (3) grounds:

1. Its source title bears the same number as another title which refers to another parcel of land;
2. There is no recorded transaction of the land from Tomas Alonso in favor of Cebu Country Club, Inc.; and
3. The technical description was not transcribed in the title within two (2) years from the date of its reconstitution.

None of the grounds has any basis or merit.

On the question that TCT No. RT-1310 (T-11351) bears the same number as another title to another land, we agree with the Court of Appeals that there is nothing fraudulent with the fact that Cebu Country Club, Inc.'s reconstituted title bears the same number as the title of another parcel of land. This came about because under General Land Registration Office (GLRO) Circular No. 17, dated February 19, 1947, and Republic Act No. 26 and Circular No. 6, RD 3, dated August 5, 1946, which were in force at the time the title was reconstituted on July 26, 1948, the titles issued before the inauguration of the Philippine Republic were numbered consecutively and the titles issued after the inauguration were numbered also consecutively starting with No. 1, so that eventually, the titles issued before the inauguration were duplicated by titles issued after the inauguration of the Philippine Republic. This was testified to by Atty. Benjamin Bustos, Chief of the Reconstitution Division, Land Registration Authority, Central Office, Metro Manila, and by Atty. Dindo Nuñez, Deputy Register of Deeds of Cebu City, who declared that several titles in the record of the Register of Deeds which were reconstituted after the inauguration of the Philippine Republic had the same numbers as the titles issued before the Second World War, due to the operation of the circulars referred to.

Said the Court of Appeals: