

FIRST DIVISION

[G.R. Nos. 88521-22, January 31, 2000]

HEIRS OF EULALIO RAGUA, NAMELY, DOMINGO, MARCIANA, MIGUEL, FRANCISCO, VALERIANA, JUANA, AND REMEDIOS, ALL SURNAMED RAGUA; DANILO AND CARLOS, BOTH SURNAMED LARA, PETITIONERS, VS. COURT OF APPEALS, REPUBLIC OF THE PHILIPPINES, NATIONAL HOUSING AUTHORITY, PHILIPPINE AMERICAN LIFE INSURANCE CO., INC., J. M. TUASON & CO., INC. AND HEIRS OF D. TUASON, INC., RESPONDENTS.

[G.R. NOS. 89366-67. JANUARY 31, 2000]

MARINO T. REGALADO AND ELISA C. DUFOURT PETITIONERS, VS. REGIONAL TRIAL COURT, NATIONAL CAPITAL REGION, QUEZON CITY, (BRANCH 88) PRESIDED BY HON. TIRSO D. C. VELASCO (FORMERLY COURT OF FIRST INSTANCE, QUEZON CITY, BRANCH 18, THEN PRESIDED BY HON. ERNANI CRUZ PAÑO), AND HONORABLE COURT OF APPEALS (SPECIAL NINTH DIVISION COMPOSED OF THE HONORABLE ASSOCIATE JUSTICES LUIS A. JAVELLANA REGINA G. ORDONEZ-BENITEZ, AND LUIS L. VICTOR), RESPONDENTS.

D E C I S I O N

PARDO, J.:

These consolidated cases involve a prime lot consisting of 4,399,322 square meters, known as the Diliman Estate, situated in Quezon City. On this 439 hectares of prime land now stand the following: the Quezon City Hall, Philippine Science High School, Quezon Memorial Circle, Visayas Avenue, Ninoy Aquino Parks and Wildlife, portions of UP Village and East Triangle, the entire Project 6 and Vasha Village, Veterans Memorial Hospital and golf course, Department of Agriculture, Department of Environment and Natural Resources, Sugar Regulatory Administration, Philippine Tobacco Administration, Land Registration Authority, Philcoa Building, Bureau of Telecommunications, Agricultural Training Institute building, Pagasa Village, San Francisco School, Quezon City Hospital, portions of Project 7, Mindanao Avenue subdivision, part of Bago Bantay resettlement project, SM City North EDSA, part of Phil-Am Life Homes compound and four-fifths of North Triangle.^[1] This large estate was the subject of a petition for judicial reconstitution originally filed by Eulalio Ragua in 1964, which gave rise to protracted legal battles between the affected parties, lasting more than thirty-five (35) years.

Re : G. R. Nos. 88521-22

These cases are now before the Court for review via certiorari of the decision of the Court of Appeals^[2] that reversed and set aside the decision^[3] of the Court of First

Instance of Rizal, Quezon City, Branch 18, ordering the Register of Deeds, Quezon City to reconstitute Original Certificate of Title No. 632 in the name of Eulalio Ragua. Court

On August 31, 1964, Eulalio Ragua, claiming to be the registered owner, together with co-owners Anatalio B. Acuña, Catalina Dalawantan, and other co-owners, filed with the Court of First Instance of Rizal, Caloocan City^[4] a petition for reconstitution of Original Certificate of Title (OCT) No. 632 of the Registry of Deeds of Rizal, covering a parcel of land with an area of 4,399,322 square meters, as evidenced by plan bearing No. II-4816, known as the Diliman Estate, situated in the municipality of Caloocan, province of Rizal. Attached to the petition was a photostatic copy of OCT No. 632 and a photostatic copy of the plan of the property as surveyed for Eulalio Ragua. OCT No. 632 covered a large parcel of land bounded on the North by the Culiati Creek, a ditch, the Piedad Estate; on the East by the property of Gregorio Tiburcio and Mahabang Gubat; on the South by the property of Miguel Estanislao; on the West by the property of Segundo Limoco, the Mariabelo Creek; and on the South by the San Francisco del Monte Estate.

On September 9, 1964, J. M. Tuason & Co., Inc. (Tuason) filed with the Court of First Instance of Rizal, Caloocan City an opposition to the petition alleging that OCT No. 632 was fictitious and the land was covered by TCT No. 1356 in the name of People's Homesite and Housing Corporation (PHHC). TCT No. 1356 originated from OCT No. 735 of the Registry of Deeds of Rizal, registered in the name of Tuason's predecessor-in-interest. Furthermore, the validity of OCT No. 735 had been declared as beyond judicial review in the case of Maximo L. Galvez vs. Mariano Severo Tuason, 119 Phil. 612, promulgated on February 29, 1964.

On September 10, 1964, the People Homesite and Housing Corporation (PHHC), later succeeded by the National Housing Authority (NHA), filed with the same trial court its opposition to Ragua's petition for reconstitution of OCT No. 632. PHHC averred that Ragua's petition did not comply with the requirements of the law on judicial reconstitution. PHHC likewise contended that OCT No. 632 in the name of Eulalio Ragua was fictitious, and that the property was covered by TCT No. 1356 in the name of PHHC. PHHC maintained that TCT No. 1356 was originally covered by OCT No. 735, the validity of which had been declared by the Supreme Court as beyond judicial review in the afore-cited case of Maximo L. Galvez vs. Mariano Severo Tuason, *supra*.

Also on September 10, 1964, petitioner Eulalio Ragua filed with the Court of First Instance of Rizal, Branch VI, Pasig, Rizal another petition for reconstitution of OCT No. 632, G. L. R. O. No. 7984. Ragua alleged that he was the owner of a parcel of land situated in Diliman, Quezon City, with an area of four million three hundred ninety nine thousand three hundred twenty two (4,399,322) square meters, particularly bounded and described as indicated on Plan II-4816 and that the owner's duplicate of OCT No. 632 had been lost and destroyed many years ago when his personal effects and papers were eaten by termites.

On September 23, 1964, the Court of First Instance of Rizal at Pasig, issued an order directing the transfer of the record of G. L. R. O. No. 7984 to the Court of First Instance of Rizal, Caloocan City as the land involved was situated in Caloocan City.

On September 28, 1964, Eulalio Ragua filed with the Court of First Instance of Rizal,

Caloocan City a manifestation for the consolidation of G. L. R. O. Record No. 7984 with Civil Case No. C-119. On November 24, 1964, the Court of First Instance of Rizal, Caloocan City granted the manifestation and consolidated the two cases.

On January 29, 1965, during the pendency of the petition, Sulpicio Alix applied for, and on the same date, obtained from the Register of Deeds of Quezon City, an administrative reconstitution of OCT No. 632.

On February 10, 1965, Tuason filed with the Court of First Instance of Quezon City, Branch 18 a complaint for annulment of OCT No. 632^[5] and subsequent transfer certificates of titles (TCTs) originating therefrom, against the Register of Deeds of Quezon City, Eulalio Ragua, J. Sulpicio R. Alix, Ramon S. Mendoza, Leocadio D. Santiago, and others. Tuason alleged that he was the successor-in-interest of the parcels of land in Quezon City originally covered by OCT 735 issued on July 8, 1914 in G.L.R.O. Case No. 7681, as evidenced by TCT No. 32001 and TCT Nos. 37676 to 37686 of the Register of Deeds of Quezon City. Tuason averred that on January 29, 1965, Ragua and/or Alix knowingly caused to be reconstituted administratively in the Register of Deeds of Quezon City, a fake OCT No. 632 covering 4,399,322 square meters of land situated in Diliman, Quezon City. Tuason maintained that OCT No. 632 in the name of Ragua was a fake title since the records of the Registry of Deeds of Pasig, Rizal showed that OCT No. 632 was issued in the name of Dominga J. Oripiano, for a parcel of land covering 97 hectares situated in Taytay, Rizal.

On February 15, 1965, Eulalio Ragua filed with the Court of First Instance of Rizal, Quezon City a "Motion to Confirm the Administrative Reconstitution of Original Certificate of Title No. 632" alleging that on January 29, 1965, Sulpicio Alix filed the owner's duplicate copy of OCT No. 632 with the Register of Deeds of Quezon City for the administrative reconstitution of said title. Alix secured the owner's duplicate copy of OCT No. 632 by virtue of a deed of sale executed in his favor by Eulalio Ragua. As a result, the Register of Deeds issued OCT No. 88081 in the name of Eulalio Ragua. Subsequently, Alix succeeded in having OCT No. 88081 cancelled and replaced with TCT No. 88082 in his name, which, in turn, was replaced by 31 Transfer Certificates of Title on the strength of deeds of absolute sale executed by Alix in favor of third parties.

On February 17, 1965, Tuason filed with the Court of First Instance of Rizal, Quezon City an opposition to the motion of petitioners for the confirmation of the administrative reconstitution of OCT No. 632. Tuason alleged that OCT No. 632 issued to Eulalio Ragua was a fake title, reconstituted administratively by certain persons using surreptitious means, without any notice to all parties concerned and without following the procedure prescribed by law governing the administrative reconstitution of lost titles. Tuason further stated that the court had no jurisdiction to confirm the administratively reconstituted OCT No. 632 inasmuch as under RA 26, administrative reconstitution of titles and judicial reconstitution are two different matters.

On February 24, 1965, the Republic of the Philippines^[6] filed with the Court of First Instance of Rizal, Caloocan City its opposition to the petition alleging that it was the owner of the land including the buildings and improvements thereon, now known as the Veterans Memorial Hospital (VMH), acquired from the PHHC. The VMH site was part of the land acquired by PHHC from Tuason under TCT No. 1356, originally

covered by Tuason's OCT No. 735, the validity of which was judicially recognized by the Supreme Court.^[7] The Republic adopted the opposition of the PHHC and Tuason. It further contended that it was a transferee in good faith, thereby barring any pretended right of petitioners to the portion owned and possessed by it.

In sum, the petition for reconstitution filed by Eulalio Ragua was opposed by several parties, to wit: the Tuasons, the National Housing Authority (formerly PHHC), Department of National Defense, Department of Agriculture and Natural Resources, Parks and Wildlife, Philippine American Life Insurance Company, et. al., among other parties, which claimed to have purchased portions of the Diliman Estate from the Tuasons.

On April 18, 1968, Eulalio Ragua died, and on April 29, 1968, was substituted by his heirs Domingo, Marciana, Miguel, Juana, Francisco, Valeriana, and Remedios, all surnamed Ragua, and Carlito Ragua Lara, as petitioners.

On January 10, 1972, petitioners and oppositors filed with the Court of First Instance of Rizal, Quezon City a joint motion to transfer the proceedings in Case No. C-119 /G.L.R.O. Rec. No. 7984 to Branch 18, Court of First Instance of Rizal, Quezon City for consolidation with Civil Case No. Q-8559,^[8] which consolidation was effected.

After due hearing, on March 24, 1980, the Court of First Instance of Rizal, Quezon City rendered decision^[9] the dispositive portion of which reads as follows:

"WHEREFORE, premises considered, the Court renders judgment –

"1. In Case No. 119, the Quezon City Register of Deeds is ordered to reconstitute in the name of Eulalio Ragua Original Certificate of Title No. 632, with the Technical Description appearing in Plan II-4816 and Annexes A & B of the Petition, upon payment of all lawful fees;

"2. In Case Q-8559, declaring null and void, and cancelling the administratively reconstituted OCT 632 (88081) and Transfer Certificates of Title derived therefrom, including – TCT 88082, 88083, 88084, 88087, 88088, 88089, 88091, 88092, 88093, 88094, 88095, 88096, 88097, 88098, 88030, 88656, 88657, 88658, 88659, 88671, 88677, 88674, 88675, 88689, and all any transfer certificates of title derived therefrom.

"The claims in interventions in Case No. 119 of parties who upheld the validity of the Ragua title, as well as any claims in Case 8559 against Sulpicio Alix may be prosecuted in separate proceedings.

"No pronouncement as to costs.

"SO ORDERED.

"Quezon City, Philippines, March 24, 1980.

"(SGD) ERNANI CRUZ PAÑO
"ERNANI CRUZ PAÑO

In due time, oppositors, including the Republic, filed with the trial court a motion for reconsideration of the decision. On August 29, 1980, the trial court denied the motion.

The Republic appealed the trial court's decision to the Court of Appeals.^[11] Private oppositors and the National Housing Authority filed separate appeals to the Court of Appeals.

After due proceedings on appeal, on May 30, 1989, the Court of Appeals promulgated its decision, the dispositive portion of which reads:

"WHEREFORE, the judgment appealed from is reversed insofar as it orders the reconstitution of OCT 632 in the name of Eulalio Ragua.

"Without pronouncement as to costs.

"SO ORDERED."^[12]

The Court of Appeals held that the trial court had no jurisdiction over the petition for reconstitution for failure to comply with the jurisdictional requirements of publication and posting of notices provided under Republic Act No. 26, Sections 12 and 13. The Court of Appeals ruled that assuming arguendo that the trial court had jurisdiction over the petition, the evidence presented in court to support the application was dubious in character and insufficient to justify the reconstitution.

The Court of Appeals held furthermore that the land in question was embraced in OCT No. 735, issued in the name of Tuason, the validity of which was upheld by the Supreme Court in several cases.^[13] The trial court could not proceed with the reconstitution proceedings without Tuason's title and those originating therefrom being annulled first.^[14] The Court of Appeals also ruled that petitioners were guilty of laches since it took them nineteen (19) years from the end of World War II in 1945, wherein OCT 632 was lost, to file the petition for reconstitution.

On July 22, 1989, petitioners filed this petition for review on certiorari assailing the Court of Appeals' decision.^[15]

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Petitioners Elisa G. Dufourt and Marino T. Regalado were owners of 45 and 55 hectares, respectively, of the same parcel of land known as the Diliman Estate, which was subject of the petition for judicial reconstitution of OCT No. 632, filed by Eulalio Ragua with the Court of First Instance of Rizal, Caloocan City, later transferred to Court of First Instance of Rizal, Quezon City. Sometime in 1972, petitioners acquired the property by virtue of deeds of assignment executed by Eulalio Ragua in their favor. Petitioners' rights and interests over the above property have been confirmed by the Court of Appeals in CA-G. R. CV No. 20701, promulgated on May 4, 1989.

As heretofore stated, on March 24, 1980, the Court of First Instance of Rizal,