

# SPECIAL TWELFTH DIVISION

[ CA-G.R. CV No. 97894, May 28, 2014 ]

**GOVERNMENT SERVICE INSURANCE SYSTEM, PETITIONER-APPELLEE, VS. REPUBLIC OF THE PHILIPPINES, OPPOSITOR-APPELLANT.**

## **D E C I S I O N**

**PAREDES, J.:**

### **THE CASE**

THIS IS ON THE APPEAL filed by oppositor-appellant Republic of the Philippines (*Republic*) assailing the Decision<sup>[1]</sup> dated September 5, 2011 of the Regional Trial Court (*RTC*), Branch 87, Quezon City, in LRC Case No. Q-20496(05) for reconstitution of original copy of transfer certificate of title filed by petitioner-appellee Government Service Insurance System (*GSIS*).

### **THE ANTECEDENTS**

On September 28, 2005, GSIS filed a petition<sup>[2]</sup> for reconstitution and issuance of original and new owner's duplicate copy of Transfer Certificate of Title (*TCT*) No. 183751, Registry of Deeds of Quezon City, in lieu of the lost title. GSIS alleged that: it is an assignee of a parcel of land including all improvements thereon situated in Novaliches, Quezon City, particularly described as follows:

A parcel of land (Lot 26, Block 55 [Sheet 2] of the consolidation/subdivision plan {LRA} PCS-12965, being a portion of the consolidation of Lots 1 and 4, (LRC) PCS-12892, LRC Rec. No. 6563), situated in the Dist. Of Novaliches, Quezon City, Island of Luzon. Bounded on the E., points 4 to 1 by Lot 27, on the SE., points 1 to 2 by Road Lot 75 and on the NW., points 3 to 4 by Lot 24, Block 55, all of the consolidation subdivision plan. Beginning at a point marked "1" on plan deg. S. 34 deg. 03'W., 1306.44 m. from L.M. No. 13, Tala Estate; thence N. 16 deg. 01'W., 20.0 m. to point 2; thence N. 73 deg. 59'W., 10.00 m. to point 3; thence N. 16 deg. 01'E, 20.00 m. to point 4; thence 73 deg. 59'E., 10.00 m. to the point of beginnings; containing an area of TWO HUNDRED (200) SQUARE METERS, more or less. All points referred to are indicated on the plan and are marked on the ground by P.S. Cyl. Conc. Mons. 15 x 60 cm, bearing true; declination 0 deg. 48'E, date of original survey, during 1907, and that of the consolidation subdivision survey, executed by Ariston F. Sevilla, Geodetic Engineer, on Dec. 1-15, 1971.

the parcel of land is covered by TCT No. 183751, registered in the name of Lagro Development and Realty Corporation (LDRC), and was assigned to GSIS under a Deed of Absolute Sale with Assignment; GSIS, in turn, sold the same on installment

basis to Carmen V. Rael and Edilberto K. Rael (*spouses Rael*) under a Deed of Conditional Sale; under the terms of the deed, GSIS was to keep possession and custody of the owner's duplicate of the TCT for the duration of the term of the loan and after full payment, only then will the owner's duplicate of the TCT be released to the spouses Rael; however, after full payment of the spouses Rael, the owner's duplicate of the TCT could not be found in the vault of the Fund Management and Control Department of the GSIS; despite diligent search to find and locate the same, the owner's duplicate of the TCT remained missing and was then declared missing and lost; the loss of the owner's duplicate of the TCT was registered with the Register of Deeds (*RD*) of Quezon City; upon further verification with the RD, it was found that the original copy of TCT No. 183751 was among those burned during the fire on June 11, 1988 that razed and gutted the Registry of Deeds of Quezon City which had its offices at the City Hall; there is no other co-owner's copy or other duplicate of said title that has been issued; there is no building nor any improvement existing or introduced on the parcel of land covered by the TCT which does not belong to the assignee; the property is free from all liens and encumbrances of any kind whatsoever, except those that may be due to GSIS as assignee; no other deed or instrument exists affecting the said property that might have been presented for and/or pending registration with the RD; and the lot has been declared for taxation purposes. GSIS prayed that after due notice and hearing, an order be issued directing the RD of Quezon City, Metro Manila, to reconstitute the original copy of TCT No. 183751 and to issue a new owner's duplicate copy and declaring as null and void the lost owner's duplicate copy of the aforesaid title.

Finding the petition sufficient in form and substance, the RTC issued an Order<sup>[3]</sup> dated January 18, 2006, setting the hearing on June 29, 2006 and directed that: (1) the order be published in the Official Gazette for two (2) consecutive dates; (2) copies of the Order be posted at the main entrances of the City Hall and Hall of Justice Building, as well as at the bulletin board of the barangay hall where the property is situated; and (3) copies of the order be sent to the adjoining property owners with proof of compliance submitted to the court.

During the hearing, the RTC granted<sup>[4]</sup> GSIS ninety (90) days within which to file the appropriate motion corresponding to their compliance with the requirements. Thereafter, the GSIS manifested<sup>[5]</sup> its compliance with the requirements laid down by the Chief of the Reconstitution Division of the Land Registration Authority (*LRA*) in his letter, including the submission of: (a) original with two (2) duplicate copies and a xerox of the technical description of the land, certified by the authorized officer of the LRA; (b) certified copy of lot data computation or area computation prepared by a duly licensed Geodetic Engineer; and (c) sepia film plan with two (2) print copies of the parcel of land prepared by a duly licensed engineer.

After compliance with the jurisdictional requirements to which no objections were interposed, the RTC set<sup>[6]</sup> the reception of evidence ex-parte. GSIS filed its Formal Offer<sup>[7]</sup> of Exhibits on December 22, 2006. All the exhibits of GSIS were admitted in the Order dated July 6, 2007<sup>[8]</sup>. On July 9, 2007, the Office of the Solicitor General (*OSG*) filed its Comment<sup>[9]</sup> to the formal offer of GSIS registering its objection to the admission of Exhibits "I" to "J" due to the non-approval of the LRA in accordance with Republic Act No. 26<sup>[10]</sup> (*RA No. 26*).

Subsequently, the LRA submitted<sup>[11]</sup> its Report dated September 21, 2007, highlighting the non-compliance of the GSIS with one of the requirements set out in RA No. 26, that the subdivision plan it submitted was not approved by the appropriate officer of the LRA. A hearing was set<sup>[12]</sup> anew on April 24, 2008, during which counsel for GSIS asked, and was granted<sup>[13]</sup>, time within which to present additional evidence.

GSIS presented Liza Cornejo of the GSIS Registration and Records Department. She testified<sup>[14]</sup> on the circumstances surrounding the loss of the owner's duplicate copy of the TCT, the efforts exerted to locate the document, as well as the actions undertaken after such loss, foremost of which is the execution of a joint affidavit of loss which was registered with the RD.

In an Order<sup>[15]</sup> dated July 7, 2009, the RTC noted the previous submission of GSIS of its formal offer and the objections interposed by the Republic. Finding the objections to be proper, the RTC denied the admission to Exhibits "I" to "J", offered to prove compliance with the jurisdictional requirements. The RTC then ordered the case archived to be retrieved only upon receipt of a report from the LRA.

The LRA sent an Amended Report<sup>[16]</sup> dated March 30, 2010, together with a print copy of Plan<sup>[17]</sup> (LRA) PR-07-01528-R and original copy of the technical description<sup>[18]</sup> of the lot to the RTC. In its Amended Report, the LRA noted that the plan and technical description were verified correct and approved pursuant to the provisions of Section 12 of RA No. 26 and recommended that the RD of Quezon City be made to submit a comment on whether or not a reconstituted title of TCT No. 183751 had already been issued. Due to non-compliance of the RD with the directive of the RTC to file its comment, the case was again archived<sup>[19]</sup> pending receipt of such comment.

On September 22, 2010, the RD submitted its Comment<sup>[20]</sup>. The RTC reinstated<sup>[21]</sup> the case and set the continuation of the hearing. GSIS presented its second and last witness, Atty. Carlo Alcantara. At the time of his testimony, Atty. Alcantara was the Deputy RD of the Registry of Deeds of QC and he testified<sup>[22]</sup> to the issuance of a certification that the original of TCT No. 183751 was among those titles which were destroyed by the fire that razed the Quezon City Hall on June 11, 1988.

Thereafter, GSIS re-marked<sup>[23]</sup> its exhibits before a Commissioner who then submitted a Report<sup>[24]</sup> thereon. On May 4, 2011, GSIS submitted another Formal Offer<sup>[25]</sup> of Exhibits consisting of the following:

Exhibits A to A-3 <sup>[26]</sup>	Copy of the Petition
Exhibits B to B-5 <sup>[27]</sup>	Court Order dated January 18, 2006 showing receipt of the interested parties

Exhibits C to C-3 <sup>[28]</sup> (58-9)	Certificate of Posting in the Barangay Hall
Exhibits D to D-2 - A <sup>[29]</sup>	Certificate of Publication and Copies of the Official Gazette
Exhibit E <sup>[30]</sup>	Deed of Sale with Assignment
Exhibit F <sup>[31]</sup>	Deed of Conditional Sale
Exhibits G to G-3 <sup>[32]</sup>	Joint Affidavit of Loss
Exhibits H to H-1 <sup>[33]</sup>	Certifications issued by the Register of Deeds of Quezon City
Exhibits I to I-3 <sup>[34]</sup>	LRA Subdivision Plan
Exhibit J <sup>[35]</sup>	Duplicate Original of the LRA Technical Description
Exhibit K <sup>[36]</sup>	Tax Declaration of Real Property
Exhibit L <sup>[37]</sup>	Treasurer's Certification
Exhibits M to M-1 <sup>[38]</sup>	Receipts for Payments of Real Property Tax
Exhibit N <sup>[39]</sup>	Amended LRA Report Dated March 30, 2010
Exhibit O <sup>[40]</sup>	Inscription PR-46556 (183571), Book No. 118; Page No. 156 reflecting the registration of the Joint Affidavit of Loss

Exhibits "A" to "O" were admitted in the Order<sup>41</sup> dated July 5, 2011. On September 5, 2011, the RTC issued the assailed Decision<sup>42</sup>, disposing of the case in this wise:

**WHEREFORE**, in view of the foregoing, the petition is hereby granted. The original and owner's duplicate copy of Transfer Certificate of Title No. 183751 of the Register of Deeds of Quezon City are hereby declared lost, and null and void, and of no further legal effect.

The Register of Deeds of Quezon City is hereby directed, after the payment of the required fees, to:

(1) reconstitute the original of Transfer Certificate of Title No. 183751 in the name of Lagro Development and Realty Corporation, based on the approved technical description and location plan submitted to this Court, through the Report of the Land Registration Authority dated March 30, 2010, as well as the Comment filed on September 22, 2010 and,

(2) issue a new owner's duplicate thereof in the name of Lagro Development and Realty Corporation, which shall contain a memorandum of the fact that it is issued in place of the lost title, but shall, in all respects, be entitled to like faith and credit as the original duplicate of Transfer Certificate of Title No. 183751 and shall thereafter be regarded as such for all purposes, pursuant to Presidential Decree No. 1529.

SO ORDERED<sup>[43]</sup>.

Hence, this appeal<sup>[44]</sup>.

### **THE ISSUES**

The Republic comes before this Court raising the following issues:

I

WHETHER OR NOT THE TRIAL COURT ACQUIRED JURISDICTION OVER THE CASE.

II

WHETHER OR NOT THE FACTUAL AND LEGAL BASES FOR THE DECISION GRANTING THE PETITION FOR RECONSTITUTION WERE DULY PROVED AND ESTABLISHED<sup>[45]</sup>

In fine, the only issue in this case is whether or not the RTC erred in granting the petition for reconstitution.

### **THE COURT'S RULING**

***The appeal is meritorious.***

The Republic avers<sup>[46]</sup> that GSIS failed to comply with the mandatory notice requirement under RA No. 26. Specifically, the Republic points out that LDRC, in whose name the TCT sought to be reconstituted was registered, was never furnished with a copy of the order of hearing. The Republic claims<sup>[47]</sup> that since the petition for reconstitution was a proceeding in rem, compliance with the requirements under RA No. 26 was a condition sine qua non for the conferment of jurisdiction on the