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Wilfredo V. Larian
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Third Division
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Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

SPOUSES RODOLFO CRUZ and G.R. No. 228641
LOTA SANTOS-CRUZ,
Petitioners, Present:

- versus -

HEIRS OF ALEJANDRO SO HIONG
(deceased), substituted by his heirs,
GLORIA SO HIONG OLIVEROS,
ALEJANDRO L. SO HIONG, JR.,
FLOCY SO HIONG VELARDE and
BEATRIZ DOMINGUEZ,
Respondents.

PERALTA, J., Chairperson,
LEONEN,
GESMUNDO,*
REYES, J.C., JR.,* and
HERNANDO, JJ.

Promulgated:

November 5, 2018

x-----

Wilfredo V. Larian

DECISION

PERALTA, J.:

Before the Court is a petition for review on *certiorari* under Rule 45 of the Rules of Court seeking to reverse and set aside the Decision¹ dated May 23, 2016 and the Resolution² dated December 7, 2016 of the Court of Appeals (CA) in CA-G.R. CV No. 105749.

The antecedent facts are as follows:

Siblings Alejandro So Hiong and Conchita So Hiong were the former co-owners of a parcel of land with an area of 313 square meters located at Solib, Floridablanca, Pampanga, registered under Transfer Certificate of Title (TCT) No. 43193-R. On August 23, 2007, Alejandro, who was

* On wellness leave.

¹ Penned by Associate Justice Renato C. Francisco, with Associate Justices Apolinario D. Bruselas, Jr. and Danton Q. Bueser, concurring; *rollo*, pp. 42-51.

² *Id.* at 53-57.

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substituted by his heirs upon his death in 2010, filed a Complaint for Annulment of Transfer Certificate of Title, Reconveyance, and Damages against petitioner spouses Rodolfo Cruz and Lota Santos-Cruz (*Spouses Cruz*). In his complaint, he alleged that sometime in 1972 to 1973, he left Pampanga with his family to live in Manila, leaving the owner's duplicate copy of TCT No. 43193-R with Conchita for safekeeping. In 1974 to 2001, they transferred to Laguna, but in 2002, returned to Pampanga. In July 2007, Alejandro was reminded of the title to the subject land which he entrusted to his sister Conchita, but upon inquiry, he learned that Conchita could no longer remember where she kept the same. When Alejandro tried to secure a copy thereof from the Register of Deeds of Pampanga, he found out that the following inscription was already written on the back side of the original title:

Entry No. 4686, sale in favor of Sps. Rodolfo B. Cruz and Lota B. Cruz covering the LOT HEREIN DESCRIBED FOR THE AMOUNT OF P10,000.00, WHEREIN THIS TITLE IS CANCELLED AND TCT 356877-R IS ISSUED PER DOC. NO. 180, PAGE 37, BK NO XV, SERIES OF 1979. N.P.P. LOBO OF PAMP.

Date of Doc. 5-19-79

Date of INSC. 8-20-93 at 4:30 p.m.

Sgd. Register of Deeds

According to Alejandro, it was only then that he came to know that TCT No. 43193-R was cancelled and replaced by TCT No. 356877-R by virtue of a purported sale in favor of the Spouses Cruz. He tried to secure a copy of the deed of sale transferring the land from the Register of Deeds or from the Notary Public who notarized the same but to no avail. Alejandro maintains that he never executed a deed of sale nor transferred his share of the land in favor of Lota Cruz. Thus, in all probability, the Spouses Cruz must have prepared a fraudulent deed and used the same in transferring ownership of the land in their names.³

For their part, the Spouses Cruz countered that Alejandro and Conchita freely and voluntarily sold the subject property to them and that Alejandro's right to seek the cancellation of their title had already prescribed. In their Answer, the spouses averred that in 1974, Alejandro sold his share of the lot and his house thereon to the mother of Lota Cruz, Victoria Santos, but since Victoria was the sister of Alejandro, no document was yet issued at that time. After the sale, Lota Cruz and her family occupied the same. The other half of the property, fronting the national road, remained with Conchita where her house was located. Subsequently in 1979, Conchita sold her share of the property and her house thereon to the spouses. Lota Cruz's family agreed that in order that there would only be one title covering the properties that they purchased from Alejandro and Conchita, the said properties would be registered in the name of the spouses. It was in

³ *Rollo*, pp. 42-44.

this respect that Victoria asked Alejandro and Conchita to sign a Deed of Sale as vendors and the spouses as vendees of the subject property, which deed was freely signed by Alejandro. Besides, the spouses also maintained that the complaint was already barred by laches, considering that from the time Alejandro left Pampanga in 1972 up to the time of the filing of the complaint in 2007, or for 34 years, more or less, he took no action in recovering his alleged property from the spouses who took possession of the same in the concept of an owner since 1974. In fact, the spouses raised the question that if Alejandro truly believed that he still owned his portion of the subject property, why is it that he never asserted his claim during all those years and instead even rented a house in Floridablanca, Pampanga when he returned thereto in 2002?⁴

On September 15, 2015, the Regional Trial Court (RTC) of Guagua, Pampanga, dismissed the complaint filed by Alejandro. *First*, it ruled that the action had already prescribed and is barred by laches in view of the lapse of the long period of time before he filed his complaint. *Second*, the trial court found that Alejandro failed to discharge his burden of proving that the title was fraudulently issued in favor of the Spouses Cruz that would enable him to recover the subject property. *Third*, said court rejected the testimony of Alejandro's son stating that his father did not sell the land on the basis that the same is merely hearsay, especially in view of the fact that Alejandro's death supervened. And *fourth*, it was held that contrary to the claims of Alejandro, the spouses had no duty to keep all records, such as the deed of sale, pertinent to the sale of the land in their favor.⁵

In a Decision⁶ dated May 23, 2016, however, the CA reversed and set aside the ruling of the RTC. Contrary to the findings of the RTC, the CA ruled that the burden was on the Spouses Cruz to prove their title because they alleged an affirmative defense. According to the appellate court, the deed of sale is the very foundation of the spouses' defense and should have been presented in court in view of the settled doctrine that a certificate of title is not equivalent title. On the issue of prescription, the CA further ruled that Alejandro's action has not yet prescribed because the right to file an action for reconveyance on the ground that the certificate of title was obtained by means of a fictitious deed of sale is virtually an action for the declaration of its nullity, which does not prescribe.

Aggrieved by the CA's denial of their Motion for Reconsideration, the spouses filed the instant petition on March 21, 2017 invoking the following arguments:

⁴ *Id.* at 61-64.

⁵ *Id.* at 66-74.

⁶ *Id.* at 46-51.



I.

THE COURT OF APPEALS ERRED IN REVERSING THE TRIAL COURT'S DECISION, IN EFFECT, SHIFTING THE BURDEN OF EVIDENCE TO PROVE THAT THERE WAS NO FRAUD IN THE TRANSFER OF TCT NO. 356877-R TO HEREIN PETITIONERS.

II.

THE COURT OF APPEALS ERRED IN RULING THAT THE CAUSE OF ACTION OF HEREIN RESPONDENTS IS NOT BARRED BY PRESCRIPTION AND LACHES.

III.

THE FINDINGS OF FACT OF THE COURT OF APPEALS ARE MANIFESTLY MISTAKEN AND WITHOUT EVIDENTIARY BASIS.⁷

In their petition, the Spouses Cruz allege that forgery, as a mechanism of fraud, must be proven clearly and convincingly, and the burden of proof lies on the party alleging the forgery, who, in this case, is Alejandro. They claim that the TCT No. 356877-R issued in their favor enjoys the legal presumption of regularity in its issuance and Alejandro failed to overcome such presumption. It has been ruled, moreover, that in an action for reconveyance, Alejandro, as the plaintiff, must rely on the strength of his title and not on the weakness of the spouses' claim. But even assuming that Alejandro was able to establish the existence of fraud, the spouses maintain that his cause of action is still barred not only by prescription based on implied and constructive trust but also by laches.

We rule in favor of the Spouses Cruz.

In finding for Alejandro and his heirs, the CA made much of the fact that the Spouses Cruz failed to keep the deed of sale by virtue of which Alejandro and Conchita conveyed the subject property to them. It essentially held that since the deed was not presented before the trial court, the sale did not happen. The Court, however, cannot sustain such view in light of the circumstances attending the instant case. On point is the recent pronouncement in *Heirs of Datu Dalandag Kuli v. Pia, et al.*⁸ There, the heirs of Datu Kuli sought the restoration in their names of the certificate of title over the land they inherited from their predecessor, Datu Kuli, and the annulment of all subsequently issued titles under the names of the respondents. They claim that they had always been in possession of the property and that Datu Kuli never sold the same to any of the respondents. This was proven by the failure of the Register of Deeds to produce a copy of the deed of conveyance used as basis to cancel Datu Kuli's title. But the Court therein rejected said contention and ruled that the mere fact that copies of the deed of sale can no longer be produced does not defeat the legal

⁷ *Rollo*, p. 24.

⁸ 760 Phil. 883 (2015).

presumption that the title of the respondents was regularly issued, especially in view of the certification of the Register of Deeds that proper procedure was observed. As such, before said office issued the new certificate of title, the deed of conveyance was duly executed and filed before it. Thus:

Petitioners insist that the failure of the Register of Deeds to produce a copy of the Deed of Conveyance used as basis to cancel Datu Kuli's OCT proves that the property was never sold to respondent Pia.

The argument of petitioners holds no water. **While the law requires the Register of Deeds to obtain a copy of the Deed of Conveyance before cancelling the seller's title, its subsequent failure to produce the copy, after a new title had already been issued is not a sufficient evidence to hold that the claimed sale never actually happened.**

We agree with the RTC and rule that even though copies of the Deed of Sale and the OCT of Datu Kuli can no longer be produced now, the evidence presented sufficiently shows that the deed conveying the property to respondent Pia was presented to the Register of Deeds on 21 December 1940, and that this deed was the basis for the cancellation of Datu Kuli's original title.

The failure on the part of the Register of Deeds to present a copy of the Deed of Sale when required by the trial court was duly explained by them. It appears that the records containing the Deed of Sale are no longer readable, because they are "very much mutilated." Nevertheless, the Register of Deeds was able to certify that the following entry or notation was found in the first volume of its Primary Entry Book:

Entry No. 7512

| | | |
|----------------------|---|-------------------------|
| Date of Registration | : | Dec. 21, 1940 at 7:58am |
| Nature of Document | : | Deed of Sale |
| Date of Document | : | (Dilapidated Portion) |
| Executed by | : | Datu Dalandag Kuli |
| In favor of | : | Daniel R. Pia |
| Amount | : | P390.00 |

Although the Deed of Sale itself can no longer be located, we agree with the RTC's conclusion that the above notation proves that "there was at one time in the past such document recorded in the Register of Deeds but that with the passage of time, the same became tattered, unreadable, badly dilapidated, and mutilated and could not be found or recognized to boot."

All in all, it becomes clear that TCT 1608 was issued on 21 December 1940, because respondent Pia was able to present the requisite Deed of Sale as proven by the certification issued by the Register of Deeds.

Section 57 of the Property Registration Decree provides the procedure for the registration of conveyances, viz.:

SECTION 57. *Procedure in Registration of Conveyances.*

— An owner desiring to convey his registered land in fee simple shall execute and register a deed of conveyance in a form sufficient in law. The Register of Deeds shall thereafter make out in the registration book a new certificate of title to the grantee and shall prepare and deliver to him an owner's duplicate certificate. The Register of Deeds shall note upon the original and duplicate certificate the date of transfer, the volume and page of the registration book in which the new certificate is registered and a reference by number to the last preceding certificate. The original and the owner's duplicate of the grantor's certificate shall be stamped "cancelled". The deed of conveyance shall be filed and indorsed with the number and the place of registration of the certificate of title of the land conveyed.

The evidence and the records prove that the proper procedure for the issuance of TCT 1608 was followed. The title was validly issued.

Deserving scant consideration is petitioners' claim that the failure of the Register of Deeds to produce a copy of the Deed of Conveyance proves that Datu Kuli never sold Lot 2327 to anyone. Other than their self-serving claim that the sale never happened, petitioners failed to present any other evidence to prove that Lot 2327 had never been purchased by respondent Pia. It requires more than petitioners' bare allegation to defeat TCT 1608, which on its face enjoys the legal presumption of regularity of issuance.⁹

Similarly, in the instant case, Alejandro and his heirs simply alleged that Alejandro never sold his share of the subject property to the Spouses Cruz and that according to the appellate court, this was shown by the failure of the spouses to present the deed of sale covering the property. But other than his bare allegation, Alejandro presented no other evidence to prove that the sale never took place, merely concluding that "in all probability," the spouses must have prepared a fraudulent deed and used the same in transferring ownership of the land in their names. As held in *Heirs of Datu*, this self-serving claim, standing alone, cannot be permitted to defeat the spouses' title especially in the face of the Register of Deeds' certification dated August 1, 2007 stating that the deed of conveyance was no longer available and is deemed lost and destroyed as most of the records of said office were destroyed when their building was inundated by flashflood in October 1995 during the typhoon "Mameng."¹⁰

It bears stressing, moreover, that in an action for reconveyance of property, where both fraud and irregularity are presupposed, the party seeking to recover the property must prove, by clear and convincing evidence, that he or she is entitled thereto, and that the adverse party has committed fraud in obtaining his or her title. Allegations of fraud are not enough. Intentional acts to deceive and deprive another of his right, or in

⁹ *Heirs of Kuli v. Pia, supra*, at 889-891. (Emphasis ours)

¹⁰ *Rollo*, p. 74.

some manner injure him, must be specifically alleged and proved.¹¹ Thus, the Court reiterates that Alejandro's bare allegation that the sale did not take place, and nothing more, cannot overcome the presumption of regularity of the performance by government offices, or the Register of Deeds in this case, of their official duties such as the issuance of the Spouses Cruz's title. It has been held in the past that the best proof of the ownership of the land is the certificate of title and it requires more than a bare allegation to defeat the face value of a certificate of title which enjoys a legal presumption of regularity of issuance.¹² In the absence, therefore, of any evidence that would support the claims of fraud of Alejandro and his heirs, their complaint for reconveyance cannot be granted.

Besides, the Court notes that apart from Alejandro's failure to present any such proof that the Spouses Cruz fraudulently obtained their title over the subject property, his actuations leading up to the filing of his complaint further weakens his case. For one, it took Alejandro about thirty-four (34) years from the time when he left Pampanga for Manila in 1972 before he acted on asserting his alleged right to the subject property by filing his complaint in 2007. For another, as pointed out by the Spouses Cruz, upon his return to Pampanga in 2002, Alejandro even opted to rent a house to stay in even if he allegedly believed that he is still the owner of his share of the subject property. To the Court, these actions and inactions run contrary to his claims of ownership thereon especially in light of the fact that ever since 1974, the family of the Spouses Cruz had already been occupying the same to the exclusion of Alejandro and his heirs. Thus, even if We assume that prescription has not yet set in, the Court finds that Alejandro's bare and unsupported claim on the subject property cannot overcome the title issued in favor of the spouses. Stated otherwise, regardless of whether the action of Alejandro for reconveyance has already prescribed or not, his failure to prove his allegations of fraud therein effectively prevents him from disturbing the title of the spouses in the absence of any showing that said title was fraudulently issued, or that its issuance was not done in accordance with the procedure laid down by law.

WHEREFORE, premises considered, the instant petition is **GRANTED**. The assailed Decision dated May 23, 2016 and the Resolution dated December 7, 2016 of the Court of Appeals in CA-G.R. CV No. 105749 are **REVERSED** and **SET ASIDE**. The Decision dated September 15, 2015 of the Regional Trial Court is **REINSTATED**.

SO ORDERED.


DIOSDADO M. PERALTA
Associate Justice

¹¹ *Heirs of Teodora Loyola v. Court of Appeals*, 803 Phil. 143, 161 (2017).

¹² *Heirs of Velasquez v. Court of Appeals*, 382 Phil. 438, 458 (2000).

WE CONCUR:



MARVIC M. V. F. LEONEN
Associate Justice

On wellness leave
ALEXANDER G. GESMUNDO
Associate Justice

On wellness leave
JOSE C. REYES, JR.
Associate Justice



RAMON PAUL L. HERNANDO
Associate Justice

ATTESTATION

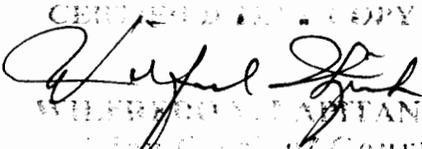
I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



DIOSDADO M. PERALTA
Associate Justice
Chairperson, Third Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

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 WILFREDO L. MARTIN
 Secretary of the Court
 Third Division
 NOV 14 2018



ANTONIO T. CARPIO
Senior Associate Justice
(Per Section 12, Republic Act
No. 296, The Judiciary Act of
1948, as amended)