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Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

SUPREME COURT OF THE PHILIPPINES
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MAR 16 2020
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TIME: 11:00

NOTICE

Sirs/Mesdames:

Please take notice that the Court, First Division, issued a Resolution dated January 15, 2020 which reads as follows:

“G.R. No. 231100 – (HSI PIN LIU, BELINDA* Y. LIU, ATTY. BRIAN DEXTER M. MEDIJA, and SEVERINA O. YU, petitioners, versus REPUBLIC OF THE PHILIPPINES, respondent.)

This is a petition for review on *certiorari*¹ (Petition) under Rule 45 of the Rules of Court (Rules) assailing the Resolutions dated August 24, 2016² (first Resolution) and February 21, 2017³ (second Resolution) of the Court of Appeals⁴ (CA) in CA-G.R. SP No. 07590-MIN. The first Resolution dismissed the Petition for Annulment of Judgment or Final Order and Resolution filed by petitioners before the CA while the second Resolution denied their motion for reconsideration.

Respondent Republic of the Philippines (Republic) earlier filed a complaint before the Regional Trial Court, Branch 8, Davao City (RTC) against spouses Leonora R. Gaspar and Florencio Gaspar (spouses Gaspar), which was docketed as Civil Case No. 20,665-91 and captioned as *Republic of the Philippines v. Spouses Leonora R. Gaspar, Florencio Gaspar and the Register of Deeds of Davao City*. The complaint was for the cancellation of the free patents and certificates of title issued to spouses Gaspar, namely: Free Patents Nos. 4093 and 4362 and the consequent Original Certificates of Title (OCT) Nos. P-9923 and P-10220 in the name of Leonora Gaspar

* Also appears as “Belenda” in some parts of the *rollo*.
¹ *Rollo*, pp. 4-13, excluding Annexes.
² *Id.* at 15-18. Penned by Associate Justice Ruben Reynaldo G. Roxas, with Associate Justices Edgardo T. Lloren and Rafael Antonio M. Santos concurring.
³ *Id.* at 26-29.
⁴ Twenty-Third Division.

(Leonora), and Free Patents Nos. 4094 and 4361 and the consequent OCT Nos. P-9924 and P-10221 in the name of Florencio Gaspar.⁵

On April 20, 1999, the RTC issued a Decision,⁶ granting the complaint of the Republic on the ground that the free patent applications of spouses Gaspar were tainted with fraud and misrepresentation. The dispositive portion of the RTC Decision stated:

Accordingly, judgment is hereby rendered ordering the:

1. Cancellation of the Free Patents Nos. (XI-1) 4093 and (XI-1) 4362 as well as the Original Certificate[s] of Title Nos. P-9923 and P-10220 issued in the name of Leonora Gaspar;

2. Cancellation of the Free Patents Nos. (XI-1) 4094 and (XI-1) 4361 as well as the Original Certificate[s] of Title Nos. P-9924 and P-10221 issued in the name of Florencio Gaspar;

3. Reversion of Lot No. 7793-A, Csd-11-006493, Lot No. 7792-A, Csd-11-006606, Lot No. 7793-C, Csd-11-006493 and Lot No. 7792-C, Csd-11-006606 covered by the aforesaid Patents and Certificates of Title to the government;

4. Defendants Leonora Gaspar and Florencio Gaspar to surrender the owner's duplicate copies of Original Certificates of Title Nos. P-10220, P-10221, P-9923 and P-9924 to the Register of Deeds of Davao City and directing the latter to cancel said Original Certificates of Title in its books and records; and,

5. Defendants Leonora Gaspar and Florencio Gaspar to desist from exercising acts of possession or ownership over the premises.

SO ORDERED.⁷

The RTC Decision was appealed to the CA, Twenty-First Division (CA 21st Div.) and the appeal was docketed as CA-G.R. CV

⁵ *Rollo*, p. 30.

⁶ *Id.* at 30-38. Penned by Judge Salvador M. Ibarreta, Jr.

⁷ *Id.* at 37-38.

No. 64921. The CA 21st Div. issued a Decision⁸ dated January 5, 2011, which affirmed the RTC Decision *in toto*.

The CA 21st Div. ruled that the failure of spouses Gaspar to disclose that there were persons cultivating and in possession of the portion of the land in dispute constituted fraud and misrepresentation, which constituted a sufficient ground to annul their patents and titles.⁹ It reiterated the finding of the RTC that Lucia¹⁰ Mulat had been in possession of the land even before spouses Gaspar obtained possessory rights thereto.¹¹ Thus, according to the CA 21st Div., it was a misrepresentation for spouses Gaspar to state in their free patent applications that they had been in possession of the subject lots when the fact was that Lucia Mulat had been there ahead of them.¹²

Subsequently, the original case was elevated to the Court, Third Division, and was docketed as G.R. No. 197918 and captioned as *Leonora R. Gaspar v. Republic of the Philippines*. In a Resolution dated February 6, 2012, the Court, Third Division, denied the petition filed by Leonora for failure to show any reversible error in the challenged judgment as to warrant the exercise of the Court's discretionary appellate jurisdiction.¹³

The Court, Third Division issued an entry of judgment stating that the Resolution dated February 6, 2012 had become final and executory on August 23, 2012 and was thereby recorded in the Book of Entries of Judgments.¹⁴

The Republic filed before the RTC a Manifestation and Motion¹⁵ dated April 7, 2014, praying, among others, for the cancellation of the owner's duplicate copies of OCT No. P-9923 and its derivative titles [Transfer Certificates of Title (TCT) Nos. T-146-2011006573 and T-146-2013003191].

The RTC issued an Order¹⁶ dated June 30, 2015, granting the Motion of the Republic and ordered, *inter alia*, the cancellation of

⁸ Id. at 39-52. Penned by Associate Justice Edgardo T. Lloren, with Associate Justices Romulo V. Borja and Ramon Paul L. Hernando (now a member of the Court) concurring.

⁹ Id. at 50.

¹⁰ Appears as "Luciana" in some parts of the *rollo*.

¹¹ *Rollo*, p. 51.

¹² Id.

¹³ Id. at 53.

¹⁴ Id.

¹⁵ Id. at 54-59.

¹⁶ Id. at 60-61.

TCT Nos. T-146-2011006573 and T-146-2013003191 which were both derivatives of OCT No. P-9923.¹⁷

On August 1, 2016, petitioners Hsi Pin Liu, Belinda Liu, Atty. Brian Dexter Medija and Severina Yu (petitioners), who ultimately derive their titles from spouses Gaspar, filed before the CA a “Petition for Annulment of Judgment, Etc., of the Order of the [RTC] dated June 30, 2015 in Civil Case No. 20,665-91 with Prayer for the Issuance of TRO and Preliminary Injunction”¹⁸ (Petition for Annulment of Judgment). In the Petition for Annulment of Judgment, petitioners alleged the following grounds: (1) the June 30, 2015 RTC Order (Challenged Order) was issued with lack of jurisdiction and offensive to the due process clause of the Constitution; and (2) it offends the doctrine of immutability of final decisions.¹⁹

In its first Resolution,²⁰ the CA dismissed the Petition for Annulment of Judgment. The CA ruled that the Challenged Order of the RTC is neither a judgment, or final order or resolution, which may be the subject of a petition for annulment of judgment under Rule 47²¹ (Annulment of Judgments or Final Orders and Resolutions) of the Rules.²² Citing *NPC Drivers and Mechanics Association v. National Power Corporation*,²³ the CA categorized the Challenged Order as having been issued under the residual authority of the RTC to ensure the proper enforcement and implementation of its final judgment pursuant to Section 6, Rule 135 of the Rules,²⁴ which provides:

SEC. 6. *Means to carry jurisdiction into effect.* – When by law jurisdiction is conferred on a court or judicial officer, all auxiliary writs, processes and other means necessary to carry it into effect may be employed by such court or officer; and if the procedure to be followed in the exercise of such jurisdiction is not specifically pointed out by law or by these rules, any suitable process or mode of proceeding may be adopted which appears conformable to the spirit of the said law or rules.

¹⁷ Id. at 61.

¹⁸ CA rollo, pp. 2-17, excluding Annexes.

¹⁹ Id. at 8-9.

²⁰ Supra note 2.

²¹ Section 1, Rule 47 provides:

SECTION 1. *Coverage.* – This Rule shall govern the annulment by the Court of Appeals of judgments or final orders and resolutions in civil actions of Regional Trial Courts for which the ordinary remedies of new trial, appeal, petition for relief or other appropriate remedies are no longer available through no fault of the petitioner.

²² Rollo, p. 16.

²³ 737 Phil. 210 (2014).

²⁴ Rollo, pp. 17-18.

Thus, the CA concluded that the Petition for Annulment of Judgment was unavailing because the Challenged Order of the RTC has nothing to do with the disposition of Civil Case No. 20,665-91, but it merely deals with the enforcement of the RTC's final and executory April 20, 1999 Decision; and for that reason, the Challenged Order cannot amount to a judgment, or final order or resolution, rather it contemplates the residual authority of the RTC recognized by Section 6, Rule 135 of the Rules.²⁵

Petitioner sought the reconsideration of the first Resolution, but their motion²⁶ was denied in the second Resolution²⁷ of the CA.

Hence, the present Rule 45 Petition. The Republic filed its Comment²⁸ dated May 15, 2018. Petitioners filed their Reply²⁹ dated November 29, 2018.

Petitioners basically raise before the Court the same issues which they presented before the CA. They argue that the Challenged Order of the RTC expands the coverage and effect of the RTC Decision that has become final and immutable because the Challenged Order directs the cancellation of TCT Nos. T-146-2011006573 and T-146-2011003625,³⁰ which are derivative certificates of title from spouses Gaspar's original certificates of title and are now in the names of petitioners, who were not original parties to the original case.³¹ Not being original parties to the original case, the RTC has no jurisdiction over their persons; and they are being deprived of their property without due process of law.³²

On the other hand, the Republic argues that the Challenged Order of the RTC being sought to be annulled is the order of execution, which was issued by the trial court in the exercise of its residual authority so that the RTC Decision of April 20, 1999, particularly in reference to the reversion of the subject lots to the mass of the public domain, could be fully and completely executed.³³ Without the cancellation of the original and derivative certificates of title, the Republic posits that the subject lots could not be reverted to

²⁵ Id. at 18.

²⁶ Id. at 19-24.

²⁷ Supra note 3.

²⁸ *Rollo*, pp. 80-98, including Annexes.

²⁹ Id. at 105-116.

³⁰ The derivative title from petitioners' TCT No. T-146-2011003625 is TCT No. T-146-2013003191. Id. at 15; see also CA *rollo*, pp. 66-71.

³¹ *Rollo*, pp. 8-9.

³² Id. at 9.

³³ Id. at 84.

the public domain.³⁴ Also, the Republic argues that assuming that petitioners' recourse via Petition for Annulment of Judgment is not procedurally infirm, there is neither fraud nor lack of jurisdiction on which petitioners can anchor their Rule 47 petition.³⁵ According to the Republic, petitioners do not impute any extrinsic fraud committed by any party.³⁶ Further, jurisdiction over petitioners' persons is not required because, being transferees of the original certificates of title in the names of spouses Gaspar, which had been declared void because spouses Gaspar had acquired the subject lots by fraud and misrepresentation, petitioners do not have indefeasible title.³⁷

The Petition is bereft of merit.

It will be recalled that the RTC Decision ordered the "Reversion of Lot No. 7793-A, Csd-11-006493, Lot No. 7792-A, Csd-11-006606, Lot No. 7793-C, Csd-11-006493 and Lot No. 7792-C, Csd-11-006606 covered by the x x x Patents and Certificates of Title [issued in the names of Leonora Gaspar and Florencio Gaspar] to the government"³⁸ and the cancellation of the said patents and certificates of title.

While the RTC Decision does not expressly include the cancellation of certificates of title subsequently derived and issued from the original certificates of title in the names of spouses Gaspar, the reversion of the subject lots to the government or the public domain cannot be fully effected without the cancellation of such derivative titles.

Indeed, the CA was correct when it dismissed the Petition for Annulment of Judgment. Not only is the Challenged Order of the RTC not a judgment or a final order or resolution, petitioners have not alleged any of the grounds sanctioned by Section 2, Rule 47 of the Rules: extrinsic fraud and lack of jurisdiction.

As correctly observed by the Republic, petitioners did not allege any extrinsic fraud committed by any of the parties. The RTC had jurisdiction over the original case for reversion and cancellation of patents and certificates of title.

Petitioners are not being deprived of their property without due process of law. Petitioners ultimately derive their rights over the

³⁴ Id.

³⁵ See id. at 85.

³⁶ Id.

³⁷ Id. at 87.

³⁸ Id. at 38.

subject lots from patents and original certificates of title obtained by and issued to spouses Gaspar. Since the patents and certificates of title of spouses Gaspar had been declared void due to fraud and misrepresentation and ordered cancelled, they had no right over the subject lots which they could have transferred to their immediate transferees and the latter in turn had no right which they could have transferred to their respective transferees, including petitioners. Since their predecessors-in-interest had no right over the subject lots to transfer to petitioners, the latter cannot be deprived of a right, even if it involves property, which does not exist.

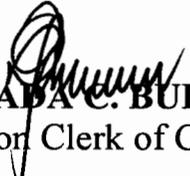
Also, the well-settled doctrine is that indefeasibility of a title does not attach to titles issued pursuant to patents that have been secured by fraud or misrepresentation inasmuch as the registration of a patent under the Torrens system is not a mode of acquiring ownership and does not by itself vest title; but it merely confirms the registrant's already existing one.³⁹ The certificates of title registered in the names of petitioners not being indefeasible can be ordered cancelled.

The CA was correct in invoking the residual authority of the RTC. As authorized by Section 6, Rule 135 of the Rules, the RTC may issue all auxiliary writs, processes and other means necessary to carry its jurisdiction into effect, and if the procedure to be followed in the exercise of such jurisdiction is not specifically pointed out by law or by the Rules, any suitable process or mode of proceeding may be adopted which appears conformable to the spirit of the said law or Rule. It cannot be denied that the Challenged Order was issued by the RTC to execute its Decision of April 20, 1999, specifically ordering the reversion of the subject lots to the government.

WHEREFORE, for lack of merit, the **DISMISSAL** of the instant Petition is in order.

SO ORDERED."

Very truly yours,


LIBRADA C. BUENA
Division Clerk of Court

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³⁹ *Republic v. Hachero*, 785 Phil. 784, 799 (2016).

