Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

JOY VANESSA M. SEBASTIAN, Petitioner,	**G.R. No. 220940** Present:
- versus -	SERENO, *C.J.*, Chairperson, LEONARDO-DE CASTRO, DEL CASTILLO, PERLAS-BERNABE, and CAGUIOA, *JJ.*
SPOUSES NELSON C. CRUZ AND CRISTINA P. CRUZ and THE REGISTER OF DEEDS FOR THE PROVINCE OF PANGASINAN, Respondents.	Promulgated: MAR 20 2017

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D E C I S I O N

PERLAS-BERNABE, *J.*:

Assailed in this petition for review on *certiorari*[1] are the Resolutions dated March 13, 2015[2] and October 9, 2015[3] of the Court of Appeals (CA) in CA-G.R. SP No. 136564 dismissing the petition for annulment of judgment filed by petitioner Joy Vanessa M. Sebastian (Sebastian) before it.

The Facts

The instant case stemmed from a petition[4] for annulment of judgment filed by Sebastian before the CA, praying for the annulment of the Decision[5] dated March 27, 2014 of the Regional Trial Court of Lingayen, Pangasinan, Branch 69 (RTC) in LRC Case No. 421. Petitioner alleged that respondent

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1 *Rollo*, pp. 8-23.
2 Id. at 25-28. Penned by Associate Justice Jane Aurora C. Lantion with Associate Justices Magdangal M. De Leon and Nina G. Antonio-Valenzuela concurring.
3 Id. at 30-31.
4 Dated July 31, 2014. Id. at 70-78.
5 Id. at 66-69. Penned by Presiding Judge Loreto S. Alog, Jr.

Nelson C. Cruz (Nelson), married to Cristina P. Cruz (Cristina; collectively, Spouses Cruz), is the registered owner of a 40,835-square meter parcel of land located in Brgy. Bogtong-Bolo, Mangatarem, Pangasinan and covered by *Katibayan ng Orihinal na Titulo Blg.* (OCT No.) P-41566[6] (subject land). Sometime in November 2009, Nelson, through his father and attorney-in-fact, Lamberto P. Cruz (Lamberto), then sold the subject lot in favor of Sebastian, as evidenced by a Deed of Absolute Sale[7] executed by the parties. Upon Sebastian's payment of the purchase price, Lamberto then surrendered to her the possession of the subject land, OCT No. P-41566, and his General Power of Attorney[8] together with a copy of Tax Declaration No. 9041 and Property Index No. 013-26-019-0322. [9] Sebastian then paid the corresponding capital gains tax, among others, to cause the transfer of title to her name.[10] However, upon her presentment of the aforesaid documents to the Register of Deeds of the Province of Pangasinan (RD-Pangasinan), the latter directed her to secure a Special Power of Attorney executed by Spouses Cruz authorizing Lamberto to sell the subject land to her. Accordingly, Sebastian requested the execution of such document to Lamberto, who promised to do so, but failed to comply. Thus, Sebastian was constrained to cause the annotation of an adverse claim in OCT No. P-41566 on August 2, 2011 in order to protect her rights over the subject land.[11]

According to Sebastian, it was only on July 14, 2014 upon her inquiry with RD-Pangasinan about the status of the aforesaid title when she discovered that: (*a*) Nelson executed an Affidavit of Loss dated September 23, 2013 attesting to the loss of owner's duplicate copy of OCT No. P-41566, which he registered with the RD-Pangasinan; (*b*) the Spouses Cruz filed before the RTC a petition for the issuance of a second owner's copy of OCT No. P-41566, docketed as LRC Case No. 421; and (*c*) on March 27, 2014, the RTC promulgated a Decision granting Spouses Cruz's petition and, consequently, ordered the issuance of a new owner's duplicate copy of OCT No. P-41566 in their names.[12] In view of the foregoing incidents, Sebastian filed the aforesaid petition for annulment of judgment before the CA on the ground of lack of jurisdiction. Essentially, she contended that the RTC had no jurisdiction to take cognizance of LRC Case No. 421 as the duplicate copy of OCT No. P-41566 – which was declared to have no further force in effect – was never lost, and in fact, is in her possession all along.[13]

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6 Id. at 39-42.
7 Dated November 9, 2009. Id. at 38.
8 Id. at 44-45.
9 Id. at 46, including dorsal portion.
10 As evidenced by Capital Gains Tax Return (id. at 47-48), Documentary Stamp Tax Declaration/Return (id. at 49), Tax Clearance Certificate (id. at 50-53), and Certificate Authorizing Registration (id. at 54-55).
11 See id. at 72-73.
12 See id. at 26, 71, and 74.
13 See id. at 75-77.

The CA Ruling

In a Resolution[14] dated March 13, 2015, the CA did not give due course to Sebastian's petition and, consequently, dismissed the same outright.[15] It held that the compliance by Spouses Cruz with the jurisdictional requirements of publication and notice of hearing clothed the RTC with jurisdiction to take cognizance over the action *in rem*, and constituted a constructive notice to the whole world of its pendency. As such, personal notice to Sebastian of the action was no longer necessary.[16]

Aggrieved, petitioner moved for reconsideration,[17] which was, however, denied in a Resolution[18] dated October 9, 2015; hence, this petition.[19]

The Issue Before the Court

The core issue for the Court's resolution is whether or not the CA correctly denied due course to Sebastian's petition for annulment of judgment, resulting in its outright dismissal.

The Court's Ruling

The petition is meritorious.

Under Section 2, Rule 47 of the Rules of Court, the only grounds for annulment of judgment are extrinsic fraud and lack of jurisdiction. Lack of jurisdiction as a ground for annulment of judgment refers to either lack of jurisdiction over the person of the defending party or over the subject matter of the claim. In case of absence, or lack, of jurisdiction, a court should not take cognizance of the case. Thus, the prevailing rule is that where there is want of jurisdiction over a subject matter, the judgment is rendered null and void. A void judgment is in legal effect no judgment, by which no rights are divested, from which no right can be obtained, which neither binds nor bars any one, and under which all acts performed and all claims flowing out are void. It is not a decision in contemplation of law and, hence, it can never become executory. It also follows that such a void judgment cannot constitute a bar to another case by reason of *res judicata*.[20]

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14 Id. at 25-28.
15 Id. at 28.
16 See id. at 26-28.
17 See motion for reconsideration dated April 20, 2015; id. at 85-90.
18 Id. at 30-31.
19 Id. at 8-23.
20 *Spouses Paulino v. CA*, 735 Phil. 448, 459 (2014), citing *Hilado v. Chavez*, 482 Phil. 104, 133 (2004).

As will be explained hereunder, the CA erred in denying due course to Sebastian's petition for annulment of judgment and, resultantly, in dismissing the same outright.

The governing law for judicial reconstitution of title is Republic Act No. (RA) 26,[21] Section 15 of which provides when reconstitution of a title should be allowed:

> Section 15. If the court, after hearing, finds that the documents presented, as supported by parole evidence or otherwise, are sufficient and proper to warrant the reconstitution of the **lost or destroyed certificate of title,** and that petitioner is the **registered owner of the property or has an interest therein,** that the **said certificate of title was in force at the time it was lost or destroyed,** and that the **description, area and boundaries of the property are substantially the same as those contained in the lost or destroyed certificate of title**, an order of reconstitution shall be issued. The clerk of court shall forward to the register of deeds a certified copy of said order and all the documents which, pursuant to said order, are to be used as the basis of the reconstitution. If the court finds that there is no sufficient evidence or basis to justify the reconstitution, the petition shall be dismissed, but such dismissal shall not preclude the right of the party or parties entitled thereto to file an application for confirmation of his or their title under the provisions of the Land Registration Act. (Emphasis and underscoring supplied)

From the foregoing, it appears that the following requisites must be complied with for an order for reconstitution to be issued: (*a*) that the certificate of title had been lost or destroyed; (*b*) that the documents presented by petitioner are sufficient and proper to warrant reconstitution of the lost or destroyed certificate of title; (*c*) that the petitioner is the registered owner of the property or had an interest therein; (*d*) that the certificate of title was in force at the time it was lost and destroyed; and (*e*) that the description, area and boundaries of the property are substantially the same as those contained in the lost or destroyed certificate of title. Verily, the reconstitution of a certificate of title denotes restoration in the original form and condition of a lost or destroyed instrument attesting the title of a person to a piece of land. The purpose of the reconstitution of title is to have, after observing the procedures prescribed by law, the title reproduced in exactly the same way it has been when the loss or destruction occurred. RA 26 presupposes that the property whose title is sought to be reconstituted has already been brought under the provisions of the Torrens System.[22]

Indubitably, the fact of loss or destruction of the owner's duplicate certificate of title is crucial in clothing the RTC with jurisdiction over the

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[21] Entitled "AN ACT PROVIDING A SPECIAL PROCEDURE FOR THE RECONSTITUTION OF TORRENS CERTIFICATES OF TITLE LOST OR DESTROYED" (September 25, 1946).

[22] *Republic v. Tuastumban*, 604 Phil. 491, 504-505 (2009).

judicial reconstitution proceedings. In *Spouses Paulino v. CA*,[23] the Court reiterated the rule that when the owner's duplicate certificate of title was not actually lost or destroyed, but is in fact in the possession of another person, the reconstituted title is void because the court that rendered the order of reconstitution had no jurisdiction over the subject matter of the case, *viz.*:

> As early as the case of *Strait Times, Inc. v. CA*, the Court has held that **when the owner's duplicate certificate of title has not been lost, but is, in fact, in the possession of another person, then the reconstituted certificate is void, because the court that rendered the decision had no jurisdiction**. Reconstitution can be validly made only in case of loss of the original certificate. This rule was reiterated in the cases of *Villamayor v. Arante, Rexlon Realty Group, Inc. v.* [*CA*], *Eastworld Motor Industries Corporation v. Skunac Corporation, Rodriguez v. Lim, Villanueva v. Viloria*, and *Camitan v. Fidelity Investment Corporation.* Thus, with evidence that the original copy of the TCT was not lost during the conflagration that hit the Quezon City Hall and that the owner's duplicate copy of the title was actually in the possession of another, the RTC decision was null and void for lack of jurisdiction.
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> **In reconstitution proceedings, the Court has repeatedly ruled that before jurisdiction over the case can be validly acquired, it is a condition *sine qua non* that the certificate of title has not been issued to another person. If a certificate of title has not been lost but is in fact in the possession of another person, the reconstituted title is void and the court rendering the decision has not acquired jurisdiction over the petition for issuance of new title.** The courts simply have no jurisdiction over petitions by (such) third parties for reconstitution of allegedly lost or destroyed titles over lands that are already covered by duly issued subsisting titles in the names of their duly registered owners. **The existence of a prior title *ipso facto* nullifies the reconstitution proceedings.** The proper recourse is to assail directly in a proceeding before the regional trial court the validity of the Torrens title already issued to the other person.[24] (Emphases and underscoring supplied)

In this case, Sebastian's petition for annulment of judgment before the CA clearly alleged that, contrary to the claim of Spouses Cruz in LRC Case No. 421, the owner's duplicate copy of OCT No. P-41566 was not really lost, as the same was surrendered to her by Lamberto, Nelson's father and attorney-in-fact, and was in her possession all along.[25] Should such allegation be proven following the conduct of further proceedings, then there would be no other conclusion than that the RTC had no jurisdiction over the subject matter of LRC Case No. 421. As a consequence, the Decision dated March 27, 2014 of the RTC in the said case would then be annulled on the ground of lack of jurisdiction.

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[23] Supra note 20.
[24] Id. at 459-460 and 462; citations omitted.
[25] See *rollo*, pp. 72 and 76.

Thus, the Court finds *prima facie* merit in Sebastian's petition for annulment of judgment before the CA. As such, the latter erred in denying it due course and in dismissing the same outright. In this light, the Court finds it more prudent to remand the case to the CA for further proceedings to first resolve the above-discussed jurisdictional issue, with a directive to: (*a*) grant due course to the petition; and (*b*) cause the service of summons on Spouses Cruz and the RD-Pangasinan, in accordance with Section 5, Rule 47[26] of the Rules of Court.

WHEREFORE, the petition is **GRANTED**. The Resolutions dated March 13, 2015 and October 9, 2015 of the Court of Appeals (CA) in CA-G.R. SP No. 136564 are hereby **REVERSED** and **SET ASIDE**. Accordingly, the instant case is **REMANDED** to the CA for further proceedings.

SO ORDERED.

ESTELA M. PERLAS-BERNABE
Associate Justice

WE CONCUR:

MARIA LOURDES P. A. SERENO
Chief Justice
Chairperson

TERESITA J. LEONARDO-DE CASTRO
Associate Justice

MARIANO C. DEL CASTILLO
Associate Justice

ALFREDO BENJAMIN S. CAGUIOA
Associate Justice

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[26] Section 5, Rule 47 of the Rules of Court reads:

> Section 5. *Action by the court.* — Should the court find no substantial merit in the petition, the same may be dismissed outright with specific reasons for such dismissal.
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> Should *prima facie* merit be found in the petition, the same shall be given due course and summons shall be served on the respondent.

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, 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.

MARIA LOURDES P. A. SERENO
Chief Justice