

Republic of the Philippines Supreme Court

Manila

SECOND DIVISION

GENATO INVESTMENTS, INC., Petitioner,

G.R. No. 207443

Present:

- versus -

HON. JUDGE OSCAR Р. BARRIENTOS, in his capacity as the Presiding Judge of the Regional Trial Court, of Caloocan City, Branch 123, EMILY P. DIZON, in her capacity as the Branch Clerk of Court of the Regional Trial Court of Caloocan City, Branch 123, JIMMY T. SORO, Court Process Server of the Regional Trial Court of Caloocan, Branch 123, **EVELINA** М. GARMA, City Treasurer of Caloocan City, PHILLIP L. YAM, Officer-in-Charge, Real Property Tax Division of the Caloocan City Treasurer's Office, ANTHONY B. PULMANO, Officer-in-Charge, City Assessor of Caloocan City, and LAVERNE REALTY & **DEVELOPMENT CORPORATION,** Respondents.

CARPIO, J., Chairperson, BRION, DEL CASTILLO, PEREZ, and PERLAS-BERNABE, JJ.

Promulgated:

JUL 2 3 2014

- -X

DECISION

PEREZ, J.

This is a Petition for Review on *Certiorari*¹ of the Resolution² of the Court of Appeals (CA) dated 27 February 2013, which denied petitioner Genato Investment, Inc.'s (petitioner) Petition³ for Annulment of Judgment against the Orders dated 31 August 2011⁴ and 26 April 2012⁵ of the Regional Trial Court of Caloocan City (RTC Caloocan) in LRC-Case No. C-5748. In the said orders, the RTC Caloocan granted private respondent Laverne Realty & Development Corporation's (private respondent) Petition⁶ for the cancellation of Transfer Certificate of Title (TCT) No. 33341⁷ of the Register of Deeds of Caloocan City in the name of petitioner and the issuance of a new title in the name of private respondent, and directed the issuance of a Writ of Possession⁸ over the subject property in favor of private respondent.

Antecedent Facts

TCT No. 33341 is registered under the name of petitioner and covers two (2) adjacent parcels of land, Lots Nos. 1-A and 13-B-1, situated at Rizal Avenue Extension, Caloocan City, with a combined area of 796.80 sq.m., with Lot No. 1-A having an area of 341.00 sq.m., and Lot No. 13-B-1 having an area of 445.80 sq.m., more or less. Together, both lots have a total assessed value of P8,697,870.00.

On 14 October 2009, due to alleged deficiency in real property taxes due on Lot No. 13-B-1 for the years 1993 to 2008 in the amount of P2,678,439.04, the Office of the City Treasurer of Caloocan City sold at public auction Lot No. 13-B-1, in which private respondent emerged as the highest bidder.

The Office of the City Treasurer, through the City Treasurer of Caloocan, Evelina M. Garma (respondent Garma), issued on 15 October

¹ *Rollo*, pp. 3-61.

² Id. at 62-70.

Id. at

 ⁴ Id. at 73-74.
 ⁵ Id. at 75-76.

^{10.} at / 3-70

Id. at 237-243.In re: Petition for Confirmation of Final Deed of Conveyance and Entry of New Certificate of Title under the name of Laverne Realty & Development Corporation.
 Id. at 179-182

⁷ Id. at 179-182.

⁸ Id. at 77-78.

2009, a Certificate of Sale of Delinquent Property to Purchaser⁹ and on 21 January 2011, a Final Deed of Conveyance¹⁰ over Lot 13-B-1 in favor of private respondent.

Petitioner was not made aware of any of the proceedings before the Office of the City Treasurer, as the Notice of Levy¹¹ and Warrant of Levy¹² issued by the Office of the City Treasurer, through respondent Garma, were sent to petitioner at an inexistent office in Tondo, Manila and were, thus, returned unserved.¹³

By virtue of the above-mentioned final deed of conveyance, private respondent on 4 May 2011 filed LRC-Case No. C-5748 with the RTC Caloocan praying for the consolidation of the ownership of the property covered by TCT No. 33341, the cancellation of the same TCT in the name of petitioner, and the issuance of a new title in the name of private respondent, notwithstanding the fact that the delinquency sale involved only Lot No. 13- $B-1.^{14}$

The RTC issued an Order on 13 June 2011 setting the initial hearing on the Petition, and directing that copies of the said order be posted at the subject premises and furnished petitioner. However, the records of the case, particularly the Certificate of Posting¹⁵ dated 16 July 2011 and the Process Server's Returns dated 13 and 16 July 2011¹⁶ executed by respondent Jimmy T. Soro (respondent Soro), the Process Server of RTC Caloocan, will show that the order was not posted at the subject premises, and that petitioner did not receive any such copies of the Order, as respondent Soro sought to serve the same at the inexistent offices.

On 31 August 2011, after private respondent adduced its evidence, the RTC Caloocan issued an Order¹⁷ granting private respondent's petition. Inasmuch as petitioner was unaware of the proceedings, the same order became final and executory. Thereafter, RTC Caloocan, upon motion¹⁸ of private respondent, issued another Order dated 26 April 2012 directing the issuance of a Writ of Possession in favor of private respondent. The said

- ¹² Id. at 234.
 ¹³ Id. at 246.
- 14 Id. at 13.
- ¹⁵ Id. at 248.
- ¹⁶ Id. at 246-247.

⁹ Id. at 235.

¹⁰ Id. at 236.

¹¹ Id. at 233. 12 Id. at 224

¹⁷ Id. at 73-74.

¹⁸ Id. at 270-271.

writ,¹⁹ signed by the Branch Clerk of the RTC Caloocan, respondent Emily P. Dizon (respondent Dizon), was issued on 27 April 2012.

Petitioner learned of the auction sale only after 9 May 2012, when the Sheriff of the RTC Caloocan, respondent Renebert B. Baloloy (respondent Baloloy), left a Notice to Vacate²⁰ in the subject premises. Petitioner claimed that it was very much surprised at the auction sale of Lot 13-B-1 because it had been religiously paying its real property taxes thereon up to 2012. In fact, it had in its possession a Certification²¹ dated 19 September 2011 issued by the Office of the City Treasurer of Caloocan, through its OIC Land Tax Division, respondent Phillip L. Yam (respondent Yam), stating that the real property taxes due on Lots 1-A and 13-B-1, with a combined assessed value of \pm 8,697,870.00, up to the 4th quarter of 2011, have been duly paid by petitioner.

Notwithstanding the representations made by petitioner with the RTC Caloocan²² and Office of the City Treasurer, Baloloy, proceeded to implement the Writ of Possession on 15 May 2012 over both Lots Nos. 1-A and 13-B-1 and their improvements. As a result thereof, private respondent wrested physical possession of the entire property covered by TCT No. 33341 from petitioner.

Feeling aggrieved, petitioner filed with the CA a Petition for *Certiorari*²³ under Rule 65 of the Rules of Court, but later withdrew²⁴ the same, reasoning that the withdrawal would enable it to comply with the rules on forum shopping. The CA granted petitioner's prayer to withdraw.²⁵

On 14 January 2013, petitioner, filed with the CA a Petition for Annulment of Judgment praying, among others, for the annulment and setting aside of the Orders dated 31 August 2011 and 26 April 2012 and the Writ of Possession issued by the RTC Caloocan. Petitioner likewise prayed that the CA direct private respondent to vacate the property and surrender possession thereof to petitioner.

¹⁹ Id. at 228-229.

²⁰ Id. at 165.

²¹ Id. at 164.

²² Id. at 309-313; Motion to Stay Execution and Hold in Abeyance Further Proceedings.

²³ Id. at 277-308.

²⁴ Id. at 315-323.

²⁵ Id. at 326-329.

Ruling of the Court of Appeals

On 27 February 2013, the CA issued a Resolution²⁶ dismissing CA G.R. SP No. 128187 on the ground that the Petition for Annulment of Judgment that petitioner filed is not the proper remedy, as it had other available remedies to question the Orders of the RTC Caloocan. Citing *Estate of the late Mercedes Jacob v. Court of Appeals*²⁷ the CA, stated that where the land subject of the case was already registered in the name of the buyer in the auction sale, the proper remedy to annul said transfer was to file an action for reconveyance on the ground of fraud. The CA added that the Petition for *Certiorari* petitioner had earlier filed but later withdrew showed that other remedies were available to petitioner. The CA, likewise, denied petitioner's motion for reconsideration.²⁸

Hence, this Petition.

Our Ruling

Petitioner questions the dismissal by the CA in CA-G.R. SP No. 128187, and contends that:

a. Under the particular factual circumstances surrounding this case, a petition for annulment of judgment is the only and appropriate remedy of petitioner to question the Orders of the RTC Caloocan, which allowed private respondent to consolidate ownership and take possession of the property covered by TCT No. 33341; and

b. All the requisite elements for the filing of a petition for annulment of judgment on the grounds of extrinsic fraud, lack of jurisdiction, and want of due process, are present in this case.

We grant the Petition.

We first tackle the procedural issue. Based on the records of this case, it is undisputed that the Order of the RTC Caloocan dated 31 August 2011 became final and executory on 11 October 2011, when the latter issued an Entry of Judgment for the same. The general rule is that a final and executory judgment can no longer be disturbed, altered, or modified in any respect, and that nothing further can be done but to execute it. A final and executory decision may, however, be invalidated via a Petition for Relief or

²⁶ *Rollo*, pp. 63-70.

²⁷ 347 Phil. 752, 763 (1997).

²⁸ *Rollo*, pp. 71-72.

a Petition to Annul the same under Rules 38 or 47, respectively, of the Rules of Court.²⁹

Under Rule 38, when a judgment or final order is entered, or any other proceeding is thereafter taken against a party in any court through fraud, accident, mistake, or excusable negligence, he may file a petition in such court and in the same case praying that the judgment, order or proceeding be set aside. The verified petition must be filed within sixty (60) days after the petitioner learns of the judgment, final order, or other proceeding to be set aside, and not more than six (6) months after such judgment or final order was entered. However, it is uncontested that petitioner learned about the proceedings in LRC-Case No. C-5748 more than six (6) months after the Order dated 31 August 2011 had become final and executory on 11 October 2011. Thus, this remedy under Rule 38 of the Rules of Court was clearly unavailing.

Thus, the only remedy left to petitioner in this case is a petition for annulment of judgment under Rule 47, which it, in fact, filed.

The principle we laid down in *Estate of the late Mercedes Jacob v*. *Court of Appeals* is not applicable. We disagree with the reasoning of the CA and respondents that petitioner in this particular case should have filed either an action for reconveyance or annulment of the auction sale, because to do so would have required the court hearing the action to modify or interfere with the judgment or order of another co-equal court, especially in this case where the said judgment or order had attained finality. Well-entrenched in our jurisdiction is the doctrine that a court has no power to do so, as that action may lead to confusion and seriously hinder the administration of justice.³⁰

We have repeatedly ruled that a Petition for Annulment of Judgment under Rule 47 of the Rules of Court is a remedy granted only under exceptional circumstances where a party, without fault on his part, has failed to avail of the ordinary remedies of new trial, appeal, petition for relief or other appropriate remedies. The same petition is not available as a substitute for a remedy which was lost due to the party's own neglect in promptly availing of the same.³¹ There is here no attempted substitution; annulment of judgment is the only remedy available to petitioner.

²⁹ *Gochan v. Mancao*, G.R. No. 182314, 13 November 2013.

³⁰ *Yau v. The Manila Banking Corporation*, 433 Phil. 701, 711 (2002) citing *Parco v. CA*, G.R. No. L-33152, 30 January 1982, 111 SCRA 262, 277-278.

³¹ *Diona v. Balanque*, G.R. No. 173559, 7 January 2013, 688 SCRA 22, 34.

Regarding the previous filing of a Petition for *Certiorari* under Rule 65 such is of no moment as petitioner timely withdrew the same before any relief could be afforded by the CA.

We now proceed to the substantive and more pressing issue. We agree with the position of petitioner that all the requisite elements for the filing of a petition for annulment of judgment on the grounds of extrinsic fraud, lack of jurisdiction, and want of due process, are present in this case.

It should be stressed that petitioner instituted the case before the CA precisely to seek relief from the declaration of nullity of TCT No. 33341, which had been issued without first giving petitioner an opportunity to be heard.

In *Castigador v. Nicolas*,³² we had the occasion to state that:

The petition filed with the CA contained the following allegations, among others: (1) the auction sale of the land is null and void for lack of actual and personal notice to herein petitioner; (2) the RTC did not comply with the procedure prescribed in Section 71, Presidential Decree No. 1529 requiring notice by the Register of Deeds to the registered owner as to the issuance of a certificate of sale; and (3) petitioner was not afforded due process when she was not notified of the proceedings instituted by respondent for the cancellation of her title. The petition need not categorically state the exact words extrinsic fraud; rather, the allegations in the petition should be so crafted to easily point out the ground on which it was based. The allegations in the petition filed with the CA sufficiently identify the ground upon which the petition was based - extrinsic fraud. Fraud is extrinsic where it prevents a party from having a trial or from presenting his entire case to the court, or where it operates upon matters pertaining not to the judgment itself but to the manner in which it is procured. The overriding consideration when extrinsic fraud is alleged is that the fraudulent scheme of the prevailing litigant prevented a party from having his day in court. The allegations clearly charged the RTC and respondent with depriving petitioner of the opportunity to oppose the auction sale and the cancellation of her title and ventilate her side. This allegation, if true, constitutes extrinsic fraud.

Petitioner not only puts in question the complete lack of due process in the conduct of the auction sale and the proceedings before the RTC Caloocan, but the absolute lack of basis for the declaration by the Office of the City Treasurer that it had been delinquent in the payment of real property taxes due on its property, particularly Lot 13-B-1.

G.R. No. 184023, 4 March 2013, 692 SCRA 333, 336-337.

Technicalities aside, we are particularly alarmed by the material allegations and serious charges brought up by petitioner in its pleadings, which go into the very core of the action for annulment of judgment and, more importantly, which *none* of the respondents dispute.

Petitioner fully paid its real estate taxes due on Lot 13-B-1.

Petitioner confronts respondents with copies of its Real Property Tax Receipts³³ issued by the Office of the City Treasurer of the City of Caloocan spanning the period from 2000 to 2012, as well as the Payment History³⁴ from 1995 to 2011 evidencing full payment of real property taxes due on its land, whose assessed value was adjusted in 2005 to $\pm 8,697,870.00$.

Petitioner likewise confronts respondents with the Certification³⁵ dated 19 September 2011 issued by the Office of the City Treasurer of Caloocan, through its OIC Land Tax Division, respondent Yam, certifying that the real property taxes due on Lots 1-A and 13-B-1, with an assessed value of $\pm 8,697,870.00$, up to the 4th quarter of 2011, and previous years, have been duly paid by petitioner.

We note that respondents, particularly respondents Garma and Yam, the City Treasurer and the OIC Land Tax Division, have been inexplicably silent as regards all that petitioner presented for our consideration.

Multiple Tax Declarations refer to one and the same property.

Petitioner alleges and brings to our attention the matter that it religiously paid in full its real property taxes due on its land, Lots Nos. 1-A and 13-B-1, with an assessed value of P8,697,870.00, under a single tax declaration issued by the Office of the City Assessor of Caloocan,³⁶ no. D12-109-00012-C under Property Index No. 113-12-109-01-013, as certified by the OIC City Assessor, respondent Anthony L. Pulmano (respondent Pulmano).³⁷

The alleged delinquency of petitioner in its real property taxes and the basis for the auction sale stemmed from the supposed non-payment of real

³³ *Rollo*, pp. 118-161.

 $^{^{34}}$ Id. at 162-163.

³⁵ Id. at 164. ³⁶ Id. at 441

³⁷ Id.

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property taxes due on Lot 13-B-1, with an assessed value of $\mathbb{P}4,866,350.00$ covered by another tax declaration,³⁸ D12-109-00013-C under Property Index No. 113-12-109-01-014.

Shortly before private respondent took over the property of petitioner in 2012, the Office of the City Assessor, through respondent Pulmano, issued yet another tax declaration, no. 12-109-00153-12-C under Property Index No. 113-12-109-01-013, this time covering only Lot No. 1-A, with an assessed value of P3,831,520.00. This new issuance cancelled petitioner's *original* Tax Declaration No. D12-109-00012-C under Property Index No. 113-12-109-01-013, which previously covered both Lots Nos. 1-A and 13-B-1.

As petitioner duly points out,³⁹ a simple mathematical application would show that if the assessed values in the 2nd and 3rd tax declarations were added, P4,866,350.00 and P3,831,520.00, the same would amount to P8,697,870.00, the assessed value of the property as indicated in the original tax declaration.

Therefore, if all the tax declarations issued by respondent Pulmano refer to one and the same property of petitioner, and the latter fully paid all its realty taxes due on the same, then it would follow that the finding of delinquency did not have any basis.

We note that respondent Pulmano, much like respondents Garma and Yam, has been inexplicably silent as regards the foregoing.

Private respondent took possession of both Lots Nos. 1-A and 13-B-1.

Notwithstanding the foregoing serious anomalies attending the delinquency sale, petitioner, again, confronts respondents, particularly public respondents Judge Oscar P. Barrientos, Dizon and Baloloy, as well as private respondent, with the charge that the latter, with the assistance of respondent Baloloy, forcibly ejected petitioner from the whole property, even if it was only Lot 13-B-1 that was the subject of the writ of possession.

Again, none of the respondents contested this claim.

³⁸ Id. at 408; Annex "B" of Comment of private respondent.

³⁹ Id. at 22.

It certainly is unallowable that petitioner be deprived of his property, or a portion thereof, without any lawful court order or process. We take into consideration the previous actions of private respondent, which as again pointed out by petitioner, appear to indicate that it was the intention of private respondent all along to gain possession over both lots covered by TCT No. 33341.

We are called upon to read the foregoing act of deprivation in totality with the other actions of respondents, which none of them deny, despite being given ample opportunity to do so. It would have been a simple matter for respondents to refute the allegations of petitioner and aver that the evidence presented by petitioner to prove full payment of real property taxes do not refer to the same property subject of the auction sale; or that the tax declarations refer to different properties owned by petitioner, and not those subject of this case; or that respondent Baloloy neither implemented the writ of possession over, nor did private respondent take possession of Lot No. 1-A. Instead, respondents Garma and Yam, in their Comment,⁴⁰ make no factual declarations and curiously limit their allegations to a purely procedural standpoint - that petitioner should have pursued an action for reconveyance of the property, a point we have already resolved. Respondent Pulmano, for his part, alleged in his Manifestation⁴¹ that he chose not to file any comment to the Petition, despite our express directive in Our Resolution dated 24 July 2013 requiring all the respondents to comment in the petition. Respondent Pulmano went so far as to impose his own condition on us, that he shall file his Comment in the event that we give due course to the petition.

Indeed, it is evident that respondents have chosen, by their complete and palpable silence on the substantive matter, to merely rely on the presumption of regularity in the performance of official duties.⁴²

As a general rule, we have time and again stated that we are not a trier of facts. However, such rule is subject to several recognized exceptions:⁴³

(1) When the findings are grounded entirely on speculation, surmises and conjectures;

⁴⁰ Id. at 354-358.

⁴¹ Id. at 419-421.

⁴² Rules of Evidence, Rule 131

⁴³ *E.Y. Industrial Sales, Inc. v. Shen Dar Electricity and machinery Co., Ltd.,* G.R. No. 184850, 20 October 2010, 634 SCRA 363, 375.

- (2) When the inference made is manifestly mistaken, absurd or impossible;
- (3) When there is a grave abuse of discretion;
- (4) When the judgment is based on a misapprehension of facts;
- (5) When the findings of fact are conflicting;
- (6) When in making its findings the Court of Appeals went beyond the issues of the case, or its findings are contrary to the admissions of both appellant and appellee;
- (7) When the findings are contrary to those of the trial court;
- (8) When the findings of fact are conclusions without citation of specific evidence on which they are based;
- (9) When the facts set forth in the petition as well as in the petitioners' main and reply briefs are not disputed by the respondents; and
- (10) When the findings of fact of the Court of Appeals are premised on the supposed absence of evidence and contradicted by the evidence on record.
- (11) When the Court of Appeals manifestly overlooked certain relevant facts not disputed by the parties, which, if properly considered, would justify a different conclusion. (Emphasis and underscoring supplied)

In this case, we stress that the factual allegations in the petition, showing that petitioner fully paid its real property taxes on Lot No. 13-B-1 until 2011, were not refuted by any of the respondents. Further, petitioner presented more than sufficient evidence to support the said factual allegations. This failure of respondents to refute such claim affords us the opportunity to go over the factual antecedents to aid us in the resolution of this case. In the face of overwhelming evidence, respondents' reliance on the presumption of regularity in the performance by public respondents of their official duties must fail. The presumption of regularity is a disputable presumption under Rule 131 of the Rules of Court, which may be rebutted by affirmative evidence.⁴⁴

As mentioned above, the Notice of Levy and Warrant of Levy, were sent to an inexistent office of petitioner at Tondo, Manila and were, thus, returned unserved. Further, the Order dated 13 June 2011, setting the initial

Sevilla v. Cardenas, 529 Phil. 419, 433 citing Mabsucang v. Judge Balgos, 446 Phil. 217, 224 (2003).

hearing on the petition, was neither posted nor properly served upon petitioner. Clearly, petitioner was deprived of its property without due process of law. Inasmuch as it had sufficiently shown that it fully paid its real estate taxes up to 2011, there was no basis to collect any tax liability, and no obligation arose on the part of petitioner to pay the amount of real property taxes sought to be collected. Consequently, petitioner should not have been declared delinquent in the payment of the said taxes to Caloocan City, and the latter did not acquire any right to sell Lot 13-B-1 in a public auction. Besides, it appears that private respondent acted hastily in filing LRC-Case No. C-5748 by failing to ascertain the actual principal office of petitioner to enable the RTC Caloocan to properly acquire jurisdiction over the person of petitioner.

Considering the foregoing, private respondent did not acquire any valid right to petition the RTC Caloocan for the cancellation of TCT No. 33341 and, more importantly, take possession of Lot 13-B-1, much less Lot 1-A. We reiterate the principle that strict adherence to the statutes governing tax sales is imperative, not only for the protection of the taxpayers, but also to allay any possible suspicion of collusion between the buyer and the public officials called upon to enforce the laws.⁴⁵

WHEREFORE, the petition is GRANTED. The Resolutions of the Court of Appeals dated 27 February 2013 and 30 May 2013 in CA-G.R. SP No. 128187 are SET ASIDE. Necessarily, the Orders dated 31 August 2011, 26 April 2012 and 19 November 2012, and the Writ of Possession dated 27 April 2012 in LRC Case No. C-5748, are all vacated.

SO ORDERED.

EREZ ssociate Justice

Sps. Sarmiento v. CA, 507 Phil. 101, 121 (2005) citing *Serfino v. Court of Appeals*, No. L-40858, No. L-40751, 15 September 1987, 154 SCRA 19, 27.

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WE CONCUR:

ANTONIO T. CARPIO Associate Justice Chairperson

Associate Justice

MARIANO C. DEL CASTILLO Associate Justice

ESTELA M. FERLAS-BERNABE Associate Justice

ATTESTATION

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

ANTONIO T. CARPIO Associate Justice Chairperson, Second Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, and the Division Chairperson's Attestation, it is hereby certified that the conclusions in the above Decision were reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

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MARIA LOURDES P. A. SERENO Chief Justice