

THIRD DIVISION

[G.R. No. 133698. April 04, 2001]

**ANTONIO TALUSAN AND CELIA TALUSAN, PETITIONERS, VS.
HERMINIGILDO* TAYAG AND JUAN HERNANDEZ,
RESPONDENTS.**

DECISION

PANGANIBAN, J.:

For purposes of real property taxation, the registered owner of a property is deemed the taxpayer and, hence, the only one entitled to a notice of tax delinquency and the resultant proceedings relative to an auction sale. Petitioners, who allegedly acquired the property through an unregistered deed of sale, are not entitled to such notice, because they are not the registered owners. Moral lessons: real property buyers must register their purchases as soon as possible and, equally important, they must pay their taxes on time.

The Case

Before us is a Petition for Review on Certiorari under Rule 45 of the Rules of Court, assailing the November 20, 1997 Decision^[1] of the Court of Appeals (CA) in CA-GR CV No. 41586. The dispositive portion of the challenged Decision is hereunder reproduced as follows:

"WHEREFORE, premises considered, the appealed decision (dated February 4, 1993) of the Regional Trial Court (Branch 7) in Baguio City in Civil Case No. 1456-R is hereby AFFIRMED, with costs against plaintiffs/appellants."

Also assailed is the April 27, 1998 CA Resolution^[2] which denied petitioners' Motion for Reconsideration.

The questioned CA ruling affirmed the Decision^[3] of Branch 7 of the Regional Trial Court (RTC) of Baguio City in Civil Case No. 1456-R. The RTC, in turn, dismissed an action for the annulment of the auction sale of a condominium unit, covered by Condominium Certificate of Title No. 651 and located in Building IV, Europa Condominium Villas, Baguio City.

The Facts

The CA summarized the antecedents of this case in this wise:^[4]

"On June 28, 1988, [herein petitioners] filed a complaint wherein they alleged, *inter alia*, that:

--They bought the subject property covered by Condominium Certificate of Title No. 651, from its former owner, Elias Imperial, as evidenced by a Deed of Absolute Sale:

--On October 15, 1985, [herein Respondent] Juan D. Hernandez, x x x sued x x x in his capacity as City Treasurer of Baguio City, wrote a letter to the former owner Elias Imperial informing him that the above described property would be sold at public auction on December 9, 1985, x x x to satisfy the delinquent real estate taxes, penalties and cost of sale, and demanded payment of the sum of P4,039.80, representing total taxes due and penalties thereon;

--'Elias Imperial and his entire family emigrated to Australia in 1974.' Elias Imperial never authorized 'a certain Dante Origan x x x to receive any letter or mail matter for and on his behalf;'

--[Respondent] Hernandez sold the above-described property to [Respondent] Tayag for P4,400.00 'without any notice to the former owner thereof, [or] to [petitioners], and without compliance with the provisions of PD No. 464, as evidenced by the Certificate of Sale;'

--A final bill of sale was later issued 'in favor of the [Respondent] Hermenegildo Tayag.' The assessed value alone of the said property is P37,310.00 and the fair market value of the same is more than P300,000.00 and both [respondents] knew these;

--The bid price of P4,400 'is so unconscionably low and shocking to the conscience,' thus, the sale 'for the alleged unpaid taxes in the sum of P4,039.79, including penalties' is 'null and void ab initio;'

--'[Petitioners] have been in actual possession of the Unit in question, since they bought the same from its former owners, and their possession is open, public, continuous, adverse and in the concept of owners, while [Respondent] Hermenegildo Tayag has never been in possession of the said property;'

--[Petitioners] through intermediaries offered 'to pay to the [respondents] the sum of P4,400 plus all interests and expenses which [they] might have incurred x x x but said offer was rejected without any just [or] lawful cause.'

There is a need to issue a writ of preliminary injunction to 'preserve the status

quo.'

They asked for: moral damages of not less than P50,000.00; exemplary damages of not less than P20,000.00; attorney's fee of P30,000.00, plus appearance fee of P2,000.00 for every appearance; and litigation expenses of not less than P5,000.00 to prosecute the case. (pages 3-8 of the Record)

On July 14, 1988, [Respondent] Hermenegildo Tayag filed his [A]nswer with [C]ounterclaim (pages 28-32 of the Record), wherein he substantially denied the allegations in the complaint and, at the same time, raised the following affirmative defenses, among others:

-- '(T)he ownership of the Condominium unit registered under Condominium Certificate of Title No. 651, Baguio City, has been consolidated in his name by virtue of the decision of the Regional Trial Court of Baguio, Branch 6, on September 16, 1987 x x x . The said decision has [become] final and executory as evidenced by the Certificate of Finality issued on October 8, 1987;'

-- '[Petitioners have] no cause of action against him, he being a `buyer in good faith in a regular and lawful public bidding in which any person is qualified to participate.'

-- 'The lower court has no jurisdiction over [petitioners'] claim `because the [petitioners] pray for the annulment of the Certificate of the Sale and the Final Bill of Sale, which was affirmed by virtue of the decision of the Regional Trial Court of Baguio, Branch 6, on September 16, 1987 x x x. The said decision has [become] final and executory as evidenced by the Certificate of Finality issued on October 8, 1987;'

-- 'The public auction sale complied with `the requirements of Presidential Decree No. 464' - hence, the same is `lawful and valid:'

-- '[Respondent] Tayag is not bound by the alleged [D]eed of [S]ale in favor of the [petitioners] by Elias [I]mperial, because it was not registered and recorded with the Registry of Deeds of Baguio City.'

[Respondent] Tayag then prayed for the award in his favor, of: moral damages of at least P50,000.00; exemplary damages; attorney's fees in the sum of P10,000.00; and, expenses of litigation.

[Respondent] Hernandez likewise filed an [A]nswer on July 18, 1988, wherein he denied the material averments in the complaint and stated that `no irregularity or illegality was committed in the conduct of the proceedings with respect to the delinquent real property of Elias Imperial and the actuations of the defendant herein were all within the limits of his authority and in accordance

with the provisions of the law pertaining to delinquent real property, particularly, P.D. 464 otherwise known as the Real Property Tax Code and therefore, no damages may be imputed against him.' He also claimed, by way of affirmative defenses, that:

--The complaint states no cause of action against the [respondent] herein:

--`[Petitioners] have not complied with x x x Section 83 of P.D. No. 464 x x x thus, the case cannot prosper;'

--`Granting that a Deed of Sale was actually issued in favor of the plaintiffs [because of] the fact that it is unregistered, the same does not bind third persons including defendant herein.'"

In their Complaint, petitioners alleged that on December 7, 1981, they had acquired the condominium from Elias Imperial, the original registered owner, for P100,000. The sale was purportedly evidenced by a Deed of Sale which, however, had not and thenceforth never been registered with the Register of Deeds.

Petitioners also averred that on December 9, 1985, Baguio City Treasurer Juan Hernandez sold the property at a public auction due to nonpayment of delinquent real estate taxes thereon. The property was sold to Respondent Herminigildo Tayag for P4,400 which represented the unpaid taxes.

Thus, petitioners filed a Complaint seeking the annulment of the auction sale. They cited irregularities in the proceedings and noncompliance with statutory requirements.

Dismissing the Complaint, Branch 7 of the RTC of Baguio City cited the December 16, 1987 judgment of Branch 6 of the same court in LRC Adm. Case No.207-R. This earlier Branch 6 Decision had consolidated ownership of the condominium unit in favor of Respondent Tayag. The Branch 7 Decision also cited the May 31, 1988 Order of Branch 5 of the same court which had granted a Petition for the Cancellation of Condominium Certificate of Title No. 651 in the name of Elias Imperial and directed the Register of Deeds to issue a new Certificate of Title in the name of Respondent Tayag. According to the trial court, the Decision in LRC Adm. Case No. 207-R had already upheld the legality of the questioned auction sale. Hence, to rule again on the same issue would amount to passing upon a judgment made by a coequal court, contrary to the principle of "conclusiveness of judgment."

Ruling of the CA

The appellate court affirmed the trial court's ruling and ratiocination. The CA explained that LRC Adm. Case No. 207-R had already ruled on the validity of the auction sale of the subject condominium unit. It further sustained the validity of that sale, because the city treasurer complied with the requirements of notice, publication and posting. It added that "

[i]f [petitioners] never received the notices sent to Elias Imperial, then they have only themselves to blame for failing to register the deed of sale between them and the former owner x x x."

Rejecting petitioners' contention that the purchase price was inadequate, the CA ruled that such inadequacy could not nullify the auction sale. It likewise held that petitioners had not established bad faith on the part of respondents in conducting the auction sale. Finally, it agreed with the latter's contention that the former were "remiss in causing the registration of the sale in their favor of the subject property and they likewise did not fulfill their obligation to pay taxes. It [is] thus clear x x x they should only have themselves to blame. Laws exist to be followed, failing in which the price must be paid."

Hence, this recourse.^[5]

The Issues

Petitioners assigned the following alleged errors for the consideration of this Court:^[6]

"I. FIRST ASSIGNMENT OF ERROR

The Honorable Court of Appeals grievously erred in failing to consider that the petitioners were deprived of their right to due process in this case due to the gross and inexcusable negligence of their former counsel who failed to inform them of the decision in this case and protect their interest.

"II. SECOND ASSIGNMENT OF ERROR

The Honorable Court of Appeals grievously erred in failing to nullify the auction sale of the subject property of petitioners due to alleged tax delinquency when there was no compliance with the mandatory requirement of Section 46 of P.D. 464 that such notice of delinquency of the payment of the property tax should be published.

"III. THIRD ASSIGNMENT OF ERROR

The Honorable Court of Appeals grievously erred in failing to consider the lack of personal notice of the sale for public auction of the subject property to its owner which nullifies the said proceeding.

"IV. FOURTH ASSIGNMENT OF ERROR

The Honorable Court of Appeals grievously erred in holding that the decision of the trial court in the petition for the consolidation of the title case filed by the private respondent in LRC Admin. Case 207 is a bar to this proceeding.

"V. FIFTH ASSIGNMENT OF ERROR

The Honorable Court of Appeals erred in not nullifying the auction sale of subject property on equitable considerations."

We deem it appropriate to simplify the issues in this wise: (1) whether the RTC Decision in LRC Adm. Case No. 207-R is a bar to this proceeding; and (2) whether the auction sale of the subject condominium unit should be annulled on the grounds of (a) non-publication of the notice of delinquency for the payment of property tax, (b) lack of personal notice of the sale or public auction of the subject property and (c) equitable considerations. As a preliminary matter, we shall also consider petitioners' submission that they were deprived of due process because of their counsel's failure to inform them immediately of the receipt of the CA Decision.

Preliminary Matter: **Negligence of Petitioners' Former Counsel**

Petitioners aver that their former counsel informed them of the CA Decision only on February 5, 1998, more than two months after he had received a copy on December 3, 1997. According to petitioners, their former counsel's negligence effectively deprived them of their right to due process.

We disagree. Notwithstanding its late filing, their Motion for Reconsideration was accepted and considered by the CA. Hence, this issue has become moot, a fact which petitioners themselves admitted in their Memorandum: "As a matter of fact, in the very resolution of the Court of Appeals of April 27, 1998 (Annex `C' to Petition) denying the motion for reconsideration, wherein the matter of inexcusable negligence of counsel in not informing petitioners immediately of the decision of the court a quo, were among the grounds thereof, it was held that the issues raised therein had already been considered in the Decision of November 20, 1997. The Court of Appeals obviously considered that the Motion for Reconsideration was validly filed by petitioners so that the Court of Appeals favorably considered the plea of petitioners to be afforded due process by acting on the Motion for Reconsideration. Otherwise, it could have just denied said Motion for late filing or simply noted the same without action."^[7]

Moreover, petitioners themselves declared in their Reply Memorandum^[8] that this matter is no longer in issue: "At any rate this issue was raised in the Motion for Reconsideration of the Decision of the appellate court and obviously it was favorably considered as the said Court denied the merit of said Motion by stating that the issues raised have already been treated in the Decision, instead of outrightly denying the same for late filing. Hence, this is no longer in issue in this proceeding."^[9]

First Issue: **Bar by Earlier Judgment**

Petitioners contend that the Decision in LRC Adm. Case No. 207-R, rendered by the Regional Trial Court of Baguio City (Branch 6), did not preclude the filing of a separate action to annul the auction sale. Citing *Tiongco v. Philippine Veterans Bank*,^[10] they aver that this RTC Branch had no jurisdiction to rule on the validity of that sale. Hence, its Decision in the LRC case cannot bar the present proceedings.

Petitioners' reliance on *Tiongco* is misplaced, considering that its factual incidents are different from those of the present controversy. In that case, the trial court was acting on a *Petition for the Surrender of Certificates of Title*. In LRC Adm. Case No. 207-R, the trial court was faced with a *Petition for Consolidation of Ownership*. It had jurisdiction to rule on all matters necessary for the determination of the issue of ownership, *including the validity of the auction sale*.

Indeed, this Court in several cases^[11] has previously declared that a petition for the surrender of the owner's duplicate certificate involves contentious questions which should be threshed out in an ordinary case, because the land registration court has no jurisdiction to try them.

Presidential Decree (PD) 1529, however, intended to avoid a multiplicity of suits and to promote the expeditious termination of cases. In more recent cases,^[12] therefore, the Court declared that this Decree had eliminated the distinction between general jurisdiction vested in the regional trial court and the latter's limited jurisdiction when acting merely as a land registration court. *Land registration courts, as such, can now hear and decide even controversial and contentious cases, as well as those involving substantial issues.*^[13]

Thus, petitioners err in contending that the RTC is, in a land registration case, barred from ruling on the validity of the auction sale. That court now has the authority to act not only on applications for original registration, but also on all petitions filed after the original registration of title. *Coupled with this authority is the power to hear and determine all questions arising upon such applications or petitions.*^[14] Especially where the issue of ownership is ineluctably tied up with the question of registration, the land registration court commits no error in assuming jurisdiction.^[15]

It is equally important to consider that a land registration court's decision ordering the confirmation and the registration of title, being the result of a proceeding *in rem*, binds the whole world.^[16] Thus, the trial court's ruling consolidating the ownership and the title of the property in the name of herein respondent is valid and binding not only on petitioners, but also on everyone else who may have any claim thereon.

Second Issue:
Validity of the Auction sale

Petitioners contend that the auction sale was invalid, because several requisites regarding

notice and publication were not satisfied. We are not convinced.

It has been held that *matters of notice and publication in tax sales are factual questions that cannot be determined by this Court.*^[17] Moreover, a recourse under Rule 45 of the Rules of Court, as in this case, generally precludes the determination of factual issues. This Court will not, as a rule, inquire into the evidence relied upon by the lower courts to support their findings.^[18] In this case, the CA had already ruled on the question of compliance with the requirements of notice and publication in this wise:

"In the case at bench, it cannot be denied that the requirements of notice, publication and posting have been complied with by the public defendant prior to the auction sale wherein the subject condominium unit was sold. x x x *Ergo*, there was nothing irregular in the questioned public auction -- thus, the validity of the same must be upheld in accordance with the aforementioned cases."^[19]

The CA ruling notwithstanding, we shall proceed to discuss these factual issues in order to assure petitioners of a complete adjudication of their case, and not a mere disposition of procedural technicalities.

The Non-Publication of Notice of Real Property Tax Delinquency.

Petitioners assert that the tax sale should be annulled because of noncompliance with the requirement of publication prescribed in Section 65 of PD 464.

In this regard, we note that unlike land registration proceedings which are *in rem*, cases involving an auction sale of land for the collection of delinquent taxes are *in personam*. Thus, notice by publication, though sufficient in proceedings *in rem*, does not as a rule satisfy the requirement of proceedings *in personam*.^[20] As such, mere publication of the notice of delinquency would not suffice, considering that the procedure in tax sales is *in personam*. It was, therefore, still incumbent upon the city treasurer to send the notice of tax delinquency directly to the taxpayer in order to protect the interests of the latter.

In the present case, the notice of delinquency was sent by registered mail to the permanent address of the registered owner in Manila. In that notice, the city treasurer of Baguio City directed him to settle the charges immediately and to protect his interest in the property. Under the circumstances, we hold that the notice sent by registered mail adequately protected the rights of the taxpayer, who was the registered owner of the condominium unit.

For purposes of the real property tax, *the registered owner of the property is deemed the taxpayer*. Hence, only the registered owner is entitled to a notice of tax delinquency and other proceedings relative to the tax sale. Not being registered owners of the property, petitioners cannot claim to have been deprived of such notice. In fact, they were not

entitled to it.

**Lack of Personal Notice of the Sale
or of the Public Auction of the Subject Property**

Petitioners also contend that the registered owner was not given personal notice of the public auction. They cite Section 73 of PD 464, the pertinent portion of which is reproduced hereunder:

"x x x. Copy of the notices shall forthwith be sent either by registered mail or by messenger, or through messenger, or through the barrio captain, to the delinquent taxpayer, at the address shown in the tax rolls or property tax records of the municipality or city where the property is located, or at his residence, if known to said treasurer or barrio captain. x x x." (Underscoring supplied by petitioners in their Memorandum)

According to petitioners, the notice of public auction should have been sent to the address appearing in the tax roll or property records of the City of Baguio. That address is Unit No. 5, Baden #4105, Europa Condominium Villas, Baguio City; not the known address or residence of the registered owner at 145 Ermin Garcia Street, Cubao, Quezon City. They contend that notice may be sent to the residence of the taxpayer, only when the tax roll does not show any address of the property.

The above-cited provision, however, shows that the determination of the taxpayer's address to which the notice may be sent is the treasurer's discretionary prerogative. In this case, the city treasurer deemed it best to send the notice of public auction to the residence of the taxpayer. The former validly exercised this option, inasmuch as the address of the latter was known to him. Moreover, it was more practical and favorable to the registered owner that the notice of delinquency be sent to his permanent residence in Manila, because he was using the subject condominium unit merely as a vacation house and not as a residence.

This Court in *Pecson v. Court of Appeals*^[21] made a clear and categorical ruling on the matter, when it declared as follows:

"Under the said provisions of law, notices of the sale of the public auction may be sent to the delinquent taxpayer, either (I) at the address as shown in the tax rolls or property tax record cards of the municipality or city where the property is located or (ii) at his residence, ***if known to such treasurer or barrio captain.***" (emphasis supplied)

To reiterate, for purposes of the collection of real property taxes, the registered owner of the property is considered the taxpayer. Although petitioners have been in possession of the subject premises by virtue of an *unregistered* deed of sale, such transaction has no binding effect with respect to third persons who have no knowledge of it.

The importance of registration and its binding effect is stated in Section 51 of the Property

Registration Decree or PD 1529, which reads:

"Sec. 51. *Conveyance and other dealings by registered owner.* - An owner of registered land may convey, mortgage, lease, charge or otherwise deal with the same in accordance with existing laws. He may use such forms, deeds, mortgages, leases or other voluntary instrument as are sufficient in law. ***But no deed, mortgage, lease or other voluntary instrument, except a will purporting to convey or effect registered land, shall take effect as a conveyance or bind the land, but shall operate only as a contract between the parties and as evidence of authority to the Registry of Deeds to make registration.***

The act of registration shall be the operative act to convey or affect the land insofar as third persons are concerned, and in all cases under this Decree, the registration shall be made in the Office of the Register of Deeds for the province or the city where the land lies."

Thus, insofar as third persons are concerned, it is the registration of the deed of sale that can validly transfer or convey a person's interest in a property.^[22] In the absence of registration, the registered owner whose name appears on the certificate of title is deemed the taxpayer to whom the notice of auction sale should be sent. Petitioners, therefore, cannot claim to be taxpayers. For this reason, the annulment of the auction sale may not be invoked successfully.

The Annulment of the Auction Sale on Equitable Considerations

As correctly pointed out by respondents, equitable considerations will not find application, if the statutes or rules of procedure explicitly provide for the requisites and standards by which the matters at bench can be resolved.

While it may be assumed that both petitioners and Respondent Tayag are innocent purchasers of the subject property, it is a well-settled principle that between two purchasers, the one who has registered the sale in one's favor has a preferred right over the other whose title has not been registered, even if the latter is in actual possession of the subject property.^[23]

Likewise, we cannot help but point out the fact that petitioners brought this misfortune upon themselves. They neither registered the Deed of Sale after its execution nor moved for the consolidation of ownership of title to the property in their name. Worse, they failed to pay the real property taxes due. Although they had been in possession of the property since 1981, they did not take the necessary steps to protect and legitimize their interest.

Indeed, petitioners' suit is now barred by laches.^[24] The law helps the vigilant, but not those who sleep on their rights, for time is a means of obliterating actions. Verily, time runs

against the slothful and the contemners of their own rights.^[25]

WHEREFORE, the Petition is hereby **DENIED** and the assailed Decision and Resolution **AFFIRMED**. Costs against petitioners.

SO ORDERED.

Melo, (Chairman), Vitug, Gonzaga-Reyes, and Sandoval-Gutierrez, JJ., concur.

* Spelled "Hermenigildo" in the Petition.

[1] *Rollo*, pp. 47-59; penned by Justice Ramon Mabutas Jr. with the concurrence of Justices Emeterio C. Cui (Division chairman) and Hilarion L. Aquino (member).

[2] *Rollo*, p. 76.

[3] *Rollo*, pp. 77-93; written by Judge Clarence J. Villanueva.

[4] CA Decision, pp. 1-3; *rollo*, pp. 47-49.

[5] The case was deemed submitted for resolution on September 30, 1999, upon receipt by this Court of Respondent Tayag's Memorandum signed by Atty. Renato S. Rondez of Rondez, Rondez and Gandeza Law Offices.. Received earlier were petitioners' Memorandum (September 7, 1999) and Reply Memorandum (September 30, 1999) signed by Attys. Emilio A. Gancayco and C. Fortunato R. Balasbas of Gancayco, Balasbas & Associates.

[6] Petition, pp. 4-5; *rollo*, pp. 11-12; *see also* Petitioners' Memorandum, pp. 3-4.

[7] Petitioners' Memorandum, pp. 9-10; *rollo*, pp. 129-130.

[8] *Rollo*, pp. 145-150.

[9]⁹ Reply Memorandum, p. 2; *rollo*, p. 146.

[10] 212 SCRA 176, August 5, 1992.

[11] See *Puguid v. Reyes*, 20 SCRA 972, August 10, 1967; *Tomada v. Tomada*, 28 SCRA 1028, July 30, 1969; *Santos v. Cruz*, 52 SCRA 330, August 30, 1973.

- [12] *Estate of the Late Mercedes Jacob v. CA*, 283 SCRA 474, December 22, 1997; *Ignacio v. CA*, 246 SCRA 242, July 14, 1995; *Quiroz v. Munoz*, 210 SCRA 60, June 18, 1992; *Philippine National Bank v. International Corporate Bank*, 199 SCRA 508, July 23, 1991.
- [13] *Ignacio v. Court of Appeals*, 246 SCRA 242, July 14, 1995.
- [14] *Ligon v. Court of Appeals*, 244 SCRA 693, June 1, 1995.
- [15] *Vda. de Arceo v. Court of Appeals*, 185 SCRA 489, May 18, 1990.
- [16] *Meneses v. Court of Appeals*, 246 SCRA 162, July 14, 1995.
- [17] *De Knecht v. Court of Appeals*, 290 SCRA 223, May 20, 1998.
- [18] *Banaag v. Bartolome*, 204 SCRA 924, December 20, 1991; *Ching Sui Yong v. Intermediate Appellate Court*, 191 SCRA 187, November 6, 1990.
- [19] CA Decision, p. 10; *rollo*, p. 56.
- [20] Peña, *Registration of Land Titles and Deeds*, 1988 ed., p. 373.
- [21] 222 SCRA 580, 584, May 25, 1993, per Quiason, *J.*
- [22] *Vda. de Alcantara v. Court of Appeals*, 252 SCRA 457, January 29, 1996.
- [23] *Tañedo v. Court of Appeals*, 252 SCRA 80, January 22, 1996.
- [24] See *Garbin v. Court of Appeals*, 253 SCRA 187, February 5, 1996.
- [25] *Salandanan v. Court of Appeals*, 290 SCRA 671, June 5, 1998.