



SUPREME COURT OF THE PHILIPPINES
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Republic of the Philippines
Supreme Court
Manila

TIME: *S.A.*

FIRST DIVISION

GLORIA A. CHICO,
Petitioner,

G.R. No. 249815

Present:

GESMUNDO, C.J.,
Chairperson,
HERNANDO,
ZALAMEDA,
ROSARIO, and
MARQUEZ, JJ.

- versus -

ELSIE CIUDADANO,
Respondent.

Promulgated:

JUL 04 2022 *antibule*

X-----X

DECISION

GESMUNDO, C.J.:

This Appeal by *Certiorari*¹ seeks to reverse and set aside the April 5, 2019 Decision² and October 8, 2019 Resolution³ of the Court of Appeals (CA) in CA-G.R. SP No. 149127. The CA reversed and set aside the December 10, 2012 Decision⁴ and June 27, 2013 Amended Decision⁵ of the Regional Trial Court of Quezon City, Branch 83 (RTC), in LRC Case No. Q-33350(12), ordering the cancellation of Transfer Certificate of Title (TCT) No. 57394 (PR-11986) issued in the name of petitioner Gloria A. Chico (*Chico*).

¹ *Rollo*, pp. 3-27.

² *Id.* at 29-44; penned by Associate Justice Pedro B. Corales and concurred in by Associate Justices Jhosep Y. Lopez and Henri Jean Paul B. Inting (now Members of the Court).

³ *Id.* at 46-47; penned by Associate Justice Pedro B. Corales and concurred in by Associate Justices Manuel M. Barrios and Jhosep Y. Lopez.

⁴ *CA rollo*, pp. 212-213; penned by Presiding Judge Ralph S. Lee.

⁵ *Id.* at 215-216.

Antecedents

On April 10, 2012, Chico filed a Petition for Issuance of a New Title⁶ alleging therein that in the July 8, 2010 Tax Delinquency Sale, she was the highest bidder of a parcel of land covered by TCT No. 57394 (PR-11986)⁷ registered in the name of Rosalita G. Bengzon (*Bengzon*). With the lapse of the one-year redemption period, the Quezon City Treasurer executed the corresponding Final Bill of Sale⁸ conveying the subject property to Chico.

Invoking Sections 75⁹ and 107¹⁰ of Presidential Decree (*P.D.*) No. 1529, otherwise known as the "Property Registration Decree," Chico prayed for the cancellation of said TCT and the issuance of a new TCT in her name. She appended to her petition the following: copy of TCT No. 57394 (PR-11986), correlative tax declaration of real property, warrant and notice of levy issued by the City Treasurer of Quezon City, the July 30, 2010 Certificate of Sale of Delinquent Property to Purchaser,¹¹ January 12, 2012 Final Bill of Sale, and property identification map issued by the City Assessor of Quezon City.¹²

Notices of hearing were sent to Chico, her counsel, Office of the Solicitor General, Land Registration Authority (*LRA*) Administrator, Register of Deeds of Quezon City (*RD-QC*), and Quezon City Offices of the City Prosecutor and City Attorney. Notices were also posted on public and

⁶ Id. at 162-167.

⁷ Id. at 149-150.

⁸ Id. at 175-177.

⁹ Section 75. *Application for New Certificate Upon Expiration of Redemption Period.* — Upon the expiration of the time, if any, allowed by law for redemption after registered land has been sold on execution taken or sold for the enforcement of a lien of any description, except a mortgage lien, the purchaser at such sale or anyone claiming under him may petition the court for the entry of a new certificate of title to him.

Before the entry of a new certificate of title, the registered owner may pursue all legal and equitable remedies to impeach or annul such proceedings. (*Property Registration Decree, Presidential Decree No. 1529, June 11, 1978*)

¹⁰ Section 107. *Surrender of Withheld Duplicate Certificates.* — Where it is necessary to issue a new certificate of title pursuant to any involuntary instrument which divests the title of the registered owner against his consent or where a voluntary instrument cannot be registered by reason of the refusal or failure of the holder to surrender the owner's duplicate certificate of title, the party in interest may file a petition in court to compel surrender of the same to the Register of Deeds. The court, after hearing, may order the registered owner or any person withholding the duplicate certificate to surrender the same, and direct the entry of a new certificate or memorandum upon such surrender. If the person withholding the duplicate certificate is not amenable to the process of the court, or if not any reason the outstanding owner's duplicate certificate cannot be delivered, the court may order the annulment of the same as well as the issuance of a new certificate of title in lieu thereof. Such new certificate and all duplicates thereof shall contain a memorandum of the annulment of the outstanding duplicate. (*Property Registration Decree, Presidential Decree No. 1529, June 11, 1978*)

¹¹ *CA rollo*, p. 174.

¹² *Rollo*, pp. 30-31.

conspicuous places in the Quezon City Hall compound.¹³

In its May 24, 2012 Order,¹⁴ the RTC declared a general default and observed that no opposition was interposed.

The RTC Ruling

In its December 10, 2012 Decision, the RTC granted the petition and directed the RD-QC to cancel TCT No. 57394 (PR-11986); and, in *lieu* thereof, issue a new TCT in the name of Chico. The RTC likewise ordered the deputy sheriff to place Chico in actual possession of the property.¹⁵ The dispositive portion of the decision, reads:

WHEREFORE, the petition dated August 4, 2012 is hereby GRANTED. Accordingly, the Register of Deeds for Quezon City is hereby ordered to cancel Transfer Certificate of Title No. RT-57394 (PR-11986) and that in lieu thereof, issue a new certificate of title to Gloria A. Chico. Let a corresponding Writ of Possession be issued in favor of petitioner directing the Deputy Sheriff of this Branch of Court to place said petitioner in actual, physical possession of the property covered by Transfer Certificate of Title No. RT-57394 (PR-11986) of the Registry of Deeds of Quezon City and consequently, to eject from the said premises Rosalita G. Bengzon and any and all persons claiming rights under them and occupying said premises.

SO ORDERED.¹⁶

Consequently, the RD-QC cancelled TCT No. 57394 (PR-11986) and issued TCT No. 004-2016005243¹⁷ in Chico's name.¹⁸ On February 22, 2013, a Certificate of Finality¹⁹ of the December 10, 2012 Decision was issued.

However, on June 4, 2013, Chico filed with the RTC a motion to amend the December 10, 2012 Decision upon the advice of the RD-QC that the true title number of the subject TCT should only be "57394 (PR-11986)" and the letters "RT" preceding the numbers should be deleted.²⁰

¹³ Id. at 31.

¹⁴ Id. at 105.

¹⁵ Id. at 31.

¹⁶ CA *rollo*, p. 213.

¹⁷ Id. at 151-153.

¹⁸ *Rollo*, p. 31.

¹⁹ CA *rollo*, p. 214.

²⁰ *Rollo*, pp. 31-32.

In its June 27, 2013 Amended Decision, the RTC modified its decision to reflect the correct TCT number as “57394 (PR-11986).”²¹ The *fallo* of the decision, reads:

WHEREFORE, the petition dated August 4, 2012 is hereby GRANTED. Accordingly, the Register of Deeds for Quezon City is hereby ordered to cancel Transfer Certificate of Title No. **57394 (PR-11986)** and that in lieu thereof, issue a new certificate of title to Gloria A. Chico.

SO ORDERED.²²

On April 7, 2015, a certificate of finality of the amended decision was issued.²³ Thereafter, Chico filed a Petition for Issuance of a Writ of Possession over the subject property, docketed as LRC Case No. R-QZN-16-08936-LR. On November 3, 2016, the RTC Branch 96 issued an order setting the initial presentation of evidence in the writ of possession on December 9, 2016.²⁴

Petition for Annulment of Judgment

On January 16, 2017, respondent Elsie Ciudadano (*Ciudadano*) filed a Petition for Annulment of Judgment²⁵ before the CA alleging that she and her husband purchased the subject property from Bengzon as evidenced by a June 23, 1989 Deed of Absolute Sale (*1989 Deed*).²⁶ Since 1992, they have resided in the subject property and considered it their family home. However, she was unable to cause the transfer of the title in her name because TCT No. 57394 (PR-11986) was among the titles gutted by fire in the RD-QC. Nonetheless, prior to the loss of the title, Ciudadano had caused the annotation of the 1989 Deed on TCT No. 57394 (PR-11986), to wit:

PE-6665/T-57394)PR-11986 – PROV. REGISTRATION – SALE – executed by Rosalita G. Bengzon Vda. de Moran, in favor of Spouses Elsie Padrones Ciudadano and Rodrigo J. Ciudadano, both of legal age, Filipinos, for the sum of P1,100,000.00. Title to be issued upon reconstitution of the original title. x x x

Date of Instrument – June 23, 1989
Date of Inscription – June 29, 1989²⁷

²¹ *Id.* at 32.

²² *CA rollo*, p. 216.

²³ *Rollo*, p. 32.

²⁴ *Id.*

²⁵ *CA rollo*, pp. 3-15.

²⁶ *Id.* at 58-60.

²⁷ *Rollo*, p. 33.

Further, Ciudadano alleged that she learned of the delinquency sale of the property only upon receipt of the November 3, 2016 Order²⁸ of the RTC Branch 96 in the writ of possession case.²⁹

Ciudadano averred that her only remedy was to file a petition for annulment of judgment since the assailed decisions had already attained finality. She alleged extrinsic fraud and lack of jurisdiction over her person as grounds for her petition.³⁰ She claimed that, despite knowledge that she was the owner and actual occupant of the property, Chico failed to include her as one of the parties in the case for issuance of new title. She argued that the annotation of the 1989 Deed on TCT No. 57394 (PR-11986) served as conclusive notice to the whole world of the change of ownership. She also asserted that the auction sale was void because the Quezon City Treasurer failed to serve a copy of the warrant or notice of levy upon her, Bengzon, or the RD-QC, and to comply with the posting and publication requirements under the Local Government Code.³¹

For her part, Chico averred that the petition should be dismissed since it is considered a collateral attack on the new title issued in her name. At any rate, Ciudadano failed to show exceptional circumstances justifying the annulment of judgment. As an “alleged buyer,” Ciudadano had no perfected right of ownership over the subject property. In fact, the annotation of the 1989 Deed on TCT No. 57394 (PR-11986) was captioned as a mere “PROV. REGISTRATION.” As the registered owner of the property, Bengzon, and not Ciudadano, was the one entitled to notices. Chico added that Ciudadano failed to prove extrinsic fraud or any act made outside of the trial which had the effect of preventing Ciudadano from presenting her case to the court.³²

The CA Ruling

In its April 5, 2019 Decision, the CA granted Ciudadanos’ petition and reversed and set aside the June 27, 2013 Amended Decision of the RTC on the ground of extrinsic fraud and lack of jurisdiction, *viz.*:

WHEREFORE, the instant Petition for Annulment of Judgment is **GRANTED**. The assailed December 10, 2012 Decision and June 27, 2013 Amended Decision of the Regional Trial Court, Branch 83, Quezon City

²⁸ CA rollo, p. 158.

²⁹ Rollo, p. 33.

³⁰ Id.

³¹ Id. at 33-34.

³² Id. at 34.

in LRC Case No. Q-33350(12) are hereby **ANNULLED** and **SET ASIDE**. Consequently, TCT No. 004-2016005243 in the name of Gloria A. Chico is hereby declared void and TCT No. 57394 (PR-11986) in the name of Rosalita G. Bengzon is reinstated for all legal intents and purposes.

SO ORDERED.³³

The CA held that Ciudadano was never impleaded and was unable to participate in the case for the issuance of a new title.³⁴ The CA found that the parties did not dispute Ciudadano's purchase of the property as set forth in the notarized 1989 sale which was annotated on TCT No. 57394 (PR-11986) as early as June 29, 1989.³⁵

Further, the July 24, 2018 *Barangay* Clearance issued by the Barangay Captain of Socorro revealed that Ciudadano has been residing on the subject property for at least 26 years.³⁶ Consequently, being the buyer and possessor of the property, Ciudadano was an indispensable party in the case for the issuance of a new title.³⁷ The CA held that deliberately failing to notify a party entitled to notice constitutes extrinsic fraud which is a sufficient ground to annul the order allowing the cancellation of title.³⁸

The CA denied Chico's motion for reconsideration in its October 8, 2019 Resolution. Hence, the instant appeal by *certiorari*.

Assignment of Errors

I.

WHETHER THE HONORABLE COURT OF APPEALS ERRED IN GIVING DUE COURSE TO THE PETITION FOR ANNULMENT OF JUDGMENT UNDER RULE 47 OF THE RULES OF COURT BEING AN EXTRAORDINARY REMEDY UNDER THE COURSE OF LAW.

II.

WHETHER THE HONORABLE COURT OF APPEALS ERRED IN GIVING DUE COURSE AND TAKING COGNIZANCE OF THE PETITION FOR ANNULMENT OF JUDGMENT UNDER RULE 47 OF THE RULES OF COURT WHEN SUCH REMEDY IS A COLLATERAL

³³ Id. at 44.

³⁴ Id. at 38.

³⁵ Id.

³⁶ Id. at 39.

³⁷ Id.

³⁸ Id. at 42.

ATTACK ON THE TITLE REGISTERED UNDER THE NAME OF THE PETITIONER.

III.

WHETHER THE HONORABLE COURT OF APPEALS ERRED IN GIVING DUE COURSE TO THE PETITION FOR ANNULMENT OF JUDGMENT UNDER RULE 47 OF THE RULES OF COURT WHEN THE 10 DECEMBER 2012 DECISION AND 27 JUNE 2013 AMENDED DECISION WAS DECLARED VOID ON THE GROUND OF EXTRINSIC FRAUD AND LACK OF JURISDICTION.³⁹

In her petition, Chico avers that since the amended decision ruled on the validity of the TCT issued in her name, Ciudadano's Petition for Annulment of Judgment (of the June 27, 2013 Amended Decision of the RTC) is considered a collateral attack on Chico's title.⁴⁰

In her Comment, Ciudadano avers that she purchased the subject property as evidenced by a notarized deed of sale which was likewise annotated in TCT No. 57394 (PR-11986).⁴¹ Also, Ciudadano had been residing in the subject property since 1992. These circumstances should have prompted Chico to inform petitioner of the proceedings in the case for petition for cancellation of TCT and issuance of a new one. Not only did Chico exclude Ciudadano in the said proceedings, she likewise failed to implead Bengzon, the registered owner of the subject property. Chico did not present any evidence to prove that Bengzon received a copy of the notices and orders in said case.⁴² Indeed, Chico failed to comply with the procedures mandated under P.D. No. 1529 for the necessary notices to the registered owner or any interested party therein.⁴³

Petitioner filed a Reply⁴⁴ essentially reiterating the arguments in her petition for review.

The Court's Ruling

The petition is bereft of merit.

³⁹ Id. at 9-10.

⁴⁰ Id. at 14.

⁴¹ Id. at 67-68.

⁴² Id. at 69-71.

⁴³ Id. at 67-70.

⁴⁴ Id. at 203-214.



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.⁴⁵

Sec. 2,⁴⁶ Rule 47 of the Rules of Court explicitly provides two grounds for the annulment of judgment, namely: extrinsic fraud and lack of jurisdiction. The objective of the remedy of annulment of judgment or final order is to undo or set aside the judgment or final order, and thereby grant to the petitioner an opportunity to prosecute his cause or to ventilate his defense. If the ground relied upon is lack of jurisdiction, the entire proceedings are set aside without prejudice to the original action being refiled in the proper court. If the judgment or final order or resolution is set aside on the ground of extrinsic fraud, the CA may on motion order the trial court to try the case as if a timely motion for new trial had been granted therein.⁴⁷

Real party in interest; extrinsic fraud

The subject matter of the Petition for Annulment of Judgment filed by Ciudadano in this case are the December 10, 2012 Decision and June 27, 2013 Amended Decision of the RTC, which directed the RD-QC to cancel TCT No. 57394 (PR-11986); and, in lieu thereof, issue a new TCT in the name of Chico. The decisions stemmed from the Petition for Issuance of a New Title⁴⁸ filed by Chico alleging therein that in the July 8, 2010 Tax Delinquency Sale, she was the highest bidder of a parcel of land covered by TCT No. 57394 (PR-11986)⁴⁹ registered in the name of Bengzon. With the lapse of the one-year redemption period, Chico claims that the title should be consolidated under her name. In other words, Chico sought for the consolidation of the title of the property under her name so that she may acquire a new certificate of title over the subject property.⁵⁰

⁴⁵ *Genato Investments, Inc. v. Judge Barrientos*, 739 Phil. 642, 650-651 (2014).

⁴⁶ Section 2. *Grounds for Annulment*. — The annulment may be based only on the grounds of extrinsic fraud and lack of jurisdiction.

Extrinsic fraud shall not be a valid ground if it was availed of, or could have been availed of, in a motion for new trial or petition for relief. (*Rules of Court, 1997 Rules of Civil Procedure, As Amended, April 8, 1997*)

⁴⁷ *Yu v. Lim Yu*, 787 Phil. 569, 578-579 (2016).

⁴⁸ CA *rollo*, pp. 162-167.

⁴⁹ *Id.* at 149-150.

⁵⁰ See Section 75 of P.D. No. 1529.

Under Sec. 2, Rule 3 of the Rules of Court, every action must be prosecuted or defended in the name of the real party in interest. A real party in interest is the party who stands to be benefited or injured by the judgment in the suit, or the party entitled to the avails of the suit.⁵¹ There is no clearly defined rule by which one may determine who is or is not real party in interest, nor has there been found any concise definition of the term. Who is the real party in interest depends on the peculiar facts of each separate case, and one may be a party in interest and yet not be the sole real party in interest.⁵² It has been explained that a real party in interest plaintiff is one who has a legal right, while a real party in interest defendant is one who has a correlative legal obligation whose act or omission violates the legal right of the former.⁵³

On the other hand, “interest” means material interest, an interest in issue and to be affected by the decree, as distinguished from mere interest in the question involved, or a mere incidental interest. It is settled in this jurisdiction that one having no right or interest to protect cannot invoke the jurisdiction of the court as a party-plaintiff in an action.⁵⁴ To determine who is the real party in interest, the nature or character of the subject property and who has present ownership thereof have to be inquired into.⁵⁵

In this case, the subject matter of the petition for consolidation of title filed by Chico is the parcel of land covered by TCT No. 57394 (PR-11986). At the time of filing, Ciudadano is a real party in interest, not merely because she is the current possessor of the property, but also because she has a claim of ownership over the property.

Notably, Ciudadano was not impleaded as a party to the petition for issuance of new title filed by Chico. Despite her knowledge that Ciudadano already bought the land from Bengzon by virtue of the 1989 Deed which was annotated on TCT No. 57394 (PR-11986), Chico deliberately failed to implead Ciudadano as a party to the case. Further, the records show that Chico had actually known of the sale of the land by Bengzon to Ciudadano and, despite her knowledge, the former did not include Ciudadano in her petition for the cancellation of the existing title and issuance of a new title in her favor. As properly held by the CA, the very existence of the annotation of the 1989 Deed in favor of Ciudadano should have impelled Chico to

⁵¹ RULES OF COURT, Rule 3, Sec. 2.

⁵² *Kilosbayan v. Morato*, 316 Phil. 652, 741 (1995).

⁵³ *Olympic Mines and Development Corp. v. Platinum Group Metals Corp.*, 605 Phil. 699, 783 (2009).

⁵⁴ *Id.*

⁵⁵ *Republic v. Heirs of Bernabe*, G.R. No. 237663, October 6, 2020.

implead her as a respondent in the petition for issuance of new title.⁵⁶

Chico's argument that Ciudadano was not a real party in interest because the annotation of the 1989 Deed in the certificate of title was a mere provisional registration deserves scant consideration. Registration in the public registry is notice to the whole world. It does not distinguish whether the registration is merely provisional or not. Every conveyance, mortgage, lease, lien, attachment, order, judgment, instrument or entry affecting registered land shall be, if registered, filed or entered in the Office of the Register of Deeds of the province or city where the land to which it relates lies, be constructive notice to all persons from the time of such registering, filing or entering.⁵⁷

Ciudadano's purchase of the subject property was not even controverted and was evidenced by a notarized deed of sale. A notarized deed of absolute sale has in its favor the presumption of regularity, and carries the evidentiary weight conferred upon it with respect to its due execution. It is admissible in evidence without further proof of its authenticity and is entitled to full faith and credit upon its face. Thus, a notarial document must be sustained in full force and effect so long as he who impugns it does not present strong, complete and conclusive proof of its falsity or nullity on account of some flaws or defects.⁵⁸ This notarized deed of sale was likewise not disputed by Chico.⁵⁹

Glaringly, Chico even admitted that she found "somebody" dwelling on the subject land in a "shanty" when she visited the premises.⁶⁰ Accordingly, she not only had constructive knowledge of Ciudadano's claim over the property, but also actual knowledge of Ciudadano's occupation and title. In fact, Ciudadano has been residing in the subject property for at least 26 years from 1992.⁶¹

In *Spouses Anonuevo v. Court of Appeals*,⁶² the Court held that when the buyers made an ocular inspection of the land to be purchased and saw improvements and concrete signs that should have put them on guard that somebody had adverse possession thereof, the buyers cannot claim being innocent third persons.⁶³

⁵⁶ *Rollo*, p. 41.

⁵⁷ *Guaranteed Homes, Inc. v. Heirs of Valdez*, 597 Phil. 437, 449 (2009).

⁵⁸ *Almeda v. Heirs of Almeda*, 818 Phil. 239, 256 (2017).

⁵⁹ *Rollo*, p. 38.

⁶⁰ *Id.* at 41.

⁶¹ *Id.* at 39.

⁶² 313 Phil. 709 (1995).

⁶³ *Id.* at 726.

To reiterate, Ciudadano's right over the property was anchored on the 1989 Deed, which was annotated on TCT No. 57394 (PR-11986). Insofar as third persons are concerned, what validly transfers or conveys a person's interest in real property is the registration of the deed as provided under Sec. 51 of P.D. No. 1529.⁶⁴ Considering that said 1989 Deed was registered on the title itself, Ciudadano, having a claim of ownership and possession of the parcel of land, was definitely a real party in interest in the petition for issuance of new title filed by Chico.

In *Philippine Trust Co. v. Court of Appeals*,⁶⁵ the Court held that every possessor has a right to be respected in his possession; and should he be disturbed therein, he shall be restored to said possession by the means established by the laws and rules of court. The phrase "every possessor" indicates that all kinds of possession, from that of the owner to that of a mere holder, except that which constitutes a crime, should be respected and protected by the means established and the laws of procedure.⁶⁶

Despite the fact that Ciudadano was a real party in interest, which Chico was fully aware thereof, she was not included as a respondent in the petition. The Court finds that this fact constitutes as extrinsic fraud, which is a valid ground under an action for annulment of judgment. Extrinsic fraud refers to any fraudulent act of the prevailing party in the litigation which is committed outside of the trial of the case, whereby the unsuccessful party has been prevented from exhibiting fully his case, by fraud or deception practiced on him by his opponent. The fraud or deceit cannot be of the losing party's own doing, nor must such party contribute to it. The extrinsic fraud must be employed against it by the adverse party, who, because of some trick, artifice, or device, naturally prevails in the suit. It affects not the judgment itself but the manner in which the said judgment is obtained.⁶⁷ Ultimately, the overriding consideration is that the fraudulent scheme of the prevailing litigant prevented a party from having his day in court.⁶⁸

⁶⁴ Section 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 of deeds, mortgages, leases or other voluntary instruments as are sufficient in law. But no deed, mortgage, lease, or other voluntary instrument, except a will purporting to convey or affect 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 Register 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 city where the land lies.

⁶⁵ 378 Phil. 484 (1999).

⁶⁶ *Id.* at 497.

⁶⁷ *Gochan v. Mancao*, 721 Phil 182, 194 (2013).

⁶⁸ *Yu v. Lim Yu*, *supra* note 47 at 579.

The failure to comply with the notification requirement in the petition for the cancellation of title to Chico amounts to extrinsic fraud. Under the Property Registration Decree, all parties in interest shall be given notice.⁶⁹ The nature of extrinsic fraud necessarily requires that its cause be traceable to some fraudulent act of the prevailing party committed outside the trial of the case.⁷⁰ Chico's act of deliberately failing to implead a party, whom she actually knows is entitled to notice, constitutes extrinsic fraud. This fact is sufficient ground to annul the judgments allowing the cancellation of an existing title and issuance of a new one in favor of Chico.

In *Rodriguez v. Lim*,⁷¹ this Court held:

Petitioners cannot raise the defense of indefeasibility of a Torrens title with respect to TCT No. T-168607 because **“the principle of indefeasibility of a Torrens title does not apply where fraud attended the issuance of the title. The Torrens title does not furnish a shield for fraud.”** They cannot deny any knowledge of the fraud that attended the transactions involving the subject lots, including their acquisition thereof.⁷² (emphasis and underscoring supplied)

In *Judge Carillo v. Court of Appeals*,⁷³ the Court likewise held that an exclusion of a real party in interest can be a sufficient basis of an action for annulment of judgment due to the existence of extrinsic fraud. It was emphasized therein that the action for annulment of judgment is a recourse equitable in character and may be allowed only in exceptional cases as where there is no available or other adequate remedy to the affected person, due to the existence of extrinsic fraud.⁷⁴

Lack of jurisdiction

Aside from the existence of extrinsic fraud, the Court finds that the ground of lack of jurisdiction under an action for annulment of judgment is likewise present. Lack of jurisdiction under Rule 47 refers to either lack of jurisdiction over the subject matter or lack of jurisdiction over the person of the defendant. Lack of jurisdiction on the part of the trial court in rendering the judgment or final order is either lack of jurisdiction over the subject matter or nature of the action, or lack of jurisdiction over the person of the

⁶⁹ *Judge Carillo v. Court of Appeals*, 534 Phil. 154, 167 (2006).

⁷⁰ *Amihan Bus Lines, Inc. v. Romars International Gases Corp.*, 637 Phil. 401, 407 (2010).

⁷¹ 538 Phil. 609 (2006).

⁷² *Id.* at 630.

⁷³ *Supra.*

⁷⁴ *Id.* at 166.

petitioner. The former is a matter of substantive law because statutory law defines the jurisdiction of the courts over the subject matter or nature of the action. The latter is a matter of procedural law, for it involves the service of summons or other processes on the petitioner.⁷⁵

Here, Ciudadano, who is a real party in interest, was not impleaded as respondent. As the CA pointed out, Chico did not include in the pleadings for the issuance of new title the address of the subject property,⁷⁶ which was being occupied by Ciudadano. Thus, notices of the trial court regarding the petition for issuance of new title filed by Chico were not served to her. Ciudadano was not given an opportunity to refute the claims of Chico before the RTC. As such, her right to procedural due process was consequently violated.

In *Orlina v. Ventura*,⁷⁷ the Court emphasized that “where there is an apparent denial of the fundamental right to due process, a decision that is issued in disregard of that right is void for lack of jurisdiction, in view of the cardinal precept that in cases of a violation of basic constitutional rights, courts are ousted from their jurisdiction. This violation raises a serious jurisdictional issue which cannot be glossed over or disregarded at will.”⁷⁸

Similarly, in *Arcelona v. Court of Appeals*,⁷⁹ this Court declared that a final and executory judgment may still be set aside if, upon mere inspection thereof, its patent nullity can be shown for having been issued without jurisdiction or for lack of due process of law.⁸⁰ It was emphasized therein that as a rule, if a defendant has not been summoned, the court acquires no jurisdiction over his person, and a personal judgment rendered against such defendant is null and void. A decision that is null and void for want of jurisdiction on the part of the trial court is not a decision in the contemplation of law and, hence, it can never become final and executory.⁸¹

Here, Ciudadano was not impleaded as a respondent, even though she was a real party in interest in the petition for issuance of title filed by Chico, and summons was not served to her. She was not notified of the proceedings against the land, which she currently occupies and over which she has a claim of ownership. In fact, Ciudadano only discovered the action filed by

⁷⁵ *Yuk Ling Ong v. Co*, 755 Phil. 158, 165 (2015).

⁷⁶ *Rollo*, p. 41.

⁷⁷ G.R. No. 227033, December 3, 2018, 887 SCRA 572.

⁷⁸ *Id.* at 585.

⁷⁹ 345 Phil. 250 (1997).

⁸⁰ *Id.* at 264.

⁸¹ *Id.* at 267.

Chico when she received the November 3, 2016 Order of the RTC Branch 96 regarding the writ of possession pursuant to the assailed December 10, 2012 Decision and June 27, 2013 Amended Decision.⁸² Due to the lack of notice, the trial court never acquired jurisdiction over the person of Ciudadano in the petition for issuance of new title filed by Chico.

Evidently, these decisions must be annulled and set aside as the RTC, which rendered judgment, had no jurisdiction whatsoever over the person of Ciudadano.

Void judgments; failure to implead an indispensable party

As a final issue, Chico claims that the petition for annulment of judgment should not be granted because it is a collateral attack on her title.

The argument lacks merit.

An action or proceeding is deemed an attack on a title when the object of the action is to nullify the title, and thus challenge the judgment pursuant to which the title was decreed. The attack is direct when the object of the action is to annul or set aside such judgment, or enjoin its enforcement. On the other hand, it is indirect or collateral when, in an action or proceeding to obtain a different relief, an attack on the judgment is nevertheless made as an incident thereof.⁸³ A certificate of title shall not be subject to collateral attack.⁸⁴

However, if the judgment from which the certificate of title springs is null and void, that title can never be indefeasible as its issuance was replete with badges of fraud and irregularities that rendered the same nugatory. Well-settled is the rule that the indefeasibility of a title does not attach to titles secured by fraud and misrepresentation. In view of these circumstances, it was as if no title at all was ever issued and therefore this is hardly the occasion to talk of collateral attack against a title.⁸⁵

⁸² *Rollo*, p. 33.

⁸³ *Gregorio Araneta University Foundation v. RTC of Kalookan City, Branch 120*, 599 Phil. 677, 684-685 (2009).

⁸⁴ *Cayabyab v. De Aquino*, 559 Phil. 132, 146 (2007).

⁸⁵ *Gregorio Araneta University Foundation v. RTC of Kalookan City, Branch 120*, supra at 686.

Stated differently, if the judgement of court which issued the certificate of title is void, then the same title is void. A void title and judgment are subject to a collateral attack. To emphasize, a void judgment, from its inception, is a complete nullity and is without legal effect. A void judgment is not entitled to the respect accorded to, and is attended by none of the consequences of, a valid adjudication. Indeed, a void judgment need not be recognized by anyone, but may be entirely disregarded or declared inoperative by any tribunal in which effect is sought to be given to it. It has no legal or binding force or efficacy for any purpose or at any place. It cannot affect, impair, or create rights, nor can any rights be based on it. All proceedings founded on the void judgment are themselves regarded as invalid and ineffective for any purpose.⁸⁶

Here, Ciudadano is undoubtedly a real party in interest. According to Sec. 7,⁸⁷ Rule 3 of the Rules of Court, parties in interest without whom no final determination can be had of an action shall be joined either as plaintiffs or defendants. These real parties in interest are called indispensable parties and they must be impleaded either as plaintiffs or defendants. An indispensable party is defined as one who has such an interest in the controversy or subject matter that a final adjudication cannot be made, in his absence, without injuring or affecting that interest.⁸⁸ The presence of indispensable parties is necessary to vest the court with jurisdiction, thus, without their presence to a suit or proceeding, the judgment of a court cannot attain real finality. The absence of an indispensable party renders all subsequent actions of the court null and void for want of authority to act, not only as to the absent parties but even as to those present.⁸⁹ The burden of procuring the presence of all indispensable parties is on the plaintiff.⁹⁰

While failure to implead an indispensable party is not a ground for the dismissal of an action during the pendency of the case, it remains essential that any indispensable party be impleaded in the proceedings before the court renders judgment.⁹¹ If there is a failure to implead an indispensable party, any judgment rendered would have no effectiveness.⁹² The purpose of the rules on joinder of indispensable parties is a complete determination of all issues not only between the parties themselves, but also as regards other

⁸⁶ *Titan Dragon Properties Corp. v. Veloso-Galenzoga*, G.R. No. 246088, April 28, 2021.

⁸⁷ Section 7. *Compulsory joinder of indispensable parties*. – Parties in interest without whom no final determination can be had of an action shall be joined either as plaintiffs or defendants.

⁸⁸ *Go v. Distinction Properties Development and Construction, Inc.*, 686 Phil. 1160, 1175-1176 (2012).

⁸⁹ *Living @ Sense, Inc. v. Malayan Insurance Co., Inc.*, 695 Phil. 861, 866 (2012).

⁹⁰ *Go v. Distinction Properties Development and Construction, Inc.*, supra at 1177.

⁹¹ *Tumagan v. Kairuz*, G.R. No. 198124, September 12, 2018, 880 SCRA 93, 102.

⁹² *Nagkakaisang Lakas ng Manggagawa sa Keihin (NLMK-OLALIA-KMU) v. Keihin Philippines Corp.*, 641 Phil. 300, 308 (2010).

persons who may be affected by the judgment. A decision valid on its face cannot attain real finality where there is want of indispensable parties.⁹³

In *Macawadib v. The Philippine National Police Directorate for Personnel and Records Management*,⁹⁴ the Court held that when an indispensable party is not impleaded, the judgment rendered by the trial court is void. The absence of an indispensable party renders all subsequent actions of the court null and void for want of authority to act, not only as to the absent parties but even as to those present.⁹⁵

In this case, the December 10, 2012 Decision and June 27, 2013 Amended Decision of the RTC are rendered void because Ciudadano, who is an indispensable party, was not properly impleaded. Consequently, the certificate of title under Chico's name, which was issued pursuant to the assailed decisions, is likewise void.

It is a well-settled rule that a void title cannot give rise to a valid title. Further, an action to declare the nullity of a void title does not prescribe and is susceptible to direct, as well as to collateral attack.⁹⁶ Hence, the petition for annulment of judgment filed by Ciudadano shall prosper to strike down the void title issued to Chico.

There is clearly reason to doubt the validity of the proceedings leading to the consolidation and issuance of title in favor of Chico. The inescapable fact that could be derived from all these is that Chico was not able to prove that she derived her right over the property from a valid procedure. In fine, these circumstances are sufficient grounds to annul the December 10, 2012 Decision and June 27, 2013 Amended Decision of the RTC granting Chico's petition for issuance of new title in her favor and to cancel TCT No. 57394 (PR-11986).

WHEREFORE, the petition is **DENIED**. The April 5, 2019 Decision and October 8, 2019 Resolution of the Court of Appeals in CA-G.R. SP No. 149127 are hereby **AFFIRMED in toto**.

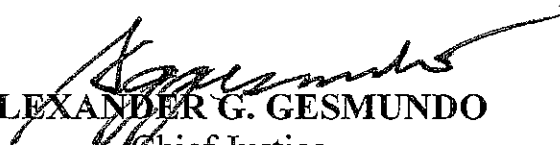
⁹³ *Florete v. Florete*, 778 Phil. 614, 651 (2016).

⁹⁴ 715 Phil. 484 (2013).

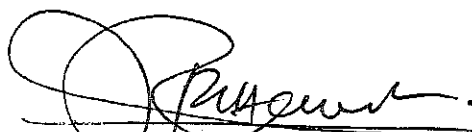
⁹⁵ *Id.* at 492-493.


⁹⁶ *Yu Hwa Ping v. Ayala Land, Inc.*, G.R. Nos. 173120 & 173141, April 10, 2019, 900 SCRA 417, 458.

SO ORDERED.


ALEXANDER G. GESMUNDO
Chief Justice

WE CONCUR:


RAMON PAUL L. HERNANDO
Associate Justice



RODIL V. ZALAMEDA
Associate Justice


RICARDO R. ROSARIO
Associate Justice


JOSE MIDAS P. MARQUEZ
Associate Justice

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.


ALEXANDER G. GESMUNDO
Chief Justice

