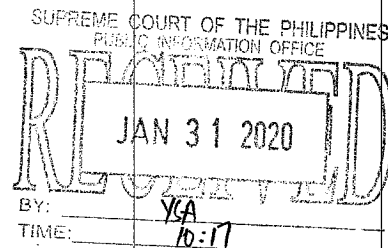




REPUBLIC OF THE PHILIPPINES
SUPREME COURT
Manila

SECOND DIVISION



NOTICE

Sirs/Mesdames:

Please take notice that the Court, Special Second Division, issued a Resolution dated 27 November 2019 which reads as follows:

“G.R. No. 243241 (*Empire East Land Holdings, Inc. vs. Sutherland Developers, Inc.*). – Before the Court is an appeal *via* a petition for review on *certiorari*¹ under Rule 45 of the Rules of Court, from the Decision² dated July 31, 2018 and the Resolution³ dated September 27, 2018, which the Court of Appeals (CA) rendered in relation to CA-G.R. CV No. 107850. These challenged issuances denied the appeal of petitioner Empire East Land Holdings, Inc. (EELHI) from the decision of the Regional Trial Court (RTC) of Quezon City, declaring the validity of the auction sale of a property in favor of respondent Sutherland Developers, Inc. (SDI).

This case involves a condominium unit situated in Libis, Quezon City, with an area of 2,300 square meters, registered in the name of EELHI under Condominium Certificate of Title (CCT) No. N-25600 (the subject property).⁴ On November 13, 2009, the Office of the City Treasurer of Quezon City sent a notice to EELHI to inform the corporation of real property taxes due on the subject property in the total amount of ₱286,568.71, representing unpaid taxes from 2002 to 2009.⁵ The notice was served on November 18, 2009 to EELHI.⁶

This was soon followed by a Final Notice of Delinquency dated January 28, 2010, served to EELHI on February 3, 2010.⁷ As the real property taxes remained unpaid, a Warrant of Levy was issued to EELHI on February 26, 2010, pursuant to Section 258 of Republic Act (R.A.) No. 7160, otherwise known as the Local Government Code of 1991. The warrant was personally served on EELHI on March 9, 2010.⁸

¹ *Rollo*, pp. 3-23.

² Penned by Associate Justice Carmelita Salandanan Manahan, with Presiding Justice Romeo F. Barza, and Associate Justice Stephen C. Cruz concurring; *id.* at 31-46.

³ *Id.* at 48-51.

⁴ *Id.* at 156.

⁵ *Id.* at 219.

⁶ *Id.* at 220.

⁷ *Id.* at 221-222.

⁸ *Id.* at 223-224.

In the meantime, a Notice of Levy dated March 5, 2010 was also issued by the Office of the City Treasurer of Quezon City, requesting the City Assessor's Office to annotate the levy on the subject property's assessment records. The City Assessor's Office acknowledged receipt of said Notice, and made the corresponding annotation on December 4, 2010.⁹ The Notice of Levy was also sent to the Quezon City Register of Deeds for annotation on the title.¹⁰ Both the Notice and Warrant of Levy were annotated on CCT No. N-25600 on May 28, 2010.¹¹

The Office of the City Treasurer also sent a letter to the barangay where the subject property is located, giving notice of the public auction scheduled on April 6, 2010 for the properties with delinquent real property taxes.¹² The Notice of Sale of Delinquent Real Properties was also posted at the main entrance of the Quezon City Hall for two consecutive weeks on March 15 and 22, 2010.¹³ Publication of the notice was also made on the same dates in the Philippine Star.¹⁴

On April 6, 2010, SDI bought the subject property during the public auction for ₱410,000.00. The Notice of Sold Real Property was sent to EELHI accordingly. Then, on November 25, 2010, a Final Notice was again served on EELHI, informing the corporation that it may redeem the property on or before April 6, 2011.¹⁵

On April 29, 2010, the Office of the City Treasurer of Quezon City issued a Certificate of Sale of Delinquent Property to Purchaser, acknowledging the sale of the subject property to SDI during the public auction. The certificate was eventually annotated on the title.¹⁶

The redemption period of one year lapsed without EELHI redeeming the subject property. Thus, on March 28, 2012, the Office of the City Treasurer of Quezon City issued a Final Bill of Sale in favor of SDI.¹⁷ SDI then initiated a petition for the confirmation of the final bill of sale, which included a prayer for the transfer of the subject property's title in its name. The petition was docketed as LRC Case No. Q-33312(12) in the RTC of Quezon City.¹⁸

⁹ Id. at 225.

¹⁰ Id. at 226.

¹¹ Id. at 157.

¹² Id. at 227.

¹³ Id. at 228.

¹⁴ Id. at 229-232.

¹⁵ Id. at 233-235.

¹⁶ Id. at 159.

¹⁷ Id. at 160-162.

¹⁸ Id. at 149-152.

EELHI opposed the petition of SDI. It admitted receiving the notices of delinquency, but nonetheless argued that it is not the proper party to which the notices should be served. According to EELHI, the subject property was already sold to Nanlaw Development Corp. (Nanlaw), which took possession and control of the premises. As such, the notices should have been sent to the buyer of the subject property, which in this case is Nanlaw, and not to EELHI.¹⁹

In its Decision²⁰ dated June 27, 2016, the RTC of Quezon City found SDI's petition meritorious:

WHEREFORE, premises considered, the instant petition is GRANTED. Accordingly, the Court hereby:

- 1) DECLARES that the auction sale of the condominium unit covered by Condominium Certificate of Title (TCT) (sic) No. N-25600 of the Registry of Deeds for Quezon City that was made by the City Treasurer of Quezon City in favor of petitioner [SDI] is valid and legitimate;
- 2) ORDERS the Registry of Deeds for Quezon City to cancel the said Condominium Certificate of Title (TCT) (sic) No. N-25600 of the Registry of Deeds for Quezon City in the name of Empire East Land Holdings, Inc. (EELHI);
- 3) DIRECTS the Register of Deeds for Quezon City, after this Decision shall have become final and executory and upon payment by petitioner of all the required legal fees, to issue to the latter a new certificate of title for the said property in its name;
- 4) After finality of this Decision, ISSUES a Writ of Possession in favor of petitioner; and
- 5) ORDERS the Office of the Clerk of Court of Quezon City to release to oppositor Empire East Land Holdings, Inc. (EELHI) its judicial deposit in the amount of Php614,726.67 covered by Official Receipt No. 2005789 dated 11 March 2013.

SO ORDERED.²¹

The trial court found EELHI's arguments untenable. There were no records of the transfer of the subject property's registration to Nanlaw. The supposed contract to sell between EELHI and Nanlaw was not even annotated on the title of the subject property. For this reason, the trial court ruled that the Office of the City Treasurer of Quezon City correctly sent notices of the delinquent real property taxes to EELHI.²²

¹⁹ Id. at 164-175.

²⁰ Id. at 236-248.

²¹ Id. at 247-248.

²² Id. at 243-245.

Aggrieved, EELHI moved for the reconsideration of the RTC's decision.²³ This motion was denied in the Order dated September 20, 2016.²⁴

WHEREFORE, premises considered, the oppositor's Motion for Reconsideration is DENIED.

SO ORDERED.²⁵

Due to the adverse decision of the trial court, EELHI appealed to the CA.²⁶ Both EELHI and SDI submitted their respective briefs to the appellate court. EELHI, for its part, repeated its argument that Nanlaw is the "delinquent taxpayer" that should have been notified of the taxes due and the subsequent auction of the subject property.²⁷ On the other hand, SDI argued that all the procedural requirements for the auction of the subject property was observed, including the required service of notices to EELHI. Since EELHI was the registered owner of the subject property, not Nanlaw, SDI was of the position that EELHI was properly notified.²⁸

The CA, in its challenged Decision dated July 31, 2018,²⁹ found EELHI's appeal unmeritorious:

WHEREFORE, the Appeal is DENIED. The June 27, 2016 Decision and the September 20, 2016 Order of the [RTC], Branch 100, Quezon City in LRC Case No. Q-33312 (12) are hereby AFFIRMED.

SO ORDERED.³⁰

The CA found that the delinquent taxpayer, for purposes of real property tax liability, is the registered owner of the subject property. Since EELHI was the registered owner, the CA ruled that notices of the tax delinquency and the sale of the subject property were properly sent to EELHI. The sale of the subject property to SDI, as the highest bidder during the public auction, was therefore valid.³¹

Undeterred by the adverse decision of the CA, EELHI asked for the reconsideration of the denial of its appeal. The CA, in its Resolution³² dated September 27, 2018, denied the motion for reconsideration for being filed beyond the 15-day reglementary period:

²³ Id. at 249-259.

²⁴ Id. at 268-269.

²⁵ Id. at 269.

²⁶ Id. at 270.

²⁷ Id. at 283-293.

²⁸ Id. at 318-323.

²⁹ Id. at 31-45.

³⁰ Id. at 45.

³¹ Id. at 41-45.

³² Id. at 48-51.

WHEREFORE, the Motion for Reconsideration is DENIED.

SO ORDERED.³³

Hence, EELHI filed the present petition before the Court. Preliminarily, EELHI argues that its motion for reconsideration from the CA's Decision dated July 31, 2018 was timely filed on the next working day following the last day of the reglementary period, which fell on a Saturday. EELHI then proceeds to reiterate its earlier arguments that the notices for delinquent real property tax payments should be served on Nanlaw, as the entity having beneficial use of the property. It also insists that the requirements for the auction of the subject property were not properly observed prior to the sale to SDI.³⁴

SDI disputes the arguments of EELHI. It asserts that the sale between EELHI and Nanlaw was not registered with the appropriate registry of deeds. As such, it cannot affect third persons. SDI also insists that EELHI was properly notified of the delinquent real property taxes, as well as of the sale of subject property, in satisfaction of the taxes due.³⁵

In essence, the Court is tasked to resolve whether the notices of delinquent real property taxes, as well as those for the subsequent sale of the subject property, was properly served on EELHI, or its registered owner.

Before going into the merits of this case, the Court finds that EELHI's motion for reconsideration was timely filed on August 28, 2018. EELHI received the adverse decision of the CA on August 10, 2018, which means that the motion should have been filed on August 25, 2018, a Saturday. The following Monday, August 27, 2018, was declared a non-working day pursuant to Proclamation No. 269 issued on July 17, 2017. EELHI's motion for reconsideration, which was filed on August 28, 2018, was therefore timely submitted to the CA.³⁶

Ruling of the Court

As to the substantive issues, the Court finds the arguments of EELHI unmeritorious. The present petition is therefore denied.

EELHI, while admitting having received the notices of unpaid real property taxes from the Office of the City Treasurer of Quezon City, insists that Nanlaw is the proper party that should be notified—especially since it has sold the subject property to Nanlaw. In light of this admission, there is no dispute that EELHI received the notices of delinquency in the real property tax payments.

³³ Id. at 51.

³⁴ Id. at 9-22.

³⁵ Id. at 362-364.

³⁶ RULES OF COURT, Rule 22, Section 1.

Furthermore, the CA's factual findings show that notices pertaining to the delinquency tax and the auction sale of the subject property were sent to EELHI. The Warrant of Levy, as well as the Certificate of Sale to SDI, was also annotated on the title of the subject property.³⁷ The CA also found that the auction sale was posted in the City Hall of Quezon City, and published in a newspaper of general circulation for two consecutive weeks.³⁸

Since these are factual questions, the Court cannot, as a rule, inquire into these matters and weigh the evidence of the parties again. In any case, the records of the case support the factual findings of the CA. Thus, the remaining issue that the Court should resolve pertains to the propriety of serving the requisite notices of tax delinquency and auction sale to EELHI, the registered owner of the subject property.

The Court, in *Talusan v. Tayag*,³⁹ categorically declared that the registered owner of a property is the taxpayer entitled to notice of tax delinquency and the proceedings relating to the auction sale:

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*. 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.⁴⁰ (Emphasis ours)

The records of this case show that the title of the subject property, CCT No. N-25600, was registered in the name of EELHI—not Nanlaw. Furthermore, the title does not contain an annotation of the supposed sale by

³⁷ *Rollo*, p. 42.

³⁸ *Id.* at 44-45.

³⁹ 408 Phil. 373 (2001); *See also Lukban v. Optimum Development Bank*, 778 Phil. 824 (2016).

⁴⁰ *Id.* at 388.

EELHI, as the vendor, to Nanlaw, as the vendee. Section 51 of Presidential Decree No. 1529, otherwise known as the Property Registration Decree, explicitly states that “[t]he act of registration shall be the operative act to convey or affect the land insofar as third persons are concerned.” Thus, without the registration of the deed of sale, the transfer of the subject property from EELHI to Nanlaw does not have any binding effect with respect to third persons who have no knowledge of it.

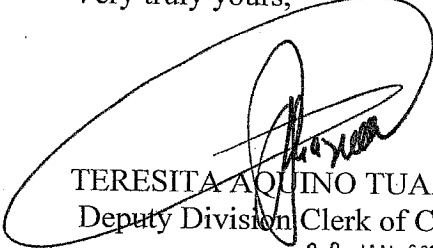
Evidently, the registered owner whose name appears on the certificate of title is deemed the taxpayer to whom the notice of auction sale should be sent. The Office of the City Treasurer of Quezon City correctly sent notices of the tax delinquency and the auction sale to EELHI. In light of this, the auction sale of the subject property to SDI is valid, having complied with the mandatory statutory requirements under the Local Government Code.

There being no dispute that EELHI’s period to redeem the property has expired, it is proper to direct the consolidation of the subject property’s ownership in favor of SDI.

WHEREFORE, in view of the foregoing disquisitions, the petition for review on *certiorari* is hereby **DENIED**. The Decision dated July 31, 2018 and the Resolution dated September 27, 2018, which the Court of Appeals rendered in relation to CA-G.R. CV No. 107850 are **AFFIRMED**.

SO ORDERED.” (Zalameda, J., designated additional Member per Special Order No. 2727 dated October 25, 2019.)

Very truly yours,



TERESITA AQUINO TUAZON
Deputy Division Clerk of Court *Whh 1/22*
22 JAN 2020

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(LRC Case No. Q-33312 [12])

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