THIRD DIVISION

G.R. No. 260831 – REPUBLIC OF THE PHILIPPINES, Petitioner, **v. PATRICIO B. BELLA,** Respondent.

Promulgated:

FEB 26 2025

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CONCURRING OPINION

CAGUIOA, *J.*:

The *ponencia* in the above-captioned case partially grants the petition and modifies the *Decision* of the Regional Trial Court ordering the cancellation of the two annotations at the back of the subject transfer certificate of title (TCT).[1] Specifically, the *ponencia* rules that the First Annotation—a mandatory encumbrance in administratively reconstituted titles—may already be cancelled following the express language of Republic Act (R.A.) No. 26.[2]

I concur in the *ponencia* and find it opportune to briefly dissect the relevant provisions of R.A. No. 26, as well as underscore the following observations:

(i) the limited encumbrance under R.A. No. 26 mirrors the lien under Rule 74, Section 4 of the Rules of Court;

(ii) in the present case, the prescriptive period for real actions over immovable properties has long lapsed, barring any claims sought to be protected by the encumbrance; and

(iii) modernization efforts, particularly electronic titling, has substantially diminished the necessity for reconstitution of titles.

The encumbrance under R.A. No. 26 operates as a statutory safeguard, with specific exceptions and limits

R.A. No. 26 requires the annotation of a mandatory encumbrance on titles that have been administratively reconstituted, with the purpose of protecting parties whose rights were omitted during reconstitution.

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1 *See ponencia*, p. 9.
2 *Id.* at 5–6.

However, the existence of such reservation is finite, reconciling the rights of potential claimants with the need for stability and finality in land titles.

To recall, the First Annotation in this case reads:

> PURSUANT TO SECTION 7, [REPUBLIC] ACT [NO.] 26, THIS CERT. OF TITLE THE ORIGINAL OF WHICH HAS BEEN ADMINISTRATIVELY RECONSTITUTED IS WITHOUT PREJUDICE TO ANY PARTY WHOSE RIGHT OVER THE PROPERTY WAS DULY NOTED IN SAID ORIGINAL COPY DURING THE TIME IT WAS LOST OR DESTROYED BUT NOTATION OF WHICH HAS [NOT] BEEN MADE IN THE RECONSTITUTED TITLE.
> CAVITE CITY. OCT. 18, 1960
>
> (SGD) E. CUEVAS
> REGISTER OF DEEDS[3]

As explicitly provided, the annotation is one made pursuant to Section 7 of R.A. No. 26 which mandates that all administratively reconstituted titles contain a specific annotation of encumbrance—a reservation in favor of any person who has an annotated interest in the lost or destroyed title which, however, was not carried over in the reconstituted title:

> SECTION 7. Reconstituted certificates of title shall have the same validity and legal effect as the originals thereof: *Provided, however*, That **certificates of title reconstituted extrajudicially**, in the manner stated in sections five and six hereof, **shall be without prejudice to any party whose right or interest in the property was duly noted in the original, at the time it was lost or destroyed, but entry or notation of which has not been made on the reconstituted certificate of title. This reservation shall be noted as an encumbrance on the reconstituted certificate of title.** (Emphasis supplied)

With such reservation in place, Section 8[4] of R.A. No. 26 provides for the procedure by which such omitted interest may be reflected in the reconstituted title, i.e., through the filing of a petition for annotation while the reservation subsists.

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[3] *Id.* at 2.

[4] R.A. No. 26 (1946), Sec. 8 provides:

> SECTION 8. Any person whose right or interest was duly noted in the original of a certificate of title, at the time it was lost or destroyed, but does not appear so noted on the reconstituted certificate of title, which is subject to the reservation provided in the preceding section, may, **while such reservation subsists, file a petition with the proper Court of First Instance for the annotation of such right or interest on said reconstituted certificate of title**, and the court, after notice and hearing, shall determine the merits of the petition and render such judgment as justice and equity may require. The petition shall state the number of the reconstituted certificate of title and the nature, as well as a description, of the right or interest claimed. (Emphasis supplied)

The limitation to the protection afforded by Section 7, in turn, is embodied in Section 9 of R.A. No. 26 which outlines the procedure for a party seeking to have his or her reconstituted certificate of title freed from the encumbrance. The full text of Section 9 reads:

> SECTION 9. A registered owner desiring to have his reconstituted certificate of title freed from the encumbrance mentioned in section seven of this Act, may file a petition to that end with the proper Court of First Instance, giving his reason or reasons therefor. A similar petition may, likewise, be filed by a mortgagee, lessees or other lien holder whose interest is annotated in the reconstituted certificate of title. Thereupon, the court shall cause a notice of the petition to be published, at the expense of the petitioner, twice in successive issues of the *Official Gazette*, and to be posted on the main entrance of the provincial building and of the municipal building of the municipality or city in which the land lies, at least thirty days prior to the date of hearing, and after hearing, shall determine the petition and render such judgment as justice and equity may require. The notice shall specify, among other things, the number of the certificate of title, the name of the registered owner, the names of the interested parties appearing in the reconstituted certificate of title, the location of the property, and the date on which all persons having an interest in the property must appear and file such claim as they may have. The petitioner shall, at the hearing, submit proof of the publication and posting of the notice: ***Provided, however*, That after the expiration of two years from the date of the reconstitution of a certificate of title, if no petition has been filed within that period under the preceding section, the court shall, on motion *ex parte* by the registered owner or other person having registered interest in the reconstituted certificate of title, order the register of deeds to cancel, proper annotation, the incumbrance mentioned in section seven hereof.** (Emphasis supplied)

As correctly identified by the *ponencia*, the last portion of Section 9, as emphasized above, clearly states that if after the lapse of two years from administrative reconstitution, no petition has been filed by a person who has an annotated interest in the lost or destroyed title,[5] the court shall, **upon only an *ex parte* motion**, already order the register of deeds to remove the mandatory annotation.

Section 9, as fully quoted above, outlines the general rule and the exception as to how an R.A. No. 26 reservation may be removed from the reconstituted title:

(i) as a **general rule**, a petition must be filed with the trial court, the notice of which must be published twice in the Official Gazette and posted at the provincial and municipality buildings of the municipality or city in which the land lies, after which a hearing on the petition shall be conducted to ascertain the propriety of cancelling the reservation; and

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[5] *Ponencia*, p. 6.

(ii) as an **exception**, if two years have already lapsed since the date of the reconstitution of the title, and no petition under Section 8 has been filed, the court shall, only upon an *ex parte* motion, order the register of deeds to cancel the reservation.

As applied in this case, the *ponencia* correctly ruled that the First Annotation should already be cancelled as the two requisites under the exception provided in Section 9 have already been complied with—*first*, it is evident that the two-year period has already lapsed as the subject TCT was reconstituted on October 18, 1960;[6] and *second*, since 1960, no petition has been filed by any party claiming that they had an interest annotated in the lost or destroyed TCT which was not carried over to the reconstituted TCT.[7] Accordingly, notice to any adverse party is dispensed with, and the petition in the present case, despite not being published, is sufficient for purposes of cancelling the First Annotation.

Notably, the R.A. No. 26 encumbrance functions similarly to the two-year lien under Rule 74, Section 4 of the Rules of Court which protects heirs, creditors, or other claimants who were unduly deprived of their lawful participation in extrajudicially or summarily settled estates:

> SEC. 4. *Liability of distributees and estate.* — If it shall appear at any time within two (2) years after the settlement and distribution of an estate in accordance with the provisions of either of the first two sections of this rule, that an heir or other person has been unduly deprived of his lawful participation in the estate, such heir or such other person may compel the settlement of the estate in the courts in the manner hereinafter provided for the purpose of satisfying such lawful participation. And if within the same time of two (2) years, it shall appear that there are debts outstanding against the estate which have not been paid, or that an heir or other person has been unduly deprived of his lawful participation payable in money, the court having jurisdiction of the estate may, by order for that purpose, after hearing, settle the amount of such debts or lawful participation and order how much and in what manner each distributee shall contribute in the payment thereof, and may issue execution, if circumstances require, against the bond provided in the preceding section or against the real estate belonging to the deceased, or both. **Such bond and such real estate shall remain charged with a liability to creditors, heirs, or other persons for the full period of two (2) years after such distribution**, notwithstanding any transfers of real estate that may have been made. (Emphasis supplied)

The above safeguard, however, is likewise limited—omitted or impaired rights must be asserted within two years. After such period, the protective mantle afforded by Rule 74, Section 4 is lifted, leaving subsequent transferees clear of dormant claims. The procedure for the cancellation of a Rule 74 lien is provided in Section 86 of Presidential Decree (P.D.) No. 1529:

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6 *Id.*
7 *Id.*

> SEC. 86. *Extrajudicial settlement of estate.* — When a deed of extrajudicial settlement has been duly registered, the Register of Deeds shall annotate on the proper title the two-year lien mentioned in Section 4 of Rule 74 of the Rules of Court. **Upon the expiration of the two-year period and presentation of a verified petition by the registered heirs, devisees or legatees or any other party in interest that no claim or claims of any creditor, heir or other person exist, the Register of Deeds shall cancel the two-year lien noted on the title without the necessity of a court order.** The verified petition shall be entered in the Primary Entry Book and a memorandum thereof made on the title. (Emphasis supplied)

Whereas R.A. No. 26 requires a motion and judicial action, the cancellation of an annotation under Rule 74 may proceed by verified petition alone. In both instances, nonetheless, the lapse of the two-year period signals that the mandatory annotation in a certificate of title may already be cancelled upon motion or petition.

The two-year reservation periods under R.A. No. 26 and Rule 74 underscore a common policy objective: both provisions impose a clear, time-bound mechanism for asserting omitted rights. By providing a limitation to the protection afforded by the mandatory liens, both legal frameworks strike a deliberate balance between recognizing excluded claims and promoting finality in registered land transactions.

Prescription bars any residual claims under the reconstituted title

Even if one sets aside the two-year period under R.A. No. 26, any possible claims relating to omitted interests have long been extinguished by prescription.

Actions prescribe by the mere lapse of time fixed by law.[8] Under Article 1141 of the Civil Code, "[r]eal actions over immovables prescribe after thirty years."[9] This limitation is not merely procedural but reflects a public policy grounded in the need for stability in legal relations. In *Antonio, Jr. v. Morales*,[10] the Court discussed the rationale behind statutes on extinctive prescription:

> [T]he prescription of an action refers to the time within which an action must be brought after the right of action has accrued. The prescriptive statutes serve to protect those who are diligent and vigilant, not those who sleep on their rights. **The rationale behind the prescription of actions is to prevent fraudulent and stale claims from springing up**

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8 CIVIL CODE, art. 1139.

9 *See also* CIVIL CODE, art. 1137 which reads:

> ART. 1137. Ownership and other real rights over immovables also prescribe through uninterrupted adverse possession thereof for thirty years, without need of title or of good faith.

10 541 Phil. 306 (2007) [Per J. Sandoval-Gutierrez, First Division].

> **at great distances of time, thus surprising the parties or their representatives when the facts have become obscure from the lapse of time or the defective memory or death or removal of the witnesses. Prescription applies even to the most meritorious claims.** (2007) (Emphasis supplied)

In this case, where the administrative reconstitution occurred in 1960 and no claims have been filed since, it is imperative to ask a practical question: *does the law truly contemplate maintaining a 64-year reservation in a title?*

Clearly, all causes of action embodied in any supposed annotation in the lost or destroyed title—which were thus noted prior to October 18, 1960 but not reflected in the reconstituted title—would have already prescribed. It is verily in this context that Section 9 carves out an exception from the publication and posting requirements, and Section 8 mentions that the remedy thereon may be availed of only "while the reservation subsists"[11]—persons whose interests are protected by the reservation under Section 7 are charged to timely file their claim to have any omitted interest reflected in the reconstituted title, otherwise such reservation may already be removed *ex parte*.

The periods provided under R.A. No. 26 and the Civil Code are not mere countdowns. Rather, they urge parties to assert their claims without delay and shield titled property from the perpetual threat of litigation. Here, with six decades having passed since the reconstitution of the subject title, the balance must now rest firmly in favor of freeing the registered owner from any stale and long-abandoned claims.

Modernization through electronic titling is gradually diminishing the need for reconstitution under R.A. No. 26

At the outset, the original scope of R.A. No. 26—i.e., the reconstitution of lost or destroyed certificates of title—was narrowed by Section 110 of P.D. No. 1529, as amended by Republic Act No. 6732, which confined *administrative* reconstitution to: (i) cases involving original titles on file with the register of deeds, and (ii) only where there is substantial loss or destruction of records due to fire, flood, or other *force majeure*.[12]

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[11] R.A. No. 26 (1946), sec. 8.

[12] P.D. No. 1529 (1978), sec. 110, as amended by R.A. No. 6732 (1989), sec. 1, provides:

> Sec. 110. *Reconstitution of Lost or Destroyed Original of Torrens Title.* — Original copies of certificates of titles lost or destroyed in the offices of Register of Deeds as well as liens and encumbrances affecting the lands covered by such titles shall be reconstituted judicially in accordance with the procedure prescribed in Republic Act No. 26 insofar as not inconsistent with this Decree. The procedure relative to **administrative reconstitution of lost or destroyed certificate prescribed in said Act may be availed of only in case of substantial loss or destruction of land titles due**

More importantly, however, the shift to a fully digital land records system under the *Land Titling Computerization Project* (LTCP) has further confined the instances where recourse to reconstitution remains relevant.

In 2011, as part of the digital transformation under the LTCP, the Land Registration Authority (LRA) issued *LRA Circular No. 27-2011*,[13] formally launching the *Voluntary Title Standardization Program* which governs the conversion of manually-issued or physical titles into computerized and electronic certificates of title (eTitles). Under this program, manually-issued certificates are, upon petition of the registered owner/s, deactivated and replaced with eTitles generated and maintained within the LRA's computerized system. The initiative aims to enhance the integrity, accessibility, and permanence of land title records.

LRA Circular No. 27-2011 identified three core benefits of the program to the public: (1) faster processing of transactions, since register of deeds personnel need not retrieve physical titles subject of a transaction; (2) *protection of "original copies of titles from loss by storing [these] in its electronic original form*, which are regularly backed-up as owners shall no longer go through the expensive and tedious process of reconstitution";[14] and (3) clearer certified true copies (CTCs), which are now generated from digital records rather than scanned images of manual or physical titles. The LRA reinforced this initiative through *LRA Circular No. 16-2014*[15] by expanding the implementing guidelines on electronic registration.

However, as participation in the Voluntary Title Standardization Program was, by design, left to the discretion of registered owners, the LRA later recognized that an opt-in mechanism was insufficient to fully realize the systemic benefits of eTitling.

Accordingly, in 2016, the LRA deemed it necessary to accelerate the phasing-out of manually-issued or physical original certificates of titles by requiring their conversion into eTitles as a condition for processing certain

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to fire, flood or other *force majeure* as determined by the Administrator of the Land Registration Authority: *Provided*, That the number of certificates of titles lost or damaged should be at least ten percent (10%) of the total number in the possession of the Office of the Register of Deeds: *Provided, further*, That in no case shall the number of certificates of titles lost or damaged be less than five hundred (500).

Notice of all hearings of the petition for judicial reconstitution shall be furnished the Register of Deeds of the place where the land is situated and to the Administrator of the Land Registration Authority. No order or judgment ordering the reconstitution of a certificate of title shall become final until the lapse of fifteen (15) days from receipt by the Register of Deeds and by the Administrator of the Land Registration Authority of a notice of such order or judgment without any appeal having been filed by any such officials. (Emphasis supplied)

[13] Implementation of the LRA Voluntary Title Standardization Program for the Conversion of Manually-Issued Titles into Electronic Certificates of Title Upon Request of the Registered Owner or Other Client Representing the Registered Owner, or His/Her Interest Thereof (2011).

[14] *Id.*

[15] Amendment to the Implementing Guidelines on Electronic Registration of Land Titles and Deeds, Published on July 5, 2009 (September 1, 2014).

transactions.[16] This modernization push was enforced through *LRA Circular Nos. 001-16*[17] and *02-2017*[18] which set forth the *Title Upgrade Program.*

Under the Title Upgrade Program framework, titles subject of annotation-type transactions, i.e., voluntary transactions for interests less than ownership, shall first be subject to conversion to eTitles before annotations are processed:

> SECTION 1.3 Voluntary transactions on manually-issued titles that are not yet converted into eTitles after such period shall no longer be accepted for processing in LRA and its Registries of Deeds, and must undergo conversion into eTitles prior to transaction processing.[19]

By requiring the prior conversion of manually-issued or physical copies of titles into eTitles before any annotation-type transaction may be processed, the LRA substantially removed the discretionary nature of participation in eTitling and accelerated the transition to a fully electronic registry. This directive ensures that even non-transfer transactions serve as a trigger point for eTitling, thereby reinforcing the system-wide shift toward digital land records.

The LRA's digital transformation efforts were further complemented by new operational tools and updated workflows, including: (i) an automated self-service system for requesting CTCs;[20] (ii) allowing registers of deed to *motu proprio* initiate the digitization and cataloging of manually-issued titles in preparation for eventual e-Title conversion;[21] and (iii) the issuance of joint administrative guidelines with the Department of Agrarian Reform governing the issuance of individual e-Titles and the computerized and electronic annotation of agrarian reform conditions under collective certificates of land ownership awards.[22] Notably, however, the Voluntary Title Standardization Program is currently suspended through *LRA Circular No. 03-2023*,[23] as the LRA undertakes further review of the program's resources, procedures, and security protocols to uphold the integrity of the Torrens system and enhance the program's implementation.

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16 Program for the Upgrade of all Manually-Issued Titles Within a 3-Year Period (January 26, 2016).

17 *Id.*

18 Addendum to LRA Circular No. 02-2016 with Subject: Program for the Upgrade of All Manually-Issued Titles Within a 3-Year Period (January 6, 2017).

19 *Supra* note 18.

20 *See* LRA Circular No. 28-17, Implementation of the LRA System for Automated Client Entry for Certified True Copies of Certificates of Title ("ACE-CTC") (September 20, 2017).

21 *See* LRA Circular No. 15-2020, Implementation of the LRA Title Ready Program ("TRP") (August 18, 2020).

22 *See* Joint DAR-LRA Administrative Order No. 02, s. 2022, Registration and Annotation Requirements for Support to Parcelization of Land for Individual Titling and Annotation of the Conditions of the Order of Conversion (May 24, 2022). *See also* Joint DAR-LRA Administrative Order No. 01, s. 2024, Rules Governing the Re-Issuance of Owner's Duplicate Copy and Correction of Entries in the Collective Certificate of Land Ownership Award (CCLOA) Covered by Support to Parcelization of Lands for Individual Titling (SPLIT) Project (April 2, 2024).

23 Suspension of the Implementation of the LRA Voluntary Title Standardization Program (February 22, 2023).

Taken altogether, these reforms underscore the LRA's broader goal: establishing a digital infrastructure that ensures all original registry copies of titles—and the annotations they bear—can no longer be lost, altered, or omitted due to physical risks. All CTCs will also be generated from a centralized electronic source record, and therefore, will consistently reflect all valid encumbrances annotated on a title.

As recognized in *Spouses Manalese v. The Estate of Spouses Ferreras*,[24] the advent of computerized and electronic titles means that there may no longer be physical original certificates of title and transfer certificates of title in the registry as previously understood under P.D. No. 1529:

> With computerized and electronic titles, the Court understands that there may no longer be a physical original certificate of title—the one referred to in Sections 39 and 40 of PD 1529, regarding the Original Certificate of Title and Section 43, regarding the Transfer Certificate of Title, or the "government copy" as it is referred to at present in a Memorandum issued by LRA—which is to be kept by the Register of Deeds. The said original certificate of title is now in digital form stored in the LRA Computerized System being maintained by the Land Registration Systems, Inc. (LARES). Pursuant to the said LRA Memorandum, a copy of the digitized original certificate of title may be obtained from the Register of Deeds and this copy generated from the LRA Computerized System, which is called as an electronic title or "eTitle," is now being referred to as computerized title or "cTitle." Only the owner's duplicate certificate of title is issued by the Register of Deeds in physical form.[25]

As a result, the scope of reconstitution under R.A. No. 26, as amended by P.D. No. 1529,[26] continues to narrow steadily, now applying only in cases where the original registry copy has yet to be converted to an eTitle. However, the *judicial* replacement of lost owner's duplicate certificates, which is still issued by the register of deeds in physical form, remains governed by a separate process under Section 109 of P.D. No. 1529.

In sum, the legal and technological safeguards introduced by the eTitling framework are gradually displacing the operational premise of R.A. No. 26. Once all certificates of title exist in digital form within the LRA's secure and backed-up system, it is hoped that reconstitution of titles in the registry—whether judicial or administrative—will no longer be necessary. This is the very vision of the digital shift: that electronic custody becomes the standard, insulating titles from the vulnerabilities that once warranted reconstitution. And even as the land registration system evolves

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24 G.R. No. 254046, November 25, 2024 [Per J. Caguioa, Third Division].

25 *Id.* at 35–36. This pinpoint citation refers to the copy of the Decision uploaded to the Supreme Court website.

26 *Supra* note 12.

through modern tools, it remains anchored in the enduring principles of the Torrens system—the indefeasibility and reliability of registered titles.

In all, I concur that the First Annotation should be cancelled, consistent with the plain language of R.A. No. 26, the operation of prescription, and the policy foundations of our evolving land registration system.

Accordingly, I **CONCUR** with the *ponencia* and vote to **PARTIALLY GRANT** the Petition. The Petition for Cancellation for Adverse Claim should only be dismissed with respect to the Second Annotation. The First Annotation was properly cancelled by the trial court in light of the clear language of R.A. No. 26.

ALFREDO BENJAMIN S. CAGUIOA
Associate Justice