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SECOND DIVISION

[A.M. No. RTJ-15-2422. July 20, 2015]
(Formerly OCA I.P.I. No. 13-4129-RTJ)

FLOR GILBUENA RIVERA, *complainant, vs.* **HON. LEANDRO C. CATALO, Presiding Judge, Regional Trial Court, Branch 256, Muntinlupa City,** *respondent.*

SYLLABUS

1. **JUDICIAL ETHICS; JUDGES; GROSS IGNORANCE OF THE LAW, DEFINED; A JUDGE WHO ADHERES TO THE PRINCIPLE THAT A VOID JUDGMENT FOR WANT OF JURISDICTION IS NO JUDGMENT AT ALL CANNOT BE ADMINISTRATIVELY HELD LIABLE FOR GROSS IGNORANCE OF THE LAW; CASE AT BAR.—** Gross ignorance of the law by a judge presupposes an appalling lack of familiarity with simple rules of law or procedures and well-established jurisprudence that tends to erode the public trust in the competence and fairness of the court which he personifies. In this case, the Court is not at all convinced that Judge Catalo committed gross ignorance of the law. x x x Judge Catalo correctly rectified his questionable decision. Had he not acted responsibly, the void judgment would have spawned double and conflicting titles and would have wreaked havoc on the revered Torrens System of land registration. x x x [A]s the respondent complied with the established procedural and substantial rules to nullify a final judgment, no fault can be ascribed to his actions. Hence, Judge Catalo committed no gross ignorance of the law.

2. **REMEDIAL LAW; CIVIL PROCEDURE; JUDGMENTS; DOCTRINE OF FINALITY AND IMMUTABILITY OF JUDGMENT; DOES NOT APPLY TO A VOID JUDGMENT AND TO UNJUST AND INEQUITABLE JUDGMENTS; CASE AT BAR.—** [U]nder the doctrine of finality of judgment or immutability of judgment, a decision that has acquired finality becomes immutable and unalterable, and may no longer be modified in any respect. Like any other rule, however, there are recognized exceptions to this general rule such as (1) the correction of clerical errors, the so-called

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nunc pro tunc entries which cause no prejudice to any party, **(2) void judgments,** and **(3) whenever circumstances transpire after the finality of the decision rendering its execution unjust and inequitable.** Under the second exception, a void judgment for want of jurisdiction is no judgment at all. It neither is a source of any right nor the creator of any obligation. All acts performed pursuant to it and all claims emanating from it have no legal effect. Hence, it can never become final and any writ of execution based on it is void. It may be said to be a lawless thing which can be treated as an outlaw and slain at sight, or ignored wherever and whenever it exhibits its head. In the case of *Abalos v. Philex Mining Corporation*, the Court reiterated the third exception, concerning unjust and inequitable judgments. x x x [I]f there are facts and circumstances that would render a judgment void or unjust after its finality, and render its execution a complete nullity, such judgment cannot exude immutability. In this case, the Court is of the considered view that Judge Catalo correctly recalled the judgment because the second and third exceptions on the doctrine of finality of judgments were squarely applicable. After the finality of the RTC decision on July 3, 2012, it was discovered that TCT No. 3460 had been cancelled as early as April 2, 1924. Complainant, when later asked to present his stand, failed to contradict the allegation that he falsified his affidavit of loss. Clearly, these subsequent events raised a red flag and placed the Respondent Judge on his toes. Judge Catalo realized an execution of such judgment would definitely be unjust and inequitable as it would be sanctioning fraud and irregularity. It would judicially permit the issuance of a new owner's duplicate copy of a title which was no longer in existence. Where there is no original, there can be no duplicate. Jude Catalo was correct in stating that the judgment was void and could not have attained finality. x x x Here, the original title was not lost but officially cancelled. Hence, Judge Catalo correctly exercised his judicial prerogative to amend and control his factually and legally infirm decision.

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D E C I S I O N

MENDOZA, *J.*:

"A void judgment for want of jurisdiction is no judgment at all. It neither is a source of any right nor the creator of any obligation. All acts performed pursuant to it and all claims emanating from it have no legal effect. Hence, it can never become final and any writ of execution based on it is void. It may be said to be a lawless thing which can be treated as an outlaw and slain at sight, or ignored wherever and whenever it exhibits its head."[1]

A judge who adheres to this principle cannot be administratively held liable and be sanctioned.

Subject of this disposition is the petition[2] filed on September 10, 2013, by complainant Flor Gilbuena Rivera (*complainant*), charging respondent Judge Leandro C. Catalo (*Judge Catalo*), Presiding Judge of the Regional Trial Court, Branch 256, Muntinlupa City (*RTC*), with a violation of Canon 3 of the Code of Judicial Conduct[3] when he flip-flopped by first setting aside and then recalling a final and executory judgment.

The Facts:

On February 1, 2012, complainant filed her Amended Petition[4] before the RTC, praying for the issuance of new owner's duplicate copy of Transfer Certificate of Title (*TCT*) No. 3460, docketed as LRC Case No. 12-005. The case was raffled to the branch presided by Judge Catalo.

The amended petition alleged that complainant was one of the heirs of Juan Gilbuena (*Gilbuena*); that TCT No. 3460 was

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[1] *Secretary of the DAR v. Dumagpi*, G.R. No. 195412, February 4, 2015, citing *Leonor v. CA*, 326 Phil. 74, 88 (1996).

[2] *Rollo*, pp. 1-6.

[3] Canon 3 — A judge should perform official duties honestly, and with impartiality and diligence.

[4] *Rollo*, pp. 7-9.

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registered under the name of Gilbuena; and that the owner's duplicate copy of the said title had remained missing despite their diligent efforts to locate the same. When the case was called for hearing, no oppositor appeared before the RTC. Upon motion, complainant was allowed to present evidence *ex parte* on March 18, 2012.

On May 18, 2012, Judge Catalo rendered his decision[5] granting the petition for issuance of new owner's duplicate copy on the basis of the evidence presented by complainant, particularly the affidavit of loss and the certification issued by the Register of Deeds of Muntinlupa City (*RD*). The decretal portion thereof reads:

> WHEREFORE, finding the petition to be meritorious, the same is hereby granted. Accordingly, the Owner's Duplicate Copy of Transfer Certificate of Title No. 3460 that was lost is hereby declared null and void. **The Register of Deeds of Muntinlupa City is hereby ordered to issue a new Owners Duplicate Copy of Transfer Certificate of Title No. 3460**, which said title shall be entitled to full faith and credit as the lost one.
>
> SO ORDERED.[6]
>
> [Emphasis Supplied]

The RTC decision became final and executory on July 3, 2012 and the Certificate of Finality[7] was issued on July 6, 2012.

In a Letter,[8] dated August 16, 2012, the RD informed complainant that the Affidavit of Loss, annotated on TCT No. 3460, was being recalled considering that the said title was already cancelled and being a cancelled title, it could no longer be a subject of any transaction.

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[5] *Id*. at 11-12.

[6] *Id*. at 12.

[7] *Id*. at 13-14.

[8] *Id*. at 14.

On October 15, 2012, RD Acting Records Officer Vivian V. Dacanay (*Dacanay*), formally filed her Manifestation[9] before the RTC stating, among others, that upon examination of the documents submitted to their office, it appeared that TCT No. 3460 had long been cancelled as early as April 2, 1924; that on August 16, 2012, the RD issued a letter recalling the approval of the annotation of the Affidavit of Loss on TCT No. 3460 after it was discovered that the said title was already cancelled and, therefore, could no longer be the subject of any transaction; that the discovery of the cancellation of the title was sometime in August 2012, when their office found out *that several titles had already originated from said title*; that the truth was that the title was not lost, rather, it was cancelled by virtue of valid transactions and conveyance as early as April 2, 1924; and that the basis of the petition for issuance of new owner's duplicate, which was an affidavit of loss, was totally false, untrue and fabricated.

Dacanay added that "*[t]o allow, otherwise, would result to reviving a dead title and double titling and later on, spread spurious titles.*"[10]

Acting thereon, Respondent Judge issued an order requiring the complainant and all the parties concerned to attend a hearing on November 7, 2012 on the Manifestation filed by Dacanay. Despite being given 15 days to give his side, the complainant did not appear in court.[11]

In the Order,[12] dated June 21, 2013, Judge Catalo recalled and set aside the May 18, 2012 decision of the RTC.

Aggrieved, complainant filed the subject administrative complaint before the Court alleging that Judge Catalo committed gross misconduct for recalling a final and executory judgment.

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[9] *Id*. at 17-19.

[10] *Id*. at 18.

[11] *Id*. at 20.

[12] *Id*. at 20-21.

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Position of Complainant

Complainant avers that the act of Judge Catalo in recalling and setting aside the final and executory decision was of doubtful legal and moral basis. Complainant adds that his act of flip-flopping was considered a violation of the Canon on Judicial Conduct as it flagrantly disregarded well-known legal rules and constituted grave misconduct punishable by dismissal from the service.

Accordingly, complainant prays that Judge Catalo be dismissed from the service with forfeiture of all his retirement benefits.

Position of Respondent Judge

In his Comment,[13] Judge Catalo averred that on October 15, 2012, after the RTC decision became final and executory, Dacanay filed her Manifestation,[14] informing the trial court that TCT No. 3460 was already cancelled; that he then set it for hearing on November 7, 2012 and required complainant to present his stand; that during the scheduled hearing, Dacanay testified that the subject title was already cancelled and that the previous records officer, who misinformed the RD on the status of the title, had been sacked; that he even required the RD to submit the English translation of the Spanish entries just to confirm that the subject title was previously cancelled; that complainant failed to present his stand despite being given 15 days to do it; that because complainant fraudulently filed the petition for issuance of new owner's duplicate with the use of spurious documents, the RTC decision was void and could be recalled; and that, for said reason, he recalled the said decision in his June 21, 2013 order.

Judge Catalo invokes the inherent power of the court to amend and control its processes and orders to make them conformable with the law and justice. The respondent explained that although a final judgment is immutable and unalterable, such rule is not absolute as it admits exceptions such as those concerning void judgments.

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[13] *Id*. at 26-30.

[14] *Id*. at 17-19.

Report and Recommendation

In its Report,[15] dated April 20, 2015, the Office of the Court Administrator (*OCA*) opined that Judge Catalo was administratively liable, not for gross misconduct, but for gross ignorance of the law.

When the May 18, 2012 decision became final and executory on July 3, 2012, it became immutable and unalterable. Thus, Judge Catalo inexcusably and wrongfully ignored such basic principle when he decided to *motu proprio* recall his own final decision. The OCA also found that he overlooked the basic principle that a final judgment, order or resolution could only be annulled under Rule 47 of the Rules of Court.

The OCA, thus, concluded that for exhibiting gross ignorance of the law, Judge Catalo violated Rule 1.01 and Rule 3.01 of the Code of Judicial Conduct as he failed to conform to the high standards of competence required of judges. It was the recommendation of the OCA that Judge Catalo be found guilty of gross ignorance of the law and be fined in the amount of ₱21,000.00.

The Court's Ruling

The Court declines the recommendation of the OCA.

Gross ignorance of the law by a judge presupposes an appalling lack of familiarity with simple rules of law or procedures and well-established jurisprudence that tends to erode the public trust in the competence and fairness of the court which he personifies.[16] In this case, the Court is not at all convinced that Judge Catalo committed gross ignorance of the law.

Indeed, under the doctrine of finality of judgment or immutability of judgment, a decision that has acquired finality becomes immutable and unalterable, and may no longer be

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[15] *Id*. at 33-37.

[16] *Beckett v. Sarmiento, Jr.*, A.M. No. RTJ-12-2326, January 30, 2013, 689 SCRA 499, 502.

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modified in any respect.[17] Like any other rule, however, there are recognized exceptions to this general rule such as (1) the correction of clerical errors, the so-called *nunc pro tunc* entries which cause no prejudice to any party, **(2) void judgments**, and **(3) whenever circumstances transpire after the finality of the decision rendering its execution unjust and inequitable**.[18]

Under the second exception, a void judgment for want of jurisdiction is no judgment at all. It neither is a source of any right nor the creator of any obligation. All acts performed pursuant to it and all claims emanating from it have no legal effect. Hence, it can never become final and any writ of execution based on it is void. It may be said to be a lawless thing which can be treated as an outlaw and slain at sight, or ignored wherever and whenever it exhibits its head.[19]

In the case of *Abalos v. Philex Mining Corporation*,[20] the Court reiterated the third exception, concerning unjust and inequitable judgments.

> Under the law, the court may modify or alter a judgment even after the same has become executory whenever circumstances transpire rendering its execution unjust and inequitable, as where certain facts and circumstances justifying or requiring such modification or alteration transpired after the judgment has become final and executory.[21]

In other words, if there are facts and circumstances that would render a judgment void or unjust after its finality, and render its execution a complete nullity, such judgment cannot exude immutability.

In this case, the Court is of the considered view that Judge Catalo correctly recalled the judgment because the second and

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[17] *FGU Insurance v. RTC*, G.R. No. 161282, February 23, 2011, 644 SCRA 50.

[18] *Hulst v. PR Builders, Inc.*, 558 Phil. 683 (2007).

[19] *Secretary of the DAR v. Dumagpi*, G.R. No. 195412, February 4, 2015.

[20] 441 Phil. 386 (2002), citing *Gallardo-Corro v. Gallardo*, 403 Phil. 498 (2001).

[21] *Id*. at 392-393.

third exceptions on the doctrine of finality of judgments were squarely applicable. After the finality of the RTC decision on July 3, 2012, it was discovered that TCT No. 3460 had been cancelled as early as April 2, 1924. Complainant, when later asked to present his stand, failed to contradict the allegation that he falsified his affidavit of loss. Clearly, these subsequent events raised a red flag and placed the Respondent Judge on his toes. Judge Catalo realized an execution of such judgment would definitely be unjust and inequitable as it would be sanctioning fraud and irregularity. It would judicially permit the issuance of a new owner's duplicate copy of a title which was no longer in existence.

Where there is no original, there can be no duplicate.

Judge Catalo was correct in stating that the judgment was void and could not have attained finality. Citing the case of *New Durawood Co., Inc. v. CA*,[22] he stressed that a court had no jurisdiction to order the issuance of a new owner's duplicate copy of a certificate of title when it was, in fact, not lost. Here, the original title was not lost but officially cancelled. Hence, Judge Catalo correctly exercised his judicial prerogative to amend and control his factually and legally infirm decision.

The Court cannot agree with the OCA in ruling that the respondent *motu proprio* recalled his own final decision. It is not disputed that he required both complainant and the RD to attend the November 7, 2012 hearing to shed light on the matter raised in the manifestation filed by Dacanay. Yet, despite proper notice giving him an opportunity to explain his side, complainant failed to do so. It was only after due process and hearing that Judge Catalo issued his June 21, 2013 order recalling the May 18, 2012 decision of the RTC.

Also, the Court does not share the view of the OCA that the respondent should have waited for an action under Rule 47 to assail the final judgment. *First*, it can hardly be expected that the RD would itself file an independent action to annul the final

[22] 324 Phil. 109 (1996).

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judgment before the Court of Appeals. Second, an action under Rule 47 is not the only remedy to assail a final judgment. In *Arcelona v. CA*,[23] the Court cited the explanation of Senator Vicente J. Francisco in his treatise regarding the remedies against a void judgment in this manner:

> The validity of a final judgment may be attacked on the ground that the judgment or order is null and void, because the court had no power or authority to grant the relief or no jurisdiction over the subject matter or over the parties or both. **The aggrieved party may attack the validity of the final judgment by a direct action** or proceeding in order to annul the same, as certiorari, which is not incidental to, but is the main object of the proceeding. **The validity of a final judgment may also be attacked collaterally as when a party files a motion for the execution of the judgment and the adverse party resists the motion by claiming that the court has no authority to pronounce the judgment and that the same is null and void for lack of jurisdiction over the subject matter or over the parties**.[24]
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> [Emphases and Underscoring Supplied]

In the LRC case, Dacanay filed a manifestation moving for the recall of the final judgment. This manifestation should have been considered as an opposition to the execution of judgment as she declined to implement the flawed court order.

Judge Catalo correctly rectified his questionable decision. Had he not acted responsibly, the void judgment would have spawned double and conflicting titles and would have wreaked havoc on the revered Torrens System of land registration.

Based on the foregoing, as the respondent complied with the established procedural and substantial rules to nullify a final judgment, no fault can be ascribed to his actions.

Hence, Judge Catalo committed no gross ignorance of the law.

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[23] 345 Phil. 250 (1997).

[24] *Id*. at 285.

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WHEREFORE, the complaint against respondent Judge Leandro C. Catalo, Presiding Judge, Regional Trial Court, Branch 256, Muntinlupa City, is **DISMISSED**.

SO ORDERED.

Carpio (Chairperson), Brion, del Castillo, and *Leonen, JJ.*, concur.

THIRD DIVISION

[G.R. No. 181381. July 20, 2015]

SECURITIES AND EXCHANGE COMMISSION, *petitioner*, *vs.* **UNIVERSAL RIGHTFIELD PROPERTY HOLDINGS, INC.,** *respondent*.

SYLLABUS

1. MERCANTILE LAW; CORPORATION LAW; REPUBLIC ACT NO. 8799 (THE SECURITIES REGULATION CODE); REGISTRATION OF SECURITIES; MAY BE SUSPENDED OR REVOKED ONLY AFTER DUE NOTICE AND HEARING FOR VIOLATION OF THE REPORTORIAL REQUIREMENTS.— There is no dispute that violation of the reportorial requirements under Section 17.1 of the Amended Implementing Rules and Regulation of the SRC is a ground for suspension or revocation of registration of securities pursuant to Sections 13.1 and 54.1 of the SRC. However, contrary to the CA ruling that separate notices and hearings for suspension and revocation of registration of securities and permit to sell them to the public are required, Sections 13.1 and 54.1 of the SRC expressly provide that the SEC may suspend or revoke such registration only after due notice and hearing x x x. In the present case, due notice of revocation was given to URPHI through the SEC Order dated