

Title: Municipality of Cainta vs. City of Pasig and Uniwide Sales Warehouse Club, Inc.
(G.R. Nos. 176703 & G.R. No. 176721)

Facts:

- **Principal Parties:** The Municipality of Cainta, the City of Pasig, and Uniwide Sales Warehouse Club, Inc.
- **Subject Properties:** Parcels of land covered by Transfer Certificate of Title (TCT) Nos. 72983, 74003, and PT-74468.
- **Location Controversy:** TCTs registered in Pasig, but Cainta claims jurisdiction from 1997 supported by documentary proof.
- **Initial Transactions:**
 - Uniwide paid taxes to Pasig from 1989 to 1996.
 - From 1997, Uniwide paid taxes to Cainta following notices from Cainta.
- **Legal Actions:**
 - **1997:** City of Pasig filed tax collection case against Uniwide in RTC-Pasig (Civil Case No. 66082).
 - Uniwide filed a third-party complaint against Cainta for reimbursement if adjudged liable to Pasig.
 - **1994:** Cainta filed a separate boundary dispute case against Pasig in RTC-Antipolo (Civil Case No. 94-3006).
 - **2001-2002:** Cainta moved to dismiss/suspend the RTC-Pasig case citing *litis pendentia*, which was denied by RTC-Pasig and later the Court of Appeals (CA).
 - **2003:** RTC-Pasig ruled in favor of Pasig, ordering Uniwide to pay taxes to Pasig and Cainta to reimburse Uniwide.
 - Both Uniwide and Cainta appealed to the CA; the CA partially modified the RTC-Pasig decision in 2006.

Issues:

1. Whether RTC-Pasig and CA correctly upheld the indefeasibility of the Torrens title indicating Pasig as the location despite the pending boundary dispute.
2. Whether the courts properly addressed the manner of settling tax liabilities.
3. Whether the award of attorney's fees was proper.

Court's Decision:

1. **Location Based on Torrens Title:**
 - **Legal Principle:** A decree of registration on a certificate of title is conclusive of both

ownership and location.

- The taxpayer is entitled to rely on the stated location in the TCT until amended through proper judicial proceedings.
- ***Conclusion***: Pasig rightfully collected taxes based on the unchallenged location in Uniwide's TCTs.

2. ****Proceedings Despite Pending Boundary Dispute****:

- ****No Litis Pendentia****: No identical parties and issues between boundary dispute case and tax collection case.
- ****Prejudicial Question Argument Rejected****: Status quo of TCT location is maintained as per the LGC IRR.
- ****Summary****: Tax collection case could continue as the title locations indicated the properties were in Pasig.

3. ****Tax Liabilities****:

- ****Uniwide****: Only liable for local business taxes; not real property taxes due to insufficient proof and different ownership considerations.
- ****Cainta****: Directed to reimburse Uniwide for erroneously collected taxes from 1997 based on the principle against unjust enrichment.

4. ****Attorney's Fees****:

- ****Improper Award****: RTC-Pasig did not provide findings to justify attorney's fees awards.
- ***Conclusion***: Awards of attorney's fees against both Uniwide and Cainta deleted.

Doctrine:

- ****Reliance on TCT Location****: The stated location in a TCT should be upheld for tax purposes until judicial amendment.
- ****Administrative Feasibility****: Tax system should operate with predictability and minimal taxpayer inconvenience; reliance on historical title is required until boundaries are formally adjudicated.
- ****Principle Against Unjust Enrichment****: Prevents LGUs from retaining taxes deducted without valid jurisdiction.

Class Notes:

- ****Litis Pendentia****: Identity of parties, rights asserted, and judgment impact are critical for determining litis pendentia.
- ****Situs of Taxation****: Location as per TCT is definitive unless legally amended (LGC, PD

1529).

- **Unjust Enrichment Doctrine**: Benefiting without justification at another's expense necessitates restitution (Civil Code Articles 2154 & 2155).
- **Attorney's Fees**: Require explicit justification within judicial decisions (Frias v. San Diego-Sison, 2007).

Historical Background:

- **Tax Jurisdiction Disputes**: Philippines has a history of boundary disputes rooted in administrative boundary dissimilarities between historical records and modern maps.
- **Legal Precedence**: This case reaffirms the necessity of clear legal processes for TCT amendments and reliance on existing titles for tax purposes to ensure proper administrative function and taxpayer protection.