

GERARDO MANAHAN, VICENTA MANAHAN AND GERMAN MANAHAN, PETITIONERS, VS. THE HONORABLE CANDIDO R. BELMONTE, IN HIS CAPACITY AS PRESIDING JUDGE OF BRANCH 22, REGIONAL TRIAL COURT, M...

CA-G.R.SP No. 108456, August 17, 2010

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Court of Appeals

The Case

In this Petition for Certiorari[1] filed under Rule 65 of the Rules of Court, petitioners Gerardo Manahan ("Gerardo"), Vicenta Manahan ("Vicenta"), and German Manahan ("German") seek the annulment of the: (1) Order dated August 29, 2008[2] of the Regional Trial Court of Malolos City, Bulacan ("RTC")[3] in Civil Case No. 168-M-2008 for Quieting of Title, entitled "Severino L Manahan, Plaintiff, versus Gerardo Manahan, Cenon Manahan, Vicenta Manahan, German Manahan, Maxima Manahan and Bartolome Manahan, Defendants," denying their Motion to Dismiss; and (2) Order dated December 19, 2008[4] of the RTC, denying their Motion for Reconsideration therefrom.

The Facts

This petition stems from a complaint[5] filed by Severino Manahan ("Severino") against his siblings Gerardo, Vicenta, German, Cenon Manahan ("Cenon"), Maxima Manahan ("Maxima"), and Bartolome Manahan ("Bartolome"), as heirs of spouses Hermogenes and Feliciano Manahan ("Spouses Manahan"), to remove the cloud created by the Decision in CA-G.R. SP. No. 80716 of the Court of Appeals which is a petition for annulment of Order filed by Spouses Manahan against Severino in November 2003.

In his complaint, Severino claimed ownership of a parcel of land identified as Lot 1012 of the Paombong Cadastre.[6] He alleged that said parcel of land was subject of an application for land registration since September 11, 1969, docketed as LRC No. 2662-M, filed by his parents Spouses Manahan.[7]

In this land registration proceeding, a certain Jose Manalaysay ("Manalaysay") opposed spouses Manahan's application on the ground that a portion of Lot 1012 overlapped considerably with his property.[8]

On January 12, 1976, the then Court of First Instance of Malolos ("CFI") rendered a decision granting the Spouses Manahan's prayer for registration, but excluded the portion which Manalaysay claimed as his property. Not satisfied with this decision, the Spouses Manahan asked for its reconsideration, but to no avail.[9]

On June 21, 1976, the Spouses Manahan appealed the CFI's decision to the then Intermediate Appellate Court ("IAC"). Pending appeal, the Spouses Manahan allegedly sold, on July 21, 1976, Lot 1012 to Severino as evidenced by a deed of absolute sale that the Spouses Manahan executed in his favor.[10]

On October 29, 1984, the IAC affirmed the January 12, 1976 Decision of the CFI. When the Spouses Manahan no longer pursued any further appeal on said case, the CFI's January 12, 1976 decision became final and executory on January 11, 1995.[11] On May 23, 1997, an Order was issued directing the issuance of a decree of registration

in the names of Spouses Manahan as owner of the aforesaid Lot 1012. On August 13, 1997, Original Certificate of Title No. 0-167 was issued in the Spouses' name.[12]

On June 11, 1997, Severino sought the Court's reconsideration of the May 23, 1997 Order on the ground that title to the property should be registered in his name pursuant to a deed of absolute sale. However, the same was denied.[13]

On September 5, 1997, Severino filed a Petition for Relief from Judgment/Order praying Lot 1012 be registered in his name on the basis of his claim of ownership of said lot.[14]

On March 25, 1998, the trial court decided in favor of Severino, the dispositive portion of which reads:

"Be that as it may, the Court upholds the validity of OCT No. 0-167 (Exh. M/Exh. 2), the same having stemmed from a valid decree of registration. Still and all, by virtue of the Kasulatan ng Bilihang Patuluyan ng Lupa (Exh. D/Exh. 3), the spouses [Manahan] are legally obligated to transfer ownership of the parcel of land covered by OCT No. 0-167 (Exh. M/Exh. 2) to their son, [Severino], as a legitimate purchaser thereof.

WHEREFORE, premises considered, judgment is hereby rendered ordering the [spouses Manahan] to convey, transfer or assign by way of an appropriate deed the 10,486-square meter parcel of land covered by Original Certificate of Title No. 0-167 of the Registry of Deeds for the Province of Bulacan unto Severino Manahan within fifteen (15) days from the finality of this judgment."[15]

Consequently, on January 26, 2000, the title of Spouses Manahan over Lot 1012 was cancelled, and a new one was issued in the name of Severino. Thereafter, Severino caused the subdivision of Lot 1012 into several lots. As a result, transfer certificates of title were issued thereon.

However, on November 27, 2003, the Spouses Manahan filed with this Court a petition for the declaration of nullity of the trial court's March 25, 1998 Order on the ground of lack of jurisdiction. The same was docketed as CA-G.R. SP. No. 80716.

On October 25, 2004, the Court of Appeals granted spouses Manahan's petition and held that: "(1) the RTC, as a court of land registration, could not validly give due course to a Petition for Relief filed by a person who is not a party in the original action and after the issuance of a decree of registration; and (2) that the RTC, acting as a court of land registration, has no authority to adjudicate issues that should be ventilated in an ordinary civil action."[16]

Taking-off from this ruling of the Court of Appeals, Severino filed the complaint below for quieting of title, alleging that his ownership over the subject property "is being beclouded by the decision of the Court of Appeals in CA-G.R. SP. No. 80716."[17]

Instead of filing an Answer, herein petitioners filed a Motion to Dismiss based on the following grounds: (1) lack of jurisdiction; (2) prescription; (3) lack of cause of action; and (4) non-compliance with a condition precedent.[18]

The Ruling of the RTC

On August 29, 2008, the RTC issued its now assailed Order denying petitioners' motion to dismiss, to wit:

"For reasons heretofore made apparent, the Court resolves to DENY the motion to dismiss.

On the first ground, xxx xxx xxx

xxx, [Severino] does not seek to reverse, modify, much more annul the decision rendered by the Court of Appeals in CA-G.R. SP No. 80716. xxx xxx xxx

xxx xxx xxx

xxx, [W]hat [Severino] essentially seeks from this Court is to rule on whether or not the Deed of Absolute Sale executed on 21 July 1976 (Annex 'A' of the complaint) between spouses Manahan and [Severino] is valid. On the other hand, in CA-G.R. SP No. 80716, the Court of Appeals declared that no valid title in favor of [Severino] has been created by virtue of the decision of the Regional Trial Court of Malolos Branch 9, acting as a court of land registration in LRC Case No. 2662-M because 'Original Certificate of Title No. 0-167 of the Registry of Deeds for the Province of Bulacan was already issued in the names of petitioner spouses over Lot 1012 as of August 13, 1997. As such, when Severino filed on September 5, 1997, his petition for relief from judgment, the RTC was already devoid of authority to entertain the petition' (Manahan vs. Manahan, CA-G.R. SP No. 80716, page 7). Thus, the Court of Appeals did not rule on the validity or invalidity of the deed of absolute sale which forms basis of the cause of action of the Plaintiff in this case. To reiterate, the Court of Appeals stated in its decision that "The determination of the issue of whether or not an actual sale between Severino and petition[sic] spouses took place and the question regarding the validity of the sale of the subject property to Severino should be addressed to the proper forum". (Manahan vs. Manahan, supra, page 8). Hence, the plaintiff, in filing his complaint, does not seek to annul, modify, and/or reverse the decision of the Court of Appeals. Consequently, this Court has jurisdiction to hear and decide the instant action.

It is axiomatic that jurisdiction over the subject matter of a case is conferred by law and is determined by the allegations in the complaint and the character of the relief sought, irrespective of whether the plaintiff is entitled to all or some of the claims asserted therein. (Russell vs. Vestil, G.R. No. 119347, March 17, 1999).

On the second ground. While the complaint filed by the Plaintiff is captioned 'Quieting of Title', the allegations set forth therein indicate that what is fundamentally sought from this Court is to rule on the validity of the deed of absolute sale allegedly executed by the spouses Manahan in favor of plaintiff.

The following are the requisites for the existence of a cause of action: (1) a right in favor of the plaintiff by whatever means and under whatever law it arises or is created; (2) an obligation on the part of the named defendant to respect, or not to violate such right; and (3) an act or omission on the part of the said defendants constituting a violation of the plaintiffs right or a breach of the obligation of the defendant to the plaintiff. (Rava Development Corporation, et al. vs. Court of Appeals, G.R. No. 96825, July 3, 1992, citing the case of Heirs of Ildefonso Coscolluela, Sr., Inc. v. Rico General Insurance Corporation, 179 SCRA 511 [1989]).

The aforementioned requisites are present in this case. By filing this complaint, Plaintiff asserts that: (1) he has a right over the subject lot created by virtue of the deed of absolute sale allegedly executed by his deceased parents in his favor during their lifetime; (2) by virtue of the said deed of absolute sale, there is an obligation on the part of spouses Manahan to respect his ownership of the subject lot; and (3) despite the execution of the said deed of absolute sale, the spouses Manahan refused and failed to recognize his ownership over the subject lot, thus, his right has been violated.

And it is a well-settled rule that the elementary test for failure to state a cause of action is whether the complaint alleges facts which if true would justify the relief demanded. (Banco Filipino Savings and Mortgage Bank vs. CA, G.R. No. 143896, July 8, 2005) In this case, if the allegations in the plaintiffs complaint were true, i.e., there was a valid transfer to him of the subject lot by virtue of the deed of absolute sale executed in his favor by spouses Manahan during their lifetime, then the relief sought by the Plaintiff, i.e., confirming the validity of the deed of absolute sale and consequently, the validity of the transfer certificate of title issued in his favor, would appear to be justified.

On the third ground. Prescriptions of actions run with the mere lapse of time (Art. 1139, Civil Code). But it is elementary that the computation of the period of prescription of any cause of action, which is the same as saying prescription of the action, should start from the date the cause of action accrues or from the day the right of the plaintiff is violated. In the language of Article 114[4] of the Civil Code which is the one pertinently applicable to this case, 'the action must be brought within ten years from the time the right of action accrues:

(1) upon a written contract.' This is as it should be. A cause of action has three elements, namely: (1) a right in favor of the plaintiff by whatever means and under whatever law it arises or is created; (2) an obligation on the part of the named defendant to respect or not to violate such right; and (3) an act or omission on the part of such defendant violative of the right of the plaintiff or constituting a breach of the obligation of the defendant to the plaintiff. It is only when the last element occurs or takes place that it can be said in law that a cause of action has arisen. Translated in terms of a hypothetical situation regarding a written contract, no cause of action arises until there is a breach or violation thereof by either party. It is not, therefore, from the date of the instrument but from the date of the breach that the period of prescription of the action starts." (William Cole, et al. vs. Potenciana Casuga Vda. De Gregorio, G.R. No. L-55315, September 21, 1982)

In this case, although the deed of absolute sale was executed in 1976, [Severino]'s cause of action arose when the subject lot, which he allegedly owns by virtue of a deed of absolute sale, was ordered registered under the name of spouses Manahan, instead of Plaintiff, on 23 May 1997, when the Regional Trial Court of Malolos, Branch 9, in LRC Case No. 2662-M issued an order for the issuance of the decree as well as the corresponding certificate of title in the name of spouses Manahan. Plaintiff's cause of action arose from the date of the issuance of the said order, which effectively sets aside his right under the deed of absolute sale, and not the date when the deed of sale was executed, [emphasis Ours]

xxx xxx xxx

And finally, on the fourth ground. The instant action falls squarely with the issues resolved by the Supreme Court En Banc in the case of Fernandez, et al. vs. Militante, et al., G.R. No. L-59801, May 31, 1988. In that case, the Supreme Court En Banc affirmed the decision of the trial court to deny the motion to dismiss filed by the petitioners on the ground that the court never acquired jurisdiction over the case for non-compliance with the requirement of conciliation before the Lupon Tagapayapa, because not all the parties in the said case reside in the same city or municipality. In that case, the Supreme Court En Banc held that -

"Even assuming that petitioners' motion to dismiss had been filed on time, it is doubtful whether the Lupon has authority over the controversy considering allegations regarding the residence of the parties involved. Petitioners and private respondents are admittedly all residents of Jones Avenue, Cebu City, with the exception of petitioner Connie P. Hall who is a citizen of the United States of America and a resident of Greenberry Drive, La Puente, California, U.S.A. The ruling in the case of Tavora v. Velasco [G.R. No. 60367, September 30, 1982, 117 SCRA 613] resolves this point:

Section 2 (of Pres. Dec. No. 1508) specifies the conditions under which the Lupon of a Barangay "shall have authority" to bring together the disputants for amicable settlement of their dispute. The parties must be "actually residing in the same city or municipality." At the same time, Section 3 - while reiterating that the disputants must be "actually residing in the same barangay" or in "different barangays within the same city or municipality" unequivocally declares that the Lupon shall have "no authority" over disputes "involving parties who actually reside in barangays of different cities or municipalities," except where such barangays adjoin each other.

Thus, by express statutory inclusion and exclusion, the Lupon shall have no jurisdiction over disputes where the parties are not actual residents of the same city or municipality, except where the barangays in which they actually reside adjoin each other.'

While P.D. No. 1508 has been repealed by the Local Government Code of 1991, the jurisprudence built thereon regarding prior referral to the lupon as a pre-condition to the filing of an action in court remains applicable because its provisions on prior referral were substantially reproduced in the Code. (Uy vs. Contreras, et al., G.R. Nos. 111416-17, September 26, 1994)

Applied in this case, the allegations in the complaint reveal that not all the parties reside in the same city or municipality. While Plaintiff and three of the Defendants reside in the municipality of Apalit, Pampanga, two of the Defendants reside in Malolos City and one resides in Baguio City. Hence, the Lupon has no jurisdiction over

the dispute in this case since the parties are not actual residents of the same city or municipality." [19] (emphasis and italics supplied)

Aggrieved, the petitioners sought reconsideration of the August 29, 2008 Order of the RTC, [20] to no avail. [21]

Hence, this petition.

Issues:

In fine, We shall resolve the sole issue of:

WHETHER OR NOT THE RTC COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR EXCESS OF JURISDICTION IN DENYING PETITIONERS' MOTION TO DISMISS.

OUR RULING

It is settled that an Order denying a motion to dismiss is an interlocutory order which neither terminates nor finally disposes of a case as it leaves something to be done by the court before the case is finally decided on the merits. It cannot be questioned in a special civil action for certiorari, [22] unless the assailed Order is tainted with grave abuse of discretion.

In this petition, petitioners ascribe grave abuse of discretion to the RTC when it reckoned the argued ten (10)-year prescriptive period not from the date of the deed of absolute sale (July 21, 1976) but from "23 May 1997" when the Court ordered that the property be registered in the name of Spouses Manahan. [23] The petitioners argue that "the buyer's cause of action is reckoned from the time of the execution of the contract because it is at such time that his ownership is vested upon him." [24] They insist that had the RTC done so, Severino's cause of action, which allegedly arose on July 21, 1976 would have long prescribed. [25]

We are not convinced.

In *Balo vs. Court of Appeals*, [26] the High Tribunal held that:

"xxx An allegation of prescription can effectively be used in a motion to dismiss only when the complaint on its face shows that indeed the action has already prescribed; otherwise, the issue of prescription is one involving evidentiary matters requiring a full-blown trial on the merits and cannot be determined in a mere motion to dismiss." [27] (italics supplied; emphasis Ours)

Here, no abuse of discretion, much less grave, can be attributed to the August 29, 2008 Order of the RTC, because as correctly held by the RTC in said Order:

"x x x [Severino's] cause of action arose when the subject lot, which he allegedly owns by virtue of a deed of absolute sale, was ordered registered under the name of spouses Manahan, instead of [Severino], xxx. [Severino's] cause of action arose from the date of the issuance of the said order, which effectively set aside his right under the deed of absolute sale, and not the date when the deed of sale was executed." [28] (emphasis Ours)

Under the Rules of Court, a cause of action is defined as an act or omission of one party in violation of the legal right of the other which causes the latter injury. [29] It is constituted of: (1) the plaintiff's primary right and defendant's corresponding primary duty, whatever may be the subject to which they relate to his person, character, property or contract; and (2) the delict or wrongful act or omission of the defendant, by which the primary right and duty have been violated. The cause of action is determined not by the prayer of the complaint but by the facts alleged. [30]

The RTC held that Severino's cause of action arose from the issuance of the order in the land registration case

directing the registration of Lot 1012 under the names of Spouses Manahan,[31] because Severino's alleged right of ownership over Lot 1012 was transgressed only when said lot was decreed not in his name, but in Spouses Manahan's. Following the ruling in Balo vs. Court of Appeals, the allegation of prescription which the petitioners advanced becomes a matter requiring proof that must be threshed out in a full-blown trial on the merits, and not simply in a motion to dismiss.[32] It thus behooved the petitioners to file its Answer to Severino's complaint, and let the civil action proceed accordingly in order that eventually, the case may be decided on its merits.

WHEREFORE, the petition is DISMISSED for lack of merit.

SO ORDERED.

Acosta and Elbinias, JJ., concur

[*] Acting Junior Member; Per Office Order No. 203-10-ABR dated July 30,2010.

[1] Rollo, pages 7-14.

[2] Ibid., pages 47-53.

[3] Branch 22, Judge Candido R. Belmonte.

[4] Rollo, page 58.

[5] Ibid., pages 15-17.

[6] Ibid., page 17.

[7] Ibid., page 16.

[8] Ibid., page 16.

[9] Rollo, page 17.

[10] Ibid.

[11] Ibid.

[12] Ibid., page 18.

[13] Ibid.

[14] Rollo, pages 18-19.

[15] Ibid., pages 19-20.

[16] Rollo,page22.

[17] Ibid., page 23.

[18] Ibid., page 47.

[19] Rollo, pages 49-53.

[20] Ibid., pages 54-57.

[21] Note 4, supra.

[22] Balo vs. Court of Appeals, 471 SCRA 227,234 (2005).

[23] Rollo, page 10.

[24] Ibid., page 11.

[25] Ibid., page 12.

[26] 471 SCRA 227 (2005).

[27] Ibid., at 240.

[28] Rollo,page 52.

[29] Manalo vs. PAIC Savings Bank, G.R. No. 146531, March 18, 2005, citing Rebodillo vs. Court of Appeals, 170 SCRA 800 (1989).

[30] Note 29, supra, citing Nicanor de Guzman, Jr. vs. Court of Appeals, 192 SCRA 507 (1990).

[31] Ibid.

[32] Note 26, supra

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