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G.R. NO. 157447. April 29, 2005

Ponente: CHICO-NAZARIO, J.

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CHICO-NAZARIO, J.:

In this Petition for Review under Rule 45 of the Rules of Court, petitioners pray for the reversal of the Decision of the Court of Appeals in CA-G.R. CV No. 64957,[1] affirming the Order of the Regional Trial Court (RTC) of San Mateo, Rizal, Branch 77, in Civil Case No. 1220,[2] dismissing petitioners' Complaint for declaration of nullity of Original Certificate of Title (OCT) No. 670 and all other titles emanating therefrom.

In their Complaint, petitioners alleged that they occupied and possessed parcels of land, located in Sitio Panayawan, Barangay San Rafael, Montalban (now Rodriquez), Province of Rizal (Subject Property), by virtue of several Deeds of Assignment, dated 15 April 1994 and 02 June 1994, executed by a certain Ismael Favila y Rodriguez.[3]

According to the Deeds of Assignment, the Subject Property was part of a vast tract of land called "Hacienda Quibiga," which extended to Parañaque, Las Piñas, Muntinlupa, Cavite, Batangas, Pasay, Taguig, Makati, Pasig, Mandaluyong, Quezon City, Caloocan, Bulacan, and Rizal; awarded to Don Hermogenes Rodriguez by the Queen of Spain and evidenced by a Spanish title. Ismael Favila claimed to be one of the heirs and successors-in-interest of Don Hermogenes Rodriguez. Acting as Attorney-in-Fact pursuant to a Special Power of Attorney executed by his "mga kapatid" on 25 February 1965, Ismael Favila signed the aforementioned Deeds of Assignment, assigning portions of the Subject Property to the petitioners, each portion measuring around 500 to 1,000 square meters, in exchange for the labor and work done on the Subject Property by the petitioners and their predecessors.[4]

Petitioners came by information that respondent was planning to evict them from the Subject Property. Two of the petitioners had actually received notices to vacate. Their investigations revealed that the Subject Property was included in Transfer Certificates of Titles (TCTs) No. 53028, No. 281660, No. N-39258 and No. 205270, all originating from OCT No. 670, and now in the name of respondent.[5]

OCT No. 670 was issued in the name of respondent's mother, Isabel Manahan y Francisco, and three other individuals, pursuant to Decree No. 10248, dated 13 February 1913, in Case No. 8502 of the Court of Land Registration of the Philippine Islands. The whole property covered by OCT No. 670 was subsequently adjudicated in favor of Isabel Manahan Santiago (formerly Isabel Manahan y Francisco). Consequently, OCT No. 670 was cancelled and TCT No. T-53028 was issued exclusively in the name of Isabel Manahan Santiago. On 28 December 1968, Isabel Manahan Santiago executed a Deed of Donation transferring the property to her son, respondent herein, who subsequently secured TCTs No. 281660, No. N-39258 and No. 205270 in his own

name.[6]

Petitioners filed with the trial court, on 29 April 1996, an action for declaration of nullity of respondent's certificates of title on the basis that OCT No. 670 was fake and spurious. Among the defects of OCT No. 670 pointed out by petitioners were that: (1) OCT No. 670 was not signed by a duly authorized officer; (2) Material data therein were merely handwritten and in different penmanships; (3) OCT No. 670 was not printed on the Official Form used in 1913, the year it was issued; (4) It failed to indicate the Survey Plan which was the basis of the Technical Description of the property covered by the title; (5) Decree No. 10248 referred to in OCT No. 670 was issued only on 11 April 1913, while OCT No. 670 was issued earlier, on 13 February 1913; and (6) Decree No. 10248 was issued over a property other than the one described in OCT No. 670, although also located in the Province of Rizal.[7]

Respondent filed his Answer with Prayer for Preliminary Hearing on the Affirmative Defenses on 03 July 1996. According to respondent, "[t]he allegations in the Complaint would readily and patently show that the same are flimsy, fabricated, malicious, without basis in law and in fact..."[8]

As an affirmative defense, respondent claimed that the petitioners had no legal capacity to file the Complaint, and thus, the Complaint stated no cause of action. Since OCT No. 670 was genuine and authentic on its face, then OCT No. 670 and all of respondent's land titles derived therefrom, are incontrovertible, indefeasible and conclusive against the petitioners and the whole world.[9]

Citing the consolidated cases of Director of Forestry, et al. v. Hon. Emmanuel M. Muñoz, et al. and Pinagcamaligan Indo-Agro Development Corporation v. Hon. Macario Peralta, Jr., et al.,[10] respondent argued that the Spanish title, on which petitioners based their claim, was neither indefeasible nor imprescriptible. Moreover, Presidential Decree (P.D.) No. 892, which took effect on 16 February 1976, required all holders of Spanish titles or grants to apply for registration of their lands under Republic Act No. 496, otherwise known as the Land Registration Act,[11] within six months from effectivity of the decree. After the given period, Spanish titles could no longer be used as evidence of land ownership in any registration proceedings under the Torrens System. [12]

Respondent also raised the affirmative defense of prescription. He pointed out that any action against his certificates of title already prescribed, especially with regard to OCT No. 670, which was issued in 1913 or more than 83 years prior to the filing of the Complaint by the petitioners. At the very least, respondent contended, "it must be presumed that the questioned land titles were issued by the public officials concerned in the performance of their regular duties and functions pursuant to the law."[13]

Even assuming arguendo that the petitioners entered and occupied the Subject Property, they did so as mere intruders, squatters and illegal occupants, bereft of any right or interest, since the Subject Property was already covered by Torrens certificates of title in the name of respondent and his predecessors-in-interest.[14]

Lastly, respondent denied knowing the petitioners, much less, threatening to evict them. In fact, petitioners were not included as defendants in Civil Case No. 783 entitled, "Carmelino M. Santiago v. Remigio San Pascual, et al.," which respondent instituted before the same trial court against squatters occupying the Subject Property. In its decision, dated 01 July 1992, the trial court held that "there is no doubt that the plaintiff (respondent herein) is the owner of the land involved in this case on which the defendants have built their houses and shanties..." Although the decision in Civil Case No. 783 was appealed to the Court of Appeals, it had become final and executory for failure of the defendants-appellants therein to file their appellants' brief.[15]

In the instant case, the trial court held a preliminary hearing on the affirmative defenses as prayed for by the

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respondent. During said hearing, petitioners presented their lone witness, Engineer Placido Naval, a supposed expert on land registration laws. In response to questions from Honorable Judge Francisco C. Rodriguez of the trial court, Engineer Naval answered that a parcel of land titled illegally would revert to the State if the Torrens title was cancelled, and that it was the State, through the Office of the Solicitor General, that should file for the annulment or cancellation of the title. Respondent, on the other hand, did not present any evidence but relied on all the pleadings and documents he had so far submitted to the trial court.[16]

After the preliminary hearing, the trial court issued the questioned Order, dated 05 February 1999, dismissing petitioners' Complaint. Pertinent portions of the Order of the trial court read:

> After considering the testimonial and documentary evidence presented, this Court is inclined not to grant plaintiffs (sic) prayer. Finding credence and giving weight to plaintiffs (sic) lone but "expert witness", it is crystal clear that, to quote:
>
> - "a parcel of land titled illegally will revert to the State
>
> - it is the State who must file the corresponding case of annulment of title through the Office of the Solicitor General, and
>
> - a land illegally titled in the name of private individual, the State through the Office of the Solicitor General should file the corresponding case for cancellation of title." (TSN August 26, 1997).

The above quoted testimony is straight from horse (sic) mouth so to speak as this was the testimony of the plaintiffs (sic) expert witness. And judging from the said testimony alone aforecited, plaintiffs (sic) cause [of action] is bound to fail. "Plaintiffs (sic) own testimony" wrote "finis" to their case. From the record, this case was initiated and filed by private individuals, Nemencio Evangelista, et. al., contradicting their witness (sic) testimony. To reiterate, this Court finds credence to the testimony of the plaintiffs (sic) witness, i.e., is (sic) the State through the Office of the Solicitor General who must initiate and file a case of this nature when title to a land is being claimed to be obtained through fraud and allegedly spurious.

The opinion of this Court anent the testimony of the witness is not without basis. Explicit is the pronouncement of the Supreme Court in the recent case of Heirs of Marciano Nagano v. Court of Appeals, to wit:

> An action for reversion has to be instituted by the Solicitor General pursuant to Section 101, Commonwealth Act No. 141. (282 SCRA 43).

As to the documentary evidence, having gone through with the "Deed of Assignment/s" purportedly executed by and between a certain Ismael Favila y Rodriguez and the plaintiffs, which is the principal if not the only basis of plaintiffs claim ownership and possession of the subject parcel of land, the same does not hold water in a manner of speaking, for being self-serving. "Assignor Ismael Favila y Rodriguez" claimed in said Deed that he is the Attorney-in-Fact by virtue of an alleged Special Power of Attorney executed in his favor by his "mga kapatid" on February 23, 1965, but said Special Power of Attorney was not presented before this Court, thus there arises a doubt as to its existence and execution not to mention doubt on the existence of his "mga kapatid" who as alleged executed said Special Power Attorney (sic) in his favor.

Even if this Court granting arguendo would admit the authenticity of said "Deeds of Assignment/s", that will not alter the outcome of the pending incident/s before this Court. Why? Because the said "Deed of Assignment/s" which were based on Spanish title have lost their evidentiary value pursuant to the Presidential Decree No. 892 i.e. "DISCONTINUANCE OF THE SPANISH MORTGAGE SYSTEM OF REGISTRATION AND OF THE USE OF SPANISH TITLES AS EVIDENCE IN LAND REGISTRATION PROCEEDINGS."

...

There is no need to elaborate on the above-cited provisions of PD 892 as they are self-explanatory. Suffice it to say that there is no showing, that plaintiffs complied with the said law i.e. to "apply for registration of their lands under Act No. 496, otherwise known as the Land Registration Act, within six (6) months from the effectivity of this decree (February 16, 1976). Thereafter, Spanish titles cannot be used as evidence of land ownership in any registration proceedings under the Torrens System."

This being the case and likewise being clear that plaintiffs were not the lawful owners of the land subject of this case, for they did not comply with PD 892, the said plaintiffs do not have the legal standing to bring before this Court the instant complaint...

Moreover, the principal issue in this case is for the declaration of nullity of defendant's title, which has nothing to do with plaintiffs (sic) claim of ownership and possession even if we set aside, albeit momentarily, the truth that plaintiffs (sic) claim were based on barred Spanish Title/s, and thus plaintiffs were never the owners of the parcel of land subject of this case.

Further, defendants (sic) title especially so with the mother title OCT 670 was entered and issued in 1913 or more than Eighty Three (83) years ago, the same not having been questioned by any party. Only now that it is being questioned, but sad to say, plaintiffs who are on the offensive and relying on their lone expert witness, instead of bolstering their case, unwittingly sealed their fate... [17]

After the trial court denied petitioners' Motion for Reconsideration in its Order, dated 20 July 1999,[18] petitioners appealed both Orders of the trial court to the Court of Appeals.

The Court of Appeals, in its Decision, dated 29 July 2002,[19] affirmed the Order of the trial court, dated 05 February 1999, dismissing petitioners' Complaint. The Court of Appeals denied petitioners' Motion for Reconsideration in its Resolution, dated 14 February 2003.[20]

Thus, petitioners filed this Petition for Review [21] under Rule 45 of the Rules of Court, raising the following issues and praying for the reversal of the aforementioned Decision of the Court of Appeals affirming the Order of dismissal of the trial court:

> - Whether the lower court's dismissal of the petitioners' complaint should be proscribed by the rules of evidence it being based inter alia on Engr. Naval's testimony, which was indisputably not based on facts but conclusion of law.
>
> - Whether the lower court's dismissal of petitioners' complaint should be proscribed by the rules of evidence it being done sans ample evidence except bare allegations of respondent.
>
> - Whether the provision of P.D. 892, i.e., Spanish titles cannot be used as evidence of land ownership in any registration proceedings under the Torrens system, holds of an exception.
>
> - Whether an action for quieting of title, specifically where petitioners are in possession of subject land, can be subject of prescription.

In his Comment,[22] the respondent, for the most part, reiterated the findings of the trial court and the Court of Appeals.

The Court believes that the trial court rightfully dismissed petitioners' Complaint, but for reasons different from those relied upon by the trial court and the Court of Appeals.

According to the respondent, petitioners had no legal capacity to file the Complaint, and thus, the Complaint filed before the trial court stated no cause of action.

Before anything else, it should be clarified that “the plaintiff has no legal capacity to sue”[23] and “the pleading asserting the claim states no cause of action”[24] are two different grounds for a motion to dismiss or are two different affirmative defenses. Failure to distinguish between “the lack of legal capacity to sue” from “the lack of personality to sue” is a fairly common mistake. The difference between the two is explained by this Court in Columbia Pictures, Inc. v. Court of Appeals:[25]

> Among the grounds for a motion to dismiss under the Rules of Court are lack of legal capacity to sue and that the complaint states no cause of action. Lack of legal capacity to sue means that the plaintiff is not in the exercise of his civil rights, or does not have the necessary qualification to appear in the case, or does not have the character or representation he claims. On the other hand, a case is dismissible for lack of personality to sue upon proof that the plaintiff is not the real party-in-interest, hence grounded on failure to state a cause of action. The term "lack of capacity to sue" should not be confused with the term "lack of personality to sue." While the former refers to a plaintiff’s general disability to sue, such as on account of minority, insanity, incompetence, lack of juridical personality or any other general disqualifications of a party, the latter refers to the fact that the plaintiff is not the real party- in-interest. Correspondingly, the first can be a ground for a motion to dismiss based on the ground of lack of legal capacity to sue; whereas the second can be used as a ground for a motion to dismiss based on the fact that the complaint, on the face thereof, evidently states no cause of action.

In the present case, this Court may assume that the respondent is raising the affirmative defense that the Complaint filed by the petitioners before the trial court stated no cause of action because the petitioners lacked the personality to sue, not being the real party-in-interest. It is the respondent’s contention that only the State can file an action for annulment of his certificates of title, since such an action will result in the reversion of the ownership of the Subject Property to the State.

The affirmative defense that the Complaint stated no cause of action, similar to a motion to dismiss based on the same ground, requires a hypothetical admission of the facts alleged in the Complaint. In the case of Garcon v. Redemptorist Fathers,[26] this Court laid down the rules as far as this ground for dismissal of an action or affirmative defense is concerned:

> It is already well-settled by now that, in a motion to dismiss a complaint based on lack of cause of action, the question submitted to the court for determination is the sufficiency of the allegations of fact made in the complaint to constitute a cause of action, and not on whether these allegations of fact are true, for said motion must hypothetically admit the truth of the facts alleged in the complaint; that the test of the sufficiency of the facts alleged in the complaint is whether or not, admitting the facts alleged, the court could render a valid judgment upon the same in accordance with the prayer of said complaint. Stated otherwise, the insufficiency of the cause of action must appear in the face of the complaint in order to sustain a dismissal on this ground, for in the determination of whether or not a complaint states a cause of action, only the facts alleged therein and no other matter may be considered, and the court may not inquire into the truth of the allegations, and find them to be false before a hearing is had on the merits of the case; and it is improper to inject in the allegations of the complaint facts not alleged or proved, and use these as basis for said motion.

In resolving whether or not the Complaint in the present case stated a cause of action, the trial court should have limited itself to examining the sufficiency of the allegations in the Complaint. It was proscribed from inquiring into the truth of the allegations in the Complaint or the authenticity of any of the documents referred or attached to the Complaint, since these are deemed hypothetically admitted by the respondent. The trial court evidently erred in making findings as to the authenticity of the Deeds of Assignment executed by Ismael Favila in favor of petitioners on 15 April 1994 and 02 June 1994; and questioning the existence and execution of the Special Power of Attorney in favor of said Ismael Favila by his siblings on 25 February 1965. These matters may only be resolved after a proper trial on the merits.

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Petitioners alleged in their Complaint, and respondent hypothetically admitted that: (1) Petitioners' predecessors-in-interest, in the concept of owners, had been in actual, physical, open, continuous and adverse possession of the Subject Property against the whole world since time immemorial; (2) The Subject Property was part of the vast tract of land called "Hacienda Quibiga" awarded to Don Hermogenes Rodriguez by the Queen of Spain by virtue of a Spanish title; (3) Ismael Favila, an heir and successor-in-interest of Don Hermogenes Rodriguez, acting as Attorney-in-Fact pursuant to a Special Power of Attorney executed by his "mga kapatid" on 25 February 1965, executed Deeds of Assignment covering the Subject Property in favor of petitioners; (4) Petitioners still occupied and possessed the Subject Property, on which their houses were erected, when they discovered that the Subject Property was already covered by Torrens certificates of title in the name of respondent; and (5) That petitioners filed the Complaint to prevent their eviction by the respondent. To determine whether these allegations are sufficient to constitute a cause of action, it is important for this Court to establish first the nature of petitioners' action.

Indeed, petitioners' Complaint filed before the trial court was captioned as an action for declaration of nullity of respondent's certificates of title. However, the caption of the pleading should not be the governing factor, but rather the allegations therein should determine the nature of the action, because even without the prayer for a specific remedy, the courts may nevertheless grant the proper relief as may be warranted by the facts alleged in the Complaint and the evidence introduced.[27]

The trial court believed that petitioners' action was ultimately one for reversion of the Subject Property to the public domain. Based on the testimony of Engineer Naval and the case of Nagaño v. Court of Appeals,[28] it declared that the State, represented by the Office of the Solicitor General, is the party-in-interest in an action for cancellation of a certificate of title illegally issued in the name of a private individual, because the eventual effect of such cancellation is the reversion of the property to the State.

The Court disagrees in this pronouncement of the trial court, and calls for a far closer review of its decision in Nagaño v. Court of Appeals,[29] wherein the Court held that –

> It is then clear from the allegations in the complaint that private respondents claim ownership of the 2,250 square meter portion for having possessed it in the concept of an owner, openly, peacefully, publicly, continuously and adversely since 1920. This claim is an assertion that the lot is private land, or that even assuming it was part of the public domain, private respondents had already acquired imperfect title thereto under Section 48(b) of C.A. No. 141, otherwise known as the Public Land Act, as amended by R.A. No. 1942...
>
> Under Section 48, a subject lot is, for all legal intents and purposes, segregated from the public domain, because the beneficiary is "conclusively presumed to have performed all the conditions essential to a Government grant and shall be entitled to a certificate of title under the provisions of this chapter."
>
> Consequently, merely on the basis of the allegations in the complaint, the lot in question is apparently beyond the jurisdiction of the Director of the Bureau of Lands and could not be the subject of a Free Patent. Hence, dismissal of private respondents' complaint was premature and trial on the merits should have been conducted to thresh out evidentiary matters.
>
> It would have been entirely different if the action were clearly for reversion, in which case, it would have to be instituted by the Solicitor General pursuant to Section 101 of C.A. No. 141, which provides:Sec. 101. All actions for the reversion to the Government of lands of the public domain or improvements thereon shall be instituted by the Solicitor General or the officer acting in his stead, in the proper courts, in the name of the [Republic] of the Philippines.

In the more recent case of Heirs of Ambrocio Kionisala v. Heirs of Honorio Dacut,[30] the difference between an

action for declaration of nullity of land titles from an action for reversion was more thoroughly discussed as follows:

> An ordinary civil action for declaration of nullity of free patents and certificates of title is not the same as an action for reversion. The difference between them lies in the allegations as to the character of ownership of the realty whose title is sought to be nullified. In an action for reversion, the pertinent allegations in the complaint would admit State ownership of the disputed land. Hence, in Gabila vs. Barriga [41 SCRA 131], where the plaintiff in his complaint admits that he has no right to demand the cancellation or amendment of the defendant's title because even if the title were canceled or amended the ownership of the land embraced therein or of the portion affected by the amendment would revert to the public domain, we ruled that the action was for reversion and that the only person or entity entitled to relief would be the Director of Lands.
>
> On the other hand, a cause of action for declaration of nullity of free patent and certificate of title would require allegations of the plaintiff's ownership of the contested lot prior to the issuance of such free patent and certificate of title as well as the defendant's fraud or mistake, as the case may be, in successfully obtaining these documents of title over the parcel of land claimed by plaintiff. In such a case, the nullity arises strictly not from the fraud or deceit but from the fact that the land is beyond the jurisdiction of the Bureau of Lands to bestow and whatever patent or certificate of title obtained therefore is consequently void ab initio. The real party-in-interest is not the State but the plaintiff who alleges a pre-existing right of ownership over the parcel of land in question even before the grant of title to the defendant...

In their Complaint, petitioners never alleged that the Subject Property was part of the public domain. On the contrary, petitioners asserted title over the Subject Property by virtue of their actual, physical, open, continuous and adverse possession thereof, in the concept of owners, by themselves and through their predecessors-in-interest, since time immemorial. The Deeds of Assignment executed in their favor and attached to their Complaint referred to a Spanish title granted by the Queen of Spain to their predecessor-in-interest, Don Hermogenes Rodriguez. Clearly, petitioners are asserting private title over the Subject Property, and consequently, their action could not be one for reversion.

In their instant Petition, petitioners further averred that rather than an action for nullity of respondent's certificates of title, theirs was more appropriately an action to remove a cloud on or to quiet their title over the Subject Property.

Article 476 of the Civil Code, on removal of a cloud on or quieting of title, provides that:

> Art. 476. Whenever there is a cloud on title to real property or any interest therein, by reason of any instrument, record, claim, encumbrance or proceeding which is apparently valid or effective but is in truth and in fact invalid, ineffective, voidable, or unenforceable, and may be prejudicial to said title, an action may be brought to remove such cloud or to quiet the title.
>
> An action may also be brought to prevent a cloud from being cast upon title to real property or any interest therein.

Respondent's certificates of title over the Subject Property appeared valid or effective; but according to the petitioners, they were fake, spurious and/or fraudulent, and a cloud on their title to the same property that needed to be removed. A cloud on title has been defined as follows:

> Cloud on Title. – A cloud on title is an outstanding instrument, record, claim, encumbrance or proceeding which is actually invalid or inoperative, but which may nevertheless impair or affect injuriously the title to property. The matter complained of must have a prima facie appearance of validity or legal efficacy. The cloud on title is a semblance of title which appears in some legal form but which is in fact unfounded. The invalidity or inoperativeness of the instrument is not apparent on the face of such instrument, and it has to be proved by

extrinsic evidence...[31]

Even as this Court agrees with the petitioners that their action was one for removal of a cloud on or quieting of title, it does arrive at the same conclusion as the trial court and the Court of Appeals that petitioners had no personality to file the said action, not being the parties-in-interest, and their Complaint should be dismissed for not stating a cause of action.

According to Article 477 of the Civil Code, the plaintiff, in an action to remove a cloud on or to quiet title, must have legal or equitable title to, or interest in, the real property which is the subject matter of the action.[32] Petitioners failed to establish in their Complaint that they had any legal or equitable title to, or legitimate interest in, the Subject Property so as to justify their right to file an action to remove a cloud on or to quiet title.

Title to real property refers to that upon which ownership is based. It is the evidence of the right of the owner or the extent of his interest, by which means he can maintain control and, as a rule, assert right to exclusive possession and enjoyment of the property.[33]

In their Complaint, petitioners claimed title to the Subject Property by virtue of their actual and continuous possession of the same since time immemorial, by themselves and through their predecessors-in-interest. Yet, the Deeds of Assignment executed by Ismael Favila in their favor, attached to and an integral part of their Complaint, revealed that petitioners' predecessors-in-interest based their right to the Subject Property on the Spanish title awarded to Don Hermogenes Rodriguez.

There existed a contradiction when petitioners based their claim of title to the Subject Property on their possession thereof since time immemorial, and at the same time, on the Spanish title granted to Don Hermogenes Rodriguez. Possession since time immemorial carried the presumption that the land had never been part of the public domain or that it had been private property even before the Spanish conquest.[34] If the Subject Property was already private property before the Spanish conquest, then it would have been beyond the power of the Queen of Spain to award or grant to anyone.

The title to and possession of the Subject Property by petitioners' predecessors-in-interest could be traced only as far back as the Spanish title of Don Hermogenes Rodriguez. Petitioners, having acquired portions of the Subject Property by assignment, could acquire no better title to the said portions than their predecessors-in-interest, and hence, their title can only be based on the same Spanish title.

Respondent maintained that P.D. No. 892 prevents petitioners from invoking the Spanish title as basis of their ownership of the Subject Property. P.D. No. 892 strengthens the Torrens system by discontinuing the system of registration under the Spanish Mortgage Law, and by categorically declaring all lands recorded under the latter system, not yet covered by Torrens title, unregistered lands. It further provides that within six months from its effectivity, all holders of Spanish titles or grants should apply for registration of their land under what is now P.D. No. 1529, otherwise known as the Land Registration Decree. Thereafter, Spanish titles can no longer be used as evidence of land ownership in any registration proceedings under the Torrens system. [35] Indubitably, P.D. No. 892 divests the Spanish titles of any legal force and effect in establishing ownership over real property.

P.D. No. 892 became effective on 16 February 1976. The successors of Don Hermogenes Rodriguez had only until 14 August 1976 to apply for a Torrens title in their name covering the Subject Property. In the absence of an allegation in petitioners' Complaint that petitioners' predecessors-in-interest complied with P.D. No. 892, then it could be assumed that they failed to do so. Since they failed to comply with P.D. No. 892, then the successors of Don Hermogenes Rodriguez were already enjoined from presenting the Spanish title as proof of their ownership of the Subject Property in registration proceedings.

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Registration proceedings under the Torrens system do not create or vest title, but only confirm and record title already created and vested.[36] By virtue of P.D. No. 892, the courts, in registration proceedings under the Torrens system, are precluded from accepting, confirming and recording a Spanish title. Reason therefore dictates that courts, likewise, are prevented from accepting and indirectly confirming such Spanish title in some other form of action brought before them (i.e., removal of cloud on or quieting of title), only short of ordering its recording or registration. To rule otherwise would open the doors to the circumvention of P.D. No. 892, and give rise to the existence of land titles, recognized and affirmed by the courts, but would never be recorded under the Torrens system of registration. This would definitely undermine the Torrens system and cause confusion and instability in property ownership that P.D. No. 892 intended to eliminate.

Petitioners argued that the Spanish title may still be presented as proof of ownership on the basis of the exception provided in the fourth whereas clause of P.D. No. 892, which reads:

> WHEREAS, Spanish titles to lands which have not yet been brought under the operation of the Torrens system, being subject to prescription, are now ineffective to prove ownership unless accompanied by proof of actual possession; . . .

Since Petitioners alleged that they were in actual possession of the Subject Property, then they could still present the Spanish title as evidence of their ownership of the Subject Property. [37]

This Court cannot sustain petitioners' argument. Actual proof of possession only becomes necessary because, as the same whereas clause points out, Spanish titles are subject to prescription. A holder of a Spanish title may still lose his ownership of the real property to the occupant who actually possesses the same for the required prescriptive period.[38] Because of this inherent weakness of a Spanish title, the applicant for registration of his Spanish title under the Torrens system must also submit proof that he is in actual possession of the real property, so as to discount the possibility that someone else has acquired a better title to the same property by virtue of prescription.

Moreover, legislative intent must be ascertained from a consideration of the statute as a whole, and not just a particular provision alone. A word or phrase taken in the abstract may easily convey a meaning quite different from the one actually intended and evident when the word or phrase is considered with those with which it is associated. An apparently general provision may have a limited application if read together with other provisions of the statute.[39]

The fourth whereas clause of P.D. No. 892 should be interpreted and harmonized with the other provisions of the whole statute.[40] Note that the tenor of the whole presidential decree is to discontinue the use of Spanish titles and to strip them of any probative value as evidence of ownership. It had clearly set a deadline for the filing of applications for registration of all Spanish titles under the Torrens system (i.e., six months from its effectivity or on 14 August 1976), after which, the Spanish titles may no longer be presented to prove ownership.

All holders of Spanish titles should have filed applications for registration of their title on or before 14 August 1976. In a land registration proceeding, the applicant should present to the court his Spanish title plus proof of actual possession of the real property. However, if such land registration proceeding was filed and initiated after 14 August 1976, the applicant could no longer present his Spanish title to the court to evidence his ownership of the real property, regardless of whether the real property was in his actual possession.

Therefore, the fact that petitioners were in actual possession of the Subject Property when they filed the Complaint with the trial court on 29 April 1996 does not exclude them from the application of P.D. No. 892, and their Spanish title remain inadmissible as evidence of their ownership of the Subject Property, whether in a land registration proceeding or in an action to remove a cloud on or to quiet title.

The preceding discussion does not bar holders of Spanish titles from claiming ownership of the real property on some other basis, such as those provided in either the Land Registration Decree[41] or the Public Land Act.[42] Petitioners though failed to allege any other basis for their titles in their Complaint aside from possession of the Subject Property from time immemorial, which this Court has already controverted; and the Spanish title, which is already ineffective to prove ownership over the Subject Property.

Therefore, without legal or equitable title to the Subject Property, the petitioners lacked the personality to file an action for removal of a cloud on, or quieting of, title and their Complaint was properly dismissed for failing to state a cause of action. In view of the dismissal of the case on this ground, it is already unnecessary for this Court to address the issue of prescription of the action.

WHEREFORE, this Court DENIES the instant petition and AFFIRMS the Decision of the Court of Appeals, dated 29 July 2002, and the Order of the Regional Trial Court of San Mateo, Rizal, Branch 77, dated 05 February 1999, dismissing petitioners' Complaint for failure to state a cause of action.

SO ORDERED.

Puno, (Chairman), Austria-Martinez, Callejo, Sr., and Tinga, JJ., concur.

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[1] Penned by Associate Justice Edgardo F. Sundiam, with Associate Justices Portia Alino-Hormachuelos and Elvi John S. Asuncion, concurring; Rollo, pp. 36-46.

[2] Penned by Judge Francisco C. Rodriguez, Jr., Ibid., pp. 107-120.

[3] Ibid., pp. 78-87.

[4] Ibid., pp. 60-77.

[5] Supra, Note 3.

[6] Id.

[7] Id.

[8] Ibid., pp. 97-106.

[9] Id.

[10] 132 Phil 637 (1968).

[11] Now Presidential Decree No. 1529, otherwise known as the Land Registration Decree, as amended.

[12] Supra, Note 9.

[13] Id.

[14] Id.

[15] Id.

[16] Supra, Note 2.

[17] Id.

[18] Penned by Judge Francisco C. Rodriguez, Jr., CA Rollo, p. 87.

[19] Supra, Note 1.

[20] Penned by Associate Justice Edgardo F. Sundiam, with Associate Justices Portia Alino-Hormachuelos and Elvi John S. Asuncion, concurring; Rollo, p. 48.

[21] Rollo, pp. 12-34.

[22] Ibid., pp. 128-135.

[23] Section 1(d), Rule 16, The Rules of Court.

[24] Section 1(g), Id.

[25] G.R. No. 110318, 28 August 1996, 261 SCRA 144, 161-162.

[26] 123 Phil 1192, 1196-1197 (1966).

[27] Chacon Enterprises v. Court of Appeals, G.R. No. L-46418, 29 September 1983, 124 SCRA 784.

[28] G.R. No. 123231, 17 November 1997, 282 SCRA 43.

[29] Ibid., pp. 49-51.

[30] G.R. No. 147379, 27 February 2002, 378 SCRA 206, 214-215.

[31] II Tolentino, Arturo, Commentaries And Jurisprudence On The Civil Code Of The Philippines, p. 139 (1983 ed.).

[32] Article 477 of the Civil Code.

[33] Narciso Peña, et al., Registration of Land Titles and Deeds 3 (1994 ed.).

[34] O Cho v. Director of Lands, 75 Phil 890, 892 (1946), citing Cariño v. Insular Government, 212 US 449, 53 Law ed., 594; Nelayan, et al. v. Nelayan, et al., 109 Phil 183 (1960).

[35] Presidential Decree No. 892, Section 1.

[36] Angeles v. Samia, 66 Phil 444, 448.

[37] Rollo, pp. 27-29.

[38] Director of Forestry et al. v. Hon. Emmanuel M. Muñoz, supra, Note 10.

[39] People v. Purisima, G.R. Nos. L-42050-66, 20 November 1978, 86 SCRA 542, 559; Aboitiz Shipping Corp., et al. v. City of Cebu, G.R. No. L-14526, 31 March 1965, 13 SCRA 449, 453.

[40] For reference, the whole text of P.D. No. 892 is reproduced below:

DISCONTINUANCE OF THE SPANISH MORTGAGE
SYSTEM OF REGISTRATION AND OF THE USE OF SPANISH
TITLES AS EVIDENCE IN LAND REGISTRATION
PROCEEDINGS

WHEREAS, fraudulent sales, transfers, and other forms of conveyance of large tracts of public and private lands to unsuspecting and unwary buyers appear to have been perpetrated by unscrupulous persons claiming ownership under Spanish titles or grants of dubious origin;

WHEREAS, these fraudulent transactions have often resulted in conflicting claims and litigations between

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legitimate title holders, bona fide occupants or applicants of public lands, on the one hand, and the holders of, or persons claiming rights under, the said Spanish titles or grants, on the other, thus creating confusion and instability in property ownership and threatening the peace and order conditions in the areas affected;

WHEREAS, statistics in the Land Registration Commission show that recording in the system of registration under the Spanish Mortgage Law is practically nil and that this system has become obsolete;

WHEREAS, Spanish titles to lands which have not yet been brought under the operation of the Torrens system, being subject to prescription, are now ineffective to prove ownership unless accompanied by proof of actual possession;

WHEREAS, there is an imperative need to discontinue the system of registration under the Spanish Mortgage Law and the use of Spanish titles as evidence in registration proceedings under the Torrens system;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby decree and order:

SECTION 1: The system of registration under the Spanish Mortgage Law is discontinued, and all lands recorded under said system which are not yet covered by Torrens title shall be considered as unregistered lands.

All holders of Spanish titles or grants should apply for registration of their lands under Act No. 496, otherwise known as the Land Registration Act, within six (6) months from the effectivity of this decree. Thereafter Spanish titles cannot be used as evidence of land ownership in any registration proceedings under the Torrens system.

Hereafter, all instruments affecting lands originally registered under the Spanish Mortgage Law may be recorded under Section 194 of the Revised Administrative Code, as amended by Act No. 3344;

SECTION 2. All laws, executive orders, administrative orders, rules and regulations inconsistent with the foregoing provisions are hereby repealed or accordingly modified;

SECTION 3. This Decree shall take effect immediately. Done in the City of Manila, this 16th day of February, in the year of Our Lord, nineteen hundred and seventy six.

[41] Section 14 of Presidential Decree No. 1529, otherwise known as the Land Registration Decree, as amended, provides:SEC. 14. Who may apply. – The following persons may file in the proper Court of First Instance an application for registration of title to land, whether personally or through their duly authorized representatives:

(1) Those who by themselves or through their predecessors-in-interest have been in open, continuous, exclusive and notorious possession and occupation of alienable and disposable lands of the public domain under a bona fide claim of ownership since June 12, 1945, or earlier.

(2) Those who have acquired ownership of private lands by prescription under the provisions of existing laws.

(3) Those who have acquired ownership of private lands or abandoned river beds by right of accession or accretion under the existing laws.

(4) Those who have acquired ownership of land in any other manner provided for by law.

Where the land is owned in common, all the co-owners shall file the application jointly.

Where the land has been sold under pacto de retro, the vendor a retro may file an application for the original registration of the land, provided, however, that should the period for redemption expire during the pendency of the registration proceedings and ownership to the property consolidated in the vendee a retro, the latter shall be substituted for the applicant and may continue the proceedings.

A trustee on behalf of his principal may apply for original registration of any land held in trust by him, unless prohibited by the instrument creating the trust.

[42] Section 48 of Commonwealth Act No. 141, otherwise known as the Public Land Act, as amended, reads:

SEC. 48. The following-described citizens of the Philippines, occupying lands of the public domain or claiming to own any such lands or an interest therein , but whose titles have not been perfected or completed, may apply to the Court of First Instance of the province where the land is located for confirmation of their claims and the issuance of a certificate of title thereafter, under the Land Registration Act, to wit:

(a) (Repealed by Section 3 of Presidential Decree No. 1073.)

(b) Those who by themselves or through their predecessors-in-interest have been in continuous, exclusive, and notorious possession and occupation of agricultural lands of the public domain, under a bona fide claim of acquisition or ownership, since June 12, 1945, or earlier, immediately preceding the filing of the application for confirmation of title, except when prevented by war or force majeure. Those shall be conclusively presumed to have performed all the conditions essential to a government grant and shall be entitled to a certificate of title under the provisions of this chapter.

(c) Members of the national cultural minorities who by themselves or through their predecessors-in-interest have been in open, continuous, exclusive and notorious possession and occupation of lands of the public domain suitable to agriculture whether disposable or not, under a bona fide claim of ownership since June 12, 1945 shall be entitled to the rights granted in subsection (b) hereof.

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