

LANDCENTER CONSTRUCTION AND DEVELOPMENT CORPORATION, PETITIONER, VS. V.C. PONCE, CO., INC. AND VICENTE C. PONCE, RESPONDENTS.

G.R. No. 160409. October 02, 2009

Ponente: NACHURA, J.

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NACHURA, J.:

Before this Court is a Petition[1] for Review on Certiorari under Rule 45 of the Rules of Civil Procedure, seeking the reversal of the Court of Appeals (CA) Decision,[2] dated May 6, 2003, which annulled and set aside the Order[3] of the Regional Trial Court (RTC) of Parañaque City, Branch 260, dated June 9, 2000.

The Facts

This case involves a dispute over the ownership of the Fourth Estate Subdivision, Area I, situated in Barrio Kaybiga, Parañaque City, with an area of 107,047 square meters and originally titled in the name of respondent V.C. Ponce Co., Inc. (V.C. Ponce) under Transfer Certificate of Title (TCT) No. 97084[4] (subject property).

On November 2, 1962, a subdivision plan[5] (LRD Psd-23194) was prepared by V.C. Ponce for the purpose of converting the subject property into a subdivision. Pursuant to the subdivision plan, the subject property was subdivided into 239 smaller lots. Accordingly, TCT No. 97084 was partially canceled and, in lieu thereof, TCT Nos. 110001 to 110239 were issued.

Sometime in January 1974, respondent Vicente C. Ponce (Vicente) mortgaged the properties covered by TCT Nos. 175575, 175758, 129847, and 207492 to 207544, including TCT No. 97084, with the Philippine Commercial International Bank (PCI Bank) in the amount of P1,327,000.00. PCI Bank was not informed that the subject property covered by the mortgage had been previously subdivided into 239 smaller lots. Respondents failed to pay their mortgage indebtedness, resulting in the foreclosure of the mortgage and the subsequent sale of the property at auction, with PCI Bank as the highest bidder.

Respondents filed a complaint against PCI Bank for the annulment of the extra-judicial foreclosure sale conducted on January 22, 1975, docketed as Civil Case No. 24608. The Court of First Instance (CFI) of Rizal rendered a Decision[6] on September 1, 1978, dismissing the complaint and upholding the right of PCI Bank over the subject property. On appeal to the CA,[7] and subsequently to this Court,[8] the CFI's decision was affirmed with finality on August 13, 1987.[9]

Respondents filed another complaint against PCI Bank with the RTC of Pasig City, Branch 164, docketed as Civil Case No. 33017, for reconveyance of 54 lots, and for refund of the amount representing overpayment and unused letters of credit. While the case was pending resolution, respondents caused the annotation of a notice of lis pendens over the 54 lots. Meanwhile, TCT No. 97084 was detached from the Register of Deeds (RD) of Pasig and transferred to Makati. On June 25, 1976, the RD of Makati canceled TCT No. 97084 and issued TCT No. S-30409[10] in the name of PCI Bank.

Meanwhile, on April 27, 1987, PCI Bank sold the subject property to petitioner Landcenter Construction and Development Corporation (Landcenter), including other properties embraced under TCT Nos. S-30410 to S-30463, S-30464, and S-30465, in the amount of P1,200,000.00.[11] The sale was registered with the RD of Parañaque. Thereafter, TCT No. S-30409 was canceled and, in its place, TCT No. 123917[12] was issued in the name of Landcenter.

On October 20, 1987, the RTC rendered a decision in favor of respondents and against PCI Bank, granting the former's prayer for return/reconveyance of the 54 lots, and refund of overpayment and unused letters of credit.

By way of amicable settlement in Civil Case No. 33017, respondents, Landcenter and PCI Bank entered into a compromise agreement concerning the 54 lots. Instead of the 54 lots, however, Landcenter was to sign and reconvey to respondents merely 24 lots worth P2,700,161.47, representing full and final compromise settlement of the RTC's judgment of reconveyance. In return, respondents obligated themselves to cancel the lis pendens annotated on the titles other than the 24 lots reconveyed. The transaction was set forth in a Deed of Assignment dated December 27, 1988 and signed by the parties.

On March 13, 1989, Vicente produced an allegedly fake deed of assignment signed by Manuel Ponce (Manuel), as president of Landcenter, showing that the latter signed, transferred and conveyed to respondents two road lots and the subject property embraced in TCT No. S-30409, containing an area of 107,047 square meters.

Thus, on November 11, 1997, Landcenter filed a Complaint[13] with the RTC of Parañaque City, Branch 260, docketed as Civil Case No. 97-0532, against respondents and the RD of Parañaque for the Annulment of the Deed of Assignment, Cancellation of Transfer Certificates of Title, and Damages. The complaint assailed the validity of the deed of assignment because Manuel's signature was forged, and there was no reason why Landcenter would assign, transfer and convey in favor of respondents the subject property. The complaint averred that the deed was not valid, as no resolution was passed by the Landcenter's Board of Directors authorizing Manuel to assign, transfer and convey the subject property in favor of respondents. Moreover, Landcenter claimed that it was ridiculous for Landcenter to assign the subject property when respondents previously agreed to receive only 24 lots as a result of the amicable settlement effected on December 27, 1987.

During the pendency of the case, respondents filed a motion to enjoin Landcenter from disposing of the subject property. On June 29, 1999, the RTC directed the RD to release TCT No. 123917, which was issued in lieu of TCT No. S-30409, to Landcenter's representative allegedly forming part of the property bought from PCI Bank.

On September 16, 1999, Landcenter filed an Urgent Motion[14] to require respondents to remove the sales ad boards erected on the subject property on the ground of the pendency of the case, at the same time invoking the Housing Land Use and Regulatory Board order directing respondents to cease and desist from selling the lots of the Fourth Estate Subdivision.

The RTC's Ruling

On September 21, 1999, the RTC issued an Order[15] in favor of Landcenter, which fully reads:

Plaintiff's motion dated September 16, 1999 appearing to be well taken, the same is hereby GRANTED.

Defendants are ordered to remove their sales ad boards and the structures from the grounds of [the] 4[th] Estate Subdivision within five (5) days from receipt hereof, otherwise, Plaintiff may remove the same at defendant's expense.

The Registry of Deeds of Parañaque City is directed to cancel defendants['] TCT No. 110001 to 110239 of the Registry of Deeds of Rizal.

SO ORDERED.

On October 1, 1999, respondents filed a motion for reconsideration of the order. On November 17, 1999, respondents filed another motion, praying for the dismissal of the complaint on the ground of lack of jurisdiction and asserting that the complaint was not only for annulment of deed of sale but also for the cancellation of title which is a real action. Respondents claimed that the docket fees paid by Landcenter should have been based on the assessed value of the property or its estimated value.

On May 8, 2000, the RTC issued another Order[16] granting the motion for reconsideration but denying the motion to dismiss. The pertinent portion of the Order reads as follows:

WHEREFORE, the court hereby resolves as follows:

x x x x

The Motion to Dismiss filed by Defendants and Intervenor Jackley Philippines[,] Inc. is hereby DENIED. The docket fees as assessed by the Clerk of Court has been paid and if ever there is a need to increase the docket and filing fees it has not been supported by the defendants. The case at bar is for the Annulment of Deed of Assignment which is not an action in rem but an action in personam.

The Motion for Reconsideration of the court's order dated September 21, 1999 is hereby GRANTED. It appearing that both parties are claiming to have Transfer Certificates of Title over the subject properties and sale by either of the parties could cause multiplicity of suits, both parties are enjoined from selling the subject properties until further order from this court.

Since this court has been assigned as a Family Court and these cases have not gone through pre-trial let the same be raffled and transferred to another court.

SO ORDERED.

Insofar as the said order denied their motion to dismiss, respondents filed a motion for reconsideration. Landcenter, on the other hand, filed a motion for reconsideration of the same order insofar as it reconsidered its previous order directing the RD of Parañaque to cancel TCT Nos. 110001 to 110239 in the name of respondents.

Finally, on June 9, 2000, the RTC issued two separate Orders. The first Order[17] granted Landcenter's motion for reconsideration of the RTC Order dated May 8, 2000; upheld the right of Landcenter to the subject property; and, in effect, affirmed its previous order canceling TCT Nos. 110001 to 110239 in the name of respondents. A portion of the Order reads:

There is no question that previously, the land known as [the] 4[th] Estate consisting of 107,047 square meters was owned by V.C. Ponce Co., Inc. and was covered by TCT No. 97084 of the Register of Deeds of Rizal. Said property was subdivided into 239 lots. On January 18, 1963, the land was mortgaged to PCIBank which was not aware that the property was previously subdivided. Because of nonpayment of the obligation, the property was sold by PCIBank to Plaintiff Landcenter on April 27, 1987. The sale was registered with the Register of Deeds who issued TCT No. 123917.

It appears that there is no question that the land in question is owned by plaintiff.

WHEREFORE, the Motion for Reconsideration filed by plaintiff is hereby GRANTED.

SO ORDERED.

Correlatively, the RTC's second Order[18] denied respondents' motion for reconsideration of its Order dated May 8, 2000.

Aggrieved, respondents filed a Petition[19] for Certiorari under Rule 65 of the 1997 Rules of Civil Procedure before the CA against the three (3) Orders separately issued by the RTC on September 21, 1999, May 8, 2000 and June 9, 2000.

Subsequently, on October 30, 2001, Landcenter filed a Motion to Dismiss[20] the aforementioned petition for certiorari in view of the withdrawal of its complaint before the RTC of Parañaque City in Civil Case No. 97-0532. The motion to withdraw was approved by the RTC in its Order[21] dated March 26, 2001. The respondents' counterclaims were also dismissed, thus, terminating the case before the RTC. With such dismissal, Landcenter opined that respondents' petition for certiorari should be dismissed for being moot and academic since Civil Case No. 97-0532 which was the basis of said petition for certiorari had been terminated.

On November 29, 2001, respondents filed their Manifestation[22] before the CA, contending that while the RTC ordered the termination of Civil Case No. 97-0532, the RTC failed to resolve certain issues brought about by the Order being assailed by respondents in their petition for certiorari. Respondents posited that in the absence of a declaration by the RTC that the orders assailed in the petition for certiorari were vacated, then the said petition could not be withdrawn without prejudicing respondents' rights.

The CA's Ruling

On May 6, 2003, the CA held that Landcenter's withdrawal of its complaint before the RTC resulted in the restoration of the rights of the contending parties prior to the filing of the said complaint. The CA also held that respondents' rights were clearly impaired by the issuance of the order of withdrawal. Thus, the CA disposed of the case in this wise:

WHEREFORE, in view of all the foregoing, the instant petition is PARTIALLY GRANTED. The order of the trial court dated June 9, 2000 insofar as it directed the Register of Deeds of Parañaque City to cancel Transfer of Certificate of Title Nos. 110001 to 110239 is hereby ANNULLED and SET ASIDE. The Register of Deeds of Parañaque City is ordered to cancel TCT No. 30409 in the name of PCIBank. The other issues raised by the petitioners are dismissed for being moot and academic.

SO ORDERED.[23]

Landcenter filed its Motion for Reconsideration[24] which was, however, denied by the CA in its Resolution[25] dated October 14, 2003.

Hence, this Petition, raising the following issues:

1. Whether or not the petition for certiorari under Rule 65 of the Rules of Court filed by the respondents with the Court of Appeals on July 10, 2000 under CA-G.R. SP No. 59700 can prosper in their favor[;]
2. Whether or not the trial court's judge (Judge Helen Bautista Ricafort) acted without or in excess of her jurisdiction, or with the grave abuse of discretion amounting to lack or excess of jurisdiction when she issued the [three] [3] challenged orders dated September 21, 1999; May 8, 2000; and June 9, 2000 which the respondents made the subject of their petition for certiorari under CA-G.R. SP No. 59700[;]
3. Whether or not the withdrawal of the complaint by the petitioner from the trial court in Civil Case No. 97-0532 damaged or prejudiced the rights of the respondents[; and]
4. Whether or not the Court of Appeals in "PARTIALLY GRANTING" the respondents['] petition for certiorari under CA-G.R. SP No. 59700 committed a reversible error[.][26]

Our Ruling

The instant Petition is bereft of merit.

We do not agree with Landcenter's claim that the withdrawal of its complaint in Civil Case No. 97-0532 was in accordance with Section 2 of Rule 17 of the 1997 Revised Rules of Civil Procedure which pertinently provides:

SEC. 2. Dismissal upon motion of plaintiff. -- Except as provided in the preceding section, a complaint shall not be dismissed at the plaintiff's instance save upon approval of the court and upon such terms and conditions as the court deems proper. If a counterclaim has been pleaded by a defendant prior to the service upon him of the plaintiff's motion for dismissal, the dismissal shall be limited to the complaint. The dismissal shall be without prejudice to the right of the defendant to prosecute his counterclaim in a separate action unless within fifteen (15) days from notice of the motion he manifests his preference to have his counterclaim resolved in the same action. Unless otherwise specified in the order, a dismissal under this paragraph shall be without prejudice. A class suit shall not be dismissed or compromised without the approval of the court.

It bears stressing that the withdrawal of the complaint in the RTC by Landcenter concerns no less than Civil Case No. 97-0532, which was then the very subject of the petition for certiorari filed before the CA and now, before this Court. Landcenter assumed that when it withdrew its complaint, respondents were divested of the ground upon which they would base their petition for certiorari filed before the CA. To allow this mistaken assumption would result in prejudice to the respondents which Section 2 of Rule 17 seeks to avert.

Verily, *Servicewide Specialists, Inc. v. CA*,^[27] invoked by Landcenter, albeit erroneously quoted, is instructive:

A dismissal or discontinuance of an action operates to annul orders, rulings or judgments previously made in the case. It also annuls all proceedings had in connection therewith and renders all pleadings ineffective. A dismissal or nonsuit leaves the situation as though no suit had ever been brought. Further proceedings in the action are arrested and what has been done therein is also annulled, so that the action is as if it had never been. It carries down with it previous proceedings and orders in the action, and all pleadings of both parties, and all issues with respect to the plaintiff's claim.^[28]

By analogy, in *Rodriguez, Jr. v. Aguilar, Sr.*,^[29] we held that upon the withdrawal by respondent therein of his Motion for Reconsideration, it was as if no motion had been filed. In the same manner that the withdrawal of an appeal has the effect of rendering the appealed decision final and executory, the withdrawal of the Motion for Reconsideration in that case had the effect of rendering the dismissal order therein final and executory. Further, in *Olympia International, Inc. v. Court of Appeals*,^[30] we held, to wit:

It is equally important to note that the right to file a new action in this case has long prescribed, for while the commencement of a civil action stops the running of the statute of prescription or limitations, its dismissal or voluntary abandonment by the plaintiff leaves the parties in exactly the same position as though no action had been commenced at all. The commencement of an action, by reason of its dismissal or abandonment, takes no time out of the period of prescription.^[31]

This is precisely what the assailed Decision of the CA is all about. We are therefore in full accord with the CA, which aptly and judiciously held:

A reading of the court a quo's March 26, 2001 order reveals that while the case has been terminated, nothing was said of the orders it previously issued, such as the cancellation of TCT Nos. 110001 to 110239. In fact, a new title has already been issued in respondent Landcenter's name. Petitioners' rights have clearly been prejudiced by the issuance of the court's assailed orders. And unless the instant petition is resolved, the trial court's orders shall continue to have force and effect.

Given this factual milieu, it behooves this Court to discuss the effects of a withdrawn complaint on orders issued by the court even before the plaintiff could file a motion to withdraw its complaint.

Without going into the *raison d'être* why the plaintiff, respondent company herein, withdrew its complaint with the court [a] quo, its effect, nevertheless, is the restoration of the rights of the contending parties prior to

the filing of the complaint. Quite simply, the withdrawal of the complaint results in placing them to their original position, as if no complaint was filed at all. This should be so, otherwise, a plaintiff can peremptorily withdraw his complaint after securing an order favorable to him. Particularly so in the case at bar where pending determination of the merits of the case, the trial court issued an order directing the cancellation of titles in the petitioners' names. The defendants' rights are clearly impaired by the issuance of the said order. In fact, while the petitioners were able to secure a favorable decision in Civil Case No. 32823 from the Pasig City RTC, Branch 164 on February 6, 2001, declaring that TCT No. 30409 in the name of PCIBank is void and should be cancelled, the decision can not be enforced in view of the Parañaque RTC order.

Thus, for the purpose of restoring the rights of the parties prior to the filing of Civil Case No. 97-0532, which was withdrawn on motion of the plaintiff and approved by the court, the orders of the trial court dated September 21, 1999, May 8, 2000 and June 9, 2000 are considered vacated.[32]

All told, we find no reversible error to disturb, much less, to reverse the assailed CA Decision.

WHEREFORE, the instant Petition is DENIED and the assailed Court of Appeals Decision is AFFIRMED. No costs.

SO ORDERED.

Ynares-Santiago, (Chairperson), Chico-Nazario, Velasco, Jr., and Peralta, JJ., concur.

[1] Rollo, pp. 11-45.

[2] Particularly docketed as CA G.R. SP No. 59700, penned by Associate Justice Jose L. Sabio, Jr., with Associate Justices B.A. Adekunle and Hakim S. Abdulwahid, concurring; id. at 117-130.

[3] Rollo, p. 100.

[4] CA rollo, pp. 286-288.

[5] Id. at 50.

[6] Rollo, p. 52.

[7] Id. at 53-60.

[8] Id. at 61.

[9] Id. at 64.

[10] CA rollo, pp. 67-70.

[11] Rollo, pp. 66-67.

[12] CA rollo, pp. 143-144.

[13] Id. at 40-49.

[14] Rollo, pp. 88-89.

[15] Id. at p. 90.

[16] CA rollo, pp. 207-209.

[17] Supra note 3.

- [18] Rollo, p. 101.
- [19] CA rollo, pp. 2-39.
- [20] Rollo, pp. 109-113.
- [21] CA rollo, p. 593.
- [22] Id. at 648-656.
- [23] Rollo, pp. 129-130.
- [24] Id. at 132-139.
- [25] Id. at 153.
- [26] Id. at 383.
- [27] 327 Phil. 431 (1996).
- [28] Id. at 444. (Citations omitted.)
- [29] G.R. No. 159482, August 30, 2005, 468 SCRA 373, 384-385.
- [30] G.R. No. L-43236, December 20, 1989, 180 SCRA 353.
- [31] Id. at 363. (Emphasis supplied.)
- [32] Rollo, pp. 128-129.

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