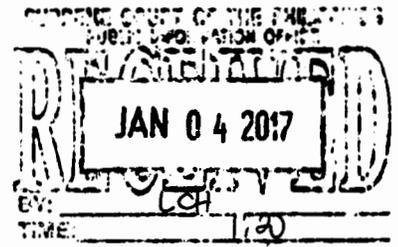




Republic of the Philippines
Supreme Court
 Manila



FIRST DIVISION

**GUILLERMO SALVADOR,
 REMEDIOS CASTRO, represented
 by PAZ "CHIT" CASTRO,
 LEONILA GUEVARRA, FELIPE
 MARIANO, RICARDO DE
 GUZMAN, VIRGILIO JIMENEZ,
 represented by JOSIE JIMENEZ,
 ASUNCION JUAMIZ, ROLANDO
 BATANG, CARMENCITA SAMSON,
 AUGUSTO TORTOSA, represented
 by FERNANDO TORTOSA,
 SUSANA MORANTE,
 LUZVIMINDA BULARAN, LUZ
 OROZCO, JOSE SAPICO,
 LEONARDO PALAD, ABEL
 BAKING, represented by ABELINA
 BAKING, GRACIANO ARNALDO,
 represented by LUDY ARNALDO,
 JUDITH HIDALGO, and IGMIDIO
 JUSTINIANO, CIRIACO
 MIJARES, represented by
 FREDEZWINDA MIJARES,
 JENNIFER MORANTE, TERESITA
 DIALA, and ANITA P. SALAR,
 Petitioners,**

G.R. No. 195834

Present:

*SERENO, C.J.,
 LEONARDO-DE CASTRO,
 BERSAMIN,
 PERLAS-BERNABE, and
 CAGUIOA, JJ.*

Promulgated:

NOV 09 2016

- versus -

**PATRICIA, INC.,
 Respondent,**

x-----x

**THE CITY OF MANILA and
 CIRIACO C. MIJARES,
 Intervenors-Appellees.**

x-----x

DECISION

BERSAMIN, J.:

Jurisdiction over a real action is determined based on the allegations in the complaint of the assessed value of the property involved. The silence of the complaint on such value is ground to dismiss the action for lack of jurisdiction because the trial court is not given the basis for making the determination.

The Case

For review is the decision promulgated on June 25, 2010¹ and the resolution promulgated on February 16, 2011 in CA-G.R. CV No. 86735,² whereby the Court of Appeals (CA) dismissed the petitioners' complaint in Civil Case No. 96-81167, thereby respectively reversing and setting aside the decision rendered on May 30, 2005 by the Regional Trial Court (RTC), Branch 32, in Manila,³ and denying their motion for reconsideration.

Antecedents

The CA adopted the summary by the RTC of the relevant factual and procedural antecedents, as follows:

This is an action for injunction and quieting of title to determine who owns the property occupied by the plaintiffs and intervenor, Ciriano C. Mijares.

Additionally, to prevent the defendant Patricia Inc., from evicting the plaintiffs from their respective improvements along Juan Luna Street, plaintiffs applied for a preliminary injunction in their Complaint pending the quieting of title on the merits.

The complaint was amended to include different branches of the Metropolitan Trial Courts of Manila. A Complaint-in-Intervention was filed by the City of Manila as owner of the land occupied by the plaintiffs. Another Complaint-in-Intervention by Ciriano Mijares was also filed alleging that he was similarly situated as the other plaintiffs.

A preliminary injunction was granted and served on all the defendants.

¹ *Rollo*, pp. 67-80; penned by Associate Justice Stephen C. Cruz, and concurred in by Presiding Justice Andres B. Reyes, Jr., and Associate Justice Isaias P. Dicedican (retired).

² *Id.* at 99-103.

³ *Id.* at 135-142.

Based on the allegations of the parties involved, the main issue to be resolved is whether the improvements of the plaintiffs stand on land that belongs to Patricia Inc., or the City of Manila. *Who owns the same? Is it covered by a Certificate of Title?*

All parties agreed and admitted in evidence by stipulation as to the authenticity of the following documents:

- (1) *Transfer Certificate of Title No. 44247 in the name of the City of Manila;*
- (2) *Transfer Certificate of Title No. 35727 in the name of Patricia Inc.;*
- (3) *Approved Plan PSD-38540; and*
- (4) *Approved Subdivision Plan PCS-3290 for Ricardo Manotok.*

The issue as to whether TCT 35727 should be cancelled as prayed for by the plaintiffs and intervenor, Ciriano C. Mijares is laid to rest by agreement of the parties that this particular document is genuine and duly executed. Nonetheless, the cancellation of a Transfer Certificate of Title should be in a separate action before another forum.

Since the Transfer Certificates of Title of both Patricia Inc. and the City of Manila are admitted as genuine, the question now is: Where are the boundaries based on the description in the respective titles?⁴

To resolve the question about the boundaries of the properties of the City of Manila and respondent Patricia, Inc., the RTC appointed, with the concurrence of the parties, three geodetic engineers as commissioners, namely: Engr. Rosario Mercado, Engr. Ernesto Pamular and Engr. Delfin Bumanlag.⁵ These commissioners ultimately submitted their reports.

On May 30, 2005, the RTC rendered judgment in favor of the petitioners and against Patricia, Inc., permanently enjoining the latter from doing any act that would evict the former from their respective premises, and from collecting any rentals from them. The RTC deemed it more sound to side with two of the commissioners who had found that the land belonged to the City of Manila, and disposed:

WHEREFORE, it is hereby ORDERED:

1. **Defendant Patricia Inc.** and other person/s claiming under it, are **PERMANENTLY ENJOINED to REFRAIN and DESIST** from any act of **EVICITION OR EJECTMENT of the PLAINTIFFS** in the premises they occupy;

⁴ Id. at 68-69.

⁵ Id. at 37.

2. **Defendant Patricia Inc. STOP COLLECTING** any rentals from the plaintiffs who may seek reimbursement of previous payments in a separate action subject to the ownership of the City of Manila and;
3. Attorney's fees of ₱10,000.00 to each plaintiff and intervenor, Ciriano Mijares; ₱20,000.00 to the City of Manila. (emphasis ours)

No pronouncement as to costs.

SO ORDERED.⁶

Decision of the CA

On appeal, the CA, in CA-G.R. CV No. 86735, reversed the RTC's judgment,⁷ and dismissed the complaint. The CA declared that the petitioners were without the necessary interest, either legal or equitable title, to maintain a suit for quieting of title; castigated the RTC for acting like a mere rubber stamp of the majority of the commissioners; opined that the RTC should have conducted hearings on the reports of the commissioners; ruled as highly improper the adjudication of the boundary dispute in an action for quieting of title; and decreed:

WHEREFORE, premises considered, We hereby **REVERSE** and **SET ASIDE** the decision dated May 30, 2005 of the Regional Trial Court of Manila, Branch 32. **Civil Case No. 96-81167 is hereby DISMISSED** for utter want of merit. Accordingly, the questioned order enjoining Patricia and all other person/s acting on its stead (sic) to refrain and desist from evicting or ejecting plaintiffs/appellees in Patricia's own land and from collecting rentals is **LIFTED** effective immediately.

No costs.

SO ORDERED.⁸

The CA denied the motions for reconsideration of the petitioners and intervenor Mijares through the assailed resolution of February 16, 2011.⁹

Hence, this appeal by the petitioners.

⁶ Id. at 70.

⁷ Supra note 1.

⁸ Id. at 79.

⁹ Supra note 2.

Issues

The petitioners maintain that the CA erred in dismissing the complaint, arguing that the parties had openly raised and litigated the boundary issue in the RTC, and had thereby amended the complaint to conform to the evidence pursuant to Section 5, Rule 10 of the *Rules of Court*; that they had the sufficient interest to bring the suit for quieting of title because they had built their improvements on the property; and that the RTC correctly relied on the reports of the majority of the commissioners.

On its part, the City of Manila urges the Court to reinstate the decision of the RTC. It reprises the grounds relied upon by the petitioners, particularly the application of Section 5, Rule 10 of the *Rules of Court*.¹⁰

In response, Patricia, Inc. counters that the boundary dispute, which the allegations of the complaint eventually boiled down to, was not proper in the action for quieting of title under Rule 63, *Rules of Court*; and that Section 5, Rule 10 of the *Rules of Court* did not apply to vest the authority to resolve the boundary dispute in the RTC.¹¹

In other words, did the CA err in dismissing the petitioners' complaint?

Ruling of the Court

The appeal lacks merit.

1.

Jurisdiction over a real action depends on the assessed value of the property involved as alleged in the complaint

The complaint was ostensibly for the separate causes of action for injunction and for quieting of title. As such, the allegations that would support both causes of action must be properly stated in the complaint. One of the important allegations would be those vesting jurisdiction in the trial court.

The power of a court to hear and decide a controversy is called its jurisdiction, which includes the power to determine whether or not it has the authority to hear and determine the controversy presented, and the right to

¹⁰ *Rollo*, pp. 158-162.

¹¹ *Id.* at 168 -176.

decide whether or not the statement of facts that confer jurisdiction exists, as well as all other matters that arise in the case legitimately before the court. Jurisdiction imports the power and authority to declare the law, to expound or to apply the laws exclusive of the idea of the power to make the laws, to hear and determine issues of law and of fact, the power to hear, determine, and pronounce judgment on the issues before the court, and the power to inquire into the facts, to apply the law, and to pronounce the judgment.¹²

But judicial power is to be distinguished from jurisdiction in that the former cannot exist without the latter and must of necessity be exercised within the scope of the latter, not beyond it.¹³

Jurisdiction is a matter of substantive law because it is conferred only by law, as distinguished from venue, which is a purely procedural matter. The conferring law may be the Constitution, or the statute organizing the court or tribunal, or the special or general statute defining the jurisdiction of an existing court or tribunal, but it must be in force at the time of the commencement of the action.¹⁴ Jurisdiction cannot be presumed or implied, but must appear clearly from the law or it will not be held to exist,¹⁵ but it may be conferred on a court or tribunal by necessary implication as well as by express terms.¹⁶ It cannot be conferred by the agreement of the parties;¹⁷ or by the court's acquiescence;¹⁸ or by the erroneous belief of the court that it had jurisdiction;¹⁹ or by the waiver of objections,²⁰ or by the silence of the parties.²¹

The three essential elements of jurisdiction are: *one*, that the court must have cognizance of the class of cases to which the one to be adjudged belongs; *two*, that the proper parties must be present; and, *three*, that the point decided must be, in substance and effect, within the issue. The test for determining jurisdiction is ordinarily the nature of the case as made by the complaint and the relief sought; and the primary and essential nature of the

¹² 21 CJS § 15, p. 30.

¹³ Id. at 32.

¹⁴ *Republic v. Court of Appeals*, G.R. No. 92326, June 24, 1992, 205 SCRA 356, 362; *Lee v. Municipal Trial Court of Legaspi*, 145 SCRA 408.

¹⁵ *Tenorio v. Batangas Transportation Co.*, 90 Phil 804 (1952); *Dimagiba v. Geraldez*, 102 Phil 1016; *De Jesus, et al. v. Garcia, et al.*, No. L-26816, February 28, 1967, 19 SCRA 554, 562.

¹⁶ 21 CJS § 29, p. 40; thus, a statute declaring that there is a remedy for every wrong cannot be relied on to confer jurisdiction on a court in a particular case, because the remedy may lie with the Legislature; also, a court has no jurisdiction over a matter that is not an action or special proceeding provided by statute or the *Rules of Court* unless the matter involves a wrong that requires judicial action, and for which there is no adequate remedy at law.

¹⁷ *United States v. Castañares*, 18 Phil 210, 214 (1911); unlike venue, which may be regulated by the agreement of the parties

¹⁸ *Molina v. De La Riva*, 6 Phil 12, 15 (1906); *Squillantini v. Republic*, 88 Phil. 135 (1951).

¹⁹ *Azarcon v. Sandiganbayan*, G.R. No 116033, February 26, 1997, 268 SCRA 747; *Cruzcosa v. Concepcion*, 101 Phil 146.

²⁰ *Sabulao v. De los Angeles*, 39 SCRA 94; *Vargas v. Akai Phil., Inc.*, 156 SCRA 531.

²¹ *United States v. De La Santa*, 9 Phil 22, 26 (1907).

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suit, not its incidental character, determines the jurisdiction of the court relative to it.²²

Jurisdiction may be classified into original and appellate, the former being the power to take judicial cognizance of a case instituted for judicial action for the first time under conditions provided by law, and the latter being the authority of a court higher in rank to re-examine the final order or judgment of a lower court that tried the case elevated for judicial review. Considering that the two classes of jurisdiction are exclusive of each other, one must be expressly conferred by law. One does not flow, nor is inferred, from the other.²³

Jurisdiction is to be distinguished from its exercise.²⁴ When there is jurisdiction over the person and subject matter, the decision of all other questions arising in the case is but an exercise of that jurisdiction.²⁵ Considering that jurisdiction over the subject matter determines the power of a court or tribunal to hear and determine a particular case, its existence does not depend upon the regularity of its exercise by the court or tribunal.²⁶ The test of jurisdiction is whether or not the court or tribunal had the power to enter on the inquiry, not whether or not its conclusions in the course thereof were correct, for the power to decide necessarily carries with it the power to decide wrongly as well as rightly. In a manner of speaking, the lack of the power to act at all results in a judgment that is void; while the lack of the power to render an erroneous decision results in a judgment that is valid until set aside.²⁷ That the decision is erroneous does not divest the court or tribunal that rendered it of the jurisdiction conferred by law to try the case.²⁸ Hence, if the court or tribunal has jurisdiction over the civil action, whatever error may be attributed to it is simply one of judgment, not of jurisdiction; appeal, not *certiorari*, lies to correct the error.²⁹

The exclusive original jurisdiction of the RTC in civil cases is conferred and provided for in Section 19 of Batas Pambansa Blg. 129 (*Judiciary Reorganization Act of 1980*), viz.:

Sec. 19. *Jurisdiction in civil cases.* - Regional Trial Courts shall exercise exclusive original jurisdiction:

(1) In all civil actions in which the subject of the litigation is incapable of pecuniary estimation;

²² 21 CJS § 35.

²³ *Garcia v. De Jesus*, G. R. No. 88158, March 4, 1992, 206 SCRA 779.

²⁴ *Lim v. Pacquing*, G.R. No. 115044, September 1, 1994, 236 SCRA 211, 218; *Lamagan v. De la Cruz*, No. L-27950, July 29, 1971, 40 SCRA 101, 107.

²⁵ 21 CJS § 26.

²⁶ *Century Insurance Co., Inc. v. Fuentes*, No. L-16039, August 31, 1961, 2 SCRA 1168, 1173.

²⁷ 21 CJS § 27.

²⁸ Quiason, *Philippine Courts and their Jurisdiction*, 1993 ed., p. 199.

²⁹ *De Castro v. Delta Motor Sales Corporation*, No. L-34971, May 21, 1974, 57 SCRA 344, 346-347.

(2) In all civil actions which involve the title to, or possession of, real property, or any interest therein, except actions for forcible entry into and unlawful detainer of lands or buildings, original jurisdiction over which is conferred upon Metropolitan Trial Courts, Municipal Trial Courts, and Municipal Circuit Trial Courts;

(3) In all actions in admiralty and maritime jurisdiction where he demand or claim exceeds twenty thousand pesos (₱20,000.00);

(4) In all matters of probate, both testate and intestate, where the gross value of the estate exceeds twenty thousand pesos (₱20,000.00);

(5) In all actions involving the contract of marriage and marital relations;

(6) In all cases not within the exclusive jurisdiction of any court, tribunal, person or body exercising judicial or quasi-judicial functions;

(7) In all civil actions and special proceedings falling within the exclusive original jurisdiction of a Juvenile and Domestic Relations Court and of the Courts of Agrarian Relations as now provided by law; and

(8) In all other cases in which the demand, exclusive of interest and costs or the value of the property in controversy, amounts to more than twenty thousand pesos (₱20,000.00).

For the purpose of determining jurisdiction, the trial court must interpret and apply the law on jurisdiction in relation to the averments or allegations of ultimate facts in the complaint regardless of whether or not the plaintiff is entitled to recover upon all or some of the claims asserted therein.³⁰ Based on the foregoing provision of law, therefore, the RTC had jurisdiction over the cause of action for injunction because it was one in which the subject of the litigation was incapable of pecuniary estimation. But the same was not true in the case of the cause of action for the quieting of title, which had the nature of a real action – that is, an action that involves the issue of ownership or possession of real property, or any interest in real property³¹ – in view of the expansion of the jurisdiction of the first level courts under Republic Act No. 7691, which amended Section 33(3) of Batas Pambansa Blg. 129 effective on April 15, 1994,³² to now pertinently provide as follows:

Section 33. Jurisdiction of Metropolitan Trial Courts, Municipal Trial Courts and Municipal Circuit Trial Courts in Civil Cases. –

³⁰ *Caparros v. Court of Appeals*, G.R. No. 56803, February 28, 1989, 170 SCRA 758, 761; *Republic v. Estenzo*, No. L-35512, February 29, 1988, 158 SCRA 282, 285; *Alvir v. Vera*, No. L-39338, July 16, 1984, 130 SCRA 357, 361-362.

³¹ *Heirs of Valeriano S. Concha, Sr. v. Lumocso*, G.R. No. 158121, December 12, 2007, 540 SCRA 1, 16-18.

³² This date of effectivity – 15 days after publication in the *Malaya* and in the *Times* on March 30, 1994 – is provided for in Section 8 of Republic Act No. 7691 (see Administrative Circular No. 09-94 dated June 14, 1994).

Metropolitan Trial Courts, Municipal Trial Courts and Municipal Circuit Trial Courts shall exercise:

x x x x

(3) **Exclusive original jurisdiction in all civil actions which involve title to, possession of, real property, or any interest therein where the assessed value of the property or interest therein does not exceed Twenty thousand pesos (₱20,000.00) or, in civil actions in Metro Manila, where such assessed value does not exceeds (sic) Fifty thousand pesos (₱50,000.00) exclusive of interest, damages of whatever kind, attorneys fees, litigation expenses and costs: x x x**

As such, the determination of which trial court had the exclusive original jurisdiction over the real action is dependent on the assessed value of the property in dispute.

An action to quiet title is to be brought as a special civil action under Rule 63 of the *Rules of Court*. Although Section 1 of Rule 63 specifies the forum to be “the appropriate Regional Trial Court,”³³ the specification does not override the statutory provision on jurisdiction. This the Court has pointed out in *Malana v. Tappa*,³⁴ to wit:

To determine which court has jurisdiction over the actions identified in the second paragraph of Section 1, Rule 63 of the Rules of Court, said provision must be read together with those of the Judiciary Reorganization Act of 1980, as amended.

It is important to note that Section 1, Rule 63 of the Rules of Court does not categorically require that an action to quiet title be filed before the RTC. It repeatedly uses the word “may” - that an action for quieting of title “may be brought under [the] Rule” on petitions for declaratory relief, and a person desiring to file a petition for declaratory relief “may x x x bring an action in the appropriate Regional Trial Court.” The use of the word “may” in a statute denotes that the provision is merely permissive and indicates a mere possibility, an opportunity or an option.

In contrast, the mandatory provision of the Judiciary Reorganization Act of 1980, as amended, uses the word shall and explicitly requires the MTC to exercise **exclusive original jurisdiction** over all civil actions which involve title to or possession of real property where the assessed value does not exceed ₱20,000.00, thus:

x x x x

³³ Section 1. *Who may file petition.* — Any person interested under a deed, will, contract or other written instrument, whose rights are affected by a statute, executive order or regulation, ordinance, or any other governmental regulation may, before breach or violation thereof, bring an action in the appropriate Regional Trial Court to determine any question of construction or validity arising, and for a declaration of his rights or duties thereunder.

An action for the reformation of an instrument, to quiet title to real property or remove clouds therefrom, or to consolidate ownership under Article 1607 of the Civil Code, may be brought under this Rule. (1a, R64).

³⁴ G.R. No. 181303, September 17, 2009, 600 SCRA 189.

As found by the RTC, the assessed value of the subject property as stated in Tax Declaration No. 02-48386 is only ₱410.00; therefore, petitioners Complaint involving title to and possession of the said property is within the exclusive original jurisdiction of the MTC, not the RTC.³⁵

The complaint of the petitioners did not contain any averment of the assessed value of the property. Such failure left the trial court bereft of any basis to determine which court could validly take cognizance of the cause of action for quieting of title. Thus, the RTC could not proceed with the case and render judgment for lack of jurisdiction. Although neither the parties nor the lower courts raised jurisdiction of the trial court in the proceedings, the issue did not simply vanish because the Court can hereby *motu proprio* consider and resolve it now by virtue of jurisdiction being conferred only by law, and could not be vested by any act or omission of any party.³⁶

2.

The joinder of the action for injunction and the action to quiet title was disallowed by the *Rules of Court*

Another noticeable area of stumble for the petitioners related to their having joined two causes of action, *i.e.*, injunction and quieting of title, despite the first being an ordinary suit and the latter a special civil action under Rule 63. Section 5, Rule 2 of the *Rules of Court* disallowed the joinder, *viz.*:

Section 5. *Joinder of causes of action.* — A party may in one pleading assert, in the alternative or otherwise, as many causes of action as he may have against an opposing party, subject to the following conditions:

(a) The party joining the causes of action shall comply with the rules on joinder of parties;

(b) The joinder shall not include special civil actions or actions governed by special rules;

(c) Where the causes of action are between the same parties but pertain to different venues or jurisdictions, the joinder may be allowed in the Regional Trial Court provided one of the causes of action falls within the jurisdiction of said court and the venue lies therein; and

(d) Where the claims in all the causes of action are principally for recovery of money, the aggregate amount claimed shall be the test of jurisdiction.

³⁵ Id. at 200.

³⁶ *Flores-Cruz v. Goli-Cruz*, G.R. No. 172217, September 18, 2009, 600 SCRA 545, 553.

Consequently, the RTC should have severed the causes of action, either upon motion or *motu proprio*, and tried them separately, assuming it had jurisdiction over both. Such severance was pursuant to Section 6, Rule 2 of the *Rules of Court*, which expressly provides:

Section 6. *Misjoinder of causes of action.* -- Misjoinder of causes of action is not a ground for dismissal of an action. A misjoined cause of action may, on motion of a party or on the initiative of the court, be severed and proceeded with separately. (n)

The refusal of the petitioners to accept the severance would have led to the dismissal of the case conformably with the mandate of Section, Rule 17 of the *Rules of Court*, to wit:

Section 3. *Dismissal due to fault of plaintiff.* - If, for no justifiable cause, the plaintiff fails to appear on the date of the presentation of his evidence in chief on the complaint, or to prosecute his action for an unreasonable length of time, or to comply with these Rules or any order of the court, the complaint may be dismissed upon motion of the defendant or upon the court's own motion, without prejudice to the right of the defendant to prosecute his counterclaim in the same or in a separate action. This dismissal shall have the effect of an adjudication upon the merits, unless otherwise declared by the court. (3a)

3.

The petitioners did not show that they were real parties in interest to demand either injunction or quieting of title

Even assuming that the RTC had jurisdiction over the cause of action for quieting of title, the petitioners failed to allege and prove their interest to maintain the suit. Hence, the dismissal of this cause of action was warranted.

An action to quiet title or remove the clouds over the title is a special civil action governed by the second paragraph of Section 1, Rule 63 of the *Rules of Court*. Specifically, an action for quieting of title is essentially a common law remedy grounded on equity. The competent court is tasked to determine the respective rights of the complainant and other claimants, not only to put things in their proper place, to make the one who has no rights to said immovable respect and not disturb the other, but also for the benefit of both, so that he who has the right would see every cloud of doubt over the property dissipated, and he could afterwards without fear introduce the improvements he may desire, to use, and even to abuse the property as he deems best. But "for an action to quiet title to prosper, two indispensable requisites must concur, namely: (1) the plaintiff or complainant has a legal or an equitable title to or interest in the real property subject of the action; and (2) the deed, claim, encumbrance, or proceeding claimed to be casting cloud

on his title must be shown to be in fact invalid or inoperative despite its *prima facie* appearance of validity or legal efficacy.³⁷

The first requisite is based on Article 477 of the *Civil Code* which requires that the plaintiff must have legal or equitable title to, or interest in the real property which is the subject matter of the action. Legal title denotes registered ownership, while equitable title means beneficial ownership,³⁸ meaning a title derived through a valid contract or relation, and based on recognized equitable principles; the right in the party, to whom it belongs, to have the legal title transferred to him.³⁹

To determine whether the petitioners as plaintiffs had the requisite interest to bring the suit, a resort to the allegations of the complaint is necessary. In that regard, the complaint pertinently alleged as follows:

THE CAUSE OF ACTION

5. Plaintiffs are occupants of a parcel of land situated at Juan Luna Street, Gagalangin, Tondo (hereinafter “subject property”);

6. Plaintiffs and their predecessor-in-interest have been in open and notorious possession of the subject property for more than thirty (30) years;

7. Plaintiffs have constructed in good faith their houses and other improvements on the subject property;

8. The subject property is declared an Area for Priority Development (APD) under Presidential Decree No. 1967, as amended;

9. Defendant is claiming ownership of the subject property by virtue of Transfer Certificate of Title (TCT) No. 35727 of the Registry of Deeds for the City of Manila. x x x

10. Defendant’s claim of ownership over the subject property is without any legal or factual basis because, assuming but not conceding that the TCT No. 35727 covers the subject property, the parcel of land covered by and embraced in TCT No. 35727 has already been sold and conveyed by defendant and, under the law, TCT No. 35727 should have been cancelled;

11. By virtue of TCT No. 35727, defendant is evicting, is about to evict or threatening to evict the plaintiffs from the said parcel of land;

12. Because of the prior sales and conveyances, even assuming but not conceding that the subject property is covered by and embraced in

³⁷ *Mananquil v. Moico*, G.R. No. 180076, November 21, 2012, 686 SCRA 123, 129-130.

³⁸ *Id.* at 124.

³⁹ *Heirs of Enrique Diaz v. Virata*, G.R. No. 162037, August 7, 2006, 498 SCRA 141, 161; *PVC Investment & Management Corporation v. Borcena and Ravidas*, G.R. No. 155225, September 23, 2005, 470 SCRA 685, 693.

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Transfer Certificate of title No. 35727, defendant cannot lawfully evict the plaintiffs from the subject property since it no longer owns the subject property;

13. Any attempted eviction of the plaintiffs from the subject property would be without legal basis and consequently, would only be acts of harassment which are contrary to morals, good customs and public policy and therefore, plaintiffs are entitled to enjoin the defendant from further harassing them;

14. Plaintiffs recently discovered that the subject property is owned by the City of Manila and covered by and embraced in Transfer Certificate of Title No. 44247, a copy of which is attached hereto as Annex "B", of the Registry of Deeds for the City of Manila;

15. TCT No. 35727 which is apparently valid and effective is in truth and in fact invalid, ineffective, voidable or unenforceable, and constitutes a cloud on the rights and interests of the plaintiffs over the subject property;

16. Plaintiffs are entitled to the removal of such cloud on their rights and interests over the subject property;

17. Even assuming, but not admitting, that defendant owns the subject property, it cannot evict the plaintiffs from the subject property because plaintiffs' right to possess the subject property is protected by Presidential Decree No. 2016.

18. Even assuming, but not admitting, that defendant owns the subject property, it cannot evict the plaintiffs from the subject property without reimbursing the plaintiffs for the cost of the improvements made upon the subject property;

19. Because of defendant's unwarranted claim of ownership over the subject property and its attempt to evict or disposses the plaintiffs from the subject property, plaintiffs experienced mental anguish, serious anxiety, social humiliation, sleepless nights and loss of appetite for which defendant should be ordered to pay each plaintiff the amount of ₱20,000.00 as moral damages;

20. Because of defendant's unwarranted claim of ownership over the subject property and its attempt to evict or disposses the plaintiffs from the subject property, plaintiffs were constrained to litigate to protect their rights and interests, and hire services of a lawyer, for which they should each be awarded the amount of ₱10,000.00.

21. The plaintiffs and the defendants are not required to undergo conciliation proceeding before the Katarungan Pambarangay prior to the filing of this action.⁴⁰

The petitioners did not claim ownership of the land itself, and did not show their authority or other legal basis on which they had anchored their alleged lawful occupation and superior possession of the property. On the

⁴⁰ *Rollo*, pp. 112-115.

contrary, they only contended that their continued possession of the property had been for more than 30 years; that they had built their houses in good faith; and that the area had been declared an Area for Priority Development (APD) under Presidential Decree No. 1967, as amended. Yet, none of such reasons validly clothed them with the necessary interest to maintain the action for quieting of title. For one, the authenticity of the title of the City of Manila and Patricia, Inc. was not disputed but was even admitted by them during trial. As such, they could not expect to have any right in the property other than that of occupants whose possession was only tolerated by the owners and rightful possessors. This was because land covered by a Torrens title cannot be acquired by prescription or by adverse possession.⁴¹ Moreover, they would not be builders entitled to the protection of the *Civil Code* as builders in good faith. Worse for them, as alleged in the respondent's comments,⁴² which they did not deny, they had been lessees of Patricia, Inc. Such circumstances indicated that they had no claim to possession in good faith, their occupation not being in the concept of owners.

At this juncture, the Court observes that the fact that the area was declared an area for priority development (APD) under Presidential Decree No. 1967, as amended, did not provide sufficient interest to the petitioners. When an area is declared as an APD, the occupants would enjoy the benefits provided for in Presidential Decree No. 1517 (*Proclaiming Urban Land Reform in the Philippines and Providing for the Implementing Machinery Thereof*). In *Frilles v. Yambao*,⁴³ the Court has summarized the salient features of Presidential Decree No. 1517, thus:

P. D. No. 1517, which took effect on June 11, 1978, seeks to protect the rights of bona-fide tenants in urban lands by prohibiting their ejection therefrom under certain conditions, and by according them preferential right to purchase the land occupied by them. The law covers all urban and urbanizable lands which have been proclaimed as urban land reform zones by the President of the Philippines. If a particular property is within a declared Area for Priority Development and Urban Land Reform Zone, **the qualified lessee of the said property in that area can avail of the right of first refusal to purchase the same in accordance with Section 6 of the same law. Only legitimate tenants who have resided for ten years or more on specific parcels of land situated in declared Urban Land Reform Zones or Urban Zones, and who have built their homes thereon, have the right not to be dispossessed therefrom and the right of first refusal to purchase the property under reasonable terms and conditions to be determined by the appropriate government agency.** [Bold emphasis supplied]

⁴¹ *Ragudo v. Fabella Estate Tenants Association, Inc.*, G.R. No. 146823, August 9, 2005, 466 SCRA 136, 148.

⁴² *Rollo*, p. 171; 183-185.

⁴³ G.R. No. 129889, July 11, 2002, 384 SCRA 353, 358.

Presidential Decree No. 1517 only granted to the occupants of APDs the right of first refusal, but such grant was true only if and when the owner of the property decided to sell the property. Only then would the right of first refusal accrue. Consequently, the right of first refusal remained contingent, and was for that reason insufficient to vest any title, legal or equitable, in the petitioners.

Moreover, the CA's adverse judgment dismissing their complaint as far as the action to quiet title was concerned was correct. The main requirement for the action to be brought is that there is a deed, claim, encumbrance, or proceeding casting cloud on the plaintiffs' title that is alleged and shown to be in fact invalid or inoperative despite its *prima facie* appearance of validity or legal efficacy, the eliminates the existence of the requirement. Their admission of the genuineness and authenticity of Patricia, Inc.'s title negated the existence of such deed, instrument, encumbrance or proceeding that was invalid, and thus the action must necessarily fail.

4.

The petitioners did not have a cause of action for injunction

The petitioners did not also make out a case for injunction in their favor.

The nature of the remedy of injunction and the requirements for the issuance of the injunctive writ have been expounded in *Philippine Economic Zone Authority v. Carantes*,⁴⁴ as follows:

Injunction is a judicial writ, process or proceeding whereby a party is directed either to do a particular act, in which case it is called a mandatory injunction or to refrain from doing a particular act, in which case it is called a prohibitory injunction. As a main action, injunction seeks to permanently enjoin the defendant through a final injunction issued by the court and contained in the judgment. Section 9, Rule 58 of the 1997 Rules of Civil Procedure, as amended, provides,

SEC. 9. *When final injunction granted.* If after the trial of the action it appears that the applicant is entitled to have the act or acts complained of permanently enjoined, the court shall grant a final injunction perpetually restraining the party or person enjoined from the commission or continuance of the act or acts or confirming the preliminary mandatory injunction.

⁴⁴ G.R. No. 181274, June 23, 2010, 621 SCRA 569, 578-579.

Two (2) requisites must concur for injunction to issue: (1) *there must be a right to be protected* and (2) *the acts against which the injunction is to be directed are violative of said right*. Particularly, in actions involving realty, preliminary injunction will lie only after the plaintiff has fully established his title or right thereto by a proper action for the purpose. [Emphasis Supplied]

Accordingly, the petitioners must prove the existence of a right to be protected. The records show, however, that they did not have any right to be protected because they had established only the existence of the boundary dispute between Patricia, Inc. and the City of Manila. Any violation of the boundary by Patricia, Inc., if any, would give rise to the right of action in favor of the City of Manila only. The dispute did not concern the petitioners at all.

5.

Section 5, Rule 10 of the *Rules of Court* did not save the day for the petitioners

The invocation of Section 5, Rule 10 of the *Rules of Court* in order to enable the raising of the boundary dispute was unwarranted. First of all, a boundary dispute should not be litigated in an action for the quieting of title due to the limited scope of the action. The action for the quieting of title is a tool specifically used to remove of any cloud upon, doubt, or uncertainty affecting title to real property;⁴⁵ it should not be used for any other purpose. And, secondly, the boundary dispute would essentially seek to alter or modify either the Torrens title of the City of Manila or that of Patricia, Inc., but any alteration or modification either way should be initiated only by direct proceedings, not as an issue incidentally raised by the parties herein. To allow the boundary dispute to be litigated in the action for quieting of title would violate Section 48⁴⁶ of the *Property Registration Decree* by virtue of its prohibition against collateral attacks on Torrens titles. A collateral attack takes place when, in another action to obtain a different relief, the certificate of title is assailed as an incident in said action.⁴⁷ This is exactly what the petitioners sought to do herein, seeking to modify or otherwise cancel Patricia, Inc.'s title.

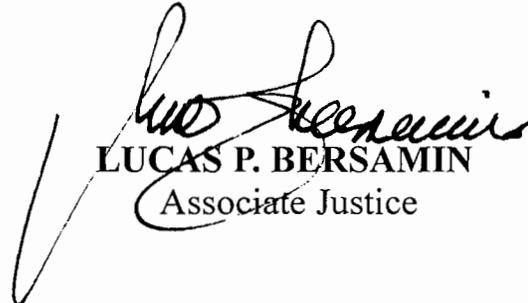
⁴⁵ *Phil-Ville Development and Housing Corporation v. Bonifacio*, G.R. No. 167391, June 8, 2011, 651 SCRA 327, 341.

⁴⁶ Section 48. *Certificate not subject to collateral attack*. A certificate of title shall not be subject to collateral attack. It cannot be altered, modified, or cancelled except in a direct proceeding in accordance with law.

⁴⁷ *Decaleng v. Bishop of the Missionary District of the Philippine Islands of Protestant Episcopal Church in the United States of America*, G.R. No. 171209, June 27, 2012, 675 SCRA 145, 168.

WHEREFORE, the Court **AFFIRMS** the decision promulgated on June 25, 2010 by the Court of Appeals in CA-G.R. CV No. 86735; and **ORDERS** the petitioners to pay the costs of suit.

SO ORDERED.

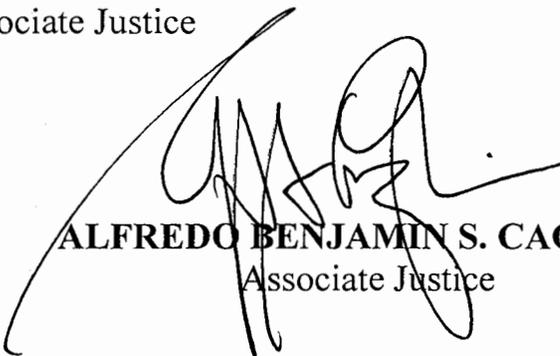

LUCAS P. BERSAMIN
Associate Justice

WE CONCUR:


MARIA LOURDES P. A. SERENO
Chief Justice


TERESITA J. LEONARDO-DE CASTRO
Associate Justice


ESTELA M. PERLAS-BERNABE
Associate Justice


ALFREDO BENJAMIN S. CAGUIOA
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


MARIA LOURDES P. A. SERENO
Chief Justice