



SUPREME COURT OF THE PHILIPPINES  
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Republic of the Philippines  
Supreme Court  
Manila

FIRST DIVISION

SN ABOITIZ POWER-MAGAT,  
INC.,

G.R. No. 198647

Petitioner,

Present:

- versus -

SERENO, C.J.,  
Chairperson,  
LEONARDO-DE CASTRO,  
DEL CASTILLO,  
JARDELEZA, and  
TIJAM, JJ.

THE MUNICIPALITY OF  
ALFONSO LISTA, IFUGAO,  
represented by the Municipal  
Mayor,

Promulgated:

Respondent.

NOV 20 2017

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DECISION

TIJAM, J.:

Before Us is a Petition for Review on *Certiorari*<sup>1</sup> under Rule 45, which seeks to assail the Decision dated April 6, 2011<sup>2</sup> and Resolution dated September 15, 2011<sup>3</sup> of the Court of Appeals (CA) in CA G.R. SP No. 113111.

On September 17, 2008, respondent Municipality of Alfonso Lista, Ifugao filed an Amended Complaint<sup>4</sup>, alleging that the National Power Corporation (NPC) fraudulently secured Special Patent No. 3723 by making it appear in the survey plans that certain parcels of land were located in Barangay General Aguinaldo, Ramon, Isabela when these parcels of land were actually located in Barangay Sto. Domingo in Alfonso Lista, Ifugao.<sup>5</sup>

<sup>1</sup> *Rollo*, pp. 3-40.

<sup>2</sup> *Id.* at 46-60, penned by Associate Justice Antonio L. Villamor and concurred in by Associate Justices Jose C. Reyes, Jr. and Leoncia R. Dimagiba.

<sup>3</sup> *Id.* at 63-65.

<sup>4</sup> *Id.* at 146-156.

<sup>5</sup> *Id.* at 47-48.

*[Handwritten mark]*

Respondent alleged that on the strength of such survey plans, NPC succeeded in having the Special Patent No. 3723 entered in the registry of books of the Register of Deeds of Santiago City in 2004. Consequently, Original Certificate of Title (OCT) No. 0-1 was issued.<sup>6</sup>

Later on, NPC alienated such parcels of land in favor of Power Sector Assets and Liabilities Management Corporation (PSALM), a government-owned and controlled corporation, which in turn transferred the same to petitioner SN Aboitiz Power Magat, Inc.<sup>7</sup> (SNAP).<sup>8</sup>

In its amended complaint, respondent municipality prayed for the declaration of nullity of Special Patent No. 3723 and OCT No. 0-1 because the same were void for failure to reflect the true location of the subject parcels of land. To bolster its allegation, respondent municipality averred that the Register of Deeds of Isabela, which registered the subject patent, did not have the authority to do so because it had no jurisdiction over the parcels of land covered by the same.<sup>9</sup>

In the alternative, respondent municipality prayed that the wordings of Special Patent No. 3723 and the subsequent titles derived therefrom be amended to reflect the true location of the subject parcels of land, which is Brgy. Sto. Domingo in Alfonso Lista, Ifugao.<sup>10</sup>

Respondent municipality emphasized that it was asserting its right of jurisdiction, not ownership, over the land, which was violated by the issuance of said patent.<sup>11</sup>

Instead of filing an Answer, SNAP, as successor-in-interest of NPC, filed a Motion to Dismiss<sup>12</sup> dated November 19, 2008 on the grounds of prescription and failure to state a cause of action. Moreover, petitioner maintained that it had a valid title, *i.e.* TCT No. TSC- 16666, to the subject property.

### The RTC Ruling

In a Resolution<sup>13</sup> dated May 7, 2009, the RTC denied the Motion to Dismiss. The RTC maintained that the case cannot be summarily disposed of without evidence being adduced on each party's conflicting claims and disposed thus:

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<sup>6</sup> Id. at 152-153.

<sup>7</sup> Also called SN Aboitiz Power, Inc. in other parts of the *rollo*.

<sup>8</sup> Id. at 155.

<sup>9</sup> Id. at 152-153

<sup>10</sup> Id. at 156.

<sup>11</sup> Id. at 152-153.

<sup>12</sup> Id. at 163-180.

<sup>13</sup> Id. at 238-244.

ACCORDINGLY, this Court hereby DENIES for lack of merit the Motion to Dismiss filed by defendant SN Aboitiz Power, Inc. (SNAP). This Court finds no need to discuss and evaluate the arguments raised by the plaintiff in their Opposition to the Motion to Dismiss and the Reply submitted by defendant SN Aboitiz Power, Inc. (SNAP), as well as the Counter Reply also submitted by the plaintiff.

Defendant SN Aboitiz Power, Inc. (SNAP) is hereby ordered to file its Answer to the Complaint within a period of ten (10) days from receipt of this Resolution.

Furnish copies of this Resolution to the parties concerned and their respective counsels.

SO ORDERED.<sup>14</sup>

SNAP filed a Motion for Reconsideration, which was subsequently denied in a Resolution dated December 8, 2009.<sup>15</sup>

Aggrieved, SNAP filed a Petition for *Certiorari* and Prohibition with the CA.

### The CA Ruling

In its Decision dated April 6, 2011,<sup>16</sup> the CA denied the petition. The CA ruled that the RTC was correct in upholding the Amended Complaint. The CA added that the issue of the validity of petitioner's claim of title over the subject property should be threshed out through the presentation of evidence and resolved after trial on the merits. The *fallo* thereof reads:

**WHEREFORE**, premises considered, the instant petition is DENIED. The assailed Resolutions dated December 8, 2009 and May 7, 2009 are **AFFIRMED**.

SO ORDERED.<sup>17</sup>

SNAP filed a Motion for Reconsideration, which was denied in a Resolution dated September 15, 2011.<sup>18</sup>

Hence, this petition.

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<sup>14</sup>Id. at 243-244.

<sup>15</sup> Id. at 111-114.

<sup>16</sup> Id. at 46-60.

<sup>17</sup> Id. at 59.

<sup>18</sup> Id. at 63-65.

### The Issue

Summarily, the sole issue in the instant case is whether or not the dismissal of the case is proper.

### The Ruling of the Court

The allegations in the complaint must be examined so as to determine whether or not the same sufficiently alleged a cause of action for declaration of nullity of special patent and original certificate of title or its alternative relief.

It is a settled jurisprudence that a cause of action has three elements, to wit: (1) a right in favor of the plaintiff by whatever means and under whatever law it arises or is created; (2) an obligation on the part of the named defendant to respect or not to violate such right; and (3) an act or omission on the part of such defendant violative of the right of the plaintiff or constituting a breach of the obligation of the defendant to the plaintiff.<sup>19</sup>

In an action for nullification of title or declaration of its nullity, the complaint must contain the following allegations for the sufficiency of cause of action: (1) **that the claimant is the owner of the subject land prior to the issuance of the title to the defendant**; and (2) that fraud or mistake was perpetrated in obtaining said title over the subject land.<sup>20</sup>

Verily, it is necessary that the claimant, who seeks to annul the patent and title, should have a pre-existing right of ownership over the subject property as the claim of ownership is an element thereof. In the absence of which, the claim of relief does not exist, which makes the case dismissible.<sup>21</sup>

In this case, it is apparent, based on the amended complaint, that respondent municipality does not claim ownership over the property, to wit:

22. In obtaining a Special Patent and OCT 0-1, defendant National Corporation did not only alter legally established Provincial boundaries between the Province of Ifugao and Isabela in general and the Municipalities of Ramon, Isabela and Alfonso Lista, Ifugao I particular (sic). Clearly, it also unduly deprived the Province of Ifugao and the Municipality of Alfonso Lista, Ifugao, of a substantial portion of lands within its territorial jurisdiction and substantial tax revenues over parcels of land which are clearly within its territorial jurisdiction;  
x x x<sup>22</sup>

<sup>19</sup>“J” Marketing Corp. v. Taran, 607 Phil. 414, 428 (2009) citing *Auto Bus Transport Systems, Inc. v. Baustista*, 497 Phil. 863 (2005).

<sup>20</sup> *Katon v. Palanca, Jr.*, 481 Phil. 168, 184 (2004).

<sup>21</sup> *Rural Bank of Calinog (Iloilo), Inc. v. Court of Appeals*, 501 Phil. 387 (2005).

<sup>22</sup> *Rollo*, p. 152-153.

It must be considered that the main thrust of respondent municipality's claim rests on its allegations that fraud attended the securing of the subject patents and certificates of title and that such fraud had the effect of depriving it of its territorial jurisdiction. Such deprivation hinges on respondent municipality's claim that the subject property is actually situated within its territorial jurisdiction, and not in the Province of Isabela. On the other hand, SNAP strongly denied the allegations of respondent municipality and underlined the validity of its title over the subject property. As it is, the respondent municipality is claiming its territorial jurisdiction over the property and its corollary right to collect taxes.

Without the claim of ownership, there was no supposed right upon which respondent municipality may anchor its claim and which SNAP may violate. Verily, it is clear that the amended complaint was insufficient for lack of cause of action.

Lack of cause of action, as a ground for the dismissal of a complaint, refers to the insufficiency of the factual basis for the action. Such ground may be raised any time after the questions of fact have been resolved on the basis of stipulations, admissions or evidence presented by the plaintiff.<sup>23</sup>

Neither can an action to amend the subject title proceed.

In its alternative relief, respondent municipality prayed that "*the wordings of the Special Patent 3723 and the subsequent titles derived therefrom be amended to reflect the true location of the parcels of land which is Barangay Sto. Domingo, Alfonso Lista, Ifugao*"<sup>24</sup>.

An action to amend the certificate of title is covered by Section 108 of Presidential Decree No. 1529 (P.D. 1529), which provides:

**Section 108. Amendment and Alteration of Certificates.**- No erasure, alteration, or amendment shall be made upon the registration book after the entry of a certificate of title or of a memorandum thereon and the attestation of the same by the Register of Deeds, except by order of the proper Court of First Instance. A registered owner or other person having interest in the registered property, and, in proper cases, the Register of Deeds with the approval of the Commissioner of Land Registration, may apply by petition to the court upon the ground that the registered interest of any description, whether vested, contingent, expectant or inchoate appearing on the certificate, have terminated and ceased, or that new interest not appearing upon the certificate have arisen or been created, or that an omission or error was made in entering a certificate or any memorandum thereon, or on any duplicate certificate or that the same or any person on the certificate has been terminated and no right or interests of heirs or creditors will thereby be affected; or that a corporation which owned registered land and has been dissolved has not conveyed the same

<sup>23</sup> *Zuniga-Santos v. Santos-Gran*, 745 Phil. 171, 177 (2014).

<sup>24</sup> *Rollo*, p. 156.

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within three years after its dissolution; or upon any other reasonable ground; and the court may hear and determine the petition after notice to all parties in interest, and may order the entry or cancellation of a new certificate, the entry or cancellation of a memorandum upon a certificate, or grant any other relief upon such terms and conditions, requiring security or bond if necessary, as it may consider proper; Provided, however, That this section shall not be construed to give the court authority to reopen the judgment or decree of registration, and that nothing shall be done or ordered by the court which shall impair the title or other interest of a purchaser holding a certificate for value and in good faith, or his heirs and assigns, without his or their written consent. Where the owner's duplicate certificate is not presented, a similar petition may be filed as provided in the preceding section.

All petitions or motions filed under this Section as well as under any other provision of this Decree after original registration shall be filed and entitled in the original case in which the decree of registration was entered.

Under the aforequoted provision, the proceeding for the erasure, alteration, or amendment of a certificate of title may be resorted to in seven instances: (1.) when registered interests of any description, whether vested, contingent, expectant, or inchoate, have terminated and ceased; (2.) when new interests have arisen or been created which do not appear upon the certificate; (3.) when any error, omission or mistake was made in entering a certificate of any memorandum thereon or on any duplicate certificate; (4.) when the name of any person on the certificate has been changed; (5.) when the registered owner has been married, or, registered as married, the marriage has been terminated and no right or interest of heirs or creditors will thereby be affected; (6.) when a corporation, which owned registered land and has been dissolved, has not conveyed the same within three years after its dissolution; and (7.) when there is reasonable ground for the amendment or alteration of title.<sup>25</sup>

Such relief under said provision can only be granted if there is unanimity among the parties, or **there is no adverse claim or serious objection on the part of any party in interest**, otherwise the case becomes controversial and should be threshed out in an ordinary case or in the case where the incident properly belongs. **The issues are limited to those which are so patently insubstantial as not to be genuine issues.**<sup>26</sup>

Proceedings under this provision are summary in nature, contemplating insertions of mistakes which are only clerical, but certainly not controversial issues.<sup>27</sup>

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<sup>25</sup> *Banguis-Tambuyat v. Balcom-Tambuyat*, 756 Phil. 586, 602 (2015).

<sup>26</sup> *Cabañez v. Solano*, G.R. No. 200180, June 6, 2016, 792 SCRA 268.

<sup>27</sup> *Id.*

Here, the issues are controversial in nature and cannot be summarily disposed of. As aforementioned, the gist of respondent municipality's amended complaint revolves around its territorial claim over the subject property. To allow this proceeding to take place and grant the ultimate relief prayed for by respondent municipality is to allow not only the cancellation or amendment of the subject patent and title, but also the alteration of territorial jurisdiction over the Province of Isabela, should a ruling be made in favor of respondent municipality.

Noteworthy is the fact that the territorial dispute between the Province of Isabela and the Province of Ifugao has not yet been resolved. Such conflicting claims of both provinces were even raised, but was not resolved, in the case of *National Power Corporation v. Province of Isabela*<sup>28</sup> when NPC sought its exemption from payment of local taxes payable to the Province of Isabela.

Moreover, the Province of Ifugao impleaded the Province of Isabela when it filed the amended complaint, maintaining its argument that the location of the subject parcels of land are within its territorial jurisdiction. However, the latter failed to file its Answer. Thus, any relief granted in this action would preempt the proceedings which may later on take place with respect to the territorial jurisdiction of both provinces.

To be sure, respondent municipality is not without remedy. If at all, any issue as to boundary dispute may be resolved by referring the same to the provinces' respective *Sangguniang Panlalawigan* following Section 118 of the Local Government Code, which provides for the remedy in case of a boundary dispute, to wit:

SECTION 118. *Jurisdictional Responsibility for Settlement of Boundary Dispute.* – Boundary disputes between and among local government units shall, as much as possible, be settled amicably. To this end:

(a) Boundary disputes involving two (2) or more Barangays in the same city or municipality shall be referred for settlement to the Sangguniang Panlungsod or Sangguniang Bayan concerned.

(b) Boundary disputes involving two (2) or more municipalities within the same province shall be referred for settlement to the Sangguniang Panlalawigan concerned.

**(c) Boundary disputes involving municipalities or component cities of different provinces shall be jointly referred for settlement to the Sanggunians of the provinces concerned.**

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<sup>28</sup> 524 Phil. 483 (2006).

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(d) Boundary disputes involving a component city or municipality on the one hand and a highly urbanized city on the other, or two (2) or more highly urbanized cities, shall be jointly referred for settlement to the respective Sanggunians of the parties.

(e) In the event the Sanggunian fails to effect an amicable settlement within sixty (60) days from the date the dispute was referred thereto, it shall issue a certification to that effect. Thereafter, the dispute shall be formally tried by the Sanggunian concerned which shall decide the issue within sixty (60) days from the date of the certification referred to above. (Emphasis ours)

Evidently, the boundary dispute is between the Municipality of Alfonso Lista in the Province of Ifugao and the Municipality of Ramon in the Province of Isabela. Such issue and its corollary incidents cannot be resolved in the complaint and the subsequent amended complaint filed by the respondent municipality. In other words, respondent municipality's territorial claim can neither be resolved in an action for nullification of title nor in an action to amend title.

Considering the foregoing, We need not belabor on the issues raised by SNAP.

**WHEREFORE**, the instant petition is **GRANTED**. The Decision dated April 6, 2011 and Resolution dated September 15, 2011 of the Court of Appeals in CA- G.R. SP No. 113111 are **REVERSED** and **SET ASIDE**.

**SO ORDERED.**

  
**NOEL GIMENEZ TIJAM**  
Associate Justice

**WE CONCUR:**

  
**MARIA LOURDES P.A. SERENO**  
Chief Justice  
Chairperson

*Teresita Leonardo de Castro*  
**TERESITA J. LEONARDO-DE CASTRO**  
Associate Justice

*Mariano C. Del Castillo*  
**MARIANO C. DEL CASTILLO**  
Associate Justice

*Francis H. Jardeleza*  
**FRANCIS H. JARDELEZA**  
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*  
**MARIA LOURDES P.A. SERENO**  
Chief Justice