



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

**CENTRAL REALTY AND
DEVELOPMENT
CORPORATION,**
Petitioner,

G.R. No. 229408

Members:

PERLAS-BERNABE, *J.*, *Chairperson*,
GISMUNDO,
LAZARO-JAVIER,
LOPEZ, and
ROSARIO,* *JJ.*

-versus-

**SOLAR RESOURCES, INC.
AND THE REGISTER OF
DEEDS OF THE CITY OF
MANILA,**
Respondents.

Promulgated:

09 NOV 2020

X-----X

DECISION

LAZARO-JAVIER, J.:

ANTECEDENTS

Pursuant to a Deed of Sale dated December 15, 1989, the Philippine National Bank sold to petitioner Central Realty and Development Corporation (Central) a parcel of land located in Binondo, Manila covered by Original Certificate of Title (OCT) No. 10964 with an area of seven thousand three hundred fifty (7,350) square meters.¹ OCT No. 10964 was cancelled and Transfer Certificate of Title (TCT) No. 198996 was issued to Central.²

* Designated as additional member per S.O. No. 2797 dated November 5, 2020.

¹ *Rollo*, pp. 123-125.

² *Id.* at 126-133.

In May 2010, Dolores V. Molina (Molina) caused the annotation of a notice of adverse claim on TCT No. 198996.³ She claimed that Central sold the property to her sometime in 1993.

On February 4, 2011, Central filed with the Regional Trial Court (RTC) of Manila a case entitled *In Re: Petition for Cancellation of Adverse Claim on Transfer of Certificate of Title No. 198996, Central Realty and Development Corporation v. Dolores V. Molina and the Register of Deeds of Manila*, docketed Civil Case No. P-11-726/LRC No. N-86/LRC REC No. N-60545. Central disputed the alleged sale of the property to Molina, claiming that its board of directors did not actually meet to confirm the alleged sale.⁴ The case was raffled to Branch 4.

While the petition pended, Central, on September 23, 2011, entered into a joint venture agreement with Federal Land for the construction of a high rise residential condominium project on the property. The Housing and Land Use Regulatory Board (HLURB) granted them a permit to construct and to sell the condominium project.⁵

Meantime, by Letter dated March 26, 2012, Molina demanded that Central cause the issuance of a new title in her name and to deliver the possession of the property to her, free from any liens and encumbrances.⁶ Her demand though went unheeded.

Consequently, on September 10, 2013, she filed with RTC-Manila a complaint for specific performance and declaration of nullity of real estate mortgage with injunctive relief entitled *Dolores V. Molina, represented by her attorney-in-fact, Rebecca M. Ubas vs. Central Realty and Development Corporation and Federal Land, Inc.*. It was docketed as Civil Case No. 13-130626⁷ and raffled to Branch 6.

On December 18, 2013, Solar purchased the property from Molina.⁸

Back to Civil Case No. P-11-726/LRC No. N-86/LRC REC No. N-60545, Branch 4 rendered its Decision dated April 11, 2014 ordering the Register of Deeds of Manila to cancel the notice of adverse claim inscribed on TCT No. 198996. It ruled that Central was able to prove that it did not sell the property to any third party. Thus, Molina's adverse claim had no basis at all and Central remained to be the owner of the property, *viz.*:⁹

x x x In this case, petitioner Central Realty has aptly proven that the adverse claim made as Entry No. 1515 on the subject title has no leg to stand on. Through documentary evidence presented and the testimony of

³ *Id.* at 1206.

⁴ *Id.* at 9-11.

⁵ *Id.* at 9.

⁶ *Id.* at 1206.

⁷ *Id.* at 1326-1333.

⁸ *Id.* at 1271-1275.

⁹ *Id.* at 1122-1124.

Atty. Serge Mario C. Iyog, Central Realty has proven that no Deed of Sale or no conveyance of ownership was made in favor of any third party. Petitioner has consistently, up to the present, exercised acts of ownership and administration over the subject property as readily shown by the payment of real property taxes on the property and entering into a Joint Venture Agreement with Federal Land, Inc. (Exhibit "RR").

X X X X X X X X X X

Summarily, petitioner has sufficiently shown that the adverse claim annotated on the title by Dolores V. Molina under Entry No. 1515 has no basis and should be cancelled. Subject entry should not burden the property any further as it is undisputed that petitioner Central Realty remains to be the owner of the subject property.

WHEREFORE, premises considered, the Register of Deeds of Manila is hereby ordered, upon payment of the prescribed fees, to cancel from Transfer Certificate of Title No. 198996 the Notice of Adverse Claim inscribed thereon under Entry No. 1515/Vol. 145/T-198996 provided that no document or transaction registered or pending registration in his office shall be adverse (sic) affected thereby.

X X X X X X X X X X

SO ORDERED.

On June 9, 2014, Solar annotated its notice of adverse claim on TCT No. 198996.¹⁰ When Molina died in 2014, Solar moved to be substituted in Civil Case No. 13-130626 as party-plaintiff. The court granted the motion, albeit,¹¹ the Court of Appeals (CA) subsequently reversed in its Decision¹² dated May 11, 2018 in CA-G.R. SP No. 151032, entitled *Central Realty and Development Corporation and Federal Land, Inc. vs. Hon. Jansen R. Rodriguez, in his capacity as Presiding Judge of the Regional Trial Court of Manila, Branch 6, and Solar Resources, Inc.*. Solar's subsequent motion for reconsideration has yet to be resolved by the Court of Appeals.

Meanwhile, Central initiated another petition, this time, seeking the cancellation of Solar's notice of adverse claim on TCT No. 198996 *via In Re: Petition for Cancellation of Adverse Claim on Transfer of Certificate of Title No. 198996, Central Realty and Development Corporation v. Solar Resources, Inc. and the Register of Deeds of Manila*, docketed as Civil Case No. P-14-0163. The case went to RTC-Manila, Branch 16. Central alleged:¹³

X X X X X X X X X X

4. Solar's Adverse Claim must be immediately cancelled.

¹⁰ *Id.* at 1286.

¹¹ *Id.* at 1207.

¹² Penned by Associate Justice Stephen C. Cruz and concurred in by Presiding Justice Romeo F. Braza and Associate Justice Carmelita Salandanan Manahan, *id.* at 1577-1586.

¹³ *Id.* at 378-408.

4.1 Solar's Adverse Claim is already ripe for cancellation because the 30-day period has already lapsed.

4.2 Solar's Adverse Claim is procedurally defective. It is based on Molina's Adverse Claim, which has already been cancelled. Solar's Adverse Claim is in effect Molina's second adverse claim, which is prohibited under Section 70 of PD 1529. Furthermore, the annotation of an adverse claim is improper since other remedies exist.

4.3 Solar's Adverse Claim is utterly, completely and absolutely baseless. Several government agencies have already ruled that Molina's claim over the Property (the sole basis of Solar's claim) is false. Records show that Central Realty is the absolute and registered true owner of the Property. Since Solar's Adverse Claim stems only from Molina's claim, Solar's claim is equally fraudulent and baseless.

4.4 Solar cannot pretend to be an innocent purchaser for value. It has long been aware of the falsity and impropriety of Molina's claims. The circumstances of the case demonstrate that Solar and its counsel, Ponce Enrile and Manalastas Law Offices ("PECABAR"), are in fact, Molina's co-conspirators in extortion against Central Realty.

x x x

x x x

x x x

Solar opposed and refuted Central's allegations as follows:

1. The lapse of the 30-day period does not *ipso facto* result in the cancellation of Solar's adverse claim.
2. Solar's adverse claim is separate and distinct from Dolores Molina's adverse claim.
3. Solar has a legitimate claim over the subject property.
4. The trial court is precluded from resolving the issue of ownership of the subject property which is being litigated in a separate case pending before RTC-Manila, Branch 6.
5. Solar's adverse claim cannot be cancelled pending resolution of the separate case involving the ownership over the property.

Central, thereafter, moved to render judgment on the pleadings, *viz.*:¹⁴

x x x

x x x

x x x

2. Solar admitted all the material allegations of Central Realty in its Petition. Solar's Opposition and Central Realty's Petition and Reply demonstrates that Solar made the following admissions:

¹⁴ *Id.* at 436-444.

	Central Realty's Material Allegations	Solar's Admission/s
(1)	Solar purchased the Subject Property from Molina. (See Par. 3 of the Petition)	Par. 5 of the Opposition states: xxx "The mere fact that Solar purchased the Subject Property from Molina does not render Solar's adverse claim as Molina's second adverse claim" xxx
(2)	Solar has no other basis for its claim other than its supposed purchase of the Subject Property from Molina. (See Par. 3 of the Petition)	Par. 5 of the Opposition states: xxx "On the other hand, Solar's adverse claim is based on the Deed of Absolute Sale dated December 18, 2013 executed by and between Molina and Solar." xxx
(3)	Central Realty appears as the registered owner of the Subject Property on the face of TCT No. 198996. (See Par. 10 of the Petition)	Par. 13 of the Opposition states: "Molina further presented Solar with an owner's duplicate of TCT No. 198996 and explained that Central Realty prevailed upon her to leave the title under its name" xxx
(4)	Central Realty has been in full possession of the Subject Property since its purchase from Philippine National Bank ("PNB"). (See Pars. 13.1, 44.1, and 59(2) of the Petition)	Implied admission for Solar's failure to deny or respond to this issue.
(5)	As owner and possessor, Central Realty has been paying the realty taxes over the Subject Property since 1991, has leased-out several portions thereof, has mortgaged the same, and even entered into a Joint Venture Agreement with Federal Land, Inc. ("FLI"). (See for <i>Payment of Realty Taxes</i> – Pars. 13.2 and 45.4 of the Petition; <i>Leasing out the Subject Property</i> – Par. 13.3 of the Petition; <i>Mortgage of the Subject Property</i> – Par. 45.2 of the Petition; <i>Joint Venture Agreement with FLI</i> – Par. 13.4 of the Petition.	Implied admission for Solar's failure to deny or respond to this issue.
(6)	Molina's documents have been declared as fake and falsified by the Office of the City Prosecutor of Manila. (See Par. 23 of the Petition)	Implied admission for Solar's failure to deny or respond to this issue.
(7)	Molina's title has been declared as falsified by the National	Implied admission for Solar's failure to deny or respond to

	Bureau of Investigation's Questioned Documents Division ("NBI-QDD") and the Land Registration Authority ("LRA"). (See Par. 25.1 of the Petition)	this issue.
(8)	The Securities and Exchange Commission ("SEC") has issued several Certificates of Corporate Filing stating that Dolores V. Molina was never an officer or a director of Central Realty. (See Par. 20.1 of the Petition)	Implied admission for Solar's failure to deny or respond to this issue.
(9)	Solar never verified with Molina or any government agency or conducted any ocular inspection to determine whether Molina is the owner of the Subject Property. (See Pars. 44.1 and 44.2 of the Petition)	Implied admission for Solar's failure to deny or respond to this issue.
(10)	Solar's lawyers are the same lawyers of Molina during the investigation by the NBI-QDD. (See Pars. 46 and 46.1 of the Petition)	Implied admission for Solar's failure to deny or respond to this issue.
(11)	Solar has been aware that Molina's documents have already been declared fake. (See Par. 45.3, 46, 46.2 of the Petition)	Implied admission for Solar's failure to deny or respond to this issue.
(12)	The Honorable Court has already issued a Decision dated 11 April 2014 cancelling Molina's previous Adverse Claim. (See Par. 34 of the Petition)	Par. 11 of the Opposition: "As will be discussed below, this Honorable Court's pronouncement in the Molina adverse claim case that Central Realty is the rightful owner of the Subject Property was rendered outside of its limited jurisdiction." xxx

x x x

x x x

x x x

5. This case is ripe for a judgment on the pleadings because proceedings for the cancellation of adverse claim are resolved after a "speedy hearing". Here, a hearing was already conducted, where Central Realty proved its compliance on jurisdictional requirements and Solar asked for time to file its Opposition. x x x

x x x x

8. Based on the express and implied admissions, it is clear that what only remains are mere questions of law that may be resolved through a judgment on the pleadings. x x x

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Solar then filed its Opposition with Motion to Dismiss¹⁵ on ground of *litis pendentia*, thus:

1. Judgment on the pleadings was improper as Solar raised factual matters, and thus ostensible issue, to dispute the material allegations of the Petition, *viz.*: (1) its adverse claim is separate and distinct from Dolores Molina's adverse claim, (2) Solar is an innocent purchaser for value, (3) Molina presented to Solar proofs that she had interest over the property, and (4) the deed of sale between Molina and Central has not been declared void or defective.
2. The petition should be dismissed as the issue of ownership is under litigation in a separate case pending before Manila RTC-Branch 6.

Central opposed the motion to dismiss on the ground that it was filed beyond the prescribed period and Solar was already estopped from claiming *litis pendentia*.

Pending resolution of the parties' respective motions, Central and Solar caused the marking of their respective exhibits, *viz.*:¹⁶

Central's Exhibits	Solar's Exhibits
A – Certified True Copy of TCT No. 198996	1 – Adverse Claim of Raymundo Alonzo dated 21 May 2014
B – Affidavit of Adverse Claim dated 21 May 2014	2 – TCT No. 198996 from Registry of Deed (<i>common exhibit</i>)
C – Deed of Absolute Sale dated 18 December 2013 (provisional marking)	3 – Deed of Absolute Sale dated 07 September 1993
D – Amended Articles of Incorporation of Central Realty (provisional marking)	4 – certified true copy of Secretary's Affidavit dated 27 August 1993 (<i>common exhibit</i>)
E – Articles of Incorporation of Solar Resources, Inc. (provisional marking)	5 – Board Resolution dated 07 September 1993 (<i>common exhibit</i>)
F – Deed of Absolute Sale dated 15 December 1989 between PNB and Central Realty (provisional marking)	6 – reserved marking
G – Original CTC No. 10964 (provisional marking)	7 – Letter of Dr. Jose Ventura dated 07 September 2010 of the City of Manila
H to H-6 were reserved for certain documents	8 – Joint Venture Agreement (<i>common exhibit</i>)
I to I-39 Tax Receipts (provisional marking) and I-40 on Certificaton dated 23 February 2011 issued by the Office of the City Treasurer	9 – Deed of Absolute Sale between SOLAR and Dolores Molina
J – Contract of Lease dated 13 June 2007 between Central Realty and Mary Go	10 – reserved marking
K – Joint Venture Agreement dated 23 September 2011 (provisional marking)	11 – certified true copy of the Certification dated 16 November 2012 (<i>provisional marking</i>)

¹⁵ *Id.* at 445-458.

¹⁶ *Id.* at 84-86, 92-96.

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L – Affidavit of Adverse Claim (provisional marking)	12 – Resolution dated 02 June 2014 issued by RTC-Manila, Branch 6
M – Decision dated 11 April 2014 rendered by RTC-Manila, Branch 4	
R – Molina’s Deed of Absolute Sale dated 07 September 1993	
S – Molina’s Secretary’s Affidavit dated 27 August 1993	
T – Molina’s Board Resolution dated 07 September 1993	
U – Molina’s Duplicate Copy of TCT No. 198996	
V – Resolution dated 25 June 2012 issued by the Office of the City Prosecutor, Manila	
W – NBI-QDD Report No. 388-1012 (with sub-markings)	
Y – Deed of Absolute Sale between Dolores Molina and Pedro Yulo	
Z – Joint Venture Agreement between Dolores Molina and Raymundo Alonzo representing Solar Resources, Inc.	
AA – Deed of Absolute Sale between Dolores Molina and North Lander Real Estate and Development, Inc. dated 07 October 2012	
CC – Certified True Copy of the Resolution dated 09 June 2014 issued by RTC-Manila, Branch 6 in Civil Case No. 13-130626	
DD – Certification issued by RTC-Manila, Branch 4 (with submarking)	
EE – Minutes of the Meeting dated 29 January 1993	
FF – Judicial Affidavit of Atty. Serge Mario Iyog (with sub markings)	
GG – Secretary’s Certificate dated 05 August 2014 (provisional marking)	
HH – Deed of Release of Property from Indenture Lien and Cancellation of Mortgage dated 07 September 2012 (provisional marking)	
II – Judicial Affidavit of Engr. Ernersto Santos (with sub markings)	
JJ – Order dated 21 September 2012	
KK – Entry of Appearance filed by Ponce Enrile Reyes & Manalastas Law Office dated 03 May 2012 and KK-1 Motion for Reconsideration and Comment/Manifestation dated 12 May 2014	
LL – Development Permit issued by the Housing and Land Use Regulatory Board	
MM – Building permit issued by the City of Manila	

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NN – Judicial Affidavit of Dominic Perez (with submarking)	
OO – OO-7 – Billing Statement (with submarkings)	
PP – PP-4 Official receipts (with submarking)	
QQ – Schedule of Outstanding Accounts from 01 October 2010 to 31 January 2015 (with submarkings)	
RR – Judicial Affidavit of Antonio Magbohos (with submarkings)	
SS – Resume of Antonio Magbohos	
TT – Letter dated 06 November 2012 (with submarking)	
UU – Order dated 25 July 2012	
VV – Copy of Transfer Certificate of Title No. 198996 submitted by CENTRAL to NBI-QDD (with submarkings)	
WW – Oath of Duty of Antonio Magbohos	
XX – Entry of Appearance	
YY – Manifestation and Motion to Dismiss	

Central then filed a motion to admit amended judicial affidavits of its witnesses, namely, Atty. Segre Mario C. Iyog, Mr. Antonio R. Magbojos, Engr. Ernesto P. Santos and Dominic Perez, which the trial court granted.¹⁷

Solar, on the other hand, moved for additional time to file its judicial affidavits, which Central opposed. Pending resolution of its motion, Solar filed the judicial affidavits of Rebecca M. Ubas and Theodore R. Sarmiento.¹⁸

By Resolution dated February 4, 2016, the trial court granted Solar's motion and admitted the judicial affidavits of its witnesses. Central moved to reconsider.

On May 30, 2016, Branch 16 issued its assailed Omnibus Resolution,¹⁹ thus:

WHEREFORE, in view of the foregoing discussions, summary judgment is hereby rendered **DISMISSING** the instant complaint.

Let the Affidavit of Adverse Claim dated 21 May 2014 remain as annotated in Transfer Certificate of Title No. 198996 pending adjudication of Civil Case No. 13-130626 entitled *Dolores V. Molina vs. Central Realty & Development Corporation* for Specific Performance with Damages and Declaration of Nullity of Real Estate Mortgage before the Regional Trial Court of Manila, Branch 6.

¹⁷ *Id.* at 97.

¹⁸ *Id.* at 98.

¹⁹ *Id.* at 81-110.

n

The resolution on the pending Motion for Reconsideration filed by petitioner CENTRAL is considered moot and academic.

The Pre-Trial Conference on 15 June 2016 is hereby ordered cancelled.

SO ORDERED.²⁰

The court ruled that Central's motion for judgment on the pleadings was improper. For while Solar admitted the allegations in the petition, it also raised affirmative defenses thereto. The court likewise denied Solar's motion to dismiss on ground of *litis pendentia*, there being allegedly no common cause of action between the petition for cancellation of adverse claim and the separate action for specific performance. Acting as a land registration court, it could not rule on the issue of ownership which is the main issue in the latter case.

In the same omnibus resolution, the trial court also rendered summary judgment in the case. It held that a full-blown trial was no longer necessary where the only issue was the validity of the adverse claim, hence, there was no need for the court to pass upon the parties' respective claims of ownership over the property, the same being the subject of another case. Based on the recitals in the Affidavit of Adverse Claim, it found sufficient basis to sustain the annotation of Solar's adverse claim, flowing as it did from the deed of sale it had with Molina.

Central's motion for partial reconsideration was denied under the assailed Resolution dated January 3, 2017.²¹

PRESENT PETITION

Petitioner justifies its direct recourse to the Court *via* Rule 45, alleging that it raises pure questions of law: (1) May the trial court render summary judgment *motu proprio*? (2) Did the trial court judiciously act when it denied to render judgment on the pleadings despite Solar's supposed admission of all the material allegations in the petition for cancellation of Solar's adverse claim? and (3) Is Solar's adverse claim barred by *res judicata* and Presidential Decree No. 1529 (PD 1529)?

As part of the relief sought, petitioner urges the Court to declare it as the true and lawful owner of the property in order to finally dismiss all pending related cases affecting the subject property, *viz.*:

²⁰ *Id.* at 109-110.

²¹ *Id.* at 111-115.

1. Civil Case No. 13-130626 (specific performance case originally filed by Molina) entitled Solar Resources, Inc. v. Central Realty & Dev't. Corp. and Federal Land, pending before RTC-Manila, Branch 6.
2. Civil Case No. 12-129163 entitled North Lander Real Estate and Development, Inc. v. Federal Land, Inc., et al. consolidated with the aforesaid specific performance case.
3. HLURB Case No. REM-100515-15793/O.P. Case No. 16-K-226 entitled Solar Resources, Inc. v. Central Realty and Federal Land.
4. CA-G.R. SP No. 129625 entitled North Lander Real Estate and Development, Inc. v. Judge Mislos-Loja, et al..
5. CA-G.R. SP No. 129133 entitled Federal Land, Inc. v. North Lander Real Estate and Development, Inc..

Petitioner also prays for injunctive relief to enjoin Solar and all other persons from claiming any rights over the property.

In response, Solar faults petitioner's direct resort to the Court. The issues pertaining to the dismissal of petitioner's action for cancellation of Solar's adverse claim, ownership of the property, propriety of rendering judgment on the pleadings in the case, among others, are allegedly not pure questions of law for the same also involve questions of fact requiring the evaluation of evidence which the Court does not do under Rule 45.

Solar further defends the summary judgment rendered by the trial court *motu proprio*. For the Rules of Court is merely suppletory in its application to land registration cases under PD 1529. It likewise defends the denial of Central's motion for judgment on the pleadings considering the fact that it has pleaded affirmative defenses to Central's petition to cancel its adverse claim.

Solar asserts its right as the new owner of the property emanating from the deed of sale executed by Molina in its favor. Being an innocent purchaser for value, its adverse claim is not at all affected by the cancellation of Molina's adverse claim as its claim over the property is separate and entirely distinct from Molina's.

Solar, too, asserts that Central is guilty of forum shopping as it likewise prays for the Court to direct other courts and tribunals to dismiss all pending cases involving the same property.

The Court **formulates** the **issues** for resolution.



I

Does the petition raise pure questions of law? If so, is direct resort to the Court warranted?

II

What are the legal implications of the Omnibus Resolution dated May 30, 2016 to Central's petition for cancellation of Solar's adverse claim on TCT No. 198996, Solar's opposition with motion to dismiss, and Central's motion for judgment on the pleadings?

III

May the Court in this proceeding make a declaration of ownership in favor of Central?

RULING***The petition raises pure questions of law***

Section 2, Rule 41 of the Rules of Court provides:

Section 2. *Modes of appeal.* —

(a) *Ordinary appeal.* — The appeal to the Court of Appeals in the cases decided by the Regional Trial Court in the exercise of its original jurisdiction shall be taken by filing a notice of appeal with the court which rendered the judgment or final order appealed from and serving a copy thereof upon the adverse party. No record on appeal shall be required except in special proceedings and other cases of multiple or separate appeals where the law or these Rules so require. In such cases, the record on appeal shall be filed and served in like manner.

(b) *Petition for review.* — The appeal to the Court of Appeals in cases decided by the Regional Trial Court in the exercise of its appellate jurisdiction shall be by petition for review in accordance with Rule 42.

(c) *Appeal by certiorari.* — In all cases where only questions of law are raised or involved, the appeal shall be to the Supreme Court by petition for review on *certiorari* in accordance with Rule 45.

↑

In *Heirs of Garcia v. Spouses Burgos*,²² the Court explained that when only questions of law is raised, the mode of appeal is under Rule 41 (c) in relation to Rule 45, thus:

The first mode of appeal, the ordinary appeal under Rule 41 of the Rules of Court, is brought to the CA from the RTC, in the exercise of its original jurisdiction, and resolves questions of fact or mixed questions of fact and law. The second mode of appeal, the petition for review under Rule 42 of the Rules of Court, is brought to the CA from the RTC, acting in the exercise of its appellate jurisdiction, and resolves questions of fact or mixed questions of fact and law. The third mode of appeal, the appeal by *certiorari* under Rule 45 of the Rules of Court, is brought to the Supreme Court and resolves only questions of law.

There is a question of law when the doubt or difference arises as to what the law is on certain state of facts and which does not call for an existence of the probative value of the evidence presented by the parties-litigants. In a case involving a question of law, the resolution of the issue rests solely on what the law provides on the given set of circumstances. On the other hand, a question of fact exists when a doubt or difference arises as to the truth or falsity of alleged facts. If the query requires a re-evaluation of the credibility of witnesses or the existence or relevance of surrounding circumstances and their relation to each other, the issue in that query is factual.²³

Was the denial of petitioner's motion for judgment on the pleadings correct? Is Solar's action for specific performance barred by *res judicata*? Is summary judgment in the case proper? These are precisely the questions being raised here. The resolution of these questions rests solely on what the law or the rules provides on the given set of circumstances. In other words, the Court ought to look only into whether the trial court correctly applied the law or rules in the case. These are pure questions of law which do not require the examination of evidence. Hence, Central's direct resort to the Court is justified. When only questions of law remain to be addressed, a direct recourse to the Court under Rule 45 is the proper mode of appeal.²⁴

While Central also raises the issue that Solar is not an innocent purchaser for value which is a factual issue beyond the province of this Court under Rule 45,²⁵ the same, as correctly noted by the trial court, is deemed subsumed and pending determination in Civil Case No. 13-130626 for specific performance and declaration of nullity of real estate mortgage with injunctive relief involving the same parties and subject matter, and pending before Branch 6. Precisely, the trial court here avoided ruling on

²² G.R. No. 236173, March 4, 2020.

²³ *Samson v. Gabor*, 739 Phil. 429, 437 (2014).

²⁴ *Daswani v. Banco De Oro Universal Bank*, 765 Phil. 88, 97 (2015).

²⁵ *Sps. Peralta v. Heirs of Bernardina Abalon*, 737 Phil. 310, 331 (2014).



the issue of ownership or the presence of good or bad faith in relation to the petition for cancellation of adverse claim pending before it as it rightly pronounced that these issues ought to be threshed out in the said case pending with Branch 6.

Notably, the only issue to be resolved in a petition for cancellation of adverse claim is the propriety of the adverse claim. *Torbela v. Spouses Rosario*²⁶ teaches, viz.:

The reason why the law provides for a hearing where the validity of the adverse claim is to be threshed out is **to afford the adverse claimant an opportunity to be heard, providing a venue where the propriety of his claimed interest can be established or revoked, all for the purpose of determining at last the existence of any encumbrance on the title arising from such adverse claim.** x x x (Emphasis ours)

The Omnibus Resolution dated May 30, 2016 vis-a-vis the parties' respective pleadings motions and pleadings

We quote anew Central's motion for judgment on the pleadings, viz.:

x x x x x x x x x

2. Solar admitted all the material allegations of Central Realty in its Petition. Solar's Opposition and Central Realty's Petition and Reply demonstrates that Solar made the following admissions:

	Central Realty's Material Allegations	Solar's Admission/s
(1)	Solar purchased the Subject Property from Molina. (See Par. 3 of the Petition)	Par. 5 of the Opposition states: xxx "The mere fact that Solar purchased the Subject Property from Molina does not render Solar's adverse claim as Molina's second adverse claim" xxx
(2)	Solar has no other basis for its claim other than its supposed purchase of the Subject Property from Molina. (See Par. 3 of the Petition)	Par. 5 of the Opposition states: xxx "On the other hand, Solar's adverse claim is based on the Deed of Absolute Sale dated December 18, 2013 executed by and between Molina and Solar." xxx
(3)	Central Realty appears as the registered owner of the Subject Property on the face of TCT No.	Par. 13 of the Opposition states: "Molina further presented Solar

²⁶ 678 Phil. 1, 51 (2011).

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	198996. (See Par. 10 of the Petition)	with an owner's duplicate of TCT No. 198996 and explained that Central Realty prevailed upon her to leave the title under its name" xxx
(4)	Central Realty has been in full possession of the Subject Property since its purchase from Philippine National Bank ("PNB"). (See Pars. 13.1, 44.1, and 59(2) of the Petition)	Implied admission for Solar's failure to deny or respond to this issue.
(5)	As owner and possessor, Central Realty has been paying the realty taxes over the Subject Property since 1991, has leased-out several portions thereof, has mortgaged the same, and even entered into a Joint Venture Agreement with Federal Land, Inc. ("FLI"). (See for <i>Payment of Realty Taxes</i> – Pars. 13.2 and 45.4 of the Petition; <i>Leasing out the Subject Property</i> – Par. 13.3 of the Petition; <i>Mortgage of the Subject Property</i> – Par. 45.2 of the Petition; <i>Joint Venture Agreement with FLI</i> – Par. 13.4 of the Petition.	Implied admission for Solar's failure to deny or respond to this issue.
(6)	Molina's documents have been declared as fake and falsified by the Office of the City Prosecutor of Manila. (See Par. 23 of the Petition)	Implied admission for Solar's failure to deny or respond to this issue.
(7)	Molina's title has been declared as falsified by the National Bureau of Investigation's Questioned Documents Division ("NBI-QDD") and the Land Registration Authority ("LRA"). (See Par. 25.1 of the Petition)	Implied admission for Solar's failure to deny or respond to this issue.
(8)	The Securities and Exchange Commission ("SEC") has issued several Certificates of Corporate Filing stating that Dolores V. Molina was never an officer or a director of Central Realty. (See Par. 20.1 of the Petition)	Implied admission for Solar's failure to deny or respond to this issue.
(9)	Solar never verified with Molina or any government agency or conducted any ocular inspection to determine whether Molina is the owner of the Subject Property. (See Pars. 44.1 and 44.2 of the Petition)	Implied admission for Solar's failure to deny or respond to this issue.
(10)	Solar's lawyers are the same lawyers of Molina during the	Implied admission for Solar's failure to deny or respond to this

	investigation by the NBI-QDD. (See Pars. 46 and 46.1 of the Petition)	issue.
(11)	Solar has been aware that Molina's documents have already been declared fake. (See Par. 45.3, 46, 46.2 of the Petition)	Implied admission for Solar's failure to deny or respond to this issue.
(12)	The Honorable Court has already issued a Decision dated 11 April 2014 cancelling Molina's previous Adverse Claim. (See Par. 34 of the Petition)	Par. 11 of the Opposition: "As will be discussed below, this Honorable Court's pronouncement in the Molina adverse claim case that Central Realty is the rightful owner of the Subject Property was rendered outside of its limited jurisdiction." xxx

x x x

x x x

x x x

5. This case is ripe for a judgment on the pleadings because proceedings for the cancellation of adverse claim are resolved after a "speedy hearing". Here, a hearing was already conducted, where Central Realty proved its compliance on jurisdictional requirements and Solar asked for time to file its Opposition. x x x

x x x x

8. Based on the express and implied admissions, it is clear that what only remains are mere questions of law that may be resolved through a judgment on the pleadings. x x x

Section 1, Rule 34 of the Revised Rules of Court defines judgment on pleadings, *viz.*:

SECTION 1. *Judgment on the pleadings.* — Where an answer fails to tender an issue, or otherwise admits the material allegations of the adverse party's pleading, the court may, on motion of that party, direct judgment on such pleading. x x x

When the Answer fails to tender any issue, that is, if it does not deny the material allegations in the complaint or admits said material allegations of the adverse party's pleadings by admitting the truthfulness thereof and/or omitting to deal with them at all, a judgment on the pleadings is appropriate.²⁷

In fine, where a motion for judgment on the pleadings is filed, the essential question is whether there are issues generated by the pleadings. In a proper case for judgment on the pleadings, there is no ostensible issue at all

²⁷ *Basbas v. Sayson*, 671 Phil. 662, 682 (2011).

because of the failure of the defending party's answer to raise an issue. The answer would fail to tender an issue, of course, if it does not deny the material allegations in the complaint or admits said material allegations of the adverse party's pleadings by confessing the truthfulness thereof and/or omitting to deal with them at all.²⁸ Judgment on the pleadings is, therefore, based exclusively upon the allegations appearing in the pleadings of the parties and the annexes, if any, without consideration of any evidence *aliunde*.²⁹

Here, the trial court did not err when it denied Central's motion for judgment on the pleadings citing as ground that Solar asserted affirmative defenses even though it practically admitted all the material allegations in the petition. Indeed, Solar's opposition which is the functional equivalent of an answer did tender an issue in refutation of Central's factual allegations for cancellation of Solar's annotation of adverse claim. Thus, the trial court correctly ordained:

Records show that both parties have presented different juxtapositioning [*sic*] of their opposing allegations in their respective Petition and Opposition. From the foregoing, this Court notes that while SOLAR practically admitted all the material allegations in the Petition, it nevertheless asserted affirmative defense such as, among others:

- 1) Solar is an innocent purchaser for value;
- 2) Solar's adverse claim is separate and distinct from Dolores Molina's adverse claim; and
- 3) There is no decision or order from any competent court declaring the *Deed of Absolute Sale* dated September 7, 1993, in favor of Molina as void or defective.

As issues arise from these affirmative defenses, ***this Court rules that a judgment on the pleadings is improper and unwarranted in this case.***³⁰

Even then, the trial court, on its own found another way of disposing of the case on the merits *via* summary judgment, *viz.* :

This Court, however, will render a Summary Judgment.

Summary Judgment is proper when there is clearly no genuine issue as to any material fact in the action, and if there is no question or controversy upon any question of fact. x x x³¹

x x x

x x x

x x x

While respondent SOLAR has raised issues, those issues do not call for the presentation of evidence in a full-blown trial considering that

²⁸ *Tan v. De la Vega*, 519 Phil. 515, 522 (2006).

²⁹ *Philippine National Bank v. Aznar*, 664 Phil. 461, 473 (2011).

³⁰ *Rollo*, p. 103.

³¹ *Id.*

h

the instant case is confined only as to the determination of the validity of the adverse claim and not the declaration of the rights of the parties over the disputed property.

Now, the summary judgment.³²

x x x x x x x x x

It is likewise the contention of petitioner CENTRAL that the Affidavit of Adverse Claim dated 21 May 2014 is but a second adverse claim of the first Affidavit of Adverse Claim dated 01 May 2010. This contention is not tenable.

x x x x x x x x x

A scrutiny of the two (2) Affidavits of Adverse Claim reveals that they are two (2) entirely separate adverse claims. The Affidavit of Adverse Claim dated 01 May 2010 is dependent on the Deed of Sale allegedly executed between *CENTRAL REALTY & DEVELOPMENT CORPORATION, represented by its President, MANUEL G. ABELLO and DOLORES V. MOLINA* while the Affidavit of Adverse Claim dated 21 May 2014 has its basis on the Deed of Absolute Sale dated 18 December 2013 allegedly executed between *DOLORES V. MOLINA and SOLAR RESOURCES, INC.*³³

On this score, we refer to Rule 35 of the Rules of Court on summary judgment:

SECTION 1. *Summary judgment for claimant.* — A party seeking to recover upon a claim, counterclaim, or cross-claim or to obtain a declaratory relief may, at any time after the pleading in answer thereto has been served, move with supporting affidavits, depositions or admissions for a summary judgment in his favor upon all or any part thereof.

SEC. 2. *Summary judgment for defending party.* — A party against whom a claim, counterclaim, or cross-claim is asserted or a declaratory relief is sought may, at any time, move with supporting affidavits, depositions or admissions for a summary judgment in his favor as to all or any part thereof.

SEC. 3. *Motion and proceedings thereon.* — The motion shall be served at least ten (10) days before the time specified for the hearing. **The adverse party may serve opposing affidavits, depositions, or admissions at least three (3) days before the hearing. After the hearing, the judgment sought shall be rendered forthwith if the pleadings, supporting affidavits, depositions, and admissions on file, show that, except as to the amount of damages, there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law.** (Emphasis supplied)

³² *Id.* at 105.
³³ *Id.* at 107-108.

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These provisions speak of one common requisite: a motion for summary judgment ought to be filed.

Here, the trial court rendered summary judgment *motu proprio*, sans any motion from either of the parties. In *Calubaquib v. Republic*,³⁴ the Court set aside the summary judgment for being rendered without any motion filed by either of the parties, thus:

In determining the genuineness of the issues, and hence the propriety of rendering a summary judgment, the court is obliged to carefully study and appraise, not the tenor or contents of the pleadings, but the facts alleged under oath by the parties and/or their witnesses in the affidavits that they submitted **with the motion and the corresponding opposition**. Thus, it is held that, even if the pleadings on their face appear to raise issues, a summary judgment is proper so long as "the affidavits, depositions, and admissions **presented by the moving party** show that such issues are not genuine."

The filing of a motion and the conduct of a hearing on the motion are therefore important because these enable the court to determine if the parties' pleadings, affidavits and exhibits in support of, or against, the motion are sufficient to overcome the opposing papers and adequately justify the finding that, as a matter of law, the claim is clearly meritorious or there is no defense to the action. **The non-observance of the procedural requirements of filing a motion and conducting a hearing on the said motion warrants the setting aside of the summary judgment.** (Emphasis ours)

The assailed summary judgment here ought to be set aside, as well, for being itself violative of the rules on summary judgment and relevant jurisprudence. For not only was the requisite motion conspicuously absent, the parties were not even heard on the propriety of rendering a summary judgment in the case, thus, violating their right to due process.

In *Diona v. Balangue*,³⁵ citing *Development Bank of the Philippines v. Teston*,³⁶ the Court ruled that there was non-observance of due process when a relief was granted by the trial court which was not being sought by the parties, thus:

It is settled that courts cannot grant a relief not prayed for in the pleadings or in excess of what is being sought by the party. They cannot also grant a relief without first ascertaining the evidence presented in support thereof. Due process considerations require that judgments must conform to and be supported by the pleadings and evidence presented in court. In *Development Bank of the Philippines v. Teston*, this Court expounded that:

³⁴ *Calubaquib v. Republic*, 667 Phil. 653, 662-663 (2011).

³⁵ 701 Phil. 19, 31-33 (2013).

³⁶ 569 Phil. 137 (2008).

Due process considerations justify this requirement. It is improper to enter an order which exceeds the scope of relief sought by the pleadings, absent notice which affords the opposing party an opportunity to be heard with respect to the proposed relief. The fundamental purpose of the requirement that allegations of a complaint must provide the measure of recovery is to prevent surprise to the defendant.

x x x x x x x x x

In the case at bench, the award of 5% monthly interest rate is not supported both by the allegations in the pleadings and the evidence on record. The Real Estate Mortgage executed by the parties does not include any provision on interest. When petitioner filed her Complaint before the RTC, she alleged that respondents borrowed from her "the sum of FORTY-FIVE THOUSAND PESOS (P45,000.00), with interest thereon at the rate of 12% per annum" and sought payment thereof. She did not allege or pray for the disputed 5% monthly interest. Neither did she present evidence nor testified thereon. Clearly, the RTC's award of 5% monthly interest or 60% per annum lacks basis and disregards due process. **It violated the due process requirement because respondents were not informed of the possibility that the RTC may award 5% monthly interest. They were deprived of reasonable opportunity to refute and present controverting evidence as they were made to believe that the complainant [petitioner] was seeking for what she merely stated in her Complaint.** (Emphasis supplied)

In *Macias v. Macias*,³⁷ the Court declared that there was failure to observe due process in the course of the proceeding of the case when the trial court, after denying the motion to dismiss, immediately proceeded to allow the presentation of evidence *ex parte* and resolved the case with undue haste even when under the Rules, answer can still be filed by the other party.

As in *Diona and Macias*, the trial court here acted with undue haste, nay, unprocedural tact, when it lumped altogether, in one single stroke, its dispositions on the pending incidents and summary judgment through its assailed omnibus resolution. None of the parties sought summary judgment in the case; nor did they seem to expect it to be rendered *motu proprio* and at the time when several incidents had yet to be resolved by the court. This equates to denial of due process resulting in the nullity of the summary judgment. A decision is void for lack of due process if, as a result, a party is deprived of the opportunity of being heard.³⁸ The rules of procedure are

³⁷ 457 Phil. 463, 470 (2003).

³⁸ *Id.* at 471.



designed to ensure a fair, orderly and expeditious disposition of cases; however, the rules are not meant to allow hasty judgments at the price of grave injustice.³⁹

True, Section 70 of PD 1529 speaks of speedy hearing in a petition for cancellation of adverse claim, thus:

Section 70. *Adverse Claim.* — Whoever claims any part or interest in registered land adverse to the registered owner, arising subsequent to the date of the original registration, may, if no other provision is made in this Decree for registering the same, make a statement in writing setting forth fully his alleged right or interest, and how or under whom acquired, a reference to the number of the certificate of title of the registered owner, the name of the registered owner, and a description of the land in which the right or interest is claimed.

The statement shall be signed and sworn to, and shall state the adverse claimant's residence, and a place at which all notices may be served upon him. This statement shall be entitled to registration as an adverse claim on the certificate of title. The adverse claim shall be effective for a period of thirty days from the date of registration. After the lapse of said period, *the annotation of adverse claim may be cancelled upon filing of a verified petition therefor by the party in interest: Provided, however,* that after cancellation, no second adverse claim based on the same ground shall be registered by the same claimant.

Before the lapse of thirty days aforesaid, *any party in interest may file a petition in the Court of First Instance where the land is situated for the cancellation of the adverse claim, and the court shall grant a speedy hearing upon the question of the validity of such adverse claim, and shall render judgment as may be just and equitable. If the adverse claim is adjudged to be invalid, the registration thereof shall be ordered cancelled.* If, in any case, the court, after notice and hearing, shall find that the adverse claim thus registered was frivolous, it may fine the claimant in an amount not less than one thousand pesos nor more than five thousand pesos, in its discretion. Before the lapse of thirty days, the claimant may withdraw his adverse claim by filing with the Register of Deeds a sworn petition to that effect. (Emphasis ours)

But speedy hearing should not be done with undue haste, let alone, in violation of due process and utter disregard of the rules.

The Court has no jurisdiction to declare petitioner here and now as the lawful owner of the property.

³⁹ *Bahia Shipping Services v. Mosquera*, 467 Phil. 766, 768 (2004).

7

Petitioner invokes the Court's jurisdiction to finally settle the long standing issue of ownership over the property by declaring it as its true owner. This is for the purpose of putting a closure to all the pending cases involving conflicting ownership claims allegedly emanating from Molina's dispositions.

The argument utterly lacks basis. As petitioner itself asserts, various cases are pending before different courts on conflicting ownership claims over the property. These courts have acquired jurisdiction over these cases and this jurisdiction stays with them until these cases shall have been finally terminated. For sure, the Court cannot, by petitioner's plea, simply wrest this jurisdiction from the lower courts. For jurisdiction is vested by law alone.

The petition for cancellation of adverse claim should be consolidated with the main case involving the issue of ownership

Section 1, Rule 31 of the Rules of Court allows consolidation of actions involving a common question of fact or law, thus:

SECTION 1. *Consolidation.* — When actions involving a common question of law or fact are pending before the court, it may order a joint hearing or trial of any or all the matters in issue in the actions; it may order all the actions consolidated; and it may make such orders concerning proceedings therein as may tend to avoid unnecessary costs or delay.

In *Deutsche Bank AG v. Court of Appeals*,⁴⁰ the Court citing *Steel Corporation of the Philippines v. Equitable PCI Bank, Inc.*⁴¹ laid down the requisites for consolidation of actions, viz.:

Similarly, jurisprudence has laid down the requisites for consolidation. In the recent case of *Steel Corporation of the Philippines v. Equitable PCI Bank, Inc.* the Court held that "it is a time-honored principle that **when two or more cases involve the same parties and affect closely related subject matters, they must be consolidated and jointly tried, in order to serve the best interests of the parties and to settle expeditiously the issues involved.** In other words, **consolidation is proper wherever the subject matter involved and relief demanded in the different suits make it expedient for the court to determine all of the issues involved and adjudicate the rights of the parties by hearing the suits together.**"

⁴⁰ 683 Phil. 80, 91 (2012).


⁴¹ 649 Phil. 692 (2010).

7

As heretofore shown, the petition for cancellation of adverse claim in Civil Case No. P-14-0163 and Civil Case No. 13-130626 involve closely related issues affecting the same parties and property. Hence, consolidation of these cases is proper for judicious and expedient disposition.

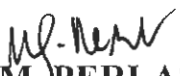
ACCORDINGLY, the petition is **PARTIALLY GRANTED**. The Omnibus Resolution dated May 30, 2016 and Resolution dated January 3, 2017 in Civil Case No. P-14-0163 are affirmed except for the summary judgment borne therein which is reversed and set aside. The case is **ORDERED REMANDED** to the Regional Trial Court-Manila, Branch 16 for **CONSOLIDATION** with Civil Case No. 13-130626 before the Regional Trial Court-Manila, Branch 6.

SO ORDERED.




AMY C. LAZARO-JAVIER
Associate Justice

WE CONCUR:



ESTELA M. PERLAS-BERNABE
Senior Associate Justice
Chairperson



ALEXANDER G. GESMUNDO
Associate Justice



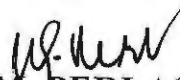
MARIO V. LOPEZ
Associate Justice



RICARDO R. ROSARIO
Associate Justice

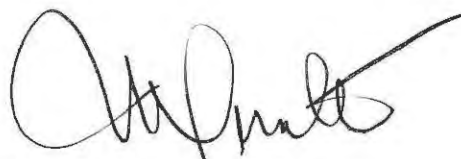
ATTESTATION

I attest 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.


ESTELA M. PERLAS-BERNABE
Senior Associate Justice
Chairperson, Second Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, 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.


DIOSDADO M. PERALTA
Chief Justice