



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

DIONISIO MANANQUIL,
LAUDENCIA MANANQUIL-
VILLAMOR, ESTANISLAO
MANANQUIL, and DIANITA
MANANQUIL-RABINO, represented
by OTILLO RABINO,
Petitioners.

G.R. No. 180076

Present:

CARPIO, *Chairperson.*
DEL CASTILLO,
PEREZ,
MENDOZA,* *and*
PERLAS-BERNABE, *JJ.*

- versus -

ROBERTO MOICO,
Respondent.

Promulgated:

NOV 21 2012 *Del Castillo*

X -----

DECISION

DEL CASTILLO, *J.*:

In order that an action for quieting of title may prosper, it is essential that the plaintiff must have legal or equitable title to, or interest in, the property which is the subject-matter of the action. Legal title denotes registered ownership, while equitable title means beneficial ownership. In the absence of such legal or equitable title, or interest, there is no cloud to be prevented or removed.

This Petition for Review on *Certiorari*¹ assails the March 13, 2007 Decision² of the Court of Appeals (CA) in CA-G.R. CV No. 81229, which

Morales

Per raffle dated October 17, 2012.

Per the Court's October 15, 2008 Resolution, the names of Eulogio Francisco Maypa, Eulogio Baltazar Maypa and Brenda Luminague, were deleted as party respondents in the instant case. (*Rollo*, unpaginated, between pp. 110 and 111.)

Id. at 8-25.

Id. at 59-71, penned by Associate Justice Rosmari D. Carandang and concurred in by Associate Justices Martin S. Villarama, Jr. (now a member of this Court) and Mariflor P. Punzalan Castillo.

reversed and set aside the January 2, 2001 Decision³ of the Malabon Regional Trial Court, Branch 74 in Civil Case No. 2741-MN, thus dismissing the said civil case for quieting of title.

Factual Antecedents

Lots 18 and 19 in Dagat-Dagatan, Navotas form part of the land previously expropriated by the National Housing Authority (NHA) and placed under its Tondo Dagat-Dagatan Foreshore Development Project – where occupants, applicants or beneficiaries may purchase lots on installment basis. In October 1984, Lot 18 was awarded to spouses Iuminardo and Prescilla Mananquil under a Conditional Contract to Sell. Lot 19, on the other hand, was sold to Prescilla in February 1980 by its occupant.

In 1991, Iuminardo and Prescilla died without issue, but it turned out that Prescilla had a child by a previous marriage – namely Eulogio Francisco Maypa (Eulogio). After the spouses' death, Iuminardo's supposed heirs (Mananquil heirs) – his brothers and sisters and herein petitioners Dionisio and Estanislao Mananquil (Estanislao), Laudencia Mananquil-Villamor (Laudencia), and Dianita Mananquil-Rabino (Dianita) – executed an Extrajudicial Settlement Among Heirs and adjudicated ownership over Lots 18 and 19 in favor of Dianita. They took possession of Lots 18 and 19 and leased them out to third parties.

Sometime later, the Mananquil heirs discovered that in 1997, Eulogio and two others, Eulogio Baltazar Maypa and Brenda Luminugue, on the claim that they are surviving heirs of Iuminardo and Prescilla, had executed an Extrajudicial Settlement of Estate with Waiver of Rights and Sale, and a Deed of Absolute Sale in favor of Roberto Moico (Moico).

³ Id. at 47-57; penned by Acting Presiding Judge Felisberto C. Gonzales.

In May 1997, Moico began evicting the Mananquils' tenants and demolishing the structures they built on Lots 18 and 19. In June, the Mananquils instituted Civil Case No. 2741-MN for quieting of title and injunctive relief.

Ruling of the Regional Trial Court

The trial court issued a temporary restraining order, thus suspending eviction and demolition. After trial on the merits, a Decision was rendered in favor of the Mananquils. The dispositive portion thereof reads:

WHEREFORE, premises considered, judgment is hereby rendered:

1. Ordering that a permanent injunction be issued enjoining defendant Roberto Moico to refrain from threatening the tenants and destroying the improvements standing on the subject properties and from filing the ejectment suits against the tenants;

2. Ordering the Extrajudicial Settlement of Estate with Waiver of Rights and Sale and the Deed of Absolute Sale dated January 9, 1997 cancelled for having no force and effect;

3. Declaring plaintiffs to be rightfully entitled to the subject properties and the Extrajudicial Settlement of Heirs of the plaintiffs to be valid and enforceable;

4. Ordering defendants to pay jointly and severally the plaintiffs the following, to wit:

- a. ₱50,000.00 as moral damages;
- b. ₱50,000.00 as exemplary damages;
- c. ₱50,000.00 for and as attorney's fees; and
- d. Costs of suit.

SO ORDERED.⁴

Ruling of the Court of Appeals

Moico appealed to the CA, which reversed the trial court. It held that the petitioners have failed to show that Iluminardo and Prescilla have –

⁴ Id. at 57.

x x x perfected their grant/award from the NHA so as to secure a firm, perfect and confirmed title over the subject lots. It must be stressed that the Conditional Contract to Sell that covers Lot No. 18 stipulates several terms and conditions before a grantee of the NHA may legally acquire perfect title over the land, and there should be no mistake that the same stipulations hold true with respect to Lot No. 19. Inter alia, the more vital contractual conditions, are: (a) payment in installment of the price for a specified period, (b) personal use of and benefit to the land by the grantee, and (c) explicit prohibition from selling, assigning, encumbering, mortgaging, leasing, or sub-leasing the property awarded x x x.⁵

The CA noted that Lots 18 and 19 must still belong to the NHA, in the absence of proof that Iuminardo and Prescilla have completed installment payments thereon, or were awarded titles to the lots. And if the couple disposed of these lots even before title could be issued in their name, then they may have been guilty of violating conditions of the government grant, thus disqualifying them from the NHA program. Consequently, there is no right in respect to these properties that the Mananquils may succeed to. If this is the case, then no suit for quieting of title could prosper, for lack of legal or equitable title to or interest in Lots 18 and 19.

Issues

The present recourse thus raises the following issues for the Court's resolution:

I

THE COURT OF APPEALS GRAVELY ERRED IN PASSING UPON AN ISSUE NOT BEING ASSIGNED AS ERROR IN THE APPELLANTS' BRIEF OF PRIVATE RESPONDENTS AND NOT TOUCHED UPON DURING THE TRIAL IN THE COURT A *QUO* PARTICULARLY THE ALLEGED VIOLATION OF THE SPOUSES ILUMINARDO AND PRESCILLA MANANQUIL OF THE CONDITIONAL CONTRACT TO SELL PURPORTEDLY COVERING THE PROPERTIES IN QUESTION, TO SUIT ITS RATIONALIZATION IN ITS QUESTIONED DECISION JUSTIFYING THE REVERSAL OF THE DECISION OF THE COURT A *QUO*.

II

THE COURT OF APPEALS ALSO COMMITTED A GRIEVOUS ERROR

⁵ Id. at 67.

IN CONSTRUING THE PROVISIONS OF ARTICLES 476 AND 477 OF THE CIVIL CODE AGAINST PETITIONERS NOTWITHSTANDING THE POSITIVE CIRCUMSTANCES OBTAINING IN THIS CASE POINTING TO THE PROPRIETY OF THE CAUSE OF ACTION FOR QUIETING OF TITLE.⁶

Petitioners' Arguments

Petitioners argue that the CA cannot touch upon matters not raised as issues in the trial court, stressing that the NHA did not even intervene during the proceedings below to ventilate issues relating to the rights of the parties to Lots 18 and 19 under the Tondo Dagat-Dagatan Foreshore Development Project. Petitioners claim that since the issue of violation of the terms of the grant may be resolved in a separate forum between the Mananquils and the NHA, it was improper for the CA to have pre-empted the issue.

On quieting of title, petitioners advance the view that since they are the legal heirs of Iuminardo Mananquil, then they possess the requisite legal or equitable title or interest in Lots 18 and 19, which thus permits them to pursue Civil Case No. 2741-MN; whatever rights Iuminardo had over the lots were transmitted to them from the moment of his death, per Article 777 of the Civil Code. And among these rights are the rights to continue with the amortizations covering Lots 18 and 19, as well as to use and occupy the same; their interest as successors-in-interest, though imperfect, is enough to warrant the filing of a case for quieting of title to protect these rights.

Respondent Moico's Arguments

Moico, on the other hand, argues that because the issue relating to Iuminardo and Prescilla's possible violation of the terms and conditions of the NHA grant is closely related to the issue of ownership and possession over Lots 18 and 19, then the CA possessed jurisdiction to pass upon it.

⁶ Id. at 17.

Moico supports the CA view that petitioners failed to prove their title or interest in the subject properties, just as he has proved below that it was his predecessor, Eulogio, who paid all obligations relative to Lots 18 and 19 due and owing to the NHA, for which reason the NHA released and cleared the lots and thus paved the way for their proper transfer to him.

Our Ruling

The petition lacks merit.

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 place 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.”⁷

Contrary to petitioners’ stand, the issue relating to the grant of rights, title or award by the NHA determines whether the case for quieting of title may be maintained. If the petitioners are legitimate successors to or beneficiaries of Iluminardo upon his death – under the certificate of title, award, or grant, or under the special law or specific terms of the NHA program/project – then they possess

⁷ *Eland Philippines, Inc. v. Garcia*, G.R. No. 173289, February 17, 2010, 613 SCRA 66, 92, citing *Baricuatro, Jr. v. Court of Appeals*, 382 Phil. 15, 25 (2000).

the requisite interest to maintain suit; if not, then Civil Case No. 2741-MN must necessarily be dismissed.

From the evidence adduced below, it appears that the petitioners have failed to show their qualifications or right to succeed Iluminardo in his rights under the NHA program/project. They failed to present any title, award, grant, document or certification from the NHA or proper government agency which would show that Iluminardo and Prescilla have become the registered owners/beneficiaries/awardees of Lots 18 and 19, or that petitioners are qualified successors or beneficiaries under the Dagat-Dagatan program/project, taking over Iluminardo's rights after his death. They did not call to the witness stand competent witnesses from the NHA who can attest to their rights as successors to or beneficiaries of Lots 18 and 19. They failed to present proof, at the very least, of the specific law, provisions, or terms that govern the Tondo Dagat-Dagatan Foreshore Development Project which would indicate a modicum of interest on their part. For this reason, their rights or interest in the property could not be established.

It was erroneous, however, for the CA to assume that Iluminardo and Prescilla may have violated the conditions of the NHA grant under the Tondo Dagat-Dagatan Foreshore Development Project by transferring their rights prior to the issuance of a title or certificate awarding Lots 18 and 19 to them. In the absence of proof, a ruling to this effect is speculative. Instead, in resolving the case, the trial court – and the CA on appeal – should have required proof that petitioners had, either: 1) a certificate of title, award, or grant from the proper agency (NHA or otherwise) in the name of their predecessor Iluminardo, or, in the absence thereof, 2) a right to succeed to Iluminardo's rights to Lots 18 and 19, not only as his heirs, but also as qualified legitimate successors/beneficiaries under the Tondo Dagat-Dagatan Foreshore Development Project terms and conditions as taken over by the NHA.⁸ Petitioners should have shown, to the satisfaction of the

⁸ In *Chavez v. National Housing Authority*, G.R. No. 164527, August 15, 2007, 530 SCRA 235, 297, the Court ruled that under Presidential Decree No. 757, the NHA succeeded the Tondo Foreshore Development Authority.

courts, that under the NHA program/project governing the grant of Lots 18 and 19, they are entitled and qualified to succeed or substitute for Iluminardo in his rights upon his death. As earlier stated, this takes the form of evidence -- apart from proof of heirship, of course -- of the specific law, regulation or terms covering the program/project which allows for a substitution or succession of rights in case of death; the certificate of title, award or grant itself; or the testimony of competent witnesses from the NHA.

Proof of heirship alone does not suffice: the Mananquils must prove to the satisfaction of the courts that they have a right to succeed Iluminardo under the law or terms of the NHA project, and are not disqualified by non-payment, prohibition, lack of qualifications, or otherwise.

WHEREFORE, premises considered, the Petition is **DENIED** for lack of merit. The March 13, 2007 Decision of the Court of Appeals in CA-G.R. CV No. 81229 is **AFFIRMED**.

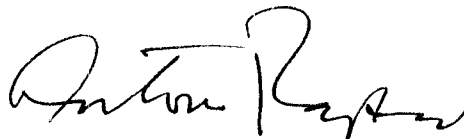
SO ORDERED.



MARIANO C. DEL CASTILLO

Associate Justice

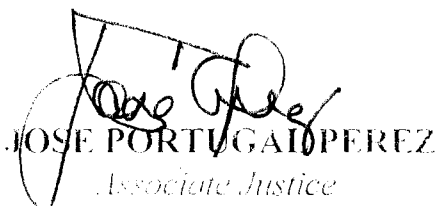
WE CONCUR:



ANTONIO T. CARPIO

Associate Justice

Chairperson




JOSE PORTUGAL PEREZ

Associate Justice



JOSE CASTRAL MENDOZA

Associate Justice


ESTELA M. PERLAS-BERNABE
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.


ANTONIO T. CARPIO
Associate Justice
Chairperson

CERTIFICATION

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

