



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

TERESA C. AGUILAR,
CESAR D. RAAGAS,
VILLAMOR VILLEGAS, and
THE REGISTER OF DEEDS
FOR THE CITY OF MAKATI,*

Petitioners.

- versus -

MICHAEL J. O'PALICK,
Respondent.

G.R. No. 182280

Present:

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

Promulgated:
JUL 29 2013

X ----- X

DECISION

DEL CASTILLO, *J.:*

“The principle that a person cannot be prejudiced by a ruling rendered in an action or proceeding in which he was not made a party conforms to the constitutional guarantee of due process of law.”¹

This Petition for Review on *Certiorari*² assails the October 25, 2007 Decision³ of the Court of Appeals (CA) in CA-G.R. CV No. 83027 which set aside the December 8, 2003 Order⁴ of the Regional Trial Court, Makati City, Branch 61, in Civil Case No. 01-572, as well as the CA Resolution⁵ dated March 12, 2008 denying petitioners’ Motion for Reconsideration.⁶

¹ See Amended Complaint, records, Vol. II, pp. 341-349; Petition for Review on *Certiorari*, *rollo*, pp. 5-23 at 6.

² *Green Acres Holdings, Inc. v. Cabral*, G.R. No. 175542, June 5, 2013. Citation omitted.

³ *Rollo*, pp. 5-23.

⁴ CA *rollo*, pp. 111-127; penned by Associate Justice Monina Arevalo-Zenarosa and concurred in by Associate Justices Conrado M. Vasquez, Jr. and Edgardo F. Sundiam.

⁵ Records, Vol. II, pp. 671-672; penned by Judge Romeo F. Barza.

⁶ CA *rollo*, pp. 172-173.

⁷ *Id.* at 129-141.

Factual Antecedents

On March 20, 1995, a Contract To Sell⁷ was executed between Primetown Property Group, Inc. (PPGI) on the one hand, and Reynaldo Poblete and Tomas Villanueva (Poblete and Villanueva) on the other, over Unit 3301 of the Makati Prime Citadel Condominium in Makati City (the unit), and covered by Condominium Certificate of Title No. 25156 (CCT No. 25156).⁸ Poblete and Villanueva in turn executed in favor of herein respondent Michael J. O'Pallick (O'Pallick) a Deed of Assignment⁹ covering the unit. In October 1995, PPGI issued a Deed of Sale¹⁰ in favor of O'Pallick after the latter paid the purchase price in full.

Although O'Pallick took possession of the unit, the Deed of Sale in his favor was never registered nor annotated on CCT No. 25156.

Meanwhile, in a case between PPGI and herein petitioner Teresa C. Aguilar (Aguilar) filed in the Housing and Land Use Regulatory Board (HLURB),¹¹ Aguilar was able to obtain a final and executory Decision¹² in her favor, and as a result, Sheriff Cesar D. Raagas (Raagas) of the Regional Trial Court (RTC) of Makati City, caused several properties of PPGI to be levied, including the herein subject condominium unit. The sale at public auction was scheduled to be held on March 30, 2000.¹³ Raagas issued a Sheriff's Notice of Sale dated February 17, 2000, posted it, and sent a copy thereof to PPGI.¹⁴ The notice was likewise published.¹⁵ But before the scheduled auction sale, or on March 21, 2000, O'Pallick filed an Affidavit of Third-Party Claim.¹⁶ Raagas conducted the public auction sale on March 30, 2000,¹⁷ where Aguilar was declared the highest bidder for the subject unit. A certificate of sale was issued in her favor.

Because PPGI failed to redeem the property, a final Deed of Sale¹⁸ was issued in favor of Aguilar on April 20, 2001. CCT No. 25156 was cancelled, and CCT No. 74777 was issued in her name.¹⁹ Aguilar moved for the issuance of a Writ of Possession,²⁰ and in a December 21, 2001 Order, the HLURB granted the

⁷ Records, Vol. II, pp. 350-353.

⁸ Records, Vol. I, pp. 105-107.

⁹ Records, Vol. II, pp. 354-355.

¹⁰ Id. at 356-357.

¹¹ Case No. REM-0207-0326198, entitled "Teresa C. Aguilar v. Primetown Property Group, Inc.," is a case for rescission and refund of payments filed by Aguilar stemming from PPGI's failure to complete a condominium development in Lapu-lapu City. Aguilar is a buyer of a condominium unit(s) in the apparently botched development.

¹² Records, Vol. I, pp. 159-161.

¹³ CA *rollo*, p. 85.

¹⁴ Id.

¹⁵ Id. at 86.

¹⁶ Records, Vol. III, pp. 757-758.

¹⁷ CA *rollo*, p. 86

¹⁸ Records, Vol. I, pp. 167-168.

¹⁹ CA *rollo*, p. 86.

²⁰ Id. at 86-87.

motion.²¹

On April 6, 2001, O'Pallick instituted Civil Case No. 01-572 with the RTC Makati²² for quieting of title and to set aside the levy on execution of the subject unit, to annul the certificate of sale issued in favor of Aguilar, as well as to recover the unit. In his Complaint²³ against Aguilar and Raagas, O'Pallick claimed that when PPGI executed a Deed of Sale in his favor, all rights and interests over the unit were transferred to him, and the subsequent levy and sale thereof to Aguilar created a cloud on his title. In addition, O'Pallick prayed for moral damages, attorney's fees and costs of litigation.

Petitioners sought the dismissal of the case, arguing essentially that when the levy and sale on execution were conducted, PPGI remained the registered owner of the unit, and the title covering the same remained clean and free of annotations indicating claims by third persons, including O'Pallick; and that O'Pallick's unregistered Deed of Sale cannot bind and prejudice third parties, including Aguilar.

Eventually, the case was re-raffled to Branch 61 of the RTC Makati. O'Pallick likewise filed an Amended Complaint,²⁴ impleading Villamor Villegas²⁵ (Villegas) and the Office of the Makati Register of Deeds, and alleging further that at the time of the levy, Aguilar knew that PPGI no longer owned the unit, as she had been informed of such fact by PPGI during the proceedings in the HLURB case; that Aguilar obtained her title through unlawful means; that his eviction from the premises was illegal; that he suffered actual damages in the amount of ₱4,953,410.00;²⁶ that as a result of the eviction of his tenant, he suffered unrealized monthly rental income in the amount of ₱30,000.00;²⁷ and that he should be awarded exemplary damages.²⁸ O'Pallick also prayed for the cancellation of Aguilar's CCT No. 74777.

During the proceedings, petitioners filed a Motion to Dismiss²⁹ on the ground that the trial court had no jurisdiction over the subject matter of the case; and that since the subject matter was a condominium unit, the HLURB possessed exclusive jurisdiction over the dispute. A Motion for Preliminary Hearing on the Affirmative Defenses³⁰ was likewise filed. Despite Opposition,³¹ the motion was granted, and a hearing thereon was conducted.

²¹ Id. at 87.

²² Raffled to Branch 136.

²³ Records, Vol. I, pp. 29-34.

²⁴ Records, Vol. II, pp. 341-349.

²⁵ *Ex officio* Sheriff of the Makati RTC.

²⁶ Records, Vol. II, p. 344.

²⁷ Id. at 345.

²⁸ Id. at 347.

²⁹ Records, Vol. I, pp. 115-124.

³⁰ Records, Vol. II, pp. 615-617.

³¹ Id. at 636-644.

Ruling of the Regional Trial Court

On December 8, 2003, the trial court issued the assailed Order³² dismissing Civil Case No. 01-572. The trial court held that it had no jurisdiction to annul the levy and sale on execution ordered by the HLURB, an agency under the Office of the President. The trial court concluded that because the Office of the President is a co-equal body, it had no power to interfere with the latter's decisions nor could it issue injunctive relief to enjoin the execution of decisions of any of its administrative agencies; the case for quieting of title or reconveyance constitutes such prohibited interference. The dispositive portion of the Order reads:

WHEREFORE, premises considered, the court finds for the defendants and hereby DISMISSES the case.

SO ORDERED.³³

O'Pallick's Motion for Reconsideration³⁴ was denied,³⁵ thus he interposed an appeal with the CA.

Ruling of the Court of Appeals

In CA-G.R. CV No. 83027, the CA sustained O'Pallick's argument that since he was not a party to the HLURB case, he could not be bound by its disposition as well as the incidents and actions taken therein; thus, he had the right to file a separate action to protect and vindicate his claim. It held that since the execution sale proceeded despite O'Pallick's third-party claim, the latter had no other recourse but to file an independent vindicatory action to prove his claim. Citing the Court's pronouncement in *The Consolidated Bank & Trust Corporation (Solidbank) v. Court of Appeals*,³⁶ the appellate court held that "the issue as to whether or not there was illegal levy on properties on execution can be threshed out in [a] separate action." The appellate court likewise echoed *Spouses Estonina v. Court of Appeals*,³⁷ stating that the filing of an independent action with a court other than that which issued the Writ of Execution may be allowed where the plaintiff in the independent action is a stranger to the case where the Writ of Execution was issued. The CA thus ordered the remand of the case to the RTC, viz:

WHEREFORE, the appealed Order of Branch 61, Regional Trial Court of Makati City dated 8 December 2003, is hereby SET ASIDE.

³² Id. at 671-672.

³³ Id. at 672.

³⁴ Id. at 676-677.

³⁵ See Order dated April 5, 2004, id. at 729.

³⁶ 271 Phil. 160, 175 (1991).

³⁷ 334 Phil. 577, 587-588 (1997).

ACCORDINGLY, the instant case is REMANDED to said court for trial on the merits.

SO ORDERED.³⁸

Unable to obtain a reconsideration of the appellate court's Decision, petitioners filed the present Petition.

Issues

Petitioners argue that the CA erred in ruling that:

RESPONDENT WAS NOT A PARTY TO THE PROCEEDINGS BETWEEN AGUILAR AND PPGI.

THE AFFIDAVIT OF THIRD-PARTY CLAIM WAS SERVED BY RESPONDENT ON PETITIONER AGUILAR.

THERE WAS ILLEGAL LEVY ON THE PROPERTY UNDER EXECUTION, THUS THE SAME [MAY BE] THRESHED OUT IN A SEPARATE ACTION.

THE ESTONINA CASE APPLIES TO THE PRESENT CASE.

THE CASE SHOULD BE REMANDED TO BRANCH 61, RTC MAKATI FOR TRIAL ON THE MERITS.³⁹

Petitioners' Arguments

Petitioners argue that Aguilar's title had been the subject of final determination in G.R. No. 157801,⁴⁰ where this Court held that Aguilar is the absolute owner of the unit, and is entitled to a writ of possession over the same.

Petitioners add that contrary to O'Pallick's claim, Aguilar was never served a copy of his third-party claim, and came to know of it only on October 11, 2001 while following up on the consolidation of her title.

Petitioners also argue that because PPGI remained the registered owner of the unit and title was never transferred to O'Pallick, there was no irregularity in the conduct of the levy and execution sale thereof, as well as the registration thereof and the subsequent cancellation of CCT No. 25156 and issuance of CCT No. 74777 in Aguilar's name.

³⁸ CA rollo, p. 126.

³⁹ Rollo, p. 15.

⁴⁰ Entitled "*Primetown Property Group, Inc. v. Hon. Juntilla*," 498 Phil. 721 (2005).

Petitioners further contend that a remand of the case is unnecessary on account of the ruling of this Court in G.R. No. 157801, which declared Aguilar as the absolute owner of the subject unit; thus, remanding the case for further proceedings would only render the final and executory Decision in G.R. No. 157801 nugatory. Besides, the trial court has no power over the HLURB because the latter is a quasi-judicial agency co-equal with the former.

Finally, petitioners claim that O'Pallick's proper recourse, if there be any, is to go after PPGI, presumably to sue for damages.

Petitioners thus pray that the CA Decision be reversed, and that the December 8, 2003 Order of the Makati RTC be accordingly reinstated.

Respondent's Arguments

Respondent, on the other hand, insists that petitioners committed procedural lapses with regard to the Petition, which lacks an affidavit of proof of service and a certification against non-forum shopping, which warrant dismissal.

Respondent further supports the ruling of the CA that the case for quieting of title must subsist and he must be given the opportunity to be heard, since he was not impleaded in the HLURB case where his claim over the subject unit could have been litigated.

As regards the disposition of this Court in G.R. No. 157801, respondent cites the Court's pronouncement therein that the issue of whether title or ownership had been wrongfully vested in Aguilar as a result of her purchase of the subject unit at the execution sale may be raised in a separate proceeding; that is, that Aguilar's title may be questioned precisely in a proceeding such as one for quieting of title.

Respondent further argues that Aguilar's claim that she was not served a copy of his third-party claim, and came to know about it only on October 11, 2001 while following up on the consolidation of her title, is a matter best resolved after trial on the merits in Civil Case No. 01-572.

Finally, respondent insists that Aguilar is not a buyer in good faith.

Our Ruling

The Petition must be denied.

The Court finds it unnecessary to address the procedural issues raised by the respondent, considering its resolve to deny the Petition for lack of merit. For this case, we shall afford the party litigants the amplest opportunity for the proper and just determination of their cause, free from the constraints of technicalities.

It is true, as O'Pallick claims, that in G.R. No. 157801 the Court did not foreclose the possibility that a separate action questioning Aguilar's title may be instituted, either by PPGI or anyone claiming a right to the subject condominium unit. Thus, we held:

Fourth. The buyer in a foreclosure sale becomes the absolute owner of the property purchased if it is not redeemed during the period of one year after the registration of the sale. The issuance of the writ of possession had become ministerial x x x on the part of HLURB since the respondent [Aguilar] had sufficiently shown her proof of title over the subject condominium. Being the registered owner of the condominium unit, she is entitled to its possession. The case at bar is akin to foreclosure proceedings where the issuance of a writ of possession becomes a ministerial act of the court after title [to] the property has been consolidated in the mortgage.

It must be stressed that the Register of Deeds had already cancelled CCT No. 25156 and issued CCT No. 74777 in the name of the respondent. **Thus, the argument of the petitioner [PPGI] that the title or ownership had been wrongfully vested with the respondent is a collateral attack on the latter's title which is more appropriate in a direct proceeding.**⁴¹ (Emphasis and words in parentheses supplied)

Thus, contrary to petitioners' claim, this Court's pronouncement in G.R. No. 157801 can in no way constitute a final determination of O'Pallick's claim. In his Amended Complaint, O'Pallick averred that Aguilar obtained her title through unlawful means. More particularly, he prayed for the nullification of Aguilar's CCT No. 74777. Clearly, therefore, although captioned as one for Quieting of Title, O'Pallick's suit is actually a suit for annulment of title. Basic is the rule that "[t]he cause of action in a [C]omplaint is not determined by the designation given to it by the parties. The allegations in the body of the [C]omplaint define or describe it. The designation or caption is not controlling more than the allegations in the [C]omplaint. It is not even an indispensable part of the [C]omplaint."⁴²

"The principle that a person cannot be prejudiced by a ruling rendered in an action or proceeding in which he was not made a party conforms to the constitutional guarantee of due process of law."⁴³ Thus, we agree with the CA's pronouncement that since respondent was not impleaded in the HLURB case, he could not be bound by the decision rendered therein. Because he was not impleaded in said case; he was not given the opportunity to present his case therein. But, more than the fact that O'Pallick was not impleaded in the HLURB

⁴¹ Id. at 732.

⁴² *Munsalud v. National Housing Authority*, G.R. No. 167181, December 23, 2008, 575 SCRA 144, 158.

⁴³ *Green Acres Holdings, Inc. v. Cabral*, supra note 1.

case, he had the right to vindicate his claim in a separate action, as in this case. As a prior purchaser of the very same condominium unit, he had the right to be heard on his claim.

Finally, the CA's application of the *Consolidated Bank & Trust Corporation*¹¹ and *Spouses Estomina*¹⁵ cases are likewise well-taken, and may be viewed in light of the fact that what O'Pallick instituted was a case for annulment of title, which could remain pending independently of the proceedings in the IILURB.

WHEREFORE, premises considered, the Petition is **DENIED**. The assailed October 25, 2007 Decision and the March 12, 2008 Resolution of the Court of Appeals in CA-G.R. CV No. 83027 are **AFFIRMED**.

SO ORDERED.


MARIANO C. DEL CASTILLO
Associate Justice

WE CONCUR:


ANTONIO T. CARPIO
Associate Justice
Chairperson


ARTURO D. BRION
Associate Justice


JOSE PORTUGAL PEREZ
Associate Justice

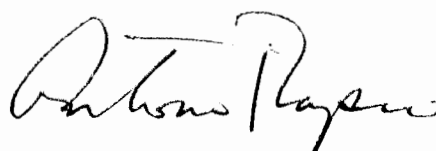

ESTELA M. PERLAS-BERNABE
Associate Justice

¹¹ Supra note 36.

¹⁵ Supra note 37.

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.



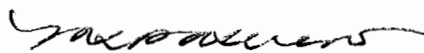
ANTONIO T. CARPIO

Associate Justice

Chairperson

CERTIFICATION

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.



MARIA LOURDES P. A. SERENO

Chief Justice

