



Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

**HERMINIO M. DE GUZMAN,
 FOR HIMSELF AND AS
 ATTORNEY-IN-FACT OF: NILO
 M. DE GUZMAN, ANGELINO
 DE GUZMAN, JOSEFINO M. DE
 GUZMAN, ESTRELLA M. DE
 GUZMAN, TERESITA DE
 GUZMAN, ELSA MARGARITA
 M. DE GUZMAN, EVELYN M.
 DE GUZMAN, MA. NIMIA M.
 DE GUZMAN, ANTOLIN M. DE
 GUZMAN, and FERDINAND M.
 DE GUZMAN,**

Petitioners,

- versus -

**TABANGAO REALTY
 INCORPORATED,**
 Respondent.

G.R. No. 154262

Present:

SERENO, *CJ.*,
 Chairperson,
 LEONARDO-DE CASTRO,
 BERSAMIN,
 PEREZ, and
 PERLAS-BERNABE, *JJ.*

Promulgated:

FEB 11 2015

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DECISION

LEONARDO-DE CASTRO, J.:

This is a Petition for Review on *Certiorari* under Rule 45 of the 1997 Rules of Civil Procedure filed by petitioners Herminio M. de Guzman (Herminio), Nilo M. de Guzman, Angelino de Guzman, Josefino M. de Guzman, Estrella M. de Guzman, Teresita de Guzman, Elsa Margarita M. de Guzman, Evelyn M. de Guzman, Ma. Nimia M. de Guzman, Antolin M. de Guzman, and Ferdinand M. de Guzman, challenging, based on pure questions of law, the (a) Order¹ dated March 4, 2002 of the Regional Trial Court (RTC), Branch 23, of Trece Martires City, in Civil Case No. TM-1118, which granted the Motion to Dismiss filed by respondent Tabangao Realty, Inc.; and (b) Order² dated May 21, 2002 of the same court in said

¹ Rollo, pp. 58-59.
² Id. at 71.

case, which denied petitioners' Motion for Reconsideration of the earlier Order.

The instant Petition arose from the following facts:

Sometime in 1980, Serafin de Guzman (Serafin) and Josefino de Guzman³ (Josefino) applied for, and were granted, authority to distribute oil and lubricating products manufactured and marketed by Filipinas Shell Petroleum Corporation (FSPC). In the course of their business, Serafin and Josefino purchased on credit oil and lubricating products from FSPC, but they eventually failed to pay for their credit purchases from FSPC. Thus, FSPC filed before the RTC of Manila a complaint for sum of money against Serafin and Josefino, docketed as Civil Case No. 120680. After trial, RTC-Manila rendered judgment ordering Serafin and Josefino to pay their outstanding obligations to FSPC. Since Serafin and Josefino no longer appealed, the judgment of RTC-Manila in Civil Case No. 120680 became final and executory. RTC-Manila granted the motion of FSPC and ordered the issuance of a writ of execution on May 3, 1983. On June 30, 1983, FSPC levied upon a parcel of land, with an area of 74,415 square meters, situated in Sta. Cruz de Malabon, Trece Martires City, Cavite Province (subject property), covered by Transfer Certificate of Title (TCT) No. 3531 in the name of spouses Serafin and Amelia de Guzman (spouses De Guzman). According to the Sheriff's Certificate of Sale dated February 4, 1988, the subject property was sold, after due publication and notice, at a public auction, in favor of respondent, which gave the highest bid of ₱70,000.00. The Sheriff's Certificate of Sale was annotated on TCT No. 3531 on April 13, 1988. The spouses De Guzman did not redeem the subject property within one year from registration of the Sheriff's Certificate of Sale on TCT No. 3531.

On October 19, 2001, petitioners filed a Complaint for quieting of title against respondent before RTC-Trece Martires, docketed as Civil Case No. TM-1118. Petitioners alleged in their Complaint that:

1. They are of legal age, Filipinos and represented herein by their attorney-in-fact, [co-petitioner] HERMINIO M. DE GUZMAN x x x.

x x x x

3. [Petitioners] are the children and only heirs of the spouses Serafin and Amelia de Guzman who died both intestate on April 23, 2001 and January 01, 1997.

4. The spouses were the owners of a parcel of land situated at Sta. Cruz de Malabon, Trece Martires City, Cavite Province, with area of 74,415 square meters covered by Transfer Certificate of Title No. T-3531 (T-95734), a copy is attached as Annex "A."

³ It is not clear from the records whether this Josefino de Guzman is the same as petitioner Josefino M. de Guzman.

5. [Petitioners] inherited the property by intestate succession upon the death of their parents. They are now therefore its owners and are the ones in possession of the property.

6. Annotated on [petitioners'] TCT No. 3531 (T-95734) in the name of their deceased parents are the following entries of encumbrances, to wit:

- a. Entry No. 8616-23 (sic) – Execution - Covering the parcel of land described in the title, as per Execution: entitled FILIPINAS SHELL PETROLEUM [CORP.], Plaintiff vs. SERAFIN & JOSEFINO DE GUZMAN, ET AL., Defendants, issued by the Regional Trial Court of Manila, National Capital Judicial Region, on file in this Registry. Date of Inscription (sic) - May 3, 1983; Date of Inscription - July 01, 1983.
- b. Entry No. 8619-23 - Notice of Levy - Covering the parcel of land described in this title, as per Notice of Levy: entitled FILIPINAS SHELL PETROLEUM CORP. vs. SERAFIN & JOSEFINO DE GUZMAN, ET AL., Defendants, under Civil Case No. 120680 of the Regional Trial Court of Manila, Br. XX, copy on file in this Registry. Date of instrument - June 30, 1983. Date of Inscription - July 01, 1983.
- c. Entry No. 1487 - Certificate of Sale - In favor of TABANGAO REALTY INCORPORATED - Covering the parcel of land described in this title, by virtue of the sheriff's certificate of sale exec. by Jose R. Bawalan, Clerk of Court & Ex-Officio Sheriff of Cavite and approved by PROCESO P. SILANGCRUZ, acting etc. Judge of Branch 23, TMC. Date of instrument - Feb. 4, 1988. Date of Inscription - April 13, 1988.
- d. Entry No. 1488 - BIR certification - In favor of TABANGAO REALTY INCORPORATED - That SERAFIN DE GUZMAN as per certification issued by the BIR. Date of instrument - April 13, 1988. Date of Inscription - April 13, 1988.

7. The foregoing entries/encumbrances are apparently valid and subsisting but in fact and in law, they are void and ineffective or otherwise had been terminated and extinguished or barred by prescription, estoppel and laches.

8. Specifically, the Certificate of Sale, annotated on TCT No. 3531 (T-95734) as Entry No. 1487, which supposedly emanated from the Execution (Entry No. 8616-23 [sic]) and Notice of Levy (Entry No. 8619-23) is void for the following reasons:

a. The Sheriff's Certificate of Sale dated February 4, 1988 (copy is attached as Annex "B") recites that "on June 30, 1983 LEVY was made upon the right, titles, interests and participation of defendants SERAFIN and JOSEFINO DE GUZMAN and sold at public auction sale in front of the Capitol Building of Cavite situated at Trece Martires City,

after due publication of the Sheriff's Sale in the Record Newsweekly, and after the Notice of Sheriff's Sale was posted in three (3) conspicuous places and later sold in favor of Tabangao Realty Incorporated, x x x as the highest bidder for the amount of SEVENTY THOUSAND PESOS (₱70,000) Philippine Currency, x x x

x x x x

The truth is there was no such Sheriff's Sale conducted on June 30, 1983 and it was legally impossible to do the levy and execution sale on the same date.

b. Assuming an execution sale was indeed conducted on any other date the same was void for lack of the required notice and publication.

c. Assuming an execution sale was indeed conducted with due notice and publication, still [respondent's] acquisition was void because [respondent] was not and up to now is not capacitated to own and acquire agricultural land and its aggregate area of landholding exceeds the retention limit fixed by law. Being legally incapacitated to own this agricultural land the execution of the Certificate of Sale in its favor was void and did not create any legal effect.

9. Assuming there was a valid execution sale conducted, the Sheriff's Certificate of Sale has lost its effectivity as it had been terminated and extinguished by prescription, laches and estoppel, more than 13 years having elapsed from its registration on 13 April 1988 without the buyer, [respondent] herein, taking any step to consolidate its ownership and/or take possession of the property. In the meantime [petitioners] and their predecessors have introduced on the land improvements of considerable value and are the ones paying the real property taxes and performing all the tasks and paying all the expenses of preserving the land and protecting it from intruders.

10. Assuming there was a valid execution sale executed, [respondent] is guilty of fraud and bad faith in suspending indefinitely the consolidation of title in its name. Its motive is to conceal its acquisition of the land from the public and the government, particularly the Department of Agrarian Reform, and project in the public records the [petitioners'] title, who are otherwise qualified under the law to retain it, and thereby evade its obligation to strip itself of this landholding within the period required by law and thus indefinitely keep the land away from the coverage of agrarian reform laws. Being guilty of fraud and bad faith [respondent] cannot under the principle of "*in pari delicto*" recover the land from the [petitioners], especially after the lapse of an unreasonably long period of time. Or at the very least, because of its guilt, [respondent] should not be allowed to deny the [petitioners] the right to redeem the land by paying the amount of ₱70,000.00 and the legal interest from its purchase.

11. No valid execution sale having been conducted within the ten[-]year period from the finality of the judgment against Serafin and Josefino de Guzman in the case mentioned being executed, the writ of execution (Entry No. 8618-23) and Notice of Levy (Entry No. 8619-23) are now ineffective, having been terminated and extinguished by [the]

lapse of more than eighteen (18) years from the date they were taken or annotated on July 1, 1983. The judgment itself sought to be executed had prescribed.

12. The existence of the Sheriff's Certificate of Sale and the continued annotation of the above-cited encumbrances on TCT No. T-3531 (T-95734) cast a cloud on and are prejudicial to [petitioners'] title and are one of those which the law allows to be removed in order to quiet [petitioners'] title.⁴

At the end of their Complaint, petitioners prayed for judgment:

a. Declaring the Sheriff's Certificate of Sale (Annex "B"), its entry as well as the entries of execution and notice of levy and BIR Certification on TCT No. T-3531 (T-95734) and all the claims of the [respondent] against the land by virtue of these documents void or as already ineffective or terminated and extinguished by prescription, laches and estoppel;

b. Ordering the Register of Deeds of Trece Martires City to cancel the annotations of Entries Nos. 8618-28, 8619-23, 1487, and 1488 on TCT No. T-3531 (T-95734).

c. Or otherwise allowing the [petitioners] to exercise their right of redemption within a certain period and compelling the [respondent] to accept from the [petitioners] the amount of ₱70,000.00 and its legal interest since April 1988 as redemption price.

d. Granting the [petitioners] other just and equitable reliefs.⁵

Respondent filed a Motion for Extension of Time to File Answer, which the RTC granted in an Order dated January 4, 2002. However, instead of filing an answer, respondent filed a Motion to Dismiss based on two grounds: (a) the Complaint failed to comply with the requirements on certification against forum shopping; and (b) the Complaint failed to state a cause of action.

Respondent averred that the Certification against Forum Shopping attached to the Complaint did not comply with the mandatory requirements set forth in Rule 7, Section 5 of the 1997 Rules of Court. Assuming that all petitioners are indeed the children and only heirs of the spouses De Guzman who inherited the subject property by intestate succession, as alleged in the Complaint, then all 11 petitioners should have executed the Certification against Forum Shopping, but only Herminio signed said Certification. Since it was not indicated in the Certification that Herminio was authorized by his co-petitioners to execute the same on their behalf, then the said Certification was Herminio's sole act.

Respondent also argued that the Complaint did not state any cause of action. Petitioners did not have any existing right or interest over the subject

⁴ *Rollo*, pp. 31-34.

⁵ *Id.* at 34.

property as to entitle them to the relief prayed for in the Complaint. The subject property had long been levied upon and sold to respondent at an execution sale. The only remaining right of petitioners' predecessors-in-interest over the subject property was the right to redeem the same within a period of one year from the date of registration of the Sheriff's Certificate of Sale with the Registry of Deeds on April 13, 1988. When petitioners' predecessors-in-interest failed to redeem the subject property within the one-year period, they were divested of their rights, title, and interest over the subject property, which were then acquired by respondent. Respondent further asserted that its acquisition of the subject property at the execution sale conducted on June 30, 1983 was valid and legal; a civil action to consolidate ownership was not necessary before title to the subject property completely vested in respondent; the real right of respondent over the subject property would prescribe only after thirty years; there were no legal and/or factual bases for petitioners' contention that respondent was incapacitated to acquire and own the subject property; and the RTC had no jurisdiction over issues involving land reform.

In their Opposition (To Motion To Dismiss), petitioners countered that there was no more need for all of them to execute and sign the Certification against Forum Shopping. The first paragraph of the Complaint already stated that petitioners were represented by their attorney-in-fact. Petitioners also attached a Special Power of Attorney in which the other petitioners gave their co-petitioner Herminio the authority to sue and be sued for the recovery of and/or protection of their title, rights, and interests over all the properties left by their deceased parents, the spouses De Guzman. The delegation by the other petitioners to their co-petitioner Herminio of the authority to sue and be sued necessarily included the authority to sign the Certification against Forum Shopping integrated in the Complaint. In addition, petitioners contended that instead of taking off from a hypothetical admission of the basic allegations in their Complaint, the Motion to Dismiss of respondent proceeded from a refutation of those allegations. Respondent's arguments had no place in a motion to dismiss predicated on the supposed failure of the complaint to state a cause of action, if only for the simple reason that they controvert rather than admit the basic allegations of the Complaint and offer new allegations the truth of which could be determined only after the parties have presented their respective evidence. Lastly, the issue raised in the Complaint was not the right of retention of respondent, but the validity of the Sheriff's Certificate of Sale. There was no tenancy relationship or agrarian dispute between the parties over which the Department of Agrarian Reform Arbitration Board had jurisdiction.

On March 4, 2002, RTC-Trece Martires issued an Order, ruling in this wise:

It appearing from the Sheriff's Certificate of Sale (Annex "B" of the Complaint) dated February 4, 1988 that proper steps had been undertaken thereto prior to issuance of such document (Annex "B" of the

Complaint), *i.e.*, on June 30, 1983 a levy (Entry No. 8619-23-Notice of Levy, dorsal portion, Annex "A" of the Complaint) was conducted as a preliminary step prior to satisfaction of judgment rendered in favor of Filipinas Shell Petroleum Corp. in a civil case the latter filed against [petitioners'] predecessors-in-interest; that due publication of the Sheriff's Sale was executed in the Record Newsweekly together with the posting of the Notice of Sheriff's Sale in 3 conspicuous places. After substantial compliance with the notice and publication requirements as provided for by law, particularly Rule 39, Sec. 15, of the Revised Rules of Court, an execution sale was conducted on the subject property in favor of [respondent] herein Tabangao Realty Incorporated, thenceforth the questioned Sheriff's Certificate of Sale (Entry No. 1487, Certificate of Sale, Annex "A," of the Complaint) dated February 4, 1988 is valid, and its subsequent registration with the Registry of Deeds on April 13, 1988 and the failure of the [petitioners'] predecessors-in-interest to redeem the property within the one year period from the date of registration of the Sheriff's Certificate of Sale, pursuant to Rule 39, Section 33 of the Revised Rules of Court, purchaser-[respondent] herein, Tabangao Realty shall be substituted to and acquires all the rights, title, interest and claim over the subject property, regardless of the fact that [respondent] had not taken any steps to consolidate its ownership and/or take possession of the property hereof, subject of this litigation, against [petitioners] in this case.

Considering all matters in their respective pleadings, both the Motion to Dismiss as well as the Opposition thus filed, the Court is of the opinion and so holds that the Certificate of Sale remains valid and that Tabangao Realty's right has not yet prescribed as provided for in Art. 1141 of the New Civil Code, thus, the Opposition (To Motion to Dismiss) is hereby denied.

Accordingly, finding merit in the Motion to Dismiss filed by [respondent] Tabangao Realty, Inc., herein, this case is hereby dismissed. No costs.⁶

Petitioners filed a Motion for Reconsideration of the foregoing Order, but RTC-Trece Martires denied the Motion in an Order dated May 21, 2002.

Hence, petitioners directly seek recourse from this Court through the Petition at bar, assailing the Orders dated March 4, 2002 and May 21, 2002 of RTC-Trece Martires in Civil Case No. TM-1118 on pure questions of law, *viz*:

4.3. Foremost among the questions of law that this petition raises is what rule governs the prescriptive period for a buyer in execution sale to demand or compel the Sheriff to execute and deliver to him the final deed of conveyance in order that it may consolidate its title. Should it be Article 1141 which provides for thirty (30) years within which to bring real actions (as the court *a quo* has concluded), or should it be either Article 1149 (five years in cases where the Code or the law is silent); or Article 1144 (ten years in obligations created by law), as suggested by the petitioners.

⁶

Id. at 58-59.

4.4. Another question to be raise[d] is whether Sec. 33 (par. 2), Rule 39 of the 1997 Rules of Civil Procedure can be given retroactive effect in this case. As can be seen, the rights of the respondent over the property as buyer in execution sale should not be governed by Sec. 33 (2nd paragraph), Rule 39 of the 1997 Rules of Civil Procedure but by the old Sec. 35, Rule 39 of the Rules of Court which was the law in force at the time of the execution sale and expiration of the period of redemption. This issue is very pivotal in determining the conflicting claims of the parties. Because whereas in the 1997 Rules the buyer in execution sale acquires all the rights of judgment debtor in the property automatically upon the lapse of the period of redemption under old Rules of Court, the buyer in execution sale acquires the right of the owner only upon the execution and delivery of the final deed of conveyance. Hence, if this is the rule applicable – as petitioners will show – then respondent has up to now not acquired right on the property and could not now assert any right based on the Certificate of Sale by reason of prescription.

4.5. In effect this petition will also raise the constitutionality of the amendment introduced [b]y the 1997 Rules of Civil Procedure to 2nd paragraph of Sec. 35 of Rule 39 of the Old Rules of Court. To petitioners' mind the subject of the amendment deals with substantive rights.

4.6. Finally, this petition shall raise the very basic question of whether or not the allegations of the petitioners' complaint in the court below are sufficient to constitute a cause of action.⁷

Ultimately, at the crux of the present Petition is the question of whether or not RTC-Trece Martires committed reversible error in dismissing petitioners' Complaint for Quieting of Title on the ground of failure to state a cause of action.

The Court rules in the negative.

In *Baricuatro, Jr. v. Court of Appeals*,⁸ the Court described the nature of an action for quieting of title, thus:

Regarding the nature of the action filed before the trial court, quieting of title is a common law remedy for the removal of any cloud upon or doubt or uncertainty with respect to title to real property. Originating in equity jurisprudence, its purpose is to secure “x x x an adjudication that a claim of title to or an interest in property, adverse to that of the complainant, is invalid, so that the complainant and those claiming under him may be forever afterward free from any danger of hostile claim.” In an action for quieting of title, the competent court is tasked to determine the respective rights of the complainant and other claimants, “x x x 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*,

⁷ Id. at 19-20.

⁸ 382 Phil. 15, 25 (2000).

and even to *abuse* the property as he deems best x x x.” (Citation omitted.)”

Under the Civil Code, the remedy may be availed of under the following circumstances:

Art. 476. Whenever there is a cloud on title to real property or any interest therein, by reason of any instrument, record, claim, encumbrance or proceeding which is apparently valid or effective but is in truth and in fact invalid, ineffective, voidable, or unenforceable, and may be prejudicial to said title, an action may be brought to remove such cloud or to quiet the title.

An action may also be brought to prevent a cloud from being cast upon title to real property or any interest therein.

Art. 478. There may also be an action to quiet title or remove a cloud therefrom when the contract, instrument or other obligation has been extinguished or has terminated, or has been barred by extinctive prescription.

Article 477 of the Civil Code further provides that the plaintiff in an action to quiet title must have legal or equitable title to or interest in the real property, which is the subject matter of the action, but need not be in possession of said property.

For an action to quiet title to prosper, two indispensable requisites must concur: (1) the plaintiff or complainant has a legal or equitable title or interest in the real property subject of the action; and (2) the deed, claim, encumbrance, or proceeding claimed to be casting a cloud on his title must be shown to be in fact invalid or inoperative despite its *prima facie* appearance of validity or legal efficacy.⁹

Petitioners’ Complaint in Civil Case No. TM-1118 failed to allege these two requisites for an action to quiet title.

Petitioners alleged in their Complaint that they were the children and only heirs of the deceased spouses De Guzman and that the subject property was still registered in spouses De Guzman’s names under TCT No. 3531. However, these allegations are insufficient to establish petitioners’ title to the subject property.

It is worthy to note that petitioners also alleged in their Complaint that TCT No. 3531 bears the following annotations: (1) the writ of execution dated May 3, 1983 issued by RTC-Manila in Civil Case No. 120680, inscribed on said certificate of title on July 1, 1983; (2) Notice of Levy dated June 30, 1983 issued in the same case, inscribed on July 1, 1983; (3) Sheriff’s Certificate of Sale dated February 4, 1988 in favor of respondent

⁹ *Green Acres Holdings, Inc. v. Cabral*, G.R. Nos. 175542 & 183205, June 5, 2013, 697 SCRA 266, 289-290.

covering the subject property, inscribed on April 13, 1988; and (4) BIR Certification dated April 13, 1988 stating that respondent paid taxes on the sale, inscribed on April 13, 1988. Petitioners attached to the Complaint copies of TCT No. 3531 with the aforementioned annotations; and the Sheriff's Certificate of Sale dated February 4, 1988 which stated that the subject property was levied upon and sold in an execution sale to respondent for ₱70,000.00.

Equally notable is the absence of any allegation in the Complaint that Serafin and/or Josefino, as the judgment obligors in Civil Case No. 120680, or their successors-in-interest, redeemed the subject property from respondent within the one-year redemption period, which, reckoned from the date of registration of the Sheriff's Certificate of Sale on TCT No. 3531 on April 13, 1988, expired on April 13, 1989.

It must be remembered that the period of redemption is not a prescriptive period but a condition precedent provided by law to restrict the right of the person exercising redemption.¹⁰ If no redemption is made in the manner and within the period prescribed, Rule 39, Section 33 of the 1997 Rules of Court, as amended, provides:

SEC. 33. *Deed and possession to be given at expiration of redemption period; by whom executed or given.* – If no redemption be made within one (1) year from the date of the registration of the certificate of sale, the purchaser is entitled to a conveyance and possession of the property; or, if so redeemed whenever sixty (60) days have elapsed and no other redemption has expired, the last redemptioner is entitled to the conveyance and possession; but in all cases the judgment obligor shall have the entire period of one (1) year from the date of the registration of the sale to redeem the property. The deed shall be executed by the officer making the sale or by his successor in office, and in the latter case shall have the same validity as though the officer making the sale had continued in office and executed it.

Upon the expiration of the right of redemption, the purchaser or redemptioner shall be substituted to and acquire all the rights, title, interest and claim of the judgment obligor to the property as of the time of the levy. The possession of the property shall be given to the purchaser or last redemptioner by the same officer unless a third party is actually holding the property adversely to the judgment obligor. (Emphasis supplied.)

Based on the allegations in the Complaint and the applicable rules, respondent was already substituted to and acquired all the rights, title, interest, and claim of the Spouses De Guzman to the subject property on April 13, 1989, when the one-year redemption period expired. Upon the deaths of Amelia de Guzman on January 1, 1997 and her husband Serafin de Guzman on April 23, 2001, they had no more rights, title, interest, and

¹⁰ *Landrito, Jr. v. Court of Appeals*, 503 Phil. 723, 734 (2005).

claim to the subject property to pass on by succession to petitioners as their heirs.

Petitioners, though, insist that Rule 39, Section 33 of the 1997 Rules of Court should not be applied retroactively. According to petitioners, when the execution sale was purportedly conducted in 1988 and the redemption period expired in 1989, it was Rule 39, Section 35 of the 1964 Rules of Court which was in effect, and it read:

Sec. 35. Deed and possession to be given at expiration of redemption period. By whom executed or given.— If no redemption be made within twelve (12) months after the sale, the purchaser, or his assignee, is entitled to a conveyance and possession of the property; or, if so redeemed whenever sixty (60) days have elapsed and no other redemption has been made and notice thereof given, and the time for redemption has expired, the last redemptioner, or his assignee, is entitled to the conveyance and possession; but in all cases the judgment debtor shall have the entire period of twelve (12) months from the date of the sale to redeem the property. The deed shall be executed by the officer making the sale or by his successor in office, and in the latter case shall have the same validity as though the officer making the sale had continued in office and executed it.

Upon the execution and delivery of said deed the purchaser, or redemptioner, or his assignee, shall be substituted to and acquire all the right, title, interest and claim of the judgment debtor to the property as of the time of the levy, except as against the judgment debtor in possession, in which case the substitution shall be effective as of the date of the deed. The possession of the property shall be given to the purchaser or last redemptioner by the same officer unless a third party is actually holding the property adversely to the judgment debtor. (Emphasis supplied.)

Under the 1964 Rules of Court, the purchaser, or redemptioner, or his assignee, shall be substituted to and acquire all the rights, title, interest, and claim of the judgment debtor to the property only after execution and delivery of the deed of conveyance. Petitioners point out that respondent has yet to secure such a deed.

The issue of the retroactive application of procedural rules is not novel and had been squarely addressed by the Court in *Calacala v. Republic of the Philippines*,¹¹ as follows:

To start with, petitioners base their claim of legal title not on the strength of any independent writing in their favor but simply and solely on respondent Republic's failure to secure the Certificate of Final Sale, execute an Affidavit of Consolidation of Ownership and obtain a writ of possession over the property in dispute within ten (10) years from the registration of the Certificate of Sale.

¹¹ 502 Phil. 681, 689-692 (2005).

Petitioners' reliance on the foregoing shortcomings or inactions of respondent Republic cannot stand.

For one, it bears stressing that petitioners' predecessors-in-interest lost whatever right they had over land in question from the very moment they failed to redeem it during the 1-year period of redemption. Certainly, the Republic's failure to execute the acts referred to by the petitioners within ten (10) years from the registration of the Certificate of Sale cannot, in any way, operate to restore whatever rights petitioners' predecessors-in-interest had over the same. For sure, petitioners have yet to cite any provision of law or rule of jurisprudence, and we are not aware of any, to the effect that the failure of a buyer in a foreclosure sale to secure a Certificate of Final Sale, execute an Affidavit of Consolidation of Ownership and obtain a writ of possession over the property thus acquired, within ten (10) years from the registration of the Certificate of Sale will operate to bring ownership back to him whose property has been previously foreclosed and sold. x x x.

Quite the contrary, Section 33, Rule 39 of the 1997 Rules of Civil Procedure explicitly provides that "[u]pon the expiration of the right of redemption, the purchaser or redemptioner shall be substituted to and acquire all the rights, title, interest and claim of the judgment obligor to the property as of the time of the levy."

Concededly, the 1997 Rules of Civil Procedure was yet in-existent when the facts of this case transpired. Even then, the application thereof to this case is justified by our pronouncement in *Lascano vs. Universal Steel Smelting Co., Inc., et al.*, to wit:

Procedural laws are construed to be applicable to actions pending and undetermined at the time of their passage, and are deemed retroactive in that sense and to that extent. As a general rule, the retroactive application of procedural laws cannot be considered violative of any personal rights because no vested right may attach to nor arise therefrom.

Moreover, with the rule that the expiration of the 1-year redemption period forecloses the obligor's right to redeem and that the sale thereby becomes absolute, the issuance thereafter of a final deed of sale is at best a mere formality and mere confirmation of the title that is already vested in the purchaser. As this Court has said in *Manuel vs. Philippine National Bank, et al.*:

Note must be taken of the fact that under the Rules of Court the expiration of that one-year period forecloses the owner's right to redeem, thus making the sheriff's sale absolute. **The issuance thereafter of a final deed of sale becomes a mere formality, an act merely confirmatory of the title that is already in the purchaser and constituting official evidence of that fact.**

With the reality that petitioners are not holders of any legal title over the property subject of this case and are bereft of any equitable claim thereon, the very first requisite of an action to quiet title, *i.e.*, that the plaintiff or complainant has a legal or an equitable title to or interest in the

real property subject matter of the action, is miserably wanting in this case. (Emphasis supplied, citations omitted.)

Calacala thus settled that Rule 39, Section 33 of the 1997 Rules of Court can be applied retroactively to cases still pending and undetermined at the time of its passage,¹² such as the present case. By virtue of said provision, the expiration of the one-year redemption period foreclosed the right to redeem of the spouses De Guzman (as well as petitioners, as their successors-in-interest) and the sale of the subject property to respondent became absolute, so that the issuance thereafter of a final deed of sale and/or conveyance is at best a mere formality and mere confirmation of the title that was already vested in respondent.

The allegations in petitioners' Complaint also do not support the second requisite for an action to quiet title, *i.e.*, that the deed, claim, encumbrance or proceeding alleged to cast cloud on a plaintiff's title is in fact invalid or inoperative despite its *prima facie* appearance of validity or legal efficacy.

Petitioners argue that respondent, in filing a Motion to Dismiss the Complaint based on failure to state a cause of action, was deemed to have admitted all the allegations in said Complaint, including those under paragraphs 8 to 11, *viz*: that no execution sale was actually conducted on June 30, 1983 as it was legally impossible for the levy and execution sale to have been done on the same day; that an execution sale conducted on any other date was void for lack of notice and publication; that an execution sale with due notice and publication was still void because respondent was not capacitated to acquire and own agricultural land with an area exceeding the retention limits set by law; that assuming there was a valid execution sale conducted, the Sheriff's Certificate of Sale had lost its effectivity because of prescription, laches, and estoppel; that assuming there was a valid execution sale conducted, respondent is guilty of fraud and bad faith in suspending indefinitely the consolidation of the title in its name for the purpose of concealing the acquisition of the subject property from the public and the government, more particularly, the Department of Agrarian Reform (DAR); and that there being no valid execution sale conducted 10 years from finality of judgment in Civil Case No. 120680, said judgment had already prescribed and the writ of execution and Notice of Levy issued pursuant to the same had become ineffective. By these allegations, petitioners posit, the Sheriff's Certificate of Sale annotated on TCT No. 3531 is either void or ineffective, and constitutes a cloud on their title to the subject property.

The Court is not persuaded.

While the general rule is that a motion to dismiss on the ground of failure to state a cause of action in the complaint hypothetically admits the

¹² The 1997 Rules of Civil Procedure was approved by the Court *en banc* on April 8, 1997 and took effect on July 1, 1997.

truth of the facts alleged therein, there are exceptions to the general rule as explicated by the Court in *Vergel de Dios v. Bristol Laboratories Phils., Inc.*¹³:

Before discussing whether or not those allegations in the complaint referred to sufficiently state a cause or causes of action, it may be well to state beforehand the rule, uniformly held by this Court, that in order to sustain a dismissal on the ground that the complaint states no cause of action, the insufficiency of the cause of action must appear on the face of the complaint, and the test of the sufficiency of the facts alleged in the complaint to constitute a cause of action is whether or not, admitting the facts alleged, the court could render a valid judgment upon the same in accordance with the prayer of the complaint. For the purpose, the motion to dismiss must hypothetically admit the truth of the facts alleged in the complaint. The admission, however, is limited only to all material and relevant facts which are well pleaded in the complaint. Thus, it has been ruled that a demurrer admits only such matters of fact as are sufficiently pleaded; that the demurrer does not admit the truth of mere epithets charging fraud; nor allegations of legal conclusions; nor an erroneous statement of law. The admission of the truth of material and relevant facts well pleaded does not extend to render a demurrer an admission of inferences or conclusions drawn therefrom, even if alleged in the pleading; nor mere inferences or conclusions from facts not stated; nor conclusions of law; nor matters of evidence; nor surplusage and irrelevant matter. Examples of allegations considered by this Court as conclusions of law are: that defendant had incurred damages as a consequence of the “malicious and unjustified” institution of the action; that “with intent of circumventing the constitutional prohibition that ‘no officer or employee in the civil service shall be removed or suspended except for cause as provided by law,’ respondents “maliciously and illegally for the purpose of political persecution and political vengeance, reverted the fund of the salary item x x x and furthermore eliminated or abolished the said position effective July 1, 1960”; that the “defendant usurped the office of Senator of the Philippines.” From American jurisprudence come the following examples:

“Bare allegations in employee’s action for breach of employment contract that master had breached or violated the contract or discharged him in a wrongful, illegal, unlawful, unjust, arbitrary or fraudulent manner or without authority are compulsory and insufficient in absence of additional allegations and raise no triable issue.” *Wise vs. Southern Pacific Co.*, 35 Cal. Rptr. 652.

“Allegations that defendants acted maliciously and unreasonably were conclusionary.” *Norkin vs. U.S. Fire Ins. Co.*, 47 Cal. Rptr. 15.

“Allegations that acts of defendants are arbitrary, capricious, fraudulent, wrongful, and unlawful are mere conclusions of law not admitted by demurrer.” *Burt vs. Irvine Co.*, 47 Cal. Rptr. 362.

¹³ 154 Phil. 311, 317-322 (1974).

“A bare characterization in a petition of unlawfulness, is merely a legal conclusion and a wish of the pleader, and such a legal conclusion unsubstantiated by facts which could give it life, has no standing in any court where issues must be presented and determined by facts in ordinary and concise language.” *Petty vs. Dayton Musicians’ Ass’n.*, 153 NE2d 218, affirmed 153 NE2d 223.

“Where acts of defendants were described as willful, wanton and malicious and an abuse of process, such descriptions were mere conclusions of the pleader and were not admitted by motion to dismiss.” *Burr vs. State Bank of St. Charles*, 100 NE2d 773, 344 Ill. App. 332.

X X X X

As quoted above, paragraph 5 of the complaint avers that the “defendants actuated by ulterior motives, contrary to law and morals, with abuse of their advantageous position as employers, in gross and evident bad faith and without giving plaintiff Alfredo Vergel de Dios his due, willfully, maliciously, unlawfully, and in a summary and arbitrary manner, dismissed said plaintiff Alfredo Vergel de Dios by means of a libelous letter.” It further avers that the “charges and statements mentioned in said letter are not true” and that the “defendants knowingly made the same in order to justify their dismissal of Alfredo Vergel de Dios.” In the light of the examples cited above, the allegations that the defendants-appellees were “actuated by ulterior motives, contrary to law and morals, with abuse of their advantageous position as employers, in gross and evident bad faith and without giving plaintiff Alfredo Vergel de Dios his due, willfully, maliciously, unlawfully, and in a summary and arbitrary manner,” are conclusions of law, inferences from facts not alleged and expressions of opinion unsupported by factual premises. For nowhere in the complaint can be found any particular factual allegations as to the ulterior motives of the defendants-appellees; as to how they abused their position as employer; as to how or why there was bad faith; and as to how plaintiff Alfredo Vergel de Dios was deprived of his due. Likewise, the allegation characterizing the letter of dismissal as a “libelous letter” is a conclusion of law without factual basis. And the allegations that the “charges and statements mentioned in said letter are not true,” and that defendants “knowingly made the same,” are legal conclusions or mere expressions of opinion, there being no factual premises showing why the charges and statements in the letter are not true; nor is there stated any particular fact or circumstance upon which the defendants-appellees’ knowledge of the falsity thereof can be predicated.

Pursuant, therefore, to the rule stated above that conclusions of law, inferences or conclusions from facts not stated, and mere expressions of opinion, are not deemed admitted by the motion to dismiss, what should be deemed admitted in paragraph 5 of the complaint would be the bare allegation that Alfredo Vergel de Dios was dismissed from employment on September 15, 1965, per letter of dismissal of even date, a copy of which was attached to the complaint and made part thereof as Annex “A”. At this juncture, it should be pointed out that the succeeding allegations of the complaint are anchored on the allegations in paragraph 5, except the later part of paragraph 9 alleging refusal of the defendants-appellees to make an accounting of funds which allegation is an inference from facts

not alleged, there being no allegation in the pleading to the effect that any amount is due the plaintiffs-appellants and that the amount is being withheld by the defendants-appellees. Since the only fact alleged and deemed admitted by the motion to dismiss is that Alfredo Vergel de Dios was dismissed from employment on September 15, 1965, the other allegations premised on the allegations in paragraph 5 must be considered in that light alone.

Applying now the test of the sufficiency of the facts alleged to constitute a cause of action, can the court render a valid judgment upon the facts alleged and deemed admitted, in accordance with the prayer of the complaint? Certainly not, there being no alleged and admitted fact showing that the defendants-appellees have committed acts constituting a “delict or wrong” by which the defendants-appellees violated the right of the plaintiffs-appellants causing them loss or injury. Or more specifically, there is no alleged and admitted fact that defendants-appellees fabricated a false ground to dismiss Alfredo Vergel de Dios from employment, the admitted fact being that his dismissal was for a just cause, as shown by the letter of dismissal, Annex “A” of the complaint. In this regard, while the letter of dismissal is being attached to the complaint to show its existence and character, in the absence of material facts well pleaded in the complaint and admitted, showing the nature of the dismissal, the complaint should be read and interpreted with the aid of the exhibit, Annex “A”, which, on its face, shows that the dismissal was for a just cause. (Citations omitted.)

Upon scrutiny, the allegations in paragraphs 8 to 11 of petitioners’ Complaint consisted of conclusions of law; inferences or conclusions drawn from facts not alleged in the Complaint; expressions of opinions unsupported by factual premises; and mere epithets charging fraud, which respondent was not deemed to have admitted when it filed its Motion to Dismiss on the ground of failure to state a cause of action.

In particular, petitioners’ allegation that no actual execution sale was conducted on June 30, 1983 or, in the alternative, that the execution sale conducted on another date was void for not complying with notice and publication requirements, was purely based on the following sentence in the Sheriff’s Certificate of Sale:

[O]n June 30, 1983, LEVY was made upon the right, titles, interests and participation of defendants SERAFIN & JOSEFINO DE GUZMAN and sold at public auction sale in front of the Capitol Building of Cavite situated at Trece Martires City, after due publication of the Sheriff’s Sale in the Record Newsweekly, and after the Notice of Sheriff’s Sale was posted in three (3) conspicuous places and later sold in favor of Tabangao Realty Incorporated, with address at 4th Floor, Insular Life Bldg., Ayala Ave., Makati, Metro Manila as the highest bidder for the amount of SEVENTY THOUSAND PESOS (₱70,000.00) Philippine Currency, the properties of said defendants x x x.¹⁴

Concededly, the aforequoted sentence, read as is, imply that the levy and execution sale of the subject property both took place on June 30, 1983. However, the annotations on TCT No. 3531, attached to petitioners' Complaint, show that it was only the Notice of Levy which was executed on June 30, 1983 and inscribed on the said certificate of title on July 1, 1983; while the Sheriff's Certificate of Sale, evidencing the execution sale itself, was subsequently executed almost five years later on February 4, 1988 and inscribed on the certificate of title on April 13, 1988. In the regular course of executing judgments, the levy upon the real property precedes the execution sale because the latter can only take place after compliance with notice and publication requirements. The Court stresses that the Sheriff's Certificate of Sale had been executed and signed by Jose R. Bawalan, as Clerk of Court and *Ex-Officio* Sheriff of Cavite, and approved by Acting Judge Proceso P. Silangcruz of RTC-Trece Martires, who are both presumed to have regularly performed their official duties. The validity of such Certificate cannot be so easily overcome by mere inferences from a lone sentence that, unfortunately, was vaguely constructed or imprecisely worded, and unsupported by any factual premise.

Equally unavailing is petitioners' charge of bad faith and fraud on the part of respondent for delaying the consolidation of title despite the expiration of the one-year redemption period in order to conceal its purchase of the subject property from the DAR and evade the application of agrarian reform laws. Not only was such charge consisted purely of petitioners' opinions and conclusions of law and devoid of any factual premise, it also pertained to purported actions of respondent subsequent to the issuance of the Sheriff's Certificate of Sale and would have no bearing on the validity or legal efficacy of said Certificate.

Lastly, petitioners assert that because of respondent's failure to secure a final deed of sale and/or conveyance 13 years after registration of the Sheriff's Certificate of Title on TCT No. 3531, the said Certificate had lost its effectivity and was deemed terminated and extinguished by prescription, laches, and estoppel. They also maintain that there being no valid execution sale, respondent had likewise lost to prescription its right to have the judgment in Civil Case No. 120680 executed more than 10 years from finality of the same.

There is no merit in petitioners' arguments.

The Court reiterates that all rights, title, interest, and claim of the spouses De Guzman to the subject property was already acquired by respondent upon the expiration of the one-year redemption period without redemption being made. The execution of the final deed of sale and/or conveyance to respondent is a mere formality and confirmation of the title already vested in respondent. Rule 39, Section 33 of the 1997 Rules of Court states that "[t]he deed [of conveyance] shall be executed by the officer making the sale or by his successor in office," who, in the present case, is

the Sheriff of RTC-Trece Martires. There is nothing in the Rules requiring the institution of a separate action for execution of such a deed, therefore, no prescriptive period for any action has begun to run. Respondent will only have to seek recourse from the courts if the Sheriff refuses to execute the deed, and only then will there be a cause of action for respondent to compel the Sheriff to execute the deed and the prescriptive period for such an action begin to run.

Moreover, the Court, in *Ching v. Family Savings Bank*,¹⁵ granted the “Motion to Retrieve Records, for Issuance of Final Deed of Conveyance, to Order the Register of Deeds of Makati City to Transfer Title and For Writ of Possession” filed by Family Savings Bank, the highest bidder, even after more than two decades since the levy and auction sale. The Court held that:

The arguments and contentions of the Spouses Ching cannot be upheld.

First, the Spouses Ching's reliance on prescription is unavailing in the case at bar. The Spouses Ching are implying that the RTC violated Section 6, Rule 39 of the Rules of Court, *viz.*:

Sec. 6. Execution by motion or by independent action. – A final and executory judgment or order may be executed on motion within five (5) years from the date of its entry. After the lapse of such time, and before it is barred by the statute of limitations, a judgment may be enforced by action. The revived judgment may also be enforced by motion within five (5) years from the date of its entry and thereafter by action before it is barred by the statute of limitations.

However, it must be noted that contrary to their allegation, the summary judgment of the RTC in Civil Case No. 142309 had in fact already been enforced. During the pendency of the case, the subject property was already levied upon. Subsequently, after summary judgment and while the case was on appeal, the RTC granted the Bank's motion for execution pending appeal. Consequently, on October 10, 1983, an auction sale of the subject property was conducted, with the Bank emerging as the highest bidder. Later, a Certificate of Sale in its favor was executed by the Sheriff and, thereafter, inscribed as a memorandum of encumbrance on TCT No. S-3151.

It is settled that execution is enforced by the fact of levy and sale. The result of such execution was that title over the subject property was vested immediately in the purchaser subject only to the Spouses Ching's right to redeem the property within the period provided for by law. The right acquired by the purchaser at an execution sale is inchoate and does not become absolute until after the expiration of the redemption period without the right of redemption having been exercised. But inchoate though it be, it is, like any other right, entitled to protection and must be respected until extinguished by redemption. Since, the Spouses Ching

¹⁵ G.R. No. 167835, November 15, 2010, 634 SCRA 586.

failed to redeem the subject property within the period allowed by law, they have been divested of their rights over the property.

Verily, the Bank's "Motion to Retrieve Records, for Issuance of Final Deed of Conveyance, to Order the Register of Deeds of Makati City to Transfer Title and for Writ of Possession" was merely a consequence of the execution of the summary judgment as the judgment in Civil Case No. 142309 had already been enforced when the lot was levied upon and sold at public auction, with the Bank as the highest bidder.¹⁶


Given that neither of the two requisites for an action to quiet title could be gleaned from the allegations in petitioners' Complaint, said Complaint was properly dismissed by RTC-Trece Martires for failure to state a cause of action.

WHEREFORE, the Petition is **DENIED** and the Orders dated March 4, 2002 and May 21, 2002 of the RTC, Branch 23, Trece Martires City in Civil Case No. TM-1118 are **AFFIRMED**.

SO ORDERED.



TERESITA J. LEONARDO-DE CASTRO
Associate Justice

WE CONCUR:

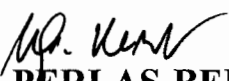

MARIA LOURDES P. A. SERENO
Chief Justice

¹⁶

Id. at 600-602.

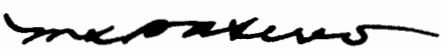

LUCAS P. BERSAMIN
Associate Justice


JOSE PORTUGAL PEREZ
Associate Justice


ESTELA M. PERLAS-BERNABE
Associate Justice

CERTIFICATION

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


MARIA LOURDES P. A. SERENO
Chief Justice