

## FIRST DIVISION

[ G. R. NO. 156888, November 20, 2006 ]

**PEDRO R. SANTIAGO, PETITIONER, VS. SUBIC BAY  
METROPOLITAN AUTHORITY, RESPONDENT.**

### D E C I S I O N

**CHICO-NAZARIO, J.:**

#### The Case

For Review under Rule 45 of the Rules of Court, as amended, is the 3 December 2002<sup>[1]</sup> and 7 January 2003<sup>[2]</sup> Orders of the Regional Trial Court (RTC) of Olongapo City, Zambales, Branch 74, in Civil Case No. 126-0-2002 entitled *Victoria M. Rodriguez, Pedro R. Santiago and Armando G. Mateo versus Subic Bay Metropolitan Authority*. In the assailed Orders, the RTC denied the application for the issuance of writ of preliminary injunction and dismissed the complaint for lack of cause of action.

#### The Facts

This case stemmed from a Complaint<sup>[3]</sup> for *Recovery of Possession of Property*, filed by Victoria M. Rodriguez, Armando G. Mateo and herein petitioner Pedro R. Santiago against respondent Subic Bay Metropolitan Authority (SBMA) on 12 March 2002, before the RTC of Olongapo City, Zambales, Branch 74. Included in said complaint was a prayer for the issuance of a Writ of Preliminary Injunction and/or Temporary Restraining Order.

In their *Complaint* filed before the RTC, Victoria M. Rodriguez, Armando G. Mateo and petitioner Pedro R. Santiago, alleged that:

Plaintiff (Victoria M. Rodriguez) is the sole heir and administrator of the estate of Hermogenes Rodriguez by virtue of the Order, dated February, 1994 in Spec. Proc. No. IR-1110, "In the Matter of the Settlement of the Estate of Hermogenes Rodriguez y Reyes, etc.", (sic) of Branch 34 of the Regional Trial Court at Iriga City x x x.

x x x x

In his lifetime, the late Hermogenes Rodriguez y Reyes was the owner of parcels of land registered in his name under that (sic) certificate of title denominated as a Titulo de Propiedad de Terrenos of 1891 Royal Decree No. 01-4-Protocol x x x.

x x x x

On January 31, 2002, plaintiff Victoria M. Rodriguez, in her capacity as heir and administrator of the estate of Hermogenes Rodriguez, leased to Pedro R. Santiago and Armando G. Mateo, for a period of 50 years, two parcels of land of Hermogenes Rodriguez covered by his aforesaid title, x x x.

x x x x

By virtue of the aforesaid lease contract, plaintiff Pedro R. Santiago is presently occupying the aforesaid parcel of land consisting of 2.5 hectares, more particularly the improvements located at 717 Sta. Rita Road.

Despite the fact that defendant is not the owner of the two aforesaid parcels of land leased to plaintiffs Santiago and Mateo, defendant is claiming possessory, if not proprietary, rights over them. More particularly, defendant is using these two parcels of land for its (sic) own commercial and other purposes.

It is now the desire of plaintiff Victoria Rodriguez to recover possession of the property from the defendant so that she could comply with her contractual commitments to her co-plaintiffs.

x x x x

[D]efendant is claiming possessory, if not proprietary, rights over the parcels of land described in paragraph 7 hereof. Lately, plaintiff Pedro R. Santiago was informed by purported agents or employees of the defendant that he should vacate the premises he and his family are occupying since defendant would be needing the same for its own use. Defendant has no authority to do this since it is not the owner of the premises, and the owner, Victoria Rodriguez (sic) has already leased the premises to plaintiffs Santiago and Mateo.<sup>[4]</sup>

Respondent SBMA, in its counter statement of facts,<sup>[5]</sup> contends that sometime in 1998, Liwanag Santiago, wife of herein petitioner Pedro R. Santiago, by virtue of her employment with respondent SBMA, availed herself of the housing privilege accorded to the latter's employees; that due to said privilege, she was allowed to lease a housing unit<sup>[6]</sup> inside the Subic Bay Freeport Zone; that the lease agreement, however, "shall be terminated if the lessees are no longer employed with SBMA;"<sup>[7]</sup> that on 31 January 2002, Liwanag Santiago's employment contract concluded; that since said contract was not renewed, Liwanag Santiago ceased to be an employee of respondent SBMA; and that as a consequence thereof, as mandated by the SBMA Housing Policy, she and her family were asked<sup>[8]</sup> to vacate and return possession of the subject housing unit.

On 13 March 2002, the RTC issued a *Temporary Restraining Order*<sup>[9]</sup> against respondent SBMA from ousting petitioner Santiago and his family from the premises of the subject housing unit within seventy two (72) hours from receipt. Further, it was likewise restrained and enjoined from committing any other acts that would prevent the latter and his family from occupying the premises they have allegedly

leased from Victoria Rodriguez.

Thereafter, the RTC conducted hearings on the application for the issuance of a Writ of Preliminary Injunction.

On 5 April 2002, instead of filing an *Answer*, respondent SBMA filed a *Motion to Dismiss*<sup>[10]</sup> the abovementioned complaint on the argument, *inter alia*,<sup>[11]</sup> that the latter failed to state a valid cause of action.

On 3 December 2002, the RTC issued its first assailed order. In denying and dismissing the application for the issuance of a Writ of Preliminary Injunction and complaint respectively, the RTC stated that since the alleged right of complainant Rodriguez stemmed from a Spanish Title, specifically the *Titulo de Propiedad de Terrenos of 189I*, it cannot be considered a right in esse. The RTC took judicial notice of Presidential Decree No. 892,<sup>[12]</sup> which required all holders of Spanish titles or grants to apply for registration of their lands under Republic Act No. 496, otherwise known as the Land Registration Act,<sup>[13]</sup> within six months from effectivity of the decree, or until 16 August 1976. After such time, Spanish titles or grants could no longer be used as evidence of land ownership in any registration proceedings under the Torrens System. Significant parts of the assailed Order of the RTC read:

Plaintiffs' complaint is anchored on a Spanish title which they claim is still a valid, subsisting and enforceable title. Despite the fact that said title was never registered under *Act 496, the land Registration Act* (later *PD 1529*), plaintiffs still claim that they have a cause of action.

The court is not convinced.

The action filed by plaintiffs is for recovery of possession based on the ownership by plaintiff Rodriguez of the disputed property evidenced by a Spanish title. Clearly, by the sheer force of law particularly the enabling clauses of *PD 892*, said type of title can no longer be utilized as evidence of ownership. Verily, Spanish titles can no longer be countenanced as indubitable evidence of land ownership. (Citation omitted.)

As such and on its face, the complaint indeed failed to state a cause of action simply because the court can take judicial notice of the applicability of *PD 892* and of the pertinent decisions of the Supreme Court to the case at bench.<sup>[14]</sup>

Therein plaintiffs filed a *Motion for Reconsideration* which was denied in the second assailed *Order* dated 7 January 2003.

### The Issues

Hence, petitioner Santiago's immediate resort to this Court by way of a petition for review on *certiorari* under Rule 45 of the Rules of Court, as amended, raising the following issues:<sup>[15]</sup>

#### I.

WHETHER OR NOT SPANISH TITLES ARE STILL ADMISSIBLE AS EVIDENCE OF OWNERSHIP OF LANDS;

II.

WHETHER OR NOT THE DISMISSAL OF THE COMPLAINT WAS PROPER IN VIEW OF THE FACT THAT PLAINTIFFS COULD STILL PROVE THEIR CLAIMS ON THE BASIS OF EVIDENCE OTHER THAN THE SPANISH TITLE; and

III.

WHETHER OR NOT DEFENDANT, BY FILING A MOTION TO DISMISS INSTEAD OF AN ANSWER, WAS DEEMED TO HAVE ADMITTED HYPOTHETICALLY PLAINTIFFS' ALLEGATIONS OF OWNERSHIP.

In essence, the present petition poses as fundamental issue for resolution by the Court the question of whether or not the RTC committed reversible error in denying the application for the issuance of a Writ of Preliminary Injunction as well as dismissing the complaint for failure to state a cause of action.

The Court's Ruling.

As the appeal of respondent Santiago involves only questions of law, the Court took cognizance of the instant petition.<sup>[16]</sup>

Petitioner Santiago maintains that "x x x P.D. No. 892 merely disallowed the use of Spanish titles as evidence of land ownership in any registration proceedings under the Torrens system. In other words, Spanish titles can still be used as evidence of land ownership in any other proceedings except registration under the Torrens system. Since the instant case is not one for registration under the Torrens system, but x x x who should be entitled to the possession thereof, then the presentation as evidence of land ownership of the Spanish title in question is permissible." As to the non-presentation of the *Titulo de Propiedad de Terrenos*, petitioner Santiago had this to say:

As the trial court stated, "(F)undamental is the rule that a defendant moving to dismiss a complaint for lack of cause of action is regarded as having admitted all the allegations thereof, at least hypothetically". (sic) The Complaint specifically alleged that plaintiff Victoria Rodriguez was the great-great-great granddaughter of and the sole heir and administrator of the late spouses Hermogenes Rodriguez and Erlinda Flores and that in his lifetime Hermogenes Rodriguez was the owner of parcels of land registered in his name under that certificate of title denominated as a Titulo de Propiedad de Terrenos of 1891 Royal Decree No. 01-4-Protocol. Defendant was, therefore, deemed to have admitted these allegations. And, with such admissions, then there would be no more need, at least at this stage of the case, for the plaintiffs to present the Spanish title. In other words, the inadmissibility of the title, as argued by the defendant, becomes immaterial since there is no more need to present this title in view of the admissions."

Citing the case of *Intestate Estate of the Late Don Mariano San Pedro y Esteban v. Court of Appeals, et al.*,<sup>[17]</sup> respondent SBMA, however, stresses that "Spanish titles can no longer be countenance as indubitable evidence of land ownership by sheer force of law, particularly, the enabling clause of P.D. 892 in expressly providing that, if not accompanied by actual possession of the land, said type of title x x x can no longer be utilized as proof or evidence of ownership x x x."

*A priori*, before the Court goes into the resolution of the fundamental issue raised by the instant petition, a critical matter must be dealt with – the fact that the assailed orders of dismissal of the complaint and denial of the motion for reconsideration, respectively, of the RTC had already become final and executory against Victoria M. Rodriguez due to her failure to appeal the case. It must be remembered that petitioner Santiago is merely the alleged lessee of part of the claimed parcel of land. In the scheme of things, so to speak, his right to recover possession is anchored on the alleged ownership of Victoria M. Rodriguez, which right to the claimed parcel of land is not *in esse*. As such, petitioner Santiago is equally bound by the final and executory order of the RTC dismissing the complaint for lack of cause of action.

Nevertheless, even if we were to overlook the foregoing grievous error, we would be hard pressed to find fault in the assailed orders of the RTC. The present petition is substantially infirm as this Court had already expressed in the case of *Nemencio C. Evangelista, et al. v. Carmelino M. Santiago*,<sup>[18]</sup> that the Spanish title of Don Hermogenes Rodriguez, the *Titulo de Propiedad de Torrenos* of 1891, has been divested of any evidentiary value to establish ownership over real property.

Victoria M. Rodriguez, Armando G. Mateo and petitioner Pedro R. Santiago anchor their right to recover possession of the subject real property on claim of ownership by Victoria M. Rodriguez being the sole heir of the named grantee, Hermogenes Rodriguez, in the Spanish title *Titulo de Propiedad de Torrenos*. Promulgated on 29 April 2005, in the aforementioned *Evangelista Case*, we categorically stated that:

P.D. No. 892 became effective on 16 February 1976. The successors of Don Hermogenes Rodriguez had only until 14 August 1976 to apply for a Torrens title in their name covering the Subject Property. In the absence of an allegation in petitioners' Complaint that petitioners' predecessors-in-interest complied with P.D. No. 892, then it could be assumed that they failed to do so. Since they failed to comply with P.D. No. 892, then the successors of Don Hermogenes Rodriguez were already enjoined from presenting the Spanish title as proof of their ownership of the Subject Property in registration proceedings.

Registration proceedings under the Torrens system do not create or vest title, but only confirm and record title already created and vested. (Citation omitted.) By virtue of P.D. No. 892, the courts, in registration proceedings under the Torrens system, are precluded from accepting, confirming and recording a Spanish title. Reason therefore dictates that courts, likewise, are prevented from accepting and indirectly confirming such Spanish title in some other form of action brought before them (*i.e.*, removal of cloud on or quieting of title), only short of ordering its recording or registration. To rule otherwise would open the doors to the circumvention of P.D. No. 892, and give rise to the existence of land titles, recognized and affirmed by the courts, but would never be