

# FIRST DIVISION

[ G.R. No. 222166, June 10, 2020 ]

**MERCEDES S. GATMAYTAN AND ERLINDA V. VALDELLON,  
PETITIONERS, VS. MISIBIS LAND, INC., RESPONDENT.**

## DECISION

**CAGUIOA, J:**

### *The Case*

This is a petition for review on *certiorari*<sup>[1]</sup> (Petition) filed under Rule 45 of the Rules of Court against the following orders issued by the Regional Trial Court (RTC) of Tabaco City, Branch 15 in Civil Case No. T-2820:

1. Order<sup>[2]</sup> dated October 22, 2015 (First RTC Order) dismissing the complaint filed by petitioners Mercedes S. Gatmaytan and Erlinda V. Valdellon (Petitioners) on the ground of prescription and lack of jurisdiction; and
2. Order<sup>[3]</sup> dated December 28, 2015 (Second RTC Order) denying Petitioners' motion for reconsideration.

### *The Facts*

On December 9, 1991, Petitioners purchased from Oscar and Cidra Garcia (Spouses Garcia) a parcel of land (disputed lot) in Misibis, Cagraray Island, Albay with an area of 6.4868 hectares, covered by Transfer Certificate of Title (TCT) No. T-77703 issued in the latter's name. Petitioners paid the taxes arising from the transaction.<sup>[4]</sup>

On April 6, 1992, Petitioners, armed with the original owner's duplicate copy of TCT No. T-77703, attempted to register the corresponding Deed of Absolute Sale dated December 9, 1991 (1991 DOAS) with the Register of Deeds of Albay (RD). They were successful in having the 1991 DOAS duly annotated on TCT No. T-77703, but they were not able to cause the transfer of the Torrens title in their name since they lacked the Department of Agrarian Reform (DAR) clearance necessary to do so.<sup>[5]</sup>

In 2010, when Petitioners resumed processing the transfer of the Torrens title to their names, they discovered that the disputed lot had been consolidated by Misibis Land, Inc. (MLI) with other adjoining lots in Misibis, and sub-divided into smaller lots covered by several new Torrens titles.<sup>[6]</sup>

Upon further investigation, Petitioners learned that TCT No. T-77703 had been stamped "cancelled", and replaced by subsequent Torrens titles issued on the basis of the following transactions:<sup>[7]</sup>

| Date         | Transaction      | Parties        | Resulting Titles |
|--------------|------------------|----------------|------------------|
| February 21, | Deed of Absolute | Spouses Garcia | TCT No. T-97059  |

|                |                                   |   |                             |
|----------------|-----------------------------------|---|-----------------------------|
| 1996           | Sale (1996 DOAS)                  | as sellers and DAA Realty Corporation (DAA Realty) as buyer | issued on February 22, 1996 |
| April 21, 2005 | Deed of Absolute Sale (2005 DOAS) | DAA Realty as seller and MLI as buyer                       | TCT No. T-138212            |

With this discovery, Petitioners immediately caused, on September 1, 2010, the annotation of their Affidavit of Adverse Claim on MLI's Torrens titles.<sup>[8]</sup>

On December 10, 2014, Petitioners filed a complaint before the RTC (Complaint) against Spouses Garcia, DAA Realty and MLI, as well as Philippine National Bank (PNB) to whom the disputed lot had been mortgaged.<sup>[9]</sup>

In their Complaint, Petitioners stated their causes of action, as follows:

#### FIRST CAUSE OF ACTION

(For: Declaration of Plaintiffs' Ownership and Nullity of the [1996 DOAS,] [2005 DOAS] and [the April 21, 2005 MLI-PNB Mortgage])<sup>[10]</sup>

x x x x

#### FIRST ALTERNATIVE CAUSE OF ACTION

(Re: Declaration of Nullity Based on Double Sale (*sic*) of [the 1996 DOAS] and TCT Nos. T-97059 and T-138212 and Any and All Transfers and Dealings Thereafter)<sup>[11]</sup>

x x x x

#### SECOND ALTERNATIVE CAUSE OF ACTION

(For: Quieting of Title)<sup>[12]</sup>

x x x x

#### SECOND CAUSE OF ACTION

(For: Accounting and Remittance, if any, of [a]ll [of MLI's] Income and Profits vis-a-vis the [disputed lot])<sup>[13]</sup>

x x x x

#### THIRD CAUSE OF ACTION

(For: Exemplary Damages)<sup>[14]</sup>

x x x x

#### FOURTH CAUSE OF ACTION

(For: Moral Damages)<sup>[15]</sup>

x x x x

#### FIFTH CAUSE OF ACTION

(For Attorney's Fees and Litigation Expenses)<sup>[16]</sup>

Based on these causes of action, Petitioners prayed for the following reliefs:

1. The declaration of Petitioners as true and rightful owners of the disputed lot;  
[17]
2. The nullification of the 1996 DOAS and all subsequent transactions involving the disputed lot for being void *ab initio*; [18]
3. The cancellation of TCT Nos. T-97059 and T-138212 respectively issued in the name of DAA Realty and MLI, and the subsequent issuance of a Torrens title in Petitioners' name; [19]
4. A full and complete accounting and remittance of all profits and income derived by MLI from the use of the disputed lot; [20] and
5. The payment of moral and exemplary damages, and attorney's fees at the rate of Php500,000.00 each. [21]

In its Answer, [22] MLI claimed, among others, that it was an innocent purchaser for value since it relied on DAA Realty's TCT No. T-97059 which did not bear any defects. [23]

MLI further argued in its Answer that Petitioners' cause of action is already barred by prescription since an action for reconveyance of real property based on an implied constructive trust arising from fraud prescribes ten (10) years after the issuance of title in favor of the defrauder. Here, MLI stressed that the Complaint was filed in 2014, or more than ten (10) years after the issuance of DAA Realty's Torrens title in 1996. [24]

Based on the records, DAA Realty did not file any pleading before the RTC.

Finding merit in MLI's assertions, the RTC issued the First RTC Order dismissing the Complaint on the ground of prescription of action and failure to pay the correct docket fees. [25] Petitioners' subsequent motion for reconsideration was also denied through the Second RTC Order. [26]

Petitioners received a copy of the Second RTC Order on January 14, 2016. [27]

On January 28, 2016, Petitioners filed a Motion for Extension of Time to File Petition for Review on *Certiorari* [28] (Motion for Extension). In the body of the Motion for Extension, Petitioners prayed for an additional period of fifteen (15) days from January 14, 2016, or until January 29, 2016 within which to file their petition for review. However, under the caption "Relief", Petitioners prayed for an additional period of thirty (30) days from January 29, 2016 or until February 28, 2016 to file said petition for review. [29]

On February 24, 2016, this Petition was filed. [30]

On April 18, 2016, the Court issued a Resolution [31] (April 2016 Resolution) denying the Petition, thus:

Considering the allegations, issues and arguments adduced in the petition for review on certiorari assailing the Orders dated [October 22, 2015 and December 28, 2015] of the Regional Trial Court of Tabaco City, Br. 15 in Civil Case No. T-2820, the Court resolves to **DENY** the petition for failure to sufficiently show any reversible error in the assailed orders to warrant the exercise of this Court's discretionary appellate jurisdiction in this case.

Moreover, the petition failed to strictly comply with the requirements specified in Rule 45 and other related provisions of the 1997 Rules of Civil Procedure, as amended, as the petition lacks: (1) a verified statement of the material date of receipt of the assailed order in accordance with Sections 4 (b) and 5, Rule 45 in relation to Section 5 (d), Rule 56 of the Rules; and (2) a proper verification in accordance with Section 1, Rule 45 in relation to Section 4, Rule 7, and a valid certification of non-forum shopping in accordance with Section 5, Rule 7 of the Rules, the attached verification and certification against forum shopping having been signed by Mercedes S. Gatmaytan without the proof of authority to sign for her co-petitioner.<sup>[32]</sup>

Petitioners received the Court's April 2016 Resolution on May 30, 2016.<sup>[33]</sup>

On June 14, 2016, Petitioners filed a Motion for Reconsideration,<sup>[34]</sup> praying that the Court take a "second hard look" on the merits of the Petition.

Subsequently, Petitioners filed an Urgent Motion to Refer the Case to the Supreme Court *En Banc*<sup>[35]</sup> (Motion to Refer), claiming that the Court's April 2016 Resolution deviates from the settled doctrine that "an incidental action for cancellation or nullification of a 'certificate of title' with the declaration of nullity of a deed of sale does not convert the latter to an action for 'reconveyance'", and that such action remains incapable of pecuniary estimation.<sup>[36]</sup> Petitioners added that the Petition presents a novel question of law which will have a far reaching impact on future litigation.<sup>[37]</sup>

On August 22, 2016, the Court issued a Resolution<sup>[38]</sup> granting the Motion for Reconsideration. Thus, the Petition was reinstated and respondent MLI was directed to file its comment thereto. However, the Court denied Petitioners' Motion to Refer for lack of merit.<sup>[39]</sup>

MLI filed its Comment<sup>[40]</sup> on October 24, 2016, to which Petitioners filed their Reply.<sup>[41]</sup>

Here, Petitioners mainly argue that their Complaint should be allowed to proceed since it is an action "primarily for [the] declaration of nullity of the [1996 DOAS],"<sup>[42]</sup> and alternatively, for quieting of title.<sup>[43]</sup>

### ***The Issue***

The sole issue for the Court's resolution is whether Petitioners' Complaint should be allowed to proceed for trial on the merits.

### ***The Court's Ruling***

The Court grants the Petition.

Section 2, Rule 8 of the Rules of Court permits the assertion of alternative causes of action, thus:

SEC. 2. *Alternative causes of action or defenses.* — A party may set forth two or more statements of a claim or defense alternatively or hypothetically, either in one cause of action or defense or in separate causes of action or defenses. **When two or more statements are made in the alternative and one of them if made independently would be sufficient, the pleading is not made insufficient by the insufficiency of one or more of the alternative statements.**  
(Emphasis and underscoring supplied)

Section 2, Rule 8 allows parties to plead as many separate claims as they may have, provided that no rules regarding venue and joinder of parties are violated.<sup>[44]</sup> **A complaint which contains two or more alternative causes of action cannot be dismissed where one of them clearly states a sufficient cause of action against the defendant.**<sup>[45]</sup> This is hornbook law.

In determining the sufficiency of the Complaint and whether it should be allowed to proceed to trial, analysis of each alternative cause of action alleged is necessary, as the sufficiency of one precludes its outright dismissal.

*Reconveyance based on the nullity of  
the 1996 DOAS in favor of DAA  
Realty*

An action for reconveyance is a legal remedy granted to a rightful owner of land wrongfully or erroneously registered in the name of another to compel the latter to *reconvey* the land to him.<sup>[46]</sup> In reconveyance, the decree of registration is respected as incontrovertible. What is sought instead is the transfer of the property, which has been wrongfully or erroneously registered in another person's name, to its rightful and legal owner, or to one with a better right.<sup>[47]</sup>

In *Uy v. Court of Appeals*,<sup>[48]</sup> the Court expounded on the statutory basis of reconveyance, the two kinds of actions for reconveyance (as distinguished by their underlying basis), **and the prescriptive periods applicable to each**, thus:

An action for reconveyance is based on Section 53, paragraph 3 of Presidential Decree (PD) No. 1529, which provides:

In all cases of registration procured by fraud, the owner may pursue all his legal and equitable remedies against the parties to such fraud without prejudice, however, to the rights of any innocent holder for value of a certificate of title. x x x

In *Caro v. Court of Appeals*, we said that this provision should be read in conjunction with Article 1456 of the Civil Code, which provides:

Article 1456. If property is acquired through mistake or fraud, the person obtaining it is, by force of law, considered a trustee of an implied trust for the benefit of the person from whom the property comes.