

## FIRST DIVISION

**[ G.R. No. 198647, November 20, 2017 ]**

**SN ABOITIZ POWER-MAGAT, INC., PETITIONER, VS. THE  
MUNICIPALITY OF ALFONSO LISTA, IFUGAO, REPRESENTED BY  
THE MUNICIPAL MAYOR, RESPONDENT.**

### DECISION

**TIJAM, J.:**

Before Us is a Petition for Review on *Certiorari*<sup>[1]</sup> under Rule 45, which seeks to assail the Decision dated April 6, 2011<sup>[2]</sup> and Resolution dated September 15, 2011<sup>[3]</sup> of the Court of Appeals (CA) in CA G.R. SP No. 113111.

On September 17, 2008, respondent Municipality of Alfonso Lista, Ifugao filed an Amended Complaint<sup>[4]</sup>, alleging that the National Power Corporation (NPC) fraudulently secured Special Patent No. 3723 by making it appear in the survey plans that certain parcels of land were located in Barangay General Aguinaldo, Ramon, Isabela when these parcels of land were actually located in Barangay Sto. Domingo in Alfonso Lista, Ifugao.<sup>[5]</sup>

Respondent alleged that on the strength of such survey plans, NPC succeeded in having the Special Patent No. 3723 entered in the registry of books of the Register of Deeds of Santiago City in 2004. Consequently, Original Certificate of Title (OCT) No. 0-1 was issued.<sup>[6]</sup>

Later on, NPC alienated such parcels of land in favor of Power Sector Assets and Liabilities Management Corporation (PSALM), a government owned and controlled corporation, which in turn transferred the same to petitioner SN Aboitiz Power Magat, Inc.<sup>[7]</sup> (SNAP).<sup>[8]</sup>

In its amended complaint, respondent municipality prayed for the declaration of nullity of Special Patent No. 3723 and OCT No. 0-1 because the same were void for failure to reflect the true location of the subject parcels of land. To bolster its allegation, respondent municipality averred that the Register of Deeds of Isabela, which registered the subject patent, did not have the authority to do so because it had no jurisdiction over the parcels of land covered by the same.<sup>[9]</sup>

In the alternative, respondent municipality prayed that the wordings of Special Patent No. 3723 and the subsequent titles derived therefrom be amended to reflect the true location of the subject parcels of land, which is Brgy. Sto. Domingo in Alfonso Lista, Ifugao.<sup>[10]</sup>

Respondent municipality emphasized that it was asserting its right of jurisdiction,

not ownership, over the land, which was violated by the issuance of said patent.<sup>[11]</sup>

Instead of filing an Answer, SNAP, as successor-in-interest of NPC, filed a Motion to Dismiss<sup>[12]</sup> dated November 19, 2008 on the grounds of prescription and failure to state a cause of action. Moreover, petitioner maintained that it had a valid title, *i.e.* TCT No. TSC-16666, to the subject property.

### **The RTC Ruling**

In a Resolution<sup>[13]</sup> dated May 7, 2009, the RTC denied the Motion to Dismiss. The RTC maintained that the case cannot be summarily disposed of without evidence being adduced on each party's conflicting claims and disposed thus:

ACCORDINGLY, this Court hereby DENIES for lack of merit the Motion to Dismiss filed by defendant SN Aboitiz Power, Inc. (SNAP). This Court finds no need to discuss and evaluate the arguments raised by the plaintiff in their Opposition to the Motion to Dismiss and the Reply submitted by defendant SN Aboitiz Power, Inc. (SNAP), as well as the Counter Reply also submitted by the plaintiff.

Defendant SN Aboitiz Power, Inc. (SNAP) is hereby ordered to file its Answer to the Complaint within a period of ten (10) days from receipt of this Resolution.

Furnish copies of this Resolution to the parties concerned and their respective counsels.

SO ORDERED.<sup>[14]</sup>

SNAP filed a Motion for Reconsideration, which was subsequently denied in a Resolution dated December 8, 2009.<sup>[15]</sup>

Aggrieved, SNAP filed a Petition for *Certiorari* and Prohibition with the CA.

### **The CA Ruling**

In its Decision dated April 6, 2011,<sup>[16]</sup> the CA denied the petition. The CA ruled that the RTC was correct in upholding the Amended Complaint. The CA added that the issue of the validity of petitioner's claim of title over the subject property should be threshed out through the presentation of evidence and resolved after trial on the merits. The *fallo* thereof reads:

**WHEREFORE**, premises considered, the instant petition is DENIED. The assailed Resolutions dated December 8, 2009 and May 7, 2009 are **AFFIRMED**.

**SO ORDERED.**<sup>[17]</sup>

SNAP filed a Motion for Reconsideration, which was denied in a Resolution dated September 15, 2011.<sup>[18]</sup>

Hence, this petition.

### **The Issue**

Summarily, the sole issue in the instant case is whether or not the dismissal of the case is proper.

### **The Ruling of the Court**

The allegations in the complaint must be examined so as to determine whether or not the same sufficiently alleged a cause of action for declaration of nullity of special patent and original certificate of title or its alternative relief.

It is a settled jurisprudence that a cause of action has three elements, to wit: (1) a right in favor of the plaintiff by whatever means and under whatever law it arises or is created; (2) an obligation on the part of the named defendant to respect or not to violate such right; and (3) an act or omission on the part of such defendant violative of the right of the plaintiff or constituting a breach of the obligation of the defendant to the plaintiff.<sup>[19]</sup>

In an action for nullification of title or declaration of its nullity, the complaint must contain the following allegations for the sufficiency of cause of action: (1) **that the claimant is the owner of the subject land prior to the issuance of the title to the defendant**; and (2) that fraud or mistake was perpetrated in obtaining said title over the subject land.<sup>[20]</sup>

Verily, it is necessary that the claimant, who seeks to annul the patent and title, should have a pre-existing right of ownership over the subject property as the claim of ownership is an element thereof. In the absence of which, the claim of relief does not exist, which makes the case dismissible.<sup>[21]</sup>

In this case, it is apparent, based on the amended complaint, that respondent municipality does not claim ownership over the property, to wit:

22. In obtaining a Special Patent and OCT 0-1, defendant National Corporation did not only alter legally established Provincial boundaries between the Province of Ifugao and Isabela in general and the Municipalities of Ramon, Isabela and Alfonso Lista, Ifugao I particular (sic). Clearly, it also unduly deprived the Province of Ifugao and the Municipality of Alfonso Lista, Ifugao, of a substantial portion of lands within its territorial jurisdiction and substantial tax revenues over parcels of land which are clearly within its territorial jurisdiction; x x x<sup>[22]</sup>

It must be considered that the main thrust of respondent municipality's claim rests on its allegations that fraud attended the securing of the subject patents and certificates of title and that such fraud had the effect of depriving it of its territorial jurisdiction. Such deprivation hinges on respondent municipality's claim that the subject property is actually situated within its territorial jurisdiction, and not in the Province of Isabela. On the other hand, SNAP strongly denied the allegations of respondent municipality and underlined the validity of its title over the subject property. As it is, the respondent municipality is claiming its territorial jurisdiction over the property and its corollary right to collect taxes.

Without the claim of ownership, there was no supposed right upon which respondent municipality may anchor its claim and which SNAP may violate. Verily, it is clear that the amended complaint was insufficient for lack of cause of action.

Lack of cause of action, as a ground for the dismissal of a complaint, refers to the insufficiency of the factual basis for the action. Such ground may be raised any time after the questions of fact have been resolved on the basis of stipulations, admissions or evidence presented by the plaintiff.<sup>[23]</sup>

Neither can an action to amend the subject title proceed.

In its alternative relief, respondent municipality prayed that *"the wordings of the Special Patent 3723 and the subsequent titles derived' therefrom be amended to reflect the true location of the parcels of land which is Barangay Sto. Domingo, Alfonso Lista, Ifugao"*<sup>[24]</sup>.

An action to amend the certificate of title is covered by Section 108 of Presidential Decree No. 1529 (P.D. 1529), which provides:

**Section 108. Amendment and Alteration of Certificates.** - No erasure, alteration, or amendment shall be made upon the registration book after the entry of a certificate of title or of a memorandum thereon and the attestation of the same by the Register of Deeds, except by order of the proper Court of First Instance. A registered owner or other person having interest in the registered property, and, in proper cases, the Register of Deeds with the approval of the Commissioner of Land Registration, may apply by petition to the court upon the ground that the registered interest of any description, whether vested, contingent, expectant or inchoate appearing on the certificate, have terminated and ceased, or that new interest not appearing upon the certificate have arisen or been created, or that an omission or error was made in entering a certificate or any memorandum thereon, or on any duplicate certificate or that the same or any person on the certificate has been terminated and no right or interests of heirs or creditors will thereby be affected; or that a corporation which owned registered land and has been dissolved has not conveyed the same within three years after its dissolution; or upon any other reasonable ground; and the court may hear and determine the petition after notice to all parties in interest, and may order the entry or cancellation of a new certificate, the entry or cancellation of a memorandum upon a certificate, or grant any other relief upon such terms and conditions, requiring security or bond if necessary, as it may consider proper; Provided, however, That this section shall not be construed to give the court authority to reopen the judgment or decree of registration, and that nothing shall be done or ordered by the court which shall impair the title or other interest of a purchaser holding a certificate for value and in good faith, or his heirs and assigns, without his or their written consent. Where the owner's duplicate certificate is not presented, a similar petition may be filed as provided in the preceding section.

All petitions or motions filed under this Section as well as under any other provision of this Decree after original registration shall be filed and