

SECOND DIVISION

[G.R. No. 217120, April 18, 2016]

REPUBLIC OF THE PHILIPPINES, PETITIONER, VS. THE HEIRS OF SPOUSES FLORENTINO AND PACENCIA MOLINYAWE, REPRESENTED BY MARITES MOLINYAWE AND FRED SANTOS, RESPONDENTS.

DECISION

MENDOZA, J.:

This is a petition for review on *certiorari*^[1] filed by the Republic of the Philippines (*Republic*) praying that the February 20, 2015 Decision^[2] of the Court of Appeals (CA) in CA G.R. SP No. 133803 be reversed and set aside and that Civil Case No. 10-658 pending before the Regional Trial Court, Branch 57, Makati City (*RTC-Branch 57*), be dismissed for lack of jurisdiction. .

In the CA, the appellate court denied the Republic's petition for *certiorari* which sought to annul the orders, dated September 6, 2013^[3] and November 19, 2013,^[4] of the RTC-Branch 57 admitting the Amended and Supplemental Petition of the respondents, seeking the cancellation of the *lis pendens* annotated at the back of Transfer Certificate of Title (*TCT*) Nos. 75239, 76129 and 77577 and for quieting of title of said TCTs on the ground of prescription because the Republic failed to execute the final and executory decision of a co-equal court.

The Antecedents:

On May 16, 1960, criminal cases for malversation were filed with the then Court of First Instance of La Union (*CFI-La Union*) against several accused including Florentino Molinyawe (*Florentino*) and docketed as **Criminal Case Nos. 2996 and 2997**.^[5]

In that same year, the Republic, through the Office of the Solicitor General (OSG), filed a forfeiture case pursuant to Republic Act (*R.A.*) No. 1379 before the then CFI-Pasig against Florentino, his relatives, and the respondents in this case, namely: Patricia Molinyawe, Salisi Molinyawe, Oscar Molinyawe, Vicente Miranda, Baldomera Miranda, Cresence Padilla, Leonarda Recinto Padilla, and Vicente Leus (*respondents*). The forfeiture case, docketed as **Civil Case No. 6379**, involved several parcels of land covered by TCT Nos. 75239, 76129 and 77577, and registered in the names of the Spouses Vicente Miranda and Baldomera Miranda (*Spouses Miranda*), Spouses Cresence Padilla and Leonarda Recinto Padilla (*Spouses Padilla*) and Vivencio Leus (*Leus*). The Republic claimed that Florentino had illegally acquired the said properties as their values were said to be grossly disproportionate to his declared income.

On November 18, 1960, the Republic caused the annotation of the forfeiture case on

the back of the titles of the subject lots.^[6]

On September 22, 1972, the CFI-Pasig declared the sale of the subject properties to the Spouses Miranda, Spouses Padilla and Leus null and void, and ordered that the said properties be forfeited in favor of the Republic.

The decision was appealed to the CA but the appeal was denied by the CA in its February 13, 1974 Resolution. No further action was taken to set aside the judgment. Thus, on August 23, 1974, the CA issued an Entry of Judgment.

The CFI-Pasig then issued a writ of execution on February 14, 1975. Although the writ was duly served on the respondents in that case, more than thirty (30) years had passed, but still the Republic failed to cancel TCT Nos. 75239, 76129 and 77577 and transfer them to its name. It appeared that Florentino did not turn over to the Republic the owner's duplicate copies of the subject TCTs.^[7]

Meanwhile, on January 12, 1973, in Criminal Case Nos. r2996 and 2997, the CFI-La Union acquitted Florentino of malversation.

Many years later, on July 9, 2010, the respondents, as heirs of Florentino, filed with the RTC-Branch 57, a *Complaint/Petition*, docketed as **Civil Case No. 10-658**, praying for the cancellation of the *lis pendens* annotated at the back of TCT Nos. 75239, 76129 and 77577 and for quieting of title regarding said TCTs on the ground of prescription for the non-execution of the September 22, 1972 CA decision.^[8]

Thereafter, on October 6, 2010, the Republic caused the annotation of the September 22, 1972 decision on the back of TCT Nos. 75239, 76129 and 77577.

On December 5, 2010, the Republic filed a separate action with the RTC, Branch 138, Makati City (*RTC Branch 138*), docketed as **LRC Case No. M-5469**, specifically a petition for annulment of owner's duplicate copy of said TCTs and the issuance of new ones pursuant to Section 107 of Presidential Decree (*P.D.*) No. 1529 allegedly due to the respondents' refusal to surrender the owner's duplicate copies.^[9]

On September 12, 2011, the RTC-Branch 138 decided in favor of the Republic in LRC Case No. M-5469 declaring the owner's duplicate copies of TCT Nos. 75239, 76129 and 77577 in possession of the respondents as null and void. Thus, the RTC-Branch 138 cancelled the same and directed the Register of Deeds of Makati (*RD-Makati*) to issue new owner's duplicate copies of said TCTs in the name of the Republic.^[10]

On April 12, 2012, the RD-Makati caused the cancellation and transfer of the subject TCTs as follows:

- a. TCT No. 75239 in the names of the spouses Vicente Miranda and Baldomera Miranda - cancelled and transferred to "the Republic of the Philippines with TCT No. 006-2012000526.
- b. TCT No. 76129 in the names of the spouses Cresence Padilla and Leonarda Recinto Padilla - cancelled and transferred to the Republic of the Philippines with TCT No. 006-2012000527.

c. TCT No. 77577 in the name of Vivencio Leus - cancelled and transferred to the Republic of the Philippines with TCT No. 006-2012000528.^[11]

Considering that no appropriate remedy was pursued within the reglementary period, the September 12, 2011 decision in the LRC case became final and executory. In January 2012, the Republic filed a motion for execution which was granted by the RTC-Branch 138 in its March 16, 2012 Order.^[12]

Due to the decision in the LRC case, the respondents filed on June 10, 2013, a ***Motion to Admit Amended and Supplemental Petition*** (attaching to it the said Amended and Supplemental Petition), in Civil Case No. 10-658. In its September 6, 2013 Order, the RTC-Branch 57, granted the same. The Republic moved for a reconsideration but its motion was denied in, its November 19, 2013 Order of the Court.

Consequently, the Republic filed a Rule 65 petition for *certiorari* before the CA seeking the annulment of the orders, dated September 6, 2013 and November 19, 2013, issued by the RTC-Branch 57 in Civil Case No. 10-658. It argued that the trial court had committed grave abuse of discretion amounting to lack or excess of jurisdiction in issuing the September 6, 2013 and November 19, 2013 orders considering that: a] it had no jurisdiction over the original complaint/petition; b] the amendment sought a review of a final and executory decision of a co-equal court; and c] the amendment is a collateral attack on TCT Nos. 006-201000526, 006-201200527 and 006-201200528.

Ruling of the Court of Appeals

In its February 20, 2015 Decision, the CA dismissed the petition. The appellate court ruled that the RTC-Branch 57 did not act without or in excess of jurisdiction or committed grave abuse of discretion in issuing its questioned orders. It explained that the RTC had jurisdiction over an action for quieting of title. The CA explained that the order of the RTC to admit the respondents' amended and supplemental petition inspite of being fully aware of the finality of the decision of a co-equal court was not tantamount to grave abuse of discretion which would warrant the issuance of a writ of *certiorari*. Further, the Court found that the RTC's judgment was not performed in a capricious or whimsical manner because the alleged abuse of discretion was not so patent and gross. Hence, the CA concluded that its judgment was not exercised in an arbitrary and despotic manner by reason of passion or personal hostility. In other words, the CA was saying that although the actions of the RTC-Branch 57 could constitute imprudence, it could not be regarded as an act of grave abuse of discretion that could justify the issuance of a writ of *certiorari*.

Finally, the CA opined that the decision of RTC-Branch 138 in LRA Case No. M-5469 was a "flawed decision" reasoning as follows:

Shifting to another point, We are in awe on how LRA Case No. M-5469 was decided. There are some observations that tinker with our curiosity. It is quite strange and mind boggling too that in LRA Case No. M-5469, it seems apparent that the decision made therein was only based on the decision dated September 22, 1972 pertaining to the forfeiture case without regard for taking into account the January 23, 1975 decision in

the malversation case acquitting Florentino Molinyawe. Of course, it is understandable that no mention of the acquittal was made in petitioner's Petition for annulment of the owner's duplicate copy of the TCTs covering the subject properties. Interestingly too, private respondents merely opted to file a motion to dismiss, instead of filing their answer and presenting the trial court (Branch 138) the January 23, 1975 decision. Had these been considered, a complete turn of events could have transpired considering that such acquittal necessarily rendered the forfeiture of the properties ineffective and invalid. By the virtue of the acquittal, the forfeiture of his properties became ineffective. Consequently, it is but proper that his forfeited properties be given back to him or in his absence, to his heirs. That said, the decision in LRA Case No. M-5469 is, to Us, a flawed decision. But then, of course, this is not a matter that necessitates a discussion in the present case mindful of the fact that this is not within the thrust of a petition for *certiorari*. In *certiorari*, We are only limited to the determination of whether or not public respondent acted without or in excess of jurisdiction or with grave abuse of discretion in rendering the assailed orders and as earlier stated, no such abuse of discretion was found to be availing under the circumstances.^[13]

Not in conformity with the CA decision, the Republic filed the subject petition based on the following

GROUND:

THE DECISION DATED FEBRUARY 20, 2015 OF THE COURT OF APPEALS IS NOT IN ACCORD WITH LAW AND JURISPRUDENCE SINCE:

- 1) RTC-BRANCH 57 COMMITTED GRAVE ABUSE OF DISCRETION IN ADMITTING RESPONDENTS' AMENDED AND SUPPLEMENTAL PETITION AS IT HAS NO JURISDICTION IN THE FIRST PLACE OVER CIVIL CASE NO. 10-658; AND**
- 2) THE COURT OF APPEALS WENT BEYOND ITS JURISDICTION UNDER RULE 65 WHEN IT RULED THAT THE CIVIL FORFEITURE CASE IS CONTINGENT OR DEPENDENT ON THE CRIMINAL CASE.**^[14]

The Republic emphasizes that RTC-Branch 57 gravely abused its discretion when it admitted the respondents' Amended and Supplemental Petition because, in the first place, it had no jurisdiction over Civil Case No. 10-658. Citing jurisprudence, it argues that an amendment of a pleading is not permissible when the court has no jurisdiction over the case. Moreover, by admitting the Amended and Supplemental Petition, it was allowing the respondents to alter both the factual and legal findings of the RTC-Branch 138 in its decision in LRC No. M-5469, which had long become final and executory.

The Republic argues that the respondents' Complaint/Petition should have been dismissed right away by the RTC-Branch 57 because, pursuant to Section 77 of P.D. No. 1529, they were not the proper parties to ask for the cancellation of the notice

of *lis pendens*. It points out that the allegations show that the cancellation of the notice of *lis pendens* was but an ancillary or incident to Civil Case No. 6374. The Republic highlights that the respondents admitted that they did not have a legal or an equitable interest in TCT Nos. 75239, 76129 and 77577; that the original complaint/petition failed to allege any of the grounds under Section 77 of P.D. No. 1529 for the cancellation of a notice of *lis pendens*; and that only the court having jurisdiction over the main action or proceeding involving the property may order its cancellation.

More importantly, the Republic contends that the admission, of the respondents' Amended and Supplemental Petition seeks to alter the final and executory findings of a co-equal branch. It being the purpose, it concludes that the RTC-Branch 57 should have dismissed the petition and amended petition pursuant to Section 1, Rule 9 of the 1997 Rules of Civil Procedure which allows *motu proprio* dismissal of cases.

Finally, the Republic stresses that the CA went beyond its jurisdiction under Rule 65 when it stated that the civil forfeiture case was contingent or dependent on the outcome of a criminal case.

Position of the Respondents

The respondents counter that the RTC-Branch 57 had jurisdiction over the original petition that they had filed and that the admission of their amended and supplemental petition was in order and in accordance with the Rules of Court. They point out that actions for quieting of title and cancellation of *lis pendens* are actions which are incapable of pecuniary estimation. Hence, the respondents posit that the RTC-Branch 57 had exclusive original jurisdiction thereof pursuant to the provisions of Section 19 of Batas Pambansa (*B.P.*) Blg. 129, as amended.

They further argue that the amended and supplemental petition will not alter the findings of the RTC-Branch 138 considering that they chose to amend and supplement their original petition because its decision in LRC Case No. M-5469 rendered moot and academic their action for cancellation of *lis pendens* and quieting of title. In this regard, they assert that the CA did not go beyond its jurisdiction under Rule 65 when it briefly discussed its observation and stated that the LRC case was flawed.

The Court's Ruling

The petition is meritorious.

Grant of extraordinary remedy of certiorari justified when grave abuse of discretion present

For the extraordinary remedy of *certiorari* to be justified, the petitioner must satisfactorily establish that the court gravely abused its discretion. Grave abuse of discretion is the capricious or whimsical exercise of judgment that effectively brings the acting entity outside the exercise of its proper jurisdiction. The abuse of discretion must be grave, as when the power is exercised in an arbitrary or despotic manner by reason of passion or personal hostility, and the abuse must be so patent and gross so as to amount to an evasion of a positive duty or to a virtual refusal to