

FIRST DIVISION

[G.R. No. 154262, February 11, 2015]

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, VS. TABANGAO REALTY INCORPORATED, RESPONDENT.

D E C I S I O N

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) Order^[1] 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) Order^[2] dated May 21, 2002 of the same court in said 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 Guzman^[3] (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 P70,000.00. 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."

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 (P70,000) 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 P70,000.00 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 P70,000.00 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 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