

## FIRST DIVISION

[ G.R. No. 168800, April 16, 2009 ]

**NEW REGENT SOURCES, INC., PETITIONER, VS. TEOFILO VICTOR TANJUATCO, JR., AND VICENTE CUEVAS, \* RESPONDENTS.**

### DECISION

#### **CARPIO, J.:**

Petitioner through counsel prays for the reversal of the Orders dated February 12, 2005<sup>[1]</sup> and July 1, 2005<sup>[2]</sup> of the Regional Trial Court (RTC) of Calamba City, Branch 37, in Civil Case No. 2662-98-C. The RTC had granted the demurrer to evidence filed by respondent Tanjuatco, and then denied petitioner's motion for reconsideration.

The facts, as culled from the records, are as follows:

Petitioner New Regent Sources, Inc. (NRSI) filed a Complaint<sup>[3]</sup> for Rescission/Declaration of Nullity of Contract, Reconveyance and Damages against respondent Tanjuatco and the Register of Deeds of Calamba before the RTC of Calamba, Laguna, Branch 37. NRSI alleged that in 1994, it authorized Vicente P. Cuevas III, its Chairman and President, to apply on its behalf, for the acquisition of two parcels of land by virtue of its right of accretion. Cuevas purportedly applied for the lots in his name by paying P82,400.38 to the Bureau of Lands. On January 2, 1995, Cuevas and his wife executed a Voting Trust Agreement<sup>[4]</sup> over their shares of stock in the corporation. Then, pending approval of the application with the Bureau of Lands, Cuevas assigned his right to Tanjuatco for the sum of P85,000.<sup>[5]</sup> On March 12, 1996, the Director of Lands released an Order,<sup>[6]</sup> which approved the transfer of rights from Cuevas to Tanjuatco. Transfer Certificates of Title Nos. T-369406<sup>[7]</sup> and T-369407<sup>[8]</sup> were then issued in the name of Tanjuatco.

In his Answer with Counterclaim,<sup>[9]</sup> Tanjuatco advanced the affirmative defense that the complaint stated no cause of action against him. According to Tanjuatco, it was Cuevas who was alleged to have defrauded the corporation. He averred further that the complaint did not charge him with knowledge of the agreement between Cuevas and NRSI.

Upon Tanjuatco's motion, the trial court conducted a preliminary hearing on the affirmative defense, but denied the motion to dismiss, and ordered petitioner to amend its complaint and implead Cuevas as a defendant.<sup>[10]</sup>

Summons was served on respondent Cuevas through publication,<sup>[11]</sup> but he was later declared in default for failure to file an answer.<sup>[12]</sup>

After NRSI completed presenting evidence, Tanjuatco filed a Demurrer to Evidence, [13] which the RTC granted in an Order dated February 12, 2005. In dismissing NRSI's complaint, [14] the RTC cited the Order of the Director of Lands and certain insufficiencies in the allegations in the complaint. The trial court further held that Tanjuatco is an innocent purchaser for value.

NRSI moved for reconsideration, but it was denied by the trial court in an Order dated July 1, 2005, thus:

WHEREFORE, the Motion for Reconsideration filed by the plaintiff on May 3, 2005 is DENIED for lack of merit.

SO ORDERED. [15]

Hence, NRSI filed the instant petition for review on certiorari, raising the following issues:

I.

WHETHER OR NOT THE ALLEGED INSUFFICIENCY OF THE ALLEGATIONS IN THE COMPLAINT MAY BE USED AS A BASIS TO DISMISS THE SAME BY WAY OF A DEMURRER TO EVIDENCE;

II.

WHETHER OR NOT A COMPLAINT MAY BE DISMISSED ON DEMURRER TO EVIDENCE BASED ON A DOCUMENT NOT PROPERLY IDENTIFIED, MARKED AND OFFERED IN EVIDENCE. [16]

In a nutshell, the issue for our determination is whether the trial court erred in dismissing the case on demurrer to evidence.

NRSI argues that the supposed insufficiency of allegations in the complaint did not justify its dismissal on demurrer to evidence. It contends that a dismissal on demurrer to evidence should be grounded on insufficiency of evidence presented at trial. NRSI contends that the sufficiency of its allegations was affirmed when the trial court denied the motion to dismiss. It likewise asserts that the RTC erred in declaring Tanjuatco a buyer in good faith. It stressed that the Order of the Director of Lands, as the basis for such finding, was not formally offered in evidence. Hence, it should not have been considered by the trial court in accordance with Section 34, [17] Rule 132 of the Rules of Court.

Tanjuatco, for his part, maintains that NRSI failed to make a case for reconveyance against him. He insists that the complaint stated no cause of action, and the evidence presented established, rather than refuted, that he was an innocent purchaser. Tanjuatco adds that the RTC's denial of the motion to dismiss, and admission of evidence negated NRSI's claim that it relied on the complaint alone to decide the case. Lastly, Tanjuatco argues that the Order of the Director of Lands was a matter of judicial notice. Thus, under Section 1, [18] Rule 129 of the Rules of Court, there was no need to identify, mark, and offer it in evidence.

After serious consideration, we find the instant petition utterly without merit.

In its petition, NRSI questions the trial court's dismissal of its complaint upon a demurrer to evidence and invites a *calibration of the evidence on record* to determine the sufficiency of the factual basis for the trial court's order. This factual analysis, however, would involve questions of fact which are improper in a petition for review under Rule 45 of the Rules of Court. It is well established that in an appeal by certiorari, only questions of law may be reviewed.<sup>[19]</sup> A question of law exists when there is doubt or difference as to what the law is on a certain state of facts. A question of fact exists if the doubt centers on the truth or falsity of the alleged facts.<sup>[20]</sup> There is a question of law when the issue does not call for an examination of the probative value of evidence presented, the truth or falsehood of facts being admitted, and the doubt concerns the correct application of law and jurisprudence on the matter.<sup>[21]</sup> Otherwise, there is a question of fact. Since it raises essentially questions of fact, the instant petition must be denied.

In any event, we find that based on the examination of the evidence at hand, we are in agreement that the trial court correctly dismissed NRSI's complaint on demurrer to evidence.

Petitioner filed a complaint for rescission/declaration of nullity of contract, reconveyance and damages against respondents. An action for reconveyance is one that seeks to transfer property, wrongfully registered by another, to its rightful and legal owner.<sup>[22]</sup> In an action for reconveyance, the certificate of title is respected as incontrovertible. What is sought instead is the transfer of the property, specifically the title thereof, 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>[23]</sup>

To warrant a reconveyance of the land, the following requisites must concur: (1) the action must be brought in the name of a person claiming ownership or dominical right over the land registered in the name of the defendant; (2) the registration of the land in the name of the defendant was procured through fraud<sup>[24]</sup> or other illegal means;<sup>[25]</sup> (3) the property has not yet passed to an innocent purchaser for value;<sup>[26]</sup> and (4) the action is filed after the certificate of title had already become final and incontrovertible<sup>[27]</sup> but within four years from the discovery of the fraud,<sup>[28]</sup> or not later than 10 years in the case of an implied trust.<sup>[29]</sup> Petitioner failed to show the presence of these requisites.

Primarily, NRSI anchors its claim over the lands subjects of this case on the right of accretion. It submitted in evidence, titles<sup>[30]</sup> to four parcels of land, which allegedly adjoin the lots in the name of Tanjuatco.

But it must be stressed that accretion as a mode of acquiring property under Article 457<sup>[31]</sup> of the Civil Code requires the concurrence of the following requisites: (1) that the deposition of soil or sediment be gradual and imperceptible; (2) that it be the result of the action of the waters of the river; and (3) that the land where accretion takes place is adjacent to the banks of rivers.<sup>[32]</sup> Thus, it is not enough to be a riparian owner in order to enjoy the benefits of accretion. One who claims the right of accretion must show by preponderant evidence that he has met all the conditions provided by law. Petitioner has notably failed in this regard as it did not

offer any evidence to prove that it has satisfied the foregoing requisites.

Further, it is undisputed that Tanjuatco derived his title to the lands from Original Certificate of Title (OCT) No. 245 registered in the name of the Republic of the Philippines. Said parcels of land formed part of the Dried San Juan River Bed,<sup>[33]</sup> which under Article 502 (1)<sup>[34]</sup> of the Civil Code rightly pertains to the public dominion. The Certification<sup>[35]</sup> issued by Forester III Emiliano S. Leviste confirms that said lands were verified to be within the Alienable and Disposable Project No. 11-B of Calamba, Laguna per BFD LC Map No. 3004, certified and declared as such on September 28, 1981. Clearly, the Republic is the entity which had every right to transfer ownership thereof to respondent.

Next, petitioner sought to establish fraudulent registration of the land in the name of Tanjuatco. NRSI presented before the trial court a copy of the Voting Trust Agreement which the spouses Cuevas executed in favor of Pauline Co. However, nothing in said agreement indicates that NRSI empowered Cuevas to apply for the registration of the subject lots on its behalf.

Neither did petitioner adduce evidence to prove that Cuevas was its President and Chairman. Even assuming that Cuevas was the president of NRSI, his powers are confined only to those vested upon him by the board of directors or fixed in the by-laws.<sup>[36]</sup> In truth, petitioner could have easily presented its by-laws or a corporate resolution<sup>[37]</sup> to show Cuevas's authority to buy the lands on its behalf. But it did not.

Petitioner disagrees with the trial court's finding that Tanjuatco was a buyer in good faith. It contends that the March 12, 1996 Order of the Director of Lands which declared that the lots covered by TCT Nos. T-369406 and T-369407 were free from claims and conflicts when Cuevas assigned his rights thereon to Tanjuatco. But petitioner's claim is untenable because respondents did not formally offer said order in evidence. Lastly, petitioner makes an issue regarding the "below-fair market value" consideration which Tanjuatco paid Cuevas for the assignment of his rights to the lots. But it draws unconvincing conclusions therefrom that do not serve to persuade us of its claims.

We note that Tanjuatco filed a demurrer to evidence before the RTC. By its nature, a demurrer to evidence is filed after the plaintiff has completed the presentation of his evidence but before the defendant offers evidence in his defense. Thus, the Rules provide that if the defendant's motion is denied, he shall have the right to present evidence. However, if the defendant's motion is granted but on appeal the order of dismissal is reversed, he shall be deemed to have waived the right to present evidence.<sup>[38]</sup> It is understandable, therefore, why the respondent was unable to formally offer in evidence the Order of the Director of Lands, or any evidence for that matter.

More importantly, petitioner introduced in evidence TCT Nos. T-369406 and T-369407 in the name of respondent Tanjuatco. These titles bear a certification that Tanjuatco's titles were derived from OCT No. 245 in the name of no less than the Republic of the Philippines. Hence, we cannot validly and fairly rule that in relying upon said title, Tanjuatco acted in bad faith. A person dealing with registered land may safely rely upon the correctness of the certificate of title issued therefor and