

THIRD DIVISION

[G.R. No. 176014, September 17, 2009]

**ALICE VITANGCOL AND NORBERTO VITANGCOL, PETITIONERS,
VS. NEW VISTA PROPERTIES, INC., MARIA ALIPIT, REGISTER OF
DEEDS OF CALAMBA, LAGUNA, AND THE HONORABLE COURT OF
APPEALS, RESPONDENTS.**

DECISION

VELASCO JR., J.:

The Case

In this Petition for Review under Rule 45 of the Rules of Court, petitioners Alice Vitangcol and Norberto Vitangcol (collectively, Vitangcol) assail the August 14, 2006 Decision^[1] and December 19, 2006 Resolution^[2] of the Court of Appeals (CA) in CA-G.R. CV No. 84205 which reversed the December 21, 2004 Order^[3] of the Regional Trial Court (RTC), Branch 35, in Calamba City, Laguna, in Civil Case No. 3195-2001-C for Quieting of Title entitled *New Vista Properties, Inc. v. Alice E. Vitangcol, Norberto A. Vitangcol, Maria L. Alipit and Register of Deeds of Calamba, Laguna*.

The Facts

Subject of the instant controversy is Lot No. 1702 covered by Transfer Certificate of Title (TCT) No. (25311) 2528 of the Calamba, Laguna Registry in the name of Maria A. Alipit and Clemente A. Alipit, married to Milagros.

On June 18, 1989, Maria and Clemente A. Alipit, with the marital consent of the latter's wife, executed a Special Power of Attorney^[4] (SPA) constituting Milagros A. De Guzman as their attorney-in-fact to sell their property described in the SPA as "located at Bo. Latian, Calamba, Laguna covered by TCT No. (25311) 2538 with Lot No. 1735 consisting of 242,540 square meters more or less." Pursuant to her authority under the SPA, De Guzman executed on August 9, 1989 a Deed of Absolute Sale^[5] conveying to New Vista Properties, Inc. (New Vista) a parcel of land with an area of 242,540 square meters situated in Calamba, Laguna. In the deed, however, the lot thus sold was described as:

a parcel of land (Lot No. 1702 of the Calamba Estate, GLRO Rec. No. 8418) situated in the Calamba, Province of Laguna, x x x containing an area of [250,007 square meters], more or less. x x x That a portion of the above-described parcel of land was traversed by the South Expressway such that its original area of [250,007] SQUARE METERS was reduced to [242,540] SQUARE METERS, which is the subject of the sale.

^[6]

Following the sale, New Vista immediately entered the subject lot, fenced it with cement posts and barbed wires, and posted a security guard to deter trespassers.

We interpose at this point the observation that the property delivered to and occupied by New Vista was denominated in the SPA as **Lot No. 1735** covered by **TCT No. (25311) 2538**, while in the deed of absolute sale in favor of New Vista the object of the purchase is described as **Lot No. 1702** covered by **TCT No. (25311) 2528**.

The controversy arose more than a decade later when respondent New Vista learned that the parcel of land it paid for and occupied, i.e., Lot No. 1702, was being claimed by petitioners Vitangcol on the strength of a Deed of Absolute Sale for Lot No. 1702 under TCT No. (25311) 2528 entered into on August 14, 2001 by and between Vitangcol and Maria Alipit. Consequent to the Vitangcol-Maria Alipit sale, TCT No. (25311) 2528 was canceled and TCT No. T-482731 issued in its stead in favor of Vitangcol on August 15, 2001.

Alarmed by the foregoing turn of events, New Vista lost no time in protecting its rights by, first, filing a notice of adverse claim over TCT No. T-482731, followed by commencing a suit for quieting of title before the RTC. Its complaint^[7] was docketed as Civil Case No. 3195-2001-C before the RTC, Branch 92 in Calamba City. Therein, New Vista alleged paying, after its purchase of the subject lot in 1989, the requisite transfer and related taxes therefor, and thereafter the real estate taxes due on the land. New Vista also averred that its efforts to have the Torrens title transferred to its name proved unsuccessful owing to the on-going process of reclassification of the subject lot from agricultural to commercial/industrial. New Vista prayed, among others, for the cancellation of Vitangcol's TCT No. T-482731 and that it be declared the absolute owner of the subject lot.

On December 11, 2001, Vitangcol moved to dismiss^[8] the complaint which New Vista duly opposed. An exchange of pleadings then ensued.

On June 27, 2003, or before Maria Alipit and Vitangcol, as defendants *a quo*, could answer, New Vista filed an amended complaint,^[9] appending thereto a copy of the 1989 deed of absolute sale De Guzman, as agent authorized agent of the Alipits, executed in its favor. Thereafter, Vitangcol filed a motion to dismiss, followed by a similar motion dated August 29, 2003 interposed by Maria Alipit which New Vista countered with an opposition.

Unlike in its original complaint, New Vista's amended complaint did not have, as attachment, the June 18, 1989 SPA. It, however, averred that Clemente and Maria Alipit had ratified and validated the sale of Lot No. 1702 covered by TCT No. (25311) 2528 by their having delivered possession of said lot to New Vista after receiving and retaining the purchase price therefor.

Ruling of the RTC

The Initial RTC Order

By Order of November 25, 2003, the trial court denied Vitangcol's and Maria Alipit's

separate motions to dismiss the amended complaint. As there held by the RTC, the amended complaint^[10] sufficiently stated a cause of action as shown therein that after the purchase and compliance with its legal obligations relative thereto, New Vista was immediately placed in possession of the subject lot, but which Maria Alipit, by herself, later sold to Vitangcol to New Vista's prejudice.

The December 21, 2004 RTC Order

From the above order, Vitangcol sought reconsideration,^[11] attaching to the motion a copy of the June 18, 1989 SPA which, in the hearing on June 7, 2004, was accepted as evidence pursuant to Sec. 8, Rule 10 of the Rules of Court.^[12] By Order dated July 14, 2004, the RTC granted reconsideration and dismissed the amended complaint, disposing as follows:

In view of the foregoing, the court hereby set aside its Order dated November 25, 2003 and by virtue of this order, hereby finds that the Amended Complaint states no cause of action and that the claim of the plaintiff in the present action is unenforceable under the provisions of the statute [sic] of frauds, hence, the Amended Complaint is hereby ordered DISMISSED, pursuant to Rule 16, Section 1, paragraph g and i.

SO ORDERED.^[13]

In reversing itself, the RTC made much of the fact that New Vista did not attach the SPA to the amended complaint. To the RTC, this omission is fatal to New Vista's cause of action for quieting of title, citing in this regard the pertinent rule when an action is based on a document.^[14]

The RTC also stated the observation that New Vista's act of not directly mentioning the SPA and the non-attachment of a copy thereof in the amended complaint constituted an attempt "to hide the fact that Milagros Alipit-de Guzman is only authorized to sell a parcel of land denominated as Lot No. 1735 of the Calamba Estate, *and not* Lot No. 1702 of the Calamba Estate, which is the subject matter of the Deed of Absolute Sale (Annex B of the Amended Complaint)."^[15] According to the RTC, what the agent (De Guzman) sold to New Vista was Lot No. 1702 which she was not authorized to sell.

Aggrieved, New Vista interposed an appeal before the CA, its recourse docketed as CA-G.R. CV No. 84205.

Ruling of the CA

On August 14, 2006, the appellate court rendered the assailed Decision reversing the December 21, 2004 RTC Order, reinstating New Vista's amended complaint for quieting of title, and directing Vitangcol and Maria Alipit to file their respective answers thereto. The decretal portion of the CA's decision reads:

WHEREFORE, premises considered, the 21 December 2004 Order of the court *a quo* is hereby REVERSED and SET ASIDE, and the Amended Complaint is hereby REINSTATED. The defendants-appellees are hereby directed to file their respective answers/responsive pleadings within the time prescribed under the Rules of Court.

SO ORDERED.^[16]

The CA faulted the RTC for dismissing the amended complaint, observing that it was absurd for the RTC to require a copy of the SPA which was not even mentioned in the amended complaint. Pushing this observation further, the CA held that the amended complaint, filed as it were before responsive pleadings could be filed by the defendants below, superseded the original complaint. As thus superseded, the original complaint and all documents appended thereto, such as the SPA, may no longer be taken cognizance of in determining whether the amended complaint sufficiently states a cause of action. It, thus, concluded that the RTC erred in looking beyond the four corners of the amended complaint in resolving the motion to dismiss on the ground of its failing to state a cause of action.

And citing jurisprudence,^[17] the CA ruled that even if the SPA were considered, still the discrepancy thereof relative to the deed of absolute sale--in terms of lot and title numbers--is evidentiary in nature and is simply a matter of defense, and not a ground to dismiss the amended complaint.

Finally, the CA held that the real question in the case boiled down as to whose title is genuine or spurious, which is obviously a triable issue of fact which can only be threshed out in a trial on the merits.

Through the equally assailed December 19, 2006 Resolution, the CA denied Vitangcol's motion for reconsideration.

Hence, the instant petition.

The Issue

Petitioners Vitangcol raise as ground for review the sole assignment of error in that:

THE DECISION AND THE RESOLUTION OF THE TWELFTH DIVISION OF
THE COURT OF APPEALS UNDER CHALLENGE ARE CONTRARY TO LAW^[18]

The Court's Ruling

The petition is bereft of merit.

The sole issue tendered for consideration is whether the Amended Complaint, with the June 18, 1989 SPA--submitted by petitioners Vitangcol--duly considered, sufficiently states a cause of action. It is Vitangcol's posture that it does not sufficiently state a cause of action. New Vista is of course of a different view.

Amended Complaint Sufficiently States a Cause of Action

The Rules of Court defines "cause of action" as the act or omission by which a party violates a right of another. It contains three elements: (1) a right existing in favor of the plaintiff; (2) a correlative duty on the part of the defendant to respect that right; and (3) a breach of the defendant's duty.^[19] It is, thus, only upon the occurrence of the last element that a cause of action arises, giving the plaintiff a right to file an action in court for recovery of damages or other relief.^[20]

Lack of cause of action is, however, not a ground for a dismissal of the complaint through a motion to dismiss under Rule 16 of the Rules of Court, for the determination of a lack of cause of action can only be made during and/or after trial. What is dismissible via that mode is failure of the complaint to state a cause of action. Sec. 1(g) of Rule 16 of the Rules of Court provides that a motion may be made on the ground "that the pleading asserting the claim states no cause of action."

The rule is that in a motion to dismiss, a defendant hypothetically admits the truth of the material allegations of the ultimate facts contained in the plaintiff's complaint.^[21] When a motion to dismiss is grounded on the failure to state a cause of action, a ruling thereon should, as rule, be based only on the facts alleged in the complaint.^[22] However, this principle of hypothetical admission admits of exceptions. Among others, there is no hypothetical admission of conclusions or interpretations of law which are false; legally impossible facts; facts inadmissible in evidence; facts which appear by record or document included in the pleadings to be unfounded;^[23] allegations which the court will take judicial notice are not true;^[24] and where the motion to dismiss was heard with submission of evidence which discloses facts sufficient to defeat the claim.^[25]

New Vista's threshold contention that De Guzman's SPA to sell should not be considered for not having been incorporated as part of its amended complaint is incorrect since Vitangcol duly submitted that piece of document in court in the course of the June 7, 2004 hearing on the motion to dismiss. Thus, the trial court acted within its discretion in considering said SPA relative to the motion to dismiss the amended complaint.

The trial court, however, erred in ruling that, taking said SPA into account, the amended complaint stated no cause of action. Indeed, upon a consideration of the amended complaint, its annexes, with the June 18, 1989 SPA thus submitted, the Court is inclined, in the main, to agree with the appellate court that the amended complaint sufficiently states a cause of action.

Hypothetical Admission Supports Statement of Cause of Action

Thus, the next query is: Assuming hypothetically the veracity of the material allegations in the amended complaint, but taking into consideration the SPA, would New Vista still have a cause of action against Vitangcol and Maria Alipit sufficient to support its claim for relief consisting primarily of quieting of title?

The poser should hypothetically be answered in the affirmative.