

SECOND DIVISION

[G.R. No. 153700, November 27, 2002]

ESTRELLA C. PABALAN, PETITIONER, VS. ANASTACIA B. SANTARIN, RESPONDENT.

DECISION

MENDOZA, J.:

This is a petition for review on certiorari of the decision,^[1] dated November 23, 2001, and resolution, dated May 13, 2002, of the Court of Appeals, affirming the denial of petitioner's motion to dismiss by the trial court.

The facts are as follows:

On September 1, 1999, private respondent Anastacia B. Santarin filed a complaint (Civil Case No. Q-99-38618) against Tri-Lite Realty Management and Development Corporation (TRI-LITE) and its officers, Cesar Ravela, Pepito G. Salac, and Robert C. Britanico, for the annulment of transfer certificates of title and damages. In her complaint, which was filed in the Regional Trial Court, Branch 227, Quezon City, private respondent alleged —

3. That plaintiff [Anastacia B. Santarin] is the absolute owner of a parcel of residential lot situated at Brgy. Talipapa (Bagbag) Quezon City, with an area of 429 square meters and covered by TCT No. 7589 of the Register of Deeds of Quezon City, with a building constructed thereon;

4. That sometime in July 1997, while the plaintiff was abroad and without the knowledge and consent of the plaintiff, defendants [Cesar Ravela, Pepito G. Salac, and Robert C. Britanico] thru trickery, stealth, and manipulation and undue influence on her daughter, Annielita Santarin Villaluna, and by forging plaintiff's signature, succeeded in drawing an undated Deed of Absolute Sale on said house and lot and making it to appear that plaintiff signed the same as vendor . . . ;

5. That by virtue of the forged deed of sale in favor of plaintiff's daughter [Annielita Santarin Villaluna], defendants [Cesar Ravela, Pepito G. Salac, and Robert C. Britanico] caused the cancellation of plaintiff's TCT No. 5975 and caused the issuance of TCT No. N-179523 of the Register of Deeds of Quezon City [in the name of Annielita Santarin] . . . ;

6. That later or on October 8, 1997, defendants [Cesar Ravela, Pepito G. Salac, and Robert C. Britanico], confederating and helping one another, caused plaintiff's daughter [Annielita Santarin Villaluna] to execute another deed of absolute sale dated October 8, 1997, in favor of defendant corporation [TRI-LITE] for an alleged consideration of ₱1,544,400.00 . . . ;

7. That [neither] plaintiff nor her above-named daughter ever received any amount as consideration on both deeds of sale;

8. That after the anomalous manipulation by the defendants [Cesar Ravela, Pepito G. Salac, and Robert C. Britanico] as above-stated on the deed of sale in their favor, defendants [Cesar Ravela, Pepito G. Salac, and Robert C. Britanico] immediately caused the cancellation of TCT No. N-179523 in the name of Annielita Santarin Villaluna, and caused the issuance of TCT Nos. N-183147, N-138148, N-183149, N-183150, N-183151, N-183152, and N-183153 of the Register of Deeds of Quezon City [in the name of Tri-Lite Realty Management and Development Corporation] . . . ;

. . . .

10. That due to this fraudulent manipulations by . . . defendants [Cesar Ravela, Pepito G. Salac, and Robert C. Britanico], plaintiff [Anastacia Santarin] suffered sleepless nights, wounded feelings, serious anxiety on the thought that she would lose her properties due to the manipulation of the defendants, thereby suffering moral damages which could be pecuniarily estimated at ₱2,000,000.00;

11. Defendants should be made liable solidarily for exemplary damages in the amount of ₱50,000.00 as an effective lessons to people who are similarly-minded; [2]

Private respondent later amended her complaint to implead petitioner Estrella C. Pabalan and the Register of Deeds of Quezon City as additional defendants. After reiterating the allegations in her original complaint, private respondent alleged that-

10. Plaintiff [Anastacia B. Santarin] has discovered that on July 20, 1998, defendant corporation [TRI-LITE], through its officers, namely defendants Ravela, and Salac, mortgaged the property, subject matter of this case, already subdivided into seven (7) lots with individual titles, to defendant ESTRELLA C. PABALAN for the sum of PHP ONE MILLION FIVE HUNDRED (₱1,500,000.00) PESOS . . . ;

11. For failure of defendant corporation [TRI-LITE] to pay the mortgage loan after it became due, defendant Estrella Pabalan petitioned the Clerk of Court of Quezon City, in her capacity as Ex-Officio Sheriff, to foreclose the property and sell the property in public auction, which petition was granted. Thus, the Deputy Sheriff held the public auction sale on March 2, 1999, where the mortgagee, defendant Estrella Pabalan herself, came out as the winning bidder for the total sum of PHP TWO MILLION NINE HUNDRED THIRTY FOUR THOUSAND FIVE HUNDRED FIFTY FOUR (₱2,934,554.00) PESOS . . . ;

12. To date, no title has as yet been issued in the name of defendant Estrella Pabalan since the documentary stamp and capital gains tax due by reason of the sale has remained unpaid, the same to become due upon the expiration of the one year redemption period, as per annotation on the memorandum of encumbrance of TCT Nos. N-183147 to 183153; [3]

Private respondent Santarin prayed for (1) the annulment of the deed of sale purporting to have been executed by her in favor of her daughter Annielita Santarin Villaluna and the deed executed by the latter in favor of TRI-LITE, the transfer certificates of title issued in the name of TRI-LITE and the foreclosure sale of the properties and (2) the restoration of TCT No. 7589 issued in her name. Private respondent reiterated her claim for damages against the defendant officers of TRI-LITE and also sought the issuance of a temporary restraining order and/or

preliminary injunction enjoining the Registrar of Deeds of Quezon City from issuing transfer certificates of title over the properties in favor of petitioner Pabalan.^[4]

In her Answer, petitioner claimed that she was an innocent purchaser for value of the seven parcels of land. She alleged that before extending a loan to TRI-LITE, she obtained certified true copies of the TCTs issued in TRI-LITE's name (which were unencumbered) and a certification from the Office of the City Assessor, Quezon City as to TRI-LITE's ownership of said parcels of land. She prayed for the dismissal of the complaint against her for lack of cause of action and sought payment of damages against TRI-LITE and its officers.^[5]

The trial court treated petitioner's special defense as a motion to dismiss and, in its resolution, dated September 24, 2000, denied the same. Petitioner moved for reconsideration, but her motion was denied on November 10, 2000. The trial court held:

The complaint in this case states clearly the ultimate facts. No evidentiary matters are allowed to be presented in the case of motion to dismiss because of lack of cause of action in the complaint. The allegation... that co-defendant Estrella C. Pabalan is an innocent purchaser in good faith is a defense – the proper place for which is the Answer, not a Motion to Dismiss or affirmative defense to be treated as a Motion to Dismiss. The answer and all defenses of the defendant are not even considered. It is only the Amended Complaint as it stand[s]. A Motion to Dismiss based on failure of the allegations of the complaint to state a cause of action admits, if only hypothetically, the truth of the allegations in the complaint (Alguigue vs. de Leon L-15059, March 30, 1963). The Amended Complaint in this case, as hypothetically admitted in the Motion to Dismiss for failure to state a cause of action does not allege that defendant Estrella C. Pabalan is an innocent purchaser for value, as the defense alleges, but expressly taints the allegedly fraudulent two Deeds of Sale and resulting TCTs including the mortgage to Estrella Pabalan as void ab initio. That she is a purchaser at public auction is admitted, but the complaint alleges the title is still void ab initio.

WHEREFORE, premises considered, the Motion to Dismiss embodied as affirmative defense based on lack of cause of action, is hereby Denied for lack of merit, based solely on the Amended Complaint which clearly alleges in express terms the cause of action against defendant Estrella C. Pabalan; that her title derived as mortgagee and purchaser at auction sale is void ab initio because it proceeds from an equally void title of other defendants who allegedly derived title through a falsified signature of plaintiff as vendor in the original first sale – because the affirmative defense of innocent purchaser for value is a defense which begs for evidentiary matters, the proper place for which should be in the trial on the merits of this case.^[6]

Petitioner filed a special civil action for certiorari in the Court of Appeals. Again, she lost as her petition was dismissed on November 23, 2001. Her motion for reconsideration was likewise denied on May 13, 2002. In its decision, the Court of Appeals held: