



Republic of the Philippines
Supreme Court
 Manila

SECOND DIVISION

**FRANK COLMENAR, in
 his capacity as an heir
 of the late FRANCISCO
 COLMENAR,***

Petitioner,

- versus -

**APOLLO A. COLMENAR,
 JEANNIE COLMENAR
 MENDOZA, VICTORIA
 JET COLMENAR,
 PHILIPPINE ESTATES
 CORPORATION, AMAIA
 LAND CORPORATION,
 CRISANTA REALTY
 DEVELOPMENT
 CORPORATION,
 PROPERTY COMPANY
 OF FRIENDS, and THE
 REGISTER OF DEEDS OF
 THE PROVINCE OF
 CAVITE,**

Respondents.

G.R. No. 252467

Present:

**PERLAS-BERNABE, S.A.J., Chairperson,
 LAZARO-JAVIER,
 M. LOPEZ,
 ROSARIO, and
 J. LOPEZ,** JJ.**

Promulgated:

JUN 21 2021

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DECISION

LAZARO-JAVIER, J.:

* Francisco Colmenar's full name is "Francisco Jesus Colmenar."

** Designated as additional member per Special Order No. 2822 dated April 7, 2021.

The Case

This petition for review on *certiorari*¹ seeks to reverse and set aside the Order² dated May 22, 2020 of the Regional Trial Court (RTC), Branch 23, Trece Martires City, Cavite in Civil Case No. TMCV-062-18 dismissing the complaint of petitioner Frank Colmenar for declaration of nullity of deeds of extrajudicial settlement of estate, deeds of sale, cancellation of titles, and damages against respondents Philippine Estates Corporation (PEC), Amaia Land Corporation (Amaia), Crisanta Realty Development Corporation (Crisanta Realty), and Property Company of Friends (ProFriends), on the ground that the complaint failed to state a cause of action as against them. In dismissing the case, the trial court applied the 2019 Amendments to the 1997 Revised Rules on Civil Procedure even though it was allegedly not feasible and it caused injustice to petitioner.

Antecedents

In his complaint³ filed on September 11, 2018, petitioner essentially averred:

(a) He is the second child of Filipino-born Francisco Jesus Colmenar and American Dorothy Marie Crimmin. Their family lived in Cleveland, Ohio, United States of America.⁴

(b) Following his parents' divorce, his father Francisco Jesus Colmenar returned to the Philippines. Despite the distance between him and his father, he remained close to the latter. In fact, when his own child was born, Francisco Jesus Colmenar visited them in Las Vegas, Nevada, where he and his family lived. Francisco Jesus Colmenar confided in him that he (Francisco Jesus Colmenar) had met a woman named Loida.⁵

(c) Years later, he learned that his father had died. The latter left real properties located at General Trias, Cavite, all registered in his father's name, viz.: (i) an interest in a property covered by Transfer Certificate of Title (TCT) No. 579 with an area of 130,743 sq. m.; (ii) an interest in the property under TCT No. 588 with an area of 806 sq. m.; (iii) half an interest in the property under TCT No. 572 measuring 27,175 sq. m.; and (iv) 1/6 interest in the property under TCT No. 25848 with an area of 117,476 sq. m..⁶

(d) He also learned that respondents Apollo Colmenar (Apollo), Jeannie Colmenar Mendoza (Jeannie), and Victoria Jet Colmenar (Victoria) executed an Extrajudicial Settlement of Estate of Francisco Jesus Colmenar

¹ *Rollo*, pp. 11-45.

² Penned by Assisting Judge Jean Desuasido-Gill, *id.* at 54-58.

³ *Id.* at 60-78.

⁴ *Id.* at 60-61 and 65.

⁵ *Id.* at 66-67.

⁶ *Id.* at 67-68.

dated May 16, 2008 and another Extrajudicial Settlement of Estate of Deceased Francisco Jesus Colmenar and Loida Colmenar dated July 8, 2011 where they made it appear that they were the surviving heirs of Francisco Jesus Colmenar, and by virtue thereof, allocated unto themselves the interests of his late father in the aforesaid properties.⁷

(e) Apollo, Jeannie, and Victoria thereafter sold to ProFriends the property under TCT No. 25848 on January 3, 2012; to Crisanta Realty the property under TCT No. 572 through a Deed of Absolute Sale dated September 21, 2012; and to PEC the property under TCT No. 579 through a Deed of Sale dated May 22, 2013. Much later, PEC sold this property to Amaia in whose name TCT No. 057-2013024578 was issued.⁸

(f) These sales were made without his knowledge and consent. The individual respondents effectively deprived him of his successional rights under Philippine laws as a legitimate son of his late father. Thus, he secured the services of counsel and sent demand letters to individual respondents to invoke his successional rights. Apollo's counsel, however, refused to meet with him. His subsequent demand letters were also ignored.⁹

(g) The Deeds of Sale in PEC's favor are void because the individual respondents, not being heirs of Francisco Jesus Colmenar, had no rightful claim and interest over the property under TCT No. 579. Consequently, PEC also did not confer any right on Amaia when the former sold this property to the latter.¹⁰ For the same reason, the sale in favor of Crisanta Realty and ProFriends are also void.¹¹

The case was docketed as Civil Case No. TMCV-062-18 and raffled to RTC- Trece Martires City, Cavite, Branch 23.

ProFriends,¹² PEC,¹³ and Crisanta Realty¹⁴ filed their respective answers. ProFriends invoked as affirmative defense lack of cause of action, while PEC and Crisanta Realty, averred that the complaint failed to state a cause of action against them. They also invoked the following common defenses: (1) they are innocent purchasers for value; and (2) petitioner's claim is barred by laches and/or prescription.

Apollo¹⁵ and Amaia, on the other hand, filed their respective motions to dismiss. Amaia, like PEC and Crisanta Realty, averred that the

⁷ *Id.* at 68.

⁸ *Id.* at 68-69 and 73-74.

⁹ *Id.* at 69-70.

¹⁰ *Id.* at 72-73.

¹¹ *Id.* at 73-75.

¹² *Id.* at 159-166.

¹³ *Id.* at 244-273.

¹⁴ *Id.* at 289-317.

¹⁵ Apollo's motion was not attached to the petition. Neither was its content mentioned in the petition or any of its annexes.

complaint stated no cause of action against it and that it was a buyer in good faith.¹⁶

Crisanta Realty and PEC then filed a Motion for Leave of Court to Set the Case for Preliminary Hearing on Affirmative Defenses (Motion for Leave of Court).¹⁷

On April 1, 2019, the trial court, through then Assisting Judge Bonifacio S. Pascua, issued an Order¹⁸ granting the aforesaid motion and setting their affirmative defenses for hearing on May 27, 2019. In the same order, the trial court deferred the resolution of the motions to dismiss of Apollo and Amaia.

Through Order¹⁹ dated December 26, 2019, however, Assisting Judge Jean Desuasido-Gill (Judge Gill) set aside the April 1, 2019 Order and deemed PEC and Crisanta Realty's Motion for Leave of Court, as well as Apollo and Amaia's respective motions to dismiss, submitted for resolution.

On February 12, 2020, Judge Gill issued an Omnibus Order²⁰ denying these motions, *viz.*:

MOTIONS TO DISMISS

Anent the Motion to Dismiss filed by Defendants Apollo Colmenar (Apollo) and Amaia Land Corporation (Amaia), the Court hereby DENIES said Motions. The issues raised by the Defendants are complex and the matters raised are evidentiary, which can be best threshed out during trial. Defendants Apollo and Amaia are directed to file their Answer within ten (10) days from receipt hereof.

MOTIONS TO HEAR AFFIRMATIVE DEFENSES

The Court exercises its discretion under Section 1, Rule 16 of the Rules of Court to DENY the Motion to Hear Affirmative Defenses. The issues raised in this case by each party are complex. The affirmative defenses raised by defendants Crisanta Realty Development Corporation (Crisanta) and Philippine Estates Corporation (PEC) are matters better threshed out in trial.²¹

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¹⁶ *Id.* at 169-192.

¹⁷ *Id.* at 329-332.

¹⁸ *Id.* at 358.

¹⁹ *Id.* at 359-361.

²⁰ *Id.* at 362-364.

²¹ *Id.* at 363.

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PEC,²² Crisanta Realty,²³ and Amaia²⁴ filed their respective motions for reconsideration. At the same time, Amaia filed its Answer²⁵ pleading anew its affirmative defenses that the complaint failed to state a cause of action against it, it was an innocent purchaser for value, and petitioner's claim had prescribed.

Meantime, the 2019 amendment to the Rules of Court took effect on May 1, 2020.

Thereafter, the trial court, still through Judge Gill, issued the assailed Order dated May 22, 2020,²⁶ dismissing the complaint as against PEC, Crisanta Realty, Amaia, and ProFriends on ground that the complaint failed to state a cause of action against them.²⁷ Judge Gill stated that she applied Section 12, Rule 8 of the 2019 Amendments to the Revised Rules on Civil Procedure, thus:

For comment and resolution of the Court are the Affirmative Defenses filed by: Philippine Estates Corporation (PEC), Amaia Land Corporation (Amaia), Crisanta Realty Development Corporation (Crisanta), and Property Company of Friends, Inc. (Profriends).

They are being resolved in consonance with Rule 8 Section 12, particularly par. (a) and (c) of the 2020 Amendments to the 1997 Rules of Civil Procedure, which took effect on May 1, 2020. As per this new provision, the Court shall *motu proprio* resolve the affirmative defense if claim [sic] allegedly states no cause of action, among others. The Court marries the case status with the new provision.²⁸

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The Court rules to DISMISS the Complaint vs. PEC and AMAIA.

Nowhere in the Complaint did Plaintiff allege that Defendant PEC is a purchaser in bad faith or that it has notice of the defect in the title of Defendants Siblings Colmenar.

In a complaint for recovery of ownership of real property, the Supreme Court held that:

Where the complaint for recovery of ownership and possession of a parcel of land alleges that some of the defendants bought said land from their co-defendants who had a defective title thereto but *does not allege that the purchasers were purchasers in bad faith or with notice of the defect in the title of their vendors, there is a failure to state a cause of action.*

²² *Id.* at 365-382.

²³ *Id.* at 386-403.

²⁴ *Id.* at 406-420.

²⁵ *Id.* at 421-450.

²⁶ *Id.* at 54-58.

²⁷ *Id.* at 56-58.

²⁸ *Id.* at 54.

A complaint states a cause of action if it avers the existence of the three essential elements of a cause of action, namely:

- i) the legal right of the plaintiff;
- ii) the correlative obligation of the defendant;
- iii) the act or omission of the defendant in violation of said legal right.

If the allegations in the complaint do not aver the concurrence of these elements, the complaint becomes vulnerable to a motion to dismiss on the ground of failure to state a cause of action.

Amaia has similar arguments for dismissal as PEC. Defendant AMAIA purchased the subject property from PEC. The Complaint's omission to allege that PEC and Amaia are not purchasers in good faith or that they had notice of defect in the title of their predecessors in interest makes the Complaint fail to state a cause of action.

An innocent purchaser for value is protected by the Torrens system of registration under Section 53 of PD 1529. Under this section, while a legal remedy is available for fraud perpetrators in obtaining Title to property, the remedy is not available against an innocent purchaser for value.

Both PEC and Amaia, the latter a company in the business of realty or land sales, enumerated the due diligence they observed in procuring or purchasing the subject property which are, among others: keen inspection of titles; physical inspection of land; inspection of neighboring or adjacent lands; inquiries in the Register of Deeds; circumspect inspection of any defect of Title.

As PEC and Amaia are innocent purchasers for value of the subject land, the Plaintiff loses the legal remedy that could have been afforded by Section 53. There is no cause of action against PEC and Amaia.

Premises considered: 1/ the Complaint against Philippine Estates Corporation is DISMISSED for lack of cause of action, sans pronouncement as to Damages, [Attorney's] fees and Compulsory Counterclaim; 2/ PEC's Motion for Reconsideration to Hear Affirmative Defenses is rendered MOOT.

Likewise, the Complaint as against Amaia Land Corporation is hereby Dismissed for lack of cause of action, bereft of pronouncement as to the Counterclaim and Cross-claim.

Crisanta Realty Development Corporation

Crisanta's Affirmative Defenses strongly echo PEC's.

Crisanta's Affirmative Defenses of *No Cause of Action* against it AND innocent purchaser for value displayed the same narrative in PEC's affirmative defense.

The Court reached the same conclusions: 1/ the Complaint against Crisanta Realty Development Corporation is DISMISSED for lack of cause of action, sans pronouncement as to Damages, [Attorney's] fees and

Compulsory Counterclaim; 2/ Crisanta's Motion for Reconsideration to Hear Affirmative Defenses is rendered MOOT.

Property Company of Friends, Inc.

Profriends Affirmative Defense relied on *No cause of action*.

Profriends alleged that although it is being impleaded in the Complaint as a purchaser of the parcel of land previously covered by TCT No. 25848, it allegedly has no obligation insofar as plaintiff is concerned. Plaintiff failed to provide in its Complaint factual and legal basis for the prayer of cancellation of the Deed of Sale in Profriend's favor, as well as the new TCT issued under it, as a result of the sale.

Again, the Court finds no cause of action against Profriends to support the Complaint.

Profriends is a purchaser in good faith, the property it bought is covered by the Torrens Title.

The Court reiterates the discussion in PEC's and Amaia's cases above, as conclusive ground for dismissal of the Complaint against Profriends.

Wherefore, the Complaint against Property Company of Friends, Inc. is DISMISSED for lack of cause of action, bereft of pronouncement as to the Compulsory Counterclaim.

FINAL ORDERS:

Preceding any progression of this case, in order to be consistent with the 2020 Amendments to the Rules of Civil Procedure, particularly Rule 7 Section 6 (b) and (c) the Court orders the Plaintiff to file within a non-extendible period of thirty (30) days from receipt hereof: 1/ a summary of its witnesses and their intended testimonies; 2/ the judicial affidavits of the said witnesses; 3/ true copy of the documentary evidence and object evidence of all the allegations to support the claim, if none filed, as suppletory to its initial pleading.

Let this case be set for a *possible* marking of Exhibits and true copy of documents, including Judicial Affidavits of Plaintiff's witnesses on Tuesday, June 30, 2020 @ 1:15 o'clock in the afternoon in the Courtroom of RTC Branch 23, Trece Martires City. This case will be heard face to face.

The Court stands pat on the Default Order against Defendants Jeannie Colmenar Mendoza and Victoria Jet Colmenar, and strongly NOTES the non-Answer of Defendant Apollo A. Colmenar, despite Court Order of February 12, 2020. The period for Apollo A. Colmenar to file Answer has lapsed.

So Ordered.²⁹

²⁹ *Id.* at 56-58.



Noticeably, the inclusion of the name of ProFriends was erroneous since ProFriends actually pleaded a different affirmative defense – lack of cause of action.

In light of the proscription against filing a motion for reconsideration under Section 12, Rule 15³⁰ of the 2019 Rules on Civil Procedure and in view of the singular question of law purportedly involved, petitioner directly sought relief from the Court.

The Present Petition

Petitioner now seeks affirmative relief from the Court against the assailed Order dated May 22, 2020. He faults Judge Gill for applying the 2019 Rules on Civil Procedure to the case, and based thereon, *motu proprio* acted on the affirmative defenses of respondent companies despite the clear injustice it caused to him.³¹ He asserts that although admittedly procedural rules may be applied to actions already pending prior to their effectivity, the 2019 Amendments expressly proscribe their application to pending actions when “*in the opinion of the court, their application would not be feasible or would work injustice, in which case the procedure under which the cases were filed shall govern.*”³² Here, Judge Gill *motu proprio* acted on and granted the affirmative defenses of respondent companies despite previously denying them through her Omnibus Order dated February 12, 2020. This hasty turn-about caused him great prejudice as he was peremptorily deprived of the opportunity to assert his claim against respondent companies. More so considering the trial court’s earlier pronouncement that the issues presented could be better threshed out through a full dressed trial. Worse, he could not even seek a reconsideration from the assailed disposition because Section 12, Rule 15 of the 2019 Amendments prohibits the filing of a motion for reconsideration of court actions on affirmative defenses.³³

Petitioner further posits that Judge Gill had earlier ruled on the affirmative defenses through her Omnibus Order dated February 12, 2020. The pending matters at the time the 2019 Amendments took effect were respondent companies’ motions for reconsideration of the February 12, 2020 Omnibus Order. If Judge Gill was truly insistent on applying the new rules in the case, she should have denied the motions for reconsideration pursuant to Section 12(e), Rule 8 of the 2019 Amendments which prohibits the filing of a motion for reconsideration where an affirmative defense is denied.³⁴

³⁰ Section. 12. *Prohibited motions.* – The following motions shall not be allowed: x x x (c) Motion for reconsideration of the court’s action on the affirmative defenses; x x x.

³¹ *Rollo*, p. 29.

³² *Id.* at 31-32.

³³ *Id.* at 33-34.

³⁴ *Id.* at 34-35.

Further, by *motu proprio* resolving the affirmative defenses, Judge Gill totally disregarded the requirement set forth under Section 12(c), Rule 8 of the 2019 Amendments that the court “*shall motu proprio resolve the above affirmative defenses within thirty (30) calendar days from the filing of the answer.*” ProFriends filed its answer with affirmative defense as early as December 2018; PEC and Crisanta Realty, on January 3, 2019; and Amaia on February 27, 2020. Thus, when she resolved their respective affirmative defenses on May 22, 2020, she did so way beyond the 30-day period provided under the 2019 Amendments.³⁵

Lastly, Judge Gill gravely erred when she decreed that the complaint failed to state a cause of action as against respondent companies in view of the absence of a material allegation that they were purchasers in bad faith or had notice of a defect in the sellers’ titles. In truth, the complaint bears the material allegations that petitioner is the heir of Francisco Jesus Colmenar, the registered owner of the properties which were sold to respondent companies by Apollo, Jeannie, and Victoria, who were not heirs of Francisco Jesus Colmenar. A purchaser may be impleaded in an action if said purchaser acquired the property from a seller who had no right over the said property. *The Roman Catholic Bishop of Tuguegarao v. Prudencio*,³⁶ decreed that a transferee’s claim of good faith does not preclude a cause of action against it. Thus, the lack of specific allegation in the complaint that respondent companies acquired the properties in bad faith does not equate to failure to state a cause of action against them.³⁷

In their Comment dated January 22, 2021,³⁸ PEC and Crisanta Realty aver that the petition must be dismissed since it actually raises a question of fact. For petitioner is asking the Court to evaluate the allegations in the complaint and determine whether the same make out a case against respondent companies, which is basically a question of fact, thus, outside the purview of Rule 45 of the Revised Rules of Court.³⁹ Contrary to petitioner’s claim, Judge Gill did not err in applying the 2019 Rules on Civil Procedure to the case for Rule 144 of the Rules itself clearly ordains that the same may be applied to all pending proceedings. In fact, Judge Gill had consistently applied the 2019 Rules in all proceedings before her court.⁴⁰ In any event, Judge Gill was correct in holding that the complaint failed to state a cause of action against them. Petitioner, indeed, did not allege in his complaint that they are purchasers in bad faith or that they had notice of any defect in the titles of the properties they bought from individual respondents who are also children of Francisco Jesus Colmenar, albeit, from a different wife. In effect, the complaint failed to

³⁵ *Id.* at 35-36.

³⁶ 794 Phil. 462 (2016).

³⁷ *Rollo*, pp. 36-43.

³⁸ *Id.* at 482-508.

³⁹ *Id.* at 490-494.

⁴⁰ *Id.* at 494-500.

state the particular right, if any, which they supposedly violated. They were innocent purchasers for value. They exercised the required diligence when they investigated the property before buying it. Their diligent investigation did not yield anything suspicious about the properties and their corresponding titles.⁴¹

For its part, Amaia reiterates the arguments in its Comment⁴² dated January 25, 2021 that the complaint indeed failed to state a cause of action against it. The complaint did not bear any allegation that respondent companies were purchasers in bad faith. As innocent purchasers for value, they are protected by law.⁴³ Also, the trial court was correct when it applied the 2019 Amendments and acted on respondent companies' affirmative defenses. The 2019 Amendments clearly uses the word "shall" to qualify its effectivity provision, hence, it applies as well to pending cases.⁴⁴

On the other hand, ProFriends, in its Comment⁴⁵ dated January 29, 2021, also faults petitioner for improperly raising here a mixed question of fact and law, which is not allowed under Rule 45. Petitioner should have gone first to the Court of Appeals in consonance with the rule on the hierarchy of courts.⁴⁶

Issues

1. Does the petition raise pure questions of law?
2. Did the trial court commit reversible error when it applied the 2019 Amendments to the 1997 Revised Rules on Civil Procedure (now known as the 2019 Rules of Procedure) to resolve the affirmative defenses pleaded by respondent companies?
3. Did the trial court commit reversible error when it dismissed the complaint against respondent companies on ground that it failed to state a cause of action against them?

Ruling

The petition raises pure questions of law

The issues for resolution are:

⁴¹ *Id.* at 500-507.

⁴² *Id.* at 628-655.

⁴³ *Id.* at 644-653.

⁴⁴ *Id.* at 639-644.

⁴⁵ *Id.* at 677-682.

⁴⁶ *Id.* at 678-680.

First. Did the trial court commit reversible error when it applied the 2019 Amendments to resolve the affirmative defenses pleaded by respondent companies, albeit the case was already pending when the 2019 Amendments took effect?; and

Second. Assuming the allegations in the complaint to be true, does the complaint state a cause of action against respondent companies?

A “question of law” exists when the doubt hinges on what the law is on a certain set of facts or circumstances; on the other hand, there is a “question of fact” when the issue raised on appeal pertains to the truth or falsity of the alleged facts. The test for determining whether the supposed error was one of “law” or “fact” is not the appellation given by the parties raising the same; rather, it is whether the reviewing court can resolve the issues raised *without evaluating the evidence*, in which case, it is a question of law; otherwise, it is one of fact. In other words, where there is no dispute as to the facts, the question of whether the conclusions drawn from these facts are correct is a question of law. If the question posed, however, requires a re-evaluation of the credibility of witnesses, or the existence or relevance of surrounding circumstances and their relationship to each other, the issue is factual.⁴⁷

Here, the first question of whether the trial court committed reversible error when it applied the 2019 Amendments to resolve the affirmative defenses pleaded by the respondent companies, albeit the same was already pending when these Amendments took effect is one of law. In ***Central Realty and Development Corp. v. Solar Resources, Inc.***,⁴⁸ the Court held that the issue of whether the trial court correctly applied a specific law or rules to a particular case is a question of law, *viz.*:

Was the denial of petitioner’s motion for judgment on the pleadings correct? Is Solar’s action for specific performance barred by *res judicata*? Is summary judgment in the case proper? These are precisely the questions being raised here. The resolution of these questions rests solely on what the law or the rules provides on the given set of circumstances. In other words, **the Court ought to look only into whether the trial court correctly applied the law or rules in the case. These are pure questions of law which do not require the examination of evidence.** (Emphasis supplied)

As for the second issue, whether the allegations in the complaint, assuming them to be true, state a cause of action against respondent companies is also one of law. The Court stressed in ***Bases Conversion***

⁴⁷ *Republic v. Gallo*, 823 Phil. 1090, 1102 (2018), citing *Spouses Miano v. Manila Electric Co.*, 800 Phil. 118, 122 (2016).

⁴⁸ G.R. No. 229408, November 9, 2020.

Development Authority v. Reyes,⁴⁹ that where there is no dispute as to the facts, the question of whether the conclusions drawn from these facts are correct is a question of law. Indeed, in resolving whether the complaint here, based on its allegations, states a cause of action against respondent companies, the Court need not re-evaluate the credibility of any witnesses or the veracity of any evidence. The Court only needs to examine the complaint itself, the allegations of which are assumed to be true, in order to determine whether the complaint states a cause of action against respondent companies for declaration of nullity of deeds of extrajudicial settlement of estate, deeds of sale, cancellation of titles, and damages against respondent companies. To repeat, this is a pure question of law.

In fine, petitioner's direct resort to the Court is in accordance with Rule 45, which ordains:

Section 1. *Filing of petition with Supreme Court.* -- A party desiring to appeal by certiorari from a judgment, final order or resolution of the Court of Appeals, the Sandiganbayan, the Court of Tax Appeals, the Regional Trial Court or other courts, whenever authorized by law, may file with the Supreme Court a verified petition for review on certiorari. The petition may include an application for a writ of preliminary injunction or other provisional remedies and shall raise only questions of law, which must be distinctly set forth. The petitioner may seek the same provisional remedies by verified motion filed in the same action or proceeding at any time during its pendency.

As held in *Daswani v. Banco de Oro*,⁵⁰ when only questions of law remain to be addressed, a direct recourse to the Court under this remedy is the proper mode of appeal.

We now resolve the case on the merits.

The trial court gravely erred when it applied the 2019 Amendments to resolve the affirmative defenses pleaded by respondent companies

The 2019 Amendments have been incorporated into the 1997 Revised Rules on Civil Procedure, now known as the 2019 Rules on Civil Procedure. And as with all things new, precedence is generally scarce, hence, its application must be done with utmost caution and in strict adherence to its provisions.

Rule 144 of the 2019 Rules, provides:

⁴⁹ 711 Phil. 631, 638-639 (2013).

⁵⁰ 765 Phil. 88, 97 (2015).

The 2019 Proposed Amendments to the 1997 Rules of Civil Procedure shall govern all cases filed after their effectivity on May 1, 2020, **and also all pending proceedings, except to the extent that in the opinion of the court, their application would not be feasible or would work injustice**, in which case the procedure under which the cases were filed shall govern. (Emphasis supplied)

As worded, the 2019 Amendments shall also govern all pending cases commenced before they took effect on May 1, 2020, *except to the extent that in the opinion of the court, their application would not be feasible or would work injustice, in which case, the procedure under which the cases were filed shall govern*. Here, the case commenced with the filing of the complaint in September 2018 and remained pending when the 2019 Amendments took effect.

As it was, Judge Gill applied Section 12, Rule 8 of the 2019 Amendments when she supposedly resolved *motu proprio* the affirmative defense of respondent companies, that is, the complaint failed to state a cause of action, thus:

Section 12. Affirmative defenses. — (a) A defendant shall raise his or her affirmative defenses in his or her answer, which shall be limited to the reasons set forth under Section 5(b), Rule 6, and the following grounds:

1. That the court has no jurisdiction over the person of the defending party;
 2. That venue is improperly laid;
 3. That the plaintiff has no legal capacity to sue;
 4. That the pleading asserting the claim states no cause of action; and
 5. That a condition precedent for filing the claim has not been complied with.
- (b) Failure to raise the affirmative defenses at the earliest opportunity shall constitute a waiver thereof.
- (c) The court shall *motu proprio* resolve the above affirmative defenses **within thirty (30) calendar days from the filing of the answer**. (Emphasis supplied)

The records though readily show that when Judge Gill *motu proprio* resolved the affirmative defenses on May 22, 2020, the prescribed thirty (30) day period had long expired. ProFriends filed its answer with affirmative defense⁵¹ in December 2018; PEC⁵² and Crisanta Realty⁵³ on January 3, 2019; and Amaia⁵⁴ on February 27, 2020. Judge Gill should

⁵¹ *Rollo*, pp. 159-166.

⁵² *Id.* at 244-272.

⁵³ *Id.* at 289-317.

⁵⁴ *Id.* at 421-448.

have, therefore, desisted from applying the 2019 Amendments to the case below, specifically Section 12, Rule 8 thereof, because when she did, the same was no longer feasible.

Another. It was inaccurate for Judge Gill to say that she was *motu proprio* acting on the affirmative defenses. In truth, she had already resolved this common affirmative defense of failure to state a cause of action, together with the other affirmative defenses in her Omnibus Order dated February 12, 2020. There, she denied the motions to dismiss and motions to set the affirmative defenses for hearing because in her words, “*the issues x x x are complex x x x and are x x x better threshed out in trial.*”⁵⁵ Too, PEC, Crisanta Realty, and Amaia all had pending motions for reconsideration of the Omnibus Order dated February 12, 2020 when Judge Gill “*motu proprio*” resolved their common affirmative defense, and dismissed the case based on, and consequently considered the pending motions for reconsiderations as moot. Thus, instead of applying the 2019 Amendments, Judge Gill could have simply resolved the pending motions for reconsiderations of PEC, Crisanta Realty, and Amaia.

But this is not all. The worst part is when Judge Gill ignored the injustice caused by the application of the 2019 Amendments to the case. For as a consequence, petitioner lost his substantial right to be heard on the common affirmative defense of PEC, Crisanta Realty, and Amaia, and his right to seek a reconsideration of the order of dismissal which were both granted him under the 1997 Revised Rules on Civil Procedure.

This brings us to the third and last issue: *did the complaint fail to state a cause of action against respondent companies?*

The complaint stated a cause of action against respondent companies

To recall, there are two (2) sets of affirmative defenses raised below, viz.: (1) the complaint failed to state a cause of action, raised by PEC, Amaia, and Crisanta Realty; and (2) lack of cause of action, raised by ProFriends.

In the Omnibus Order dated February 12, 2020, Judge Gill did not resolve the affirmative defense of lack of cause of action raised by ProFriends. She only resolved the common affirmative defense of PEC, Amaia, and Crisanta Realty that the complaint failed to state a cause of action. And yet, in the assailed Order dated May 22, 2020, the case against ProFriends was also dismissed on the ground that the complaint failed to state a cause of action, the common affirmative defense raised only by PEC, Amaia, and Crisanta Realty.⁵⁶

⁵⁵ *Id.* at 363.

⁵⁶ *Id.* at 363.

It has been repeatedly held, however, that failure to state a cause of action and lack of cause of action *are distinct and separate grounds to dismiss a particular action*. *Zuniga-Santos v. Santos-Gran*⁵⁷ explained that failure to state a cause of action refers to the insufficiency of the allegations in the pleading, while lack of cause of action refers to the insufficiency of the factual basis for the action. Dismissal for failure to state a cause of action may be raised at the earliest stages of the proceedings through a motion to dismiss under Rule 16 of the 1997 Rules of Court or raised as an affirmative defense in an answer, while dismissal for lack of cause of action may be raised any time *after* the questions of fact have been resolved on the basis of stipulations, admissions or evidence presented by the plaintiff. *Asia Brewery, Inc. v. Equitable PCI Bank*⁵⁸ further explained:

Failure to state a cause of action is not the same as lack of cause of action; the terms are not interchangeable. It may be observed that lack of cause of action is not among the grounds that may be raised in a motion to dismiss under Rule 16 of the Rules of Court. The dismissal of a Complaint for lack of cause of action is based on Section 1 of Rule 33, which provides:

Section 1. Demurrer to evidence. - After the plaintiff has completed the presentation of his evidence, the defendant may move for dismissal on the ground that upon the facts and the law the plaintiff has shown no right to relief. If his motion is denied he shall have the right to present evidence. If the motion is granted but on appeal the order of dismissal is reversed he shall be deemed to have waived the right to present evidence.

If the Complaint fails to state a cause of action, a motion to dismiss must be made before a responsive pleading is filed; and the issue can be resolved only on the basis of the allegations in the initiatory pleading. On the other hand, if the Complaint lacks a cause of action, the motion to dismiss must be filed after the plaintiff has rested its case.

In the first situation, the veracity of the allegations is immaterial; however, in the second situation, the judge must determine the veracity of the allegations based on the evidence presented.

x x x x

Hence, in order to resolve whether the Complaint *lacked* a cause of action, respondent must have presented evidence to dispute the presumption that the signatories validly and intentionally delivered the instrument.

x x x x

The test to determine whether a complaint states a cause of action against the defendants is this: admitting hypothetically the truth of the allegations of fact made in the complaint, may a judge validly grant the relief demanded in the complaint?⁵⁹ (Emphasis supplied)

⁵⁷ See 745 Phil. 171, 177-178 (2014); also see *Aquino v. Quiazon*, 755 Phil. 793, 808 (2015).

⁵⁸ 809 Phil. 289 (2017).

⁵⁹ Id. at 297, 299.

Consequently, the trial court erred in dismissing the complaint against ProFriends on ground that the complaint failed to state a cause of action, an affirmative defense it did not raise, and which is completely different from what it actually raised, *i.e.*, lack of cause action. And strictly speaking, lack of cause of action may only be raised *after* the questions of fact have been resolved on the basis of stipulations or admissions or evidence presented by the plaintiff. Before then, it cannot be raised as a ground for dismissal; much less can the court dismiss the case on that ground.

We now go to the dismissal of the complaint against PEC, Amaia, and Crisanta Realty on the ground that the complaint failed to state a cause of action against them.

A cause of action is defined as an act or omission by which a party violates a right of another.⁶⁰ A complaint states a cause of action if it sufficiently avers the existence of the three (3) essential elements of a cause of action, namely: (a) a right in favor of the plaintiff by whatever means and under whatever law it arises or is created; (b) an obligation on the part of the named defendant to respect or not to violate such right; and (c) an act or omission on the part of the named defendant violative of the right of the plaintiff or constituting a breach of the obligation of defendant to the plaintiff for which the latter may maintain an action for recovery of damages. If the allegations of the complaint do not state the concurrence of these elements, the complaint becomes vulnerable to a motion to dismiss on the ground of failure to state a cause of action.⁶¹

Here, the complaint for declaration of nullity of Deeds of Extrajudicial Settlement of Estate, Deeds of Sale, Cancellation of Titles, and Damages alleges:

1. Plaintiff Frank Colmenar x x x is the legitimate son of the late Francisco Jesus Colmenar (**Deceased**) and Dorothy Marie Crimmin (**Dorothy**).⁶²

x x x x

28. Years later, Plaintiff learned of the unfortunate demise of his father.⁶³ x x x

x x x x

29. Upon his death, Deceased left real properties registered under his name, to wit:

- (1) An interest in a real property located in General Trias, Cavite, with an area of 130,743 square meters then covered by *Transfer Certificate of Title No. 579*;

⁶⁰ *Spouses Chu v. Benelda Estate Development Corporation*, 405 Phil. 936, 946 (2001).

⁶¹ *Zuniga-Santos v. Santos-Gran*, supra note 57, at 180.

⁶² *Rollo*, pp. 60-61.

⁶³ *Id.* at 67.

- (2) One-half (1/2) interest in a real property located in General Trias, Cavite, with total area of 27,175 square meters then covered by *Transfer Certificate of Title No. 572*;
- (3) One-sixth (1/6) interest in a real property located in General Trias, Cavite with a total land area of 117,476 square meters then covered by *Transfer Certificate of Title No. 25848*; and
- (4) An interest in a real property located in General Trias, Cavite with a total land area of 806 square meters then covered by *Transfer Certificate of Title No. 588*.

30. Several years later, Plaintiff learned that Defendants Apollo, Jeannie, and Victoria made it appear that they were the heirs of the Deceased in the *Extrajudicial Settlement of Estate* dated 16 May 2008 involving a real property then covered by *Transfer Certificate of Title No. T-579* registered in the name of the Deceased, and a portion of a real property covered by *Transfer Certificate of Title No. T-572* registered in the name of the Deceased and Angel Colmenar, both properties being located at General Trias, Province of Cavite.

31. Defendants Apollo, Jeannie, and Victoria committed the same misrepresentations when they executed the *Extrajudicial Settlement of the Estates of Deceased Francisco Colmenar and Loida Colmenar* dated 8 July 2011 involving a real property then covered by *Transfer Certificate of Title No. 579* issued in the name of the Deceased and another real property covered by *Transfer Certificate of Title No. 25848* in the name of the Deceased, among others, both properties being located at General Trias, Province of Cavite.

32. Using the foregoing deeds of extrajudicial settlement of estate as authority, Defendants Apollo and Jeannie executed a *Deed of Absolute Sale* dated 22 May 2013 in favor of Defendant PEC covering a real property then covered by *Transfer Certificate of Title No. 579* issued in the name of the Deceased. For her part, Defendant Victoria, executed a *Deed of Absolute Sale* dated 22 May 2013 in favor of Defendant PEC covering a real property with *Transfer Certificate of Title No. 579* issued in the name of the Deceased.

32.1. Subsequently, Defendant PEC sold the property covered by *Transfer Certificate of Title No. 579* to Defendant Amaia, which by then was already covered by *Transfer Certificate of Title No. 057-2013024578* in the name of Defendant PEC.

33. In the same manner, Defendants Apollo, Jeannie, and Victoria executed a *Deed of Sale* dated 12 September 2012 in favor of Defendant Crisanta, covering a real property then covered by *Transfer Certificate of Title No. 943212* issued in the name of the Deceased and a *Deed of Absolute Sale* dated 3 January 2012 in favor of Defendant Profriends covering a portion of a real property then covered [by] *Transfer Certificate of Title No. 25848* in the name of the Deceased, among others.

34. All the actions of Defendants Apollo, Jeannie and Victoria were made without the knowledge and consent of Plaintiff. Worse, said Defendants did the same depriving Plaintiff of his successional rights under Philippine laws as the legitimate son of the Deceased.⁶⁴

x x x x

47. However, Defendant PEC did not earlier acquire any right or interest over the property since the *Deeds of Absolute Sale* executed by Defendants Apollo, Jeannie and Victoria are void.

47.1. The said deeds are void since Defendants Apollo, Jeannie, and Victoria had no interest over the property covered by *Transfer Certificate of Title No. 579*. Hence, they had no right to sell the same to Defendant PEC.

48. Despite not having acquired any right or interest over the property covered by *Transfer Certificate of Title No. 579*, Defendant PEC still subsequently sold the said property to Defendant Amaia x x x⁶⁵

x x x x

54. Subsequently, or on 21 September 2012, Defendants Apollo, Jeannie and Victoria executed a deed of sale involving the property covered by Transfer Certificate of Title No. 943212 in favor of Defendant Crisanta.

55. It bears stressing, however, that Defendants Apollo, Jeannie, and Victoria are not [the] heirs of the Deceased. Therefore, they had no right to dispose of the property covered by *Transfer Certificate of Title No. 943212* in favor of Defendant Crisanta.⁶⁶

x x x x

60. Defendants Apollo, Jeannie and Victoria subsequently sold Francisco Colmenar's share in *Transfer Certificate of Title No. 25848* to Defendant Profriends.

61. It bears stressing, however, that Defendants Apollo, Jeannie, and Victoria are not [the] heirs of the Deceased. Therefore, they had no right to dispose of the property covered by *Transfer Certificate of Title No. 25848* in favor of Defendant Profriends.⁶⁷

x x x x

64. On account of the *Deeds of Extrajudicial Settlement of Estate* and void *Deeds of Absolute Sale* executed by Defendants Apollo, Jeannie, and Victoria, *Transfer Certificate of Title Nos. 579, 943212, 25848* were cancelled.

65. To reiterate, however, Defendants Apollo, Jeannie, and Victoria had no right to transfer the properties to Defendant corporations.

⁶⁴ *Id.* at 67-69.

⁶⁵ *Id.* at 72-73.

⁶⁶ *Id.* at 74.

⁶⁷ *Id.* at 75.

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66. Consequently, the titles issued by Defendant Registry of Deeds under the name of Defendant Amaia, which originated from the title issued to Defendant PEC, should be cancelled. In the same manner, the titles issued by the Defendant Registry of Deeds to Defendants Crisanta and Profriends are earnestly requested to be cancelled.⁶⁸

In essence, petitioner essentially avers that: (a) he is the legitimate son and lawful heir of Francisco Jesus Colmenar; (b) his father left real properties in the Philippines, the rights and interests of which would legally pass on to his heirs upon his death; (c) the individual respondents are not the lawful heirs of Francisco Jesus Colmenar, thus, have no claim to the properties left by the latter; (d) the individual respondents, nonetheless, despite being devoid of any right in or authority over the estate of his father, were able to effect a void extrajudicial settlement of his father's estate, and thereafter, a void sale of his father's properties in favor of respondent companies, which, as a consequence, also did not acquire a valid title hereto.

In *Asia Brewery, Inc. v. Equitable PCI Bank*⁶⁹ the Court ordained that the test to determine whether a complaint states a cause of action against the defendants is – admitting hypothetically the truth of the allegations of fact made in the complaint, may a judge validly grant the relief demanded in the complaint?

Here, assuming the foregoing allegations to be true, petitioner as legitimate child and lawful heir of Francisco Jesus Colmenar has the right to the relief prayed for, *i.e.*, to declare as void the extrajudicial settlement of estate effected by the individual respondents who, not being lawful heirs of his father, had no legal right to settle the estate; and to declare as void the subsequent deeds of sale executed by these individual respondents in favor of respondent companies which consequently also did not derive any valid title from the individual respondents.

In *Unciano v. Gorospe*⁷⁰ the Court underscored the fundamental principle that no one can give what he does not have. In other words, a seller may sell only what he or she owns, or that which he or she does not own but has authority to transfer, and a *buyer can acquire only what the seller can legally transfer*. As the Court emphasized in *Daclag v. Macahilig*,⁷¹ in a contract of sale, it is essential that the seller is the owner of the property he is selling. Under Article 1458 of the New Civil Code, the principal obligation of a seller is to transfer the ownership of the property sold. Article 1459 of the same provides that the thing must be licit and the vendor must have a right to transfer the ownership thereof at the time it is

⁶⁸ *Id.* at 75-76.

⁶⁹ *Supra* note 58, at 299.

⁷⁰ G.R. No. 221869, August 14, 2019.

⁷¹ 582 Phil. 138, 153 (2008).

delivered. *Nool v. Court of Appeals*,⁷² further enunciated Article 1505 of the New Civil Code which provides that “where goods are sold by a person who is not the owner thereof, and who does not sell them under authority or with consent of the owner, the buyer acquires no better title to the goods than the seller had, unless the owner of the goods is by his conduct precluded from denying the seller’s authority to sell.”

Hence, whether respondent companies were buyers in bad faith or had knowledge of the defect in the title of the seller is not the issue nor the trigger that gave rise to the complaint. Petitioner’s causes of action hinged on his averment that the individual respondents are not the owners of the properties, hence, they cannot validly sell the same to respondent companies, nor convey any title to the latter by reason of the invalid sale. The spring cannot rise above its source. Needless to state, the trial court cannot inject its own theory to take the place of the actual allegations in the complaint. Besides, where petitioner in this case has no actual or personal knowledge of the good faith or bad faith of the buyers in the purchase of the properties, how could he possibly allege it in the complaint? In any event, good faith or lack of bad faith is a matter of defense for the buyers in this case. It can be pleaded in the answer and proved during the trial.

As enunciated in *Sindophil, Inc. v. Republic*,⁷³ the presumption that a holder of a Torrens title is an innocent purchaser for value is *disputable and may be overcome by contrary evidence*, thus:

Sindophil insists that it bought the Tramo property from Ty in good faith and that it was an innocent purchaser for value. However, the presumption of good faith and that a holder of a title is an innocent purchaser for value may be overcome by contrary evidence.

Here, the Republic presented evidence that TCT No. 10354, from which Sindophil’s TCT No. 132440 was derived, was void. As found by the Regional Trial Court:

Record shows that Certificate of Title No. 6735, wherein the lot claimed by defendant, Marcelo R. Teodoro, lot 3270-B, is derived therefrom, is under the name of the Republic of the Philippines, dated October 17, 1913. Nothing in the subsequent annotations was under the name of any of the defendants and neither the subject TCT No. 10354.

With the Republic having put forward evidence that the Tramo property claimed by Sindophil belongs to the Republic, the burden of evidence shifted to Sindophil to prove that its title to it was valid. Concomitantly, it had the burden of proving that it was indeed a buyer in

⁷² 342 Phil. 106, 117-118 (1997).

⁷³ G.R. No. 204594, November 7, 2018.

good faith and for value. As this Court said in *Baltazar v. Court of Appeals*, “**the burden of proving the status of a purchaser in good faith and for value lies upon him who asserts that status**” and “[i]n discharging that burden, it is not enough to invoke the ordinary presumption of good faith, i.e., that everyone is presumed to act in good faith. The good faith that is [essential here] is integral with the very status which must be proved.” (Emphasis supplied)

In any event, the trial court’s reliance on *Spouses Castillo v. Heirs of Madrigal*⁷⁴ is utterly misplaced. It is not on all fours with the present case. *Spouses Castillo* involved a conveyance of property registered in the names of the Castillo Siblings. The conveyance appeared to have been executed by all the registered co-owners, albeit the plaintiffs later disclaimed their participation in the conveyance and sued for recovery of possession and ownership. Meantime the property had already been conveyed from the original buyer to a company who invoked the right of an innocent buyer for value. The Court ruled:

Where the complaint for recovery of ownership and possession of a parcel of land alleges that some of the defendants bought said land from their co-defendants who had a defective title thereto but does not allege that the purchasers were purchasers in bad faith or with notice of the defect in the title of their vendors, there is a failure to state a cause of action. By reason of this failure, private respondent Susana Realty, Inc. is presumed to be an innocent purchaser for value and in good faith, entitled to protection under the law.⁷⁵

Here, the allegations in the complaint do not speak of co-ownership between petitioner and the individual respondents insofar as the subject properties are concerned. There is no allegation either that the corresponding certificates of title which the respondent individuals transacted with respondent companies bore all the names of the respondent individuals, as well as the name of petitioner himself as their co-owner. Nor is there any allegation that the deeds of sale executed in favor of respondent companies were signed not only by individual respondents but also by petitioner himself, all of them being supposedly co-owners of the properties. On the contrary, the allegations in the complaint, assuming them to be true, are all about the unlawful conveyances of the properties by the respondent individuals who had no right to do so since the true and lawful owner of these properties is petitioner, no other.

All told, the trial court gravely erred when it held that the complaint failed to state a cause of action against respondent companies, and based thereon, dismissed the complaint against them.

⁷⁴ 275 Phil. 605 (1991).


⁷⁵ *Id.* at 612.

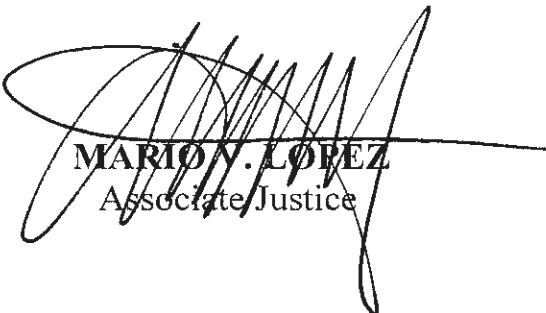
WHEREFORE, the petition is **GRANTED** and the Order dated May 22, 2020 of the Regional Trial Court, Branch 23, Trece Martires, Cavite in Civil Case No. TMCV-062-18 **REVERSED and SET ASIDE**. The Complaint is **REINSTATED** as against Philippine Estates Corporation, Crisanta Realty Development Corporation, Amaia Land Corporation, and Property Company of Friends. The trial court is **DIRECTED to PROCEED** with the resolution of the case with **UTMOST DISPATCH**.


SO ORDERED.


AMY C. LAZARO-JAVIER
Associate Justice

WE CONCUR:


ESTELA M. PERLAS-BERNABE
Senior Associate Justice
Chairperson



MARION V. LOPEZ
Associate Justice


RICARDO R. ROSARIO
Associate Justice


JHOSEP Y. LOPEZ
Associate Justice

ATTESTATION

I attest that the conclusions in the above Decision has been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


ESTELA M. PERLAS-BERNABE
Senior Associate Justice
Chairperson – Second Division

CERTIFICATION

Pursuant to Section 13, Article VII of the Constitution, and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


ALEXANDER G. GESMUNDO
Chief Justice

