

FIRST DIVISION

[G.R. No. 166838, June 15, 2011]

**STA. LUCIA REALTY & DEVELOPMENT, INC., PETITIONER, VS.
CITY OF PASIG, RESPONDENT, MUNICIPALITY OF CAINTA,
PROVINCE OF RIZAL, INTERVENOR.**

DECISION

For review is the June 30, 2004 Decision ^[1] and the January 27, 2005 Resolution ^[2] of the Court of Appeals in CA-G.R. CV No. 69603, which affirmed with modification the August 10, 1998 Decision ^[3] and October 9, 1998 Order ^[4] of the Regional Trial Court (RTC) of Pasig City, Branch 157, in Civil Case No. 65420.

Petitioner Sta. Lucia Realty & Development, Inc. (Sta. Lucia) is the registered owner of several parcels of land with Transfer Certificates of Title (TCT) Nos. 39112, 39110 and 38457, all of which indicated that the lots were located in *Barrio Tatlong Kawayan*, Municipality of Pasig ^[5] (**Pasig**).

The parcel of land covered by TCT No. 39112 was consolidated with that covered by TCT No. 518403, which was situated in *Barrio Tatlong Kawayan*, Municipality of Cainta, Province of Rizal (**Cainta**). The two combined lots were subsequently partitioned into three, for which TCT Nos. 532250, 598424, and 599131, now all bearing the Cainta address, were issued.

TCT No. 39110 was also divided into two lots, becoming TCT Nos. 92869 and 92870.

The lot covered by TCT No. 38457 was not segregated, but a commercial building owned by Sta. Lucia East Commercial Center, Inc., a separate corporation, was built on it. ^[6]

Upon Pasig's petition to correct the location stated in TCT Nos. 532250, 598424, and 599131, the Land Registration Court, on June 9, 1995, ordered the amendment of the TCTs to read that the lots with respect to TCT No. 39112 were located in *Barrio Tatlong Kawayan*, Pasig City. ^[7]

On January 31, 1994, Cainta filed a petition ^[8] for the settlement of its land boundary dispute with Pasig before the RTC, Branch 74 of Antipolo City (Antipolo RTC). This case, docketed as Civil Case No. 94-3006, is still pending up to this date.

On November 28, 1995, Pasig filed a Complaint, ^[9] docketed as Civil Case No. 65420, against Sta. Lucia for the collection of real estate taxes, including penalties and interests, on the lots covered by TCT Nos. 532250, 598424, 599131, 92869, 92870 and 38457, including the improvements thereon (the subject properties).

Sta. Lucia, in its Answer, alleged that it had been religiously paying its real estate taxes to Cainta, just like what its predecessors-in-interest did, by virtue of the

demands and assessments made and the Tax Declarations issued by Cainta on the claim that the subject properties were within its territorial jurisdiction. Sta. Lucia further argued that since 1913, the real estate taxes for the lots covered by the above TCTs had been paid to Cainta. [10]

Cainta was allowed to file its own Answer-in-Intervention when it moved to intervene on the ground that its interest would be greatly affected by the outcome of the case. It averred that it had been collecting the real property taxes on the subject properties even before Sta. Lucia acquired them. Cainta further asseverated that the establishment of the boundary monuments would show that the subject properties are within its metes and bounds. [11]

Sta. Lucia and Cainta thereafter moved for the suspension of the proceedings, and claimed that the pending petition in the Antipolo RTC, for the settlement of boundary dispute between Cainta and Pasig, presented a "prejudicial question" to the resolution of the case. [12]

The RTC denied this in an Order dated December 4, 1996 for lack of merit. Holding that the TCTs were conclusive evidence as to its ownership and location, [13] the RTC, on August 10, 1998, rendered a Decision in favor of Pasig:

WHEREFORE, in view of the foregoing, judgment is hereby rendered in favor of [Pasig], ordering Sta. Lucia Realty and Development, Inc. to pay [Pasig]:

- 1) P273,349.14 representing unpaid real estate taxes and penalties as of 1996, plus interest of 2% per month until fully paid;
- 2) P50,000.00 as and by way of attorney's fees; and
- 3) The costs of suit.

Judgment is likewise rendered against the intervenor Municipality of Cainta, Rizal, ordering it to refund to Sta. Lucia Realty and Development, Inc. the realty tax payments improperly collected and received by the former from the latter in the aggregate amount of P358, 403.68. [14]

After Sta. Lucia and Cainta filed their Notices of Appeal, Pasig, on September 11, 1998, filed a Motion for Reconsideration of the RTC's August 10, 1998 Decision.

The RTC, on October 9, 1998, granted Pasig's motion in an Order [15] and modified its earlier decision to include the realty taxes due on the improvements on the subject lots:

WHEREFORE, premises considered, the plaintiff's motion for reconsideration is hereby granted. Accordingly, the Decision, dated August 10, 1998 is hereby modified in that the defendant is hereby ordered to pay plaintiff the amount of P5,627,757.07 representing the unpaid taxes and penalties on the improvements on the subject parcels of land whereon real estate taxes are adjudged as due for the year 1996. [16]

Accordingly, Sta. Lucia filed an Amended Notice of Appeal to include the RTC's October 9, 1998 Order in its protest.

On October 16, 1998, Pasig filed a Motion for Execution Pending Appeal, to which both Sta. Lucia and Cainta filed several oppositions, on the assertion that there were no good reasons to warrant the execution pending appeal. [17]

On April 15, 1999, the RTC ordered the issuance of a Writ of Execution against Sta. Lucia.

On May 21, 1999, Sta. Lucia filed a Petition for *Certiorari* under Rule 65 of the Rules of Court with the Court of Appeals to assail the RTC's order granting the execution. Docketed as **CA-G.R. SP No. 52874**, the petition was raffled to the First Division of the Court of Appeals, which on September 22, 2000, ruled in favor of Sta. Lucia, to wit:

WHEREFORE, in view of the foregoing, the instant petition is hereby **GIVEN DUE COURSE** and **GRANTED** by this Court. The assailed Order dated April 15, 1999 in Civil Case No. 65420 granting the motion for execution pending appeal and ordering the issuance of a writ of execution pending appeal is hereby **SET ASIDE** and declared **NULL** and **VOID**. [18]

The Court of Appeals added that the boundary dispute case presented a "prejudicial question which must be decided before x x x Pasig can collect the realty taxes due over the subject properties." [19]

Pasig sought to have this decision reversed in a Petition for *Certiorari* filed before this Court on November 29, 2000, but this was denied on June 25, 2001 for being filed out of time. [20]

Meanwhile, the appeal filed by Sta. Lucia and Cainta was raffled to the (former) Seventh Division of the Court of Appeals and docketed as **CA-G.R. CV No. 69603**. On June 30, 2004, the Court of Appeals rendered its Decision, wherein it agreed with the RTC's judgment:

WHEREFORE, the appealed Decision is hereby **AFFIRMED** with the **MODIFICATION** that the award of P50,000.00 attorney's fees is **DELETED**. [21]

In affirming the RTC, the Court of Appeals declared that there was no proper legal basis to suspend the proceedings. [22] Elucidating on the legal meaning of a "prejudicial question," it held that "there can be no prejudicial question when the cases involved are both civil." [23] The Court of Appeals further held that the elements of *litis pendentia* and forum shopping, as alleged by Cainta to be present, were not met.

Sta. Lucia and Cainta filed separate Motions for Reconsideration, which the Court of Appeals denied in a Resolution dated January 27, 2005.

Undaunted, Sta. Lucia and Cainta filed separate Petitions for *Certiorari* with this Court. Cainta's petition, docketed as G.R. No. 166856 was denied on April 13, 2005 for Cainta's failure to show any reversible error. **Sta. Lucia's own petition is the**

one subject of this decision. [24]

In praying for the reversal of the June 30, 2004 judgment of the Court of Appeals, Sta. Lucia assigned the following errors:

ASSIGNMENT OF ERRORS

I

THE HONORABLE COURT OF APPEALS ERRED IN AFFIRMING [WITH MODIFICATION] THE DECISION OF THE REGIONAL TRIAL COURT IN PASIG CITY

II.

THE HONORABLE COURT OF APPEALS ERRED IN NOT SUSPENDING THE CASE IN VIEW OF THE PENDENCY OF THE BOUNDARY DISPUTE WHICH WILL FINALLY DETERMINE THE SITUS OF THE SUBJECT PROPERTIES

III.

THE HONORABLE COURT OF APPEALS ERRED IN NOT HOLDING THAT THE PAYMENT OF REALTY TAXES THROUGH THE MUNICIPALITY OF CAINTA WAS VALID PAYMENT OF REALTY TAXES

IV.

THE HONORABLE COURT OF APPEALS ERRED IN NOT HOLDING THAT IN THE MEANTIME THAT THE BOUNDARY DISPUTE CASE IN ANTIPOLLO CITY REGIONAL TRIAL COURT IS BEING FINALLY RESOLVED, THE PETITIONER STA. LUCIA SHOULD BE PAYING THE REALTY TAXES ON THE SUBJECT PROPERTIES THROUGH THE INTERVENOR CAINTA TO PRESERVE THE STATUS QUO. [25]

Pasig, countering each error, claims that the lower courts correctly decided the case considering that the TCTs are clear on their faces that the subject properties are situated in its territorial jurisdiction. Pasig contends that the principles of *litis pendentia*, forum shopping, and *res judicata* are all inapplicable, due to the absence of their requisite elements. Pasig maintains that the boundary dispute case before the Antipolo RTC is independent of the complaint for collection of realty taxes which was filed before the Pasig RTC. It avers that the doctrine of "prejudicial question," which has a definite meaning in law, cannot be invoked where the two cases involved are both civil. Thus, Pasig argues, since there is no legal ground to preclude the simultaneous hearing of both cases, the suspension of the proceedings in the Pasig RTC is baseless.

Cainta also filed its own comment reiterating its legal authority over the subject properties, which fall within its territorial jurisdiction. Cainta claims that while it has been collecting the realty taxes over the subject properties since way back 1913, Pasig only covered the same for real property tax purposes in 1990, 1992, and 1993. Cainta also insists that there is a discrepancy between the locational entries

and the technical descriptions in the TCTs, which further supports the need to await the settlement of the boundary dispute case it initiated.

The errors presented before this Court can be narrowed down into two basic issues:

- 1) Whether the RTC and the CA were correct in deciding Pasig's Complaint without waiting for the resolution of the boundary dispute case between Pasig and Cainta; and
- 2) Whether Sta. Lucia should continue paying its real property taxes to Cainta, as it alleged to have always done, or to Pasig, as the location stated in Sta. Lucia's TCTs.

We agree with the First Division of the Court of Appeals in CA-G.R. SP No. 52874 that the resolution of the boundary dispute between Pasig and Cainta would determine which local government unit is entitled to collect realty taxes from Sta. Lucia. [26]

**The Local Government Unit entitled
To Collect Real Property Taxes**

The Former Seventh Division of the Court of Appeals held that the resolution of the complaint lodged before the Pasig RTC did not necessitate the assessment of the parties' evidence on the metes and bounds of their respective territories. It cited our ruling in *Odsigue v. Court of Appeals* [27] wherein we said that a certificate of title is conclusive evidence of both its ownership and location. [28] The Court of Appeals even referred to specific provisions of the 1991 Local Government Code and Act. No. 496 to support its ruling that Pasig had the right to collect the realty taxes on the subject properties as the titles of the subject properties show on their faces that they are situated in Pasig. [29]

Under Presidential Decree No. 464 or the "Real Property Tax Code," the authority to collect real property taxes is vested in the locality **where the property is situated**:

Sec. 5. *Appraisal of Real Property.* -- All real property, whether taxable or exempt, shall be appraised at the current and fair market value prevailing in the locality **where the property is situated**.

x x x x

Sec. 57. *Collection of tax to be the responsibility of treasurers.* -- The collection of the real property tax and all penalties accruing thereto, and the enforcement of the remedies provided for in this Code or any applicable laws, shall be the responsibility of the treasurer of the province, city or municipality **where the property is situated**. (Emphases ours.)

This requisite was reiterated in Republic Act No. 7160, also known as the 1991 the Local Government Code, to wit: