

SECOND DIVISION

[G.R. No. 220042, September 05, 2018]

**CASA MILAN HOMEOWNERS ASSOCIATION, INC., PETITIONER,
VS. THE ROMAN CATHOLIC ARCHBISHOP OF MANILA AND
REGISTER OF DEEDS OF QUEZON CITY, RESPONDENTS.**

D E C I S I O N

CARPIO, J.:

The Case

This is a petition for review under Rule 45 of the Rules of Court to reverse the Decision^[1] dated 20 January 2015 and the Resolution^[2] dated 10 August 2015 of the Court of Appeals in CA-G.R. CV No. 98325. The Court of Appeals affirmed the Order^[3] of the Regional Trial Court of Quezon City, Branch 100, granting the Motion to Dismiss filed by respondent The Roman Catholic Archbishop of Manila (RCAM) on the ground of failure to state a cause of action.

The Facts

B.C. Regalado & Co., Inc. (Regalado) is the owner of the lots of Casa Milan Subdivision in North Fairview, Quezon City. The approved subdivision plan of Casa Milan designated Lot 34, Block 143, consisting of 6,083 square meters, as an open space or park/playground under Transfer Certificate of Title (TCT) No. RT-78112 in the name of Regalado.

In 1995, RCAM started constructing a church on a portion of Lot 34, Block 143. According to petitioner, in June 1995, RCAM applied with the Housing and Land Use Regulatory Board (HLURB) for the segregation of a 4,000-square meter portion of Lot 34, Block 143 to be used as a parish church in Casa Milan.

The HLURB, through its Executive Brief,^[4] stated that the party requesting for the segregation/conversion of the lot was not RCAM, but New North Fairview Realty and Development, Inc. (developer). The Executive Brief further stated that the request was supported by a letter from the residents. The letter requested that the said lot be apportioned for the construction of a multipurpose center. The request was recommended for approval. The Executive Brief and request were accompanied by a letter from the residents and not a written permission from the homeowners association because the petitioner, Casa Milan Homeowners Association, Inc., was only incorporated in 1999, as shown by the Articles of Incorporation^[5] attached to the complaint. The application for the segregation and the letter from the residents were sent in 1995.

Notwithstanding such fact and petitioner's omission to state the date of its incorporation, petitioner alleged that the HLURB's approval was "suspicious, to say

the least" because the request was purportedly without the written consent of the then non-existent homeowners association or of a majority of the residents of Casa Milan.

On 29 October 2002, during the pendency of the petition for conversion, Regalado executed a Deed of Donation^[6] over the 4,000-square meter portion of Lot 34, Block 143 in favor of RCAM.

On 5 March 2007, the application for the segregation was approved in a Resolution^[7] by the City Council of Quezon City, signed by then Vice-Mayor Herbert Bautista. The Resolution also authorized the partial alteration and subsequent conversion of the lot into a multipurpose center. The 4,000-square meter lot is covered by TCT No. N-305323.^[8] The remaining 2,083-square meter portion, issued in favor of Regalado, is covered by TCT No. N-305324.^[9]

On 3 December 2009, petitioner filed a complaint^[10] against RCAM, Regalado, the developer, and the Register of Deeds of Quezon City. The complaint had two main allegations: (1) the Deed of Donation covering a part of the open space is invalid because it was done without petitioner's written consent; and (2) RCAM was in bad faith when it built a parish church on the property without color of title. It prayed for the following reliefs:

(1) [T]he [petition] be given due course and a temporary restraining order and/or writ of preliminary injunction issue *ex parte*:

(a) restraining respondent RCAM and all those acting under it from continuing with the construction of the church on the open space in Casa Milan and prohibiting the latter from conducting any activity in its premises;

(b) restraining respondent RD Quezon City from disposing and or annotating on the title of the open space;

(2) [That] judgment be rendered:

(a) ordering the cancellation of TCT Nos. 305323 and 305324 and restoring the original TCT No. RT-7 8112;

(b) ordering respondent RCAM to turn over the peaceful possession of the entire open space to petitioner and demolish the improvements it introduced therein at its own expense;

(c) making permanent the temporary restraining order or preliminary injunction prohibiting respondent RCAM from further constructing the church;

(d) ordering respondents to pay the cost[s] of suit.^[11]

RCAM filed a Motion to Dismiss,^[12] dated 17 December 2009, based on the following grounds:

- (1) The filing of the instant complaint violates the rule on forum shopping;
 - (2) There is another action pending between the petitioner and herein respondent for the same cause;
 - (3) The cause of action is barred by prior judgment; and
 - (4) The complaint states no cause of action against herein respondent.
- [13]

The Ruling of the Regional Trial Court

In its Order,^[14] the Regional Trial Court, Branch 100 of Quezon City, resolved the Motion to Dismiss in favor of respondents for petitioner's failure to state a cause of action. The dispositive portion reads:

WHEREFORE, premises considered, the Motion to Dismiss dated 17 December 2009 filed by defendant The Roman Catholic Archbishop of Manila is granted. Accordingly, the Complaint in the case at bar is dismissed for lack of cause of action.

SO ORDERED.^[15]

The trial court denied petitioner's Motion for Reconsideration^[16] in its Order^[17] dated 2 September 2011. The dispositive portion reads:

WHEREFORE, finding no persuasive argument to warrant a reversal or modification of this court's findings in the challenged Order x x x, the petitioner's Motion for Reconsideration dated 25 February 2011 is hereby denied for lack of merit.

SO ORDERED.^[18]

The Ruling of the Court of Appeals

In its Decision^[19] dated 20 January 2015, the Court of Appeals found no merit in petitioner's appeal. It held that:

Indeed, nowhere in the Complaint does it appear that the Association ever acquired a legal right over the subject open space as would obligate defendants to secure its written consent to the construction of the subject parish church and to the donation by Regalado of the 4,000-square meter portion to the RCAM. As the trial court correctly ruled, the Association had no cause of action and failed to state a cause of action in the case, thus compelling the dismissal of its complaint.

WHEREFORE, the decision appealed from is AFFIRMED *in toto*.

SO ORDERED.^[20]

The subsequent Motion for Reconsideration^[21] filed by petitioner was denied by the Court of Appeals. Hence, this petition for review.

The Issues

- (1) Whether the Court of Appeals committed grave reversible error in affirming the dismissal of the complaint for failure to state a cause of action;
- (2) Whether the Court of Appeals committed grave reversible error in ruling that the action is barred by prior judgment; and
- (3) Whether the Court of Appeals committed grave reversible error in ruling that the action is barred by *litis pendentia*.

The Ruling of this Court

Complaint states no cause of action.

Under Section 1(g), Rule 16 of the Rules of Court,^[22] a motion to dismiss may be made on the ground that the pleading states no cause of action.

The case of *Zuñiga-Santos v. Santos-Gran*^[23] explains that:

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.

In its complaint, petitioner alleged the following causes of action: (1) the Deed of Donation covering a part of the open space is invalid; and (2) RCAM was in bad faith when it built a parish church on the property without color of title.

Despite these causes of action, however, petitioner failed to allege legal and factual bases of its asserted right over the open space.

It is established that the title over the subject land was initially in the name of Regalado. Subsequently, on 29 October 2002, Regalado donated the subject land to RCAM; thus, a new title was issued in RCAM's name. Petitioner alleged that the Deed of Donation executed by Regalado in favor of RCAM is null and void, and did not produce any legal effect because the subject land, denominated as an "open space" under Presidential Decree No. (P.D.) 1216,^[24] is inalienable. Petitioner cited a whereas clause of P.D. No. 1216 in defining an "open space" as "beyond the commerce of men."^[25] It states:

WHEREAS, such open spaces, roads, alleys and sidewalks in residential subdivision are for public use and are, therefore, beyond the commerce

of men.

We disagree. Petitioner's mere reliance on a whereas clause of P.D. No. 1216 to nullify a donation is unacceptable. Section 31 of P.D. No. 957,^[26] as amended by Section 2 of P.D. No. 1216, is the basis for the definition of "open spaces" in residential subdivisions:

Section 2. Section 31 of Presidential Decree No. 957 is hereby amended to read as follows:

Section 31. *Roads, Alleys, Sidewalks and Open spaces.* The owner as developer of a subdivision shall provide adequate roads, alleys and sidewalks. For subdivision projects one (1) hectare or more, the owner or developer shall reserve the thirty percent (30%) of the gross area for open space. Such open space shall have the following standards allocated exclusively for parks, playgrounds and recreational use:

x x x x

These areas reserved for parks, playgrounds and recreational use shall be non-alienable public lands, and non-buildable. The plans of the subdivision project shall include tree planting on such parts of the subdivision as may be designated by the Authority.

Upon their completion as certified to by the Authority, the roads, alleys, sidewalks and playgrounds shall be donated by the owner or developer to the city or municipality and it shall be mandatory for the local governments to accept provided, however, that the parks and playgrounds may be donated to the Homeowners Association of the project with the consent of the city or municipality concerned. No portion of the parks and playgrounds donated thereafter shall be converted to any other purpose or purposes.

In the recent case of *Republic v. Spouses Llamas*,^[27] this Court explained the definition of "open spaces" in accordance with Section 31 of P.D. No. 957, as amended, by differentiating the 1991 case of *White Plains Association, Inc. v. Legaspi*^[28] from the 1998 landmark case of *White Plains Homeowners Association, Inc. v. Court of Appeals*.^[29]

In the 1991 *White Plains* case, this Court held that subdivision owners and developers are **compelled to donate**, among others, the subdivision's open spaces to the local government or to the homeowners association, in accordance with Section 31.

However, this Court overturned the 1991 *White Plains* Decision and held in the subsequent 1998 *White Plains* Decision that open spaces belong to the subdivision owners and developers primarily, meaning they have the **freedom to retain or dispose** of the open space in whatever manner they desire. The *Spouses Llamas* case explained it clearly: