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sign a document without first informing himself of its contents and consequences.[38]

The foregoing disquisition on valid consent also supports the presence of the third element of a contract which is cause or consideration.

WHEREFORE, premises considered, the instant Petition is DENIED for lack of merit. The Decision of the Court of Appeals dated 31 July 2007 reinstating the judgment of the HLURB Board of Commissioners dated 18 July 1994, is AFFIRMED. Costs against petitioner.

SO ORDERED.

Quisumbing (Chairperson), Carpio Morales, Velasco, Jr., and *Brion, JJ.,* concur.

SECOND DIVISION

[G.R. No. 173891. September 8, 2008]

HRS. OF THE LATE SPS. LUCIANO P. LIM and SALUD NAKPIL BAUTISTA, namely: LUIS LIM, LOURDES LIM OLIVERA and LEONARDO LIM, *petitioners, vs.* **THE PRESIDING JUDGE OF THE REGIONAL TRIAL COURT OF QUEZON CITY, Branch 216, as Successor of the late Judge Marciano Bacalla of the said Court; AMPARO CAÑOSA; and the REGISTER OF DEEDS OF QUEZON CITY,** *respondents.*

SYLLABUS

1. REMEDIAL LAW; CIVIL PROCEDURE; PARTIES TO CIVIL ACTIONS; REAL PARTY-IN-INTEREST; EXPLAINED. — A real party-in-interest is defined as the party who stands to

[38] *Lee v. Court of Appeals,* 426 Phil. 290, 316 (2002).

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be benefited or injured by the judgment or the party entitled to the avails of the suit. "Interest" within the meaning of the rule means "material interest or an interest in issue and to be affected by the decree, as distinguished from mere interest in the question involved or a mere incidental interest." To qualify a person to be a real party-in-interest in whose name an action must be prosecuted, he must appear to be the present real owner of the right sought to be enforced.

2. ID.; ID.; ANNULMENT OF JUDGMENTS; MERE FILING OF A PETITION FOR ANNULMENT OF JUDGMENT DOES NOT GUARANTEE THE HOLDING OF TRIAL OR RECEPTION OF EVIDENCE. — Mere filing of a petition for annulment of judgment does not guarantee the holding of trial or reception of evidence. A petition for annulment of judgment may in fact be dismissed outright if it has no *prima facie* merit. With more reason that the Court of Appeals may dismiss a petition even without a hearing if it finds that based on the averments in the petition and the responsive pleading, the annulment of the assailed judgment is not warranted.

3. CIVIL LAW; LAND TITLES AND DEEDS; CERTIFICATE OF TITLE; CANNOT BE SUBJECT TO COLLATERAL ATTACK. — It is a well-settled doctrine that a certificate of title cannot be subject to collateral attack and can be altered, modified or cancelled only in a direct proceeding in accordance with law.

APPEARANCES OF COUNSEL

M.B. Tomacruz & Associates Law Offices for petitioners.
Rudolph Dilla Bayot for private respondent.

D E C I S I O N

TINGA, *J.*:

This treats of the Petition for Review[1] on *certiorari* of the Resolutions of the Court of Appeals in CA G.R. SP

[1] *Rollo*, pp. 13-36.

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No. 83013 dated 31 March 2006[2] and 26 July 2006,[3] which respectively dismissed petitioners' petition for annulment of judgment[4] and denied reconsideration.

On 9 September 1999, Amparo E. Cañosa (respondent Cañosa) filed a petition before the Regional Trial Court of Quezon City seeking the reconstitution of the original Transfer Certificate of Title (TCT) No. 169395 of the Register of Deeds of the same city. Due to the non-appearance of representatives from the Office of the Solicitor General and the Office of the City Prosecutor, as well as the absence of all other oppositors, the trial court allowed the *ex parte* presentation of evidence before the branch clerk of court. Convinced that the jurisdictional requirements were complied with and finding merit in the petition, the trial court, on 29 December 1999, ordered the reconstitution of the original and owner's duplicate copy of TCT No. 169395.[5]

On 24 March 2004, petitioners filed a verified petition for the annulment of the trial court's decision.[6] According to petitioners, their parents, spouses Luciano P. Lim and Salud Nakpil Bautista, are the registered owners of a parcel of land located in Old Balara, Quezon City which they acquired from Domingo L. Santos. The lot contained an area of 795 square meters more or less and was covered by TCT No. 27997. Furthermore, they alleged that their parents had been in actual physical possession of the property, which they continued after the death of their parents. When a fire allegedly razed the

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[2] *Id.* at 38-43.

[3] *Id.* at 45-46. Both resolutions were penned by Associate Justice Aurora Santiago-Lagman, with Presiding Justice Ruben T.Reyes (now a member of this Court) and Associate Justice Rebecca de Guia-Salvador concurring.

[4] *Id.* at 49-56. The petition is captioned "*Heirs of the Late Spouses Luciano P. Lim and Salud Nakpil Bautista, namely; Luis Lim, Lourdes Lim Olivera and Leonardo Lim v. The Presiding Judge of the Regional Trial Court of Quezon City, Branch 216,* as Successor of the late Judge Marciano Bacalla of the said Court; Amparo Cañoza; and the Register of Deeds of Quezon City."

[5] *Rollo*, pp. 62-64.

[6] *Supra* note 4.

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Quezon City Hall in June 1988, among the records destroyed was the original copy of TCT No. 27997 and thus, one of the petitioners applied for and was issued a reconstituted title, TCT No. RT-97223, in September 1994.[7]

Petitioners claimed that when respondent Cañosa filed a petition for the reconstitution of TCT No. 169395, covering 33,914 sq m on 9 September 1999, a portion thereof with an area of 795 sq m was already covered by TCT No. RT-97223. In addition, they insisted that the petition for reconstitution did not comply with the requirements found in Sections 12 and 13 of Republic Act (R.A.) No. 26 as it failed to state specifically the boundaries of the property subject of the petition as well as the names of the occupants or persons in possession of the property. Petitioners considered these circumstances as extrinsic fraud, a ground for the annulment of the trial court's judgment.[8]

For her part, respondent Cañosa alleged that there was no fraud and that the jurisdictional requirements of notice and publication had been complied with; thus, the trial court did not err when it ordered the reconstitution of TCT No. 169395. She also claimed that the title issued to petitioners' predecessors-in-interest was spurious because it emanated from Psd-17268 which covered a lot located in Nueva Ecija and not Quezon City, and that the Assistant Director of Lands who signed the alleged plan was not an authorized signatory.[9]

The Court of Appeals dismissed the petition in its 31 March 2006 Resolution. It found that "the property claimed by petitioners is entirely different and does not even form part of the land covered by TCT No. 169395 sought to be reconstituted by private respondent."[10] The Court of Appeals observed that both parties had consistently put claims over a portion of the subject property, a matter which it could not act on and pass

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[7] CA *rollo*, pp. 3-4.

[8] *Id.* at 4-6.

[9] *Id.* at 107-119; amended Answer With Counter-claim (and with Motion to Dismiss).

[10] *Rollo*, p. 42.

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upon in a petition for annulment of judgment. Thus it ruled that "the question as to who has the better right and legal claim of ownership over the property subject matter of this case is a material fact that should be inquired into by the proper trial court being in a proper position to determine such issue."[11]

Petitioners sought reconsideration of the resolution, but their motion for reconsideration was denied by the Court of Appeals on 26 July 2006 for lack of merit.[12]

Now, petitioners, on the one hand, posit that the Court of Appeals erred when it made a finding of fact through a mere physical comparison of the technical descriptions in the TCTs without first allowing the parties to vindicate their respective claims, at least during the pre-trial or more properly, in a trial held for the purpose. They also question the Court of Appeals' refusal to resolve the issue of ownership of the subject lot, arguing that in a petition under Rule 47, Section 6 of the Rules of Court, the appellate court is allowed to be a trier of facts.[13]

Petitioners reiterate that Judge Bacalla's decision is null and void for having been issued without jurisdiction and for having been secured through extrinsic fraud. They argue that the trial court did not acquire jurisdiction over the property subject of the reconstitution proceedings because said property is already covered by other existing titles in the name of other owners, many of which have been administratively reconstituted after their original TCTs were destroyed by fire. They point out the finding of the former head of the EDP unit of the Quezon City government, a certain Luis Lim, that no records exist of Yu Chi Hua's (predecessor of respondent) ownership of 33,914 sq m of land in Quezon City, proof that Yu Chi Hua's/respondent's title did not exist nor its original destroyed by fire. Anent extrinsic fraud, petitioners claim that because of the failure to comply with the notice and other requirements in reconstitution proceedings, interested/concerned persons, including petitioners,

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[11] *Id.* at 43.

[12] *Supra* note 3.

[13] *Rollo,* pp. 22-25.

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have not been duly informed and have thus been prevented from filing their objections/oppositions to the petition for reconstitution. Worse, despite the fatal defects in the required notice and jurisdictional requirements, Judge Bacalla allegedly still proceeded to render his assailed decision.[14]

Respondent Cañosa, on the other hand, maintains that the Court of Appeals followed the correct procedure when it dismissed the petition for annulment of judgment because under Section 5, Rule 47 of the Rules of Court, it may dismiss outright such a petition if it finds no substantial merit in it. She points out that petitioners did not allege nor present anything that would contradict the technical description of the two titles and that the certificates of title of the two lots are conclusive on all matters contained therein, not only on ownership but also on its location and its metes and bounds.[15]

Considering that her lot is not inside, affected by or subsumed in respondent Cañosa's lot, petitioners allegedly have no personality and right to be notified of the reconstitution proceedings nor do they have any right to file the petition for annulment of judgment.[16] Respondent Cañosa also argues that a petition for annulment of judgment is not the proper remedy because what petitioners really wanted is the determination of ownership which the Court of Appeals, however, has no jurisdiction to decide in the first instance.[17] She adds that the petition was already time-barred, it having been filed more than four (4) years from 2 March 2000, the date of the issuance of her reconstituted title.[18] Moreover, she argues that the petition for annulment seeks the nullification of the reconstituted title and thus constitutes a collateral attack on the title of her property, which is not allowed under the law.[19]

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[14] *Id.* at 26-29.

[15] *Id.* at 105-107.

[16] *Id.* at 108.

[17] *Id.* at 110-111.

[18] *Id.* at 112.

[19] *Id.*

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We dismiss the petition.

In a petition for annulment of judgment, the court is tasked to look if there exists extrinsic fraud or lack of jurisdiction.[20] However, in this case, a preliminary but critical question has to be disposed of before a proper determination can be arrived at—that is, whether petitioners are the real parties-in-interest.

A real party-in-interest is defined as the party who stands to be benefited or injured by the judgment or the party entitled to the avails of the suit. "Interest" within the meaning of the rule means "material interest or an interest in issue and to be affected by the decree, as distinguished from mere interest in the question involved or a mere incidental interest."[21] To qualify a person to be a real party-in-interest in whose name an action must be prosecuted, he must appear to be the present real owner of the right sought to be enforced.[22]

The Court of Appeals concluded that petitioners' and respondent Cañosa's properties are different, thus:

> A simple comparison of the transfer certificate of titles presented by the parties reveal that the property claimed by petitioners is entirely different and does not even form part of the land covered by TCT No. 169395 sought to be reconstituted by private respondent.
>
> The technical description in petitioners' title described their alleged property as Lot 10 Blk. 3 of the subdn plan. [P]sd-34194 being a portion of Lot 22-D-3 described on plan Psd-17268, GLRO Rec. No. 1037. On the other hand, private respondent's property covered by TCT No. 169395 is clearly described as Lot 22-A of the subdn plan (LRC) Psd 74624, being a portion of Lot 22 described on plan Psu-32606, LRC (GLRC) Rec. No. 1037. Petitioners' title therefore, covers a parcel of land certainly not the property covered by title acquired by private respondent from Yu Chi Hua. Thus, while it is true that both the described properties from the contending

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[20] RULES OF COURT, Rule 47, Sec. 2.

[21] *Ortigas & Co., Ltd. v. Court of Appeals, et al.*, 400 Phil. 615, 625 (2000).

[22] *BPI Family Bank v. Buenaventura*, G.R. No. 148196, 30 September 2005, 471 SCRA 431, 442.

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parties emanated from Lot 22, it is however, apparent that the two properties individually claimed by them are entirely different and distinct from one another.[23]

We reviewed the titles presented by both parties in the proceedings below and arrived at the same conclusion as that of the Court of Appeals.[24] Indeed, per their TCT,

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[23] *Rollo*, p. 42.

[24] The technical description of petitioners' title, TCT NO. RT-97223 (27997) reads:

A parcel of land (Lot 10, Blk. 3 of the subdn. Plan Psd-34194, being a portion of Lot 22-D-3 described on plan Psd-17268, GLRO Rec. No. 1037), situated in Quezon City. Bounded on the N., by Lot 22-D-2-D of the plan Psd-20257; on the E., by Lot 11, Blk. 3; on the S., by Lot 9, Blk. 3; and on the W., by Road Lot 3; all of the subdn. plan. Beginning at a pt. marked "1" on plan, being S.41 deg. 55 W.8776.80 m. from BLLM 1, Mp. of Montalban, Rizal; thence N.7 deg. 04'E., 5.85 m. to pt. 2; thence S. 89 deg. 11'E., 36.86 m. to pt. 3; thence S.7 deg. 00'W., 9.38 m. to pt. 4; thence S. 3 deg. 12'W., 11.60 m. to pt. 5; thence S. 88 deg. 46'W., 37.08 m. to pt. 6; thence N. 4 deg. 28'E., 16.46 m. to the pt. of beginning; containing an area of SEVEN HUNDRED NINETY FIVE SQUARE METERS (795), more or less. All pts. referred to are indicated on the plan and are marked on the ground by PLS cyl. conc. mons. 15x60 cm., Bearing true; declination 0 deg. 49'E., date of the orig. survey, Mar. 29-Nov. 5, 1921 and that of the subdn. survey, Oct. 16-19, and 23-25, 1951.

while TCT No. RT-120722 (169395) of respondent Cañosa reads:

A parcel of land (Lot 22-A of the subdn, plan (LRC) Psd-74624, being a portion of Lot 22 described on plan Psu-32606, LRC (CLRO) Rec. No. 1037), situated in the Mun. of Montalban, Prov. Of Rizal, Is. of Luzon. Bounded on the NW., & NE., along lines 3-6 by Lot 22-B; on the NE., & SE, along lines 6-8 & 8-1 by Lot 22-D both of the subdn. Plan; and on the SW., along lines 1-3 by Lot 822 of Piedad Estate. Beginning at a pt. marked "1" on plan, being S. 42 deg. 21'W., 8990.08 m. from BLIM 1, Mp. of Montalban; thence N. 2 deg. 58'W., 65.00 m. to pt. 2; thence N. 2 deg. 58'W., 56.40 m. to pt. 3; thence N. 77 deg. 05'E., 100. 58 m. to pt. 4; thence S. 49 deg. 03'E., 35.51 m. to pt. 5; thence S. 89 deg. 11'E., 143.28 m. to pt. 6; thence 4 deg. 11'E., 65.42 m. to pt. 7; thence S. 26 deg. 59'E., 56.03 m. to pt. 8; thence S. 89 deg. 22'W., 292.10 m. to pt. of beginning; containing an area of THIRTY THREE THOUSAND NINE HUNDRED FOURTEEN (33,914) SQ. METERS, more or less. All pts. referred to are indicated on the plan are marked on the ground by PS cyl. conc. mons. 15x60 cm., bearing true; decl. 1 deg. 00'E., date of original survey, Jan. 12, 1923 and that of the subdn. survey, Jan. 9-10, 1968.

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petitioners' lot was derived from Lot-22-D-3, whereas respondent Cañosa's covers the entire Lot 22-A. Simple logic dictates that Lot 22-A is different from Lot-22-D-3, and that Lot -22-D-3 could not have been in Lot 22-A.

Petitioners are not real parties-in-interest because the reconstitution of the original and duplicate copy of TCT No. 169395 will have no effect on their property, the latter being different from, and not even a part of the property covered by the reconstituted title. One having no right or interest of his own to protect cannot invoke the jurisdiction of the court as a party plaintiff in an action, thus petitioners' petition for annulment of judgment was rightfully dismissed.

Petitioners impute error to the Court of Appeals when it dismissed their petition after it concluded, on the basis of its simple comparison of petitioners' and respondent's TCTs, that the properties covered by the two titles are entirely different. Petitioners argue that the Court of Appeals should have conducted a trial and received evidence; and having failed to do so, its conclusion was allegedly not only flawed but was also arrived at with grave abuse of discretion and without due process.[25] We do not agree.

The Court of Appeals did not dismiss the petition for annulment of judgment outright. In fact, it required respondent Cañosa to file her answer, and even allowed the filing of an amended answer-proof that it was predisposed to consider the arguments of both parties before it even decided to finally dismiss the petition. Mere filing of a petition for annulment of judgment does not guarantee the holding of trial or reception of evidence. A petition for annulment of judgment may in fact be dismissed outright if it has no *prima facie* merit.[26] With more reason that

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[25] *Id.* at 24.

[26] RULES OF COURT, Rule 47, Sec. 5, Rule 47 provides:

SEC. 5. *Action by the court*. — Should the court find no substantial merit in the petition, the same may be dismissed outright with specific reasons for such dismissal.

Should *prima facie* merit be found in the petition, the same shall be given due course, and summons shall be served on the respondent.

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the Court of Appeals may dismiss a petition even without a hearing if it finds that based on the averments in the petition and the responsive pleading, the annulment of the assailed judgment is not warranted.

Petitioners also maintain that the Court of Appeals should have taken cognizance of the questions of fact which they raised in the petition for annulment of judgment, empowered as it were by Section 6, Rule 47 of the Rules of Court, which provides that:

> Sec. 6. Procedure. – The procedure in ordinary civil cases shall be observed. Should a trial be necessary, the reception of the evidence may be referred to a member of the court or a judge of a Regional Trial Court.

Petitioners utterly miss the point. To repeat, with the finding that the property described in their title is different from that of respondent Cañosa, the petition for annulment of judgment must necessarily fail. And that should put a stop on the matter. However, the Court of Appeals noted that both parties raised issues of ownership and spuriousness of their respective titles — with petitioners claiming that no records exist in the Quezon City Assessor's Office nor in the Taxation (Real Estate Division) of the ownership of respondent Cañosa's predecessor-in-interest over a 33,914 sq m land in Quezon City, and with respondent Cañosa asserting that the title issued to petitioners' predecessors-in-interest is a spurious, having emanated from a spurious private subdivision survey (Psd) plan. Obviously, the validity of the parties' respective titles is being attacked, in a proceeding which was brought merely to seek the nullification of an order of reconstitution. This cannot be allowed. It is a well-settled doctrine that a certificate of title cannot be subject to collateral attack and can be altered, modified or cancelled only in a direct proceeding in accordance with law.[27] This is the very same reason why the Court of Appeals could not, and did not deign to, resolve the matter of ownership. The Court of Appeals' declaration that it is not a trier of facts must be taken within this context.

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[27] *Carreon v. Court of Appeals*, 353 Phil. 271, 283 (1998).

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There is no more need to dwell on the issues of extrinsic fraud and lack of jurisdiction considering that petitioners are not real parties-in-interest. In any case, a perusal of the decision of the trial court shows that the jurisdictional requirements have been complied with.[28] The trial court also found that respondent Cañosa is the equitable owner of the property, having purchased the same from Yu Chi Hua, as evidenced by a deed of absolute sale.[29] By virtue of such sale, she came into possession of the owner's duplicate copy of the title,[30] and may thus file the petition for reconstitution as she in fact did.

WHEREFORE, the petition is DENIED, and the assailed resolutions of the Court of Appeals dated 31 March 2006 and 26 July 2006 are hereby AFFIRMED. Costs against petitioners.

SO ORDERED.

Quisumbing (Chairperson), Carpio Morales, Velasco, Jr., and *Brion, JJ.,* concur.

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[28] *Rollo*, p. 62.

[29] *Id.* at 63; RTC Decision.

[30] *Id.* Respondent Cañoza was also authorized by Yu Chi Hua, the registered title holder and owner, by virtue of a Special Power of Attorney, to file the petition for reconstitution. It appears that respondent was unable to register the deed of absolute sale in her favor because the fire destroyed the original copy of the title.