THIRD DIVISION

[G.R. No. 267084. July 09, 2025]

SANTOS VENTURA HOCORMA FOUNDATION, INC., PETITIONER, VS. MABALACAT INSTITUTE, INC., RESPONDENT.

D E C I S I O N

GAERLAN, J.:

For resolution is the Petition for Review on *Certiorari* under Rule 45, assailing the Amended Decision[1] dated April 14, 2023 and the Decision[2] dated July 30, 2021 of the Court of Appeals (CA) in CA-G.R. CV No. 113089. The CA reversed and set aside the Order[3] dated December 4, 2018 of Branch 57 of the Regional Trial Court (RTC), Angeles City, which granted petitioner Santos Ventura Hocorma Foundation, Inc.'s (SVHFI) Demurrer to Evidence and dismissed Mabalacat Institute, Inc.'s (Mabalacat Institute) Complaint for Quieting of Title.

Factual Antecedents

Mabalacat Institute filed a Complaint[4] for Quieting of Title against SVHFI involving a 5-hectare portion of a 264.16-hectare parcel of land situated along McArthur Highway, Mamatitang, Mabalacat, Pampanga (subject property). The subject property was formerly registered in the name of Don Teodoro V. Santos (Santos) under Transfer Certificate of Title (TCT) No. 19989-R and currently registered in the name of SVHFI under TCT No. 195826-R.[5]

SVHFI is a non-stock non-profit institution with Santos as the founder, organizer, and financier; its trustees are Bishop Federico O. Escaler, Domingo L. Mapa, Joselito Zaragosa, Ariston Estrada, Fr. Guido Mirti, and Atty. Richard V. Funk (Atty. Funk).[6]

Santos, together with some well-meaning friends, established the Mabalacat Institute in 1950 when he was approached by a group of civic-minded residents of Mabalacat. Mabalacat Institute was formed as a secondary education institution that would cater to the economically prejudiced but deserving juveniles of the town. As a starting point, Santos donated a little over one hectare of the subject property to site the school.[7]

Construction of the school building on the subject property immediately started and by June of 1950, Mabalacat Institute was partially operational.[8]

Before his demise, Santos donated an additional three hectares of contiguous land for the school's expansion. In all, Santos donated five hectares to Mabalacat Institute. The said donation was formalized in a Deed of Absolute Sale[9] (DOAS) dated August 13, 1983 between Santos and Vicente D. Tuazon (Tuazon), the corporate secretary of Mabalacat Institute. The DOAS specifies that, in part:

> 1. That for and in consideration of the sum of TWO THOUSAND FIVE HUNDRED PESOS (P2,500.00) Philippine Currency, the receipt thereof is acknowledged from the VENDEE, the VENDOR hereby SELLS, CEDES, ASSIGNS, TRANSFERS, and CONVEYS absolutely and irrevocably unto the VENDEE the total area of five (5) hectares only to be sliced from the VENDOR's parcels of land at Mabalacat, Pampanga embraced by TCT No. 19989-R, Registry of Deeds for Pampanga, a copy thereof is attached as Annex "A" and hereinafter referred to as "ESTATE", in the following manner: (a) The first 2 hectares shall be the present school site of the Mabalacat Institute occupied by the school free from rentals and payment of real estate taxes since 1950; (b) The additional 3 hectares above-mentioned, shall be taken if feasible immediately from that area adjacent to the present school site or any part of said ESTATE nearest the school premises.
>
> 2. All expenses to separate the aforesaid 5 hectares from the VENDOR's ESTATE, the registration of this Deed, documentary stamps, transfer tax, assurance fund and other expenses incidental to the procurement of a transfer certificate of title to the VENDEE shall be paid by the SANTOS VENTURA HOCORMA FOUNDATION, INC. which VENDOR organized and funded, to assist the school further[.][10]

In relation thereto, Santos also executed a Special Power of Attorney[11] (SPA) dated August 13, 1983, leaving further instructions to Atty. Funk as regards the aforesaid 5-hectare parcel of land. The SPA provides:

> 1. To advise and follow-up with the Santos Ventura Hocorma Foundation, Inc. of my sale (really more of donation) to Mabalacat Institute Inc. five (5) hectares of my lot in Mabalacat, Pampanga covered by TCT No. 19989-R of the Registry of Deeds of Pampanga, to wit: (a) 2 hectares thereof comprises the present school site of the Mabalacat Institute and (b) the three (3) additional hectares, for the school's expansion, shall be taken from the area adjacent to it or any part of my aforesaid land. All expenses such as donation fees, BIR, surveyor, registration, documentary stamps, assurance funds, transfer, documentary expenses and any or all similar expenses shall be collected by the attorney-in-fact from the said Foundation which I fully funded, it being my intention since 1950 to give it to the school

absolutely free from rentals and these said expenses.

2. When the same shall have been secured to register with the Register of Deeds of Pampanga the aforesaid five (5) hectares of land so that a new title thereof be issued to Mabalacat Institute, Inc., its assigns or administrator and to completely separate the same from the Santos Ventura Hocorma Foundation, Inc.[12]

It is undisputed that both the DOAS and SPA are not notarized.[13]

On the same day, Santos also donated the entire 264.16-hectare subject property, including the above-mentioned 5-hectare portion, to the SVHFI through a Deed of Donation (DOD) dated August 13, 1983.[14] Notably, the DOD was notarized by Atty. Funk.[15]

It is alleged that Atty. Funk prepared and drafted the DOAS, SPA and DOD.[16]

On September 14, 1983, Santos died.[17]

For several years, Mabalacat Institute enjoyed the use of the property free from any encumbrances like rentals and taxes until March 14, 2002, when SVHFI demanded monthly rental payments. This triggered a series of legal battles between the parties.[18]

Asserting title and possession, Mabalacat Institute filed a Complaint for Quieting of Title before the RTC docketed as SCA No. 06-128.[19]

After Mabalacat Institute presented its evidence-in-chief, SVHFI filed its Demurrer to Evidence.[20]

The RTC's Order

In the Order dated December 4, 2018, the RTC granted SVHFI's demurrer and dismissed Mabalacat Institute's complaint for lack of evidence.[21] The RTC found that SVHFI is the registered owner of the subject property which includes the 5-hectare portion being claimed by Mabalacat Institute. Legal title is with SVHFI, while Mabalacat Institute merely asserts equitable or beneficial ownership. The RTC, however, declared that the unnotarized DOAS and SPA are insufficient to vest equitable title to Mabalacat Institute. In view of Mabalacat Institute' s lack of equitable title or ownership, there is no cloud to be prevented or removed.[22]

The CA's Decisions

On appeal, the CA, in its assailed Decision dated July 30, 2021, reversed and set aside

the RTC's Order. The CA remanded the case to the RTC for reception of further evidence, thus:

> WHEREFORE, the foregoing considered, the Appeal is GRANTED. The 4 December 2018 Order of the Regional Trial Court of Angeles City, Branch 57 in SCA No. 06-128 is REVERSED and SET ASIDE. The Complaint is REINSTATED, and the case is ordered REMANDED to the Regional Trial Court of Angeles City for the reception of evidence for Defendant-Appellee Santos Ventura Hocorma Foundation, Inc.
>
> IT IS SO ORDERED.[23]

However, upon both parties' respective motions for reconsideration, the CA issued the assailed Amended Decision dated April 14, 2023, maintaining the reversal of the RTC's Order, but declaring Mabalacat Institute as the owner of the subject property. The dispositive portion reads:

> WHEREFORE, premises considered, the Partial Motion for Reconsideration filed by plaintiff-appellant Mabalacat Institute, Inc. is GRANTED, while the Motion for Reconsideration filed by defendants-appellees Santos Ventura Hocorma Foundation, Inc., Bishop Federico O. Escaler, Domingo L. Mapa, Gabriel H. Abad, Melchor G. Raymundo, Joselito Zaragoza, Fr. Rupert Merencilla, Benjamin De Leon, Engr. Ray Cagawan and Grey Javier is DENIED.
>
> Our Decision dated 30 July 2021 reversing and set aside the 04 December 2018 Order of the Regional Trial Court of Angeles City, Branch 57, is AFFIRMED with MODIFICATION in that:
>
> 1) The Complaint for Quieting of Title of plaintiff-appellant Mabalacat Institute Inc. is granted. Mabalacat Institute Inc. has established its legal or equitable title to or interest in the five (5) hectare portion of the subject property which it occupies and on which it has built improvements; and,
>
> 2) The above-described five (5) hectare portion of the subject property is hereby excluded from the *Deed of Donation* dated August 13, 1983 executed by Teodoro V. Santos in favor of Santos Ventura Hocorma Foundation, Inc., to remove the cloud as to plaintiff-appellant Mabalacat Institute Inc.'s title or interest over the said property.
>
> SO ORDERED.[24]

Hence, the present petition.

The issues raised by SVHFI can be summarized, as follows:

> I. Whether the CA committed reversible error when it held that Mabalacat Institute has equitable title to the 5-hectare portion of the

subject property on the basis of the unnotarized DOAS, an unenforceable contract, and unnotarized SPA;[25]

II. Whether the CA committed reversible error when it found that SVHFI's title over the subject property constitutes a cloud on Mabalacat Institute's title; and[26]

III. Whether the CA violated the principles of the Torrens system by rendering SVHFI's title defeasible and subject to collateral attack.[27]

In its Petition, SVHFI argues that the DOAS and SPA are unenforceable, hence, the Court cannot enforce it against SVHFI which is not even a party thereto.[28] As an unenforceable contract, Mabalacat Institute's remedy was to file an action against its contracting party or his heirs to compel an execution of the necessary document. SVHFI highlights that, in its Complaint for Quieting of Title, Mabalacat Institute did not pray for the court *a quo* to: (1) declare or recognize the DOAS in its favor as a valid contract; and (2) compel, under Article 1357 of the Civil Code, the other contracting party, or his heirs, to execute the public document necessary to conform to the requirements of the law in order to make a transfer of title legally and procedurally possible. It insists that the court may not grant a relief which was not prayed for.[29]

SVHFI also asserts that it is the registered owner of the subject property, and that Mabalacat Institute failed to show how SVHFI's title is unenforceable, void or voidable. [30] SVHFI claims that the CA, in its assailed Decisions, violated the principles of the Torrens system by rendering its title defeasible and subject to collateral attack.[31]

Furthermore, SVHFI posits that Mabalacat Institute failed to meet the required quantum of proof. An unnotarized DOAS and unnotarized SPA are insufficient and cannot outweigh the notarized DOD and TCT in SVHFI's name.[32]

SVHFI prays that this Court: (a) vacate and set aside the Amended Decision dated April 14, 2023 and Decision dated July 30, 2021 of the CA; (b) reinstate the Order dated December 4, 2018 of the RTC; and (c) order Mabalacat Institute to pay SVHFI attorney's fees and costs of suit.

In its Comment dated February 13, 2024, Mabalacat Institute merely quoted in bulk the assailed Decision and Amended Decision of the CA, claiming that the CA's disquisition has addressed SVHFI's arguments.[33] It prays that: (a) the Registry of Deeds of Pampanga be ordered to issue a title over the 5-hectare portion in its name; (b) SVHFI be directed to shoulder the costs of such transfer and registration; and (c) SVHFI be ordered to pay it compensatory damages, exemplary damages, and attorney's fees in the amount of PHP 300,000.00 each and costs of suit.[34]

Mabalacat Institute also manifests that during the pendency of this petition, the CA

issued a Resolution[35] dated January 25, 2024 on its Partial Motion for Reconsideration, wherein the CA ruled thus:

> WHEREFORE, premises considered, the Defendants-Appellees' Motion for Reconsideration is PARTLY GRANTED. Accordingly, *We* AFFIRM with MODIFICATION the 14 April 2023 Amended Decision in that:
>
> 1. The Registry of Deeds of Pampanga is ordered to issue a title over the five (5) – hectare subject property embraced in TCT No. 19989-R, issued by the Registry of Deeds of Pampanga, to plaintiff-appellant Mabalacat Institute, Inc., upon finality of this Decision and compliance with the requirements of land registration laws; and
>
> 2. That the cost of such transfer and registration shall be borne by defendant-appellee Santos Ventura Hocorma Foundation, Inc.
>
> SO ORDERED.[36]

In compliance with the Court's Resolution[37] dated August 7, 2024, SVHFI filed a Reply[38] dated January 2, 2025, arguing that nothing in Mabalacat Institute' s bulk quotation of the CA Decision and Amended Decision controverted its arguments in the petition. SVHFI reiterates that Mabalacat Institute's alleged rights over the 5-hectare portion hinges on unenforceable documents, which cannot validly transfer title to Mabalacat Institute.[39] SVHFI asserts that the fact that the CA enforced unenforceable contracts renders the assailed Decision and Amended Decision void *ab initio* for having been made in excess of jurisdiction.[40] The CA likewise failed to establish the equitable interest of Mabalacat Institute over the 5-hectare portion of the subject property.[41] It argues that the RTC was correct in holding that there is no legal basis to declare the DOD or SVHFI's title void or voidable. SVHFI emphasizes that Mabalacat Institute never questioned the authenticity and due execution of the DOD.[42] Hence, even assuming that Mabalacat Institute had a valid title over the 5-hectare portion, there is no cloud on it.[43]

SVHFI further argues that the CA acted in excess of its jurisdiction when it issued the Resolution dated January 25, 2024 ordering the Registry of Deeds of Pampanga to issue a title in Mabalacat Institute's name over the 5-hectare portion, and ordering SVHFI to pay the costs of such transfer and registration of title.[44] SVHFI asserts that the CA should not have issued said Resolution since the case was already elevated to this Court for review.[45]

Finally, as regards Mabalacat Institute's prayer for compensatory damages, exemplary damages, and attorney's fees, SVHFI contests that Mabalacat Institute can no longer pray for payment thereof since it failed to timely appeal the CA's denial of their

monetary claims.[46]

The Court's Ruling

The petition is meritorious.

This case stemmed from the Complaint for Quieting of Title filed by Mabalacat Institute against SVHFI over a 5-hectare portion of the subject property which Santos purportedly donated to it. After Mabalacat Institute completed the presentation of its evidence-in-chief, SVHFI filed a Demurrer to Evidence, which the RTC granted for lack of evidence. On appeal, the CA ruled that the RTC erred in granting the demurrer since it found that Mabalacat Institute presented sufficient evidence to prove that it is the owner of the 5-hectare portion.

Did the RTC err in granting SVHFI's Demurrer to Evidence? The Court rules that it did not.

A demurrer to evidence is governed by Rule 33, Section 1 of the Rules of Court, 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.

In filing a demurrer to evidence, a party questions the sufficiency of the evidence presented by the plaintiff on the ground that the plaintiff failed to show a right to the relief it asks for.[47] The Court has also held that a demurrer to evidence authorizes a judgment on the merits of the case without the defendant having to submit evidence on his part, as he would ordinarily have to do, if plaintiff's evidence shows that he is not entitled to the relief sought.[48] If granted, it results in the dismissal of the complaint in favor of the movant. Thus, it is akin to a motion to dismiss.[49]

A demurrer to evidence is likewise sustainable when, admitting every proven fact favorable to the plaintiff and indulging in his favor all conclusions fairly and reasonably inferable therefrom, the plaintiff has failed to make out one or more of the material elements of his case, or when there is no evidence to support an allegation necessary to his claim. It should be sustained where the plaintiff's evidence is *prima facie* insufficient for a recovery.[50]

The Court further clarified that the evidence contemplated by the rule on demurrer is that which pertains to the merits of the case, excluding technical aspects such as capacity to sue. The "facts" should include all the means sanctioned by the Rules of Court in ascertaining matters in judicial proceedings. These include judicial admissions,

matters of judicial notice, stipulations made during the pre-trial and trial, admissions, and presumptions, the only exclusion being the defendant's evidence.[51]

The propriety of the RTC's ruling boils down to whether Mabalacat Institute's evidence entitles it to the relief of quieting of title.

Article 476 of the Civil Code provides:

> Whenever there is a cloud on title to real property or any interest therein, by reason of any instrument, record, claim, encumbrance or proceeding which is apparently valid or effective but is in truth and in fact invalid, ineffective, voidable, or unenforceable, and may be prejudicial to said title, an action may be brought to remove such cloud or to quiet the title.
>
> An action may also be brought to prevent a cloud from being cast upon title to real property or any interest therein.

Jurisprudence explains that in an action for quieting of title, the competent court is tasked to determine the respective rights of the complainant and other claimants, not only to put things in their proper place, to make the one who has no rights to said immovable respect and not disturb the other, but also for the benefit of both, so that he who has the right would see every cloud of doubt over the property dissipated, and he could afterwards without fear introduce the improvements he may desire, to use, and even to abuse the property as he deems best. But for an action to quiet title to prosper, two indispensable requisites must concur, namely: (1) the plaintiff or complainant has a legal or an equitable title to or interest in the real property subject of the action; and (2) the deed, claim, encumbrance, or proceeding claimed to be casting cloud on his title must be shown to be in fact invalid or inoperative despite its *prima facie* appearance of validity or legal efficacy.[52]

The first requisite is based on Article 477[53] of the Civil Code which requires that the plaintiff must have legal or equitable title to, or interest in the real property which is the subject matter of the action. Legal title denotes registered ownership, while equitable title means beneficial ownership.[54] The Court defines "equitable title" to mean a title derived through a valid contract or relation and based on recognized equitable principles; the right in the party, to whom it belongs, to have the legal title transferred to him.[55]

In this case, it is undisputed that SVHFI is the registered owner of the subject property, including the 5-hectare portion in dispute. Mabalacat Institute merely asserts that the 5-hectare portion should have been separated from the rest of the subject property, and a new title therefor issued in its name.[56] Legal title to the subject property, therefore, is with SVHFI, while Mabalacat Property merely has, if at all, equitable title to the 5-hectare portion.

To establish its equitable title to said 5-hectare portion, Mabalacat Institute relies on the

unnotarized DOAS and unnotarized SPA, which reflects Santos's desire to transfer the 5-hectare portion to Mabalacat Institute. However, despite the denomination of the document as a DOAS, the RTC, upon hearing the parties' arguments first-hand, reading their pleadings, receiving the evidence and observing the witnesses, concluded that Santos and Mabalacat Institute agreed to a donation.

In its Decision, the CA, at first, echoed the RTC's factual findings in denominating the transaction between Santos and Mabalacat Institute as a donation, thus:

> As a starting point, Santos **donated** a little over one (1) hectare of his estate to site the school.
>
> Before his demise on 14 September 1983, Santos ***donated*** an additional three (3) hectares of contiguous land for the school's expansion. In all, Santos **donated** five (5) hectares to the Mabalacat Institute ("subject property"). The said **donation** was allegedly formalized in a *Deed of Absolute Sale* executed on 13 August 1983[.][57] (Emphasis supplied)

Notably, in its Amended Decision, the CA deviated from its earlier narration by labelling the transaction as a sale.[58] Treating the transfer as a sale allowed the CA to conclude that the unnotarized DOAS is valid as to the contracting parties, hence, Mabalacat Institute has equitable title over the 5-hectare portion.

The Court agrees with the RTC that the transaction between Santos and Mabalacat Institute was a donation.

In its Complaint for Quieting of Title, Mabalacat Institute thoroughly narrated the events leading to and surrounding Santos's gratuitous donation of the 5-hectare portion for the purpose of establishing the school, thus:

> 6. [Santos] was the founder, organizer and the very same one who financed [petitioner] SVHFI. He was also the same philanthropist[,] who together with some well-meaning friends from Mabalacat, Pampanga[,] established plaintiff's "Mabalacat Institute" way back in 1950 when he was approached by a group of spirited civic people in Mabalacat in cognizance of his being a prominent "haciendero", a philanthropist and a devout Roman Catholic. This group wanted to put up a venue for secondary education to cater to the economically prejudiced but deserving juveniles of the town who found it unfeasible to study in the schools of Angeles, some 12 kilometers away from the heart of the town proper. . .
>
> 7. **Following his leanings, [Santos) expressed willingness to fully support the project. As a starting point, he voluntarily donated a little over one hectare property to site the school.** While the group members who approached him provided some capital for the construction of the facilities for the school, the funds raised, together with donations from other well-meaning individuals, did not suffice to completely jump-start the project.

> **The substantial shortfall in funds had to be covered in great part by [Santos]**, who also approached his brother, Ernesto V. Santos (EVS, for brevity) for additional amounts. The enthusiasm for the project was such that even if the building to house the school was still being constructed at its present site along McArthur Highway, Mamatitang, Mabalacat, Pampanga, classes for first- and second-year students already started in June 1950. Temporarily, [Santos] resorted to using the residence of the Spouses Lolong and Lucing Garcia located nearby. Thus, "Mabalacat Institute" was born.
>
> 8. [Santos] continued to actively support the operations of the school until the time of his demise on September 14, 1983. In fact, **sometime before his death, he donated an additional 3-hectares contiguous land** for the school's expansion. Actually, **he donated all-in-all 5 hectares** to plaintiff as alleged hereinbefore and hereafter which include the present school site and the adjacent areas of the school if feasible otherwise the same to be taken from any part of the land mentioned in paragraphs 10 and 11 hereof. Such was his zealous dedication and commitment to see to the school's progress that its Board of Directors, **as a token of gratitude, decided to rename it from "Mabalacat Institute" to "Don Teodoro V. Santos Institute."** The school has, therefore, occupied, possessed and enjoyed the school site since 1950 and continuously to this date in the concept of an absolute owner.[59] (Emphasis supplied)

Significantly, despite the document being denominated as a deed of absolute sale, Mabalacat Institute categorically declared that Santos ceded his rights to said 5-hectare portion through a donation, and not a sale, viz.:

> 10. The school site or premises of plaintiff as far as known to it is an area of not less than 2-hectares (although SVHFI says it is only 11,451 square meters) which as above-mentioned was given to plaintiff since 1950. . . TVS continued to support the operations of the school until the time of his demise on September 14, 1983. Before he died, however, **he formalized said donation** even adding to it 3 additional hectares contiguous land for the school's expansion **as evidenced by a Deed of Sale** hereto attached as Annex "A" with the specific provisions to wit: . . .[60] (Emphasis supplied)

Santos's undeniable desire to bestow the 5-hectare portion to Mabalacat Institute free from any expense on the part of the latter is confirmed in the DOAS when it stated that the "first two hectares shall be the present school site of the Mabalacat Institute occupied by the school free from rentals and payment of real estate taxes since 1950." [61]

The same intention was again reflected in the unnotarized SPA which provided that " [a]ll expenses **such as donation fees**, BIR, surveyor, registration, documentary stamps, assurance funds, transfer, documentary expenses and any or all similar expenses shall be collected by the attorney-in-fact from the said Foundation which I fully funded, it being my intention since 1950 **to give it to the school absolutely free** from rentals and

these said expenses."[62]

True to said intention, Santos did not require Mabalacat Institute to pay any rental fees in his lifetime.

Undeniably, the true agreement of the parties was to transfer ownership of the 5-hectare portion through a donation. Nonetheless, when it came time to formalize the donation, Santos and Mabalacat Institute executed the DOAS. In this regard, Articles 1345 and 1346 of the Civil Code provide:

> ARTICLE 1345. Simulation of a contract may be absolute or relative. The former takes place when the parties do not intend to be bound at all; the latter, when the parties conceal their true agreement.
>
> ARTICLE 1346. An absolutely simulated or fictitious contract is void. A relative simulation, when it does not prejudice a third person and is not intended for any purpose contrary to law, morals, good customs, public order or public policy binds the parties to their real agreement.

Santos's desire to cede the 5-hectare portion to Mabalacat Institute free from any expense contradicts the nature of a sale where Mabalacat Institute would have to pay the purchase price. Nonetheless, since it was Santos's intention to transfer the property to Mabalacat Institute, the DOAS they executed was merely a relatively simulated contract which conceals their true agreement, i.e., a donation. Considering that said simulated contract does not prejudice a third person and there is no showing that it was intended for any purpose contrary to law, morals, good customs, public order or public policy, Mabalacat Institute must be bound to its real agreement. The transaction between Santos and Mabalacat Institute should be treated as a donation.

Donation, as a mode of acquiring ownership, results in an effective transfer of title over the property from the donor to the donee. Once a donation is accepted, the donee becomes the absolute owner of the property donated.[63] An indispensable requirement for the validity of a donation of real property is that it must be made in a public document. Article 749 of the Civil Code categorically states, thus:

> Article 749. **In order that the donation of an immovable may be valid, it must be made in a public document**, specifying therein the property donated and the value of the charges which the donee must satisfy.
>
> The acceptance may be made in the same deed of donation or in a separate public document, but it shall not take effect unless it is done during the lifetime of the donor.
>
> If the acceptance is made in a separate instrument, the donor shall be notified thereof in an authentic form, and this step shall be noted in both instruments. (Emphasis supplied)

The above provision additionally requires that the donee manifests his/her acceptance of the donation of the immovable property in either the same public instrument or in a separate instrument. If the donee accepts the donation in a separate instrument, the donor should be notified thereof in an authentic form, and this step shall be noted in both instruments.

The Court has held that a donation of real property that lacks the formalities required in Article 749 of the Civil Code is void, to wit:

> According to Article 749 of the Civil Code, in order for a donation of an immovable property to he considered valid, the donation must be made in a public document, specifying therein the property donated and the value of the charges which the donee must satisfy. In the instant case, as already explained, **the Deed of Absolute Sale was not properly notarized, making it a private document. Hence, there was no donation made in a public document**.
>
> Moreover, Article 749 of the Civil Code additionally requires that the donee manifests his/her acceptance of the donation of the immovable property in either the same public instrument or in a separate instrument. If the donee accepts the donation in a separate instrument, the donor should be notified thereof in an authentic form, and this step shall be noted in both instruments. In the instant case, there was no acceptance of any donation manifested by the respondents Heirs of Julita in the unilaterally executed Deed of Absolute Sale. There was also no separate instrument that was executed by the respondents Heirs of Julita for the purpose of accepting any donation from their grandmother. Simply stated, the formalities of making and accepting a donation of an immovable property required under Article 749 of the Civil Code were not observed. **The donation of real property is void without the formalities stated in Article 749.**[64] (Emphasis supplied)

Unlike ordinary contracts (which are perfected by the concurrence of the requisites of consent, object, and cause pursuant to Article 1318 of the Civil Code), solemn contracts like donations are perfected only upon compliance with the legal formalities under Articles 748 and 749. Otherwise stated, absent the solemnity requirements for validity, the mere intention of the parties does not give rise to a contract.[65]

In this case, it is undisputed that the DOAS was not notarized. Additionally, there is no indication in the records that Mabalacat Institute accepted the donation in the same public instrument or in a separate instrument. The formalities of making and accepting a donation of an immovable property required under Article 749 of the Civil Code were not observed. Indubitably, Santos's donation of the 5-hectare portion to Mabalacat Institute is void.

The donation being void, Mabalacat Institute has no equitable title or interest in the 5-hectare portion. The Court ruled in *Viloria v. Heirs of Pablo Gaetos*[66] that in the

absence of a legal or equitable title, there is no cloud to be prevented or removed and there is no case of quieting of title to speak of, to wit:

> Hence, based on the foregoing, petitioners failed at the outset to establish the first requirement of having legal or equitable title over the property in dispute. Their cause of action for quieting of title simply cannot prosper. **In view of their lack of title, legal or equitable, there is no cloud to be prevented or removed and there is no case of quieting of title to speak of.**[67] (Emphasis supplied)

Nonetheless, even assuming that Mabalacat Institute sufficiently proved its equitable title to the 5-hectare portion, it is still not entitled to the relief sought for its failure to establish that SVHFI's title constitutes a cloud. By definition, a "cloud on title is a semblance of title which appears in some legal form but which is in fact unfounded."[68] To be entitled to the relief sought, it was imperative for Mabalacat Institute to prove that SVHFI's title is invalid, ineffective, voidable, or unenforceable.

Notably, Mabalacat Institute stipulated during the pre-trial conference before the RTC that Santos executed the DOD in favor of SVHFI covering the subject property, including the 5-hectare portion, and that said DOD was notarized.[69] On the basis of the notarized DOD, legal title to the subject property was transferred to and is now in the name of SVHFI.

Under the Torrens system, a certificate of title serves as evidence of an indefeasible and incontrovertible title to the property in favor of the person whose name appears therein. Otherwise stated, the certificate of title is the best proof of ownership of a parcel of land.[70] Unfortunately, Mabalacat Institute was unable to proffer any evidence to impugn SVHFI's Torrens title.

Absent the indispensable requisites for an action to quiet title to prosper, Mabalacat Institute's complaint must be dismissed. The CA, therefore, erred in reversing and setting aside the RTC's Order granting SVHFI's demurrer to evidence.

ACCORDINGLY, the Petition for Review on *Certiorari* is **GRANTED**. The Amended Decision dated April 14, 2023 and the Decision dated July 30, 2021 of the Court of Appeals in CA-G.R. CV No. 113089 are **REVERSED and SET ASIDE**. The Order dated December 4, 2018 of Branch 57 of the Regional Trial Court, Angeles City in SCA No. 06-128 is **REINSTATED**.

The Demurrer to Evidence filed by petitioner Santos Ventura Hocorma Foundation, Inc. is **GRANTED**. The Complaint for Quieting of Title filed by respondent Mabalacat Institute Inc. is **DISMISSED** for lack of evidence.

No pronouncement as to costs.

SO ORDERED.

Caguioa (Chairperson), Inting, and *Dimaampao, JJ.*, concur.
Singh,* *J.*, on leave.

---

* On leave.

[1] *Rollo*, pp. 105-122. Penned by Associate Justice Raymond Reynold R. Lauigan and concurred in by Associate Justices Ramon M. Bato, Jr. and Pablito A. Perez of the Former Fifth Division of the Court of Appeals, Manila.

[2] *Id.* at 123-140. Penned by Associate Justice Raymond Reynold R. Lauigan and concurred in by Associate Justices Ramon M. Bato, Jr. and Pablito A. Perez of the Fifth Division of the Court of Appeals, Manila.

[3] *Id.* at 123-124.

[4] *Id.* at 150-184.

[5] *Id.* at 58-59, 151.

[6] *Id.* at 59-60.

[7] *Id.* at 60-61, 152.

[8] *Id.* at 152.

[9] *Id.* at 187.

[10] *Id.*

[11] *Id.* at 188.

[12] *Id.*

[13] *Id.* at 187-188.

[14] *Id.* at 199, Amended Pre-Trial Order dated November 2, 2011.

[15] *Id.*

[16] *Id.*

[17] *Id.* at 153.

[18] *Id.* at 126, 155.

[19] *Id.* at 158.

[20] *Id.* at 133-134.

[21] *Id.* at 132.

[22] *Id.* at 133.

[23] *Id.* at 139.

[24] *Id.* at 120-121.

[25] *Id.* at 66.

[26] *Id.*

[27] *Id.*

[28] *Id.* at 67-70.

[29] *Id.*

[30] *Id.* at 71-72.

[31] *Id.* at 72-73.

[32] *Id.* at 74.

[33] *Id.* at 218-235.

[34] *Id.* at 237.

[35] *Id.* at 242-246.

[36] *Id.* at 246.

[37] *Id.* at 261.

[38] *Id.* at 261-271.

[39] *Id.* at 262.

[40] *Id.* at 263.

[41] *Id.* at 264.

[42] *Id.* at 263.

[43] *Id.*

[44] *Id.* at 266-267.

[45] *Id.*

[46] *Id.* at 267.

[47] **International Exchange Bank v. Lee**, 924 Phil. 525, 532 (2022) [Per SAJ. Leonen, Second Division], *citing* **Celino v. Heirs of Santiago**, 479 Phil. 617 (2004) [Per J. Tinga, Second Division].

[48] *Id.*

[49] *Id.*

[50] **Spouses Condes v. Court of Appeals**, 555 Phil. 311, 324 (2007) [Per J. Nachura, Third Division], *citing* **Heirs of Emilio Santioque v. Heirs of Emilio Calma**, 536 Phil. 524, 540-541 (2006) [Per J. Callejo, Sr., First Division].

[51] **Casent Realty Development Corporation v. Philbanking Corporation**, 559 Phil. 793, 801-802 (2007) [Per J. Velasco, Jr., Second Division].

[52] **Salvador v. Patricia, Inc.**, 799 Phil. 116, 134 (2016) [Per J. Bersamin, First Division], *citing* **Mananquil v. Moico**, 699 Phil. 120, 127 (2012) [Per J. Del Castillo, Second Division].

[53] Article 477. The plaintiff must have legal or equitable title to, or interest in the real property which is the subject-matter of the action. He need not be in possession of said property.

[54] **Mananquil v. Moico**, 699 Phil. 120, 127 (2012) [Per J. Castillo, Second Division].

[55] **PVC Investment & Management Corporation v. Borcena and Ravidas**, 507 Phil. 668, 681 (2005) [Per J. Garcia, Third Division], *citing* Ballantine's Law Dictionary, 2nd Ed., pp. 441-442.

[56] *Rollo*, p. 96.

[57] *Id.* at 124-125.

[58] *Id.* at 111.

[59] *Id.* at 152-153.

[60] *Id.* at 154.

[61] *Id.* 187.

[62] *Id.* at 188. (Emphasis supplied)

[63] **Estate of Rodriguez v. Republic**, 922 Phil. 775, 786 (2022) [Per J. Hernando, Second Division]; **Roman Catholic Archbishop of Manila v. Court of Appeals**, 275 Phil. 332, 343 (1991) [Per J. Regalado, Second Division].

[64] **Uy v. Heirs of Julita Uy-Renales**, 867 Phil. 559, 575-576 (2019) [Per J. Caguioa, First Division]; **Department of Education, Culture and Sports v. Del Rosario**, 490 Phil. 193, 202 (2005) [Per J. Carpio, First Division].

[65] **Abellana v. Spouses Ponce**, 481 Phil. 125 (2004) [Per J. Ynares-Santiago, First Division].

[66] 903 Phil. 22 (2021) [Per J. Hernando, Third Division].

[67] *Id.* at 35.

[68] **Metropolitan Bank & Trust Co. v. Alejo**, 417 Phil. 303, 313 (2001) [Per J. Panganiban, Third Division].

[69] *Rollo*, p. 199.

[70] **Tensuan v. Heirs of Isabel Vasquez**, 882 Phil. 230, 252 (2020) [Per J. Lazaro-Javier, First Division].

Source: Supreme Court E-Library | Date created: January 28, 2026
This page was dynamically generated by the E-Library Content Management System