

**NATIVIDAD P. ARAGON, AS REPRESENTED BY HER
ATTORNEY-IN-FACT, MODESTO O. ARAGON, PETITIONER, VS. THE
HONORABLE COURT OF APPEALS, AND THE MANILA BANKING
CORPORATION, RESPONDENTS.**

G.R. No. 124333. March 26, 1997

Ponente: HERMOSISIMA, JR., J.

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HERMOSISIMA, JR., J.:

Petitioner seeks to set aside the decision of the respondent Court of Appeals[1] in CA-G.R. CV No. 46691 which reversed the Decision dated January 31, 1994 rendered by the Regional Trial Court, Branch CIII, Quezon City in Civil Case No. Q-91-10200.

The antecedent facts are undisputed:

The MARENIR Development Corporation (MARENIR for brevity) obtained a P4,000,000.00 loan from the Manila Banking Corporation (MBC for brevity) and executed in the latter's favor a real estate mortgage over its subdivision lots with Transfer Certificate of Title Nos. 271128, 271129, 271130, 271131 and 271132. The real estate mortgage was annotated in all the aforementioned titles. Subsequently, MARENIR's mortgage loan was increased to P4,560,000.00.

On April 27, 1982, MARENIR sold to petitioner the lot covered by TCT No. 271131, denominated as Lot 23, Blk. 5, with an area of 368 sq. meters and situated in Bo. Bagbag, Quezon City. The agreed purchase price is P132,480.00 with P20,000.00 as downpayment and the P112,480.00 balance to be paid on a monthly installment of P1,745.00.

Petitioner, later on, was able to complete the payment of the purchase price to MARENIR but the latter was unable to transfer TCT No. 271131 in petitioner's name.

On February 14, 1989, petitioner filed a complaint for Specific Performance and Damages against MARENIR in the Regional Trial Court, Branch 99, Quezon City, docketed as Civil Case No. Q-89-1797. In that complaint, petitioner prayed that a judgment be rendered ordering MARENIR to execute a deed of absolute sale in her favor and for MARENIR to redeem the property free from encumbrances from MBC.

On September 21, 1989, the court a quo rendered a decision,[2] the dispositive portion of which reads as follows:

"WHEREFORE, x x x judgment is hereby rendered ordering the defendant to execute a deed of absolute sale in favor of plaintiff covering the property in question and to deliver the owner's copy of Transfer Certificate of Title No. 271131 of the land records of Quezon City and actual physical possession thereof to plaintiff, and to pay plaintiff the sum of P10,000.00 as and for attorney's fees x x x." [3]

There being no appeal on the part of MARENIR, petitioner on July 25, 1990, filed a "Motion to Direct Branch Clerk of Court or Deputy Sheriff to Execute Absolute Deed of Sale" which was granted by the trial court.

Subsequently, the branch clerk of court executed for and in behalf of MARENIR, a Deed of Absolute Sale, in favor of petitioner.[4]

However, the Register of Deeds of Quezon City, refused to register the deed unless the owner's duplicate copy of TCT No. 271131 is presented. Since the owner's duplicate of title was in the possession of MBC, petitioner requested the former to release the said TCT. MBC, through its statutory receiver agreed to release the TCT provided petitioner will pay it the corresponding value in the amount of P185,020.52. Petitioner refused to pay the said amount for the following reasons, viz: (a) that she had paid the total purchase price plus interest in the amount of P59,686.84, or a total of P192,166.22; and (b) that to require her to pay another P185,020.52 would be making her pay for the lot the second time.

When the statutory receiver still refused to release the TCT, petitioner was left with no other recourse but to file a complaint for Delivery of Title and Damages against MBC before the Regional Trial Court of Quezon City, docketed as Civil Case No. Q-91-10200.

On January 31, 1994, the aforementioned court[5] rendered a decision the dispositive portion of which, reads as follows:

"ACCORDINGLY, judgment is hereby rendered in favor of the plaintiff Natividad G. Aragon represented by her Attorney-in-fact Modesto O. Aragon as follows:

1. Ordering the defendant Manila Banking Corporation and/or whoever its present conservator/liquidator x x x, to physically and actually deliver the owner's duplicate copy of TCT No. 271131, or if said title had been cancelled, to deliver the present owner's duplicate copy covering the lot involved in this case x x x to the plaintiff Natividad G. Aragon and/or her attorney-in-fact Modesto O. Aragon, within five (5) days from finality of this decision;
2. Ordering the Register of Deeds of Quezon City to transfer TCT No. 271131 in the name of Marenir Development Corporation, x x x, in the name of herein plaintiff Natividad G. Aragon, x x x without having to require the surrender of the owner's duplicate copy of TCT 271131 or its successor title should Manila Bank Corporation and/or its Central Bank conservator/liquidator refuse or fail to voluntarily surrender the title in question;

xxx"[6]

Aggrieved with the decision of the said court in Civil Case No. Q-91-10200, respondent appealed to the Court of Appeals. The Court of Appeals ruled in favor of respondent by reversing the decision of the court a quo and ordering the dismissal of the complaint. It ratiocinated that:

"The complaint of appellee ARAGON for Specific Performance and Damages[7] against MARENIR should have been filed with the HLURB [Housing and Land Use Regulatory Board]. The Regional Trial Court of Quezon City was without jurisdiction to hear and decide the complaint.

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xxx, the decision penned by Judge De Guzman was null and void, having been rendered without jurisdiction and may be struck down anytime even on appeal to the Supreme Court. A void judgment cannot acquire finality; it is non-existent. It is in legal effect no judgment or order at all. And so was its Order to the Branch Clerk of Court to execute the deed of absolute sale in favor of ARAGON. It follows that the deed of absolute sale executed by the Branch Clerk of Court was also null and void.

There being no decision upon which the challenged decision is based, no deed of absolute sale in favor of ARAGON, the latter has no cause of action against appellant BANK.

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There being no established right of ARAGON because of nullity of the decision of Judge De Guzman, there is no obligation on the part of the BANK to respect or not to violate such right; and the refusal of the BANK to release TCT No. 271131 is not an act or omission violative of ARAGON's right."[8]

Hence, this petition.

Petitioner assigns the following as errors of the Court of Appeals:

I

"IT WAS THE RESPONDENT COURT WHICH HAD NO JURISDICTION TO DECLARE THE NULLITY OF THE PROCEEDINGS IN CIVIL CASE NO. Q-89-1797

II

ASSUMING THE RESPONDENT COURT HAD JURISDICTION TO NULLIFY THE PROCEEDINGS OF A CASE WHICH WAS NOT BEFORE IT ON APPEAL, ESTOPPEL BY LACHES BARRED THE ATTACK ON THE TRIAL COURT'S JURISDICTION IN CIVIL CASE NO. Q-89-1797."[9]

The petition is meritorious.

Section 9 of Batas Pambansa Blg. 129, otherwise known as the Judiciary Reorganization Act of 1980, vests in the Court of Appeals exclusive appellate jurisdiction over all final decisions and orders of the Regional Trial Court.[10] However, the aforesaid provision of the said law only refers to cases appealed to it from the Regional Trial Court from which the case originated. Like any other court, it is necessary that the Court of Appeals must have jurisdiction over the subject matter, the parties, the issues and the res before it can validly decide any case submitted to it.[11] Hence, it cannot acquire appellate jurisdiction over any case not properly brought to it by the parties concerned.

This is what happened in the case at bench. What was on appeal before the Court of Appeals was the decision rendered in Civil Case No. Q-91-10200 where the parties are petitioner herein and respondent MBC. However, the said court, in deciding the issues raised in the aforesaid case, took cognizance of Civil Case No. Q-89-1797 where the parties were different i.e. petitioner and MARENIR. Furthermore, said case was not appealed before the Court of Appeals nor was there any action commenced to annul the judgment of the court a quo. Hence, the decision over that case became final and executory. Respondent court clearly committed an error when it declared as null and void the proceedings in Civil Case No. Q-89-1797 as it was not the case appealed before it. Even if MARENIR itself, the losing party to the aforementioned case decides now to appeal the decision or to file any other proceeding seeking its nullification, it cannot at this very late stage do so. This is in consonance with the legal tenet that failure to perfect an appeal renders the trial court's judgment final and executory and it can no longer be subject to review. As such, any modification of that judgment by the appellate court cannot be upheld.[12]

Anent the second assigned error, we agree with petitioner's asseveration that assuming that the respondent court had jurisdiction to nullify the proceedings of a case which was not before it on appeal, estoppel by laches barred the attack on the court a quo's jurisdiction in Civil Case No. Q-89-1797. As correctly pointed out by petitioner in her petition,[13] MARENIR in Civil Case No. Q-89-1797 never questioned the jurisdiction of the trial court. Not even in its answer to the complaint, nor in any subsequent pleading.

In the case of *Tijam v. Sibonghanoy*,[14] respondent Surety company did question the jurisdiction of the trial

court but it did so late on appeal. Even if we found that the trial court had no jurisdiction over the case, we still ruled that the proceedings conducted therein was valid based on the doctrine of laches. We also defined laches as "failure or neglect for an unreasonable and unexplained length of time, to do that which, by exercising due diligence, could or should have been done earlier. It is negligence or omission to assert a right within a reasonable time, warranting presumption that the party entitled to assert it has abandoned it or declined to assert it." [15] We also ruled that:

"The facts of this case that from the time the Surety became a quasi-party on July 31, 1948, it could have raised the question of the lack of jurisdiction of the Court of First Instance of Cebu to take cognizance of the present action by reason of the sum of money involved which, according to the law then in force, was within the original exclusive jurisdiction of inferior courts. It failed to do so. Instead, at several stages of the proceedings in the court a quo as well as in the Court of Appeals, it invoked the jurisdiction of said courts to obtain affirmative relief and submitted its case for a final adjudication on the merits. It was only after an adverse decision was rendered by the Court of Appeals that it finally woke up to raise the question of jurisdiction. Were we to sanction such conduct on its part, We would in effect be declaring as useless all the proceedings had in the present case since it was commenced on July 19, 1948 and compel the judgment creditors to go up their calvary once more. The inequity and unfairness of this is not only patent but revolting."

Indeed, the reason for the doctrine in *Tijam* and the cases subsequent to it is ratiocinated by this Court as:

"xxx the question whether the court had jurisdiction either of the subject-matter of the action or of the parties was not important in such cases because the party is barred from such conduct not because the judgment or order of the court is valid and conclusive as an adjudication, but because such a practice cannot be tolerated for reasons for public policy." [16]

Although we agree with private respondent's contention that jurisdiction over the subject matter of a case may be objected to at any stage of the proceeding even on appeal, this particular rule, however, means that jurisdictional issues in a case can be raised only during the proceedings in said case and during the appeal of said case. It certainly does not mean that lack of jurisdiction of a court in a case may be raised during the proceedings of another case, in another court and even by anybody at all. Certainly, we cannot countenance this procedure as this will lead to absurdity and is against the basic principle of jurisdiction.

WHEREFORE, the decision of the respondent Court of Appeals is REVERSED and SET ASIDE, and the decision of the Regional Trial Court dated January 31, 1994 is REINSTATED, with costs against private respondents.

SO ORDERED.

Padilla, (Chairman), Bellosillo, and Kapunan, JJ., concur.

Vitug, J., see concurring opinion.

[1] Penned by Justice Antonio P. Solano and concurred in by Justices Emeterio C. Cui and Ricardo P. Galvez.

[2] Penned by Judge Felix M. de Guzman.

[3] Rollo, p. 132.

[4] Id., at 133-134.

[5] Penned by Judge Jaime N. Salazar, Jr.

[6] Rollo, pp. 109-110.

[7] Civil Case No. Q-89-1797.

[8] *Id.*, at 39-40.

[9] *Id.*, at 17.

[10] *Tropical Homes, Inc. v. National Housing Authority*, 152 SCRA 540 [1987]; *Atlas Consolidated Mining and Development Corporation v. Court of Appeals*, 201 SCRA 51 [1991].

[11] *Philippine Courts and their Jurisdiction*, Quason, 1993 ed., p. 7.

[12] *Amarante v. Court of Appeals*, 232 SCRA 104 [1994]; *Tuzon v. Court of Appeals*, 212 SCRA 739 [1992]; *Carbonel v. Court of Appeals*, 147 SCRA 565 [1986]; *Malia v. Intermediate Appellate Court*, 138 SCRA 116 [1985].

[13] *Rollo*, p. 21.

[14]23 SCRA 29 [1968].

[15] *Supra*.

[16] *La Campana Food Products, Inc. v. Court of Appeals*, 223 SCRA 151 [1993]; *Ocheda v. Court of Appeals*, 214 SCRA 629 [1992]; *Salem v. Dinglasan*, 198 SCRA 623 [1991]; *Abalos v. Court of Appeals*, 196 SCRA 586 [1991]; *F. David Enterprise v. Insular Bank of Asia and America*, 191 SCRA 516.

Separate Opinion

VITUG, J.:

The ponencia recognizes, to which I concur, the finality and non-assailability of the decision in Civil Case No. Q-89-1797 where petitioner's right to have the property covered by Transfer Certificate of Title No. 271131 registered in her name by virtue of the Deed of Absolute Sale made between MARENIR and petitioner has been upheld. I take it, of course, that such sale of the property and the corresponding transfer of title is without prejudice to outstanding encumbrances theretofore duly registered and annotated in TCT No. 271131.

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