

MELCHOR HILADO, CESAR ARAL, ADELA ARAL, ARTURO VILLARENA, TARCELO MIRANO, ROBERTO PEDUHAN, ANTONIO SOLITO, MANUEL CANIENDO, FELIX ORTEGA, ANTONIO BALLENTOS, SALVADOR MIRANO, VIC...

G.R. No. 134742. September 22, 2004

Ponente: CALLEJO, SR., J.

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CALLEJO, SR., J.:

Before us is a petition for review on certiorari under Rule 45 of the 1997 Rules of Civil Procedure, as amended, of the Decision[1] and the Resolution[2] of the Regional Trial Court (RTC) of Kabankalan City, Branch 61, in Civil Case No. 830.

The Antecedents

Celso “Nene” Zayco was the owner of a large parcel of agricultural land with an area of 540,248 square meters, located in Kabankalan Poblacion, Negros Occidental, now Kabankalan City. The property was identified as Lot No. 343 and was covered by Transfer Certificate of Title (TCT) No. 133298, and portions thereof were occupied and cultivated by tenants. Zayco mortgaged the property to the Pacific Banking Corporation as security for a loan; however, the bank foreclosed the mortgage upon Zayco’s failure to pay his account. When the property was sold at public auction by the sheriff, the bank was adjudged as the highest bidder. Zayco failed to redeem the property, and the bank consolidated its title thereon; TCT No. 115264 was issued in its favor on March 20, 1980.[3]

On December 21, 1984, the bank sold the property to Julieta C. Salgado, the Chairman of the Board of the respondent, Perpetual Help Development and Realty Corporation (PHDRC). TCT No. 133298 was, thereafter, issued in favor of PHDRC on January 18, 1985. No liens or encumbrances whatsoever or any notice that the property had been placed under the agrarian reform laws were annotated at the dorsal portion thereof.[4]

Subsequently, the Department of Agrarian Reform (DAR) granted Emancipation Patents to the twenty (20) tenants on the property from April 28, 1988 to July 1, 1988 on the basis of which titles were issued in their favor during the period of September 16, 1988 to August 24, 1990.[5]

The foregoing notwithstanding, the Sangguniang Bayan ng Kabankalan approved, on February 14, 1996, Resolution No. 96-39, reclassifying the property partly as property for light industry, and the rest as residential.[6]

On August 26, 1997, the respondent filed a complaint for unlawful detainer against the twenty (20) petitioners, who were all occupants-farmers on the property, with the Municipal Trial Court in Cities (MTCC) of Kabankalan City, docketed as Civil Case No. 034-97.

The respondent alleged, inter alia, in its complaint that on May 27, 1997, it obtained a certified xerox copy of TCT No. 133298 from the Register of Deeds and discovered that of the twenty (20) petitioners, seven (7) had been issued Emancipation Patents on July 1, 1988 which were inscribed at the dorsal portion of said title.

Nevertheless, according to the respondent, the petitioners were not agricultural tenants under the agrarian reform laws because (a) they entered the property without its consent and did not pay any consideration for the use of the land they occupied; and (b) the property was, as resolved by the Sangguniang Bayan under Resolution No. 96-39 in 1996, partly for light industry and partly residential.

The respondent prayed that, after due proceedings, judgment be rendered in its favor, thus:

WHEREFORE, premises considered, it is respectfully prayed of the Honorable Court that, after due notice and hearing, judgment be rendered in favor of plaintiff and against defendants as follows:

- Ordering defendants to vacate the areas they respectively occupy in Lot No. 343 and to return the same to plaintiff;
- Ordering defendants to pay to plaintiff P10,000.00 as litigation expenses; P50,000.00 as attorney's fees, plus P1,000.00 for every court appearance and P20,000.00 as exemplary damages.

Plaintiff prays for such other reliefs and remedies just and equitable in the premises.[7]

Appended to the complaint was a photocopy of TCT No. 133298.

In their answer with motion to dismiss the complaint, the petitioners, who were represented by DAR lawyer Atty. Quirico Infante, alleged that the landholding had long been placed under Operation Land Transfer, and that they became the owners thereof under Presidential Decree No. 27. They interposed the following special and affirmative defenses:

- - That the landholding, subject matter of the case more particularly described as Lot No. 343, has been placed within the ambit of the Operation Land Transfer program per P.D. 27 as amended;
- - That defendants herein are actual-occupants and tenant-tillers of the land wayback in [the] 1970's, having been installed thereat by Lorenzo Zayco, the original landowner with the defendants sharing [with] the landowner the produce of the land up to 1981 as evidenced by receipts which will be presented in due time;
- - That being bonafide tenant-tillers thereat, they were identified by the Department of Agrarian Reform as qualified farmers-beneficiaries and consequently were issued Emancipation Patents;
- - That in 1982-83, the subject landholding was conveyed by way of sale by the former landowner to J. Salgado;
- - That despite the sale thereof to the plaintiff herein, defendants continued to cultivate the land and extend payment of lease rentals to the new landowner thereof;
- - That in 1988-1989, being beneficiaries of the program, caused to directly pay their amortization to the Land Bank of the Philippines (LBP);
- - That defendants, having been issued EPs, are therefore considered owners of the land and now deemed full owners of the land they till as provided for under P.D. 27 and E.O. 328 respectively, thus, cannot be ejected/ousted therefrom without circumventing their right to [s]ecurity of tenure as amplified in the case of De Jesus vs. IAC, SCRA 559 (sic) and Dolorfino vs. CA, 191 SCRA 880, Dec. 3, 1990, where the Highest Tribunal ruled that: "Once a leasehold relation has been established, the agricultural lessee is entitled to security of tenure. He has a right to continue working on the land and he may not be ejected therefrom except for cause as provided by law.

The agricultural relationship is not extinguished by the sale, alienation or transfer of the legal possession of the landholding. The purchaser or transferee is simply subjugated to the rights and substituted to the obligations of the agricultural lessor." (Sec. 10, R.A. 3844) (Dolorfino vs. Court of Appeals, supra).

- - That granting that the property in question has already been classified as residential, commercial and industrial zone per Res. No. 96-39, dated February 14, 1996, however, the landowner has failed to present a Conversion Order to be issued by the DAR Secretary, thus, in absence thereof, the subject landholding remains agricultural, in the light of A.O. 12, Series of 1994 the same provides and we quote:

“II. LEGAL MANDATE

- - The Department of Agrarian Reform (DAR) is mandated to “approved (sic) or disapproved (sic) applications for conversion, restructuring or readjustment of agricultural lands into non-agricultural uses,” pursuant to Section 4(j) of Executive Order No. 129-A, Series of 1987.

- - Section 5(1) of E.O. No. 129-A, Series of 1987, vests in the DAR, exclusive authority to approve or disapprove applications for conversion of agricultural lands for residential, commercial, industrial and other land uses.”[8]

The petitioners prayed that the complaint be dismissed for lack of jurisdiction over the subject matter of the action.

The court a quo applied the Rules of Summary Procedure. Instead of ruling on the motion to dismiss, it ordered the parties to file their position papers. The petitioners appended to their position paper, as Annexes “1” to “36,” photocopies of sample receipts purportedly signed by Celso Zayco and Julieta Salgado, acknowledging receipt of their respective shares in the produce of the landholding.[9]

On December 18, 1997, after due proceedings, the court a quo rendered judgment in favor of the respondent. The decretal portion of the decision reads:

WHEREFORE and upon the foregoing disquisitions, the Court hereby renders judgment in favor of the plaintiff and against the defendants, to wit:

- - Ordering the named defendants to vacate the portions they had been occupying of Lot No. 343, situated in Sitio Lapui, Barangay Hilamanan, Kabankalan City, and to turn-over the possession thereof to the plaintiff; and

- - Ordering the DISMISSAL of plaintiff’s claims for litigation expenses, attorney’s fees and exemplary damages.

SO ORDERED.[10]

The court a quo ruled that the petitioners failed to prove that they were farmers-beneficiaries on the landholding and that based on Resolution No. 96-39 of the Municipal Council, the said property had already been reclassified as part residential and part industrial/commercial areas. The court a quo also ruled that thirteen (13) of the petitioners occupied portions of the landholding only by tolerance of the respondent and its predecessors, and failed to pay any amount as consideration for their occupancy of the petitioners’ property. It rejected the petitioners’ contention that the Department of Agrarian Reform Adjudication Board (DARAB) had exclusive original jurisdiction over the subject matter of the action, ruling that the action was one for unlawful detainer over which it had exclusive original jurisdiction.

Aggrieved, the petitioners filed a notice of appeal dated January 19, 1998 on the ground that grave errors were committed by the court a quo in its findings of facts and conclusions of law in its decision.[11]

On February 6, 1998, a motion to disapprove the notice of appeal and for execution of final judgment was filed by the respondent on its claim that the required appellate docket and other lawful fees had not been paid to the clerk

of court within the reglementary period therefor. The court a quo issued an Order on March 31, 1998, granting the motion of the respondent and disapproved the notice of appeal filed by the petitioners.[12] It also ordered the issuance of a writ of execution on its finding that its decision had become final and executory, following the failure of the petitioners to perfect their appeal to the RTC. On April 2, 1998 and April 21, 1998, writs of execution were issued by the MTCC.

The petitioners did not assail the order of the MTCC. Instead, the petitioners filed on April 23, 1998 a petition with the Regional Trial Court against the respondent for the annulment of the decision of the MTC in Civil Case No. 034-97.

The petitioners alleged, inter alia, that they were agricultural tenants of the late Cesar Zayco as evidenced by the receipts signed by him, where he acknowledged receipt of their rentals over the portions of the landholding tenanted by them, respectively, and the affidavit of Lorenzo Zayco, the son of Cesar Zayco, appended to the petition as Annex “J” thereof. They also alleged, thus:

- That subject landholding has the following farmers- beneficiaries, whose respective farmholdings were identified under [the] Operation Land Transfer (OLT) program of the government pursuant to PD 27 as follows:

1. Melchor Hilado 11. Federico Orlano
2. Cesar Aral 12. Felix Ortega
3. Adela Aral 13. Rogelio Semillano
4. Arturo Villarena 14. Antonio Ballentos
5. Salvador Mirano 15. Pacifico Talibutab
6. Tarcelo Mirano 16. Nestor Belliran
7. Roberto Pedulan 17. Salustiano Belliran
8. Antonio Solito 18. Salvador de Guzman
9. Vicente Onlayao 19. Edgardo Cabra
10. Manuel Caniendo 20. Yolanda Lestino

- That when my father Celso “Nene” Zayco, during his lifetime, administered subject landholding, he received yearly rental consideration in the amount fixed by humber (sic) of cavans of palay, from the above-named farmer-beneficiaries. In fact, when my father was already sickly I was assigned to collect yearly rentals from said farmers-beneficiaries;

- That in 1981, unfortunately, the Pacific Banking Corporation foreclosed said farmholding of my late father and before the Zayco family knew it, it was already purchased by Julieta C. Salgado, the latter likewise, as far as my knowledge is concerned, also collected yearly rental consideration from the above-named parties.[13]

The petitioners also averred that, after she purchased the property in 1981, Julieta Salgado received rentals over the landholding from them, as evidenced by the receipts[14] signed by her. They averred that in 1988, Emancipation Patents[15] over their respective landholdings were issued in their favor. The petitioners also claimed that they had made partial payments to the Land Bank of the Philippines (LBP) for the price of the lots covered by their respective patents, as evidenced by the certification attached as Annex “BBB” of the petition. They also appended a Certification by the Register of Deeds that thirteen (13) of them were issued Transfer

Certificates of Title based on the Emancipation Patents executed in their favor, viz:

EP TITLE NO. LOT NO. NAME OF FARMERS AREA/SQ.M.

EP-1716 343-9 Pacifico B. Talibutab

8,735

EP-1717 343-15 Felix S. Ortega

8,106

EP-1718 343-22 Roberto D. Peduhan

7,779

EP-1719 343-25 Arturo T. Villarena

8,346

EP-1720 343-19 Vicente C. Onlayao

7,709

EP-1722 343-11 Antonio E. Ballentos

9,066

EP-1723 343-29 Cesar C. Aral

8,485

EP-1724 343-18 Manuel P. Caniendo

10,110

EP-1725 343-24 Salvador G. Mirano

8,215

EP-1740 343-8 Salustiano P. Billeran

23,391

EP-1751 343-16 Federico L. Orlano

10,453

EP-1754 343-14 Rogelio U. Semillano

7,668

EP-1813 343-23 Tarcelo S. Mirano

7,920[16]

The petitioners asserted that the MTC had no jurisdiction over the subject matter of the action of the respondent in Civil Case No. 034-97, it being an agrarian dispute between the petitioners, as patentees, and the respondent; hence, the court a quo's decision was null and void. They contended that the Provincial Agrarian Reform

Adjudicatory Board (PARAD) had exclusive jurisdiction over the action in Civil Case No. 034-97.

The RTC found the petition sufficient in form and substance and directed the respondent to file its comment on or answer to the petition.[17]

In its verified answer to the petition, the respondent averred that the receipts purportedly signed by Julieta C. Salgado were spurious. It also asserted that the petitioners failed to submit the said receipts to the court a quo and, as such, they were barred from submitting the same before the RTC. The respondent also countered that the petitioners participated in the proceedings in the MTCC and were, thus, estopped from assailing the jurisdiction of the court a quo. It posited that the petitioners were not entitled to injunctive relief because the decision of the MTC had become final and executory.

On April 29, 1998, the RTC issued an Order declaring that the case involved only questions of law and not of facts, and ordered the parties to file their respective memoranda.[18] On May 26, 1998, the RTC rendered judgment dismissing the petition on the ground that the MTCC had exclusive jurisdiction over the action of the plaintiff in Civil Case No. 034-97 and over the persons of the defendants therein.[19] The RTC also held that the petitioners failed to file a motion to dismiss the complaint in the MTCC and even participated in the proceedings therein; hence, they were estopped from assailing the jurisdiction of the MTCC. The petitioners filed a motion for reconsideration of the decision, but on June 26, 1998, the RTC issued an order denying the same.

The Present Petition

Instead of appealing the decision to the Court of Appeals by writ of error, the petitioners filed their petition with this Court, under Rule 45 of the Rules of Court, as amended, assailing the decision of the RTC on questions of law. They appended to their petition, as Annexes “Q” to “JJ” thereof, certified true copies of the transfer certificates of title issued to each of them during the period of September 16, 1988 to August 24, 1990 by the Register of Deeds based on Emancipation Patents executed by the President of the Philippines, through the Secretary of Agrarian Reform, to prove that long before the respondent filed its complaint with the MTCC, the Register of Deeds had issued such titles to each of them, thus:

OWNER

EMANCIPATION PATENT

DATE OF APPROVAL

TCT NUMBER

DATE OF ISSUE

Federico L. Orlano EP-1751 April 28, 1988 A-192817 September 20, 1988

Ma. Yolanda S. Lestino EP- 5656 July 1, 1988 A-192802 August 24, 1990

Felix S. Ortega EP-1717 April 28, 1988 A-192816 September 16, 1988

Melchor T. Hilado EP-5139 July 1, 1988 A-192831 March 21, 1990

Antonio D. Solito EP-5414 July 1, 1988 A-192821 July 12, 1990

Arturo T. Vellarena EP-1719 April 28, 1988 A-192826 September 16, 1988

Antonio E. Ballentos EP-1722 April 28, 1988 A-192812 September 16, 1988

Salvador J. De Guzman EP-5415 July 1, 1988 A-192808 July 12, 1990

Rogelio U. Semellano EP-1754 April 28, 1988 A-192815 September 20, 1988

Salustiano P. Billeran EP-1740 April 28, 1988 A-192809 September 20, 1988

Vicente Onlayao EP-1720 April 28, 1988 A-192820 September 16, 1988

Salvador G. Mirano EP-1725 April 28, 1988 A-192825 September 16, 1988

Nestor P. Billeran EP-5416 July 1, 1988 A-192804 July 12, 1990

Tarcelo S. Mirano EP-1813 April 28, 1988 A-192824 September 22, 1988

Pacifico P. Talibutab EP-1716 April 28, 1988 A-192810 September 16, 1988

Edgardo D. Cabra EP-5417 July 1, 1988 A-192807 July 12, 1990

Manuel P. Caniendo EP-1724 April 28, 1988 A-192819 September 16, 1988

Adela O. Aral EP-5657 July 1, 1988 A-192827 August 24, 1990

Roberto D. Peduhan EP-1718 April 28, 1988 A-192823 September 16, 1988

Cesar C. Aral EP-1723 April 28, 1988 A-192830 September 16, 1988

The issues for resolution are the following:

- Whether it is proper for the petitioners to file a petition for review under Rule 45 of the Rules of Court with this Court from the decision of the RTC;
- Whether the MTCC had exclusive jurisdiction over the action of the respondent; and,
- Whether the decision of the MTCC is null and void

On the first issue, the petitioners assert that, instead of appealing the decision of the RTC to the Court of Appeals, they filed their petition under Rule 45 of the Rules of Court because the issues raised by them are only legal issues. They aver that the RTC erred when it declared that instead of filing their answer to the respondent's complaint in the MTCC, participating in the proceedings and praying for reliefs therein, the petitioners as defendants in said case, should have filed a motion to dismiss the complaint. The petitioners posit that they could not have filed such motion because the proceedings in ejectment cases are summary in nature and such motion to dismiss the complaint is a prohibited pleading. The petitioners point out that they incorporated in their answer to the complaint a motion to dismiss the complaint for lack of jurisdiction over the subject matter of the action which should be considered as a motion for a hearing on their affirmative defenses. They also aver that the action filed before the MTCC is an agrarian case involving agricultural land placed under Operation Land Transfer, for which they were issued Emancipation Patents by the Secretary of Agrarian Reform even before such complaint for ejectment was filed against them. They note that the issue involved the validity of the Emancipation Patents issued to them, and was decisive of the issue of jurisdiction in the MTCC; hence, the MTCC had no original jurisdiction over the action of the respondent, conformably to Republic Act No. 6657, as amended, and the DARAB Rules of Procedure. The petitioners assert that by virtue of Presidential Decree (P.D.) No. 27 and the Emancipation Patents issued to them, they became owners of the property and were entitled to the possession thereof.

For its part, the respondent asserts that, if at all, the RTC decision is appealable, the proper remedy of the petitioners from the said decision was to appeal, by writ of error, to the Court of Appeals under Rule 41 of the Rules of Court, as amended, and not via a petition for review on certiorari to this Court under Rule 45 of the said

Rules. It contends that, as gleaned from the petition, the petitioners raised factual issues. It notes that the petitioners assailed the factual findings made by the MTCC that they (the petitioners) are not agricultural tenants of the late Cesar Zayco and Julieta C. Salgado, and that the subject landholding is residential and not agricultural.

In reply, the petitioners contend that this appeal via Rule 45 of the Rules of Court is proper, considering that they raised purely legal issues in their petition. They note that the RTC itself, per its Order on April 29, 1998, succinctly states that the issue raised by the parties is one of law, namely, whether the MTCC had jurisdiction over the action of the respondent against the petitioners. They point out that the RTC required the parties to merely file their respective memoranda, instead of adducing evidence in their favor.

We agree with the respondent that the remedy of a party aggrieved by the decision of the RTC, in the exercise of its original jurisdiction, is to appeal by writ of error to the Court of Appeals under Rule 41[20] of the Rules of Court, in which questions of facts and/or of law may be raised by the parties. However, under Section 2(c),[21] Rule 41 of the Rules of Court, where only questions of law are raised or are involved, the appeal shall be to the Supreme Court by petition for review on certiorari under Rule 45 of the Rules. However, even if only questions or issues are raised by the party in his appeal, it should be made to the Court of Appeals and not to the Supreme Court, unless there are compelling reasons to allow such appeal.

In *Reyes v. Court of Appeals*,[22] we held that “for a question to be one of law, it must involve no examination of the probative value of the evidence presented by the litigants or any one of them.” In an avuncular case, we held that there is a question of law in a given case when the doubt or difference arises as to what the law is pertaining to a certain set of facts, and there is a question of fact when the doubt arises as to the truth or the falsity of alleged facts.[23]

We agree with the petitioners and the RTC that the issues before it were legal: (1) whether the MTCC had properly exercised jurisdiction over the subject matter of the action of the respondent based on the material allegations of said complaint, as well as the relevant pleadings of the parties in said case; and (2) whether the petitioners were estopped from assailing the decision of the MTCC on the ground of lack of jurisdiction.

We resolved to give due course to the petition. Indeed, unless the issues, which are cogent and substantial, are resolved, in all likelihood, suits may again be filed by the aggrieved parties in suits involving landholdings where the validity of the decision of the MTCC is assailed for lack of jurisdiction.

On the issue of jurisdiction, Section 33, paragraph 2 of Batas Pambansa Blg. 129, as amended by Section 3 of Rep. Act No. 7691 provides that Municipal Trial Court, Municipal Circuit Trial Court and Metropolitan Trial Court, have exclusive original jurisdiction over cases for unlawful detainer. The proceedings in ejectment cases are covered by Rule 70 of the Rules of Court and the Rules on Summary Procedure. However, such courts have no original jurisdiction to determine and adjudicate agrarian disputes under Rep. Act No. 6657, as amended, and the Rules of Procedure issued by the DARAB implementing said laws, which are within the exclusive original and appellate jurisdiction of the DARAB, thus:

SECTION 1. Primary And Exclusive Original and Appellate Jurisdiction. The Board shall have primary and exclusive jurisdiction, both original and appellate, to determine and adjudicate all agrarian disputes involving the implementation of the Comprehensive Agrarian Reform Program (CARP) under Republic Act No. 6657, Executive Order Nos. 228, and 129-A, Republic Act No. 3844 as amended by Republic Act No. 6389, Presidential Decree No. 27 and other agrarian laws and their implementing rules and regulations. Specifically, such jurisdiction shall include but not be limited to cases involving the following:

a)

The rights and obligations of persons, whether natural or juridical, engaged in the management, cultivation and

use of all agricultural lands covered by the CARP and other agrarian laws;

...

f)

Those involving the issuance, correction and cancellation of Certificates of Land Ownership Award (CLOAs) and Emancipation Patents (EPs) which are registered with the Land Registration Authority;

g)

Those cases previously falling under the original and exclusive jurisdiction of the defunct Court of Agrarian Relations under Section 12 of Presidential Decree No. 946, except sub-paragraph (Q) thereof and Presidential Decree No. 1815.

It is understood that the aforementioned cases, complaints or petitions were filed with the DARAB after August 29, 1987.

Matters involving strictly the administrative implementation of Republic Act No. 6657, otherwise known as the Comprehensive Agrarian Reform Law (sic) (CARP) of 1988 and other agrarian laws as enunciated by pertinent rules shall be the exclusive prerogative of and cognizable by the Secretary of the DAR.

h)

And such other agrarian cases, disputes, matters or concerns referred to it by the Secretary of the DAR.

The DAR is vested with primary jurisdiction to determine and adjudicate agrarian reform matters and shall have exclusive jurisdiction over all matters involving the implementation of agrarian reform programs. The rule is that the DARAB has jurisdiction to try and decide any agrarian dispute or any incident involving the implementation of the Comprehensive Agrarian Reform Program.[24] In *Tirona v. Alejo*,^[25] we held that the MTCC has no jurisdiction over an ejectment case where the issue of possession is inextricably interwoven with an agrarian dispute.

The well-entrenched principle is that the jurisdiction of the court over the subject matter of the action is determined by the material allegations of the complaint and the law, irrespective of whether or not the plaintiff is entitled to recover all or some of the claims or reliefs sought therein.[26] In *Movers-Baseco Integrated Port Services, Inc. v. Cyborg Leasing Corporation*,^[27] we ruled that the jurisdiction of the court over the nature of the action and the subject matter thereof cannot be made to depend upon the defenses set up in the court or upon a motion to dismiss for, otherwise, the question of jurisdiction would depend almost entirely on the defendant.^[28] Once jurisdiction is vested, the same is retained up to the end of the litigation. We also held in *Arcelona v. Court of Appeals*^[29] that in American jurisprudence, the nullity of a decision arising from lack of jurisdiction may be determined from the record of the case, not necessarily from the face of the judgment only.

The MTCC does not lose its jurisdiction over an ejectment case by the simple expedient of a party raising as a defense therein the alleged existence of a tenancy relationship between the parties.^[30] But it is the duty of the court to receive evidence to determine the allegations of tenancy.^[31] If after hearing, tenancy had in fact been

shown to be the real issue, the court should dismiss the case for lack of jurisdiction.[32]

Earlier in *Bayog v. Natino*,[33] we held that if a defendant in an action for ejectment interposed the defense of being the agricultural tenant in the property subject of the complaint, the MTCC should hear and receive the evidence for the purpose of determining whether or not it possessed jurisdiction over the case, and if, upon such hearing, tenancy is shown to be the issue, the MTCC should dismiss the case for lack of jurisdiction. Our ruling in said case is a reiteration of our rulings in *Ignacio v. CFI*,[34] and in *Concepcion v. Presiding Judge of CFI, Bulacan, Br. V.*[35]

In this case, even on the basis of the material allegations of the complaint, more so if the answer with motion to dismiss the petition and position papers of the parties are considered, the DARAB, and not the MTCC, had primary and original jurisdiction over the action of the respondent. The latter alleged, in its complaint, that seven (7) of the petitioners were issued Emancipation Patents which were annotated at the dorsal portion of TCT No. 133298, a copy of which is appended to the complaint. Indeed, the title contains the following annotations:

ENTRY NO. EP LOT NO AREA/SQ.M NAME OF FARMER

EP-1539 343-30 8,597 Melchor T. Hilado

The property described in this Title has been partially cancelled Emancipation Patent Issued By Department of Agrarian Reform, containing an Area as stated to above.

Date of Instrument July 1, 1988.

Date of Inscription March 21, 1990.

(Sgd.) Illegible
Register of Deeds

ENTRY NO. EP

LOT NO.

AREA/SQ.M.

NAME OF FARMERS

EP-5414 343-20 7,232
Antonio D. Solito

EP-5415 343-7
7,518
Salvador J. de Guzman

EP-5416 343-3
6,531
Nestor P. Billeran

EP-5417 343-6
14,529 Edgardo D. Cabra

The property described in this Transfer Certificate of Title has been PARTIALLY CANCELLED by Emancipation Patent issued by Department of Agrarian Reform containing an area of 35,810 SQ/M. as stated above.

Date of Instrument July 1, 1988. Date of Inscription July 12, 1990.

(Sgd.) Illegible
Register of Deeds

ENTRY NO. EP

LOT NO.

AREA/SQ.M

NAME OF FARMERS

EP-5656 343-1
14,916 Maria Yolanda S. Lestino

EP-5657 343-26 9,558 Adela O. Aral

The property described in this Transfer Certificate of Title has been PARTIALLY CANCELLED by Emancipation Patent issued by the Department of Agrarian Reform containing an area of TWENTY-FOUR THOUSAND FOUR HUNDRED SEVENTY-FOUR (24,474) SQ. METERS as stated to above.

Date of Instrument July 1, 1988.

Date of Inscription August 24, 1990.

(Sgd.) Illegible
Register of Deeds[36]

The foregoing annotation confirmed the claim of the petitioners in their answer with motion to dismiss that the entirety of the landholding had been placed under the Operation Land Transfer program under P.D. No. 27 and that the petitioners to whom the said patents were granted by the government became the owners of the property covered by the said patents. In fact, TCT No. 133298 had been partially cancelled by the said patents. Consequently, the petitioners who were the beneficiaries under the Emancipation Patents are entitled to possess the property covered by said patents.[37]

It bears stressing that before Emancipation Patents are issued to farmers-beneficiaries, the DAR is mandated to comply with the requirements of P.D. No. 266 and the procedural requirements set forth by Rep. Act No. 6657, otherwise known as the Comprehensive Agrarian Reform Law (CARL) of 1988.[38] Conformably to our ruling in *Bayog v. Natino*,[39] the MTCC should not have applied the Rules on Summary Procedure; it should have dismissed the complaint for lack of jurisdiction; or, at the very least, should have proceeded to hear the parties on the petitioners' motion to dismiss and receive their respective evidence on the issue of whether or not it had jurisdiction over the subject matter of the action. Had the MTCC followed our ruling in *Bayog*, it would have confirmed that, before the respondent filed its complaint, the property had long been brought under Operation Land Transfer and that the Register of Deeds had issued to all the petitioners their respective transfer certificates of title based on the Emancipation Patents issued by the President of the Philippines, through the DAR. However, the MTCC rendered judgment against the petitioners and ordered their eviction on the following findings:

Firstly, they asseverate that they had been giving the original landowner Lorenzo Zayco (but the owner was Celso Zayco) his shares of the produce from 191970 (sic) to 1981 and that in 1982-83, they had been paying the lease rentals to the new landowner Julieta C. Salgado. Obviously, defendants predicate their tenurial rights on their perceived landowner Lorenzo Zayco (sic) and that therefore, the new landowner Julieta C. Salgado has assumed her liabilities to them as her alleged tenants. On this point, there is not a shred of evidence proving that either Lorenzo Zayco or Julieta C. Salgado had ever received their respective shares of the harvests.

Secondly, how was Celso Zayco (not Lorenzo Zayco, as erroneously claimed by defendants) able to mortgage

Lot No. 343 with the Pacific Banking Corporation (PBC), despite this alleged tenancy relationship between him and the defendants? Equally baffling to the Court is this undisputed fact: although the Emancipation Patents (EPs) in the names of the seven (7) defendants were issued on July 1, 1988; yet, those were, respectively, registered on plaintiff's title only on March 21, 1990, July 12, 1990 and August 24, 1990.

Thirdly, of the other thirteen (13) defendants, plaintiff's Exhibit "A" clearly shows that they had not been cultivating personally the portions occupied by them or with the help of the immediate members of their families; but that they had been leasing such portions to several persons.[40]

The MTCC even ignored the receipts appended by the petitioners to their position paper showing that the landowner and/or Julieta C. Salgado received their share of the produce of the landholding as "rental" of the petitioners.

The validity and efficacy of the Emancipation Patents were not negated by the Register of Deeds' delay in the annotation thereof at the dorsal portion of TCT No. 133298. As certified by the Register of Deeds, the failure to make the annotations in the following patents earlier were inadvertent:

EP TITLE NO. LOT NO . NAME OF FARMERS AREA/SQ.M.

EP-1716 343-9 Pacifico P. Talibutab 8,735

EP-1717 343-15 Felix S. Ortega 8,106

EP-1718 343-22 Roberto D. Peduhan 7,779

EP-1719 343-25 Arturo T. Villarena 8,346

EP-1720 343-19 Vicente C. Onlayao 7,709

EP-1722 343-11 Antonio E. Ballentos 9,066

EP-1723 343-29 Cesar C. Aral 8,485

EP-1724 343-18 Manuel P. Caniendo 10,110

EP-1725 343-24 Salvador G. Mirano 8,215

EP-1740 343-8 Salustiano P. Billeran 23,391

EP-1751 343-16 Federico L. Orlano 10,453

EP-1754 343-14 Rogelio U. Semellano 7,668

EP-1813 343-23 Tarcelo S. Mirano 7,920[41]

It must be underscored that the said patents were already annotated at the dorsal portion of TCT No. 133298 long before the respondent filed its complaint with the MTCC against the petitioners.

The MTCC also took into account and gave emphasis to Resolution No. 96-39 approved by the Sangguniang Bayan on February 14, 1996, thus:

At this point, it bears stressing that in its Comprehensive Land Use Plan (CLUP), per Resolution No. 96-39 dated February 14, 1996, the then Sangguniang Bayan of Kabankalan, Negros Occidental, now a component city under R.A. No. 8297, had reclassified Lot No. 343 into light industrial, commercial and residential areas. To the mind of the Court, this reclassification falls squarely within the ambit of Title VI, B.2.b of

Administrative Order No. 07, Series of 1997 dated October 29, 1997 on the subject: “Omnibus Rules and Procedures Governing Conversion of Agricultural Lands to Non-Agricultural Uses.” This provision is as follows:

B. General Guidelines

1. x x x x x x x x.

2. x x x x x x x x.

a)

x x x x x x x x.

b)

Conversion may be allowed if at the time of the application, the lands are reclassified as commercial, industrial, residential or other non-agricultural in the new or revised town plans promulgated by the Local Government Unit (LGU) and approved by the Housing and Land Use Regulatory Board (HLURB) or by the Sangguniang Panglalawigan (SP) after June 15, 1988 in accordance with Section 20 of R.A. No. 7160, as implemented by M.C. No. 54, and Executive Order No. 72, Series of 1993 of the Office of the President.[42]

The ruling of the MTCC is erroneous. Under Section 65 of Rep. Act No. 6657 which took effect on June 15, 1988, agricultural lands may be reclassified only by the DAR after the lapse of five (5) years from its award to the farmers-beneficiaries:

Section 65. Conversion of Lands. – After the lapse of five (5) years from its award, when the land ceases to be economically feasible and sound for agricultural purposes, or the locality has become urbanized and the land will have greater economic value for residential, commercial or industrial purposes, the DAR, upon application of the beneficiary or the landowner, with due notice to the affected parties, and subject to existing laws, may authorize the reclassification of conversion of the land and its disposition: Provided, That the beneficiary shall have fully paid his obligation.

In this case, there is no showing that the DAR ever approved the reclassification of the property. It appears that the reclassification of the landholding was unilaterally made by the Sangguniang Bayan despite the issuance to the petitioners of Emancipation Patents and transfer certificates of title in their names over the portions of the landholdings respectively occupied by them.

The petitioners appended to their petition in the RTC a Certification of the Register of Deeds indicating that thirteen (13) of the petitioners were issued transfer certificates of title based on the Emancipation Patents filed with said office, made of record in the Primary Entry Book on September 16, 20, and 22, 1998; and an LBP certificate stating that eighteen (18) of the petitioners had made advance payments for the portions of the landholding occupied by them. And yet, the RTC dismissed the petition and affirmed the ruling of the MTCC that it had jurisdiction over the subject matter of the complaint.

It is evident from the face of the complaint and the pleadings of the parties and the appendages thereof that the issue of possession of the subject property was inextricably interwoven with the issue of whether the Emancipation Patents issued by the DAR to the petitioners were valid. Under the DAR Rules of Procedure, the DARAB has primary and exclusive original jurisdiction over cases involving the issuance and cancellation of Emancipation Patents. Moreover, the respondent claimed possession over the property based on TCT No. 133298, which had already been partially cancelled by the Emancipation Patents and Torrens titles issued to the petitioners.

On the third issue, we reject the contention of the respondent that the decision of the MTCC had become final and

executory because of the petitioners' failure to perfect the appeal therefrom; hence, immutable. Neither do we agree with the respondent's contention that by participating in the proceedings before the MTCC, the petitioners were estopped from assailing the jurisdiction of the MTCC. As we held in *Arevalo v. Benedicto*:^[43]

[F]urthermore, the want of jurisdiction by a court over the subject-matter renders its judgment void and a mere nullity, and considering that a void judgment is in legal effect no judgment, by which no rights are divested, from which no rights can be obtained, which neither binds nor bars any one, and under which all acts performed and all claims flowing out of are void, and considering further, that the decision, for want of jurisdiction of the court, is not a decision in contemplation of law, and, hence, can never become executory, it follows that such a void judgment cannot constitute a bar to another case by reason of *res judicata*.

Our ruling in *Abbain v. Chua* ^[44] is also instructive:

In varying language, this Court has expressed its reprobation for judgments rendered by a court without jurisdiction. Such a judgment is held to be "a dead limb on the judicial tree, which should be lopped off or wholly disregarded as the circumstances require." In the language of Mr. Justice Street: "Where a judgment or judicial order is void in this sense it maybe said to be a lawless thing, which can be treated as an outlaw and slain at sight, or ignored wherever and whenever it exhibits its head." And in *Gomez vs. Concepcion*, this Court quoted with approval the following from Freeman on Judgments: "A void judgment is in legal effect no judgment. By it no rights are divested. From it no rights can be obtained. Being worthless in itself, all proceedings found upon it are equally worthless. It neither binds nor bars any one. All acts performed under it and all claims flowing out of it are void. The parties attempting to enforce it may be responsible as trespassers. The purchaser at a sale by virtue of its authority finds himself without title and without redress."

Since the judgment here on its face is void *ab initio*, the limited periods for relief from judgment in Rule 38 are inapplicable. That judgment is vulnerable to attack "in any way and at any time, even when no appeal has been taken."

It is settled that jurisdiction over the judgment cannot be changed by agreement of the parties or by the act or omission of each of them that will contravene the legislative will. A party should not be allowed to divest a competent court of its jurisdiction, whether erroneously or even deliberately in derogation of the law.^[45]

In this case, the counsel of the petitioners opted to assail in a direct action the decision of the MTCC, instead of perfecting their appeal or assailing the decision of the MTCC disallowing their appeal. The petitioners believed that the decision of the MTCC was null and void for want of jurisdiction over the subject matter of the action filed therein; hence, they are not proscribed from assailing such decision in a direct action. The remedy resorted to by their counsel should not prejudice and bar them from assailing the MTCC decision before the RTC on a petition to annul the same for lack of jurisdiction. Neither are they estopped from assailing the decision, simply because they filed their answer and motion to dismiss the complaint on the ground of lack of jurisdiction over the subject matter of the action. After all, the only relief prayed for by them in their answer was the dismissal of the complaint. A *propos* is our ruling in *Calimlim v. Ramirez*:^[46]

It is neither fair nor legal to bind a party by the result of a suit or proceeding which was taken cognizance of in a court which lacks jurisdiction over the same irrespective of the attendant circumstances. The equitable defense of estoppel requires knowledge or consciousness of the facts upon which it is based. The same thing is true with estoppel by conduct which may be asserted only when it is shown, among others, that the representation must have been made with knowledge of the facts and that the party to whom it was made is ignorant of the truth of the matter. (*De Castro vs. Gineta*, 27 SCRA 623.) The filing of an action or suit in a court that does not possess jurisdiction to entertain the same may not be presumed to be deliberate and intended to secure a ruling which could later be annulled if not favorable to the party who filed such suit or proceeding. Instituting such an action is not a one-sided affair. It can just as well be prejudicial to the one who

filed the action or suit in the event that he obtains a favorable judgment therein which could also be attacked for having been rendered without jurisdiction. The determination of the correct jurisdiction of a court is not a simple matter. It can raise highly debatable issues of such importance that the highest tribunal of the land is given the exclusive appellate jurisdiction to entertain the same. The point simply is that when a party commits error in filing his suit or proceeding in a court that lacks jurisdiction to take cognizance of the same, such act may not at once be deemed sufficient basis of estoppel. It could have been the result of an honest mistake, or of divergent interpretations of doubtful legal provisions. If any fault is to be imputed to a party taking such course of action, part of the blame should be placed on the court which shall entertain the suit, thereby lulling the parties into believing that they pursued their remedies in the correct forum. Under the rules, it is the duty of the court to dismiss an action “whenever it appears that the court has no jurisdiction over the subject matter.” (Sec. 2, Rule 9, Rules of Court.) Should the court render a judgment without jurisdiction, such judgment may be impeached or annulled for lack of jurisdiction (Sec. 30, Rule 132, *Ibid.*), within ten (10) years from the finality of the same. (Art. 1144, par. 3, Civil Code.)

It bears stressing that the petitioners are now the registered owners of the portions of the landholding and entitled to the possession thereof. For us to deny the petition and affirm the decision of the RTC would be to sanction the eviction of the petitioners who are the registered owners of the landholding and, as such, are entitled to the possession thereof and allow the respondent to take possession thereof in derogation of law. Not too long ago in *Calimlim v. Ramirez*[47] we held that:

The inequity of barring the petitioners from vindicating their right over their property in Civil Case No. SCC-180 is rendered more acute in the face of the undisputed fact that the property in question admittedly belonged to the petitioners, and that the title in the name of the private respondent was the result of an error committed by the Provincial Sheriff in issuing the deed of sale in the execution proceeding. The justness of the relief sought by herein petitioners may not be ignored or rendered futile by reason of a doctrine which is of highly doubtful applicability herein.

IN LIGHT OF ALL THE FOREGOING, the petition is GRANTED. The decisions of the Municipal Trial Court in Cities and the Regional Trial Court are SET ASIDE and declared NULL and VOID. The writ of execution issued by the MTCC is also set aside. No costs.

SO ORDERED.

Austria-Martinez, and Tinga, JJ., concur.
Puno, (Chairman), J., no part.
Chico-Nazario, J., on leave.

[1] Penned by Acting Presiding Judge Jose Y. Aguirre, Jr.; Annex “A,” Rollo, pp. 31-38.

[2] Annex “B,” *Id.* at 39.

[3] Records, p. 161.

[4] *Id.* at 162.

[5] Annexes “Q” to “JJ,” Rollo, pp. 135-173.

[6] Records, p. 158.

[7] *Id.* at 153-154.

[8] Rollo, pp. 54-55.

[9] Records, p. 40-45.

[10] Id. at 18-19.

[11] Rollo, pp. 71-72.

[12] Records, pp. 62-65.

[13] Records, p. 29.

[14] Annexes “K” to “HH,” Id. at 31-58.

[15] Annexes “AAA-1,” Id. at 59.

[16] Id. at 59.

[17] Id. at 66.

[18] Id. at 96.

[19] Rollo, pp. 31-39.

[20] SECTION 2. Modes of appeal. – The appeal to the Court of Appeals in cases decided by the Regional Trial Court in the exercise of its original jurisdiction shall be taken by filing a notice of appeal with the court which rendered the judgment or final order appealed from and serving a copy thereof upon the adverse party. No record on appeal shall be required except in special appeals where the law or these Rules so require. In such cases, the record on appeal shall be filed and served in like manner.

[21] (c) Appeal by certiorari.- In all cases where only questions of law are raised or involved, the appeal shall be to the Supreme Court by petition for review on certiorari in accordance with Rule 45.

[22] 258 SCRA 651 (1996).

[23] Id. at 658.

[24] Centeno v. Centeno, 343 SCRA 153 (2000).

[25] 367 SCRA 17 (2001).

[26] Cruz vs. Torres, 316 SCRA 193 (1999).

[27] 317 SCRA 327 (1999).

[28] Boleyley v. Villanueva, 314 SCRA 364 (1999).

[29] 280 SCRA 20 (1997).

[30] Onquit v. Binamira-Parcia, 297 SCRA 354 (1998).

[31] Ibid.

[32] Cervantes v. Court of Appeals, supra; citing Isidro v. Court of Appeals, 228 SCRA 503 (1993).

[33] 258 SCRA 378 (1998).

[34] 42 SCRA 89 (1971).

[35] 119 SCRA 222 (1982).

[36] Records, p. 164.

[37] Daez v. Court of Appeals, 325 SCRA 856 (2000).

[38] Roxas & Co., Inc. v. Court of Appeals, 321 SCRA 106 (1999); DAR Memo dated September 5, 1976 provides the Operating Procedures for the issuance of an Emancipation Patent; Administrative Order No. 3 revised by Administrative Order No. 9 governs voluntary offer to sell transactions; Administrative Order No. 12 governs the Compulsory Acquisition of Agricultural Lands.

[39] Supra at note 33.

[40] Records, pp. 17-18.

[41] Id. at 59.

[42] Id. at 18.

[43] 58 SCRA 186 (1974).

[44] 22 SCRA 748 (1968).

[45] Zamora v. Court of Appeals, 183 SCRA 279 (1990).

[46] 118 SCRA 399 (1982).

[47] Ibid.

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