

ESTELA L. BERBA, PETITIONER, VS. JOSEPHINE PABLO AND THE HEIRS OF CARLOS PALANCA, RESPONDENTS.*G.R. No. 160032. November 11, 2005*

Ponente: CALLEJO, SR., J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-160032/>**CALLEJO, SR., J.:**

Assailed before the Court on a petition for review on certiorari is the Decision[1] of the Court of Appeals (CA) in CA-G.R. SP No. 73531, affirming the Decision[2] of the Regional Trial Court (RTC) of Manila in Civil Case No. 170639.

Estela L. Berba, a resident of 978 Maligaya Street, Malate, Manila, was the owner of a parcel of land located at No. 2338 M. Roxas Street, Sta. Ana, Manila covered by Transfer Certificate of Title (TCT) No. 63726. A house was constructed on the lot, which she leased to Josephine Pablo[*] and the Heirs of Carlos Palanca sometime in 1976. The lease was covered by a lease contract. Upon its expiration, the lessees continued leasing the house on a month-to-month basis.

By 1999, the monthly rental on the property was P3,450.00. The lessees failed to pay the rentals due, and by May 1999, their arrears amounted to P81,818.00. Berba then filed a complaint for eviction and collection of unpaid rentals only against Pablo in the Office of the Punong Barangay. On June 5, 1999, Berba and Pablo executed an Agreement approved by the pangkat, as follows:

Ako si Josephine Pablo, naninirahan sa 2338 M. Roxas St., Sta. Ana, Manila, na nasasakop ng Barangay 873, Zone 96, ay nangangako kay GG Robert Berba na nagmamay-ari ng aking tinitirahan ay maghuhulog ng halagang Tatlong Libong Piso P3,000.00 kada ika-sampu ng buwan bilang hulog sa aking pagkakautang kay GG Berba na umaabot sa halagang P81,818.00 na ang nasabing halagang ito ay aking huhulugan hanggang aking mabayaran ng buo ang aking pagkakautang. Ako rin, si Josephine Pablo, ay nangangako na ang hindi ko pagsunod o pagbayad ng buwanang hulog, ako ay kusang aalis sa aking tinitirahan. Bukod pa sa hulog sa aking pagkakautang, ako rin ay magbabayad ng halagang P3,450.00 bilang aking upa sa aking tinitirahan.[3]

By May 2000, Pablo and the lessees still had a balance of P71,716.00. As of May 1, 2001, the total arrearages of the lessees amounted to P135,115.63.[4] On May 2, 2001, Berba, through counsel, wrote the lessees, demanding payment of the said amount and to vacate the house within 30 days from notice, otherwise she will sue them.[5] The lessees ignored the demand. On June 21, 2001, Berba filed a complaint[6] against Josephine Pablo and the Heirs of Carlos Palanca in the Metropolitan Trial Court (MTC) of Manila for unlawful detainer. She prayed that, after due proceedings, judgment be rendered in her favor:

WHEREFORE, it is most respectfully prayed for that judgment be rendered in favor of plaintiff ordering defendant (sic) –

a)

to vacate the premises situated at 2338 M. Roxas Street, Sta. Ana, City of Manila;

b)

to pay plaintiff the sum of One Hundred Thirty-Five Thousand One Hundred Fifteen and 63/100 Pesos (P135,115.63) representing monthly rentals in arrears to the present;

c)

to pay plaintiff the amount of Four Thousand Five Hundred Sixty-Two and 63/100 Pesos (P4,562.63) per month representing monthly rent on the premises for the year 2001 until finality of the judgment;

d)

to pay plaintiff the sum of Twenty Thousand Pesos (P20,000.00) by way of attorney's fees;

e)

to reimburse plaintiff all expenses for litigation estimated in the amount of Ten Thousand Pesos;

f)

to pay costs of suit.

Other reliefs just and equitable are, likewise, prayed for under the premises.[7]

Berba, however, failed to append to her complaint a certification from the Lupon ng Tagapamayapa that no conciliation or settlement had been reached.

In their answer to the complaint, the defendants admitted to have stopped paying rentals because of financial distress. They also alleged that they were not certain if the plaintiff was the owner of the property. By way of special and affirmative defenses, they averred that the plaintiff had no cause of action against them as she failed to secure a Certificate to File Action from the Lupon. [8]

During the pre-trial conference, the parties manifested to the court that, despite earnest efforts, no amicable settlement was reached. They defined the main issue as whether or not the plaintiff had a valid cause of action for unlawful detainer against the defendants.[9]

In her position paper, Berba appended an Agreement dated June 5, 1999 between her and Pablo, which appeared to have been approved by Punong Barangay Cayetano L. Gonzales of Barangay 873, as well as other members of the Lupon,[10] duly approved by the Pangkat. She also appended a Statement of Account indicating that the defendants' back rentals amounted to P135,115.63.[11]

In their position paper, the defendants insisted that the dispute did not go through the Lupon ng Tagapamayapa prior to the filing of the complaint; hence, Berba's complaint was premature. They also averred that the increase in the rental rates imposed by the plaintiff was unjustified and illegal.

In her reply, the plaintiff alleged that there was no more need for her to secure a Certificate to File Action because she was a resident of No. 978 Maligaya Street, Malate, Manila, while the defendants were residing in Barangay 873, Zone 6 in Sta. Ana, Manila.

On March 14, 2002, the MTC rendered judgment in favor of Berba. The fallo of the decision reads:

WHEREFORE, judgment is rendered in favor of the plaintiff and ordering the defendants and all persons claiming rights under them to vacate the premises at 2338 M. Roxas St., Sta. Ana, Manila and restore possession thereof to the plaintiff. Ordering the defendant to pay the amount of P135,115.63 representing monthly rentals since 1999 until December 2000. Ordering the defendant to pay the plaintiff the sum of

P4,562.63 per month beginning January 2001 and for the succeeding months until finally vacated. Ordering the defendant to pay the reduced amount of P10,000.00 as attorney's fees plus the costs of suit.

SO ORDERED.[12]

The defendants appealed the decision to the RTC. On motion of the plaintiff, the RTC issued an order for the execution of the decision pending appeal.[13] The defendants filed a motion for the recall of the Order,[14] but before the court could resolve the motion, the Sheriff turned over the physical possession of the property to Berba on May 20, 2002.[15]

In their Appeal Memorandum, Pablo and the heirs of Palanca insisted that Berba's action in the MTC was premature because of the absence of Certificate to File Action issued by the Lupon. They also claimed that Berba unlawfully increased the rentals for the house.[16] Berba, on the other hand, averred that there was no need of a prior referral to the Lupon before filing her complaint. The petitioner cited Section 408(f) of the Local Government Code, pointing out that she resided in a Barangay in Malate, 8 kilometers away from Barangay 873 in Sta. Ana, where Pablo and the Palanca heirs resided.[17]

On August 20, 2002, the RTC rendered judgment granting the appeal and setting aside the appealed decision. The fallo of the decision reads:

WHEREFORE, the decision of the Court a quo is ordered set aside. The complaint is also ordered DISMISSED WITHOUT PREJUDICE. The Writ of Execution issued by the Court a quo pending appeal is also set aside.

SO ORDERED.[18]

The RTC ruled that under Section 408 of the Local Government Code, parties who reside in the same city or municipality although in different barangays are mandated to go through conciliation proceedings in the Lupon.[19] The court cited the rulings of this Court in *Morata v. Go*,[20] and *Vda. de Borromeo v. Pogoy*. [21]

Berba filed a motion for the reconsideration[22] of the decision, which the RTC denied in its Order[23] dated October 2, 2002. She then elevated the case to the CA via petition for review, where she averred:

a)

The raising of other affirmative defenses apart from the non-referral to the Barangay Court by the respondents constitute a waiver of such requirement; and

b)

There was substantial compliance on the part of the petitioner with respect to referring her complaint before the Barangay Court.[24]

Citing the ruling of this Court in *Diu v. Court of Appeals*,[25] Berba claimed that Section 408 of the Local Government Code should be construed liberally together with Section 412. She further averred that she had complied substantially with the requisites of the law, and recalls that conciliation proceedings before the Lupon resulted in the execution of an Agreement on June 5, 1999. Upon failure to comply with the agreement, all chances of amicable settlement were effectively foreclosed. Hence, Pablo and the Heirs of Palanca were estopped from claiming that she failed to comply with the Local Government Code's requirement of prior referral of their dispute to the Lupon.

After due proceedings, the CA rendered judgment dismissing the petition and affirming the RTC decision. Berba

moved for a reconsideration of the decision, which proved futile.

In the instant petition for review on certiorari, the petitioner alleges that:

THE HONORABLE COURT OF APPEALS SERIOUSLY ERRED WHEN IT FAILED TO CONSIDER THE DECISION OF THIS HONORABLE COURT IN THE CASE OF DIU VS. COURT OF APPEALS (251 SCRA 478) AND IN DECLARING THAT THERE WAS NO SUBSTANTIAL COMPLIANCE WITH THE MANDATE OF PD 1508 (NOW R.A. 7160) WITH RESPECT TO PRIOR REFERRAL TO THE BARANGAY COURT, THEREBY DECIDING THE CASE NOT IN ACCORD WITH LAW AND APPLICABLE DECISIONS OF THE COURT.[26]

The petitioner avers that she is a sickly widow, in the twilight of her years, and whose only source of income are the rentals generated from the property, which she also uses to pay her medical expenses. She avers that the continued denial of her right to the fruits of the subject property is highly unjust and contrary to the spirit behind the enactment of Presidential Decree (P.D.) No. 1508.[27]

The petitioner also points out that, for her to pay obeisance to the decision of the CA, she would have to go through the tedious, not to mention horrendous, process of going back to square one; that is, referring the dispute to the barangay which, in all likelihood, would be rendered useless considering that respondents had already been validly and effectively ejected from the leased premises. She would then have to go through the rungs of the judicial ladder a second time to vindicate her trampled rights. She further claims that the CA's affirmation of the RTC decision is equivalent to sanctioning a "legal anomaly." She points out that the very purpose of barangay conciliation is to abbreviate disputes between members of the same or adjacent barangays to the end that their disputes will not reach the doors of the courts. Clearly, it does not contemplate a protracted process as suggested by the RTC ruling and affirmed by the CA.[28]

In their comment on the petition, the respondents aver that the petitioner was estopped from relying on the June 5, 1999 Agreement between her and respondent Josephine Pablo before the Lupon because the respondent Heirs of Carlos Palanca were not parties thereto. The respondents maintained that the petitioner must bear the blame for her failure to comply with the Local Government Code. At first, she insisted that there was no need for prior referral of the dispute to the Lupon, claiming that she resided in a barangay other than where the respondents resided. Thereafter, she made a volte face and invoked the June 5, 1999 Agreement between her and respondent Josephine Pablo. Moreover, the respondents aver, the MTC had no jurisdiction over the petitioner's action for unlawful detainer because it was filed only on June 21, 2001, or more than one year from June 5, 1999 when the petitioner and respondent Josephine Pablo executed the agreement. As such, the action should be one for recovery of possession of property (accion publiciana).

On June 2, 2004, the Court resolved to give due course to the petition and required the parties to file their respective memoranda.[29] The parties complied.

The Court rules that the CA cannot be faulted for affirming the decision of the RTC reversing the decision of the MTC and ordering the dismissal of the complaint for unlawful detainer without prejudice.

The records show that petitioner and respondent Josephine Pablo executed an Agreement on June 5, 1999, which was approved by the Lupon. Respondent Josephine Pablo did not repudiate the agreement; hence, such agreement of the parties settling the case had the force and effect of a final judgment. As the Court declared in *Vidal v. Escueta*,[30] the settlement of the parties may be enforced by the Lupon, through the punong barangay, within six months; and if the settlement is not enforced after the lapse of said period, it may be enforced by an action in the proper city or municipal court, as provided in Section 417 of the Local Government Code:

We also agree that the Secretary of the Lupon is mandated to transmit the settlement to the appropriate city or

municipal court within the time frame under Section 418 of the LGC and to furnish the parties and the Lupon Chairman with copies thereof. The amicable settlement which is not repudiated within the period therefor may be enforced by execution by the Lupon through the Punong Barangay within a time line of six months, and if the settlement is not so enforced by the Lupon after the lapse of said period, it may be enforced only by an action in the proper city or municipal court as provided for in Section 417 of the LGC of 1991, as amended, which reads:

SEC. 417. Execution. – The amicable settlement or arbitration award may be enforced by execution by the Lupon within six (6) months from the date of the settlement. After the lapse of such time, the settlement may be enforced by action in the proper city or municipal court. (*Italics supplied*).

Section 417 of the Local Government Code provides a mechanism for the enforcement of a settlement of the parties before the Lupon. It provides for a two-tiered mode of enforcement of an amicable settlement executed by the parties before the Lupon, namely, (a) by execution of the Punong Barangay which is quasi-judicial and summary in nature on mere motion of the party/parties entitled thereto; and (b) by an action in regular form, which remedy is judicial. Under the first remedy, the proceedings are covered by the LGC and the Katarungang Pambarangay Implementing Rules and Regulations. The Punong Barangay is called upon during the hearing to determine solely the fact of non-compliance of the terms of the settlement and to give the defaulting party another chance at voluntarily complying with his obligation under the settlement. Under the second remedy, the proceedings are governed by the Rules of Court, as amended. The cause of action is the amicable settlement itself, which, by operation of law, has the force and effect of a final judgment.

Section 417 of the LGC grants a period of six months to enforce the amicable settlement by the Lupon through the Punong Barangay before such party may resort to filing an action with the MTC to enforce the settlement. The *raison d'être* of the law is to afford the parties during the six-month time line, a simple, speedy and less expensive enforcement of their settlement before the Lupon.[31]

In the present case, respondent Josephine Pablo failed to comply with her obligation of repaying the back rentals of P81,818.00 and the current rentals for the house. Hence, the petitioner had the right to enforce the Agreement against her and move for her eviction from the premises. However, instead of filing a motion before the Lupon for the enforcement of the agreement, or (after six months), an action in the Metropolitan Trial Court (MTC) for the enforcement of the settlement, the petitioner filed an action against respondent Josephine Pablo for unlawful detainer and the collection of unpaid rentals, inclusive of those already due before the June 5, 1999 Agreement was executed. The action of the petitioner against respondent Pablo was barred by the Agreement of June 5, 1999.

The Court notes that the petitioner even submitted with the MTC a copy of her June 5, 1999 Agreement with respondent Josephine Pablo. Instead of dismissing the complaint as against such respondent, the MTC rendered judgment against her and ordered her eviction from the leased premises.

The Court thus rules that the petitioner's complaint against respondent Heirs of Carlos Palanca was premature. It bears stressing that they were not impleaded by the petitioner as parties-respondents before the Lupon. The petitioner filed her complaint solely against respondent Josephine Pablo. Moreover, the said respondent heirs were not privy to the said agreement, and, as such, were not bound by it. Section 412 of the Local Government Code, sets forth the precondition to filing of complaints in court, to wit:

SEC. 412 Conciliation.- (a) Pre-condition to filing of complaint in court. – No complaint, petition, action, or proceeding involving any matter within the authority of the lupon shall be filed or instituted directly in court or any other government office for adjudication, unless there has been a confrontation between the parties before the lupon chairman or the pangkat, and that no conciliation or settlement has been reached as certified by the lupon secretary or pangkat secretary as attested to by the lupon chairman or pangkat chairman or unless the settlement has been repudiated by the parties thereto.

(b) Where parties may go directly to court. – The parties may go directly to court in the following instances:

(1) Where the accused is under detention;

(2) Where a person has otherwise been deprived of personal liberty calling for habeas corpus proceedings;

(3) Where actions are coupled with provisional remedies such as preliminary injunction, attachment, delivery of personal property, and support pendente lite; and

(4) Where the action may otherwise be barred by the statute of limitations.

(c) Conciliation among members of indigenous cultural communities. – The customs and traditions of indigenous cultural communities shall be applied in settling disputes between members of the cultural communities.

Under Sec. 408 of the same Code, parties actually residing in the same city or municipality are bound to submit their disputes to the Lupon for conciliation/amicable settlement, unless otherwise provided therein:

SEC. 408. Subject Matter for Amicable Settlement; Exception Thereto. – The lupon of each barangay shall have authority to bring together the parties actually residing in the same city or municipality for amicable settlement of all disputes except:

(a) Where one party is the government or any subdivision or instrumentality thereof;

(b) Where one party is a public officer or employee, and the dispute relates to the performance of his official functions;

(c) Offenses punishable by imprisonment exceeding one (1) year or a fine exceeding Five Thousand pesos (P5,000.00);

(d) Offenses where there is no private offended party;

(e) Where the dispute involves real properties located in different cities or municipalities unless the parties thereto agree to submit their differences to amicable settlement by an appropriate lupon;

(f) Disputes involving parties who actually reside in barangays of different cities or municipalities, except where such barangay units adjoin each other and the parties thereto agree to submit their differences to amicable settlement by an appropriate lupon;

(g) Such other classes of disputes which the President may determine in the interest of justice or upon the recommendation of the Secretary of Justice.

The court in which non-criminal cases not falling within the authority of the lupon under this Code are filed may, at any time before trial, *motu proprio* refer the case to the lupon concerned for amicable settlement.

If the complainant/plaintiff fails to comply with the requirements of the Local Government Code, such complaint filed with the court may be dismissed for failure to exhaust all administrative remedies.[32]

The petitioner's reliance on the ruling of this Court in *Diu v. Court of Appeals*[33] is misplaced. In that case, there was a confrontation by the parties before the Barangay Chairman and no agreement was reached. Although no pangkat was formed, the Court held in that instance that there was substantial compliance with the law. In any event, the issue in that case was whether the failure to specifically allege that there was no compliance with the barangay conciliation procedure constitutes a waiver of that defense. Moreover, no such confrontation before the Lupon occurred with respect to the unlawful detainer suit against Josephine Pablo before the MTC.[34]

In this case, the petitioner and the respondent Heirs of Carlos Palanca resided in the City of Manila, albeit in

different barangays. The dispute between the petitioner and the respondent heirs was thus a matter within the authority of the Lupon. Hence, the petitioner's complaint for unlawful detainer and the collection of back rentals should have been first filed before the Lupon for mandatory conciliation, to afford the parties an opportunity to settle the case amicably. However, the petitioner filed her complaint against the respondent Heirs of Carlos Palanca directly with the MTC. Clearly then, her complaint was premature. The execution of the June 5, 1999 Agreement between petitioner and respondent Josephine Pablo does not amount to substantial compliance to the requirements of the Local Government Code on mandatory barangay conciliation proceedings.

Indeed, considering that the MTC had already rendered a decision on the merits of the case, it is not without reluctance that the Court reaches this conclusion which would require the petitioner to start again from the beginning. The facts of the present case, however, do not leave us any choice. To grant the petition under these circumstances would amount to refusal to give effect to the Local Government Code and to wiping it off the statute books insofar as ejectment and other cases governed by the Rule on Summary Procedure are concerned. This Court has no authority to do that.[35]

IN LIGHT OF ALL THE FOREGOING, the Petition is DENIED.

SO ORDERED.

Puno, (Chairman), Austria-Martinez, and Tinga, JJ., concur.
Chico-Nazario, J., on leave.

[1] Penned by Associate Justice Amelita G. Tolentino, with Associate Justices Edgardo P. Cruz and Mariano C. del Castillo, concurring; Rollo, pp. 29-35.

[2] Penned by Judge Reynaldo G. Ros; Id. at 144-146.

[*] Also "Josie" Pablo.

[3] Rollo, p. 78.

[4] Id. at 80.

[5] Id. at 79.

[6] Rollo, pp. 52-57.

[7] Id. at 53-54.

[8] Rollo, pp. 59-63.

[9] Id. at 65.

[10] The other signatories include Jose Pedrero, Antonio Lim, Reynaldo Chavez and Edgardo Calma.

[11] Rollo, pp. 67-84.

[12] Rollo, p. 103.

[13] Id. at 115-116.

[14] CA Rollo, p. 106.

[15] Rollo, p. 117.

- [16] Id. at 118-129.
- [17] Rollo, pp. 130-143.
- [18] Id. at 146.
- [19] Id. at 144-146.
- [20] G.R. No. L-62339, 27 October 1983, 125 SCRA 444.
- [21] G.R. No. L-63277. 29 November 1983, 126 SCRA 217.
- [22] Rollo, pp. 147-154.
- [23] Id. at 159.
- [24] Id. at 40.
- [25] G.R. No. 115213, 19 December 1995, 251 SCRA 472.
- [26] Rollo, p. 13.
- [27] Rollo, p. 18.
- [28] Id. at 19.
- [29] Rollo, pp. 235-236.
- [30] G.R. No. 156228, 10 December 2003, 417 SCRA 617.
- [31] Vidal v. Escueta, *supra*, at 628-630.
- [32] Garces v. Court of Appeals, G.R. No. L-76836, 23 June 1988, 162 SCRA 504.
- [33] *Supra*.
- [34] *Supra*.
- [35] Garces v. Court of Appeals, *supra*.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.