

FRANCISCO RAMOS, PETITIONER, VS. STATELAND INVESTMENT CORPORATION, RESPONDENT.

G.R. No. 161973. November 11, 2005

Ponente: CALLEJO, SR., J.

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CALLEJO, SR., J.:

This is a Petition for Review on Certiorari of the Decision[1] of the Court of Appeals (CA) in CA-G.R. CV No. 61722. The petition stemmed from the following antecedents:

The American Realty Corporation (ARC) was the registered owner of five parcels of land located in Igay, Barangay Sto. Cristo, San Jose del Monte, Bulacan. The property had a total area of 39 hectares and was covered by Transfer Certificate of Title (TCT) Nos. 78759 to 78763 of the Register of Deeds of Bulacan. A concrete two-storey house stood on a portion of the property.

Sometime in 1983 and 1984, the ARC executed two real estate mortgage contracts in favor of the Bank of America NT & SA, with the said parcel of land as security for the payment of a US\$1,500,000.00 loan. The real estate mortgages were foreclosed sometime in 1991 upon the failure of ARC to pay its loan accounts. The lots were then sold at public auction to the highest bidder, Integrated Credit and Cooperative Service (ICCS). A Certificate of Sale over the property was issued in its favor on January 25, 1993. The property was not redeemed, and the Register of Deeds thereafter issued new titles covering the property in the name of ICCS: TCT Nos. 164171, 164727, 186271, 186272 and 186273.[2]

On March 18, 1994, the ICCS sold the property to Stateland Investment Corporation (SIC), on the basis of which the Register of Deeds issued TCT Nos. 16652, 16653, 187781 to 187783 in the name of the new owner.[3] Sometime in March 1994, SIC representatives inspected the property. They found that the house which stood on a portion of the property was occupied by Francisco Ramos and his family, who were promptly informed that the property had been acquired by SIC. The lots were fenced, and security guards were employed to prevent the influx of squatters.

Fearing that they would be evicted from the landholding, Ramos and the other occupants filed a complaint before the Department of Agrarian Reform (DAR) Provincial Adjudication Board against the SIC and Reynaldo Litonjua for the maintenance of their peaceful possession of the landholding, for redemption of the land and damages with prayer for a writ of preliminary injunction. The case was docketed as Reg. Case No. 756-Bul.'94. No injunctive relief was issued.[4]

After due proceedings, the Provincial Adjudicator ordered the dismissal of the complaint for lack of merit, but directed Reynaldo Litonjua to compensate the complainants for an amount equivalent to five years of gross harvests.[5] Ramos and the other complainants appealed the decision to the DAR Adjudication Board (DARAB), docketed as DARAB Case No. 4471.

On September 23, 1997, SIC filed an "Urgent Motion" alleging, inter alia, that the complainants unlawfully broke

into and occupied the two-storey building of strong materials, which had been previously sold to it together with the landholding. Various crops had been planted on the property to make it appear that the complainants were bona fide tenants even if, in fact, they were mere squatters. The complainants harvested mangoes, destroyed the fences, hired laborers to burn portions of the property and resorted to a continuous barrage of physical provocation on the security guards and harassment of its personnel. According to the SIC, all these undermined the appealed decision, thus:

WHEREFORE, defendant STATELAND INVESTMENT CORPORATION, by counsel, respectfully prays that a status quo Order be issued ordering:

- a) Plaintiffs to immediately vacate the previous owner's residence in its condition prior to the filing of the complaint;
- b) Plaintiffs limit its illegal planting and sowing on the area which they have previously illegally planted and sown immediately prior to the filing of the complaint; and
- c) Plaintiffs to stop its physical harassment and provocation on SIC's security personnel.

All other reliefs just and equitable are hereby sought.[6]

Francisco Ramos opposed the motion, alleging that he had possessed the two-storey house since 1974 and had the right to stay therein. This led the SIC to believe that Ramos's possession of the house had no connection with his claim of being a tenant on the property; hence, the Municipal Trial Court (MTC) had jurisdiction over his eviction therefrom.[7] Consequently, on November 26, 1997, SIC filed a Motion in DARAB Case No. 4471 for the partial withdrawal of its prayer in the September 23, 1997 Urgent Motion regarding the complainants' eviction from the property.[8] The SIC also sent a Letter dated November 25, 1997 to Ramos, where it demanded that he vacate the house within five days, otherwise, it would take the appropriate legal action to protect its rights and interests.[9] Ramos, however, still refused to vacate the house.

On January 15, 1998, the SIC filed a complaint[10] for ejectment against Ramos with the MTC of San Jose del Monte. It alleged therein that it had purchased the five parcels of land, including the two-storey concrete house, and that despite oral and written demands Ramos refused to leave. The case was docketed as Civil Case No. 443-98.

In his answer[11] to the complaint, Ramos admitted that SIC was the owner of the house and the landholding, but alleged that he had been a tenant on the land since 1974, and that the house was assigned to him by the ARC as his residence. By way of special and affirmative defenses, he alleged that the MTC had no jurisdiction over the subject matter of the complaint, and that DARAB Case No. 4471 was pending before the DARAB. He further averred that the SIC had filed in the said case an Urgent Motion dated September 23, 1997 praying for recovery of possession of the questioned land and building, and appended a copy thereof to his Answer. He pointed out that the SIC filed the instant case against him without awaiting the resolution of the said motion.[12]

The parties were unable to arrive at an amicable settlement during the preliminary conference. They were then required to submit their respective

position papers under the Rules on Summary Procedure. The parties did not adduce any evidence.

On May 13, 1998, the MTC rendered a decision in favor of the SIC. The fallo of the decision reads:

WHEREFORE, premises considered, judgment is hereby rendered in favor of the plaintiff and against the defendant and all persons claiming rights under him to:

- 1.) to vacate the premises of the two story (sic) houses and all the structures possessed by them and surrender

peaceful possession thereof to the plaintiff;

2.) pay plaintiff reasonable rent of P10,000.00 a month for the use or occupancy in the premises from November 25, 1997 and up to such time that they peacefully surrender possession thereof to the plaintiff;

3.) pay the sum of P50,000.00 as and for attorney's fees;

4.) pay the cost of suit; and

5.) taking into consideration that the defendants have shown no legal justification or right to the mango fruits taken from the mango trees inside the premises, the Court with its ruling on the relationship between the plaintiff and the defendant hereby ordered that the amount of P4,800.00 be deposited to this Court as proceeds for mango trees be released unto the plaintiff together with the bond in the amount of P10,000.00 as evidenced by Official Receipt No. 7167456.

SO ORDERED.[13]

The MTC ruled that it had jurisdiction over the action: the property subject matter of the case was the house occupied by the defendant, while the subject matter of DARAB Case No. 4471 was the landholding and the issue therein was whether Ramos was an agricultural tenant on the property. The MTC held that the issue before it was limited to who, as between the parties, had the right of possession over the two-storey building situated on the property. Thus, even if the DARAB ruled that Ramos was a tenant, he would still not be entitled to possess the house. Besides, according to the court, Ramos failed to prove that he was an agricultural tenant on the landholding. Citing *Atienza v. Court of Appeals*[14] and *First Philippine International Bank v. Court of Appeals*,[15] the MTC maintained that the case before it and DARAB Case No. 4471 could proceed independently of each other.

The MTC further pointed that SIC was the registered owner of the land; hence, based on the principle that the accessory follows the principal, SIC was also the owner of the house constructed thereon.

Ramos filed a Notice of Appeal[16] on May 27, 1998, docketed as Civil Case No. 533-01-98. The records of the case were then elevated to the Regional Trial Court (RTC). The SIC, for its part, filed a Motion for Execution Pending Appeal.[17] Ramos opposed the motion and offered to post a supersedeas bond in the amount of P84,000.00 to stay the execution.[18] He was given a period of five days within which to file the bond, but instead of doing so, filed a Notice of Withdrawal of Appeal[19] on July 6, 1998, with the reservation to take other legal remedies as may be provided by law.

On July 7, 1998, the RTC issued an Order[20] declaring that, with the withdrawal of the Notice of Appeal, the decision of the MTC had become final and executory. The RTC thus ordered the remand of the records to the MTC for the implementation of its decision.

On July 9, 1998, Ramos filed a petition[21] before the RTC of Bulacan for the nullification of the decision of the MTC in Civil Case No. 443-98 with a plea for injunctive relief. He alleged therein that he raised the issue of tenancy in his Answer to the Complaint in Civil Case No. 443-98; hence, the MTC had no jurisdiction over the complaint. Moreover, the MTC was aware that he was a bona fide tenant and was entitled to disturbance compensation from the previous owner of the property, as gleaned from the decision of the DAR Provincial Adjudicator and embodied in the Urgent Motion of the SIC in DARAB Case No. 4471. He also asserted that under Section 14 of Republic Act (R.A.) No. 3844, he was entitled to a homelot which included the house. Ramos appended to his petition copies of the Receipts[22] dated January 22, 1979 and February 5, 1985 signed by Reynaldo Litonjua, showing the latter's receipt of the share of the landowner over the produce of the landholding from Ramos, and a Certificate from Reynaldo Litonjua that Ramos and his family were bona fide tenants over a

seven-hectare portion of the property and were paying rentals.[23]

Ramos prayed in his petition that judgment be rendered in his favor, thus:

- The Decision rendered by the Municipal Trial Court of San Jose del Monte, Bulacan as null and void for lack of jurisdiction, and denial of due process upon the petitioner;
- The Department of Agrarian Reform Adjudication Board to have the primary and exclusive jurisdiction in the ejectment proceedings pursuant to Sec. 50 of RA 6657;
- The private respondent to have committing acts against forum shopping;
- The private respondent to pay petitioner the sum of P400,000.00 as and for damages;
- The private respondent liable to pay petitioner the sum of P100,000.00 as and for attorney's fees, plus the costs of the suit.

FURTHER, petitioner prays for such other reliefs and remedies as this Honorable Court may deem just and equitable in the premises.[24]

The SIC filed a motion to dismiss the petition on the grounds of *res judicata* and forum shopping. It maintained that the MTC had jurisdiction over its complaint for unlawful detainer and that the proceedings therein, including the decision of the MTC, were valid. While Ramos raised the tenancy issue in his Answer to the complaint in Civil Case No. 443-98, he failed to substantiate such claim with substantial evidence. Moreover, the allegations of the petition were but a reiteration of those in his Answer in Civil Case No. 443-98. The SIC averred that the remedy from the MTC decision was appeal by writ of error in the RTC. Since Ramos withdrew his appeal, he was estopped from assailing the jurisdiction of the MTC under Rule 47 of the Rules of Court.

In a Resolution dated August 7, 1998, the RTC denied the motion to dismiss of SIC. The court also nullified the decision of the MTC in Civil Case No. 443-98 on the ground that the action filed by respondent SIC in the said case was an agrarian case, within the exclusive jurisdiction of the DARAB; hence, the MTC had no jurisdiction over the action, and its decision was null and void. The RTC declared that the MTC was aware of the pendency of DARAB Case No. 4471.

On September 2, 1998, the SIC appealed the resolution of the RTC to the CA. It maintained that the MTC had jurisdiction over the complaint and that the said decision was valid.

On February 4, 2004, the CA rendered judgment granting the appeal of the SIC and setting aside the RTC resolution. The CA ruled that, as gleaned from the averments of the complaint, the MTC had jurisdiction over the case. It also ruled that Ramos failed to adduce evidence in the MTC that he was a bona fide tenant over the landholding and had a right of possession over the two-storey house. The proper remedy from an adverse decision of the MTC was to appeal to the RTC, and in case the RTC affirmed such decision, to file a petition for review with the CA. However, since Ramos opted to withdraw his appeal, he was barred from filing a petition to annul the decision of the MTC. The CA further declared that by filing a petition to annul the decision of the MTC in the RTC, Ramos was in effect litigating the same issues raised in the MTC.

Ramos, now the petitioner, filed the instant petition for review on certiorari, insisting that the appellate court erred in reversing the resolution of the RTC. The petitioner points out that he alleged in his answer in the MTC that he was a bona fide agricultural lessee-tenant in the landholding. As such, the MTC had no jurisdiction over the complaint of respondent SIC for unlawful detainer. In fact, the petitioner avers, the DARAB declared in its Decision in DARAB Case No. 4471 dated September 25, 2000 that he was a bona fide tenant on the landholding and could not be evicted without first being paid disturbance compensation.

In its Comment on the petition, the respondent maintained that the CA Decision is in accord with the Rules of Civil Procedure and case law. It calls the Court's attention to the fact that on February 27, 2003, the Office of the President of the Philippines in O.P. Case No. 001-G-9480 affirmed the DAR Secretary's Decision of February 25, 1998; thus, its petition for the exemption of the landholding from the Comprehensive Agrarian Reform Law (CARL), except for a two-hectare portion and subject to the payment of disturbance compensation to any qualified tiller-occupant who would be affected by the decision, was granted on September 26, 1994.[25] The respondent points out that this decision had become final and executory. The respondent also made of record that the DAR Provincial Adjudicator had recommended the approval of its application for the retention of the two-hectare portion of the subject property on March 5, 2004.[26]

The issues for resolution are the following: whether the MTC had jurisdiction over the nature of the respondent's action (as plaintiff therein); and whether the petitioner availed of the proper remedy from the MTC Decision in favor of the respondent.

On the first issue, the Court finds that the MTC had jurisdiction over the respondent's action. It is axiomatic that the nature of the action and the jurisdiction of the court is to be determined from the material allegations of the complaint as well as the character of the relief prayed for irrespective of whether or not the plaintiff is entitled to such relief.[27] The jurisdiction of the court or tribunal over the subject matter of the action is determined exclusively by the Constitution and the law. Jurisdiction cannot be conferred by the voluntary act or agreement of the parties; it cannot be acquired through or waived, enlarged or diminished by their act or omission. Neither is it conferred by the acquiescence of the court. It is neither for the court nor the parties to violate or disregard the rule, this matter being legislative in character.[28] Thus, the jurisdiction over the nature of an action and the subject matter thereof is not affected by the theories set up by the defendant in an answer or motion to dismiss.

An action for unlawful detainer is within the exclusive jurisdiction of the Municipal Trial Court, Metropolitan Circuit Trial Court, or Metropolitan Trial Court.[29] Under Section 3, Rule 70 of the Rules of Civil Procedure, "except in cases covering agricultural tenancy laws or where the law otherwise expressly provides, all actions for forcible entry and unlawful detainer irrespective of the amount of damages or unpaid rentals sought to be recovered shall be governed by the Rules on Summary Procedure provided thereunder." An action not involving an agrarian dispute but only for recovery of possession of real property is within the jurisdiction of the regular courts.[30]

Under Section 50 of R.A. No. 6657, as well as Section 34 of Executive Order No. 129-A, the DARAB has 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 R.A. No. 6657, and other agrarian laws and their implementing rules and regulations.

The subject matter of agricultural tenancy or agrarian reform laws are agricultural lands or farmlands devoted to agricultural activity.[31] An agrarian dispute refers to any controversy relating the tenurial arrangement, whether leasehold, tenancy, stewardship or otherwise, over lands devoted to agriculture, including disputes concerning farmworking association or representation of persons in negotiating, fixing, maintaining, changing and seeking to arrange terms and conditions of such tenurial arrangement. It includes any controversy relating to compensation of lands acquired under R.A. No. 6657 and other terms and conditions of transfer of ownership from landowners to farmworkers, tenants and other agrarian reform beneficiaries, whether the disputants stand in the proximate relation of farm operator and beneficiary, landowner and tenant, or lessor and lessee.[32] Section 1, Rule II of the DARAB Rules of Civil Procedure enumerates further some of the cases over which the DARAB has primary and exclusive jurisdiction:

- 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;

b) The valuation of land, and the preliminary determination and payment of just compensation, fixing and collection of lease rentals, disturbance compensation, amortization payments, and similar disputes concerning the functions of the Land Bank of the Philippines (LBP);

c) The annulment or cancellation of lease contracts or deeds of sale or their amendments, involving lands under the administration and disposition of the DAR or LBP;

d) Those cases arising from, or connected with membership or representation in compact farms, farmers' cooperatives and other registered farmers' association or organizations, related to lands covered by the CARP and other agrarian laws;

e) Those involving the sale, alienation, mortgage, foreclosure, pre-emption and redemption of agricultural lands under the coverage of the CARP or 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. 815.

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 (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.

The Court notes that the SIC, as plaintiff in the MTC, made the following allegations and prayer in its complaint:

- Plaintiff is the absolute owner and possessor of a concrete two-storey house located at Igay Road, Santo Cristo, San Jose del Monte, Bulacan having acquired the same and the land on which it stands by purchase from Integrated Credit and Services Corp. on March 18, 1994.

- Immediately after such purchase, plaintiff through [its] representative visited the property. It was learned that defendant entered into the premises and lived therein.

- Such fact was tolerated by the plaintiff until late last year when plaintiff demanded that defendant vacate the premises.

- Demands, both oral and written, have been made on defendant to peacefully vacate the premises and restore plaintiff in possession thereof, the last demand in writing being on November 25, 1997 and received by defendant on November 26, 1997 or more than fifteen (15) days before the filing of this complaint. ...

- Notwithstanding the said demand to vacate, defendant still failed and refused and continue to this day to fail and refuse to vacate and surrender peaceful possession of the property to plaintiff thereby causing damages and injury to the latter in the form of reasonable rental for the use and occupancy of the property which may be placed at not less than TEN THOUSAND PESOS (P10,000.00) per month beginning from the unlawful occupancy of the property which is the time when plaintiff acquired the property up to the time they actually vacate the same.

- Likewise, by reason of defendant's refusal to vacate the subject premises and in order to protect its interests, plaintiff was constrained to engage the services of undersigned counsel for an agreed fee of ONE HUNDRED THOUSAND PESOS (P100,000.00) plus P1,000.00 per court appearance.

- Barangay arbitration/conciliation proceedings were not had considering that one of the parties herein (the plaintiff) is a corporation.

WHEREFORE, premises considered, plaintiff respectfully prays that judgment be rendered ordering defendant and all persons claiming rights under him to:

- vacate the premises and surrender peaceful possession thereof to plaintiff;
- pay plaintiff reasonable rent for the use and occupancy of the premises from the time plaintiff acquired the property until the time defendant actually vacates the same;
- pay the sum of ONE HUNDRED THOUSAND PESOS (P100,000.00) as and for attorney's fees plus P1,000.00 per court appearance
- pay cost of suit.

Other reliefs just and equitable under the premises are also prayed for.[33]

Based on these material averments, it is crystal-clear that the action in the MTC was one for unlawful detainer or the petitioner's eviction from the two-storey house and not from the landholding. It must be stressed that the respondent, as plaintiff in the MTC, anchored its claim on its purchase of the five parcels of land, and asserted that it had the right of possession over such house as well.

The Court has ruled that when a tenancy is merely averred as a special and affirmative defense to a complaint for unlawful detainer, the MTC does not automatically lose its jurisdiction over the said action. The MTC is duty-bound to conduct a preliminary conference and, if necessary, to receive evidence to determine if such tenancy relationship had, in fact, been shown to be the real issue. The MTC may even opt to conduct a hearing on the special and affirmative defense of the defendant, although under the Rules on Summary Procedure, such a hearing is not a matter of right.[34] If it is shown during the hearing or conference that, indeed, tenancy is the issue, the MTC should dismiss the case for lack of jurisdiction.[35]

The records show that a preliminary conference took place in the MTC, but was terminated when the parties failed to settle the case. The records also show that the petitioner failed to adduce any evidence to prove that the issue before the MTC involved or related to the material possession of the landholding, or that it was interwoven with the issue of tenancy over the landholding in DARAB Case No. 4471. There is even no showing that the resolution of the principal relief sought by the respondent would indicate any need to refer to agrarian reform laws, rules and regulations.

The petitioner's reliance on the respondent's Urgent Motion dated September 23, 1997 in DARAB Case No. 4471 is misplaced. The Court rejects the petitioner's contention that, by filing such motion praying for his eviction from the house, the respondent thereby vested jurisdiction in the DARAB to resolve the issue of whether he had the right to maintain possession of the house. In *Atuel v. Valdez*, [36] the Court ruled that jurisdiction over the subject matter and the nature of an action may not be conferred on the court by consent or waiver of the party, where the court otherwise would have no jurisdiction. It must also be stressed that the active participation of the parties in the proceedings in the DARAB does not automatically vest jurisdiction of the case in the said body, as jurisdiction is conferred only by law. Except in some instances, estoppel does not apply to confer jurisdiction to the court or tribunal that has no jurisdiction over the nature of the action.

In any case, the respondent partially withdrew its urgent motion insofar as it prayed for the petitioner's eviction from the house. In so doing, the respondent considered the petitioner's claim (in his Opposition to the Urgent Motion) that he had prior possession over the house and consequently, had the right to remain in possession

thereof.

What is clear is that the issue of whether the petitioner was the owner of the portion of the house occupied by him and his family or was merely allowed by the former owner of the land to reside therein is an issue which may be resolved by the application of general civil laws. Certainly, the resolution of such issue will certainly not entail the application of Agrarian Reform Laws or the rules and regulations issued in the implementation thereof.

Indubitably, the issues of whether the petitioner was a bona fide tenant or agricultural lessee and whether he had a right to redeem the landholding under the CARL are within the exclusive jurisdiction of the Provincial Agrarian Reform Adjudicators (PARAD) and the DARAB on appeal. The res in the PARAD and the DARAB were the five parcels of land; in contrast, the res subject of the action in the MTC was the two-storey house occupied by the petitioner and his family. The sole issue in the MTC was who between the petitioner (as the defendant therein) and the respondent (as the plaintiff) had the right to the material or physical possession of the house. This issue was neither raised nor resolved by the PARAD or the DARAB on appeal. Indeed, the issues in DARAB Case No. 4471 were defined as follows:

WHETHER OR NOT PLAINTIFFS-APPELLANTS ARE BONA FIDE TENANTS; and

WHETHER OR NOT THE LANDHOLDING IS WITHIN THE COVERAGE OF THE COMPREHENSIVE AGRARIAN REFORM PROGRAM OR REPUBLIC ACT NO. 6657 OTHERWISE KNOWN AS THE COMPREHENSIVE AGRARIAN REFORM LAW OF 1988.[37]

The DARAB Decision of September 25, 2000 declared the petitioner a bona fide tenant who had the right to continue in the peaceful possession over a two-hectare portion of the landholding. It also declared that the petitioner should not be evicted from the property until he was paid

disturbance compensation by Litonjua.[38] However, the DARAB did not enjoin the respondent from causing the petitioner's eviction from the house itself. In fine, under such decision, the petitioner may remain in the landholding and continue cultivating the same until he was duly compensated, but should still vacate the house as declared by the MTC. Moreover, the Office of the President in O.P. Case No. 001-G-9480 declared with finality that the landholding was exempt from the CARL except for an area of two hectares.[39]

The Court also agrees with the MTC that the decision of the DARAB would not resolve the issue of who, as between the parties, had the right to the material possession of the house, and any such resolution would not be conclusive on the issue. Indeed, in *Atienza, Sr. v. Court of Appeals*,[40] this Court held that:

The Court has considered the petition for review, the comments of the respondents, and the reply thereto, but has found no reversible error in the decision complained of, hence, it is constrained to deny the petition for lack of merit. Indeed, the award of the lot to the petitioner by the NHA is not a valid defense to the private respondents' action to eject him from the house which admittedly belongs to the private respondents. The only issue in an ejectment suit is the possession of the leased premises (the house) not the ownership of the lot, the award of which to the petitioner is still being contested by Laja in another action (*Alvir vs. Vera*, 130 SCRA 357; *Mediran vs. Villanueva*, 37 Phil. 752; *Bautista vs. Fernandez*, 38 SCRA 549; *Vda. De Sengbengco vs. Arellano*, 1 SCRA 711).

The petitioner's claim of entitlement to a homelot is a factual issue, wholly dependent upon whether the DAR Secretary will approve, with finality, the recommendation of the Provincial Agrarian Reform Officer (PARO) to grant the respondent's application to retain the two hectares. Even assuming the petitioner's entitlement to such homelot, it would not equate to entitlement to the house he claims.

In sum then, the RTC resolution declaring that the MTC had no jurisdiction over the respondent's action is

erroneous. It is the CA ruling, which reversed the RTC resolution, that is accurate.

Indeed, the remedy of the petitioner from the decision of the MTC was to appeal in due course to the RTC. However, instead of pursuing his appeal, the petitioner withdrew the same on his erroneous perception that the MTC had no jurisdiction over the respondent's action. Hence, the decision of the MTC had become final and executory.

IN LIGHT OF ALL THE FOREGOING, the petition is DENIED for lack of merit. Costs against the petitioner.

SO ORDERED.

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

[1] Penned by Associate Justice Andres B. Reyes, Jr. with Associate Justices Buenaventura J. Guerrero and Regalado E. Maambong, concurring; Rollo, pp. 93-102.

[2] Rollo, p. 55.

[3] Ibid.

[4] Rollo, p. 54.

[5] The fallo of the Decision reads:

WHEREFORE, premises considered, judgment is hereby rendered in favor of the defendants and against the plaintiffs and order is hereby issued:

- Dismissing the complaint for lack of merit;
- Ordering Reynaldo K. Litonjua to pay plaintiffs spouses Francisco S. Ramos and Josefina E. Ramos; or compensation equivalent to five (5) years of their gross harvest;
- No pronouncements as to cost.

SO ORDERED. (Rollo, p. 53)

[6] Rollo, p. 82.

[7] Id. at 44-46.

[8] Records, p. 75.

[9] Records, p. 55.

[10] Id. at 52.

[11] Id. at 57.

[12] Id. at 57-65.

[13] Rollo, pp. 47-48.

[14] G.R. No. 94493, 17 July 1992, 211 SCRA 561.

[15] G.R. No. 115849, 24 January 1996, 252 SCRA 259.

- [16] Rollo, p. 49.
- [17] Id. at 114.
- [18] Id. at 116.
- [19] Id. at 118.
- [20] Id. at 119.
- [21] Records, pp. 1-17.
- [22] Id. at 10-11.
- [23] Id. at 9.
- [24] Records, p. 7.
- [25] Rollo, pp. 120-128.
- [26] Id. at 129.
- [27] Morta, Sr. v. Occidental, G.R. No. 123417, 10 June 1999, 308 SCRA 167.
- [28] Oca v. Court of Appeals, G.R. No. 144817, 7 March 2002, 378 SCRA 642.
- [29] Section 2, Republic Act No. 7691, as amended; Section 32 of Batas Pambansa Bilang 129.
- [30] Arzaga v. Copias, G.R. No. 152404, 28 March 2003, 400 SCRA 148.
- [31] Section 3(c), Republic Act No. 6657.
- [32] Section 3(d), Republic Act No. 6657.
- [33] Records, pp. 52-53.
- [34] Rivera v. Santiago, G.R. No. 146501, 28 August 2003, 410 SCRA 113.
- [35] Hilado v. Chavez, G.R. No. 134742, 22 September 2004, 438 SCRA 623.
- [36] G.R. No. 139561, 10 June 2003, 403 SCRA 517.
- [37] Rollo, p. 56.
- [38] The dispositive portion reads:

WHEREFORE, premises considered, the appealed DECISION is hereby confirmed with the following modifications.

- As declared by the Office of the DAR Secretary in its Exemption Order dated February 25, 1998, the subject landholding, with the exception of two (2) hectares, is exempted from CARP coverage to which this Board has no jurisdiction to reverse;
- Declaring the Plaintiffs-Appellants as the bona fide tenants on the subject landholding and to continue paying their lease rental, as determined by the Municipal Agrarian Reform Officer (MARO) of San Jose Del Monte, Bulacan, with the new transferee, the STATELAND INVESTMENT CORPORATION, until the correct amount of disturbance compensation is paid to them;
- Directing the Defendant-Appellee to maintain said Plaintiffs-Appellants in their peaceful possession and

cultivation over the two (2) hectare portion recommended for CARP coverage by the above-mentioned Exemption Order and that said Defendant-Appellee and his security guards should refrain from exhibiting acts of harassment intended to the eventual ejectment or dispossession of said Plaintiffs-Appellants; and

- Directing the Regional Office of DAR, Region III, to immediately place the two (2)-hectare portion under CARP coverage;

- Pending the payment of the correct amount of disturbance compensation in the peaceful possession and cultivation over their present tillage.

SO ORDERED. (Rollo, pp. 64-65).

[39] WHEREFORE, premises considered, this Order is hereby issued GRANTING exemption from CARP coverage the application filed by Stateland Investment Corporation involving its property with an aggregate area of 39.648 hectares embraced under TCT Nos. T-16652, T-16653, T-187781, T-187782 and T-187783, except the two (2)-hectare portion recommended by the Regional Director of DAR Region III for CARP coverage. This Office, however, mandates the payment of disturbance compensation to any qualified tiller/occupant which would be affected by this undertaking, if there is any. Accordingly, the order dated 23 September 1997 issued by this Office is hereby recalled.

SO ORDERED. (Rollo, pp. 120-121).

[40] G.R. No. 94493, 17 July 1992, 211 SCRA 561.

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