

HEIRS OF GENEROSO SEBE, AURELIA CENSERO SEBE AND LYDIA SEBE, PETITIONERS, HEIRS OF VERONICO SEVILLA AND TECHNOLOGY AND LIVELIHOOD RESOURCE CENTER, RESPONDENTS.

G.R. No. 174497. October 12, 2009

Ponente: ABAD, J.

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ABAD, J.:

This case concerns the jurisdiction of Municipal Trial Courts over actions involving real properties with assessed values of less than P20,000.00.

The Facts and the Case

In this petition for review on certiorari[1] petitioners seek to reverse the Order[2] dated August 8, 2006, of the Regional Trial Court (RTC) of Dipolog City, Branch 9, in Civil Case 5435, for annulment of documents, reconveyance and recovery of possession with damages. The trial court dismissed the complaint for lack of jurisdiction over an action where the assessed value of the properties is less than P20,000.00. Petitioners asked for reconsideration[3] but the court denied it.[4]

On August 10, 1999 plaintiff spouses Generoso and Aurelia Sebe and their daughter, Lydia Sebe, (the Sebes) filed with the RTC of Dipolog City[5] a complaint against defendants Veronico Sevilla and Technology and Livelihood Resources Center for Annulment of Document, Reconveyance and Recovery of Possession of two lots, which had a total assessed value of P9,910.00, plus damages.[6] On November 25, 1999 they amended their complaint[7] to address a deed of confirmation of sale that surfaced in defendant Sevilla's Answer[8] to the complaint. The Sebes claimed that they owned the subject lots but, through fraud, defendant Sevilla got them to sign documents conveying the lots to him. In his Answer[9] Sevilla insisted that he bought the lots from the Sebes in a regular manner.

While the case was pending before the RTC, plaintiff Generoso Sebe died so his wife and children substituted him.[10] Parenthetically, with defendant Veronico Sevilla's death in 2006, his heirs substituted him as respondents in this case.[11]

On August 8, 2006 the RTC dismissed the case for lack of jurisdiction over the subject matter considering that the ultimate relief that the Sebes sought was the reconveyance of title and possession over two lots that had a total assessed value of less than P20,000.00. Under the law,[12] said the RTC, it has jurisdiction over such actions when the assessed value of the property exceeds P20,000.00,[13] otherwise, jurisdiction shall be with the first level courts.[14] The RTC concluded that the Sebes should have filed their action with the Municipal Trial Court (MTC) of Dipolog City.

On August 22, 2006 the Sebes filed a motion for reconsideration.[15] They pointed out that the RTC mistakenly classified their action as one involving title to or possession of real property when, in fact, it was a case for the

annulment of the documents and titles that defendant Sevilla got. Since such an action for annulment was incapable of pecuniary estimation, it squarely fell within the jurisdiction of the RTC as provided in Section 19 of Batas Pambansa 129, as amended.

To illustrate their point, the Sebes drew parallelisms between their case and the cases of *De Rivera v. Halili*[16] and *Copioso v. Copioso*. [17]

The *De Rivera* involved the possession of a fishpond. The Supreme Court there said that, since it also had to resolve the issue of the validity of the contracts of lease on which the opposing parties based their rights of possession, the case had been transformed from a mere detainer suit to one that was incapable of pecuniary estimation. Under Republic Act 296 or the Judiciary Act of 1948, as amended, civil actions, which were incapable of pecuniary estimation, came under the original jurisdiction of the Court of First Instance (now the RTC). [18] The Sebes pointed out that, like *De Rivera*, the subject of their case was "incapable of pecuniary estimation" since they asked the court, not only to resolve the dispute over possession of the lots, but also to rule on the validity of the affidavits of quitclaim, the deeds of confirmation of sale, and the titles over the properties. [19] Thus, the RTC should try the case.

The *Copioso*, on the other hand, involves the reconveyance of land the assessed value of which was allegedly P3,770.00. The Supreme Court ruled that the case comprehended more than just the title to, possession of, or any interest in the real property. It sought the annulment of contracts, reconveyance or specific performance, and a claim for damages. In other words, there had been a joinder of causes of action, some of which were incapable of pecuniary estimation. Consequently, the case properly fell within the jurisdiction of the RTC. Here, petitioners argued that their case had the same causes of actions and reliefs as those involved in *Copioso*. Thus, the RTC had jurisdiction over their case.

On August 31, 2006 the RTC denied the Sebes's motion for reconsideration, pointing out that the *Copioso* ruling had already been overturned by *Spouses Huguete v. Spouses Embudo*. [20] Before the *Huguete*, cancellation of titles, declaration of deeds of sale as null and void and partition were actions incapable of pecuniary estimation. Now, however, the jurisdiction over actions of this nature, said the RTC, depended on the valuation of the properties. In this case, the MTC had jurisdiction because the assessed value of the lots did not exceed P20,000.00.

The Issue

The issue in this case is whether or not the Sebes's action involving the two lots valued at less than P20,000.00 falls within the jurisdiction of the RTC.

The Court's Ruling

Whether a court has jurisdiction over the subject matter of a particular action is determined by the plaintiff's allegations in the complaint and the principal relief he seeks in the light of the law that apportions the jurisdiction of courts. [21]

The gist of the Sebes's complaint is that they had been the owner for over 40 years of two unregistered lots [22] in Dampalan, San Jose, Dipolog City, covered by Tax Declaration 012-239, with a total assessed value of P9,910.00. [23] On June 3, 1991 defendant Sevilla caused the Sebes to sign documents entitled affidavits of quitclaim. [24] Being illiterate, they relied on Sevilla's explanation that what they signed were "deeds of real estate mortgage" covering a loan that they got from him. [25] And, although the documents which turned out to be deeds conveying ownership over the two lots to Sevilla for P10,000.00 [26] were notarized, the Sebes did not appear before any notary public. [27] Using the affidavits of quitclaim, defendant Sevilla applied for [28] and obtained

free patent titles covering the two lots on September 23, 1991.[29] Subsequently, he mortgaged the lots to defendant Technology and Livelihood Resource Center for P869,555.00.[30]

On December 24, 1991 the Sebes signed deeds of confirmation of sale covering the two lots.[31] Upon closer examination, however, their signatures had apparently been forged.[32] The Sebes were perplexed with the reason for making them sign such documents to confirm the sale of the lots when defendant Sevilla already got titles to them as early as September.[33] At any rate, in 1992, defendant Sevilla declared the lots for tax purposes under his name.[34] Then, using force and intimidation, he seized possession of the lots from their tenants[35] and harvested that planting season's yield[36] of coconut and palay worth P20,000.00.[37]

Despite demands by the Sebes, defendant Sevilla refused to return the lots, forcing them to hire a lawyer[38] and incur expenses of litigation.[39] Further the Sebes suffered loss of earnings over the years.[40] They were also entitled to moral[41] and exemplary damages.[42] They thus asked the RTC a) to declare void the affidavits of quitclaim and the deeds of confirmation of sale in the case; b) to declare the Sebes as lawful owners of the two lots; c) to restore possession to them; and d) to order defendant Sevilla to pay them P140,000.00 in lost produce from June 3, 1991 to the date of the filing of the complaint, P30,000.00 in moral damages, P100,000.00 in attorney's fee, P30,000.00 in litigation expenses, and such amount of exemplary damages as the RTC might fix.[43]

Based on the above allegations and prayers of the Sebes's complaint, the law that applies to the action is Batas Pambansa 129, as amended. If this case were decided under the original text of Batas Pambansa 129 or even under its predecessor, Republic Act 296, determination of the nature of the case as a real action would have ended the controversy. Both real actions and actions incapable of pecuniary estimation fell within the exclusive original jurisdiction of the RTC.

But, with the amendment of Batas Pambansa 129 by Republic Act 7601, the distinction between these two kinds of actions has become pivotal. The amendment expanded the exclusive original jurisdiction of the first level courts to include real actions involving property with an assessed value of less than P20,000.00.[44]

The power of the RTC under Section 19 of Batas Pambansa 129,[45] as amended,[46] to hear actions involving title to, or possession of, real property or any interest in it now covers only real properties with assessed value in excess of P20,000.00. But the RTC retained the exclusive power to hear actions the subject matter of which is not capable of pecuniary estimation. Thus-

SEC. 19. Jurisdiction in Civil Cases. - Regional Trial Courts shall exercise exclusive original jurisdiction:

(1) In all civil actions in which the subject of the litigations is incapable of pecuniary estimation.

(2) In all civil actions which involve the title to, or possession of, real property, or any interest therein, where the assessed value of the property involved exceeds Twenty thousand pesos (P20,000.00) or for civil actions in Metro Manila, where such value exceeds Fifty thousand pesos (P50,000.00) except actions for forcible entry into and unlawful detainer of lands or buildings, original jurisdiction over which is conferred upon the Metropolitan Trial Courts, Municipal Trial Courts, and Municipal Circuit Trial Courts; x x x.

Section 33, on the other hand provides that, if the assessed value of the real property outside Metro Manila involved in the suit is P20,000.00 and below, as in this case, jurisdiction over the action lies in the first level courts. Thus--

SEC. 33. Jurisdiction of Metropolitan Trial Courts, Municipal Trial Courts and Municipal Circuit Trial Courts in Civil Cases -- Metropolitan Trial Courts, Municipal Trial Courts and Municipal Circuit Trial Courts shall exercise:

x x x x

(3) Exclusive original jurisdiction in all civil actions which involve title to, or possession of, real property, or any interest therein where the assessed value of the property or interest therein does not exceed Twenty thousand pesos (P20,000.00) or, in civil actions in Metro Manila, where such assessed value does not exceed Fifty thousand pesos (P50,000.00) x x x.

But was the Sebes's action one involving title to, or possession of, real property or any interest in it or one the subject of which is incapable of pecuniary estimation?

The Sebes claim that their action is, first, for the declaration of nullity of the documents of conveyance that defendant Sevilla tricked them into signing and, second, for the reconveyance of the certificate of title for the two lots that Sevilla succeeded in getting. The subject of their action is, they conclude, incapable of pecuniary estimation.

An action "involving title to real property" means that the plaintiff's cause of action is based on a claim that he owns such property or that he has the legal rights to have exclusive control, possession, enjoyment, or disposition of the same.[47] Title is the "legal link between (1) a person who owns property and (2) the property itself." [48]

"Title" is different from a "certificate of title" which is the document of ownership under the Torrens system of registration issued by the government through the Register of Deeds.[49] While title is the claim, right or interest in real property, a certificate of title is the evidence of such claim.

Another way of looking at it is that, while "title" gives the owner the right to demand or be issued a "certificate of title," the holder of a certificate of title does not necessarily possess valid title to the real property. The issuance of a certificate of title does not give the owner any better title than what he actually has in law.[50] Thus, a plaintiff's action for cancellation or nullification of a certificate of title may only be a necessary consequence of the defendant's lack of title to real property. Further, although the certificate of title may have been lost, burned, or destroyed and later on reconstituted, title subsists and remains unaffected unless it is transferred or conveyed to another or subjected to a lien or encumbrance.[51]

Nestled between what distinguishes a "title" from a "certificate of title" is the present controversy between the Sebes and defendant Sevilla. Which of them has valid title to the two lots and would thus be legally entitled to the certificates of title covering them?

The Sebes claim ownership because according to them, they never transferred ownership of the same to anyone. Such title, they insist, has remained with them untouched throughout the years, excepting only that in 1991 they constituted a real estate mortgage over it in defendant Sevilla's favor. The Sebes alleged that defendant Sevilla violated their right of ownership by tricking them into signing documents of absolute sale, rather than just a real estate mortgage to secure the loan that they got from him.

Assuming that the Sebes can prove that they have title to or a rightful claim of ownership over the two lots, they would then be entitled, first, to secure evidence of ownership or certificates of title covering the same and, second, to possess and enjoy them. The court, in this situation, may in the exercise of its equity jurisdiction and without ordering the cancellation of the Torrens titles issued to defendant Sevilla, direct the latter to reconvey the two lots and their corresponding Torrens titles to them as true owners.[52]

The present action is, therefore, not about the declaration of the nullity of the documents or the reconveyance to the Sebes of the certificates of title covering the two lots. These would merely follow after the trial court shall have first resolved the issue of which between the contending parties is the lawful owner of such lots, the one also entitled to their possession. Based on the pleadings, the ultimate issue is whether or not defendant Sevilla

defrauded the Sebes of their property by making them sign documents of conveyance rather than just a deed of real mortgage to secure their debt to him. The action is, therefore, about ascertaining which of these parties is the lawful owner of the subject lots, jurisdiction over which is determined by the assessed value of such lots.

Here, the total assessed value of the two lots subject of the suit is P9,910.00. Clearly, this amount does not exceed the jurisdictional threshold value of P20,000.00 fixed by law. The other damages that the Sebes claim are merely incidental to their main action and, therefore, are excluded in the computation of the jurisdictional amount.

WHEREFORE, premises considered, the petition is DISMISSED. The Order dated August 8, 2006, of the Regional Trial Court of Dipolog City, Branch 9, in Civil Case 5435, is AFFIRMED.

SO ORDERED.

Quisumbing, Carpio Morales, Nachura[*], and Brion, JJ., concur.

[*] Designated as additional member in lieu of Associate Justice Mariano C. Del Castillo, per Special Order No. 730 dated October 5, 2009.

[1] Rollo, pp. 16-33.

[2] Id. at 89-91.

[3] Id. at 92-97.

[4] Id. at 98-100.

[5] Branch 9.

[6] Rollo, pp. 37-44.

[7] Records, pp. 31-40.

[8] Rollo, pp. 54-55.

[9] Id.

[10] Id. at 86.

[11] Id. at 87.

[12] The Judiciary Reorganization Act of 1980 (B.P. Blg. 129, as amended).

[13] B.P. 129, Sec. 19. Jurisdiction in civil cases - Regional Trial Courts shall exercise exclusive original jurisdiction: x x x (2) In all civil actions which involve the title to or possession of real property or any interest therein where the assessed value of the property exceeds Twenty Thousand Pesos (P20,000.00) x x x.

[14] Id., Sec. 33. Jurisdiction of Metropolitan Trial Courts, Municipal Trial Courts and Municipal Circuit Trial Courts in Civil Cases - Metropolitan Trial Courts, Municipal Trial Courts and Municipal Circuit Trial Courts shall exercise: x x x (3) Exclusive original jurisdiction in all civil actions which involve title to or possession of real property or any interest therein where the assessed value of the property or any interest therein does not exceed Twenty Thousand Pesos (P20,000.00) x x x.

[15] Rollo, pp. 92-97.

[16] 118 Phil. 901 (1963).

[17] 439 Phil. 936, 943 (2002): x x x the issue of title, ownership and/or possession thereof is intertwined with the issue of annulment of sale and reconveyance hence within the ambit of the jurisdiction of the RTC. The assessed value of the parcels of land thus becomes merely an incidental matter to be dealt with by the court, when necessary, in the resolution of the case but is not determinative of its jurisdiction.

[18] THE JUDICIARY ACT OF 1948, Sec. 44. Original jurisdiction. Courts of First Instance shall have original jurisdiction: (a) In all civil actions in which the subject of the litigation is not capable of pecuniary estimation; x x x (June 17, 1948).

[19] Rollo, p. 94.

[20] 453 Phil. 170 (2003): Respondent Teofredo bought land in Cebu. He then sold a portion to spouses Huguete, for P15,000.00. The Transfer Certificate of Title (TCT), however, only showed him as owner. He refused to partition the lot. Spouses Huguete filed a complaint in 2001 before the RTC for annulment of TCT, tax declaration and deed of sale, partition, damages and attorney's fees. Teofredo moved to dismiss the case for lack of jurisdiction over the subject matter. The RTC dismissed the complaint. The trial court also denied reconsideration. Spouses Huguete filed a petition for review on certiorari. The Supreme Court ruled that since the ultimate objective of the petitioners was to obtain title to real property, it should be filed in the proper court having jurisdiction over the assessed value of the property. Thus, the RTC correctly ruled that it had no jurisdiction.

[21] Gonzales v. Lacap, G.R. No. 180730, December 11, 2008, citing Quinagoran v. Court of Appeals, G.R. No. 155179, August 24, 2007, 531 SCRA 104, 113-114; Baltazar v. Ombudsman, G.R. No. 136433, December 6, 2006, 510 SCRA 74, 89-90; Pascual v. Beltran, G.R. No. 129318, October 27, 2006, 505 SCRA 545.

[22] Records, p. 34, par. 12 of the Amended Complaint.

[23] Id. at 31-32, par. 4.

[24] Id. at 32-33, par. 5 and 6.

[25] Id. at 33, par. 8.

[26] Id. at 32-33, par. 5 and 6.

[27] Id. at 33, par. 7.

[28] Id. at 35, par. 22.

[29] Id.

[30] Id. at 34, par. 14.

[31] Id. at 33, par. 10.

[32] Id. at 33-34, par. 11.

[33] Id.

[34] Id. at 35, par. 21.

[35] Id. at 33, par. 9.

[36] Id. at 35-36, par. 23.

[37] Id. at 36, par. 25.

[38] Id. at 37, par. 33.

[39] Id.

[40] Id. at 36-37, par. 25 and 30.

[41] Id., par. 28 and 31.

[42] Id. at 37, par. 32.

[43] Id. at 36.

[44] Batas Pambansa 129, Sec. 33 (3).

[45] The Judiciary Reorganization Act of 1980.

[46] An Act Expanding the Jurisdiction of the Metropolitan Trial Courts, Municipal Trial Courts and Municipal Circuit Trial Courts, Amending for the Purpose Batas Pambansa Blg. 129, otherwise Known as the "Judiciary Reorganization Act of 1980."

[47] *Guaranteed Homes, Inc. v. Heirs of Valdez*, G.R. No. 171531, January 30, 2009, citing *Evangelista v. Santiago*, 497 Phil. 269, 291 (2005).

[48] *Black's Law Dictionary*, 8[th] Edition, p. 1522, cited in *Manotok IV v. Heirs of Barque*, G.R. Nos. 162335 & 162605, December 18, 2008.

[49] *Manotok IV v. Heirs of Barque*, *supra*, citing *Philippine National Bank v. Intermediate Appellate Court*, 257 Phil. 748, 751 (1989).

[50] *Agne v. The Director of Lands*, G.R. No. 40399, February 6, 1990, 181 SCRA 793, 809.

[51] *Manotok IV v. Heirs of Barque*, *supra* note 48.

[52] *Vital v. Anore*, 90 Phil. 855, 859 (1952), cited in *Heirs of Bituin v. Caoleng, Sr.*, G.R. No. 157567, August 10, 2007, 529 SCRA 747, 762.

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