

THIRD DIVISION

[G.R. NO. 162366, November 10, 2006]

**FEDERICA M. SERRANO, LUCILA M. RAZON, ARMANDO M. LAYUG
AND ROMEO MORALES, PETITIONERS, VS. SPOUSES ANSELMO
GUTIERREZ AND CARMELITA GUTIERREZ, RESPONDENTS.**

D E C I S I O N

TINGA, J.:

This present petition marks the final level of appellate review over an action for forcible entry initially filed with the Metropolitan Trial Court (MTC) of Lubao, Pampanga. While the MTC had originally dismissed the action for lack of jurisdiction, the Regional Trial Court (RTC) and the Court of Appeals, in the exercise of their **appellate** jurisdiction, saw it fit to rule for respondents who filed the complaint.

The antecedent facts, as culled from the records, follow.

On 22 March 2000, the spouses Anselmo and Carmelita Gutierrez (respondents) filed a complaint for forcible entry with application for a writ of preliminary mandatory and prohibitory injunction with temporary restraining order and damages^[1] against Federica M. Serrano, Lucila M. Razon, Armando Layug and Romeo Morales (petitioners) before the MTC of Lubao, Pampanga. The subject of the complaint was an 11,780 square meter untenanted agricultural land situated at San Roque Dau I, Lubao, Pampanga, covered by Transfer Certificate of Title (TCT) No. 468395-R. The complaint alleged, among others, that:

2. Plaintiffs are the registered owners of an untenanted parcel of agricultural land located at San Roque Dau I, Lubao, Pampanga, containing an area of 11,780 square meters evidenced by TCT No. 468395-R of the Register of Deeds of Pampanga, a copy of which being hereto attached as Annex "A" hereof;
3. That in February 2000 or thereabout, defendants, by means of strategy and stealth, without [sic] absolutely no right but acting as landgrabbers, criminally entered the above-mentioned premises of plaintiffs, constructed concrete structures thereat and dumped truckload of filling materials into the aforesaid property without the knowledge and consent of the plaintiffs, thus rendering the land unsuitable for agricultural purposes for which it is intended. x x x
4. That plaintiffs confronted the defendants and demanded for [sic] them to vacate the subject premises, demolish and remove the structures they had constructed and to remove the lahar-filling materials they dumped thereon but said defendants refused to do so without any justifiable reason.^[2]

Respondents, in their Answer,^[3] denied the allegations in the complaint. By way of affirmative defenses, respondents claimed that the subject land was a portion of the estate of Albino Morales, and as heirs of Albino Morales, they were in actual, adverse, continuous and physical possession thereof.

The MTC ordered the parties to submit their position papers and evidence to support their corresponding claims. Petitioners' evidence consisted, among others, of the following: (1) Original Certificate of Title No. 7980; (2) the Deed of Absolute Sale, evidencing petitioner's acquisition of said property from Pedro Layug and Guillermo Layug; (3) the Deed of Waiver and Quitclaim executed by Ricardo B. Razon in favor of Carmelita Gutierrez and Warren Gutierrez; (4) Transfer Certificate of Title No. 468395 in the name of Carmelita Gutierrez; and (5) Tax Declaration No. A-08028-3281 in the name of Carmelita Gutierrez.^[4] Respondents, on the other hand, presented the following documents: (1) Tax Declaration No. 08028-0016, and (2) Official Receipt Nos. 6440364, 6440365, 6440366, and 6440787 as proofs of tax payment.^[5] All these documents were presented by the parties to establish their respective claims for ownership or right of possession.

The MTC rendered its Decision^[6] dated 22 February 2001, where it found that the real issue involved the question of ownership and not mere possession *de facto* since both parties claimed that they were the absolute, lawful and legal owners of the aforesaid property. Thus, the lower court refused to assume jurisdiction by insisting that it can only resolve the issue of possession *de facto* and not *de jure*,^[7] and consequently, dismissed the case for lack of jurisdiction.

Respondents duly appealed to the RTC of Guagua, Pampanga, Branch 53. On 16 July 2001, the RTC rendered its Decision^[8] ordering petitioners to vacate the premises and surrender possession of subject lot to respondents. Interestingly, the trial court cited its approval of the dismissal by the MTC for lack of jurisdiction. Nevertheless, invoking the second paragraph of Section 8, Rule 40^[9] of the Rules of Court, the RTC deemed itself capable of resolving the issue of ownership and thus ruling in favor of respondents. It held:

It may be true that the defendants are heirs of Albino Morales whose claim of ownership over the lot in question is solely based on Tax Declarations and Official Receipts marked as Exhs. 1, 2, 3, 4, 5 and 6[,] respectively. But to the mind of the Court, these exhibits are of no consequence. These exhibits are and have no [sic] matched, nor outweighed the plaintiffs' evidence marked as Exhibit-"D" which is a title covering the land in question registered in the name of the herein plaintiffs.

Torrens Title unless annulled and/or cancelled is the highest form of evidence of ownership over a parcel of land.

x x x x

Hence, the evidence on record preponderates in favor of the plaintiffs.

The plaintiffs have the Torrens Title over the land in question, and as registered owners thereof, they have the exclusive right to use, enjoy

and possess the same because these rights are undeniably attributes of ownership.^[10]

Aggrieved by said order, petitioners filed a petition for review before the Court of Appeals questioning the jurisdiction of the RTC on the ground that the instant case involves an agricultural land and thus, appropriate jurisdiction vested with the DARAB. Petitioners further questioned the adjudication of ownership in a mere ejectment case.

On 21 May 2003, the Court of Appeals promulgated the assailed Decision^[11] affirming the judgment of the RTC.

The appellate court disposed of the jurisdictional issue by declaring that contrary to the pronouncements of the two (2) lower courts, the MTC retains jurisdiction over the instant ejectment case even if the issue involved was ownership. At the same time, the appellate court sustained the RTC's direct adjudication of the case instead of remanding the same to the MTC. It observed that since the parties have already presented their evidence on the merits of the case before the MTC and the trial court's decision was based on these evidence, the purpose of remand, which is to afford parties an opportunity to present evidence, has been served.^[12]

Petitioners filed their motion for reconsideration but it was denied in a Resolution dated 10 February 2004.

The present petition raises a lone issue which again involves an alleged jurisdictional defect. Petitioners argue that the trial court erroneously applied the second paragraph of Section 8, Rule 40 of the Rules of Court in deciding the ejectment case brought to it on appeal by respondents. Petitioners contend that since the MTC acted without jurisdiction, the RTC can only decide the case on appeal if it has original jurisdiction. Petitioners proffer that the assessed value of the subject property is less than P20,000.00, thus outside the jurisdiction of the RTC. Petitioners also question the award of attorney's fees for lack of basis.

We find no merit in the cause of petitioners.

The MTC clearly erred in dismissing the case for lack of jurisdiction. Section 33 of *Batas Pambansa Blg. 129*, as amended by Republic Act No. 7691, states:

(1) x x x x

(2) Exclusive original jurisdiction over cases of forcible entry and unlawful detainer: Provided, That when, in such cases, the defendant raises the question of ownership in his pleadings and the question of possession cannot be resolved without deciding the issue of ownership, the issue of ownership shall be resolved only to determine the issue of possession.

(3) x x x x

Section 16, Rule 70 of the Rules of Court further affirms this provisional determination of ownership in ejectment cases, thus:

Sec. 16. *Resolving defense of ownership.*—When the defendant raises the defense of ownership in his pleadings and the question of possession cannot be resolved without deciding the issue of ownership, the issue of ownership shall be resolved only to determine the issue of possession.

As the law now stands, inferior courts have jurisdiction to resolve questions of ownership whenever it is necessary to decide the question of possession in an ejectment case.^[13]

Corollarily, the RTC erred when it agreed with the MTC's decision to dismiss the case. Along with the erroneous premise, the RTC also blundered in applying Section 8, Rule 40 of the Rules of Court. The provision reads:

Sec. 8. *Appeal from orders dismissing case without trial; lack of jurisdiction.*—If an appeal is taken from an order of the lower court dismissing the case without a trial on the merits, the Regional Trial Court may affirm or reverse it, as the case may be. In case of affirmance and the ground of dismissal is lack of jurisdiction over the subject matter, the Regional Trial Court, if it has jurisdiction thereover, shall try the case on the merits as if the case was originally filed with it. In case of reversal, the case shall be remanded for further proceedings.

If the case was tried on the merits by the lower court without jurisdiction over the subject matter, the Regional Trial Court on appeal shall not dismiss the case if it has original jurisdiction thereof, but shall decide the case in accordance with the preceding section, without prejudice to the admission of amended pleadings and additional evidence in the interest of justice.

The first paragraph contemplates an appeal from an order of dismissal issued without trial of the case on the merits. On the other hand, the second paragraph deals with an appeal from an order of dismissal but the case was tried on the merits. Both paragraphs, however, involve the same ground for dismissal, *i.e.*, lack of jurisdiction. Clearly, the Section is inapplicable to the present case since, as the Court of Appeals correctly held, the MTC had jurisdiction over this ejectment case even if the question of possession could be resolved without passing upon the issue of ownership.^[14]

Nonetheless, the RTC had appellate jurisdiction over the case and its decision should be deemed promulgated in the exercise of that jurisdiction. Petitioners submit that the assessed value of the subject property removes the case from the RTC jurisdiction. They cite Section 19 of *Batas Pambansa Blg. 129*, as amended by Republic Act No. 7691, which provides, thus:

SECTION 19. *Jurisdiction in Civil Cases.*—Regional Trial Courts shall exercise exclusive original jurisdiction:

(1) x 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 involved exceeds Twenty Thousand Pesos (P20,000.00) or for civil actions in Metro Manila, where such value exceeds Fifty Thousand