

THIRD DIVISION

[G.R. No. 167838, August 05, 2015]

**JOSE V. TOLEDO, GLENN PADIERNOS AND DANILO PADIERNOS,
PETITIONER, VS. COURT OF APPEALS, LOURDES RAMOS,
ENRIQUE RAMOS, ANTONIO RAMOS, MILAGROS RAMOS AND
ANGELITA RAMOS AS HEIRS OF SOCORRO RAMOS, GUILLERMO
PABLO, PRIMITIVA CRUZ AND A.R.C. MARKETING
CORPORATION, REPRESENTED BY ITS PRESIDENT, ALBERTO C.
DY, RESPONDENTS.**

D E C I S I O N

JARDELEZA, J.:

The Case

Petitioners Jose V. Toledo, Glenn Padiernos and Danilo Padiernos assail in this Rule 45 Petition the October 22, 2004 *Decision*^[1] and April 13, 2005 *Resolution* of the Court of Appeals in CA G.R. SP No. 73670. The Court of Appeals dismissed petitioners' special civil action for Certiorari (and affirmed the trial court's finding of lack of jurisdiction in Civil Case No. Q-97-30738), and later petitioners' motion for reconsideration.

Facts

The facts are as follows:

On May 5, 1958, Del Rosario Realty (represented by Pedro Del Rosario) entered into a Contract to Sell with spouses Leonardo Faustino and Angelina Lim ("Faustino spouses"). Del Rosario Realty agreed to sell Lot 4, Block 2, Ilang-Ilang Street, Sunrise Hills Subdivision, Quezon City ("property"), covered by Transfer Certificate of Title (TCT) No. 44436, for the amount of Thirteen Thousand Five Hundred Seventy-Two Pesos (P13, 572.00), with an initial payment of P4, 200.00 and the balance to be paid in consecutive quarterly installments.^[2]

On January 20, 1959, the Faustino spouses sold their rights over the property to spouses Vicente Padiernos and Concordia Garcia, and the latter agreed to assume the former's obligations under the May 5, 1958 contract to sell.^[3] This transfer was registered and annotated on the property's TCT as an adverse claim as early as October 20, 1960.^[4]

Meanwhile, on May 7, 1959, Pedro Del Rosario executed a deed assigning all of his rights and interests in the May 5, 1958 contract to sell to Socorro A. Ramos. In the same deed, Socorro Ramos acknowledged and "approved the transfer or assignment of rights made by spouses Leonardo Faustino and Angelina Lim in favor of Vicente Padiernos" over the property including "all the incidental rights, interests and

obligations inherent thereto.”^[5]

On January 9, 1962, Vicente Padiernos sold one-half of the property to petitioner Jose Toledo and his wife Elisa Padierno (hereafter, “spouses Toledo”). The deed embodying the Partial Assignment of Rights noted that the spouses Toledo had already commenced payment of the installments since August 5, 1961. It further provided that the spouses Toledo shall “continue payments until fully paid,” with said payments to be made in the name of Vicente Padiernos as the purchaser on record. After completion of payment, the Toledo spouses shall own one-half of the property.^[6]

On March 21, 1967, Vicente Padiernos sold the remaining half of the property to spouses Virgilio and Leticia Padiernos.^[7] Later on, or on January 17, 1986, Virgilio and Leticia Padiernos assigned their rights over the property to their children, petitioners Glenn and Danilo Padiernos.^[8]

Consequently, spouses Toledo and spouses Virgilio and Leticia Padiernos paid quarterly installments on the property until full payment sometime in 1971.^[9] When petitioners requested for the release of the owner's duplicate certificate of title, respondent Antonio A. Ramos, representing the heirs of Socorro Ramos, issued a Certification stating that while the property “has been **paid in full** by Mr. Vicente Padiernos...Title #44436 could not be released pending final decision of the Supreme Court.”^[10]

In 1974, Virgilio Padiernos and petitioner Jose Toledo constructed their houses on the property, resided therein, and paid the corresponding real property taxes.

In the meantime, it appears that execution proceedings were taken against the estate of Socorro Ramos. As a consequence, eighteen (18) parcels of land belonging to the estate, including the property, were sold in auction to Guillermo N. Pablo and Primitiva C. Cruz, who thereafter sold said properties to ARC Marketing.

On March 14, 1977, Enrique A. Ramos, Antonio A. Ramos, Milagros Ramos Sarno, Angelita Ramos and Lourdes A. Ramos, all heirs of Socorro A. Ramos, filed a Complaint for Nullity of Execution Sale (docketed as Civil Case No. Q-22850) against auction sale winners Guillermo N. Pablo and Primitiva C. Cruz, and their transferee ARC Marketing. Sometime in 1990, Enrique A. Ramos, Antonio A. Ramos, Milagros Ramos Sarno and Angelita Ramos, by way of a Deed of Assignment, assigned all their rights and interests in the case (and the properties it covered) to Lourdes A. Ramos.

On January 13, 1993, Civil Case No. Q-22850 was settled, and the parties entered into a Final Compromise Agreement (“Compromise Agreement”). Under the Compromise Agreement, then sole plaintiff Lourdes A. Ramos agreed to settle the case for the total compromise amount of Two Million Pesos (P2,000,000.00) to be paid by ARC Marketing to the former in installments.^[11] Upon joint motion by the parties,^[12] the Compromise Agreement was approved by the trial court in a *Decision* dated January 13, 1993.^[13]

On April 8, 1997, petitioners Jose Toledo, Glenn Padiernos and Danilo Padiernos filed

a complaint for reconveyance and damages.^[14] This was docketed as Q-97-30738 and raffled to Branch 218 of the Regional Trial Court of Quezon City.

Enrique Ramos moved to dismiss the case on the ground that petitioners failed to state a cause of action against him because he has already assigned his interests in Civil Case No. Q-22850 (and consequently, over the property) to his co-respondent Lourdes Ramos.^[15] ARC Marketing, on the other hand, sought the dismissal of the complaint on the following grounds: (1) the Regional Trial Court had no jurisdiction over the subject matter of the claim because it is essentially an action to annul the judicially-approved Compromise Agreement in Civil Case No. Q-22850; (2) petitioners failed to pay the correct docket fees; (3) the action was barred by the statute of limitations; (4) the action is barred by a prior judgment; (5) the complaint shows that petitioners failed to comply with the conditions of the contract to sell and (6) laches, among others.^[16]

The Ruling of the RTC

In a *Resolution* dated December 15, 1997, Regional Trial Court Judge Hilario Laqui denied the Motion to Dismiss filed by Enrique Ramos.^[17] Upon petitioners' motion, Judge Laqui thereafter inhibited himself from proceeding with the case and the same was re-raffled to the court of Judge Apolonio Bruselas, Jr. Judge Bruselas, in an *Order* dated June 2, 2000, denied respondent ARC Marketing's motion to dismiss.^[18]

On June 19, 2000, ARC Marketing sought for a reconsideration of the Order, reiterating two grounds cited in its previous motion to dismiss, viz: a) the court has no jurisdiction over the subject matter; and b) the court did not acquire jurisdiction over the case due to petitioners' failure to pay the proper docket fees.^[19]

In an *Order* dated June 17, 2002, Judge Bruselas granted ARC Marketing's motion. He held that petitioners' action is really one for annulment of the judgment in Civil Case No. Q-22850 and ordered the dismissal of petitioners' complaint for lack of jurisdiction.^[20] Petitioners' subsequent motion for reconsideration was denied.^[21] Hence, they filed a petition for certiorari before the Court of Appeals.^[22]

The Ruling of the Court of Appeals

The Court of Appeals found that Judge Bruselas did not act with grave abuse of discretion in dismissing petitioners' complaint due to lack of jurisdiction. It stated:

Evidently, petitioners would want respondent Judge to annul the decision of a co-equal court, nay, a branch of the same Regional Trial Court which approved the compromise agreement. Specifically, they pleaded for the cancellation of private respondent ARC's Transfer Certificate of Title, the issuance of a new one in their favor, and asked for the award of damages. xxx

Respondent Judge cannot be faulted for subsequently divesting himself of jurisdiction he earlier recognized. The issuance of the said Order, in observance of judicial restraint, is felicitous, not capricious, whimsical or

despotic. A judge is presumed to know the constitutional limits of the authority or jurisdiction of his court. Restated, respondent Judge soundly dismissed petitioners' complaint, on his firm belief that he has no jurisdiction over the case. **Otherwise, he would be retrying and settling once more the issues that had already been litigated and decided by a competent court, RTC-Branch 77;** and, worse, he would only create confusion and costly delays in the dispensation of justice. As a matter of law, this is not permitted under the rule of *stare decisis*.^[23]

Issue

Petitioners argue that the Court of Appeals erred in affirming Judge Bruselas' dismissal of their complaint for lack of jurisdiction. They claim that nowhere in their complaint did they allege or pray for the annulment of the judgment based on compromise. On the contrary, they claim to have sufficiently alleged relevant facts that would support their action for reconveyance and damages.^[24] ARC Marketing, on the other hand, claims that while petitioners appear to seek the reconveyance of the property, what they ultimately would have the court do is to annul the January 13, 1993 decision approving the Compromise Agreement adjudging the property in ARC Marketing's favor.^[25] ARC Marketing thus argue that petitioners' action was correctly dismissed, the Regional Trial Court having no jurisdiction to annul a compromise judgment approved by a co-equal court.^[26]

The crux of the controversy therefore in this case is whether the action filed by petitioners before the RTC is one for reconveyance or for annulment of judgment.

The Ruling of the Court

We rule for the petitioners.

An action for annulment of judgment is a remedy in equity so exceptional in nature that it may be availed of only when other remedies are wanting, and only if the judgment, final order or final resolution sought to be annulled was rendered by a court lacking jurisdiction or through extrinsic fraud.^[27] An action for reconveyance, on the other hand, is a legal and equitable remedy granted to the rightful owner of land which has been wrongfully or erroneously registered in the name of another for the purpose of compelling the latter to transfer or reconvey the land to him.^[28] The Court of Appeals has exclusive original jurisdiction over actions for annulment of judgments of Regional Trial Courts^[29] whereas actions for reconveyance of real property may be filed before the Regional Trial Courts or the Municipal Trial Courts, depending on the assessed value of the property involved.^[30]

*Action filed by petitioners
is one for reconveyance*

It is axiomatic that what determines the nature of the action and which court has jurisdiction over it are the allegations in the complaint and the character of the relief sought.^[31]

We find that the action filed by petitioners is one for reconveyance.

For one, and as correctly pointed out by petitioners, the complaint they filed before the Regional Trial Court shows that they never prayed for the annulment of the compromise judgment in Civil Case No. Q-22850. What petitioners sought was the cancellation of the title issued in ARC Marketing's name and the issuance of a new one in their favor.^[32] This is characteristic of an action for reconveyance which respects the decree of registration as incontrovertible but seeks the **transfer** of property, which has been wrongfully or erroneously registered in other persons' names, to its rightful and legal owners, or to those who claim to have a better right.^[33] There is no special ground for an action for reconveyance. It is enough that the aggrieved party has a legal claim on the property superior to that of the registered owner and that the property has not yet passed to the hands of an innocent purchaser for value.^[34]

Second, and more importantly, the following allegations in petitioners' Complaint clearly make out a case for reconveyance:

XXX

3. That the plaintiff Jose V. Toledo bought from Vicente Padiernos one half (1/2) of Lot No. 4, Block 2, at Ilang-Ilang Street, Sunrise Hills Subdivision, Quezon City, while the other one half of said property which was purchased by the spouses Virgilio Padiernos and Leticia R. Padiernos was assigned by the same spouses to the plaintiffs Danilo Padiernos and Glenn Padiernos, the copies of the three deeds are hereto attached XXX

4. That tracing back the property, Vicente Padiernos bought Lot 4, Block 2, Ilang-Ilang Street, Sunrise Hills Subdivision, Quezon City, covered by TCT No. 44436 from the Spouses Leonardo Faustino and Angelina Lim.

4.1 That said property was previously purchased by the spouses Leonardo Faustino and Angelina Lim from the original owner, Pedro Del Rosario, proprietor and manager of Del Rosario Realty for the sum of P13,572.00.

XXX

5. That on May 7, 1959, Pedro Del Rosario, proprietor and manager of the Del Rosario Realty, assigned to Vicente Padiernos, with the approval of Socorro A. Ramos, Lot 4, Block 2, Ilang-Ilang Street, Sunrise Hills Subdivision, Quezon City. xxx

6. That before March, 1973, the Plaintiffs requested the Heirs of Socorro A. Ramos to release to them the owner's duplicate copy of Transfer Certificate Title No. 44436 because they have already fully paid said property. But the defendants Heirs of Socorro A.