

THIRD DIVISION

[G.R. No. 180321, March 20, 2013]

**EDITHA PADLAN, PETITIONER, VS. ELENITA DINGLASAN AND
FELICISIMO DINGLASAN, RESPONDENTS.**

D E C I S I O N

PERALTA, J.:

This is a petition for review on *certiorari* assailing the Decision^[1] dated June 29, 2007 of the Court of Appeals (CA) in CA-G.R. CV No. 86983, and the Resolution^[2] dated October 23, 2007 denying petitioner's Motion for Reconsideration.^[3]

The factual and procedural antecedents are as follows:

Elenita Dinglasan (Elenita) was the registered owner of a parcel of land designated as Lot No. 625 of the Limay Cadastre which is covered by Transfer Certificate of Title (TCT) No. T-105602, with an aggregate area of 82,972 square meters. While on board a *jeepney*, Elenita's mother, Lilia Baluyot (*Lilia*), had a conversation with one Maura Passion (*Maura*) regarding the sale of the said property. Believing that Maura was a real estate agent, Lilia borrowed the owner's copy of the TCT from Elenita and gave it to Maura. Maura then subdivided the property into several lots from Lot No. 625-A to Lot No. 625-O, under the name of Elenita and her husband Felicisimo Dinglasan (*Felicisimo*).

Through a falsified deed of sale bearing the forged signature of Elenita and her husband Felicisimo, Maura was able to sell the lots to different buyers. On April 26, 1990, Maura sold Lot No. 625-K to one Lorna Ong (*Lorna*), who later caused the issuance of TCT No. 134932 for the subject property under her name. A few months later, or sometime in August 1990, Lorna sold the lot to petitioner Editha Padlan for P4,000.00. Thus, TCT No. 134932 was cancelled and TCT No. 137466 was issued in the name of petitioner.

After learning what had happened, respondents demanded petitioner to surrender possession of Lot No. 625-K, but the latter refused. Respondents were then forced to file a case before the Regional Trial Court (RTC) of Balanga, Bataan for the Cancellation of Transfer Certificate of Title No. 137466, docketed as Civil Case No. 438-ML. Summons was, thereafter, served to petitioner through her mother, Anita Padlan.

On December 13, 1999, respondents moved to declare petitioner in default and prayed that they be allowed to present evidence *ex parte*.^[4]

On January 17, 2000, petitioner, through counsel, filed an Opposition to Declare Defendant in Default with Motion to Dismiss Case for Lack of Jurisdiction Over the

Person of Defendant.^[5] Petitioner claimed that the court did not acquire jurisdiction over her, because the summons was not validly served upon her person, but only by means of substituted service through her mother. Petitioner maintained that she has long been residing in Japan after she married a Japanese national and only comes to the Philippines for a brief vacation once every two years.

On April 5, 2001, Charlie Padlan, the brother of petitioner, testified that his sister is still in Japan and submitted a copy of petitioner's passport and an envelope of a letter that was allegedly sent by his sister. Nevertheless, on April 5, 2001, the RTC issued an Order^[6] denying petitioner's motion to dismiss and declared her in default. Thereafter, trial ensued.

On July 1, 2005, the RTC rendered a Decision^[7] finding petitioner to be a buyer in good faith and, consequently, dismissed the complaint.

Not satisfied, respondents sought recourse before the CA, docketed as CA-G.R. No. CV No. 86983.

On June 29, 2007, the CA rendered a Decision^[8] in favor of the respondent. Consequently, the CA reversed and set aside the Decision of the RTC and ordered the cancellation of the TCT issued in the name of Lorna and the petitioner, and the revival of respondents' own title, to wit:

WHEREFORE, in view of the foregoing, the Decision dated July 1, 2005 of the Regional Trial Court, Third Judicial Region, Branch 4, Mariveles, Bataan (Stationed in Balanga, Bataan) in Civil Case No. 438-ML is hereby **REVERSED** and **SET ASIDE**.

The Transfer Certificate of Title No. 134932 issued in the name of Lorna Ong and Transfer Certificate of Title No. 137466 issued in the name of defendant-appellee Editha Padlan are **CANCELLED** and Transfer Certificate of Title No. 134785 in the name of the plaintiffs-appellants is **REVIVED**.

SO ORDERED.^[9]

The CA found that petitioner purchased the property in bad faith from Lorna. The CA opined that although a purchaser is not expected to go beyond the title, based on the circumstances surrounding the sale, petitioner should have conducted further inquiry before buying the disputed property. The fact that Lorna bought a 5,000-square-meter property for only P4,000.00 and selling it after four months for the same amount should have put petitioner on guard. With the submission of the Judgment in Criminal Case No. 4326 rendered by the RTC, Branch 2, Balanga, Bataan, entitled *People of the Philippines v. Maura Passion*^[10] and the testimonies of respondents, the CA concluded that respondents sufficiently established that TCT No. 134932 issued in the name of Lorna and TCT No. 137466 issued in the name of petitioner were fraudulently issued and, therefore, null and void.

Aggrieved, petitioner filed a Motion for Reconsideration. Petitioner argued that not

only did the complaint lacks merit, the lower court failed to acquire jurisdiction over the subject matter of the case and the person of the petitioner.

On October 23, 2007, the CA issued a Resolution^[11] denying the motion. The CA concluded that the rationale for the exception made in the landmark case of *Tijam v. Sibonghanoy*^[12] was present in the case. It reasoned that when the RTC denied petitioner's motion to dismiss the case for lack of jurisdiction, petitioner neither moved for a reconsideration of the order nor did she avail of any remedy provided by the Rules. Instead, she kept silent and only became interested in the case again when the CA rendered a decision adverse to her claim.

Hence, the petition assigning the following errors:

I

WHETHER OR NOT THE HONORABLE COURT HAS JURISDICTION OVER THE PERSON OF THE PETITIONER.

II

WHETHER OR NOT THE HONORABLE COURT HAS JURISDICTION OVER THE SUBJECT MATTER OF THE CASE.

III

WHETHER OR NOT PETITIONER IS A BUYER IN GOOD FAITH AND FOR VALUE.^[13]

Petitioner maintains that the case of *Tijam v. Sibonghanoy* finds no application in the case at bar, since the said case is not on all fours with the present case. Unlike in *Tijam*, wherein the petitioner therein actively participated in the proceedings, petitioner herein asserts that she did not participate in any proceedings before the RTC because she was declared in default.

Petitioner insists that summons was not validly served upon her, considering that at the time summons was served, she was residing in Japan. Petitioner contends that pursuant to Section 15, Rule 14 of the Rules of Civil Procedure, when the defendant does not reside in the Philippines and the subject of the action is property within the Philippines of the defendant, service may be effected out of the Philippines by personal service or by publication in a newspaper of general circulation. In this case, summons was served only by substituted service to her mother. Hence, the court did not acquire jurisdiction over her person.

Also, petitioner posits that the court lacks jurisdiction of the subject matter, considering that from the complaint, it can be inferred that the value of the property was only P4,000.00, which was the amount alleged by respondents that the property was sold to petitioner by Lorna.

Finally, petitioner stresses that she was a buyer in good faith. It was Maura who defrauded the respondents by selling the property to Lorna without their authority.

Respondents, on the other hand, argue that the CA was correct in ruling in their favor.

The petition is meritorious.

Respondents filed the complaint in 1999, at the time *Batas Pambansa Blg. (BP) 129*, the Judiciary Reorganization Act of 1980, was already amended by Republic Act (RA) No. 7691, *An Act Expanding the Jurisdiction of the Metropolitan Trial Courts, Municipal Trial Courts, and Municipal Circuit Trial Courts*, amending for the purpose BP Blg. 129.^[14] Section 1 of RA 7691, amending BP Blg. 129, provides that the RTC shall exercise exclusive original jurisdiction on the following actions:

Section 1. Section 19 of Batas Pambansa Blg. 129, otherwise known as the "Judiciary Reorganization Act of 1980," is hereby amended to read as follows:

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 litigation 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 3 of RA 7691 expanded the exclusive original jurisdiction of the first level courts, thus:

Section 3. Section 33 of the same law [BP Blg. 129] is hereby amended to read as follows:

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