

THIRD DIVISION

[G.R. No. 153567, February 18, 2008]

**LIBRADA M. AQUINO, Petitioner, vs. ERNEST S. AURE^[1],
Respondent.**

D E C I S I O N

CHICO-NAZARIO, J.:

Before this Court is a Petition for Review on *Certiorari*^[2] under Rule 45 of the Revised Rules of Court filed by petitioner Librada M. Aquino (Aquino), seeking the reversal and the setting aside of the Decision^[3] dated 17 October 2001 and the Resolution^[4] dated 8 May 2002 of the Court of Appeals in CA-G.R. SP No. 63733. The appellate court, in its assailed Decision and Resolution, reversed the Decision^[5] of the Regional Trial Court (RTC) of Quezon City, Branch 88, affirming the Decision^[6] of the Metropolitan Trial Court (MeTC) of Quezon City, Branch 32, which dismissed respondent Ernesto Aure's (Aure) complaint for ejectment on the ground, *inter alia*, of failure to comply with barangay conciliation proceedings.

The subject of the present controversy is a parcel of land situated in Roxas District, Quezon City, with an area of 449 square meters and covered by Transfer Certificate of Title (TCT) No. 205447 registered with the Registry of Deeds of Quezon City (subject property).^[7]

Aure and E.S. Aure Lending Investors, Inc. (Aure Lending) filed a Complaint for ejectment against Aquino before the MeTC docketed as Civil Case No. 17450. In their Complaint, Aure and Aure Lending alleged that they acquired the subject property from Aquino and her husband Manuel (spouses Aquino) by virtue of a Deed of Sale^[8] executed on 4 June 1996. Aure claimed that after the spouses Aquino received substantial consideration for the sale of the subject property, they refused to vacate the same.^[9]

In her Answer,^[10] Aquino countered that the Complaint in Civil Case No. 17450 lacks cause of action for Aure and Aure Lending do not have any legal right over the subject property. Aquino admitted that there was a sale but such was governed by the Memorandum of Agreement^[11] (MOA) signed by Aure. As stated in the MOA, Aure shall secure a loan from a bank or financial institution in his own name using the subject property as collateral and turn over the proceeds thereof to the spouses Aquino. However, even after Aure successfully secured a loan, the spouses Aquino did not receive the proceeds thereon or benefited therefrom.

On 20 April 1999, the MeTC rendered a Decision in Civil Case No. 17450 in favor of Aquino and dismissed the Complaint for ejectment of Aure and Aure Lending for non-compliance with the barangay conciliation process, among other grounds. The

MeTC observed that Aure and Aquino are residents of the same *barangay* but there is no showing that any attempt has been made to settle the case amicably at the *barangay* level. The MeTC further observed that Aure Lending was improperly included as plaintiff in Civil Case No. 17450 for it did not stand to be injured or benefited by the suit. Finally, the MeTC ruled that since the question of ownership was put in issue, the action was converted from a mere detainer suit to one "incapable of pecuniary estimation" which properly rests within the original exclusive jurisdiction of the RTC. The dispositive portion of the MeTC Decision reads:

WHEREFORE, premises considered, let this case be, as it is, hereby ordered DISMISSED. [Aquino's] counterclaim is likewise dismissed.^[12]

On appeal, the RTC affirmed the dismissal of the Complaint on the same ground that the dispute was not brought before the Barangay Council for conciliation before it was filed in court. In a Decision dated 14 December 2000, the RTC stressed that the *barangay* conciliation process is a *conditio sine qua non* for the filing of an ejectment complaint involving residents of the same *barangay*, and failure to comply therewith constitutes sufficient cause for the dismissal of the action. The RTC likewise validated the ruling of the MeTC that the main issue involved in Civil Case No. 17450 is incapable of pecuniary estimation and cognizable by the RTC. Hence, the RTC ruled:

WHEREFORE, finding no reversible error in the appealed judgment, it is hereby affirmed in its entirety.^[13]

Aure's Motion for Reconsideration was denied by the RTC in an Order^[14] dated 27 February 2001.

Undaunted, Aure appealed the adverse RTC Decision with the Court of Appeals arguing that the lower court erred in dismissing his Complaint for lack of cause of action. Aure asserted that misjoinder of parties was not a proper ground for dismissal of his Complaint and that the MeTC should have only ordered the exclusion of Aure Lending as plaintiff without prejudice to the continuation of the proceedings in Civil Case No. 17450 until the final determination thereof. Aure further asseverated that mere allegation of ownership should not divest the MeTC of jurisdiction over the ejectment suit since jurisdiction over the subject matter is conferred by law and should not depend on the defenses and objections raised by the parties. Finally, Aure contended that the MeTC erred in dismissing his Complaint with prejudice on the ground of non-compliance with barangay conciliation process. He was not given the opportunity to rectify the procedural defect by going through the *barangay* mediation proceedings and, thereafter, refile the Complaint.^[15]

On 17 October 2001, the Court of Appeals rendered a Decision, reversing the MeTC and RTC Decisions and remanding the case to the MeTC for further proceedings and final determination of the substantive rights of the parties. The appellate court declared that the failure of Aure to subject the matter to *barangay* conciliation is not a jurisdictional flaw and it will not affect the sufficiency of Aure's Complaint since Aquino failed to seasonably raise such issue in her Answer. The Court of Appeals further ruled that mere allegation of ownership does not deprive the MeTC of jurisdiction over the ejectment case for jurisdiction over the subject matter is conferred by law and is determined by the allegations advanced by the plaintiff in his complaint. Hence, mere assertion of ownership by the defendant in an ejectment

case will not oust the MeTC of its summary jurisdiction over the same. The decretal part of the Court of Appeals Decision reads:

WHEREFORE, premises considered, the petition is hereby GRANTED - and the decisions of the trial courts below REVERSED and SET ASIDE. Let the records be remanded back to the court *a quo* for further proceedings - for an eventual decision of the substantive rights of the disputants.^[16]

In a Resolution dated 8 May 2002, the Court of Appeals denied the Motion for Reconsideration interposed by Aquino for it was merely a rehash of the arguments set forth in her previous pleadings which were already considered and passed upon by the appellate court in its assailed Decision.

Aquino is now before this Court *via* the Petition at bar raising the following issues:

I.

WHETHER OR NOT NON-COMPLIANCE WITH THE BARANGAY CONCILIATION PROCEEDINGS IS A JURISDICTIONAL DEFECT THAT WARRANTS THE DISMISSAL OF THE COMPLAINT.

II.

WHETHER OR NOT ALLEGATION OF OWNERSHIP OUSTS THE MeTC OF ITS JURISDICTION OVER AN EJECTMENT CASE.

The *barangay* justice system was established primarily as a means of easing up the congestion of cases in the judicial courts. This could be accomplished through a proceeding before the *barangay* courts which, according to the conceptor of the system, the late Chief Justice Fred Ruiz Castro, is essentially arbitration in character, and to make it truly effective, it should also be compulsory. With this primary objective of the *barangay* justice system in mind, it would be wholly in keeping with the underlying philosophy of Presidential Decree No. 1508, otherwise known as the Katarungang Pambarangay Law, and the policy behind it would be better served if an out-of-court settlement of the case is reached voluntarily by the parties.^[17]

The primordial objective of Presidential Decree No. 1508 is to reduce the number of court litigations and prevent the deterioration of the quality of justice which has been brought by the indiscriminate filing of cases in the courts.^[18] To ensure this objective, Section 6 of Presidential Decree No. 1508^[19] requires the parties to undergo a conciliation process before the *Lupon Chairman or the Pangkat ng Tagapagkasundo* as a precondition to filing a complaint in court subject to certain exceptions^[20] which are inapplicable to this case. The said section has been declared compulsory in nature.^[21]

Presidential Decree No. 1508 is now incorporated in Republic Act No. 7160, otherwise known as The Local Government Code, which took effect on 1 January 1992.

The pertinent provisions of the Local Government Code making conciliation a precondition to filing of complaints in court, read:

SEC. 412. *Conciliation.*- (a) *Pre-condition to filing of complaint in court.* – No complaint, petition, action, or proceeding involving any matter within the authority of the lupon shall be filed or instituted directly in court or any other government office for adjudication, unless there has been a confrontation between the parties before the lupon chairman or the pangkat, and that no conciliation or settlement has been reached as certified by the lupon secretary or pangkat secretary as attested to by the lupon chairman or pangkat chairman or unless the settlement has been repudiated by the parties thereto.

(b) *Where parties may go directly to court.* – The parties may go directly to court in the following instances:

(1) Where the accused is under detention;

(2) Where a person has otherwise been deprived of personal liberty calling for *habeas corpus* proceedings;

(3) Where actions are coupled with provisional remedies such as preliminary injunction, attachment, delivery of personal property, and support *pendente lite*; and

(4) Where the action may otherwise be barred by the statute of limitations.

(c) Conciliation among members of indigenous cultural communities. – The customs and traditions of indigenous cultural communities shall be applied in settling disputes between members of the cultural communities.

SEC. 408. *Subject Matter for Amicable Settlement; Exception Therein.* – The lupon of each barangay shall have authority to bring together the parties actually residing in the same city or municipality for amicable settlement of all disputes except:

(a) Where one party is the government or any subdivision or instrumentality thereof;

(b) Where one party is a public officer or employee, and the dispute relates to the performance of his official functions;

(c) Offenses punishable by imprisonment exceeding one (1) year or a fine exceeding Five thousand pesos (P5,000.00);

(d) Offenses where there is no private offended party;

(e) Where the dispute involves real properties located in different cities or municipalities unless the parties thereto agree to submit their differences to amicable settlement by an appropriate lupon;

(f) Disputes involving parties who actually reside in barangays of different cities or municipalities, except where such barangay units adjoin

each other and the parties thereto agree to submit their differences to amicable settlement by an appropriate lupon;

(g) Such other classes of disputes which the President may determine in the interest of justice or upon the recommendation of the Secretary of Justice.

There is no dispute herein that the present case was never referred to the Barangay Lupon for conciliation before Aure and Aure Lending instituted Civil Case No. 17450. In fact, no allegation of such *barangay* conciliation proceedings was made in Aure and Aure Lending's Complaint before the MeTC. The only issue to be resolved is whether non-recourse to the *barangay* conciliation process is a jurisdictional flaw that warrants the dismissal of the ejectment suit filed with the MeTC.

Aquino posits that failure to resort to *barangay* conciliation makes the action for ejectment premature and, hence, dismissible. She likewise avers that this objection was timely raised during the pre-trial and even subsequently in her Position Paper submitted to the MeTC.

We do not agree.

It is true that the precise technical effect of failure to comply with the requirement of Section 412 of the Local Government Code on *barangay* conciliation (previously contained in Section 5 of Presidential Decree No. 1508) is much the same effect produced by non-exhaustion of administrative remedies -- the complaint becomes afflicted with the vice of pre-maturity; and the controversy there alleged is not ripe for judicial determination. The complaint becomes vulnerable to a motion to dismiss. **[22] Nevertheless, the conciliation process is not a jurisdictional requirement, so that non-compliance therewith cannot affect the jurisdiction which the court has otherwise acquired over the subject matter or over the person of the defendant.**^[23]

As enunciated in the landmark case of *Royales v. Intermediate Appellate Court*^[24]:

Ordinarily, non-compliance with the condition precedent prescribed by P.D. 1508 could affect the sufficiency of the plaintiff's cause of action and make his complaint vulnerable to dismissal on ground of lack of cause of action or prematurity; **but the same would not prevent a court of competent jurisdiction from exercising its power of adjudication over the case before it, where the defendants, as in this case, failed to object to such exercise of jurisdiction in their answer and even during the entire proceedings a quo.**

While petitioners could have prevented the trial court from exercising jurisdiction over the case by seasonably taking exception thereto, they instead invoked the very same jurisdiction by filing an answer and seeking affirmative relief from it. What is more, they participated in the trial of the case by cross-examining respondent Planas. **Upon this premise, petitioners cannot now be allowed belatedly to adopt an inconsistent posture by attacking the jurisdiction of the court to which they had submitted themselves voluntarily.** x x x (Emphasis supplied.)