

SECOND DIVISION

[G.R. No. 161973, November 11, 2005]

FRANCISCO RAMOS, PETITIONER, VS. STATELAND INVESTMENT CORPORATION, RESPONDENT.

D E C I S I O N

CALLEJO, SR., J.:

This is a Petition for Review on *Certiorari* of the Decision^[1] of the Court of Appeals (CA) in CA-G.R. CV No. 61722. The petition stemmed from the following antecedents:

The American Realty Corporation (ARC) was the registered owner of five parcels of land located in Igay, *Barangay* Sto. Cristo, San Jose del Monte, Bulacan. The property had a total area of 39 hectares and was covered by Transfer Certificate of Title (TCT) Nos. 78759 to 78763 of the Register of Deeds of Bulacan. A concrete two-storey house stood on a portion of the property.

Sometime in 1983 and 1984, the ARC executed two real estate mortgage contracts in favor of the Bank of America NT & SA, with the said parcel of land as security for the payment of a US\$1,500,000.00 loan. The real estate mortgages were foreclosed sometime in 1991 upon the failure of ARC to pay its loan accounts. The lots were then sold at public auction to the highest bidder, Integrated Credit and Cooperative Service (ICCS). A Certificate of Sale over the property was issued in its favor on January 25, 1993. The property was not redeemed, and the Register of Deeds thereafter issued new titles covering the property in the name of ICCS: TCT Nos. 164171, 164727, 186271, 186272 and 186273.^[2]

On March 18, 1994, the ICCS sold the property to Stateland Investment Corporation (SIC), on the basis of which the Register of Deeds issued TCT Nos. 16652, 16653, 187781 to 187783 in the name of the new owner.^[3] Sometime in March 1994, SIC representatives inspected the property. They found that the house which stood on a portion of the property was occupied by Francisco Ramos and his family, who were promptly informed that the property had been acquired by SIC. The lots were fenced, and security guards were employed to prevent the influx of squatters.

Fearing that they would be evicted from the landholding, Ramos and the other occupants filed a complaint before the Department of Agrarian Reform (DAR) Provincial Adjudication Board against the SIC and Reynaldo Litonjua for the maintenance of their peaceful possession of the landholding, for redemption of the land and damages with prayer for a writ of preliminary injunction. The case was docketed as Reg. Case No. 756-Bul.'94. No injunctive relief was issued.^[4]

After due proceedings, the Provincial Adjudicator ordered the dismissal of the complaint for lack of merit, but directed Reynaldo Litonjua to compensate the

complainants for an amount equivalent to five years of gross harvests.^[5] Ramos and the other complainants appealed the decision to the DAR Adjudication Board (DARAB), docketed as DARAB Case No. 4471.

On September 23, 1997, SIC filed an "Urgent Motion" alleging, *inter alia*, that the complainants unlawfully broke into and occupied the two-storey building of strong materials, which had been previously sold to it together with the landholding. Various crops had been planted on the property to make it appear that the complainants were *bona fide* tenants even if, in fact, they were mere squatters. The complainants harvested mangoes, destroyed the fences, hired laborers to burn portions of the property and resorted to a continuous barrage of physical provocation on the security guards and harassment of its personnel. According to the SIC, all these undermined the appealed decision, thus:

WHEREFORE, defendant STATELAND INVESTMENT CORPORATION, by counsel, respectfully prays that a *status quo* Order be issued ordering:

- a) Plaintiffs to immediately vacate the previous owner's residence in its condition prior to the filing of the complaint;
- b) Plaintiffs limit its illegal planting and sowing on the area which they have previously illegally planted and sown immediately prior to the filing of the complaint; and
- c) Plaintiffs to stop its physical harassment and provocation on SIC's security personnel.

All other reliefs just and equitable are hereby sought.^[6]

Francisco Ramos opposed the motion, alleging that he had possessed the two-storey house since 1974 and had the right to stay therein. This led the SIC to believe that Ramos's possession of the house had no connection with his claim of being a tenant on the property; hence, the Municipal Trial Court (MTC) had jurisdiction over his eviction therefrom.^[7] Consequently, on November 26, 1997, SIC filed a Motion in DARAB Case No. 4471 for the partial withdrawal of its prayer in the September 23, 1997 Urgent Motion regarding the complainants' eviction from the property.^[8] The SIC also sent a Letter dated November 25, 1997 to Ramos, where it demanded that he vacate the house within five days, otherwise, it would take the appropriate legal action to protect its rights and interests.^[9] Ramos, however, still refused to vacate the house.

On January 15, 1998, the SIC filed a complaint^[10] for ejectment against Ramos with the MTC of San Jose del Monte. It alleged therein that it had purchased the five parcels of land, including the two-storey concrete house, and that despite oral and written demands Ramos refused to leave. The case was docketed as Civil Case No. 443-98.

In his answer^[11] to the complaint, Ramos admitted that SIC was the owner of the house and the landholding, but alleged that he had been a tenant on the land since 1974, and that the house was assigned to him by the ARC as his residence. By way of special and affirmative defenses, he alleged that the MTC had no jurisdiction over

the subject matter of the complaint, and that DARAB Case No. 4471 was pending before the DARAB. He further averred that the SIC had filed in the said case an Urgent Motion dated September 23, 1997 praying for recovery of possession of the questioned land and building, and appended a copy thereof to his Answer. He pointed out that the SIC filed the instant case against him without awaiting the resolution of the said motion.^[12]

The parties were unable to arrive at an amicable settlement during the preliminary conference. They were then required to submit their respective

position papers under the Rules on Summary Procedure. The parties did not adduce any evidence.

On May 13, 1998, the MTC rendered a decision in favor of the SIC. The *fallo* of the decision reads:

WHEREFORE, premises considered, judgment is hereby rendered in favor of the plaintiff and against the defendant and all persons claiming rights under him to:

1.) to vacate the premises of the two story (sic) houses and all the structures possessed by them and surrender peaceful possession thereof to the plaintiff;

2.) pay plaintiff reasonable rent of P10,000.00 a month for the use or occupancy in the premises from November 25, 1997 and up to such time that they peacefully surrender possession thereof to the plaintiff;

3.) pay the sum of P50,000.00 as and for attorney's fees;

4.) pay the cost of suit; and

5.) taking into consideration that the defendants have shown no legal justification or right to the mango fruits taken from the mango trees inside the premises, the Court with its ruling on the relationship between the plaintiff and the defendant hereby ordered that the amount of P4,800.00 be deposited to this Court as proceeds for mango trees be released unto the plaintiff together with the bond in the amount of P10,000.00 as evidenced by Official Receipt No. 7167456.

SO ORDERED.^[13]

The MTC ruled that it had jurisdiction over the action: the property subject matter of the case was the house occupied by the defendant, while the subject matter of DARAB Case No. 4471 was the landholding and the issue therein was whether Ramos was an agricultural tenant on the property. The MTC held that the issue before it was limited to who, as between the parties, had the right of possession over the two-storey building situated on the property. Thus, even if the DARAB ruled that Ramos was a tenant, he would still not be entitled to possess the house. Besides, according to the court, Ramos failed to prove that he was an agricultural tenant on the landholding. Citing *Atienza v. Court of Appeals*^[14] and *First Philippine International Bank v. Court of Appeals*,^[15] the MTC maintained that the case before

it and DARAB Case No. 4471 could proceed independently of each other.

The MTC further pointed that SIC was the registered owner of the land; hence, based on the principle that the accessory follows the principal, SIC was also the owner of the house constructed thereon.

Ramos filed a Notice of Appeal^[16] on May 27, 1998, docketed as Civil Case No. 533-01-98. The records of the case were then elevated to the Regional Trial Court (RTC). The SIC, for its part, filed a Motion for Execution Pending Appeal.^[17] Ramos opposed the motion and offered to post a *supersedeas* bond in the amount of P84,000.00 to stay the execution.^[18] He was given a period of five days within which to file the bond, but instead of doing so, filed a Notice of Withdrawal of Appeal^[19] on July 6, 1998, with the reservation to take other legal remedies as may be provided by law.

On July 7, 1998, the RTC issued an Order^[20] declaring that, with the withdrawal of the Notice of Appeal, the decision of the MTC had become final and executory. The RTC thus ordered the remand of the records to the MTC for the implementation of its decision.

On July 9, 1998, Ramos filed a petition^[21] before the RTC of Bulacan for the nullification of the decision of the MTC in Civil Case No. 443-98 with a plea for injunctive relief. He alleged therein that he raised the issue of tenancy in his Answer to the Complaint in Civil Case No. 443-98; hence, the MTC had no jurisdiction over the complaint. Moreover, the MTC was aware that he was a *bona fide* tenant and was entitled to disturbance compensation from the previous owner of the property, as gleaned from the decision of the DAR Provincial Adjudicator and embodied in the Urgent Motion of the SIC in DARAB Case No. 4471. He also asserted that under Section 14 of Republic Act (R.A.) No. 3844, he was entitled to a homelot which included the house. Ramos appended to his petition copies of the Receipts^[22] dated January 22, 1979 and February 5, 1985 signed by Reynaldo Litonjua, showing the latter's receipt of the share of the landowner over the produce of the landholding from Ramos, and a Certificate from Reynaldo Litonjua that Ramos and his family were *bona fide* tenants over a seven-hectare portion of the property and were paying rentals.^[23]

Ramos prayed in his petition that judgment be rendered in his favor, thus:

1. The Decision rendered by the Municipal Trial Court of San Jose del Monte, Bulacan as null and void for lack of jurisdiction, and denial of due process upon the petitioner;
2. The Department of Agrarian Reform Adjudication Board to have the primary and exclusive jurisdiction in the ejectment proceedings pursuant to Sec. 50 of RA 6657;
3. The private respondent to have committing acts against forum shopping;

4. The private respondent to pay petitioner the sum of P400,000.00 as and for damages;

5. The private respondent liable to pay petitioner the sum of P100,000.00 as and for attorney's fees, plus the costs of the suit.

FURTHER, petitioner prays for such other reliefs and remedies as this Honorable Court may deem just and equitable in the premises.^[24]

The SIC filed a motion to dismiss the petition on the grounds of *res judicata* and forum shopping. It maintained that the MTC had jurisdiction over its complaint for unlawful detainer and that the proceedings therein, including the decision of the MTC, were valid. While Ramos raised the tenancy issue in his Answer to the complaint in Civil Case No. 443-98, he failed to substantiate such claim with substantial evidence. Moreover, the allegations of the petition were but a reiteration of those in his Answer in Civil Case No. 443-98. The SIC averred that the remedy from the MTC decision was appeal by writ of error in the RTC. Since Ramos withdrew his appeal, he was estopped from assailing the jurisdiction of the MTC under Rule 47 of the Rules of Court.

In a Resolution dated August 7, 1998, the RTC denied the motion to dismiss of SIC. The court also nullified the decision of the MTC in Civil Case No. 443-98 on the ground that the action filed by respondent SIC in the said case was an agrarian case, within the exclusive jurisdiction of the DARAB; hence, the MTC had no jurisdiction over the action, and its decision was null and void. The RTC declared that the MTC was aware of the pendency of DARAB Case No. 4471.

On September 2, 1998, the SIC appealed the resolution of the RTC to the CA. It maintained that the MTC had jurisdiction over the complaint and that the said decision was valid.

On February 4, 2004, the CA rendered judgment granting the appeal of the SIC and setting aside the RTC resolution. The CA ruled that, as gleaned from the averments of the complaint, the MTC had jurisdiction over the case. It also ruled that Ramos failed to adduce evidence in the MTC that he was a *bona fide* tenant over the landholding and had a right of possession over the two-storey house. The proper remedy from an adverse decision of the MTC was to appeal to the RTC, and in case the RTC affirmed such decision, to file a petition for review with the CA. However, since Ramos opted to withdraw his appeal, he was barred from filing a petition to annul the decision of the MTC. The CA further declared that by filing a petition to annul the decision of the MTC in the RTC, Ramos was in effect litigating the same issues raised in the MTC.

Ramos, now the petitioner, filed the instant petition for review on *certiorari*, insisting that the appellate court erred in reversing the resolution of the RTC. The petitioner points out that he alleged in his answer in the MTC that he was a *bona fide* agricultural lessee-tenant in the landholding. As such, the MTC had no jurisdiction over the complaint of respondent SIC for unlawful detainer. In fact, the petitioner avers, the DARAB declared in its Decision in DARAB Case No. 4471 dated September 25, 2000 that he was a *bona fide* tenant on the landholding and could not be evicted without first being paid disturbance compensation.