

THIRD DIVISION

[G.R. No. 126196, January 28, 1998]

**SPOUSES GREGORIO C. MORALES AND MA. TERESA L. MORALES
PETITIONERS, VS. COURT OF APPEALS AND POLICARPIO C.
ESTRELLA, RESPONDENTS.**

DECISION

PANGANIBAN, J.:

In an ejectment case, when a Municipal Trial Court receives evidence on the merits, but thereafter renders a decision erroneously dismissing the action on the ground of lack of jurisdiction, a Regional Trial Court on appeal may review the entire case on the merits and render judgment thereon as the proven facts and the law may warrant. This is in accord with the general principle that the Rules of Court must be construed to attain just, speedy and inexpensive disposition of an action or proceeding.

Statement of the Case

This postulate is used by this Court in granting the instant petition for review on certiorari assailing the August 30, 1996 Decision^[1] of Respondent Court of Appeals,^[2] the dispositive portion of which reads as follows:

"WHEREFORE, the petition is hereby GRANTED. The decision of the Regional Trial Court, dated December 13, 1994, and all other orders subsequent thereto are hereby set aside. Let this case be remanded to the Municipal Trial Court for further proceedings.

SO ORDERED."^[3]

The said decision^[4] of the Regional Trial Court of Malolos, Bulacan, Branch 8, in turn, set aside the appealed decision^[5] of the Municipal Trial Court of Hagonoy in an action for forcible entry with damages. It disposed as follows:

"WHEREFORE, judgment is hereby rendered for the plaintiffs as follows:

1. Setting aside the decision appealed from, and finding for the plaintiffs;
2. Finding that defendant has illegally deprived plaintiffs of their lawful possession of the property to which they are entitled to immediate restitution;
3. Ordering the defendant to forthwith vacate the premises and deliver possession thereof to the plaintiffs; and

4. Ordering the defendant to pay the plaintiffs the amount of P50,000.00 as reasonable compensation for his illegal occupation and use of the property including the value of the crops he had unlawfully planted and harvested; and P50,000.00 as attorney's fees for expenses he was compelled to incur to protect his interests in the instant proceedings and in the lower court.

SO ORDERED."

The Antecedent Facts

The facts as narrated by Respondent Court of Appeals are as follows:

"The lots in question were originally part of one whole parcel devoted to agriculture owned by one Enrique Bautista. Sometime in 1972, Bautista caused the subdivision of the land. His subdivision survey plan was duly approved by the Land Registration Commission. He then obtained individual transfer certificates of title of the subdivided lots. He likewise obtained a corresponding declaration of property for each lot from the Municipal Assessor. These were approved by the Provincial Assessor reclassifying the lots as residential.

In 1979, Bautista sold two (2) lots to plaintiff Gregorio Morales. He also sold four (4) lots to plaintiff Maria Teresa Morales. Teresa in turn, sold three (3) of her purchased lots to three different persons who are likewise plaintiffs in the case.

Plaintiffs assert that the defendant surreptitiously took possession of their lots and prepared them for planting, thereby altering its residential outline and appearance.

Defendant countered with the allegation that reclassification of the land was not approved by the proper authorities and that he was duly constituted as tenant thereof by the previous owner, Enrique Bautista.

The municipal court received evidence on the issue of right of possession and the land's proper classification.

Finding the land to be agricultural and the fact that tenancy was in issue, the said court dismissed the case for lack of jurisdiction.

Plaintiffs appealed. The (Regional Trial Court) Judge who heard the case found that the (municipal) court had jurisdiction because the land was duly reclassified from agricultural to residential and that tenancy was not involved. He then proceeded to decide the issues on the merits resulting in a judgment favoring plaintiffs' recovery of possession of the lots in litigation.

Defendant-petitioner (on appeal by way of certiorari to the Court of Appeals) alleges that the (Regional Trial Court) Judge gravely erred its discretion and lacked jurisdiction to decide the case."^[6]

As already stated, the Court of Appeals set aside the RTC decision and remanded the case to the MTC for further proceedings. Hence, this petition.^[7]

Public Respondent's Ruling

The Court of Appeals, in its three-page Decision, ratiocinated as follows:

"The petition has merit.

On the principle that government agencies are duty-bound to adhere to the tenets of the law in the performance of their official functions, there is a presumption that official duty has been regularly performed.

The respondent court based its finding on this presumption in the absence of evidence disputing it. This court sees no reason to amplify the findings on this matter which the trial court amply discussed in its decision (pp. 5-8). Suffice it to state that the respondent court persuades us to sustain its stand that the case is within the courts' jurisdiction and not referable to the Department of Agrarian Reform.

Nonetheless, we do not agree that the respondent court can take cognizance of the case on the merits.

The record discloses that the Municipal Trial Court which had original jurisdiction over the case for ejectment did not resolve the case on the merits. In fact, this was admitted by the private respondents in their comment to the petition.

The applicable rule is provided in Rule 40 of the Revised Rules of Court, which reads:

'Sec. 10. Appellate powers of Courts of First Instance where action not tried on its merits by inferior court. – Where the action has been disposed of by an inferior court upon a question of law and not after a valid trial upon the merits, the Court of First Instance shall on appeal review the ruling of the inferior court and may affirm or reverse it, as the case may be. In the case of reversal, the case shall be remanded for further proceedings.'"^[8]

The Issues

Petitioners raise the following issues:

"I

Respondent court erred in finding that the Municipal Trial Court did not resolve the ejectment case on the merits, in applying Section 10 of Rule 40 of the Rules of Court and in remanding the case to said court for further proceedings, in spite of its finding that said court did have and has jurisdiction over the case.

II

Respondent court erred in not finding, as urged by petitioners in their 'Comment (Motion to Dismiss)', that appeal from the decision of the Regional Trial Court was available to private respondent, that he failed to avail of it, that said decision became final and executory on January 6, 1995, and that the special civil action for certiorari is not a substitute for appeal or a lost one, and in not forthwith dismissing the petition.

III

Respondent court erred in not finding that the petition, assuming it to be procedurally proper, does not make out a case for the special civil action of certiorari since the trial court had jurisdiction over the case and its decision is fully supported by the law and the evidence."^[9]

Synthesizing the foregoing, the issues can simply be restated, as follows:

1. Was the RTC correct in resolving the ejectment suit on its merits?
2. Was the Court of Appeals correct in giving due course to the petition for certiorari assailing the RTC decision, even after the period for appeal has lapsed?

The Court's Ruling

The petition is meritorious.

First Issue: Was RTC's Decision on the Merits Proper?

Reiterating the ruling of the Court of Appeals, private respondent contends that the RTC committed grave abuse of discretion when it decided the case on its merits. He argues that the mandate of the RTC was limited to remanding the case to the MTC for further proceedings. The Court of Appeals and the private respondent rely on Section 10, Rule 40 of the (old) Rules of Court, which pertinently provides:

"Sec. 10. Appellate powers of Court of First Instance where action not tried on its merits by inferior court. -- Where the action has been disposed of by an inferior court upon a question of law and not after a valid trial upon the merits, the Court of First Instance shall on appeal review the ruling of the inferior court and may affirm or reverse it, as the case may be. In case of reversal, the case shall be remanded for further proceedings." (Underscoring supplied.)

Under the present Rules which include the 1997 amendments, the last two lines above (underscored) are reproduced as the last sentence of Sec. 8, Rule 40:

"SEC. 8. Appeal from orders dismissing the 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,