



Republic of the Philippines
Supreme Court
 Manila

FIRST DIVISION

The Heirs of the Late Spouses
ALEJANDRO RAMIRO and
FELICISIMA LLAMADA, namely;
HENRY L. RAMIRO; MERLYN R.
TAGUBA; MARLON L. RAMIRO;
MARIDEL R. SANTELLA,
WILMA L. RAMIRO; VILMA R.
CIELO and CAROLYN R.
CORDERO,

Petitioners,

G.R. No. 196874

Present:

BERSAMIN, CJ., Chairperson,
DEL CASTILLO,*
JARDELEZA,**
GESMUNDO, and
CARANDANG, JJ.

-versus-

Spouses ELEODORO and VERNA
BACARON,

Respondents.

Promulgated:

FEB 06 2019

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D E C I S I O N

JARDELEZA, J.:

This is a petition for review on *certiorari*¹ under Rule 45 of the Revised Rules of Court assailing the October 19, 2010 Decision² (assailed Decision) and May 3, 2011 Resolution³ (assailed Resolution) of the Court of Appeals (CA) in CA-G.R. CV No. 01350-MIN. The CA affirmed *in toto* the July 13, 2007 Decision⁴ of Branch 32 of the Regional Trial Court (RTC) of Lupon, Davao Oriental, in Civil Case No. 1966 (045).

Respondent spouses Eleodoro and Verna Bacaron (spouses Bacaron) filed Civil Case No. 1966 (045) before the RTC against petitioners. In their amended complaint,⁵ spouses Bacaron claimed that the father of petitioners, the late Alejandro Ramiro (Alejandro), was the registered owner of Lot 329, Cad-600 containing an area of 48,639 square meters and covered by Original

* On official leave.

** Designated as Acting Chairperson of the First Division per Special Order No. 2636 dated January 31, 2019.

¹ *Rollo*, pp. 4-16.

² *Id.* at 18-25, penned by Associate Justice Edgardo T. Lloren with Associate Justices Romulo V. Borja and Ramon Paul L. Hernando (now a Member of this Court), concurring.

³ *Id.* at 28-29, penned by Associate Justice Edgardo T. Lloren with Associate Justices Romulo V. Borja and Rodrigo F. Lim, Jr., concurring.

⁴ Records, pp. 492-522, penned by Presiding Judge Pelagio S. Paguican.

⁵ *Id.* at 68-76.

Certificate of Title (OCT) No. P-12524 (property); that Alejandro and his wife, Felicisima Llamada (spouses Ramiro), sold the property to spouses Bacaron, as evidenced by a Deed of Sale⁶ executed on October 20, 1991;⁷ that spouses Bacaron took possession of the property after the sale; that the property, however, was earlier mortgaged by spouses Ramiro to the Development Bank of the Philippines (DBP); that spouses Bacaron paid the DBP ₱430,150.00 for the redemption of the property; and that in June 1998, petitioners forcibly dispossessed spouses Bacaron of the property.⁸

Petitioners, on the other hand, denied the material allegations of the amended complaint, raising the following affirmative defenses: (a) the RTC does not have jurisdiction over the case considering that it involves recovery of possession of the property; (b) the instrument denominated as a Deed of Sale should be interpreted as an equitable mortgage; and (c) laches has barred respondents from instituting the complaint.⁹

After trial on the merits, the RTC rendered a Decision¹⁰ on July 13, 2007 in favor of spouses Bacaron. It ruled that spouses Bacaron were able to prove by preponderance of evidence the due execution of the Deed of Sale dated October 20, 1991 with spouses Ramiro over the property. Although the original copy of the Deed of Sale was lost, the RTC held that spouses Bacaron were able to introduce competent secondary evidence to prove its existence.¹¹ It also found that the purchase price of ₱400,000.00 as stated in the Deed of Sale corresponded, more or less, to the amount paid by spouses Bacaron to the DBP. The dispositive portion of the RTC Decision states:

WHEREFORE, Premises Considered, a DECISION is hereby issued:

1. DECLARING as VALID the Deed of Sale dated October 20, 1991;
2. Directing herein Defendants to execute a Deed of Extra-Judicial Partition with Confirmation of the Sale dated October 20, 1991 in favor of herein Plaintiffs within fifteen (15) days from the finality of this DECISION. Should Defendants fail to execute said document as directed by the Court the execution of said document shall be undertaken pursuant to law and the rules;
3. Directing the Register of Deeds to cause the registration of the parcel of land subject of this case in the name of the Plaintiffs upon the presentation by Plaintiffs of the Deed of Extra-Judicial Partition and

⁶ *Id.* at 79-80.

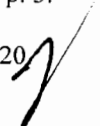
⁷ *Id.* at 69.

⁸ *Id.* at 69-71.

⁹ *Id.* at 24-25; *Rollo*, p. 5.

¹⁰ *Supra* note 4.

¹¹ Records, pp. 518-520.



Confirmation of Sale referred to in par. No. 2 hereof.

a) Directing Defendants and all other persons acting for and in their behalf to vacate the property subject of this case and restore the possession thereof to herein Plaintiffs;

b) Directing Defendants to pay the amount of P30,000.00 as reasonable Attorney's Fees.

SO ORDERED.¹² (Emphasis omitted.)

Aggrieved, petitioners appealed the trial court's Decision to the CA. In their appeal, petitioners argued that the main thrust of the complaint was to recover the property; yet, spouses Bacaron failed to allege its assessed value. Petitioners, thus, asserted that the RTC did not acquire jurisdiction over the subject matter of the case pursuant to *Batas Pambansa* (B.P.) Blg. 129,¹³ as amended by Republic Act (R.A.) No. 7691.¹⁴

On October 19, 2010, the CA rendered its assailed Decision,¹⁵ dismissing the appeal and affirming the RTC Decision *in toto*. The CA upheld the jurisdiction of the RTC over the subject matter of the case. Noting that the amended complaint alleged causes of action for the declaration of validity of the Deed of Sale or specific performance, and recovery of possession, damages, attorney's fees and injunction all of which are incapable of pecuniary estimation, joinder in the RTC is allowed by the Rules of Court.¹⁶

The CA likewise rejected petitioners' contention that in view of their actual physical possession of the property and their payment of realty taxes thereon, the real transaction between their late parents and spouses Bacaron was an equitable mortgage. The CA ruled that petitioners failed to assail the trial court's finding that the reason they currently have possession of the property was because they forcibly took possession of the same from respondents in June 1998. The CA also found that contrary to petitioners' claims of religious payment of realty taxes, the official receipts they presented showed that they paid the realty taxes for 1991 and 1992, and for 1993 and 1994, only on August 17, 1998 and March 12, 1999, respectively.¹⁷ The CA also found petitioners' arguments on laches untenable due to their failure to prove its elements.¹⁸

Petitioners filed a motion for reconsideration but the same was denied

¹² *Id.* at 521-522.

¹³ The Judiciary Reorganization Act of 1980.

¹⁴ An Act Expanding the Jurisdiction of the Metropolitan Trial Courts, Municipal Trial Courts, and Municipal Circuit Trial Courts, Amending for the Purpose *Batas Pambansa* Blg. 129, Otherwise Known As The "Judiciary Reorganization Act Of 1980." See *Rollo*, p. 21.

¹⁵ *Supra* note 2.

¹⁶ *Rollo*, pp. 21-22.

¹⁷ *Id.* at 22-24.

¹⁸ *Id.* at 24-25.

by the CA via its assailed Resolution.¹⁹ Hence, this petition which presents the following issues:

- I. Whether the RTC acquired jurisdiction over the subject matter of the action.
- II. Whether the Deed of Sale dated October 20, 1991 should be treated as an equitable mortgage.
- III. Whether the spouses Bacaron's claims are barred by laches.

We grant the petition.

Section 19 of B.P. Blg. 129, as amended by R.A. No. 7691, provides that the RTC shall exercise exclusive original jurisdiction on the following actions:

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 x

Meanwhile, Section 33 of the same law provides the exclusive original jurisdiction of the first level courts, *viz.*:

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 property, or any interest therein where the assessed value of the property or interest therein does not exceed Twenty thousand pesos (P20,000.00) or, in civil actions in Metro Manila, where such assessed value does not exceed Fifty thousand pesos (P50,000.00) exclusive of interest, damages of whatever kind, attorney's fees, litigation expenses and costs:

¹⁹ *Supra* note 3.

Provided, That in cases of land not declared for taxation purposes, the value of such property shall be determined by the assessed value of the adjacent lots.

Settled is the rule that the nature of the action and which court has original and exclusive jurisdiction over the same is determined by the material allegations of the complaint, the type of relief prayed for by the plaintiff and the law in effect when the action is filed, irrespective of whether the plaintiffs are entitled to some or all of the claims asserted therein.²⁰ For instance, when the main relief sought is specific performance, the action is incapable of pecuniary estimation within the exclusive jurisdiction of the RTC. When the action, on the other hand, primarily involves title to, or possession of land, the court which has exclusive original jurisdiction over the same is determined by the assessed value of the property.

Here, petitioners argue against the CA's view that the action is under the RTC's jurisdiction because it is incapable of pecuniary estimation. They contend that the main thrust of respondents' complaint before the RTC is the recovery of possession of the property. Thus, the primary purpose of all of respondents' alternative causes of action involves title to or possession of real property. This is allegedly evident from respondents' amended complaint which seeks, among others, to cancel OCT No. P-12524 covering the property, to have a new title issued in their name, and to place respondents in peaceful and undisturbed possession of the property. In view of these allegations, petitioners posit that the complaint should be filed with the court having jurisdiction based on the assessed value of the property. In this case, however, there was no effort on the part of respondents to allege the assessed value of the property.²¹

Spouses Bacaron counter that the case record shows that the main relief prayed for in the amended complaint is one for the declaration of validity and effectivity of the Deed of Sale and specific performance or, in the alternative, that petitioners be ordered and directed to execute the deed or instrument of conveyance and transfer of the property in respondents' favor. They argue that based on existing jurisprudence, the Court has recognized actions involving the legality of conveyances as actions incapable of pecuniary estimation. Likewise, actions for specific performance are exclusively within the jurisdiction of the RTC. Hence, in this case, since the main reliefs prayed for by respondents are the declaration of validity of the Deed of Sale and specific performance, the RTC has jurisdiction over the case.²²

We agree with petitioners.

Respondents' amended complaint pertinently narrates the following:

²⁰ *Hilario v. Salvador*, G.R. No. 160384, April 29, 2005, 457 SCRA 815, 824.

²¹ *Rollo*, pp. 6-8.

²² *Id.* at 59-63.

3. That the above-named defendants are all surviving heirs of the late spouses [Alejandro] Raqmiro (*sic*) and Felicisima Llamada-Ramiro;

4. That the late Alejandro Ramiro, father of the defendants, is the registered owner of a parcel of land situated in Gov. Generoso, Davao Oriental, consisting of an area of about Forty Eight Thousand Six Hundred Thirty Nine (48,639) square meters, more or less, and embraced and covered by Original Certificate of Title (OCT) No. P-12524; said property is mainly used and operated as a fish pond, with some portions of the said parcel of land being devoted to and planted with coconut trees;

(Said parcel of land formed part of spouses Ramiro's [spouses Alejandro (*sic*) Ramiro's and Felicisima Llamada's] conjugal properties- as registered owner Alejandro Ramiro is referred-to and acknowledged in the property's title as married to Felicisima Llamada') (*sic*);

x x x x

5. That sometime in 1991, said spouses Alejandro Ramiro and Felicisima Llamada-Ramiro sold the above-mentioned property unto the plaintiffs herein, as may be shown and evidenced by a Deed of Sale duly executed by the spouses, dated October 20, 1991;

x x x x

11.a. That just sometime after the aforesaid sale of the subject property, plaintiffs took over the possession thereof;

11.b. That likewise, since the subject property was earlier mortgaged by the Ramiro spouses unto the Development Bank of the Philippines (DBP). Plaintiffs caused the payment unto the bank the amount of about Four Hundred Thirty Thousand Pesos and Hundred Fifty Pesos (P430,150.00) for the redemption of the property from the Development Bank of the Philippines;

12. That Alejandro Ramiro passed away sometime in 1996 or thereabout; That Felicisima Llamada on the other hand died later in 1997 or sometime thereabout;

13. That thereafter (*sic*), sometime on the month of June of 1998, or thereabout, the above-named defendants, led by defendant Henry Ramiro, unlawfully and coercively took over the possession of the subject property without any justifiable cause whatsoever, to the exclusion of the plaintiffs, arrogating unto themselves the supposed ownership of the property;

14. And despite several demands, defendants unjustifiably refused to return unto the plaintiffs the possession thereof, thus causing unwarranted damage and

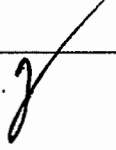
injuries unto the latter;

x x x x²³ (Underscoring in the original.)

In the same vein, the following are the reliefs sought by respondents in their amended complaint:

- a.) that a Temporary Restraining Order (TRO) be issued enjoining and prohibiting the defendants from exercising, doing and/or otherwise causing to be done all acts, deeds and activities which may be inimical to the plaintiffs' claims, rights and interest as lawful owners thereof - more specifically (but not limited to), the actual operation of the fishpond by the defendants, and defendants' gathering and harvesting of coconuts and other products found within the property; **directing the defendants to return unto the plaintiffs the possession of the subject property; and enjoining and prohibiting said defendants from further effecting and causing whatever acts of disturbances in contravention of plaintiffs['] peaceful possession of the property;**
- b.) that Writs of Preliminary Mandatory and Prohibitory Injunctions likewise be issued in plaintiffs' favor directing and/or providing the same wise (as stated in the foregoing);
- c.) that after hearing, the said Injunctions be made permanent;
- d.) **that after the fact and verity of the subject property's sale (in plaintiffs' favor) shall have been proved and established in the course of the proceedings of the above-entitled case, the validity and effectivity of said sale be categorically declared and upheld: Or otherwise, defendants be ordered and directed to execute the proper deed or instrument of conveyance and transfer of the subject property in plaintiffs' favor;**
- e.) **that [the] Original Certificate of Title (OCT) No. P-12524 be ordered cancelled and in lieu thereof, another title be accordingly issued in the name of the plaintiffs; and**
- f.) **that the plaintiffs be ordered placed in a peaceful and undisturbed possession over the property.**
- g.) that defendants be ordered to pay plaintiffs the sum of P20,000.00 as attorney's fees and P1,200.00 as appearance fees of counsel per hearing;
- h.) that defendants be made to pay plaintiffs the amount of P100,000.00 as moral damages as well as exemplary damages in the amount to be fixed by this Honorable Court.

All other reliefs in plaintiffs' favor, as may be deemed by this Honorable Court as just and equitable under the

²³ Records, pp. 69-71. 

premises, are herein likewise prayed for.²⁴ (Emphasis supplied; underscoring in the original.)

It is clear from the foregoing that while respondents claim that their amended complaint before the RTC is denominated as one for the declaration of validity of the Deed of Sale and for specific performance, the averments in their amended complaint and the character of the reliefs sought therein reveal that the action primarily involves title to or possession of real property. An action “involving title to real property” means that the plaintiff’s cause of action is based on a claim that he owns such property or that he has the legal rights to have exclusive control, possession, enjoyment, or disposition of the same. Title is the “legal link between (1) a person who owns property and (2) the property itself.”²⁵

The ultimate relief sought by respondents is for the recovery of the property through the enforcement of its sale in their favor by the late spouses Ramiro. Their other causes of action for the cancellation of the original title and the issuance of a new one in their name, as well as for injunction and damages, are merely incidental to the recovery of the property.²⁶ Before any of the other reliefs respondents prayed for in their complaint can be granted, the issue of who between them and petitioners has the valid title to the lot must first be determined.²⁷

Similarly in *Gochan v. Gochan*,²⁸ we ruled that where a complaint is entitled as one for specific performance but nonetheless prays for the issuance of a deed of sale for a parcel of land, its primary objective and nature is one to recover the parcel of land itself and is, thus, deemed a real action. Accordingly, under these circumstances, the court which has jurisdiction over the subject matter of the case is determined by the assessed value of the subject property.²⁹

Here, respondents neither alleged the assessed value of the property. The Court cannot take judicial notice of the assessed or market value of lands. Thus, absent any allegation in the complaint of the assessed value of the property, it cannot be determined which between the RTC or the Municipal Trial Court had original and exclusive jurisdiction over respondents’ action. Consequently, the complaint filed before the RTC should be dismissed.³⁰

Furthermore, it is not simply the filing of the complaint or appropriate initiatory pleading but the payment of the prescribed docket fee that vests a

²⁴ *Id.* at 73-74.

²⁵ *Padlan v. Dinglasan*, G.R. No. 180321, March 20, 2013, 694 SCRA 91, 100. Citation omitted.

²⁶ See *Zuñiga-Santos v. Santos-Gran*, G.R. No. 197380, October 8, 2014, 738 SCRA 33; *Heirs of Enrique Toring v. Heirs of Teodosia Boquilaga*, G.R. No. 163610, September 27, 2010, 631 SCRA 278; *Alfredo v. Spouses Borrás*, G.R. No. 144225, June 17, 2003, 404 SCRA 145; *Pingol v. Court of Appeals*, G.R. No. 102909, September 6, 1993, 226 SCRA 118.

²⁷ See *Padlan v. Dinglasan*, *supra* note 25.

²⁸ G.R. No. 146089, December 13, 2001, 372 SCRA 256, 264.

²⁹ *Hilario v. Salvador*, *supra* note 20 at 825.

³⁰ *Id.* at 826.

trial court with jurisdiction over the subject matter or nature of the action.³¹ In resolving the issue of whether or not the correct amount of docket fees were paid, it is also necessary to determine the true nature of the complaint.³² Having settled that the action instituted by respondents is a real action and not one incapable of pecuniary estimation, the basis for determining the correct docket fees shall, therefore, be the assessed value of the property, or the estimated value thereof as alleged by the claimant.³³ As already discussed, however, respondents did not allege the assessed value of the property in their amended complaint. They also did not allege its estimated value. As a result, the correct docket fees could not have been computed and paid by respondents and the RTC could not have acquired jurisdiction over the subject matter of the case.³⁴ All the proceedings before it are consequently null and void.

In light of all the foregoing, we see no further need to discuss the other issues raised by petitioners.

WHEREFORE, the petition is **GRANTED**. The Decision dated October 19, 2010 and Resolution dated May 3, 2011 of the Court of Appeals in CA-G.R. CV No. 01350-MIN are hereby **REVERSED** and **SET ASIDE**. The Decision of the Regional Trial Court dated July 13, 2007 is declared **NULL and VOID**. The amended complaint in Civil Case No. 1966 (045) is dismissed without prejudice.

SO ORDERED.


FRANCIS H. JARDELEZA
Associate Justice

WE CONCUR:


LUCAS P. BERSAMIN
Chief Justice
Chairperson

(*On Official Leave*)
MARIANO C. DEL CASTILLO
Associate Justice


ALEXANDER G. GESMUNDO
Associate Justice

³¹ *Gochan v. Gochan*, *supra* note 28 at 263, citing *Sun Insurance Office, Ltd. (SIOL) v. Asuncion*, G.R. Nos. 79937-38, February 13, 1989, 170 SCRA 274.

³² *Id.* at 263.


³³ *Id.* at 265; See also RULES OF COURT, Rule 141, Sec. 7 as amended by A.M. No. 00-2-01-SC.

³⁴ See *Serrano v. Delica*, G.R. No. 136325, July 29, 2005, 465 SCRA 82, 89.


ROSMARI D. CARANDANG
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, it is hereby certified that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


LUCAS P. BERSAMIN
Chief Justice