Supreme Court E-Library



**THIRD DIVISION**

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

**EDITHA PADLAN,** *petitioner, vs.* **ELENITA DINGLASAN and FELICISIMO DINGLASAN,** *respondents.*

**SYLLABUS**

1. **REMEDIAL LAW; CIVIL PROCEDURE; JURISDICTION; JURISDICTION OVER THE SUBJECT MATTER OF A CASE IS CONFERRED BY LAW AND DETERMINED BY THE ALLEGATIONS IN THE COMPLAINT. —** [I]n order to determine which court has jurisdiction over the action, an examination of the complaint is essential. Basic as a hornbook principle is that jurisdiction over the subject matter of a case is conferred by law and determined by the allegations in the complaint which comprise a concise statement of the ultimate facts constituting the plaintiff's cause of action. The nature of an action, as well as which court or body has jurisdiction over it, is determined based on the allegations contained in the complaint of the plaintiff, irrespective of whether or not the plaintiff is entitled to recover upon all or some of the claims asserted therein. The averments in the complaint and the character of the relief sought are the ones to be consulted. Once vested by the allegations in the complaint, jurisdiction also remains vested irrespective of whether or not the plaintiff is entitled to recover upon all or some of the claims asserted therein. What determines the jurisdiction of the court is the nature of the action pleaded as appearing from the allegations in the complaint. The averments therein and the character of the relief sought are the ones to be consulted.

2. **ID.; ID.; ACTIONS; ACTION INVOLVING TITLE TO REAL PROPERTY; DEFINED. —** 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."

Supreme Court E-Library



**3. ID.; ID.; ID.; ID.; TITLE AND CERTIFICATE OF TITLE, DISTINGUISHED. —** "Title" is different from a "certificate of title" which is the document of ownership under the Torrens system of registration issued by the government through the Register of Deeds. While title is the claim, right or interest in real property, a certificate of title is the evidence of such claim.

**4. ID.; ID.; JURISDICTION; AN ACTION INVOLVING TITLE TO REAL PROPERTY SHOULD BE FILED IN THE PROPER COURT HAVING JURISDICTION OVER THE ASSESSED VALUE OF THE PROPERTY SUBJECT THEREOF. —** From the Complaint, the case filed by respondent is not simply a case for the cancellation of a particular certificate of title and the revival of another. The determination of such issue merely follows after a court of competent jurisdiction shall have first resolved the matter of who between the conflicting parties is the lawful owner of the subject property and ultimately entitled to its possession and enjoyment. The action is, therefore, about ascertaining which of these parties is the lawful owner of the subject lot, jurisdiction over which is determined by the assessed value of such lot. In no uncertain terms, the Court has already held that a complaint must allege the assessed value of the real property subject of the complaint or the interest thereon to determine which court has jurisdiction over the action. In the case at bar, the only basis of valuation of the subject property is the value alleged in the complaint that the lot was sold by Lorna to petitioner in the amount of ₱4,000.00. No tax declaration was even presented that would show the valuation of the subject property. x x x [W]here the ultimate objective of the plaintiffs is to obtain title to real property, it should be filed in the proper court having jurisdiction over the assessed value of the property subject thereof. Since the amount alleged in the Complaint by respondents for the disputed lot is only ₱4,000.00, the MTC and not the RTC has jurisdiction over the action. Therefore, all proceedings in the RTC are null and void.

**APPEARANCES OF COUNSEL**

*Victor P. De Dios, Jr.* for petitioner.
*Asuncion Abasolo-Pacaldo* for respondents.

Supreme Court E-Library



## 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.

---

[1] Penned by Associate Justice Remedios A. Salazar-Fernando, with Associate Justices Rosalinda Asuncion-Vicente and Enrico A. Lanzanas, concurring; *rollo*, pp. 26-35.

[2] *Id.* at 41-45.

[3] *Rollo,* pp. 36-40.

Supreme Court E-Library



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.

---

[4] Records, pp. 17-19.

[5] *Id.* at 20-22.

[6] *Id.* at 85-87.

[7] CA *rollo*, pp. 21-23.

Supreme Court E-Library



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 ₱4,000.00 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,

---

[8] *Rollo,* pp. 26-35.

[9] *Id.* at 34-35. (Emphasis in the original)

[10] Records, pp. 151-160.

Supreme Court E-Library



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

---

[11] *Rollo,* pp. 41-45.

[12] 131 Phil. 556 (1968).

[13] *Rollo,* pp. 16-17.

Supreme Court E-Library



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 ₱4,000.00, 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:

[14] Effective April 15, 1994.

Supreme Court E-Library



(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 (₱20,000.00) or for civil actions in Metro Manila, where such value exceeds Fifty Thousand Pesos (₱50,000.00), 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 x 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 (₱20,000.00) or, in civil actions in Metro Manila, where such assessed value does not exceed Fifty Thousand Pesos (₱50,000.00) exclusive of interest, damages of whatever kind, attorney's fees, litigation expenses and costs: *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.

Respondents filed their Complaint with the RTC; hence, before proceeding any further with any other issues raised by the petitioner, it is essential to ascertain whether the RTC has jurisdiction over the subject matter of this case based on the above-quoted provisions.

Supreme Court E-Library



However, in order to determine which court has jurisdiction over the action, an examination of the complaint is essential. Basic as a hornbook principle is that jurisdiction over the subject matter of a case is conferred by law and determined by the allegations in the complaint which comprise a concise statement of the ultimate facts constituting the plaintiff's cause of action. The nature of an action, as well as which court or body has jurisdiction over it, is determined based on the allegations contained in the complaint of the plaintiff, irrespective of whether or not the plaintiff is entitled to recover upon all or some of the claims asserted therein. The averments in the complaint and the character of the relief sought are the ones to be consulted. Once vested by the allegations in the complaint, jurisdiction also remains vested irrespective of whether or not the plaintiff is entitled to recover upon all or some of the claims asserted therein.[15]

What determines the jurisdiction of the court is the nature of the action pleaded as appearing from the allegations in the complaint. The averments therein and the character of the relief sought are the ones to be consulted.[16]

Respondents' Complaint[17] narrates that they are the duly registered owners of Lot No. 625 of the Limay Cadastre which was covered by TCT No. T-105602. Without their knowledge and consent, the land was divided into several lots under their names through the fraudulent manipulations of Maura. One of the lots was Lot 625-K, which was covered by TCT No. 134785. On April 26, 1990, Maura sold the subject lot to Lorna. By virtue of the fictitious sale, TCT No. 134785 was cancelled and TCT No. 134932 was issued in the name of Lorna. Sometime in August 1990, Lorna sold the lot to petitioner for a consideration in the amount of ₱4,000.00. TCT No. 134932 was later cancelled

---

[15] *City of Dumaguete v. Philippine Ports Authority*, G.R. No. 168973, August 24, 2011, 656 SCRA 102, 119.

[16] *Fort Bonifacio Development Corporation v. Domingo*, G.R. No. 180765, February 27, 2009, 580 SCRA 397, 404.

[17] *Rollo,* pp. 46-50.

Supreme Court E-Library



and TCT No. 137466 was issued in the name of petitioner. Despite demands from the respondents, petitioner refused to surrender possession of the subject property. Respondents were thus constrained to engage the services of a lawyer and incur expenses for litigation. Respondents prayed for the RTC (a) to declare TCT No. 137466 null and to revive TCT No. T-105602 which was originally issued and registered in the name of the respondents; and (b) to order petitioner to pay attorney's fees in the sum of ₱50,000.00 and litigation expenses of ₱20,000.00, plus cost of suit.[18]

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." "Title" is different from a "certificate of title" which is the document of ownership under the Torrens system of registration issued by the government through the Register of Deeds. While title is the claim, right or interest in real property, a certificate of title is the evidence of such claim.[19]

In the present controversy, before the relief prayed for by the respondents in their complaint can be granted, the issue of who between the two contending parties has the valid title to the subject lot must first be determined before a determination of who between them is legally entitled to the certificate of title covering the property in question.

From the Complaint, the case filed by respondent is not simply a case for the cancellation of a particular certificate of title and the revival of another. The determination of such issue merely follows after a court of competent jurisdiction shall have first resolved the matter of who between the conflicting parties is the lawful owner of the subject property and ultimately entitled to its possession and enjoyment. The action is, therefore, about

---

[18] *Id.* at 49.

[19] *Heirs of Generoso Sebe v. Heirs of Veronico Sevilla*, G.R. No. 174497, October 12, 2009, 603 SCRA 395, 404-405.

Supreme Court E-Library



ascertaining which of these parties is the lawful owner of the subject lot, jurisdiction over which is determined by the assessed value of such lot.[20]

In no uncertain terms, the Court has already held that a complaint must allege the assessed value of the real property subject of the complaint or the interest thereon to determine which court has jurisdiction over the action.[21] In the case at bar, the only basis of valuation of the subject property is the value alleged in the complaint that the lot was sold by Lorna to petitioner in the amount of ₱4,000.00. No tax declaration was even presented that would show the valuation of the subject property. In fact, in one of the hearings, respondents' counsel informed the court that they will present the tax declaration of the property in the next hearing since they have not yet obtained a copy from the Provincial Assessor's Office.[22] However, they did not present such copy.

To reiterate, where the ultimate objective of the plaintiffs is to obtain title to real property, it should be filed in the proper court having jurisdiction over the assessed value of the property subject thereof.[23] Since the amount alleged in the Complaint by respondents for the disputed lot is only ₱4,000.00, the MTC and not the RTC has jurisdiction over the action. Therefore, all proceedings in the RTC are null and void.[24]

Consequently, the remaining issues raised by petitioner need not be discussed further.

**WHEREFORE,** the petition is **GRANTED.** The Decision of the Court of Appeals in CA-G.R. CV No. 86983, dated June 29, 2007, and its Resolution dated October 23, 2007, are **REVERSED**

---

[20] *Id.* at 406.

[21] *Quinagoran v. Court of Appeals,* G.R. No. 155179, August 24, 2007, 531 SCRA 104, 113.

[22] Records, p. 128.

[23] *Huguete v. Embudo*, 453 Phil. 170, 177 (2003).

[24] *Quinagoran v. Court of Appeals, supra* note 21, at 115.

Supreme Court E-Library



and **SET ASIDE**. The Decision of the Regional Trial Court, dated July 1, 2005, is declared **NULL** and **VOID**. The complaint in Civil Case No. 438-ML is dismissed without prejudice.

**SO ORDERED.**

*Velasco, Jr. (Chairperson), Abad, Mendoza*, and *Leonen, JJ.,* concur.

---

**FIRST DIVISION**

[G.R. No. 181458. March 20, 2013]

**REPUBLIC OF THE PHILIPPINES, represented by the PRESIDENTIAL COMMISSION ON GOOD GOVERNMENT (PCGG),** *petitioner, vs.* **TRINIDAD DIAZ-ENRIQUEZ, LEANDRO ENRIQUEZ, ERLINDA ENRIQUEZ-PANLILIO, ALLAN E. PANLILIO, JOSE MARCEL E. PANLILIO, KATRINA E. PANLILIO, NICOLE P. MORRIS, IMELDA R. MARCOS, MA. IMELDA MARCOS-MANOTOC, FERDINAND R. MARCOS, JR., MA. VICTORIA IRENE MARCOS-ARANETA, EMILIA T. CRUZ, RAFAEL ROMAN T. CRUZ, MA. RONA ROMANA T. CRUZ, ANA CRISTINA CRUZ GAYLO, GINO R. CRUZ, ISAIAH PAVIA CRUZ, and DON M. FERRY,** *respondents.*

**SYLLABUS**

**1. REMEDIAL LAW; CIVIL PROCEDURE; DISMISSAL OF ACTIONS; DISMISSAL DUE TO FAULT OF PLAINTIFF; THE RULE THEREON CONFERS ON THE COURT THE DISCRETION TO DECIDE BETWEEN THE DISMISSAL OF THE CASE ON TECHNICALITY *VIS-À-VIS* THE PROGRESSIVE PROSECUTION THEREOF. —** Rule 17,