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SECOND DIVISION

[G.R. No. 234255. October 2, 2019]

GENOVEVA G. GABRILLO, rep. herein by attorney-in-fact, MEDARDO G. CADIENTE, JR., *petitioner, vs.* **HEIRS OF OLIMPIO PASTOR rep. by CRESENCIANA MANGUIRAN *VDA*. *DE* PASTOR,** *respondent.*

SYLLABUS

1. REMEDIAL LAW; JURISDICTION; ACTIONS INVOLVING TITLE TO OR POSSESSION OF REAL PROPERTY; ASSESSED VALUE OF REAL PROPERTY INVOLVED, NOT THE MARKET VALUE THEREOF, ORDAINS WHICH COURT SHALL ACQUIRE EXCLUSIVE JURISDICTION OVER A REAL ACTION; ASSESSED VALUE DISTINGUISHED FROM FAIR MARKET VALUE.— Clearly, both the first level and the second level court exercise original jurisdiction over actions involving title to or possession of real property or any interest therein but it is the **assessed value** of the realty involved which ordains which court shall acquire exclusive jurisdiction over a real action as in this case. **Assessed value** is the valuation ascribed on the property as fixed by the taxing authorities for the purpose of determining the applicable tax rate. It represents a fraction of the realty's fair market value that qualifies for taxation, calculated by multiplying the market value by the assessment level. **Fair market value**, on the other hand, is the price at which a property may be sold by a seller, who is not compelled to sell, and bought by a buyer, who is not compelled to buy. Assessed value pertains to the *taxable value* of the real property while the fair market value is tantamount to the *estimated value* of the real property as agreed on between a willing buyer and a willing seller under reasonable and ordinary conditions. Batas Pambansa Bilang 129 is explicit that the jurisdiction of the court over an action involving title to, or possession of a real property is determined by its assessed value and **not the market value thereof.**

2. ID.; ID.; ID.; ID.; ASSESSED VALUE MUST BE AVERRED IN THE COMPLAINT TO ASCERTAIN WHICH COURT

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SHALL EXERCISE EXCLUSIVE JURISDICTION; CASE AT BAR.— This assessed value must be averred in the complaint; otherwise, it cannot be ascertained which trial court shall exercise exclusive jurisdiction over the action. In the case at bench, petitioner's complaint did not allege the disputed property's assessed value, but instead stated its market value pegged at ₱50,000.00. Settled is the rule that the courts cannot take judicial notice of the assessed value or even the market value of the land. The assessed value of the realty in question must be clearly set forth in the complaint to prompt the court whether it can or cannot take cognizance of the case. Thus, for petitioner's failure to allege the assessed value in the complaint, the RTC cannot be said to have gravely erred in dismissing the complaint on the ground of lack of jurisdiction.

3. ID.; ID.; ID.; ID.; ID.; RELAXATION OF THE RULES SO AS NOT TO DEFEAT SUBSTANTIAL JUSTICE, NOT WARRANTED IN CASE AT BAR.— The Court is not unmindful of the liberal application of the above rule. In *Foronda-Crystal v. Son*, it was held that the failure to allege the real property's assessed value in the complaint would not be fatal if, in the documents annexed to the complaint, an allegation of the assessed value could be found. It justified the relaxation of the rule by echoing the Court's pronouncement in *Tumpag v. Tumpag*, *viz*.: Generally, the court should only look into the facts alleged in the complaint to determine whether a suit is within its jurisdiction. There may be instances, however, when a rigid application of this rule may result in defeating substantial justice or in prejudice to a party's substantial right. x x x Here, not even a single document reflecting the assessed value of the subject property was annexed to petitioner's complaint. The attachment of the sworn declaration of real property to the complaint would have triggered the liberal application of the rule since it bears the assessed value of the property at issue. Jurisprudence teaches that "the tax declaration indicating the assessed value of the property enjoys the presumption of regularity as it has been issued by the proper government agency." Petitioner, however, failed to adduce the tax declaration which could have shown that the RTC indeed had jurisdiction over the case. x x x In light of the foregoing, the RTC correctly dismissed the case for lack of jurisdiction and the CA-CDO correctly affirmed its dismissal. Consequently, the Court need not discuss the

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remaining issues raised by petitioner which relate to the merits of the case.

APPEARANCES OF COUNSEL

Manolo T. Flores for petitioner.
Marvin G. Camino for respondent.

D E C I S I O N

REYES, J. JR., *J.*:

This is a Petition for Review on *Certiorari*[1] under Rule 45 which seeks to annul and set aside the Decision[2] dated October 27, 2016 of the Court of Appeals-Cagayan De Oro City (CA-CDO) and its Resolution[3] dated May 25, 2017 in CA-G.R. CV No. 03419-MIN which affirmed the Decision[4] dated July 18, 2013 of the Regional Trial Court (RTC), Branch 16, Davao City in Civil Case No. 33,213-10 for Declaration of Trust and/or Declaration of Nullity of Title, Reconveyance, Damages, Attorney's Fees and Injunction, with Writ of Preliminary Injunction and Temporary Restraining Order filed by Genoveva G. Gabrillo (petitioner) represented by her then Attorney-in-Fact Teresita Baguio against the heirs of Olimpio Pastor (respondents) represented by Cresenciana vda. de Pastor.[5]

The Antecedents

Petitioner claimed that she is the lawful and rightful owner of a parcel of land (subject property) consisting of 9,000 square meters located at Catalunan Pequeño, Taloma District, Davao

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[1] *Rollo*, pp. 12-29.

[2] Penned by Associate Justice Ruben Reynaldo G. Roxas, with Associate Justices Edgardo T. Lloren and Rafael Antonio M. Santos, concurring; *id.* at 41-49.

[3] *Id.* at 51-52.

[4] *Id.* at 32-39.

[5] Cresencia *vda. de* Pastor in some parts of the records.

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City, with a market value of ₱50,000.00, originally owned by Olimpio Pastor and Cresenciana Pastor (spouses Pastor).[6]

On August 6, 1967, spouses Pastor executed a Transfer of Rights and Sale of Improvements over the subject property, then consisted of 10,000 square meters, before the Bureau of Lands Investigation/Inspector in favor of Ernesto A. Cadiente, Sr. (Cadiente). A conflict between spouses Pastor and Cadiente arose and a compromise agreement and/or amicable settlement was forged. In said agreement, Cadiente's land was reduced to 9,000 square meters to devote the 1,000 square meters to a barangay site. Cadiente moved to set aside the amicable settlement but the same was denied by the District Land Officer in a letter dated February 11, 1982.[7]

On March 13, 1991, Cadiente executed a Transfer of Rights or Relinquishment and Sale of Improvements conveying the entire 10,000 square-meter property to petitioner. However, notwithstanding the transfer, respondents filed an application for free patent on December 29, 1997; thus, Original Certificate of Title (OCT) No. P-14876 was issued in their favor. Petitioner maintained that when the respondents registered the subject property in their names, an implied trust was created warranting reconveyance as well as the cancellation/annulment of the OCT.

Respondents, for their part, alleged that the property subject of their free patent application (Lot 848-C, Csd 11-007933) is different from the property claimed by petitioner (Lot 848-D, Csd-11007933-D). They further posited that OCT No. P-14876 had become indefeasible one (1) year from the date of its issuance on December 29, 1997 and can no longer be attacked on the ground of fraud.[8]

On July 18, 2013, the RTC dismissed the case. It declared that it has no jurisdiction to take cognizance of the case because the complaint failed to state the assessed value of the land in

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[6] *Id.* at 14.

[7] *Id.* at 14-15.

[8] *Id.* at 43.

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dispute. It further ruled that even if the court had jurisdiction, the case will still not prosper because the cause of action for declaration of trust and/or declaration of nullity of title had already prescribed.[9]

On appeal, the CA-CDO affirmed the July 18, 2013 Decision holding that the RTC correctly dismissed petitioner's complaint for failure to allege the assessed value of the subject property and establish that it has jurisdiction over the case.

Petitioner moved for the reconsideration of the October 27, 2016 CA Decision but the same was denied in a Resolution dated May 25, 2017.

Hence, this petition.

The Issue

At the heart of the controversy is the issue of whether the RTC acquired jurisdiction over petitioner's action by the mere allegation of the market value or estimated value of the subject property in the complaint.

Petitioner argues that the payment of the docket fees based on the market value of the property as stated in the complaint conferred the court *a quo* jurisdiction to try the present case. Citing the case of *Barangay Piapi v. Talip*,[10] she asserts that the market value or estimated value of the property can be considered to determine which court has jurisdiction over a real action. Moreover, she contends that respondents are already estopped from assailing the court *a quo*'s jurisdiction when they actively participated in the proceedings and even formally offered evidence before the court. Finally, she claims that the court *a quo* erred in ruling that her cause of action is already barred by prescription since an action for reconveyance based on implied or constructive trust is imprescriptible when the plaintiff is in possession of the subject property as in this case.[11]

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[9] *Id*. at 38-39.

[10] 506 Phil. 392, 398 (2005).

[11] *Rollo*, pp. 18-25.

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Respondents, on the other hand, state that because of petitioner's failure to allege the assessed value of the subject property in the complaint, it could not be reasonably determined whether the RTC has jurisdiction over the case. They further asseverate that the mere filing and payment of the docket fee do not confer jurisdiction to the court since jurisdiction is conferred by law under Batas Pambansa Bilang (B.P. Blg.) 129. They reject petitioner's application of the principle of estoppel and note that lack of jurisdiction over the subject matter may be raised at any stage of the proceedings, even for the first time on appeal. Finally, they emphasize that there can be no constructive trust in the case at bench because no evidence was ever presented to support such theory.

Our Ruling

The petition is bereft of merit.

Nothing is more settled in procedural law than the rule that jurisdiction over the subject matter is conferred by law and determined by the allegations in the complaint, including the character of the reliefs prayed for.[12]

Petitioner seeks the transfer of the subject property in her favor as its rightful and legal owner via an action for reconveyance and annulment of title. Traversing the complaint, the primary objective of petitioner is to secure her claimed ownership by recovering the subject property from respondents and have the certificate of title under their name cancelled. An action for reconveyance and annulment of title is an action involving title to real property,[13] jurisdiction over which rests on the assessed value of the real property in question as alleged in the initiatory pleading.

Section 19(2) of B.P. Blg. 129 (The Judiciary Reorganization Act of 1980), as amended by Republic Act (R.A.) No. 7691,[14] pertinently provides:

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[12] *Cabling v. Dangcalan*, 787 Phil 187, 196 (2016).

[13] *Spouses Aboitiz v. Spouses Po*, 810 Phil. 123, 139 (2017).

[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."

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SEC. 19. *Jurisdiction in civil cases.* — The Regional Trial Courts shall exercise exclusive original jurisdiction:

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(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 [T]housand [P]esos ([₱]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[.] (Emphases supplied)

Likewise, Section 33 (3) of the same law reads:

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 [T]housand [P]esos ([₱]20,000.00)** or, in civil actions in Metro Manila, where such assessed value **does not exceed Fifty [T]housand [P]esos ([₱]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.

Clearly, both the first level and the second level court exercise original jurisdiction over actions involving title to or possession of real property or any interest therein but it is the **assessed value** of the realty involved which ordains which court shall acquire exclusive jurisdiction over a real action as in this case.

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Assessed value is the valuation ascribed on the property as fixed by the taxing authorities for the purpose of determining the applicable tax rate.[15] It represents a fraction of the realty's fair market value that qualifies for taxation, calculated by multiplying the market value by the assessment level. **Fair market value**, on the other hand, is the price at which a property may be sold by a seller, who is not compelled to sell, and bought by a buyer, who is not compelled to buy.[16] Assessed value pertains to the *taxable value* of the real property while the fair market value is tantamount to the *estimated value* of the real property as agreed on between a willing buyer and a willing seller under reasonable and ordinary conditions.

Batas Pambansa Bilang 129 is explicit that the jurisdiction of the court over an action involving title to, or possession of a real property is determined by its assessed value and **not the market value thereof**.[17] It contemplates a more conservative and stable method of valuation that is based on a standard mechanism (multiplying the fair market value by the assessment level) conducted by the local assessors. This assessed value must be averred in the complaint; otherwise, it cannot be ascertained which trial court shall exercise exclusive jurisdiction over the action.

In the case at bench, petitioner's complaint did not allege the disputed property's assessed value, but instead stated its market value pegged at ₱50,000.00. Settled is the rule that the courts cannot take judicial notice of the assessed value or even the market value of the land.[18] The assessed value of the realty in question must be clearly set forth in the complaint to prompt the court whether it can or cannot take cognizance of the case. Thus, for petitioner's failure to allege the assessed value in

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[15] *BF Citiland Corp. v. Otake*, 640 Phil. 261, 271 (2010).

[16] *Hilario v. Salvador*, 497 Phil. 327, 336 (2005).

[17] *Id*.

[18] *Regalado v. De la Pena*, G.R. No. 202448, December 13, 2017, 848 SCRA 543, 556.

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the complaint, the RTC cannot be said to have gravely erred in dismissing the complaint on the ground of lack of jurisdiction.

The Court is not unmindful of the liberal application of the above rule. In *Foronda-Crystal v. Son*,[19] it was held that the failure to allege the real property's assessed value in the complaint would not be fatal if, in the documents annexed to the complaint, an allegation of the assessed value could be found. It justified the relaxation of the rule by echoing the Court's pronouncement in *Tumpag v. Tumpag*,[20] *viz*.:

> Generally, the court should only look into the facts alleged in the complaint to determine whether a suit is within its jurisdiction. There may be instances, however, when a rigid application of this rule may result in defeating substantial justice or in prejudice to a party's substantial right. x x x

Here, not even a single document reflecting the assessed value of the subject property was annexed to petitioner's complaint. The attachment of the sworn declaration of real property to the complaint would have triggered the liberal application of the rule since it bears the assessed value of the property at issue. Jurisprudence teaches that "the tax declaration indicating the assessed value of the property enjoys the presumption of regularity as it has been issued by the proper government agency."[21] Petitioner, however, failed to adduce the tax declaration which could have shown that the RTC indeed had jurisdiction over the case.

The market value of the subject property alleged in the complaint cannot be the basis to determine whether the court *a quo* has jurisdiction over the case since it is the assessed value which determines the jurisdiction of the court. If the lawmakers intended to recognize the market value of the realty as basis in determining the jurisdiction, they could have specified the same in R.A. No. 7691 which amended B.P. Blg. 129. There

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[19] G.R. No. 221815, November 29, 2017. 847 SCRA 280, 293.

[20] 744 Phil. 423, 430-431 (2014).

[21] *Supra* note 12, at 337.

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being no modification of Section 19(2) and Section 33(3), the rule stands that the jurisdictional element for real action is the assessed value of the property in question.[22]

In light of the foregoing, the RTC correctly dismissed the case for lack of jurisdiction and the CA-CDO correctly affirmed its dismissal. Consequently, the Court need not discuss the remaining issues raised by petitioner which relate to the merits of the case.

WHEREFORE, the petition is **DENIED**. The October 27, 2016 Decision and the May 25, 2017 Resolution of the Court of Appeals-Cagayan De Oro City in CA-G.R. CV No. 03419-MIN are **AFFIRMED**.

SO ORDERED.

Carpio, S.A.J. (*Chairperson*), *Caguioa, Lazaro-Javier,* and *Zalameda, JJ.*, concur.

SECOND DIVISION

[G.R. No. 235469. October 2, 2019]

PEOPLE OF THE PHILIPPINES, *plaintiff-appellee, vs.* **ABDULLAH DALUPANG *y* DIMANGADAP,** *accused-appellant.*

SYLLABUS

1. CRIMINAL LAW; REPUBLIC ACT NO. 9165; SECTION 32 THEREOF; CONDUCT OF PHYSICAL INVENTORY AND PHOTOGRAPH TAKING OF SEIZED ITEMS MUST BE IN THE PRESENCE OF THREE WITNESSES; CASE AT

[22] *Vda. de Barrera v. Heirs of Legaspi*, 586 Phil. 750, 756 (2008).