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THIRD DIVISION

[G.R. No. 256612. June 14, 2023]

RITA QUIZON-ARCIGA AND RELIA Q. ARCIGA, *Petitioners*, *v.* **JAYCEE P. BALUYUT,** *Respondent*.

D E C I S I O N

INTING, *J.*:

Before the Court is a Petition for Review on *Certiorari*[1] filed by Rita Quizon-Arciga (Rita) and Relia Q. Arciga (Relia) (collectively, petitioners) assailing the Resolutions dated February 17, 2020,[2] and May 20, 2021,[3] of the Court of Appeals (CA) in CA-G.R. SP No. 162463. The CA dismissed petitioners' Petition for Annulment of Judgment[4] of the Decision[5] dated June 27, 2016, of Branch 66, Regional Trial Court (RTC), Capas, Tarlac in Civil Case No. CT08-830 for lack of merit and, subsequently, denied their Motion for Reconsideration.[6]

The Antecedents

On June 26, 2008, Jaycee P. Baluyut (respondent) filed a Complaint[7] for Judicial Foreclosure of Mortgage against petitioners and alleged that: (1) on December 5, 2002, petitioners, as heirs of Simplicio Arciga, executed a Deed of Extra-Judicial Settlement of Estate/Partition with Special Power of Attorney[8] (EJS-SPA)

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1 *Rollo*, pp. 10-37.

2 Id. at 43-47. Penned by Associate Justice Victoria Isabel A. Paredes and concurred in by Associate Justices Mariflor P. Punzalan Castillo and Walter S. Ong.

3 Id. at 49-52.

4 Id. at 148-160.

5 Id. at 108-116. Penned by Acting Presiding Judge Anarica J. Castillo-Reyes.

6 Id. at 58-82.

7 Id. at 83-85.

8 Id. at 101-102.

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over a parcel of land covered by Transfer Certificate of Title (TCT) No. 142572 located in Concepcion, Tarlac (property); thus, TCT No. 142572 was cancelled and a new one was issued in the names of petitioners under TCT No. 395377;[9] (2) on August 11, 2005, Relia took a loan from respondent in the amount of ₱500,000.00 with interest at the rate of 8% per month, payable after 5 months; (3) using the same EJS-SPA, Relia secured the loan and executed a Real Estate Mortgage (REM)[10] over the property in favor of respondent; and (4) upon maturity of the loan and despite respondent's repeated demands, Relia refused to pay her obligation.[11]

In their Answer,[12] petitioners raised the defense of lack of authority of Relia to act for and on behalf of her mother, Rita. According to them, the EJS-SPA only authorized Relia to mortgage the property to a certain "Amelia G. Pineda," and not to any other person. As such, they argued that the mortgage was unenforceable as against Rita's share in the property.

After trial on the merits, the RTC rendered its Decision[13] dated June 27, 2016 and granted the complaint, the dispositive portion of which reads:

> IN VIEW OF THE FOREGOING, judgment is hereby rendered in favor of the [respondents]. Pursuant to Rule 68, Section 2 of the Revised Rules of Court, [t]he [petitioners] are hereby ordered to:
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> 1. Pay the [respondent] the amount of Five Hundred Thousand Pesos (Php500,000.00) with an interest of Eight Percent (8%) per month counted from the time that the Real Estate Mortgage was executed by the parties up to full payment thereof, within a period of One Hundred Twenty (120) days from the entry of this judgment;

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[9] Id. at 99-100.

[10] Id. at 97-98.

[11] Id. at 108.

[12] Id. at 103-105.

[13] Id. at 108-116.

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2. In the event that the [petitioners] fail to pay the said amount within the given period, the subject property shall be sold at a public auction to satisfy the judgment of this court.

SO ORDERED.[14] (Emphases omitted)

On March 8, 2017, the RTC granted respondent's motion for execution.[15] The RTC took into account petitioners' manifestation in open court that they no longer filed any appeal or motion for reconsideration to the decision as they intend "to just settle the civil aspect of the case."[16]

On November 28, 2017, the RTC issued an Order[17] confirming the public sale of the property to respondent conducted on May 19, 2017.

Thereafter, the RTC granted respondent's Motion for Issuance of a Writ of Possession (WOP),[18] and placed respondent into possession of the property on August 8, 2018.[19]

Incidentally, in their Comment on Motion for Issuance of a [WOP],[20] petitioners only argued that: (1) their right to redeem the property had not yet lapsed; and (2) that the monthly interest of 8% was void.

Five months after respondent was placed into possession or on January 7, 2019, petitioners filed with the RTC an "*Omnibus Motion for the Nullification of the Public Auction Sale or Foreclosure Sale and the Certificate of Sale and for the Reinstatement of the Defendants into Possession and Occupation of the Involved Parcel of Land*,"[21] and reiterated their argument that the foreclosure of

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[14] Id. at 116.

[15] See Order dated March 8, 2017, id. at 202. Issued by Presiding Judge Ronald Leo T. Haban.

[16] Id.

[17] See Order dated November 28, 2017, id. at 124.

[18] See Resolution dated June 6, 2018, id. at 133-135.

[19] See Return of Writ of Possession dated August 8, 2018, id. at 138-139.

[20] Id. at 127-128.

[21] Id. at 140-145.

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the property and its subsequent sale was void on the ground that the monthly interest of 8% was unconscionable and void.[22]

On March 7, 2019, the RTC ruled that the decision sought to be annulled had been fully implemented and satisfied, and consequently, denied petitioners' Omnibus Motion for lack of jurisdiction.[23]

Undaunted, on September 18, 2019, petitioners filed a Petition for Annulment of Judgment[24] with the CA. In support of their petition, they merely reiterated their argument that the RTC had no jurisdiction to order the payment of the monthly interest of 8% on the principal loan of ₱500,000.00 for being excessive, exorbitant, and contrary to morals and public policy.[25]

The Ruling of the CA

In its Resolution[26] dated February 17, 2020, the CA dismissed the petition. It ruled that *first*, petitioners failed to show that they could not have availed themselves of the ordinary remedies of new trial, appeal, petition for relief, or other appropriate remedies without their fault;[27] *second*, the RTC's award of the monthly interest of 8% in favor of respondent does not amount to extrinsic fraud or lack of jurisdiction, which are the only grounds for annulment of judgment;[28] *third*, assuming that the RTC had no jurisdiction, the petition was already barred by laches as it was filed only on September 18, 2019, or after more than 3 years since the decision of the RTC was rendered;[29] and *fourth*, petitioners failed to allege with particularity the facts to support their claim of the RTC's alleged lack of jurisdiction.[30]

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22 Id. at 142.

23 See Order dated March 7, 2018, id. at 146-147. Order is erroneously dated March 7, 2018 instead of March 7, 2019.

24 Id. at 148-160.

25 Id. at 43-44, 154.

26 Id. at 43-47.

27 Id. at 45.

28 Id. at 46.

29 Id.

30 Id. at 47.

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In their Motion for Reconsideration,[31] petitioners reiterated that that the RTC had no jurisdiction to render the decision. Moreover, they raised for the first time that their petition for annulment of judgment should be granted based on the following grounds: (1) the gross negligence of their previous counsel in handling their case constitutes extrinsic fraud; and (2) a complaint for judicial foreclosure of mortgage being a real action, respondent's failure to indicate the assessed and market value of the property in the Complaint, as well as pay the corresponding docket fees, prevented the RTC from acquiring jurisdiction over the subject matter.[32]

In its Resolution[33] dated May 20, 2021, the CA denied petitioners' motion for reconsideration. It found that petitioners' failure to appeal the RTC's decision was not due to the gross negligence of its counsel but because they intended to settle the civil aspect of the case.[34] It also ruled that a lien on the judgment award was sufficient to satisfy respondent's alleged failure to pay the correct docket fees. Further, it ruled that petitioners' argument of denial of due process cannot be raised for the first time in their motion for reconsideration.[35]

Hence, the present petition.

The Issue

The core issue in the case is whether the CA correctly dismissed petitioners' petition for annulment of judgment.

Petitioners insist that the gross negligence of their previous counsel constitutes extrinsic fraud;[36] and that respondent's failure to indicate the assessed value of the property in her complaint and to pay the proper docket fees prevented the RTC from acquiring jurisdiction over the case.[37] According to them, these are sufficient

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31 Id. at 58-79.

32 Id. at 49-50.

33 Id. at 49-52.

34 Id. at 50.

35 Id. at 51.

36 Id. at 16-21.

37 Id. at 21-33.

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grounds to support their petition for annulment of judgment to question the RTC's void decision. In addition, petitioners aver that the monthly interest of 8% is void for being iniquitous, exorbitant, unconscionable and contrary to law.[38]

In his Comment,[39] respondent avers that petitioners' assertions of their counsel's gross negligence, and his failure to pay the correct docket fees, should not be considered for being belatedly raised only in their motion for reconsideration before the CA. Further, respondent maintains that the RTC's decision became final and executory because petitioners voluntarily decided not to appeal it anymore, and not due to the existence of any extrinsic fraud.[40]

In their Reply,[41] petitioners reiterate that the RTC has no jurisdiction over the case. They further stress that the issue of jurisdiction is a question that can be raised anytime even on appeal.

The Court's Ruling

Rule 47 of the Rules of Court governs actions for annulment of judgments or final orders and resolutions of regional trial courts in civil cases. It is only available when the ordinary remedies of new trial, appeal, petition for relief or other remedies are no longer available through no fault of the party seeking it.[42] Under Section 2, Rule 47 of the same rules, the only grounds for annulment of judgment are: (1) extrinsic fraud; and (2) lack of jurisdiction.

Fraud is deemed extrinsic where a party has been prevented by his or her opponent, through fraud or deception, from fully participating in the trial by keeping him away from court, a false promise of a compromise; or where the defendant never had knowledge of the suit, being kept in ignorance by the acts of the

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38 Id. at 33-34.

39 Id. at 189-198.

40 Id. at 197.

41 See Opposition/Reply with Leave, id. at 205-214.

42 Section 1, Rule 47, Rules of Court.

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plaintiff, or where an attorney fraudulently or without authority connives at his defeat.[43]

Here, petitioners attribute their failure to appeal the RTC's decision to the CA to their counsel and anchor their claim of extrinsic fraud on the alleged gross negligence of their lawyer in handling their case.

To constitute extrinsic fraud, the scheme which prevented a party from having his or her day in court must have been devised by the prevailing litigant.[44] Thus, even assuming that petitioners' counsel was grossly negligent in handling their case, their petition for annulment of judgment is still unavailing as the alleged fraud was committed not by respondent but by their own lawyer.[45] Besides, record shows that it was petitioners themselves who decided not to appeal the RTC's decision as they originally wanted to settle the civil aspect of the case.[46]

With regard to the question of the RTC's jurisdiction over the subject matter of the present case, petitioners are already estopped from questioning it.

A complaint for foreclosure of REM, as in the present case, being a real action, must be filed with the appropriate court, depending on the assessed value of the property.[47]

Batas Pambansa Blg. 129, as amended by Republic Act No. 7691, the law providing the jurisdiction of the RTC and first level court at the time of the commencement of the case, states:

> Sec. 19. Jurisdiction in civil cases. — Regional Trial Courts shall exercise exclusive original jurisdiction.
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> x x x x

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43 *Cosmic Lumber Corp. v. Court of Appeals*, 332 Phil. 948, 962 (1996).

44 *Teodoro v. Court of Appeals*, 437 Phil. 336, 345 (2002).

45 See *Pinausukan Seafood House, Roxas Blvd., Inc. v. Far East Bank & Trust Co.*, 725 Phil. 19, 40-41 (2014).

46 See Order dated March 8, 2017; id. at 202.

47 *Roldan v. Sps. Barrios*, 830 Phil. 583, 593 (2018).

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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 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 x

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 (₱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.

From the foregoing, if the assessed value of the subject property exceeds ₱20,000.00,[48] it is the RTC which has jurisdiction over the complaint; otherwise, it is cognizable by the first level court.

In order to determine which court has jurisdiction over an action, it is essential to examine the allegations in the complaint and the character of the relief sought.[49] This is because only the facts alleged in the complaint can be the basis for determining the

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[48] Now ₱400,000.00 pursuant to Republic Act No. 11576, which amended Batas Pambansa Blg. 129 and further expanded the jurisdiction of Metropolitan Trial Courts, Municipal Trial Courts in Cities, Municipal Trial Courts, and Municipal Circuit Trial Courts.

[49] *Fort Bonifacio Development Corporation v. Domingo*, 599 Phil. 554, 561 (2009).

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nature of the action, and the court that can take cognizance of the case.[50]

Here, respondent's complaint reads:

x x x x

2. That on December 5, 2002, the [petitioners] executed an Extrajudicial Settlement of Estate/Partition with Special Power of Attorney involving a parcel of land situated at Barangay Sta. Cruz, Concepcion, Tarlac containing an area of 15,620 square meters as described in and covered by Transfer Certificate of Title No. 395377 x x x;

3. That then on August 11, 2005, [petitioner] Relia Q. Arciga borrowed from [respondent] the sum of five hundred thousand pesos (₱500,000.00), payable within the period of five (5) months from the said date and with an agreed interest thereon at the rate of eight percent (8%) per month;

4. That to secure the prompt and full payment of the principal and interest, the [petitioner] made and executed on that same day, and by virtue of an Extrajudicial Settlement/Partition with Special Power of Attorney which was executed between the defendants, a Real Estate Mortgage in favor of [respondent] on the parcel of land mentioned above, x x x.

x x x x

6. That the time for payment of said loan is overdue, and the [petitioner] failed, and refused and still fails and refuses, to pay the principal obligation and the interest due, notwithstanding repeated demands of the [respondent].[51]

As could be gleaned from the foregoing, the complaint did not contain any allegation on the assessed value of the subject property. Without such allegation, it cannot be readily determined whether the RTC or the Municipal Trial Court had exclusive original jurisdiction over respondent's complaint. Courts are not authorized to take judicial notice of the assessed value, or even the market value of a land subject of litigation.[52]

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[50] *Spouses Cruz v. Spouses Cruz*, 616 Phil. 519, 523-524 (2009).

[51] *Rollo*, pp. 83-84.

[52] *Quinagoran v. Court of Appeals*, 557 Phil. 650, 661 (2007).

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On this point, the Court agrees with petitioners that the RTC had no jurisdiction to hear and resolve respondent's complaint.

However, while the issue on jurisdiction over the subject matter may generally be raised at any time in the proceedings, even on appeal, petitioners are already estopped from questioning the RTC's lack of jurisdiction.

In the case of *Lagundi v. Bautista*[53] (*Lagundi*), the Court, reiterating *Tijam v. Sibonghanoy*,[54] has ruled that estoppel by laches may bar a party from invoking lack of jurisdiction when the issue is raised only after the party raising the argument has actively participated during trial and lost.

Estoppel sets in when "a party participates in all stages of a case before challenging the jurisdiction of the lower court. One cannot belatedly reject or repudiate its decision after voluntarily submitting to its jurisdiction, just to secure affirmative relief against one's opponent or after failing to obtain such relief."[55]

To recall, in the proceedings before the RTC, petitioners only assailed the validity of the REM on the ground that the EJS-SPA executed by Rita in favor of her daughter, Relia, only authorized the latter to mortgage the property in favor of a certain Amelia Pineda.[56] It bears stressing that they actively participated in the trial and presented themselves as witnesses. In fact, when the RTC's decision became final and executory, petitioners still did not question the RTC's jurisdiction. They only opposed the issuance of the WOP in favor of respondent and argued that: (1) their right to redeem the property had not yet lapsed; and (2) that the monthly interest of 8% was void.[57]

It is also worth mentioning that when petitioners filed their petition for annulment of judgment with the CA, they simply reiterated their point that the imposition of the monthly interest of

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53 G.R. No. 207269, July 26, 2021.

54 131 Phil. 556 (1968).

55 *Bernardo v. Heirs of Eusebio Villegas*, 629 Phil. 450, 459 (2010).

56 *Rollo*, pp. 103-104.

57 Id. at 127.

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8% is void for being unconscionable, exorbitant, and contrary to law, morals, and public policy.[58]

In *Lagundi*, petitioner was found estopped from questioning the jurisdiction of the RTC. There, the assessed values of the real properties involved were not alleged in the complaint as to determine the appropriate court which has jurisdiction over the case. Yet, petitioner never raised the issue of jurisdiction during trial before the RTC or even on appeal before the CA. It was only during the execution stage of the judgment that petitioners challenged the RTC's jurisdiction. By then, twelve (12) years had already lapsed since the filing of the complaint.[59]

Here, as in *Lagundi*, it took petitioners twelve (12) years since the filing of the complaint in 2008 before they raised the issue of lack of jurisdiction. More, they only raised it for the first time in their motion for reconsideration after the CA dismissed their petition for annulment of judgment through its Resolution dated February 17, 2020.

Verily, it is already too late for petitioners to challenge the RTC's jurisdiction on the ground that the complaint failed to allege the assessed value of the subject property. For participating in all stages of the case before the lower court, petitioners are indubitably barred by estoppel from challenging the lower court's jurisdiction.

WHEREFORE, the Petition for Review on *Certiorari* is **DENIED**. The Resolutions dated February 17, 2020 and May 20, 2021, of the Court of Appeals (CA) in CA-G.R. SP No. 162463 are **AFFIRMED.**

SO ORDERED.

Caguioa (Chairperson), Gaerlan, Dimaampao, and *Singh, JJ.*, concur.

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[58] Id. at 43, 154.

[59] *Lagundi v. Bautista*, supra note 53.

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APPEARANCES OF COUNSEL

Jonathan A. De Guzman for petitioners.
Castro & Castro Law Office for respondent.