Supreme Court E-Library

THIRD DIVISION

[G.R. No. 208232. March 10, 2014]

SURVIVING HEIRS OF ALFREDO R. BAUTISTA, namely: EPIFANIA G. BAUTISTA and ZOEY G. BAUTISTA, *petitioners, vs.* **FRANCISCO LINDO and WELHILMINA LINDO; and HEIRS OF FILIPINA DAQUIGAN, namely: MA. LOURDES DAQUIGAN, IMELDA CATHERINE DAQUIGAN, IMELDA DAQUIGAN and CORSINO DAQUIGAN, REBECCA QUIAMCO and ANDRES QUIAMCO, ROMULO LORICA and DELIA LORICA, GEORGE CAJES and LAURA CAJES, MELIDA BAÑEZ and FRANCISCO BAÑEZ, MELANIE GOFREDO, GERVACIO CAJES and ISABEL CAJES, EGMEDIO SEGOVIA and VERGINIA SEGOVIA, ELSA N. SAM, PEDRO M. SAM and LINA SAM, SANTIAGO MENDEZ and MINA MENDEZ, HELEN M. BURTON and LEONARDO BURTON, JOSE JACINTO and BIENVENIDA JACINTO, IMELDA DAQUIGAN, LEO MATIGA and ALICIA MATIGA, FLORENCIO ACEDO JR., and LYLA VALERIO,** *respondents.*

SYLLABUS

1. REMEDIAL LAW; JURISDICTION; REGIONAL TRIAL COURT; CIVIL ACTIONS IN WHICH THE SUBJECT OF LITIGATION IS INCAPABLE OF PECUNIARY ESTIMATION; INCLUDES COMPLAINT TO REDEEM A LAND SUBJECT OF A FREE PATENT WHICH IS AN ACTION FOR SPECIFIC PERFORMANCE; ELABORATED.— Jurisdiction of courts is granted by the Constitution and pertinent laws. Jurisdiction of RTCs, as may be relevant to the instant petition, is provided in Sec. 19 of BP 129, which reads: 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; x x x The course of action embodied in the complaint by the present petitioners'

predecessor, Alfredo R. Bautista, is to enforce his right to repurchase the lots he formerly owned pursuant to the right of a free-patent holder under Sec. 119 of CA 141 or the *Public Land Act*. The Court rules that the complaint to redeem a land subject of a free patent is a civil action incapable of pecuniary estimation. It is a well-settled rule that jurisdiction of the court is determined by the allegations in the complaint and the **character of the relief sought**. In this regard, the Court, in *Russell v. Vestil*, wrote that "in determining whether an action is one the subject matter of which is not capable of pecuniary estimation this Court has adopted the criterion of **first ascertaining the nature of the principal action or remedy sought**. If it is primarily for the recovery of a sum of money, the claim is considered capable of pecuniary estimation, and whether jurisdiction is in the municipal courts or in the RTCs would depend on the amount of the claim." But where the basic issue is something other than the right to recover a sum of money, where the money claim is purely incidental to, or a consequence of, the principal relief sought, this Court has considered such actions as cases where the subject of the litigation may not be estimated in terms of money, and, hence, are incapable of pecuniary estimation. These cases are cognizable exclusively by RTCs. x x x The Court finds that the instant cause of action to redeem the land is one for specific performance.

2. **ID.; ID.; ID.; ID.; ID.; CIVIL ACTIONS INCAPABLE OF PECUNIARY ESTIMATION.—** Settled jurisprudence considers some civil actions as incapable of pecuniary estimation, viz: 1. Actions for specific performance; 2. Actions for support which will require the determination of the civil status; 3. The right to support of the plaintiff; 4. Those for the annulment of decisions of lower courts; 5. Those for the rescission or reformation of contracts; 6. Interpretation of a contractual stipulation.

3. **POLITICAL LAW; PUBLIC LAND ACT (CA NO. 141); SALE OF LOTS COVERED BY FREE PATENT IS SUBJECT TO REPURCHASE BY THE APPLICANT WITHIN FIVE YEARS FROM DATE OF CONVEYANCE, EVEN WITHOUT STIPULATION THEREIN.—** Bautista sold to respondents his lots which were covered by a free patent. While the deeds of sale do not explicitly contain the stipulation that the sale is subject to repurchase by the applicant within a period of

Supreme Court E-Library

five (5) years from the date of conveyance pursuant to Sec. 119 of CA 141, still, such legal provision is deemed integrated and made part of the deed of sale as prescribed by law. It is basic that the law is deemed written into every contract. Although a contract is the law between the parties, the provisions of positive law which regulate contracts are deemed written therein and shall limit and govern the relations between the parties. Thus, it is a binding prestation in favor of Bautista which he may seek to enforce.

4. ID.; CIVIL PROCEDURE; ACTIONS; PARTY ACTIVELY PARTICIPATING IN THE PROCEEDINGS IS DEEMED ESTOPPED FROM QUESTIONING THE JURISDICTION OF THE COURT.— In *Heirs of Jose Fernando v. De Belen*, it was held that the party raising defenses to the complaint, actively participating in the proceedings by filing pleadings, presenting his evidence, and invoking its authority by asking for an affirmative relief is deemed estopped from questioning the jurisdiction of the court.

APPEARANCES OF COUNSEL

Law Firm of Rodolfo Ta-asan for petitioners.
Largo Bernales-Largo Tumanda Sederiosa & Hernandez for respondents.

D E C I S I O N

VELASCO, JR., *J.*:

The Case

This is a Petition for Review on *Certiorari* under Rule 45 assailing the April 25, 2013 Order of the Regional Trial Court (RTC) in Civil Case No. (1798)-021 as well as its Order of July 3, 2013 denying reconsideration.

The Facts

Alfredo R. Bautista (Bautista), petitioner's predecessor, inherited in 1983 a free-patent land located in Poblacion, Lupon, Davao Oriental and covered by Original Certificate of Title

Supreme Court E-Library

(OCT) No. (1572) P-6144. A few years later, he subdivided the property and sold it to several vendees, herein respondents, via a notarized deed of absolute sale dated May 30, 1991. Two months later, OCT No. (1572) P-6144 was canceled and Transfer Certificates of Title (TCTs) were issued in favor of the vendees.[1]

Three years after the sale, or on August 5, 1994, Bautista filed a complaint for repurchase against respondents before the RTC, Branch 32, Lupon, Davao Oriental, docketed as Civil Case No. 1798,[2] anchoring his cause of action on Section 119 of Commonwealth Act No. (CA) 141, otherwise known as the "Public Land Act," which reads:

> SECTION 119. Every conveyance of land acquired under the free patent or homestead provisions, when proper, shall be subject to repurchase by the applicant, his widow, or legal heirs, within a period of five years from the date of the conveyance.

Respondents, in their Answer, raised lack of cause of action, estoppel, prescription, and laches, as defenses.

Meanwhile, during the pendency of the case, Bautista died and was substituted by petitioner Epifania G. Bautista (Epifania).

Respondents Francisco and Welhilmina Lindo later entered into a compromise agreement with petitioners, whereby they agreed to cede to Epifania a three thousand two hundred and thirty square meter (3,230 sq.m.)-portion of the property as well as to waive, abandon, surrender, and withdraw all claims and counterclaims against each other. The compromise was

---

[1] Namely: Francisco S. Lindo (TCT No. T-14045); Filipina Daquigan (TCT No. T-14050); Lyla D. Valerio (TCT No. T-15372); Rebecca P. Quiamco (TCT No. T-14051); Romulo D. Lorica (TCT No. T-14052); George D. Cajes (TCT No. T-14053); Melida A. Bañez (TCT No. T-14054); Melanie T. Gofredo (TCT No. T-14055); Gervacio Cajes (TCT No. T-14056); Elsa N. Sam (TCT No. T-14058); Pedro M. Sam (TCT No. T-14059); Santiago T. Mendez (TCT No. T-14060); Florencio Acedo Jr. (TCT No. T-14061); Helen M. Burton (TCT No. T-14062); Jose Jacinto (TCT No. T-14063); Imelda L. Daquigan (TCT No. T-14064); Leo Matiga (TCT No. T-14066); and Egmedio C. Segovia (TCT No. T-14057).

[2] "Civil Case No. (1798)-021" in some parts of the records.

Supreme Court E-Library

approved by the RTC in its Decision dated January 27, 2011, the *fallo* of which reads:

> ***WHEREFORE***, a **DECISION** is hereby rendered based on the above-quoted ***Compromise Agreement*** and the parties are enjoined to strictly comply with the terms and conditions of the same.
>
> **SO ORDERED**.[3]

Other respondents, however, filed a Motion to Dismiss[4] dated February 4, 2013, alleging that the complaint failed to state the value of the property sought to be recovered. Moreover, they asserted that the total selling price of all the properties is only sixteen thousand five hundred pesos (PhP 16,500), and the selling price or market value of a property is always higher than its assessed value. Since *Batas Pambansa Blg.* (BP) 129, as amended, grants jurisdiction to the RTCs over civil actions involving title to or possession of real property or interest therein where the assessed value is more than PhP 20,000, then the RTC has no jurisdiction over the complaint in question since the property which Bautista seeks to repurchase is below the PhP 20,000 jurisdictional ceiling.

RTC Ruling[5]

Acting on the motion, the RTC issued the assailed order dismissing the complaint for lack of jurisdiction. The trial court found that Bautista failed to allege in his complaint that the value of the subject property exceeds 20 thousand pesos. Furthermore, what was only stated therein was that the total and full refund of the purchase price of the property is PhP 16,500. This omission was considered by the RTC as fatal to the case considering that in real actions, jurisdictional amount is determinative of whether it is the municipal trial court or the RTC that has jurisdiction over the case.

With respect to the belated filing of the motion, the RTC, citing *Cosco Philippines Shipping, Inc. v. Kemper Insurance*

[3] *Rollo*, p. 98.

[4] *Id.* at 101-104.

[5] By Presiding Judge Emilio G. Dayanghirang III.

Supreme Court E-Library

Company,[6] held that a motion to dismiss for lack of jurisdiction may be filed at any stage of the proceedings, even on appeal, and is not lost by waiver or by estoppel. The dispositive portion of the assailed Order reads:

WHEREFORE, the complaint for Repurchase, Consignation, with Preliminary Injunction and Damages is hereby ***dismissed*** for lack of jurisdiction.

SO ORDERED.[7]

Assignment of Errors

Their motion for reconsideration having been denied, petitioners now seek recourse before this Court with the following assigned errors:

I

THE PUBLIC RESPONDENT RTC ERRED IN ADMITTING THE MOTION TO DISMISS DATED FEBRUARY 4, 2013, BELATEDLY FILED BY THE PRIVATE RESPONDENTS IN THE CASE.

II

THE PUBLIC RESPONDENT RTC ERRED IN HOLDING THAT THE INSTANT CASE FOR REPURCHASE IS A REAL ACTION.[8]

The Issue

Stated differently, the issue for the Court's resolution is: whether or not the RTC erred in granting the motion for the dismissal of the case on the ground of lack of jurisdiction over the subject matter.

Arguments

Petitioners argue that respondents belatedly filed their Motion to Dismiss and are now estopped from seeking the dismissal of the case, it having been filed nine (9) years after the filing of the complaint and after they have actively participated in the

[6] G.R. No. 179488, April 23, 2012, 670 SCRA 343.

[7] *Rollo*, p. 23.

[8] *Id.* at 12.

Supreme Court E-Library

proceedings. Additionally, they allege that an action for repurchase is not a real action, but one incapable of pecuniary estimation, it being founded on privity of contract between the parties. According to petitioners, what they seek is the enforcement of their right to repurchase the subject property under Section 119 of CA 141.

Respondents, for their part, maintain that since the land is no longer devoted to agriculture, the right of repurchase under said law can no longer be availed of, citing *Santana v. Mariñas*.[9] Furthermore, they suggest that petitioners intend to resell the property for a higher profit, thus, the attempt to repurchase. This, according to respondents, goes against the policy and is not in keeping with the spirit of CA 141 which is the preservation of the land gratuitously given to patentees by the State as a reward for their labor in cultivating the property. Also, the Deed of Absolute Sale presented in evidence by Bautista was unilaterally executed by him and was not signed by respondents. Lastly, respondents argue that repurchase is a real action capable of pecuniary estimation.

Our Ruling

The petition is meritorious.

Jurisdiction of courts is granted by the Constitution and pertinent laws.

Jurisdiction of RTCs, as may be relevant to the instant petition, is provided in Sec. 19 of BP 129, which reads:

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 (₱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

[9] No. L-35337, December 27, 1979, 94 SCRA 853.

Supreme Court E-Library

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.

On the other hand, jurisdiction of first level courts is prescribed in Sec. 33 of BP 129, which provides:

> 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.

The core issue is whether the action filed by petitioners is one involving title to or possession of real property or any interest therein or one incapable of pecuniary estimation.

The course of action embodied in the complaint by the present petitioners' predecessor, Alfredo R. Bautista, is to enforce his right to repurchase the lots he formerly owned pursuant to the right of a free-patent holder under Sec. 119 of CA 141 or the *Public Land Act*.

The Court rules that the complaint to redeem a land subject of a free patent is a civil action incapable of pecuniary estimation.

It is a well-settled rule that jurisdiction of the court is determined by the allegations in the complaint and the **character of the relief sought**.[10] In this regard, the Court, in *Russell*

---

[10] *General Milling Corporation v. Uytengsu III*, G.R. No. 160514, June 30, 2006, 494 SCRA 241, 245.

Supreme Court E-Library

v. Vestil,[11] wrote that "in determining whether an action is one the subject matter of which is not capable of pecuniary estimation this Court has adopted the criterion of **first ascertaining the nature of the principal action or remedy sought**. If it is primarily for the recovery of a sum of money, the claim is considered capable of pecuniary estimation, and whether jurisdiction is in the municipal courts or in the RTCs would depend on the amount of the claim." But where the basic issue is something other than the right to recover a sum of money, where the money claim is purely incidental to, or a consequence of, the principal relief sought, this Court has considered such actions as cases where the subject of the litigation may not be estimated in terms of money, and, hence, are incapable of pecuniary estimation. These cases are cognizable exclusively by RTCs.[12]

Settled jurisprudence considers some civil actions as incapable of pecuniary estimation, *viz*:

1. Actions for specific performance;
2. Actions for support which will require the determination of the civil status;
3. The right to support of the plaintiff;
4. Those for the annulment of decisions of lower courts;
5. Those for the rescission or reformation of contracts;[13]
6. Interpretation of a contractual stipulation.[14]

The Court finds that the instant cause of action to redeem the land is one for specific performance.

The facts are clear that Bautista sold to respondents his lots which were covered by a free patent. While the deeds of sale do not explicitly contain the stipulation that the sale is subject

---

[11] G.R. No. 119347, March 17, 1999, 304 SCRA 738, 744; citation omitted.

[12] *Id.*

[13] 1 F. Regalado, *REMEDIAL LAW COMPENDIUM* 44 (9th rev. ed., 2005).

[14] *Id.* at 45; citing *Vda de Murga v. Chan*, No. L-24680, October 7, 1968, 25 SCRA 441.

Supreme Court E-Library

to repurchase by the applicant within a period of five (5) years from the date of conveyance pursuant to Sec. 119 of CA 141, still, such legal provision is deemed integrated and made part of the deed of sale as prescribed by law. It is basic that the law is deemed written into every contract.[15] Although a contract is the law between the parties, the provisions of positive law which regulate contracts are deemed written therein and shall limit and govern the relations between the parties.[16] Thus, it is a binding prestation in favor of Bautista which he may seek to enforce. That is precisely what he did. He filed a complaint to enforce his right granted by law to recover the lot subject of free patent. Ergo, it is clear that his action is for specific performance, or if not strictly such action, then it is akin or analogous to one of specific performance. Such being the case, his action for specific performance is incapable of pecuniary estimation and cognizable by the RTC.

Respondents argue that Bautista's action is one involving title to or possession of real property or any interests therein and since the selling price is less than PhP 20,000, then jurisdiction is lodged with the MTC. They rely on Sec. 33 of BP 129.

Republic Act No. 7691[17] amended Sec. 33 of BP 129 and gave Metropolitan Trial Courts, Municipal Trial Courts, and Municipal Circuit Trial Courts 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 (PhP 20,000) or, in civil actions in Metro Manila, where such assessed value does not exceed fifty thousand pesos (PhP 50,000) exclusive of interest, damages of whatever kind, attorney's fees, litigation expenses and costs.

---

[15] *National Steel Corporation v. Regional Trial Court of Lanao del Norte, Br. 2, Iligan City*, G.R. No. 127004, March 11, 1999, 304 SCRA 595, 608.

[16] *Asia World Recruitment, Inc. v. National Labor Relations Commission*, G.R. No. 113363, August 24, 1999, 313 SCRA 1, 14.

[17] 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."

Supreme Court E-Library

At first blush, it appears that the action filed by Bautista involves title to or possession of the lots he sold to respondents. Since the total selling price is less than PhP 20,000, then the MTC, not the RTC, has jurisdiction over the case. This proposition is incorrect for the re-acquisition of the lots by Bautista or herein successors-in-interests, the present petitioners, is but incidental to and an offshoot of the exercise of the right by the latter to redeem said lots pursuant to Sec. 119 of CA 141. The reconveyance of the title to petitioners is solely dependent on the exercise of such right to repurchase the lots in question and is not the principal or main relief or remedy sought. Thus, the action of petitioners is, in reality, incapable of pecuniary estimation, and the reconveyance of the lot is merely the outcome of the performance of the obligation to return the property conformably to the express provision of CA 141.

Even if we treat the present action as one involving title to real property or an interest therein which falls under the jurisdiction of the first level court under Sec. 33 of BP 129, as the total selling price is only PhP16,000 way below the PhP 20,000 ceiling, still, the postulation of respondents that MTC has jurisdiction will not hold water. This is because respondents have actually participated in the proceedings before the RTC and aggressively defended their position, and by virtue of which they are already barred to question the jurisdiction of the RTC following the principle of jurisdiction by estoppel.

In *Heirs of Jose Fernando v. De Belen*, it was held that the party raising defenses to the complaint, actively participating in the proceedings by filing pleadings, presenting his evidence, and invoking its authority by asking for an affirmative relief is deemed estopped from questioning the jurisdiction of the court.[18]

Here, we note that aside from the belated filing of the motion to dismiss—it having been filed nine (9) years from the filing of the complaint––respondents actively participated in the proceedings through the following acts:

---

[18] G.R. No. 186366, July 3, 2013, 700 SCRA 556, 567-568; citations omitted.

Supreme Court E-Library

1. By filing their *Answer and Opposition to the Prayer for Injunction*[19] dated September 29, 1994 whereby they even interposed counterclaims, specifically: PhP 501,000 for unpaid survey accounts, PhP 100,000 each as litigation expenses, PhP 200,000 and PhP 3,000 per daily appearance by way of attorney's fees, PhP 500,000 as moral damages, PhP 100,000 by way of exemplary damages, and costs of suit;
2. By participating in Pre-trial;
3. By moving for the postponement of their presentation of evidence;[20]
4. By presenting their witness;[21] and
5. By submitting the compromise agreement for approval.[22]

Having fully participated in all stages of the case, and even invoking the RTC's authority by asking for affirmative reliefs, respondents can no longer assail the jurisdiction of the said trial court. Simply put, considering the extent of their participation in the case, they are, as they should be, considered estopped from raising lack of jurisdiction as a ground for the dismissal of the action.

WHEREFORE, premises considered, the instant petition is hereby **GRANTED**. The April 25, 2013 and July 3, 2013 Orders of the Regional Trial Court in Civil Case No. (1798)-021 are hereby **REVERSED** and **SET ASIDE**.

The Regional Trial Court, Branch 32 in Lupon, Davao Oriental is **ORDERED** to proceed with dispatch in resolving Civil Case No. (1798)-021.

No pronouncement as to costs.

SO ORDERED.

Peralta, Abad, Mendoza, and *Leonen, JJ.*, concur.

---

[19] *Rollo,* pp. 44-50.

[20] *Id.* at 94.

[21] *Id.* at 145.

[22] *Id.* at 97-98.