

## SECOND DIVISION

[ G.R. No. 227124, December 06, 2017 ]

**HEIRS OF VICTOR AMISTOSO, NAMELY: VENEZUELA A. DELA CRUZ, FLORA A. TULIO, WILFREDO D. AMISTOSO, RUFINO D. AMISTOSO, VICENTE D. AMISTOSO, MAXIMO D. AMISTOSO, AND ZENAIDA D. AMISTOSO, PETITIONERS, V. ELMER T. VALLECER, REPRESENTED BY EDGAR VALLECER, RESPONDENT.**

### D E C I S I O N

**PERLAS-BERNABE, J.:**

Assailed in this petition for review on *certiorari*<sup>[1]</sup> are the Decision<sup>[2]</sup> dated February 24, 2016 and the Resolution<sup>[3]</sup> dated August 10, 2016 of the Court of Appeals (CA) in CA-G.R. SP No. 06720, which upheld the Resolution<sup>[4]</sup> dated May 28, 2014 and the Order<sup>[5]</sup> dated December 3, 2014 of the Regional Trial Court of Liloy, Zamboanga del Norte, Branch 28 (RTC) in *Civil Case No. L-298*, denying the Motion to Hear and Resolve Affirmative Defenses filed by petitioners Heirs of Victor Amistoso, namely: Venezuela A. Dela Cruz, Flora A. Tulio, Wilfredo D. Amistoso, Rufino D. Amistoso, Vicente D. Amistoso, Maximo D. Amistoso, and Zenaida D. Amistoso (petitioners) for their failure to substantiate their affirmative defenses of *res judicata*, prescription, and laches.

### The Facts

Sometime in March 1996, respondent Elmer T. Vallecer (respondent), through his brother Dr. Jose Benjy T. Vallecer (Benjy), filed a Complaint<sup>[6]</sup> for recovery of possession and damages against petitioners, docketed as *Civil Case No. S-606*,<sup>[7]</sup> involving a 2,265-square meter parcel of land, located in Labason, Zamboanga del Norte, described as Lot C-7-A and covered by Transfer Certificate of Title No. T-44214<sup>[8]</sup> (TCT T-44214) and Tax Declaration No. 93-7329<sup>[9]</sup> under respondent's name. He claimed that he purchased the property sometime in June 1990 after confirming with the Department of Agrarian Reform (DAR) that the property was not tenanted. When he started making preparations for the construction of a commercial building on the property, petitioners, with the aid of their workers, agents, representatives, and/or employees, stopped or barred him by force, threats, and intimidation. Despite repeated demands<sup>[10]</sup> and explanations made by the Municipal Agrarian Reform Officer (MARO)<sup>[11]</sup> of the DAR during a pre litigation conference that no landlord-tenancy relationship ever existed between them as regards the property, petitioners continued to refuse him from entering and enjoying possession of his property.<sup>[12]</sup> Thus, he prayed for the court to, among others, order petitioners, with their representatives, agents, employees, and assigns, to vacate the property and pay damages.<sup>[13]</sup>

In their defense,<sup>[14]</sup> petitioners claimed that they have been in actual, peaceful, and continuous possession of the land as evidenced by Certificate of Land Transfer No. 0-002623<sup>[15]</sup> (CLT) issued in November 1978 to their predecessor-in-interest Victor Amistoso (Victor) by virtue of Presidential Decree No. 27.<sup>[16]</sup>

On January 8, 2001, the RTC declared respondent as the absolute owner of the subject property under his name.<sup>[17]</sup> On appeal, the CA rendered a Decision<sup>[18]</sup> dated October 17, 2003 in CA-G.R. CV No. 70128 (October 17, 2003 CA Decision) reversing the RTC ruling. It found that Benjy failed to show proof of his capacity to sue on respondent's behalf and that the CLT issued by the DAR acknowledges petitioners as "deemed owner" of the land after full payment of its value. Having proven full compliance for the grant of title, petitioners have a right to the land which must be respected.<sup>[19]</sup> This CA Decision became final and executory on November 4, 2003,<sup>[20]</sup> and consequently, a Writ of Execution<sup>[21]</sup> was issued on May 9, 2005.

Thereafter, or on July 18, 2012, respondent filed a Complaint<sup>[22]</sup> for quieting of title, ownership, possession, and damages with preliminary injunction against petitioners, docketed as *Civil Case No. L-298*, subject of the present case. Asserting ownership over the property under TCT No. T-44214 and tax declarations, and citing petitioners' unlawful possession and occupation thereof despite repeated demands to vacate, respondent claimed that: petitioners' CLT does not contain the technical description of the property which it purportedly covers; the tenancy relationship from which petitioners anchor their possession pertains to the portion of the adjacent land that belongs to Maria Kho Young with whom they admittedly have the tenancy relationship; and the October 17, 2003 CA Decision involving *Civil Case No. S-606*, annotated on his TCT No. T-44214, constitutes a cloud on his title.<sup>[23]</sup> Thus, respondent prayed for the court to: restrain and prohibit petitioners from continuing to usurp his real rights on the property as owner thereof; prevent or prohibit them from dealing and negotiating the property with any person for any purpose; prohibit or prevent them from obstructing and preventing the free passage, possession, use, and appropriation of the property and its fruits; declare him as the absolute owner of the property; and order petitioners to vacate the property and remove all structures and improvements introduced thereon at their expense.<sup>[24]</sup>

Petitioners, for their part, filed an Answer with Counterclaim and Affirmative Defenses<sup>[25]</sup> invoking *res judicata*, prescription and laches. In support thereof, they pointed out that the October 17, 2003 CA Decision stemming from *Civil Case No. S-606* had already become immutable. Likewise, they moved to hear and resolve the affirmative defense.<sup>[26]</sup>

### **The RTC Ruling**

In a Resolution<sup>[27]</sup> dated May 28, 2014, the RTC denied petitioners' Motion to Hear and Resolve Affirmative Defenses for lack of merit, declaring that the principle of *res judicata* would not apply in view of the lack of identity of causes of action. It held that in contrast to *Civil Case No. S-606*, which involves recovery of possession, *Civil Case No. L-298* is essentially one for declaration of ownership. It also ruled that since the land is covered by a Torrens title, it can no longer be acquired by prescription or be lost by laches.<sup>[28]</sup>

Aggrieved, petitioners moved for reconsideration<sup>[29]</sup> which the RTC denied in an Order<sup>[30]</sup> dated December 3, 2014. Undaunted, they elevated the case before the CA via a petition for *certiorari*,<sup>[31]</sup> arguing that *Civil Case No. L-298* for quieting of title is barred by *res judicata*, and that respondent lacked cause of action.<sup>[32]</sup>

### **The CA Ruling**

In a Decision<sup>[33]</sup> dated February 24, 2016, the CA affirmed the RTC ruling. It held that the RTC did not gravely abuse its discretion in holding that *Civil Case No. L-298* is not barred by *res judicata*, considering that *Civil Case No. S-606* filed by respondent is anchored on his right to possess the real property as the registered owner; while *Civil Case No. L-298* was filed in order to clear his title over the land and remove all adverse claims against it.<sup>[34]</sup>

Dissatisfied, petitioners moved for reconsideration,<sup>[35]</sup> additionally arguing that the RTC lacked jurisdiction to cancel their CLT. The CA denied petitioners' motion in a Resolution<sup>[36]</sup> dated August 10, 2016; hence, this petition.

### **The Issues Before the Court**

The essential issue for the Court's resolution is whether or not *Civil Case No. L-298* is barred by *res judicata*.

### **The Court's Ruling**

The petition lacks merit.

Preliminarily, petitioners insist, albeit belatedly, that the RTC had no jurisdiction over the complaint in *Civil Case No. L-298*, considering that what is sought to be cancelled is their CLT; hence, an agrarian dispute falling within the jurisdiction of the DARAB.<sup>[37]</sup>

The argument is specious.

In order to classify a matter as an agrarian dispute which falls under the jurisdiction of the DARAB, it must be first shown that a tenancy relationship exists between the parties. For such relationship to be proven, it is essential to establish all its indispensable elements, namely: (a) that the parties are the landowner and the tenant or agricultural lessee; (b) that the subject matter of the relationship is an agricultural land; (c) that there is consent between the parties to the relationship; (d) that the purpose of the relationship is to bring about agricultural production; (e) that there is personal cultivation on the part of the tenant or agricultural lessee; and (f) that the harvest is shared between the landowner and the tenant or agricultural lessee.<sup>[38]</sup>

Moreover, it is well-settled that the jurisdiction of the court over the subject matter of the action is determined by the material allegations of the complaint and the law at the time the action was commenced, irrespective of whether or not the plaintiff is entitled to recover all or some of the claims or reliefs sought therein and regardless of the defenses set up in the court or upon a motion to dismiss by the defendant.

<sup>[39]</sup>

In this case, a reading of the material allegations of respondent's complaint in *Civil Case No. L-298* and even petitioners' admissions readily reveals that there is neither a tenancy relationship between petitioners and respondent, nor had petitioners been the tenant of respondent's predecessors in-interest. In fact, respondent did not even question the validity of petitioners' CLT nor sought for its cancellation. Rather, what respondent sought was for a declaration that the property covered by his Torrens title is different from the property covered by petitioners' CLT in order to quiet his title and remove all adverse claims against it. Clearly, this is not an agrarian dispute that falls within the DARAB's jurisdiction.

Proceeding to the main issue, petitioners contend that *Civil Case No. S-606* and *Civil Case No. L-298* were founded on the same facts, allegations, and arguments, and sought the same relief, *i.e.*, to cancel their CLT. Considering that the October 17, 2003 CA Decision stemming from *Civil Case No. S-606* had already attained finality, the same constitutes *res judicata* to *Civil Case No. L-298*.<sup>[40]</sup>

The Court disagrees.

"*Res judicata* literally means 'a matter adjudged; a thing judicially acted upon or decided; a thing or matter settled by judgment.'" It also refers to the "rule that an existing final judgment or decree rendered on the merits, and without fraud or collusion, by a court of competent jurisdiction, upon any matter within its jurisdiction, is conclusive of the rights of the parties or their privies, in all other actions or suits in the same or any other judicial tribunal of concurrent jurisdiction on the points and matters in issue in the first suit."<sup>[41]</sup>

For *res judicata* to absolutely bar a subsequent action, the following requisites must concur: (a) the former judgment or order must be final; (b) the judgment or order must be on the merits; (c) it must have been rendered by a court having jurisdiction over the subject matter and parties; and (d) there must be between the first and second actions, identity of parties, of subject matter, and of causes of action.<sup>[42]</sup>

In this case, the Court finds that *Civil Case No. S-606* did not bar the filing of *Civil Case No. L-298* on the ground of *res judicata* as the causes of action in the two cases are not the same.

In particular, in *Civil Case No. S-606*, respondent alleged that he purchased the property after confirming with the DAR that it was not tenanted; that petitioners, with their workers and/or representatives, stopped or barred him by force, threats, and intimidation from entering and occupying the property; and that despite repeated demands<sup>[43]</sup> and explanations made by the MARO<sup>[44]</sup> that no landlord-tenant relationship ever existed between them as regards the property, petitioners continued to prohibit him from entering and enjoying possession of his property. He thus prayed for the court to order petitioners, with their representatives, *et al.*, to vacate the property and pay damages.<sup>[45]</sup>

At this point, it is apt to clarify that the CA erroneously classified *Civil Case No. S-606* as an *accion reivindicatoria*, or a suit which has for its object the recovery of possession of real property as owner and that it involves recovery of ownership and possession based on the said ownership.<sup>[46]</sup> As plaintiff in *Civil Case No. S-606*, respondent never asked that he be declared the owner of the land in question, but only prayed that he be allowed to recover possession thereof from petitioners. As such, *Civil Case No. S-606* should have instead, been properly classified as an