

SECOND DIVISION

[G.R. No. 165133, April 19, 2010]

**SPOUSES JOSELINA ALCANTARA AND ANTONIO ALCANTARA,
AND SPOUSES JOSEFINO RUBI AND ANNIE DISTOR-RUBI,
PETITIONERS, VS. BRIGIDA L. NIDO, AS ATTORNEY-IN-FACT OF
REVELEN N. SRIVASTAVA, RESPONDENT.**

R E S O L U T I O N

CARPIO, J.:

The Case

Spouses Antonio and Joselina Alcantara and Spouses Josefino and Annie Rubi (petitioners) filed this Petition for Review^[1] assailing the Court of Appeals' (appellate court) Decision^[2] dated 10 June 2004 as well as the Resolution^[3] dated 17 August 2004 in CA-G.R. CV No. 78215. In the assailed decision, the appellate court reversed the 17 June 2002 Decision^[4] of Branch 69 of the Regional Trial Court of Binangonan, Rizal (RTC) by dismissing the case for recovery of possession with damages and preliminary injunction filed by Brigida L. Nido (respondent), in her capacity as administrator and attorney-in-fact of Revelen N. Srivastava (Revelen).

The Facts

Revelen, who is respondent's daughter and of legal age, is the owner of an unregistered land with an area of 1,939 square meters located in Cardona, Rizal. Sometime in March 1984, respondent accepted the offer of petitioners to purchase a 200-square meter portion of Revelen's lot (lot) at P200 per square meter. Petitioners paid P3,000 as downpayment and the balance was payable on installment. Petitioners constructed their houses in 1985. In 1986, with respondent's consent, petitioners occupied an additional 150 square meters of the lot. By 1987, petitioners had already paid P17,500^[5] before petitioners defaulted on their installment payments.

On 11 May 1994, respondent, acting as administrator and attorney-in-fact of Revelen, filed a complaint for recovery of possession with damages and prayer for preliminary injunction against petitioners with the RTC.

The RTC's Ruling

The RTC stated that based on the evidence presented, Revelen owns the lot and respondent was verbally authorized to sell 200 square meters to petitioners. The RTC ruled that since respondent's authority to sell the land was not in writing, the sale was void under Article 1874^[6] of the Civil Code.^[7] The RTC ruled that rescission is the proper remedy.^[8]

On 17 June 2002, the RTC rendered its decision, the dispositive portion reads:

WHEREFORE, judgment is rendered in favor of plaintiff and against the defendants, by -

1. Declaring the contract to sell orally agreed by the plaintiff Brigida Nido, in her capacity as representative or agent of her daughter Revelen Nido Srivastava, VOID and UNENFORCEABLE.
2. Ordering the parties, upon finality of this judgment, to have mutual restitution - the defendants and all persons claiming under them to peacefully vacate and surrender to the plaintiff the possession of the subject lot covered by TD No. 09-0742 and its derivative Tax Declarations, together with all permanent improvements introduced thereon, and all improvements built or constructed during the pendency of this action, in bad faith; and the plaintiff, to return the sum of P17,500.00, the total amount of the installment on the land paid by defendant; the fruits and interests during the pendency of the condition shall be deemed to have been mutually compensated.
3. Ordering the defendants to pay plaintiff the sum of P20,000.00 as attorney's fees, plus P15,000.00 as actual litigation expenses, plus the costs of suit.

SO ORDERED.^[9]

The Appellate Court's Ruling

On 5 January 2004, petitioners appealed the trial court's Decision to the appellate court. In its decision dated 10 June 2004, the appellate court reversed the RTC decision and dismissed the civil case.^[10]

The appellate court explained that this is an unlawful detainer case. The prayer in the complaint and amended complaint was for recovery of possession and the case was filed within one year from the last demand letter. Even if the complaint involves a question of ownership, it does not deprive the Municipal Trial Court (MTC) of its jurisdiction over the ejectment case. Petitioners raised the issue of lack of jurisdiction in their Motion to Dismiss and Answer before the RTC.^[11] The RTC denied the Motion to Dismiss and assumed jurisdiction over the case because the issues pertain to a determination of the real agreement between the parties and rescission of the contract to sell the property.^[12]

The appellate court added that even if respondent's complaint is for recovery of possession or *accion publiciana*, the RTC still has no jurisdiction to decide the case. The appellate court explained:

Note again that the complaint was filed on 11 May 1994. By that time, Republic Act No. 7691 was already in effect. Said law took effect on 15 April 1994, fifteen days after its publication in the Malaya and in the Time Journal on 30 March 1994 pursuant to Sec. 8 of Republic Act No. 7691.

Accordingly, Sec. 33 of Batas Pambansa 129 was amended by Republic Act No. 7691 giving the Municipal Trial Court the exclusive original jurisdiction over all civil actions involving title to, or possession of, real property, or any interest therein where the assessed value of the property or interest therein does not exceed P20,000 or, in civil actions in Metro Manila, where such assessed value does not exceed P50,000, exclusive of interest, damages of whatever kind, attorney's fees, litigation expenses and costs.

At bench, the complaint alleges that the whole 1,939- square meter lot of Revelen N. Srivastava is covered by Tax Declaration No. 09-0742 (Exh. "B", p. 100, Records) which gives its assessed value of the whole lot of P4,890.00. Such assessed value falls within the exclusive original prerogative or jurisdiction of the first level court and, therefore, the Regional Trial Court a quo has no jurisdiction to try and decided the same.^[13]

The appellate court also held that respondent, as Revelen's agent, did not have a written authority to enter into such contract of sale; hence, the contract entered into between petitioners and respondent is void. A void contract creates no rights or obligations or any juridical relations. Therefore, the void contract cannot be the subject of rescission.^[14]

Aggrieved by the appellate court's Decision, petitioners elevated the case before this Court.

Issues

Petitioners raise the following arguments:

1. The appellate court gravely erred in ruling that the contract entered into by respondent, in representation of her daughter, and former defendant Eduardo Rubi (deceased), is void; and
2. The appellate court erred in not ruling that the petitioners are entitled to their counterclaims, particularly specific performance.^[15]

Ruling of the Court

We deny the petition.

Petitioners submit that the sale of land by an agent who has no written authority is not void but merely voidable given the spirit and intent of the law. Being only voidable, the contract may be ratified, expressly or impliedly. Petitioners argue that

since the contract to sell was sufficiently established through respondent's admission during the pre-trial conference, the appellate court should have ruled on the matter of the counterclaim for specific performance.^[16]

Respondent argues that the appellate court cannot lawfully rule on petitioners' counterclaim because there is nothing in the records to sustain petitioners' claim that they have fully paid the price of the lot.^[17] Respondent points out that petitioners admitted the lack of written authority to sell. Respondent also alleges that there was clearly no meeting of the minds between the parties on the purported contract of sale.^[18]

Sale of Land through an Agent

Articles 1874 and 1878 of the Civil Code provide:

Art. 1874. When a sale of a piece of land or any interest therein is through an agent, the authority of the latter shall be in writing; otherwise, the sale shall be void.

Art. 1878. Special powers of attorney are necessary in the following cases:

x x x

(5) To enter into any contract by which the ownership of an immovable is transmitted or acquired either gratuitously or for a valuable consideration;

x x x

Article 1874 of the Civil Code explicitly requires a written authority before an agent can sell an immovable property. Based on a review of the records, there is absolutely no proof of respondent's written authority to sell the lot to petitioners. In fact, during the pre-trial conference, petitioners admitted that at the time of the negotiation for the sale of the lot, petitioners were of the belief that respondent was the owner of lot.^[19] Petitioners only knew that Revelen was the owner of the lot during the hearing of this case. Consequently, the sale of the lot by respondent who did not have a written authority from Revelen is void. A void contract produces no effect either against or in favor of anyone and cannot be ratified.^[20]

A special power of attorney is also necessary to enter into any contract by which the ownership of an immovable is transmitted or acquired for a valuable consideration. Without an authority in writing, respondent cannot validly sell the lot to petitioners. Hence, any "sale" in favor of the petitioners is void.

Our ruling in *Dizon v. Court of Appeals*^[21] is instructive: