



Republic of the Philippines  
**Supreme Court**  
 Baguio City

SUPREME COURT OF THE PHILIPPINES  
 PUBLIC INFORMATION OFFICE  
**RECORDED**  
 JUN 01 2017  
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FIRST DIVISION

**BERNADETTE S. BILAG,**  
**ERLINDA BILAG-**  
**SANTILLAN, DIXON BILAG,**  
**REYNALDO B. SUELLO,**  
**HEIRS OF LOURDES S.**  
**BILAG, HEIRS OF LETICIA**  
**BILAG-HANAOKA, and HEIRS**  
**OF NELLIE BILAG,**  
 Petitioners,

**G.R. No. 189950\***

Present:

SERENO, C.J., Chairperson,  
 LEONARDO-DE CASTRO,  
 DEL CASTILLO,  
 PERLAS-BERNABE, and  
 CAGUIOA, JJ.

- versus -

**ESTELA AY-AY, ANDRES**  
**ACOP, JR., FELICITAS AP-AP,**  
**SERGIO AP-AP, JOHN**  
**NAPOLEON A. RAMIREZ, JR.,**  
**and MA. TERESA A.**  
**RAMIREZ,**  
 Respondents.

Promulgated:

**APR 24 2017**

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**DECISION**

**PERLAS-BERNABE, J.:**

Assailed in this petition for review on *certiorari*<sup>1</sup> are the Decision<sup>2</sup> dated March 19, 2009 and the Resolution<sup>3</sup> dated September 3, 2009 of the Court of Appeals (CA) in CA-G.R. CV No. 86266, which set aside the Order<sup>4</sup> dated October 10, 2005 of the Regional Trial Court of Baguio City, Branch 61 (RTC Br. 61), and consequently, remanded the case to the latter court for trial.

\* Part of the Court's Decongestion Program.

<sup>1</sup> *Rollo*, pp. 13-52.

<sup>2</sup> *Id.* at 54-64. Penned by Associate Justice Romeo F. Barza with Associate Justices Josefina Guevara-Salonga and Arcangelita M. Romilla-Lontok concurring.

<sup>3</sup> *Id.* at 65-66.

<sup>4</sup> *Records*, pp. 413-423. Penned by Presiding Judge Antonio C. Reyes.

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### The Facts

The instant case stemmed from a Complaint<sup>5</sup> dated August 12, 2004 for Quieting of Title with Prayer for Preliminary Injunction filed by respondents Estela Ay-Ay, Andres Acop, Jr., Felicitas Ap-Ap, Sergio Ap-Ap, John Napoleon A. Ramirez, Jr., and Ma. Teresa A. Ramirez (respondents) against petitioners Bernadette S. Bilag, Erlinda Bilag-Santillan, Dixon Bilag, Reynaldo B. Suello, Heirs of Lourdes S. Bilag, Heirs of Leticia Bilag-Hanaoka, and Heirs of Nellie Bilag before the RTC Br. 61, docketed as Civil Case No. 5881-R. Essentially, respondents alleged that Iloc Bilag, petitioners' predecessor-in-interest, sold to them separately various portions of a 159,496-square meter parcel of land designated by the Bureau of Lands as Approved Plan No. 544367, Psu 189147 situated at Sitio Benin, Baguio City (subject lands), and that they registered the corresponding Deeds of Sale<sup>6</sup> with the Register of Deeds of Baguio City. According to respondents, Iloc Bilag not only acknowledged full payment and guaranteed that his heirs, successors-in-interest, and executors are to be bound by such sales, but he also caused the subject lands to be removed from the Ancestral Land Claims. Respondents further alleged that they have been in continuous possession of the said lands since 1976 when they were delivered to them and that they have already introduced various improvements thereon. Despite the foregoing, petitioners refused to honor the foregoing sales by asserting their adverse rights on the subject lands. Worse, they continued to harass respondents, and even threatened to demolish their improvements and dispossess them thereof. Hence, they filed the instant complaint to quiet their respective titles over the subject lands and remove the cloud cast upon their ownership as a result of petitioners' refusal to recognize the sales.<sup>7</sup>

For their part, petitioners filed a Motion to Dismiss<sup>8</sup> dated November 4, 2004 on the grounds of lack of jurisdiction, prescription/laches/estoppel, and *res judicata*. Anent the first ground, petitioners averred that the subject lands are untitled, unregistered, and form part of the Baguio Townsite Reservation which were long classified as lands of the public domain. As such, the RTC has no jurisdiction over the case as it is the Land Management Bureau (formerly the Bureau of Lands) which is vested with the authority to determine issues of ownership over unregistered public lands.<sup>9</sup>

As to the second ground, petitioners argued that it is only now, or more than 27 years from the execution of the Deeds of Sale, that respondents

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<sup>5</sup> *Rollo*, pp. 108-121.

<sup>6</sup> *Id.* at 97-105.

<sup>7</sup> *Id.* at 108-121. See also *id.* at 56-58.

<sup>8</sup> *Id.* at 122-141.

<sup>9</sup> *Id.* at 122-124.

seek to enforce said Deeds; thus, the present action is already barred by prescription and/or laches.<sup>10</sup>

Regarding the final ground, petitioners pointed out that on January 27, 1998, respondents had already filed a complaint against them for injunction and damages, docketed as Civil Case No. 3934-R before the Regional Trial Court of Baguio City, Branch 5 (RTC Br. 5), wherein they principally asserted their ownership over the subject lands. However, RTC Br. 5 dismissed Civil Case No. 3934-R for lack of merit on the ground of respondents' failure to show convincing proof of ownership over the same,<sup>11</sup> which Order of dismissal was then affirmed by the CA on appeal.<sup>12</sup> Eventually, the Court issued a Resolution dated January 21, 2004<sup>13</sup> declaring the case closed and terminated for failure to file the intended petition subject of the Motion for Extension to file the same. In view of the foregoing, petitioners contended that due to the final and executory ruling in Civil Case No. 3934-R, the filing of Civil Case No. 5881-R seeking to establish the ownership thereof is already barred by *res judicata*.<sup>14</sup>

### **The RTC Br. 61 Ruling**

In an Order<sup>15</sup> dated October 10, 2005, the RTC Br. 61 ruled in petitioners' favor, and consequently, ordered the dismissal of Civil Case No. 5881-R on the following grounds: (a) it had no authority to do so; (b) the Deeds of Sale in respondents' favor could not as yet be considered title to the subject lands, noting the failure of respondents to perfect their title or assert ownership and possession thereof for the past 27 years; and (c) the filing of the instant case is barred by *res judicata* considering the final and executory Decision dismissing the earlier filed Civil Case No. 3934-R where respondents similarly sought to be declared the owners of the subject lands.<sup>16</sup>

Aggrieved, respondents appealed to the CA.<sup>17</sup>

### **The CA Ruling**

In a Decision<sup>18</sup> dated March 19, 2009, the CA set aside the dismissal of Civil Case No. 5881-R, and accordingly, remanded the case to the court *a quo* for trial.<sup>19</sup> It held that Civil Case No. 3934-R was an action for

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<sup>10</sup> Id. at 125-128.

<sup>11</sup> See Order dated September 22, 1999 penned by Judge Antonio M. Esteves; records, pp. 381-384.

<sup>12</sup> See Decision dated October 29, 2002 (*rollo*, pp. 77-83) and Resolution dated September 8, 2003 (*rollo*, pp. 85-86).

<sup>13</sup> The January 21, 2004 Resolution was not attached to the *rollo*. However, the Court issued a Resolution dated July 19, 2004 and clarified their ruling, declaring the case closed and terminated. Id. at 87-88.

<sup>14</sup> Id. at 128-140.

<sup>15</sup> Records, pp. 413-423.

<sup>16</sup> Id. at 421-423.

<sup>17</sup> See Notice of Appeal dated October 27, 2005; id. at 425-426.

<sup>18</sup> *Rollo*, pp. 54-64.

<sup>19</sup> Id. at 63.

injunction where respondents sought to enjoin petitioners' alleged entry into the subject lands and their introduction of improvements thereat; whereas Civil Case No. 5881-R is an action to quiet title where respondents specifically prayed, *inter alia*, for the removal of the cloud upon their ownership and possession of the subject lands. In this light, the CA concluded that while these cases may involve the same properties, the nature of the action differs; hence, *res judicata* is not a bar to the present suit. On the issue of laches, prescription or estoppel, the CA pointed out that in view of respondents' allegation that they have been in possession of the subject lands since 1976, their action to quiet title is imprescriptible.<sup>20</sup>

Dissatisfied, petitioners moved for reconsideration<sup>21</sup> which was, however, denied in a Resolution<sup>22</sup> dated September 3, 2009; hence, this petition.

### **The Issue Before the Court**

The issue for the Court's resolution is whether or not the CA correctly set aside the dismissal of Civil Case No. 5881-R, and accordingly, remanded the case to the court *a quo* for trial.

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

The petition is meritorious.

At the outset, it must be stressed that in setting aside the Order of dismissal of Civil Case No. 5881-R due to the inapplicability of the grounds of *res judicata* and prescription/laches, the CA notably omitted from its discussion the first ground relied upon by petitioners, which is lack of jurisdiction.

Jurisprudence has consistently held that "[j]urisdiction is defined as the power and authority of a court to hear, try, and decide a case. In order for the court or an adjudicative body to have authority to dispose of the case on the merits, it must acquire, among others, jurisdiction over the subject matter. It is axiomatic that jurisdiction over the subject matter is the power to hear and determine the general class to which the proceedings in question belong; it is conferred by law and not by the consent or acquiescence of any or all of the parties or by erroneous belief of the court that it exists. Thus, when a court has no jurisdiction over the subject matter, the only power it has is to dismiss the action."<sup>23</sup> Perforce, it is important that a court or

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<sup>20</sup> Id. at 60-63.

<sup>21</sup> CA *rollo*, pp. 235-254.

<sup>22</sup> *Rollo*, pp. 65-66.

<sup>23</sup> *Mitsubishi Motors Philippines Corporation v. Bureau of Customs*, G.R. No. 209830, June 17, 2015, 759 SCRA 306, 311-312. Citations omitted.

tribunal should first determine whether or not it has jurisdiction over the subject matter presented before it, considering that any act that it performs without jurisdiction shall be null and void, and without any binding legal effects. The Court's pronouncement in *Tan v. Cinco*,<sup>24</sup> is instructive on this matter, to wit:

A judgment rendered by a court without jurisdiction is null and void and may be attacked anytime. It creates no rights and produces no effect. It remains a basic fact in law that the choice of the proper forum is crucial, as the decision of a court or tribunal without jurisdiction is a total nullity. A void judgment for want of jurisdiction is no judgment at all. All acts performed pursuant to it and all claims emanating from it have no legal effect.<sup>25</sup>

Now, on the issue of jurisdiction, a review of the records shows that the subject lands form part of a 159,496-square meter parcel of land designated by the Bureau of Lands as Approved Plan No. 544367, Psu 189147 situated at Sitio Benin, Baguio City. Notably, such parcel of land forms part of the Baguio Townsite Reservation, a portion of which, or 146,428 square meters, was awarded to Iloc Bilag due to the reopening of Civil Reservation Case No. 1, GLRO Record No. 211, as evidenced by a Decision<sup>26</sup> dated April 22, 1968 promulgated by the then-Court of First Instance of Baguio City.

In a catena of cases,<sup>27</sup> and more importantly, in Presidential Decree No. (PD) 1271,<sup>28</sup> it was expressly declared that all orders and decisions issued by the Court of First Instance of Baguio and Benguet in connection with the proceedings for the reopening of Civil Reservation Case No. 1, GLRO Record 211, covering lands within the Baguio Townsite Reservation are null and void and without force and effect. While PD 1271 provides for a means to validate ownership over lands forming part of the Baguio Townsite Reservation, it requires, among others, that a Certificate of Title be issued on such lands on or before July 31, 1973.<sup>29</sup> In this case, records reveal that the

<sup>24</sup> See G.R. No. 213054, June 15, 2016.

<sup>25</sup> *Id.*, citing *Tiu v. First Plywood Corporation*, 629 Phil. 120, 133 (2010).

<sup>26</sup> CA *rollo*, pp. 91-94. Penned by Judge Pio R. Marcos.

<sup>27</sup> See *Presidential Decree No. 1271 Committee v. Rodriguez de Guzman*, G.R. No. 187291, December 5, 2016; *Residents of Lower Atab & Teachers' Village, Sto. Tomas Proper Barangay, Baguio City v. Sta. Monica Industrial & Development Corporation*, 745 Phil. 554 (2014); *Heirs of Pocdo v. Avila*, 730 Phil. 215 (2014); *Republic v. Sangalang*, 243 Phil. 46 (1988); *Republic v. Fañgonil*, 218 Phil. 484 (1984); *Republic v. Marcos*, 152 Phil. 204 (1973); *Republic of the Philippines v. Marcos*, 140 Phil. 241 (1969).

<sup>28</sup> Entitled "AN ACT NULLIFYING DECREES OF REGISTRATION AND CERTIFICATES OF TITLE COVERING LANDS WITHIN THE BAGUIO TOWNSITE RESERVATION ISSUED IN CIVIL REGISTRATION CASE NO. 1, GLRO RECORD NO. 211 PURSUANT TO REPUBLIC ACT NO. 931, AS AMENDED, BUT CONSIDERING AS VALID CERTAIN TITLES OF SUCH LANDS THAT ARE ALIENABLE AND DISPOSABLE UNDER CERTAIN CONDITIONS AND FOR OTHER PURPOSES," approved on December 22, 1977.

<sup>29</sup> See Section 1, PD 1271 which reads:

SECTION 1. All orders and decisions issued by the Court of First Instance of Baguio and Benguet in connection with the proceedings for the reopening of Civil Reservation Case No. 1, GLRO Record No. 211, covering lands within the Baguio Townsite Reservation, and decreeing such lands in favor of private individuals or entities, are hereby declared null and void and without force and effect; PROVIDED, HOWEVER, that all certificates

subject lands are unregistered and untitled, as petitioners' assertion to that effect was not seriously disputed by respondents. Clearly, the award of lots 2 and 3 of the 159,496-square meter parcel of land designated by the Bureau of Lands as Approved Plan No. 544367, Psu 189147 – which includes the subject lands – to Iloc Bilag by virtue of the reopening of Civil Reservation Case No. 1, GLRO Record 211, is covered by the blanket nullification provided under PD 1271, and consistently affirmed by the prevailing case law. In view of the foregoing, it is only reasonable to conclude that the subject lands should be properly classified as lands of the public domain as well.

Therefore, since the subject lands are untitled and unregistered public lands, then petitioners correctly argued that it is the Director of Lands who has the authority to award their ownership.<sup>30</sup> Thus, the RTC Br. 61 correctly recognized its lack of power or authority to hear and resolve respondents' action for quieting of title.<sup>31</sup> In *Heirs of Pocdo v. Avila*,<sup>32</sup> the Court ruled that the trial court therein correctly dismissed an action to quiet title on the ground of lack of jurisdiction for lack of authority to determine who among the parties have better right over the disputed property, which is admittedly still part of public domain for being within the Baguio Townsite Reservation, *viz.:*

The DENR Decision was affirmed by the Office of the President which held that **lands within the Baguio Townsite Reservation belong to the public domain and are no longer registrable under the Land Registration Act.** The Office of the President ordered the disposition of the disputed property in accordance with the applicable rules of procedure for the disposition of alienable public lands within the Baguio Townsite Reservation, particularly Chapter X of Commonwealth Act No. 141 on Townsite Reservations and other applicable rules.

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of titles issued on or before July 31, 1973 shall be considered valid and the lands covered by them shall be deemed to have been conveyed in fee simple to the registered owners upon a showing of, and compliance with, the following conditions:

(a) The lands covered by the titles are not within any government, public or quasi-public reservation, forest, military or otherwise, as certified by appropriating government agencies;

(b) Payment by the present title holder to the Republic of the Philippines of an amount equivalent to fifteen per centum (15%) of the assessed value of the land whose title is voided as of revision period 1973 (P.D. 76), the amount payable as follows: Within ninety (90) days of the effectivity of this Decree, the holders of the titles affected shall manifest their desire to avail of the benefits of this provision and shall pay ten per centum (10%) of the above amount and the balance in two equal installments, the first installment to be paid within the first year of the effectivity of this Decree and the second installment within a year thereafter.

<sup>30</sup> See *People v. Pareja*, 267 Phil. 172 (1990). See also Section 4 of Commonwealth Act No. 141, entitled "AN ACT TO AMEND AND COMPILE THE LAWS RELATIVE TO LANDS OF THE PUBLIC DOMAIN," otherwise known as the "PUBLIC LAND ACT," (approved on November 7, 1936) which reads:

Section 4. Subject to said control, the Director of Lands shall have direct executive control of the survey, classification, lease, sale or any other form of concession or disposition and management of the lands of the public domain, and his decisions as to questions of fact shall be conclusive when approved by the Secretary of Agriculture and Commerce.

<sup>31</sup> See records, p. 421.

<sup>32</sup> 730 Phil. 215 (2014).

**Having established that the disputed property is public land, the trial court was therefore correct in dismissing the complaint to quiet title for lack of jurisdiction. The trial court had no jurisdiction to determine who among the parties have better right over the disputed property which is admittedly still part of the public domain.**  
As held in *Dajunos v. Tandayag*:

x x x The Tarucs' action was for "quieting of title" and necessitated determination of the respective rights of the litigants, both claimants to a free patent title, over a piece of property, admittedly public land. The law, as relied upon by jurisprudence, lodges "the power of executive control, administration, disposition and alienation of public lands with the Director of Lands subject, of course, to the control of the Secretary of Agriculture and Natural Resources."

In sum, the decision rendered in civil case 1218 on October 28, 1968 is a patent nullity. **The court below did not have power to determine who (the Firmalos or the Tarucs) were entitled to an award of free patent title over that piece of property that yet belonged to the public domain.** Neither did it have power to adjudge the Tarucs as entitled to the "true equitable ownership" thereof, the latter's effect being the same: the exclusion of the Firmalos in favor of the Tarucs.

In an action for quieting of title, the complainant is seeking for "an adjudication that a claim of title or interest in property adverse to the claimant is invalid, to free him from the danger of hostile claim, and to remove a cloud upon or quiet title to land where stale or unenforceable claims or demands exist." Under Articles 476 and 477 of the Civil Code, the two indispensable requisites in an action to quiet title are: (1) that the plaintiff has a legal or equitable title to or interest in the real property subject of the action; and (2) that there is a cloud on his title by reason of any instrument, record, deed, claim, encumbrance or proceeding, which must be shown to be in fact invalid or inoperative despite *its prima facie* appearance of validity.

In this case, petitioners, claiming to be owners of the disputed property, allege that respondents are unlawfully claiming the disputed property by using void documents, namely the "Catulagan" and the Deed of Waiver of Rights. **However, the records reveal that petitioners do not have legal or equitable title over the disputed property, which forms part of Lot 43, a public land within the Baguio Townsite Reservation. It is clear from the facts of the case that petitioners' predecessors-in-interest, the heirs of Pocdo Pool, were not even granted a Certificate of Ancestral Land Claim over Lot 43, which remains public land. Thus, the trial court had no other recourse but to dismiss the case.**<sup>33</sup> (Emphases and underscoring supplied)

In conclusion, RTC Br. 61 has no jurisdiction over Civil Case No. 5881-R as the plaintiffs therein (herein respondents) seek to quiet title over

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<sup>33</sup> *Id.* at 223-225.

lands which belong to the public domain. Necessarily, Civil Case No. 5881-R must be dismissed on this ground. It should be stressed that the court *a quo*'s lack of subject matter jurisdiction over the case renders it without authority and necessarily obviates the resolution of the merits of the case. To reiterate, when a court has no jurisdiction over the subject matter, the only power it has is to dismiss the action, as any act it performs without jurisdiction is null and void, and without any binding legal effects. In this light, the Court finds no further need to discuss the other grounds relied upon by petitioners in this case.

**WHEREFORE**, the petition is **GRANTED**. The Decision dated March 19, 2009 and the Resolution dated September 3, 2009 of the Court of Appeals in CA-G.R. CV No. 86266 are hereby **REVERSED** and **SET ASIDE**. Accordingly, Civil Case No. 5881-R is **DISMISSED** on the ground of lack of jurisdiction on the part of the Regional Trial Court of Baguio City, Branch 61.

**SO ORDERED.**

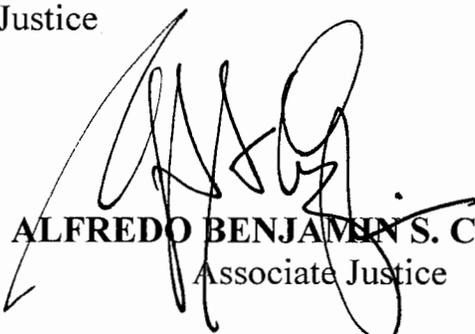
  
**ESTELA M. PERLAS-BERNABE**  
Associate Justice

**WE CONCUR:**

  
**MARIA LOURDES P. A. SERENO**  
Chief Justice  
Chairperson

  
**TERESITA J. LEONARDO-DE CASTRO**  
Associate Justice

  
**MARIANO C. DEL CASTILLO**  
Associate Justice

  
**ALFREDO BENJAMIN S. CAGUIOA**  
Associate Justice

**CERTIFICATION**

Pursuant to Section 13, Article VIII of the Constitution, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



**MARIA LOURDES P. A. SERENO**  
Chief Justice