Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

SPOUSES VIRGILIO AND MA. ESTRELITA GUASIS, Petitioners, -versus- **SPOUSES MANUEL MILLAN AND EDNA DC MILLAN, substituted by their children, PIA RITA MILLAN AND EMMANUEL PATRICK MILLAN,** Respondents.	**G.R. No. 268123** Present: CAGUIOA, *J.*, *Chairperson*, INTING, GAERLAN, DIMAAMPAO, and SINGH, *JJ.* **Promulgated:** FEB 19 2026 MicPDCB-th

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DECISION

SINGH, *J.*:

Before the Court is a Petition for Review on *Certiorari*[1] (**Petition**) under Rule 45 of the Rules of Court, assailing the Decision,[2] dated November 22, 2022, and the Resolution,[3] dated July 5, 2023, of the Court of Appeals (**CA**) in CA-G.R. SP No. 171105. The CA denied the Petition for Review under Rule 42 of the Rules of Court filed by petitioners Spouses Virgilio and

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1 *Rollo*, pp. 12–37.

2 *Id.* at 44–53. Penned by Associate Justice Ronaldo Roberto B. Martin and concurred in by Associate Justices Apolinario D. Bruselas, Jr. and Alfonso C. Ruiz II of the Fifth Division, Court of Appeals, Manila City.

3 *Id.* at 7–8. Penned by Associate Justice Ronaldo Roberto B. Martin and concurred in by Associate Justices Apolinario D. Bruselas, Jr. and Alfonso C. Ruiz II of the Former Fifth Division, Court of Appeals, Manila City.

Ma. Estrelita Guasis (**Spouses Guasis**), and affirmed the Decision,[4] dated October 11, 2021 of the Regional Trial Court (**RTC**) in SCA Case No. 19-05305-ROO-OO and the Decision, [5] dated February 5, 2021, of the Metropolitan Trial Court (**MeTC**) in Civil Case No. M-PSG-19-05305-SC, which granted the unlawful detainer suit filed by Spouses Manuel Millan and Edna DC Millan (**Spouses Millan**) against Spouses Guasis, ordering the latter to vacate the subject property and pay the costs of suit.

The Facts

On December 18, 2018, Spouses Millan, now represented by their children, Pia Rita Millan and Emmanuel Patrick Millan, filed a complaint for unlawful detainer against Spouses Guasis before the MeTC.[6] Spouses Millan alleged that in 2008, they purchased a parcel of land located at No. 098 Sta. Maria Compound, Phase IV, Santolan, Pasig City (the **subject property**) from Spouses Guasis through a Deed of Absolute Sale.[7]

As a result of the sale, Spouses Millan were issued Transfer Certificate Title (**TCT**) No. PT-141439.[8] Despite this, Spouses Guasis refused to vacate the property, unlawfully depriving Spouses Millan of possession of the subject property for over a decade.[9] Spouses Millan asserted that they had merely tolerated the continued occupancy of Spouses Guasis. [10] Spouses Millan further claimed that they made multiple verbal demands for them to vacate, all of which were ignored.[11] On October 11, 2019, Spouses Millan sent a formal demand letter, which Spouses Guasis likewise disregarded.[12]

In their Answer with Counterclaim, Spouses Guasis argued that the complaint for unlawful detainer lacked a cause of action, asserting that it merely stemmed from a criminal complaint for *estafa* filed by Manuel Millan against Virgilio Guasis, which was ultimately dismissed by the Office of the City Prosecutor of Marikina City.[13] Spouses Guasis contended that the Deed of Absolute Sale in favor of Spouses Millan was a fictitious contract, as it allegedly lacked valid consideration.[14] Spouses Guasis contends that Spouses Millan only paid PHP 750,000.00, leaving an outstanding balance of PHP 7,710,000.00.[15]

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4 *Id.* at 152–159. Penned by Presiding Judge Ira Fritzie C. Cruz-Rojo.
5 *Id.* at 132–140. Penned by Presiding Judge Jesusa R. Lapuz-Gaudiano.
6 *Id.* at 45.
7 *Id.*
8 *Id.*
9 *Id.*
10 *Id.*
11 *Id.*
12 *Id.*
13 *Id.*
14 *Id.* at 45–46.
15 *Id.* at 46.

On this basis, Spouses Guasis maintained that the sale was void due to the absence of consideration and, consequently, could not confer ownership rights upon Spouses Millan.[16] Spouses Guasis further emphasized that they had remained in possession of the subject property even after the purported sale and had continued to pay the corresponding real property taxes.[17] By way of counterclaim, Spouses Guasis sought an award for litigation expenses, attorney's fees, moral damages, and exemplary damages.[18]

The Ruling of the MeTC

In its Decision, dated February 5, 2021, the MeTC ruled in favor of Spouses Millan and ordered Spouses Guasis to vacate the subject property and to pay the costs of suit. The dispositive portion reads:

> **WHEREFORE,** in view of the foregoing, the Court hereby renders judgment for plaintiffs **Spouses Manuel Millan and Edna DC Millan** and against defendants **Spouses Virgilio Guasis and Ma. Estrelita Guasis**, ordering the latter and all persons claiming rights under them:
>
> 1. To **VACATE** the property located at No. 098 Sta. Maria Compound Phase IV, Santolan, Pasig City[,] covered by TCT No. PT-141439, and deliver the peaceful possession of the same to the plaintiffs; and
>
> 2. To **PAY** the costs of suit in the amount of [PHP] 2,215.00.
>
> The Court likewise **DENIES** the defendants' counterclaim for lack of merit.
>
> **SO ORDERED.**[19] (Emphasis in the original)

The MeTC ruled that while barangay conciliation is mandatory, failure to comply is not jurisdictional and may be waived if not timely raised.[20] Since Spouses Guasis did not raise this issue in their Answer, in a motion to dismiss, or during pre-trial, but only belatedly in their Position Paper, the MeTC considered it waived.[21]

The MeTC also held that it lacked authority to determine the validity of the Deed of Sale and Spouses Millan's title to the subject property, stressing that a Certificate of Title is binding unless annulled by a court of competent jurisdiction.[22] The MeTC emphasized that under law and jurisprudence, only the RTC, in a direct proceeding for cancellation of title at the first instance,

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16 *Id.*
17 *Id.*
18 *Id.*
19 *Id.* at 140.
20 *Id.* at 134–135.
21 *Id.*
22 *Id.* at 138.

has the power to rule on the validity of a title.[23] The MeTC continued that while an ejectment case may involve questions on ownership to resolve possession, any such ruling is merely provisional and does not preclude a separate action on ownership.[24] The MeTC underscored that the sole issue in this case is possession, not ownership.[25]

On actual damages, the MeTC found that Spouses Millan failed to present sufficient evidence to establish the fair rental value of the subject property, leading to the denial of their claim.[26] Spouses Millan's request for attorney's fees was likewise rejected, as the case did not meet the exception under Article 2208 of the Civil Code.[27] However, the MeTC charged the costs of suit against Spouses Guasis.[28]

The Ruling of the RTC

On appeal, the RTC in its Decision, dated October 11, 2021, affirmed the MeTC Decision, stating:

> **WHEREFORE,** the Appeal is **DISMISSED.** The Decision, dated [February 5,] 2021, of [Branch 153] of the Metropolitan Trial Court of Pasig City, is **AFFIRMED.**
>
> **SO ORDERED.**[29] (Emphasis in the original)

The RTC upheld the MeTC's ruling that failure to undergo barangay conciliation is not jurisdictional.[30] The RTC also affirmed that the MeTC correctly found that the complaint sufficiently stated a cause of action for unlawful detainer – that Spouses Guasis' possession was initially lawful but became illegal after Spouses Millan demanded that they vacate the property, and upon their refusal, the complaint was timely filed within one year.[31]

The RTC further emphasized that the subject property was previously registered under Spouses Guasis' name and that they had been in continuous possession.[32] Being the former registered owners, Spouses Guasis' initial entry and possession were presumed lawful.[33]

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23 *Id.*
24 *Id.*
25 *Id.*
26 *Id.* at 139.
27 *Id.* at 139–140.
28 *Id.* at 140.
29 *Id.* at 159.
30 *Id.* at 155.
31 *Id.* at 156–157.
32 *Id.* at 157.
33 *Id.*

The Ruling of the CA

On a Petition for Review under Rule 42 of the Rules of Court, the CA, affirmed the rulings of the RTC and the MeTC. The dispositive portion states:

> **WHEREFORE,** the petition is **DISMISSED** for lack of merit.
>
> **IT IS SO ORDERED.**[34] (Emphasis in the original)

The affirmed the RTC and the MeTC and held that barangay conciliation is not a jurisdictional requirement and may be waived if not timely raised in a motion to dismiss or a responsive pleading.[35] Since the issue was only raised in Spouses Guasis' Position, it was not invoked at the earliest opportunity.[36] As a result, the MeTC properly acquired jurisdiction over the subject matter of the complaint.[37]

The CA ruled that the proper action is unlawful detainer, not *accion reivindicatoria*, contrary to Spouses Guasis' claim.[38] The CA emphasized that Spouses Guasis' continued possession of the subject property after selling it to Spouses Millan was irrelevant, as prior physical possession is not a requirement for an unlawful detainer case to succeed.[39]

The CA further clarified that Rule 70, Section 1 of the Rules of Court does not mandate that Spouses Millan must have had prior physical possession of the property.[40] Instead, an unlawful detainer action may be filed against any person who unlawfully withholds possession after the expiration or termination of their right to occupy the property.[41]

Aggrieved, Spouses Guasis filed a Petition for Review on *Certiorari* under Rule 45 of the Rules of Court, arguing that their failure to object to Spouses Millan's non-compliance with the requirement for barangay conciliation prior to the institution of the case did not automatically grant the court authority to hear the case.[42]

Spouses Guasis also contends that the MeTC should have ruled on the ownership of the subject property, even though the case was for unlawful detainer, since ownership was the core issue raised by both parties.[43] As a

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34 *Id.* at 52.
35 *Id.* at 48.
36 *Id.*
37 *Id.*
38 *Id.* at 49–52.
39 *Id.* at 49.
40 *Id.* at 50.
41 *Id.*
42 *Id.* at 29–35.
43 *Id.* at 27.

result, Spouses argued that the case should have been dismissed outright for lack of jurisdiction.[44]

The Issues

(1) Should the MeTC have dismissed Spouses Millan's complaint outright for lack of cause of action due to non-referral to the Katarungang Pambarangay and for being prematurely filed?

(2) Should the MeTC have ruled on the ownership of the subject property?

The Ruling of the Court

The Petition is bereft of merit.

MeTC not obligated to dismiss complaint for non-referral to the Katarungang Pambarangay for barangay conciliation

Spouses Guasis contend that Supreme Court Circular No. 14-93 strictly requires the MeTC to examine whether the initiatory complaint complies with Section 5 of Presidential Decree No. 1508, repealed by The Revised *Katarungang Pambarangay* Law under Republic Act No. 7160, otherwise known as the Local Government Code. If compliance is lacking, the RTC, upon appeal, must also review whether this requirement was met.

Spouses Guasis are gravely mistaken.

Republic Act No. 7160, otherwise known as the Local Government Code of 1991, mandates barangay conciliation proceedings as a condition precedent for filing a complaint in court between individuals residing in the same barangay. This process aims to facilitate a possible amicable settlement before resorting to litigation. The relevant provisions governing barangay conciliation from Sections 409 and 412 are as follows:

> Section 409. *Venue.* – (a) Disputes between persons actually residing in the same barangay *shall* be brought for amicable settlement before the *lupon* of said barangay.
>
> (b) Those involving actual residents of different barangays within the same city of municipality shall be brought in the barangay where the

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44 *Id.*

respondent or any of the respondents actually resides, at the election of the complainant.

(c) All disputes involving real property or any interest therein shall be brought in the barangay where the real property or the larger portion thereof is situated.

(d) Those arising at the workplace where the contending parties are employed or at the institution where such parties are enrolled for study, shall be brought in the barangay where such workplace or institution is located.

Objections to venue shall be raised in the mediation proceedings before the *punong* barangay; otherwise, the same shall be waived. Any legal question which may confront the punong barangay in resolving objections to venue herein referred to may be submitted to the Secretary of Justice or his duly designated representative, whose ruling thereon shall be binding. (Emphasis supplied)

Section 412. Conciliation. – (a) *Pre-condition to Filing of Complaint in Court. – No complaint, petition, action, or proceeding involving any matter within the authority of the lupon shall be filed or instituted directly in court or any other government office for adjudication, unless there has been confrontation between the parties before the lupon chairman or the pangkat, and that no conciliation or settlement has been reached as certified by the lipon secretary or pangkat secretary* as attested to by the *lupon* or *pangkat* chairman or unless the settlement has been repudiated by the parties thereto. (Emphasis supplied)

Administrative Circular No. 14-93 lists the cases exempt from mandatory barangay conciliation, as follows:

1. Where one party is the government, or any subdivision or instrumentality thereof;

2. Where one party is a public officer or employee, and the dispute relates to the performance of his official functions;

3. Where the dispute involves real properties located in different cities and municipalities, unless the parties thereto agree to submit their difference to amicable settlement by an appropriate Lupon;

4. Any complaint by or against corporations, partnership or judicial entities, since only individuals shall be parties to Barangay conciliation proceedings either as complainants or respondents;

5. Disputes involving parties who actually reside in barangays of different cities or municipalities, except where such barangay units adjoin each other and the parties thereto agree to submit their differences to amicable settlement by an appropriate Lupon;

6. Offenses for which the law prescribes a maximum penalty of imprisonment exceeding one [ ] year or a fine over [ ] [PHP] 5,000.00;

7. Offenses where there is no private offended party;

8. Disputes where urgent legal action is necessary to prevent injustice from being committed or further continued, specifically the following:

    a. Criminal cases where accused is under police custody or detention;

    b. Petitions for *habeas corpus* by a person illegally deprived of his rightful custody over another or a person illegally deprived or on acting in his behalf;

    c. Actions coupled with provisional remedies such as preliminary injunction, attachment, delivery of personal property and support during the pendency of the action; and

    d. Actions which may be barred by the Statute of Limitations.

9. Any class of disputes which the President may determine in the interest of justice or upon the recommendation of the Secretary of Justice;

10. Where the dispute arises from the Comprehensive Agrarian Reform Law;

11. Labor disputes or controversies arising from employer-employee relations; and

12. Actions to annul judgment upon a compromise which may be filed directly in court.

Unless covered by the above exemptions, a party's failure to undergo barangay conciliation before filing a case in court may result in the dismissal of the complaint for non-compliance with a condition precedent, as provided under Rule 16, Section 1 (j) of the Rules of Court, hence:

> Section 1. *Grounds*. – Within the time for but before filing the answer to the complaint or pleading asserting a claim, a motion to dismiss may be made on any of the following grounds:
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> . . . .
>
> (j) *That a condition precedent for filing the claim has not been complied with.* (Emphasis supplied)

As a general rule, a party-litigant must raise grounds for dismissal at the earliest opportunity, such as in a motion to dismiss or in their answer' otherwise, these grounds are considered waived. However, it is important to note that failure to comply with the condition precedent does not affect jurisdiction.

In *Aquino v. Aure,* [45] the Court emphasized that the barangay conciliation process is not a jurisdictional requirement, such that non-

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[45] 569 Phil. 403, 416 (2008) [Per J. Chico-Nazario, Third Division].

compliance does not affect the jurisdiction the court has already acquired over the subject or over the person of the defendant.

Likewise, in *Bañares II v. Balising,*[46] the Court stated that the failure to refer a case to barangay conciliation, when mandated by law, is not jurisdictional in nature and may be considered waived if not timely raised in a motion to dismiss or a responsive pleading.

In this case, Spouses Guasis did not raise the issue of non-compliance with the barangay conciliation requirement at the earliest opportunity – whether in their answer, a motion to dismiss, or during pre-trial – but instead raised it belatedly in their Position Paper. Consequently, the issue is deemed waived.

The MeTC properly refused to rule on the ownership of the subject property

In ejectment cases, including unlawful detainer, the MeTC has limited jurisdiction, which is strictly confined to determine who has the superior right to physical or material possession or *possession de facto* of the property.[47] It is well-established that unlawful detainer cases are summary in nature, designed solely to resolve the issue of possession, which is distinct and independent from any claim of ownership.[48]

However, if the defendant raises ownership as an issue in their pleadings, the MeTC may provisionally decide on the issue of ownership but only to the extent necessary to determine possession.[49] This limited authority does not empower the MeTC to make a definitive ruling on ownership or annul a certificate of title.[50]

Here, Spouses Guasis contended that the Deed of Absolute Sale executed in 2008 in favor of Spouses Millan was fictitious, alleging that only PHP 750,000.00 of the total PHP 8,460,000.00 purchase price had been paid, leaving an outstanding balance of PHP 7,710,000.00. On this basis, Spouses Guasis maintained that ownership of the property was never fully transferred and that their continued possession was lawful.

While this contention raises questions concerning the nature of the transaction, the MeTC correctly limited its inquiry to the issue of possession.

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46 384 Phil. 567, 583 (2000) [Per J. Kapunan, First Division].
47 *See Esperal v. Trompeta-Esperal*, 885 Phil. 304 (2020) [Per J. Inting, Second Division].
48 *Id.* at 313.
49 *Id.*
50 *Id.*

Under the Torrens system, a certificate of title is conclusive and indefeasible, binding upon the whole word unless annulled by a court of competent jurisdiction in a direct proceeding.[51] The issuance of TCT No. PT-141439 in the name of Spouses Millan created a presumption of ownership that cannot be invalidated in a summary unlawful detainer case. Matters pertaining to ownership, annulment of title, or reconveyance of property fall within the exclusive jurisdiction of the RTC.

It is acknowledged, however, that if the Deed of Absolute Sale is considered in light of the alleged unpaid balance, the parties' transaction may be characterized as a contract to sell, wherein ownership remains with the vendor until full payment of the purchase price. In such circumstances, continued possession by the vendor would be consistent with retained ownership, and not mere tolerance, and may bear upon the propriety of an unlawful detainer action. Nonetheless, such an issue cannot be definitively resolved in the present summary proceeding and is properly the subject of a separate action before the RTC.

Therefore, the MeTC properly limited its ruling to the issue of possession and did not err in refusing to determine ownership. If Spouses Guasis wish to dispute Spouses Millan's ownership, they must file the appropriate action before the RTC, which has jurisdiction over such matters, rather than merely raising it as a defense in an ejectment case.

ACCORDINGLY, the Petition for Review on *Certiorari* is **DENIED.** The Decision, dated November 22, 2022, and the Resolution, dated July 5, 2023, of the Court of Appeals in CA-G.R. SP No. 171105 are **AFFIRMED.**

SO ORDERED.

MARIA FILOMENA D. SINGH
Associate Justice

WE CONCUR:

[51] *See Heirs of Mariano v. City of Naga*, 827 Phil. 531, 556 (2018) [Per J. Tijam, First Division].

See Dissent

ALFREDO BENJAMIN S. CAGUIOA
Associate Justice

HENRI JEAN PAUL B. INTING
Associate Justice

SAMUEL H. GAERLAN
Associate Justice

JAPAR B. DIMAAMPAO
Associate Justice

ATTESTATION

I attest 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.

ALFREDO BENJAMIN S. CAGUIOA
Associate Justice
Chairperson, Third Division

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution, and the Division Chairperson's Attestation, 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.

ALEXANDER G. GESMUNDO
Chief Justice