



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

**ERNESTO M. TELLEZ and
JOVINO M. TELLEZ,**
represented by **Melania T.
Magpale,**

Petitioners,

- versus -

G.R. No. 233909

LEONEN, J., * Chairperson,
LAZARO-JAVIER,
LOPEZ, M.
LOPEZ, J., and
KHO, JR., JJ.

**SPOUSES JOSE JOSON and
JOVITA JOSON,**
Respondents.

Promulgated:

NOV 11 2024

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DECISION

KHO, JR., J.:

Before the Court is a Petition for Review on *Certiorari*¹ under Rule 45 of the Rules of Court assailing the Decision² dated March 21, 2017 and the Resolution³ dated July 27, 2017 of the Court of Appeals (CA) in CA-G.R. SP No. 145746, which reversed and set aside the Decision⁴ dated December 22, 2014 of the Department of Agrarian Reform Adjudication Board (DARAB). Accordingly, the assailed decision dismissed the complaint for recovery of possession filed by petitioners Ernesto M. Tellez (Ernesto) and Jovino M.

* On official leave.

¹ *Rollo*, pp. 3-19.

² *Id.* at 25-33. The Decision dated March 21, 2017 was penned by Associate Justice Marlene Gonzales-Sison and concurred in by Associate Justices Ramon A. Cruz and Henri Jean Paul B. Inting (now Member of the Court) of the Special Sixteenth Division, Court of Appeals, Manila.

³ *Id.* at 22-23. The Resolution dated July 27, 2017 was penned by Associate Justice Marlene Gonzales-Sison and concurred in by Associate Justices Ramon A. Cruz and Henri Jean Paul B. Inting (now Member of the Court) of the Special Sixteenth Division, Court of Appeals, Manila.

⁴ Not attached to the *rollo*.

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Tellez (Jovino; collectively, petitioners) for being barred by *res judicata*. The DARAB ruling, in turn, reversed and set aside the Decision⁵ dated December 14, 2010 of the Office of the Provincial Agrarian Reform Adjudicator (PARAD) in Talavera, Nueva Ecija and thus found petitioners as the lawful possessors of the land subject of this case.

The Facts

Petitioners alleged that Vivencio Lorenzo (Vivencio) was the original owner of a parcel of agricultural land devoted to the production of rice with an area of 6.3465 hectares located at Dumani, Carranglan, Nueva Ecija, and covered by Original Certificate of Title No. P-1912. However, after the effectivity of Presidential Decree No. (PD) 27,⁶ said land was placed under the coverage of the Operation Land Transfer Program for distribution to qualified tenant-farmers.⁷

In line with this program, Demetrio Tellez (Demetrio) was identified by the Department of Agrarian Reform (DAR) as the qualified beneficiary of his tenanted portion of Vivencio's property (subject property). Thus, Demetrio's successors-in-interest, petitioners, were issued four emancipation patents in their favor on July 15, 1988 as follows: (a) Ernesto was issued TCT No. EP-910-M containing an area of 13,859 square meters (Ernesto's tenanted portion); and (b) Jovino was issued Transfer of Certificate Title (TCT) No. EP No. 75589 containing an area of 617 square meters, TCT EP No. 536970 containing an area of 3,217 square meters, and TCT EP No. 75595 containing an area of 14,521 square meters (Jovino's tenanted portion).⁸

Following this, two cases concerning the subject property arose. *First*, in Civil Case No. C-38 instituted by Vivencio against Jovino,⁹ Branch 38 Regional Trial Court, San Jose City (RTC Br. 38) upheld the validity and binding effect of the Amicable Settlement¹⁰ allegedly executed by Jovino on September 17, 1992. Claiming that his brother Ernesto has no right over the subject property, Jovino surrendered in said Amicable Settlement their tenancy rights over the subject property to Vivencio in exchange for monetary consideration (First RTC Decision). *Second*, in Civil Case No. C-83 commenced by Vivencio for recovery of possession with damages against Ernesto, Nenita Tellez, and Inciana Tellez (collectively Tellezes),¹¹ Branch 39 Regional Trial Court, San Jose City, (RTC Br. 39) ordered the Tellezes to immediately vacate the subject property in Vivencio's favor considering

⁵ *Rollo*, pp. 99-104. The Decision dated December 14, 2010 was penned by Provincial Adjudicator Arolf M. Ancheta of Branch 1, Office of the Provincial Adjudicator, Talavera, Nueva Ecija.

⁶ Decreeing the Emancipation of Tenants from the Bondage of the Soil, Transferring to them the Ownership of the Land they Till and Providing the Instruments and Mechanism Therefor (1972).

⁷ *Rollo*, pp. 25-26.

⁸ *Id.* at 6, 26.

⁹ Not attached to the *rollo*.

¹⁰ Not attached to the *rollo*.

¹¹ *Rollo*, pp. 106-114.

Jovino's alleged surrender thereof in the above-stated Amicable Settlement (Second RTC Decision).¹²

Aggrieved by the Second RTC Decision, the Tellezes filed a Motion¹³ to re-open case which was initially granted by RTC Br. 39 but later countermanded by the same trial court on the ground that the Second RTC Decision had already attained finality, and hence, can no longer be re-opened. The Court of Appeals (CA) affirmed this ruling afterwards in a Decision¹⁴ dated January 22, 2007, which then became final and executory on February 15, 2007.¹⁵

Undaunted, Ernesto and Jovino filed a Complaint¹⁶ for recovery of possession and injunction (Complaint) against respondents spouses Jose and Jovita L. Joson (Spouses Joson), who are Vivencio's heirs before PARAD in Talavera, Nueva Ecija. Ernesto and Jovino averred that they are the real owners of the subject property by virtue of their respective emancipation patents.¹⁷

The PARAD Ruling

In a Decision¹⁸ dated December 14, 2010, the PARAD dismissed the complaint for lack of merit.¹⁹ The PARAD explained that the issues raised by Ernesto and Jovino have already been resolved in the Second RTC Decision, and thus, barred by *res judicata*. Moreover, the PARAD emphasized that Jovino had already abandoned his right over the subject property by signing the Amicable Settlement.

Aggrieved, Ernesto and Jovino elevated the case to the DARAB.

The DARAB Ruling

In a Decision²⁰ dated December 22, 2014, the DARAB reversed the PARAD ruling and accordingly directed: (a) spouses Joson to vacate and surrender to Ernesto his tenanted portion; (b) spouses Joson to vacate and surrender to Jovino his tenanted portion pending review of Jovino's qualifications pursuant to Section 27 of Republic Act No. (RA) 6657, DAR

¹² *Id.* at 26–27.

¹³ Not attached to the *rollo*.

¹⁴ *Rollo*, pp. 119–128.

¹⁵ *Id.* at 27.

¹⁶ Not attached to the *rollo*.

¹⁷ *Rollo*, p. 27.

¹⁸ *Id.* at 99–104.

¹⁹ *Id.* at 104.

²⁰ Not attached to the *rollo*.

Administrative Order No. (AO) 7-11,²¹ and DAR AO 08-95,²² which mandates that an awardee who shall dispose of his/her land shall no longer be qualified to become a beneficiary under the Comprehensive Agrarian Reform Program; and (c) the DAR Regional Director of Region III to conduct the necessary transfer action proceedings, with respect to Jovino's tenanted portion, pursuant to Section 27 of RA No. 6657, DAR AO 7-11, and DAR AO 08-95 after the Land Bank of the Philippines (LBP) issues a Notice of Availability of the said land.²³

In so ruling, the DARAB held that Ernesto and Jovino are the rightful owners of their respective tenanted portions by virtue of their emancipation patents. As a result, their right of possession over the same is incontrovertible. The DARAB explained that Jovino could not have validly surrendered the subject property to Vivencio through the Amicable Settlement as this is contrary to Section 27 of RA No. 6657 and DAR AO 08-95 which prohibits the transfer of lands acquired by farmer-beneficiaries for a period of 10 years. Despite this finding, however, the DARAB ruled that Jovino could no longer revert to his former status as a farmer-beneficiary for his violation of agrarian laws because of his execution of the Amicable Settlement. Thus, and pursuant to item (c) of the immediately preceding paragraph, the DARAB ordered the transfer of Jovino's tenanted portion to the LBP which, in turn, shall issue a Notice of Availability of said land to other qualified farmer-beneficiaries.²⁴

Unsatisfied, spouses Joson filed a Petition for Review under Rule 43 before the CA.

The CA Ruling

In a Decision²⁵ dated March 21, 2017, the CA reversed and set aside the DARAB ruling.²⁶

In finding spouses Joson's contention meritorious, the CA held that *res judicata* had already set in as all the elements were obtaining in this case. The CA expounded that both RTC Br. 38 and RTC Br. 39 have decreed with finality that spouses Joson have the better right of possession over the subject property against Jovino and Ernesto. Since these judgments have acquired finality, it matters not that the decisions on the said cases are incorrect because these have become immutable and unalterable; thus, it may no longer be

²¹ Republic Act No. 6657 (1988), Revised Rules and Procedures Governing the Acquisition and Distribution of Private Agricultural Lands, as amended.

²² Presidential Decree No. 27 (1972), Rules and Procedures Governing the Transferability of Lands Awarded to Agrarian Reform Beneficiaries (ARBS) as amended by Executive Order No. 228 and Republic Act No. 6657.

²³ *Rollo*, pp. 28-29.

²⁴ *Id.* at 28.

²⁵ *Id.* at 25-33.

²⁶ *Id.* at 32.

modified in any respect, even if the modification is meant to correct erroneous conclusions of fact and law.²⁷

Petitioners sought reconsideration but this was denied by the CA in a Resolution²⁸ dated July 27, 2017. Hence, this petition.²⁹

The Issue Before the Court

The issue before the Court is whether petitioners' complaint is barred by *res judicata* in view of the finality of the First and Second RTC Decisions.

Petitioners insist, among others, that the Amicable Settlement subject of the First RTC Decision, which served as the basis of trial court's ruling in the Second RTC Decision, is null and void as the waiver of rights and interests executed by Jovino in Vivencio's favor over the landholdings awarded by the government is invalid for being a violation of Section 27 of RA No. 6657 and DAR AO 08-95.³⁰

In their Comment/Opposition to the Petition for Review on *Certiorari*,³¹ spouses Joson countered that all the elements of *res judicata* are present in this case. Spouses Joson reiterated that both the First RTC and Second RTC Decisions have already decreed with finality that Vivencio has the better right of possession over the subject property. Thus, by virtue of such finality, any subsequent claim of rights by petitioners over the subject property is barred by *res judicata*.

The Court's Ruling

The Petition is meritorious.

The principle of *res judicata* holds 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.³² For *res judicata* to apply, the following elements must concur: (a) *the judgment sought to bar the new action must be final*; (b) the decision must have been rendered by a court having jurisdiction over the subject matter and the parties; (c) the disposition of the case must be

²⁷ *Id.* at 31–32.

²⁸ *Id.* at 22–23.

²⁹ *Id.* at 12–28.

³⁰ *Id.* at 13.

³¹ *Id.* at 79–95.

³² *Republic v. Yu, et al.*, 519 Phil. 391, 398 (2006) [Per J. Quisumbing, Third Division].

a judgment on the merits; and (d) there must be as between the first and second action, identity of parties, subject matter, and causes of action.³³

The doctrine of *res judicata* comprehends two distinct concepts: (1) bar by prior judgment; and (2) conclusiveness of judgment.³⁴ *Res judicata* under the first concept exists when there is identity of parties, subject matter, and a cause of action in the first and second actions. The judgment in the first action is final as to the claim or demand in controversy, including the parties and those in privity with them, not only as to every matter which was offered and received to sustain or defeat the claim or demand, but as to any other admissible matter which might have been offered for that purpose and of all matters that could have been adjudged in that case. On the other hand, *res judicata* under the second concept exists when there is identity of parties and subject matter but the causes of action are completely distinct. The first judgment is conclusive only as to those matters actually and directly controverted and determined and not as to matters merely involved therein.³⁵

To recapitulate, spouses Joson argued that petitioners' complaint can no longer be re-litigated in view of the finality of: (a) the First RTC Decision which upheld the validity of the Amicable Settlement between Jovino and Vivencio; and (b) the Second RTC Decision which decreed that Vivencio has the better right of possession over the subject property considering the binding effect of the Amicable Settlement. Spouses Joson posited, therefore, that the finality of these decisions constitutes a bar to petitioners' complaint based on the principle of *res judicata*.

The Court is not convinced.

On the first element of *res judicata*, the CA held that a decision that has acquired finality becomes immutable and unalterable, and may no longer be modified in any respect, unless there is a violation of the doctrine of immutability of judgments; the object of which is to put an end to what would be an endless litigation.³⁶ However, this tenet admits the following exceptions: (a) the correction of clerical errors; (b) the so-called *nunc pro tunc* entries which cause no prejudice to any party; (c) **void judgments**; and (d) whenever circumstances transpire after the finality of the decision rendering its execution unjust and inequitable.³⁷

Consistent with the above disquisition, the Court elucidated in *Imperial v. Hon. Armes*³⁸ that **a void judgment never becomes final**. Verily, it cannot produce legal effects and cannot be perpetuated by a simple reference to the

³³ *Samson v. Sps. Gabor, et al.*, 739 Phil. 429, 443 (2014) [Per J. Peralta, Third Division].

³⁴ *Heirs of Elliot v. Corcuera*, 880 Phil. 232, 239 (2020) [Per J. Lazaro-Javier, First Division].

³⁵ *Selga v. Brar*, 673 Phil. 581, 593 (2011) [Per J. Leonardo-De Castro, *En Banc*].

³⁶ *Republic v. Heirs of Gotengco*, 824 Phil. 568, 578 (2018) [Per J. Gesmundo, Third Division].

³⁷ *Id.*

³⁸ 804 Phil. 439 (2017) [Per J. Jardeleza, Third Division].

principle of immutability of final judgment. Said void judgment may then be set aside by either a direct action or a *collateral attack*. ***It is not necessary to take any steps to vacate or avoid a void judgment or final order as it may simply be ignored.***³⁹

In a similar vein, in *Agrarian Reform Beneficiaries Association v. Fil-Estate Properties, Inc.*,⁴⁰ the Court declared that a void judgment is in legal effect no judgment, by which no rights are divested, from which no right can be obtained, which neither binds nor bars any one, and under which all acts performed and all claims flowing out are void. It is not a decision in contemplation of law and, hence, cannot become executory. It also follows that such void judgment *cannot* constitute a bar to another case by reason of *res judicata*.⁴¹

Verily, *Imperial* instructs that a judgment becomes wholly void when it is rendered with grave abuse of discretion. This was reiterated in *Ampatuan v. Commission on Audit*,⁴² wherein the Court emphasized that a judgment rendered not based on law and evidence warrants a finding of grave abuse of discretion which necessarily becomes void.

Grave abuse of discretion has been defined by the Court in *Gacad, Jr. v. Corpuz*,⁴³ as judgment exercised in a capricious and whimsical manner that is tantamount to lack of jurisdiction. To be considered “grave,” discretion must be exercised in a despotic manner by reason of passion or personal hostility, and must be so patent and gross as to amount to an evasion of positive duty or to a virtual refusal to perform the duty enjoined by or to act at all in contemplation of law. *Grave abuse of discretion attends when the trial court manifestly disregarded the basic rules and procedures, or acted with obstinate disregard of basic and established rule of law or procedure.*

Thus, there is grave abuse of discretion when an act is: (1) *done contrary to the Constitution, the law or jurisprudence*; or (2) *executed whimsically, capriciously or arbitrarily, out of malice, ill will or personal bias.*⁴⁴ It may also refer to cases in which, for various reasons, there has been a gross misapprehension of facts.⁴⁵

In line with the above pronouncement, the Court held in *Air Transportation Office v. Court of Appeals*,⁴⁶ that the CA committed grave

³⁹ *Id.* at 473.

⁴⁰ 766 Phil. 382 (2015) [Per J. Jardeleza, Third Division].

⁴¹ *Id.* at 406–407.

⁴² 918-A Phil. 842, 849–850 (2021) [Per J. M. Lopez, *En Banc*].

⁴³ G.R. No. 216107, August 3, 2022 [Per J. Hernando, First Division].

⁴⁴ *Tirol v. Tayengco-Lopingco*, G.R. No. 211017, March 15, 2022, [Per J. Inting, First Division], citing *Ocampo v. Rear Admiral Enriquez*, 798 Phil. 227, 294 (2016) [Per J. Perlla, *En Banc*].

⁴⁵ *United Coconut Planters Bank v. Looyuko*, 560 Phil. 581, 592 (2007) [Per J. Austria-Martinez, Third Division].

⁴⁶ 737 Phil. 61 (2014) [Per J. Leonardo-De Castro, First Division].

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abuse of discretion when it issued a Resolution granting the issuance of a writ of preliminary injunction that was contrary to Rule 70, Section 21 and other relevant provisions of the Rules of Court.⁴⁷ Likewise in *Thenamaris Philippines, Inc. v. Court of Appeals*,⁴⁸ the Court attributed grave abuse of discretion on the part of the CA as its decision displayed patent errors when it extended unwarranted liberality to the private respondent despite attendance of various infirmities in filing a petition, in violation of the established rules. In view of the grave abuse of discretion, the CA rulings in the previously mentioned cases were necessarily annulled by the Court.⁴⁹

Applying the foregoing, the Court underscores that PD 27 prohibits, except on specific circumstances provided by law, the transfer of lands awarded to tenant-farmers, viz.:

Title to the land acquired pursuant to this Decree or the Land Reform Program of the Government shall not be transferable except by hereditary succession or to the Government in accordance with the provisions of this Decree, the Code of Agrarian Reforms and other existing laws and regulations; (Emphasis supplied)

In *Lim v. Cruz*,⁵⁰ the Court elucidated that this prohibition traces its roots to Commonwealth Act No. 141⁵¹ issued in 1936 and later carried over to PD 27 in 1972 and RA No. 6657 in 1988. While RA No. 6657 set a 10-year prohibition period, the prohibition under PD 27, nonetheless, was perpetual. However, upon the passage of RA No. 9700⁵² in 2009, lands awarded under PD 27 are now also subject to a 10-year prohibition on sale, transfer, or conveyance.

Thus, *Lim*, citing *Torres v. Ventura*,⁵³ **declared void** the transfers of ownership, rights, or possession over lands acquired pursuant to PD 27. The ruling in *Torres* was then reiterated in *Filinvest Land, Inc. v. Adia, et al.*⁵⁴ wherein the Court emphasized that **any waiver and transfer of rights and interests under PD 27 is void** for violating the agrarian reform law, whose main purpose is to ensure that the farmer-beneficiary shall continuously possesses, cultivates, and enjoys the land they till. In fine, any agreement signed by the farmer-beneficiary to surrender rights or interest over lands awarded under PD 27 is void.

⁴⁷ *Id.* at 84.

⁴⁸ 725 Phil. 590 (2014) [Per J. Del Castillo, Second Division].

⁴⁹ *Id.* at 604.

⁵⁰ G.R. No. 248650, March 15, 2023 [Per J. Zalameda, First Division].

⁵¹ The Public Land Act (1936).

⁵² An Act Strengthening the Comprehensive Agrarian Reform Program (CARP), Extending the Acquisition and Distribution of All Agricultural Lands, Instituting Necessary Reforms, Amending for the Purpose Certain Provision of Republic Act No. 6657 (1988), Comprehensive Agrarian Reform Law of 1988, as amended, and Appropriating Funds Therefor.

⁵³ 265 Phil. 99 (1990) [Per J. Gancayco, First Division].

⁵⁴ 773 Phil. 567, 576 (2015) [Per J. Brion, Second Division].

Here, petitioners were issued four emancipation patents on July 15, 1988 pursuant to PD 27. Subsequently, on September 17, 1992, Jovino surrendered their tenancy rights over the subject property to Vivencio in exchange for monetary consideration through the Amicable Settlement. The validity of this Amicable Settlement was later upheld in the First RTC Decision, which became the basis of the trial court's ruling in the Second RTC Decision, finding Vivencio to be the lawful possessor of the subject property.

However, it is clear that pursuant to *Lim, Torres*, and *Filinvest*, the transfer made by Jovino to Vivencio through the Amicable Settlement *is void for being made in violation of PD 27 and RA 6657 which provides a 10-year prohibition on sale, transfer, or conveyance of lands awarded to tenant-farmers*. Thus, the First RTC Decision, upholding the validity of the Amicable Settlement, and the Second RTC Decision, declaring Vivencio the rightful possessor of the subject property in view of the Amicable Settlement, run counter to the dictates of PD 27 and RA 6657. The acts of the RTC Br. 38 RTC Br. 39 in issuing these judgments outside the contemplation of law constitute grave abuse of discretion tantamount to a lack or an excess of jurisdiction, *thus rendering the same void*.⁵⁵ Consequently, the First and Second RTC Decisions did not become final and immutable. All acts emanating from it have no force and effect.

With the foregoing considered, it becomes clear that the instant case is not barred by *res judicata* since the first element—*the judgment sought to bar the new action must be final*—is wanting. As discussed above, the First and Second RTC Decisions could not have attained finality as these ruling were issued with grave abuse of discretion, rendering the same void.

As the instant case is not barred by *res judicata*, the DARAB correctly adjudicated the possession of the subject property in petitioners' favor by virtue of their emancipation patents in view of the nullity of the Jovino's surrender of their tenancy rights to Vivencio. While the Court affirms the DARAB ruling in that respect, it, however, holds that both petitioners may recover their respective tenanted portion of the subject property. Apropos is the Court's ruling in *Lim, Filinvest*, and *Torres*, wherein the Court consistently allowed tenant-farmers to recover lands which they transferred in violation of the prohibition under PD 27 and RA No. 6657. In these cases, the Court ratiocinated that to hold otherwise will defeat the spirit and intent of PD 27 which is to emancipate tillers from the bondage of the soil. Verily, this legal policy must prevail.⁵⁶

Corollary to this, the Court sets aside the DARAB's order of conduct of transfer action proceedings, with respect to Jovino's tenanted portion. The Court's thrust in *Lim, Filinvest*, and *Torres* to allow tenant-farmers to still

⁵⁵ See *Jaro v. Court of Appeals*, 427 Phil. 532 (2002) [Per J. Carpio, Third Division].

⁵⁶ *Torres v. Ventura*, 265 Phil. 99 (1990) [Per J. Gancayco, First Division].

recover lands despite violation of PD 27, and the further declaration of the Amicable Settlement as void, preclude the DARAB from considering Jovino as a disqualified farmer-beneficiary as to proceed with the transfer action proceedings. To reiterate, the Court holds that both petitioners are entitled to recover their respective tenanted portion of the subject property.

Additionally, the Court views that, while the First RTC Decision involving the Amicable Settlement was rendered void for being in violation of PD 27 and RA No. 6657, this ruling, however, is without prejudice to Sps. Joson’s right to recover the money Vivencio paid to Jovino as consideration for the Amicable Settlement in a separate action.

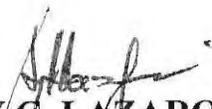
ACCORDINGLY, the petition is **GRANTED**. The Decision dated March 21, 2017 and Resolution dated July 27, 2017 of the Court of Appeals in CA-G.R. SP No. 145746 are hereby **REVERSED** and **SET ASIDE**. Accordingly, respondents Spouses Jose and Jovita L. Joson are ordered to **VACATE** and **SURRENDER** to petitioners Ernesto Tellez and Jovino Tellez their respective tenanted portion of the subject property.

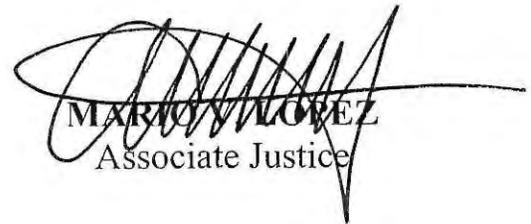
SO ORDERED.


ANTONIO T. KHO, JR.
Associate Justice

WE CONCUR:

On official leave
MARVIC M.V.F. LEONEN
Senior Associate Justice
Division Chairperson


AMY C. LAZARO-JAVIER
Associate Justice
Acting Division Chairperson


MARIO V. LOPEZ
Associate Justice


JHOSEP Y. LOPEZ
Associate Justice

A T T E S T A T I O N

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.


AMY C. LAZARO-JAVIER
Associate Justice
Acting Chairperson, Second Division

C E R T I F I C A T I O N

Pursuant to Article VIII, Section 13 of the Constitution, and the Acting 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

