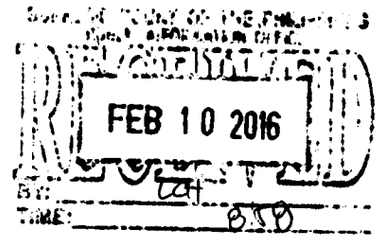
Republic of the Philippines
Supreme Court
Manila



FIRST DIVISION

SPOUSES RAMON and LIGAYA GONZALES, Petitioners, - versus - **MARMAINE REALTY CORPORATION, represented by MARIANO MANALO,** Respondent.	**G.R. No. 214241** Present: SERENO, *C.J.*, Chairperson, LEONARDO-DE CASTRO, BERSAMIN, PEREZ, and PERLAS-BERNABE, *JJ.* Promulgated: JAN 13 2016

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D E C I S I O N

PERLAS-BERNABE, *J.*:

Assailed in this petition for review on *certiorari*[1] are the Resolutions dated April 24, 2014[2] and September 10, 2014[3] of the Court of Appeals (CA) in CA-G.R. SP No. 132871, which dismissed the petition for review filed by herein petitioners-spouses Ramon and Ligaya Gonzales (Sps. Gonzales) before it on the ground of non-exhaustion of administrative remedies.

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1 *Rollo*, pp. 10-33.

2 Id. at 35-40. Penned by Associate Justice Melchor Q.C. Sadang with Associate Justices Celia C. Librea-Leagogo and Franchito N. Diamante concurring.

3 Id. at 42-44.

The Facts

The instant case arose from a Complaint[4] dated October 30, 1997 for Recognition as Tenant with Damages and Temporary Restraining Order filed by Sps. Gonzales against herein respondent Marmaine Realty Corporation (Marmaine) before the Office of the Provincial Adjudicator, Department of Agrarian Reform Adjudication Board (DARAB), Region IV (Tenancy Case). After initially filing a Motion to Dismiss,[5] Marmaine seasonably filed an Answer with Counterclaim[6] and, thereafter, trial ensued.

On January 6, 1998, the Provincial Agrarian Reform Adjudicator (PARAD) issued a Resolution[7] ordering the issuance of a writ of preliminary injunction in Sps. Gonzales' favor. In view thereof, Sps. Gonzales filed a Notice of *Lis Pendens*[8] dated September 26, 2000 before the Register of Deeds of Batangas, which was then annotated on the certificates of title of Marmaine's properties.

After due proceedings, the PARAD issued a Decision[9] dated June 27, 2002 in the Tenancy Case, dismissing Sps. Gonzales' complaint for lack of merit. Sps. Gonzales moved for reconsideration,[10] which was, however, denied in an Order[11] dated August 7, 2002. Aggrieved, they appealed[12] to the DARAB, but the latter affirmed the PARAD ruling in a Decision[13] dated October 17, 2008. Dissatisfied, Sps. Gonzales moved for reconsideration[14] of the DARAB's October 17, 2008 Decision, but the same was denied in a Resolution[15] dated March 23, 2009. Due to the failure on the part of Sps. Gonzales to further appeal, the DARAB Decision became final and executory on May 7, 2009, and an Entry of Judgment[16] was issued on January 19, 2012.

In view of the finality of the ruling in the Tenancy Case, Marmaine filed a Motion for Cancellation of Notice of *Lis Pendens*[17] dated January 31, 2012.

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4 Id. at 52-58.
5 Dated November 19, 1997. Id. at 60-62.
6 Dated November 29, 1997. Id. at 68-74.
7 Id. at 99-100. Penned by Provincial Adjudicator Antonio C. Cabili.
8 Id. at 138-145.
9 Id. at 146-148.
10 Dated July 4, 2002. Id. at 149-156.
11 Id. at 164.
12 See Notice of Appeal dated August 12, 2002; id. at 165-166.
13 Id. at 189-196. Penned by Assistant Secretary Edgar A. Igano with Assistant Secretaries Augusto P. Quijano, Ma. Patricia Rualo-Bello, and Delfin B. Samson concurring.
14 Not attached to the *rollo*.
15 *Rollo*, pp. 199-200. Penned by Assistant Secretary Edgar A. Igano with OIC-Assistant Secretary Jim G. Coleto and Assistant Secretaries Ma. Patricia Rualo-Bello and Ambrosio B. De Luna concurring.
16 Id. at 201-202. Signed by OIC-Executive Director, DARAB Secretariat, Atty. Roland C. Manalaysay.
17 Id. at 203-204.

The PARAD Ruling

In an Order[18] dated May 15, 2012, the PARAD initially denied Marmaine's motion on the ground of, *inter alia*, prematurity because a civil case involving the same parties is still pending before the Regional Trial Court of Rosario, Batangas, Branch 87, docketed as Civil Case No. RY2K-052. However, on Marmaine's motion for reconsideration,[19] the PARAD issued an Order[20] dated December 4, 2012 setting aside its earlier Order and, accordingly, directed the Register of Deeds of Batangas to cancel the notice of *lis pendens* annotated on Marmaine's certificates of title.[21] The PARAD held that such cancellation is warranted in view of the final and executory judgment in the Tenancy Case in Marmaine's favor. In this relation, the PARAD pointed out that the cancellation of the notice of *lis pendens* only pertains to the Tenancy Case and does not involve Civil Case No. RY2K-052.[22]

Sps. Gonzales moved for reconsideration[23] which was, however, denied in a Resolution[24] dated October 16, 2013. Dissatisfied, petitioners went straight to the CA *via* a petition for review under Rule 43 of the Rules of Court.[25]

The CA Ruling

In a Resolution[26] dated April 24, 2014, the CA dismissed the petition on the ground of non-exhaustion of administrative remedies. It held that Sps. Gonzales improperly elevated the case to it *via* a petition for review under Rule 43 of the Rules of Court, pointing out that the proper remedy from a PARAD's denial of a motion for reconsideration is an appeal to the DARAB, and not a petition for review under Rule 43 of the Rules of Court.[27]

Undaunted, Sps. Gonzales moved for reconsideration,[28] but was denied in a Resolution[29] dated September 10, 2014; hence, this petition.

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18 Id. at 206. Penned by Provincial Adjudicator Pacito M. Canonoy, Jr.
19 Dated May 23, 2012. Id. at 207-210.
20 Id. at 45-46. Penned by Provincial Adjudicator Pacito M. Canonoy, Jr.
21 Id. at 46.
22 Id.
23 See motion for reconsideration dated January 22, 2013; id. at 212-214.
24 Id. at 47. Penned by Provincial Adjudicator Pacito M. Canonoy, Jr.
25 Dated December 13, 2013. Id. at 223-234.
26 Id. at 35-40.
27 See id. at 38-39.
28 See motion for reconsideration dated May 22, 2014; id. at 48-51.
29 Id. at 42-44.

The Issue Before the Court

The issues raised for the Court's resolution are as follows: (*a*) whether or not the CA erred in dismissing the petition for review before it due to petitioners' failure to exhaust administrative remedies; and (*b*) whether or not the PARAD correctly ordered the cancellation of the notice of *lis pendens* annotated on the certificates of title of Marmaine's properties.

The Court's Ruling

The doctrine of exhaustion of administrative remedies is a cornerstone of our judicial system. The thrust of the rule is that courts must allow administrative agencies to carry out their functions and discharge their responsibilities within the specialized areas of their respective competence. The rationale for this doctrine is obvious. It entails lesser expenses and provides for the speedier resolution of controversies. Comity and convenience also impel courts of justice to shy away from a dispute until the system of administrative redress has been completed.[30] In view of this doctrine, jurisprudence instructs that before a party is allowed to seek the intervention of the courts, it is a pre-condition that he avail himself of all administrative processes afforded him. Hence, if a remedy within the administrative machinery can be resorted to by giving the administrative officer every opportunity to decide on a matter that comes within his jurisdiction, then such remedy must be exhausted first before the court's power of judicial review can be sought. The premature resort to the court is fatal to one's cause of action. Accordingly, absent any finding of waiver or *estoppel*, the case may be dismissed for lack of cause of action.[31]

However, it must be clarified that the aforementioned doctrine is not absolute as it is subject to certain exceptions, one of which is when the question involved is purely legal and will ultimately have to be decided by the courts of justice.[32] In *Vigilar v. Aquino*,[33] the Court had the opportunity to explain the rationale behind this exception, to wit:

> It does not involve an examination of the probative value of the evidence presented by the parties. There is a question of law when the doubt or difference arises as to what the law is on a certain state of facts, and not as to the truth or the falsehood of alleged facts. **Said question at best could be resolved tentatively by the administrative authorities. The final decision on the matter rests not with them but with the courts of justice. Exhaustion of administrative remedies does not apply, because nothing of an administrative nature is to be or can be done. The issue**

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30 *Universal Robina Corp. (Corn Division) v. Laguna Lake Development Authority*, 664 Phil. 754, 759-760 (2011).

31 *Samar II Electric Cooperative v. Seludo, Jr.*, G.R. No. 173840, April 25, 2012, 671 SCRA 78, 88; citations omitted.

32 See id. at 89.

33 654 Phil. 755 (2011).

> **does not require technical knowledge and experience but one that would involve the interpretation and application of law.**[34] (Emphasis and underscoring supplied)

In the case at bar, Sps. Gonzales correctly pointed out that the issue they raised before the CA, *i.e.*, the propriety of the cancellation of the Notice of *Lis Pendens*, falls within the aforesaid exception as the same is a purely legal question, considering that the resolution of the same would not involve an examination of the probative value presented by the litigants and must rest solely on what the law provides on the given set of circumstances.[35]

Verily, the CA erred in dismissing Sps. Gonzales' petition for review before it, considering that the matter at issue – a question of law – falls within the known exceptions of the doctrine of exhaustion of administrative remedies. In such a case, court procedure dictates that the instant case be remanded to the CA for a resolution on the merits. However, when there is already enough basis on which a proper evaluation of the merits may be had, as in this case, the Court may dispense with the time-consuming procedure of remand in order to prevent further delays in the disposition of the case and to better serve the ends of justice.[36] In view of the foregoing – as well as the fact that Sps. Gonzales prayed for a resolution of the issue on the merits[37] – the Court finds it appropriate to finally settle the conflicting claims of the parties.

"*Lis pendens*," which literally means pending suit, refers to the jurisdiction, power or control which a court acquires over a property involved in a suit, pending the continuance of the action, and until final judgment. Founded upon public policy and necessity, *lis pendens* is intended to keep the properties in litigation within the power of the court until the litigation is terminated; and to prevent the defeat of the judgment or decree by subsequent alienation. Its notice is an announcement to the whole world that a particular property is in litigation and serves as a warning that one who acquires an interest over said property does so at his own risk or that he gambles on the result of the litigation over said property. The filing of a notice of *lis pendens* has a two-fold effect: (*a*) to keep the subject matter of the litigation within the power of the court until the entry of the final judgment to prevent the defeat of the final judgment by successive alienations; and (*b*) to bind a purchaser, *bona fide* or not, of the land subject of the litigation to the judgment or decree that the court will promulgate subsequently.[38]

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[34] Id. at 761-762, citing *Republic of the Philippines v. Lacap*, 546 Phil. 87, 98 (2007).

[35] See *Tongonan Holdings and Dev't. Corp. v. Escaño, Jr.*, 672 Phil. 747, 756 (2011), citing *Republic of the Philippines v. Malabanan*, 646 Phil. 631, 637-638 (2010).

[36] See *Real v. Sangu Philippines, Inc.*, 655 Phil. 68, 90 (2011), citing *Alcantara v. The Philippine Commercial and International Bank*, 648 Phil. 267, 280 (2010).

[37] See *rollo*, p. 29.

[38] *Sps. Romero v. CA*, 497 Phil. 775, 784-785 (2005); citations omitted.

Under Section 14, Rule 13 of the Rules of Court, a notice of *lis pendens* may be cancelled "after proper showing that the notice is for the purpose of molesting the adverse party, or that it is not necessary to protect the rights of the party who caused it to be recorded." In the same vein, case law likewise instructs that a notice of *lis pendens* may be cancelled in situations where: (*a*) there are exceptional circumstances imputable to the party who caused the annotation; (*b*) the litigation was unduly prolonged to the prejudice of the other party because of several continuances procured by petitioner; (*c*) the case which is the basis for the *lis pendens* notation was dismissed for *non-prosequitur* on the part of the plaintiff; or (*d*) judgment was rendered against the party who caused such a notation.[39]

In the case at bar, records show that the notice of *lis pendens* that Sps. Gonzales caused to be annotated on Marmaine's certificates of title stemmed from the Tenancy Case filed by the former against the latter. Since the Tenancy Case had already been decided against Sps. Gonzales with finality, it is but proper that the PARAD order the cancellation of the notice of *lis pendens* subject of this case. In this relation, the PARAD correctly ruled that its cancellation of the aforementioned notice of *lis pendens* only pertains to the Tenancy Case and, thus, would not affect any other case involving the same parties, such as Civil Case No. RY2K-052 pending before the Regional Trial Court of Rosario, Batangas, Branch 87.

In sum, the PARAD properly ordered the cancellation of the notice of *lis pendens* that Sps. Gonzales caused to be annotated on Marmaine's certificates of title in view of the finality of the decision in the Tenancy Case.

WHEREFORE, the petition is hereby **DENIED** for lack of merit.

SO ORDERED.

ESTELA M. PERLAS-BERNABE
Associate Justice

WE CONCUR:

MARIA LOURDES P. A. SERENO
Chief Justice
Chairperson

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[39] See *Fernandez v. CA*, 397 Phil. 205, 217 (2000).

TERESITA J. LEONARDO-DE CASTRO
Associate Justice

LUCAS P. BERSAMIN
Associate Justice

JOSE PORTUGAL PEREZ
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