

[ G.R. No. L-6314. January 22, 1954 ]

**PEDRO TEODORO, PLAINTIFF AND APPELLEE, VS. AGAPITO BALATBAT ET AL.,  
DEFENDANTS AND APPELLANTS.**

**D E C I S I O N**

**REYES, J.:**

This is an appeal from the Court of First Instance of Bulacan certified to this Court by the Court of Appeals for the reason that it involves a purely legal question.

The case originated in the Justice of the Peace Court of Hagonoy, Bulacan, with the filing of a complaint for the recovery of possession of two parcels of land and a house thereon which were allegedly leased by plaintiff to defendants and which the latter refused to vacate after the expiration of the lease despite repeated demands. Answering the complaint, defendants denied the alleged lease, and setting up title in themselves, alleged that the house and land in question were merely mortgaged by them to plaintiff as a security for a usurious loan, but that to cover up the usury the transaction was given the form of a fictitious and simulated contract of sale with right of repurchase, which they consented to sign on the assurance that it was to be a mere evidence of indebtedness and would not be enforced as a true *pacto de retro* sale. After hearing the evidence presented by the parties, the justice of the peace rendered his decision dismissing the case for want of jurisdiction on the theory that the question of possession could not be resolved without first deciding that of ownership. From this decision plaintiff appealed to the Court of First Instance of Bulacan. There defendant filed a motion to dismiss, alleging that the court had no jurisdiction to try the case on the merits. But the motion was denied,

whereupon, defendants filed their answer to the complaint and plaintiff, on his part, filed his reply to the answer. On the case coming up for hearing defendants in open court again raised the question of jurisdiction. But the court rendered an order holding that the justice of the peace had jurisdiction and remanded the case to that court for trial on the merits. It is from that order that defendants have appealed.

It has been held time and again that the defendant in a case of forcible entry and detainer in a justice of the peace court may not divest that court of its jurisdiction by merely claiming ownership of the property involved. It is, however, equally settled that "if it appears during the trial that, by the nature of the proof presented, the question of possession can not properly be determined without settling that of ownership, then the jurisdiction of the court is lost and the action should be dismissed." (II Moran, Rules of Court, 1952 ed., p. 299, and cases therein cited.) So it is held that where plaintiff's claim to possession "is predicated upon a deed of sale alleged to have been executed by the defendant, who in turn alleges said document to be fictitious and fraudulent, and there are no circumstances showing that this claim of defendant is unfounded, the justice of the peace loses its jurisdiction." (Ibid.)

The evidence presented in the justice of the peace court in the present case is not before us. But from the answer filed by the defendants in the Court of First Instance and plaintiff's reply thereto, it is evident that plaintiff's pretended right to the possession of the property in dispute ultimately rests upon his claim of ownership, a claim based upon a purported contract of sale with right of repurchase admittedly signed by defendants but claimed by them to be a mere Simulation to cloak a mortgage obligation tainted with usury. If this contract was really a sale subject to repurchase and the repurchase has, as alleged by the plaintiff, not been made within the time stipulated, plaintiff would already be the owner of the property sold and, as such, entitled to its possession. On the other hand, if the contract was, as defendants claim, in reality a mere mortgage, then the defendants would still be the owner of the property and could not,

therefore, be regarded as mere lessees. In the final analysis then, the case hinges on a question of ownership and is for that reason not cognizable by the justice of the peace court.

The case at bar is to be distinguished from that of *Sevilla vs. Tolentino*, 51 Phil., 333, cited by the learned trial judge in the order appealed from. In that case, defendant was deemed to have impliedly admitted being lessee of the property in dispute and could not for that reason be allowed to claim ownership thereof in the same action. Such is not the situation of the present defendants, who have in their answer denied the alleged lease.

As the justice of the peace court of Hagonoy had no jurisdiction to try the case on the merits, the order appealed from remanding the case to that court must be, as it is hereby, revoked; and, in accord with the precedent established in *Cruz et al. vs. Garcia et al*, 45 Off. Gaz. 227, and the decisions therein cited, the case is ordered returned to the Court of First Instance of Bulacan for that court to proceed with the trial in the exercise of its original jurisdiction. With costs against the appellee.

*Paras, C. J., Pablo, Bengzon, Padilla, Montemayor, Jugo, Bautista Angelo, and Labrador, JJ., concur.*