

Title: Spouses Herminio E. Erorita and Editha C. Erorita vs. Spouses Ligaya Dumlao And Antonio Dumlao

Facts:

Spouses Ligaya and Antonio Dumlao (hereinafter the Dumlaos) are the registered owners of a property in Oriental Mindoro, where San Mariano Academy stands. The Dumlaos acquired the property through an extrajudicial foreclosure sale on April 25, 1990, previously owned by Spouses Herminio and Editha Erorita (hereinafter the Eroritas), who failed to redeem it, leading to title consolidation in favor of the Dumlaos. Despite this, the Eroritas were allowed, out of goodwill, to continue operating the school, with Hernan and Susan Erorita as administrators. The Dumlaos alleged an agreement for P20,000 monthly rent, unpaid since 1990, while the Eroritas claimed the use was rent-free.

On December 16, 2002, the Dumlaos asked the Eroritas to vacate, but the latter couldn't due to obligations to the Department of Education. On March 4, 2004, the Dumlaos filed a complaint for recovery of possession with the Regional Trial Court (RTC), which the Eroritas responded to by asking for dismissal, citing they cannot be forced to vacate. The Eroritas were subsequently declared in default for not appearing at pre-trial, and the RTC ruled in favor of the Dumlaos, ordering the Eroritas to vacate and pay accumulated rentals, damages, and attorney's fees.

The Eroritas then appealed to the Court of Appeals (CA), claiming the RTC lacked jurisdiction because the case was one of unlawful detainer, not recovery of possession. The CA, however, upheld the RTC's ruling stating that jurisdiction was proper under Republic Act No. 7691, as the property's assessed value exceeded jurisdictional thresholds for an RTC case.

Issues:

The legal issues raised and addressed by the Supreme Court were:

- I. Whether the RTC had proper jurisdiction over the case; and
- II. Whether Hernan and Susan Erorita were improperly included as parties in the case.

Court's Decision:

The Supreme Court ruled partially in favor of the petitioners, the Eroritas, identifying that the complaint filed by the Dumlaos indeed pertained to a case of unlawful detainer, which should fall within the jurisdiction of the Municipal Trial Court (MTC) regardless of the property's assessed value as per RA 7691. Since the elements of unlawful detainer were

present in the complaint, the case was incorrectly filed with the RTC, rendering the RTC's decision void due to lack of jurisdiction. Regarding the impleading of Hernan and Susan Ererita, the Supreme Court declined to address this issue as it was not raised in the lower courts, thus upholding due process considerations.

**Doctrine:**

The doctrine established or reiterated in this case is that the nature of an action and the court's jurisdiction over that action are determined by the allegations in the complaint. Jurisdiction will not be altered by captions of the complaint nor by the defenses presented in the answer. The issue of subject matter jurisdiction may be raised at any point, including for the first time on appeal, except when estoppel by laches applies, as in the exceptional circumstances of *Tijam v. Sibonghanoy*.

**Class Notes:**

Key elements to consider in similar cases are:

1. The elements of unlawful detainer that must be present in the complaint, notably lawful initial possession, notice to vacate, failure to vacate, and timing of the filing (within one year from the last demand to vacate).
2. The jurisdictional law applicable which is RA 7691.
3. The principle of estoppel by laches in the context of jurisdictional challenges raised for the first time on appeal.
4. Due process considerations when new issues are raised for the first time on appeal.

**Historical Background:**

The case presents a scenario where property ownership and possession issues are intertwined with contractual relations and claims of verbal agreements. The historical context includes the enactment of RA 7691, which sought to delineate jurisdictional boundaries between the RTC and MTC, clarifying which court handles cases based on the assessed value of the property. The Supreme Court's decision rests on this legislative expansion of MTC's jurisdiction, emphasizing the necessity for proper forum selection in property-related disputes.