

Title:

Cadimas v. Carrion and Hugo, G.R. No. 179571

Facts:

- Parties and Contract**: Marjorie B. Cadimas, represented by her attorney-in-fact Venancio Z. Rosales, entered into a Contract to Sell on August 4, 2003, with Marites Carrion for a townhouse at Lot 4-F-1-12 No. 23 Aster Street, West Fairview Park Subdivision, Quezon City, for P330,000.00 in installments. The contract restricted Carrion from transferring ownership without Cadimas' consent.
- Violation and Notice**: Carrion allegedly transferred the property to Gemma Hugo without Cadimas' written consent, under a Special Power of Attorney (SPA). Cadimas demanded explanations and later the property's return, which Carrion ignored.
- Filing of Complaint**: On October 28, 2004, Cadimas filed an accion reivindicatoria and damages complaint against Carrion and Hugo in the RTC, Quezon City. She also filed a Motion to Declare Carrion in Default for not responding to the summons.
- Motion to Dismiss by Respondents**: Hugo, representing herself and Carrion, motioned to dismiss the case on November 18, 2004, citing RTC's lack of jurisdiction and improper service of summons to Carrion, a non-resident. They argued the Housing and Land Use Regulatory Board (HLURB) had exclusive jurisdiction due to unsound real estate business practices involved.
- RTC's First Order**: On March 21, 2005, the RTC denied Hugo's motion to dismiss, declared Carrion in default, allowed petitioner to present evidence ex-parte, and required Hugo to file an answer.
- Answer and Reconsideration**: Hugo filed an answer, including a counterclaim for damages, and sought reconsideration of the default order and the dismissal on April 22, 2005.
- RTC's Second Order**: On January 17, 2007, the RTC upheld its jurisdiction, lifted the default order against Carrion, and scheduled a pre-trial conference.
- Appeal to Court of Appeals (CA)**: Respondents filed a special civil action for certiorari to the CA, which on September 27, 2007, set aside the RTC orders for lack of jurisdiction and dismissed the complaint. Cadimas's motion for reconsideration was denied.
- Petition to the Supreme Court**: On petition to the Supreme Court, Cadimas argued RTC jurisdiction based on the complaint's allegations, and respondents' submission to RTC jurisdiction via their counterclaim.

Issues:

- Jurisdiction**: Whether the RTC had jurisdiction over the complaint considering the

nature of the allegations and the applicable laws.

2. **Submission to Jurisdiction**: Whether the filing of an answer with a counterclaim by respondents constituted acknowledgment of RTC jurisdiction.
3. **Improper Motion**: Whether respondents correctly resorted to a Rule 65 petition instead of a timely appeal.

Court's Decision:

1. **Jurisdiction Analysis**: The Supreme Court held that jurisdiction is determined by the material allegations of the complaint and the applicable law when the action commences. According to P.D. No. 1344, HLURB's quasi-judicial power is specific to cases such as unsound real estate business practices and complaints by subdivision lot or condominium buyers against project developers. Since this case involved an ordinary sale of a townhouse and not a subdivision lot or condominium unit, HLURB jurisdiction did not apply.
2. **Submission to Jurisdiction**: The court observed that the respondents' counterclaim constituted a recognition of RTC jurisdiction. Additionally, jurisdiction cannot be dictated by the defenses laid out.
3. **Improper Motion**: The Supreme Court found that the procedural stance adopted by the respondents (Rule 65 petition) was inappropriate as a timely appeal from the RTC's orders should have been the correct remedy.

Doctrine:

The doctrine established in this case is that jurisdiction over the subject matter must be determined by the allegations in the complaint, not the defenses or subsequent motions. Furthermore, participation in litigation (filing answers and counterclaims) can signify submission to the court's jurisdiction.

Class Notes:

- **Jurisdiction**: Determined by the allegations in the complaint and the law at the action's commencement, independent of defendant's defenses.
- **Doctrine of Estoppel**: Filing answers and counterclaims may equate to submitting to the court's jurisdiction.
- **P.D. No. 1344**: HLURB has exclusive jurisdiction only over specific cases like those involving subdivision lot or condominium buyers against developers for unsound real estate business practices.

Historical Background:

This case reflects the broader context of the real estate boom in the Philippines, resulting in

numerous disputes involving developers and buyers. It specifically clarifies HLURB's jurisdiction in the wake of increasing litigation related to real estate contracts, reinforcing the boundaries of administrative versus judicial competence.