

**VENEFRIDA A. DE RIVERA, ET AL., PLAINTIFFS AND APPELLANTS,
VS. FORTUNATO F. HALILI, DEFENDANT AND APPELLEE.**

G.R. No. L-15159. September 30, 1963

Ponente: REGALA, J.

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REGALA, J.:

This appeal was originally addressed to the Court of Appeals. For the reason, however, that this case "is one in which the jurisdiction of any inferior court is in issue and the evidence involved is largely the same as the evidence submitted in an appealed civil case within the exclusive jurisdiction of the Supreme Court, within the meaning of Section 17, paragraphs (3) and (5) of Republic Act No. 296, the Judiciary Act of 1948," We allowed the endorsement of the same to Us by the appellate court above-mentioned.

The relevant circumstances which precipitated the filing of this suit, borne by the records and established by the trial court, are as follows:

1. On September 27, 1951, Federico Suntay the registered owner of the fishponds in question situated in the municipality of Hagonoy, Bulacan, leased said fishponds to Virgilio I. Ramos, Maximo Santiago and Graciano Queyquep for a period of four years beginning October 1, 1951 up to October 1, 1955.

2. On September 29, 1951, Federico Suntay signed a promissory

note in favor of the aforesaid lessees, as follows:

"Value Received :..... P30,000.00

For value received I hereby promise to pay Virgilio I. Ramos, Maximo Santiago and Graciano Queyquep, or order payable in Quezon City within 3 years from the herein stated date at 10% a year. In case of my failure to pay within the said period of 3 years, the said amount of P30,000.00 shall be consolidated and considered as additional sura to the consideration with corresponding extension of period of the contract of lease entered into between Virgilio I. Ramos, Maximo Santiago and Graciano Queyquep and Federico Suntay, Docket No. 217, Book X, Page 4, Series of 1951 acknowledged before the Notary, Apolonio Amancio on the 27th day of September 1951 at the City of Manila.

September 29, 1951.

(Sgd.) Federico Suntay

3. On October 1, 1951, Ramos, Santiago and Queyquep executed an "Assignment of Lease," whereby for and in consideration of the sum of P32,000.00 Philippine Currency paid to them by the assignee, Fortunato F. Halili, they sold, conveyed, assigned and transferred unto the said Fortunato F. Halili, all their rights and interest to the contract of lease executed by Federico Suntay in their favor for the term of four years, beginning October 1, 1951. This assignment of lease, according to Suntay, was made by Ramos, Santiago and Queyquep without his knowledge and consent;

4. On September 28, 1955, Suntay leased the fishponds in question to the herein plaintiffs for a period of two years beginning October 2, 1955 and ending October 2, 1957 for the sum of P32,000.;

5. On October 4, 1955, as defendant was then in possession of the fishponds in question, and as he refused to relinquish the possession thereof, plaintiffs instituted an action for unlawful detainer against said defendant in the Justice of the Peace Court of Hagonoy, Bulacan, which was docketed as Civil Case No. 96 of the said court;

6. On October 5, 1955, Suntay filed a complaint in the Court of First Instance of Quezon City against the herein defendant Halili together with Virgilio I. Ramos, Maximo G. Santiago and Graciano Queyquep (which was docketed as Civil Case Q-1564) wherein he prayed for judgment:

"I

(A)

Declaring the lease evidenced by Annex A and the assignment thereof as evidenced by Annex B, and plaintiff's promissory note, to be null and void for lack of, or for failure, of consideration, or

(B)

Declaring the said lease and the said promissory note to be null and void under Art. 1409 of the Civil Code, in relation to the provisions of the Revised Election Code; and

"II

In either event, sentencing defendant Halili to pay plaintiff the sum of P64,000.00 for the use and occupation of plaintiff's fishpond which he has held from October 1, 1951 to October 1, 1955.

Plaintiff further prays for his costs of suit and for such other relief as in the premises he may be entitled to. 7. On January 1, 1956, the Justice of the Peace of Hagonoy, Bulacan rendered a decision in Civil Case No. 96, ordering:

"1. The defendant and all persons claiming under him, to vacate the fishponds in question and to surrender possession thereof, to plaintiffs;

"2. The defendant to pay the plaintiffs the sum of P2,200.00 a month as reasonable compensation for the use and occupation of the fishponds from October 2, 1955 until defendant finally vacates the same, and

"3. To pay the costs of the suit. The counterclaim of the defendant is hereby dismissed."

8. On May 23, 1957, the Court of First Instance of Rizal, Quezon City Branch, rendered a decision in Civil Case Q-1564, the dispositive portion of which declared:

"Premises Considered, the court hereby renders judgment in favor of plaintiff Federico Suntay, by declaring the promissory notes as well as the contract of lease, null and void, as they were executed in violation of Art. 1409 of the new Civil Code and Section 48 of the Revised Election Code, and insofar as the claim of damages of both plaintiff and defendant in their respective pleadings are concerned, the court dismisses the same for both are in part delicto, without special pronouncement as to costs.

9. The parties in Civil Case Q-1564, not satisfied with the decision above rendered, filed their respective notices of intention to appeal and eventually elevated the ruling to the Supreme Court.¹ 10. On Appeal of the decision of the Justice of the Peace Court to the Court of First Instance of Hagonoy, Bulacan, the same was reversed and the complaint dismissed. The CFI ruled that the Justice of the Peace could not have acquired jurisdiction over the case

and that, consequently, it, the CFI, could likewise acquire no appellate jurisdiction to review the same. In support of the ruling, the CFI said:

"After a careful study of the evidence of record, it is our sense that plaintiffs' right to the possession of the fishponds in dispute depends upon the declaration of nullity of the various documents under which defendant bases his right of possession. The basic issue involves not merely the question of possession which 'naturally flows as a consequence of the leasehold right' but also 'the validity of the source of the right of possession.' In order to determine the validity of the leasehold rights of the defendant, this court perforce has to make a judicial pronouncement or finding as to the validity or nullity of the deed of assignment executed in his (defendant) favor as well as the promissory note—the issue involved and/ or squarely presented in Civil Case No. Q-1564 of the Court of First Instance of Quezon City above-adverted to. It is our considered opinion that the Quezon City Court (now the Supreme Court where the case is on appeal) is the proper court that could legally pass upon and determine the validity of the documents upon which the defendant bases his right to possess the fishpond in dispute and not this court or the court of origin for that matter. Until said case is finally decided in favor of Suntay, the defendant cannot be dispossessed of the property in litigation by means of this action. Unless the contract of lease, assignment of lease and promissory note have been finally declared void by the Supreme Court decided that it did not have appellate jurisdiction over the case and remanded the appeal to the Court of Appeals.

Court said documents are presumed valid. Undoubtedly, the justice of the peace court of Hagonoy had no power to declare said documents upon which defendant bases his right void. ***." Plaintiffs-appellants take exception to the aforequoted ruling of the Court of First Instance of Bulacan, assigning thereto the following errors:

First:

That the trial court erred in finding that the issue involved in this case is not merely the question of possession but also the validity of the contract of lease, the promissory note and the assignment of lease:

Second:

That the trial court finally erred in refusing to take cognizance of this case in exercise of its appellate jurisdiction.

Third:

That the trial court finally erred in not declaring the plaintiffs entitled to the possession of the property in question, together with the reasonable compensation for the use and occupation of the same.

We cannot subscribe to the stand taken by the herein plaintiffs-appellants.

When the decision of the Justice of the Peace Court dated January 5, 1956 was elevated for review to the Court of First Instance, the latter court could have acted on the same only in the exercise of its appellate jurisdiction. The exercise of appellate jurisdiction, however, calls for and demands a previous, legitimate jurisdiction by the court of origin. Unfortunately, this requirement for the proper dispensation of the Court of First Instance's appellate jurisdiction was wanting in the case at bar. It is the Court's considered view that the Justice of the Peace of Hagonoy, Bulacan had no jurisdiction over Civil Case No. 96.

The disagreement of the parties in Civil Case No. 96 of the Justice of the Peace of Hagonoy, Bulacan extended far beyond the issues generally involved in unlawful detainer suits. The litigants therein did not raise merely the question of who among them was entitled to the possession of the fishpond of Federico Suntay. For all judicial purposes, they likewise prayed of the court to rule on their respective rights under the various contractual documents—their respective deeds of lease, the deed of assignment and the promissory note upon which they predicated their claims to the possession of the said fishpond. In other words, they gave the court no alternative

but to rule on the validity or nullity of the above documents. Clearly, the case was converted into the determination of the nature of the proceedings from a mere detainer suit to one that is "incapable of pecuniary estimation" and thus beyond the legitimate authority of the Justice of the Peace Court to rule on. Under the Judiciary Act of 1948, as amended, civil actions "incapable of pecuniary estimation" can only be addressed to the original jurisdiction of the Court of First Instance (Section 44, par. A).

Considering that, as the Court of First Instance of Bulacan expressed it, "plaintiffs' right to the possession of the fishpond in dispute depends upon the declaration of nullity of the various documents under which defendant bases his right of possession," then truly, only the Court of First Instance of Quezon City (now the Court of Appeals) could have legally decided that question for two reasons: First of all, the Court of First Instance of Bulacan could not try the case, even if it wanted to, because then it would have done violence to Section 11 of Rule 40 of the Rules of Court which says—

"SEC. 11. Lack of Jurisdiction.—A case tried by an inferior court without jurisdiction over the subject matter shall be dismissed on appeal by the Court of First Instance. But instead of dismissing the case, the Court of First Instance in the exercise of its original jurisdiction, may try the case on the merits if the parties therein file their pleadings and go to the trial without any objection to such jurisdiction."

Pursuant to the above rule, therefore, the Court of First Instance of Bulacan could have tried the case on the merits only had the parties therein filed their pleadings and gone "to the trial without any objection to such jurisdiction." That was, however, a condition which could have not been met for the reason that a party thereto has precisely "objected to such jurisdiction." Secondly, the nullity of the various instruments under which the defendant (herein appellant) bases his right of possession was the sole and very bone of contention in Civil Case No. Q-1564 of the Quezon City Court of First Instance (now Court of Appeals). If the Court of First Instance of Bulacan were to make its own findings on that issue, and, thereafter the Supreme Court laid down a contrary ruling, then the proceedings in the Court of First Instance of Bulacan would only have been rendered naught since, naturally, the Court of Appeals's decision must prevail.

One other observation may be pertinent. There is no privity of contract between the appellants and the defendant-appellee. The unlawful detainer case was filed by the herein appellants ostensibly as an assertion of their right under the contract of lease with Federico Suntay dated September 28, 1955. If, indeed, appellants trace their right to the possession of the fishpond to that lease contract, then We hold that the course of action taken by them was inadequate and essentially erroneous. Under the premises, We believe that they should have claimed their right under the said contract against the lessor, Federico Suntay, and not against the incumbent possessors who themselves had some colorable right to the disputed realty.

Under Article 1654 of the Civil Code, the lessor is obliged:

- To deliver the thing which is the object of the contract in such a condition as to render it fit for the use intended;
 - To make on the same during the lease all the necessary repairs in order to keep it suitable for the use to which it has been devoted, unless there is a stipulation to the contrary;
 - To maintain the lessee in the peaceful and adequate enjoyment of the lease for the entire duration of the contract.
- Under the above-quoted provision of the Civil Code, appellants' failure to take possession of the leased fishpond on account of the presence of persons unwilling to vacate the premises because of some previous act or transaction of the lessor, is a breach of the obligations of the lessor "to deliver the thing which is the object of the contract in such a condition as to render it fit for the use intended" as well as of his obligation "to maintain the lessee in the peaceful and adequate enjoyment of the lease for the entire duration of the contract." Consequently, appellants should have instituted an action against the lessor, Federico Suntay, based upon the latter's failure to

comply with his obligations under the aforecited Article 1654 of the Civil Code.

In view of all the foregoing, the judgment appealed from is hereby affirmed in full, with costs against the appellants in all instances.

Bengzon, C. J. Padilla, Bautista Angela, Concepcion, Barrera, Paredes, Dizon, and Makalintal, JJ., concur.

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