

**PEDRO SYQUIA, GONZALO SYQUIA, AND LEOPOLDO SYQUIA,
PETITIONERS, VS. NATIVIDAD ALMEDA LOPEZ, JUDGE OF
MUNICIPAL COURT OF MANILA, CONRADO V. SANCHEZ, JUDGE OF
COURT OF FIRST INSTA...**

G.R. No. L-1648. August 17, 1949

Ponente: MONTEMAYOR, J.

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MONTEMAYOR, J.:

For the purposes of this decision, the following facts gathered from and based on the pleadings, may be stated. The plaintiffs named Pedro, Gonzalo, and Leopoldo, all surnamed Syquia, are the undivided joint owners of three apartment buildings situated in the City of Manila known as the North Syquia Apartments, South Syquia Apartments and Michel Apartments located at 1131 M. H. del Pilar, 1151 M. H. del Pilar and at 1188 A. Mabini streets, respectively.

About the middle of the year 1945, said plaintiffs executed three lease contracts, one for each of the three apartments, in favor of the United States of America at a monthly rental of P1,775 for the North Syquia Apartments, P1,890 for the South Syquia Apartments, and P3,335 for the Michel Apartments. The term or period for the three leases was to be "for the duration of the war and six months thereafter, unless sooner terminated by the United States of America." The apartment buildings were used for billeting and quartering officers of the U. S. armed forces stationed in the Manila area.

In March, 1947, when these court proceedings were commenced, George F. Moore was the Commanding General, United States Army, Philippine Ryukus Command, Manila, and as Commanding General of the U. S. Army in the Manila Theatre, was said to control the occupancy of the said apartment houses and had authority in the name of the United States Government to assign officers of the U. S. Army to said apartments or to order said officers to vacate the same. Erland A. Tillman was the Chief, Real Estate Division, Office of the District Engineers, U. S. Army, Manila, who, under the command of defendant Moore was in direct charge and control of the lease and occupancy of said three apartment buildings. Defendants Moore and Tillman themselves did not occupy any part of the premises in question.

Under the theory that said leases terminated six months after September 2, 1945, when Japan surrendered, plaintiffs sometime in March, 1946, approached the predecessors in office of defendants Moore and Tillman and requested the return of the apartment buildings to them, but they were advised that the U. S. Army wanted to continue occupying the premises. On May 11, 1946, said plaintiffs requested the predecessors in office of Moore and Tillman to renegotiate said leases, execute lease contracts for a period of three years and to pay a reasonable rental higher than those payable under the old contracts. The predecessor in office of Moore in a letter dated June 6, 1946, refused to execute new leases but advised that "it is contemplated that the United States Army will vacate subject properties prior to 1 February 1947." Not being in conformity with the continuance of the old leases because of the alleged comparatively low rentals being paid thereunder, plaintiffs formally requested Tillman to

cancel said three leases and to release the apartment buildings on June 28, 1946. Tillman refused to comply with the request. Because of the alleged representation and assurance that the U. S. Government would vacate the premises before February 1, 1947, the plaintiffs took no further steps to secure possession of the buildings and accepted the monthly rentals tendered by the predecessors in office of Moore and Tillman on the basis of a month to month lease subject to cancellation upon thirty (30) days notice. Because of the failure to comply with the alleged representation and assurance that the three apartment buildings will be vacated prior to February 1, 1947, plaintiffs on February 17, 1947, served formal notice upon defendants Moore and Tillman and 64 other army officers or members of the United States Armed Forces who were then occupying apartments in said three buildings, demanding (a) cancellation of said leases; (b) increase in rentals to P300 per month per apartment effective thirty days from notice; (c) execution of new leases for the three or any one or two of the said apartment buildings for a definite term, otherwise, (d) release of said apartment buildings within thirty days of said notice in the event of the failure to comply with the foregoing demands. The thirty day period having expired without any of the defendants having complied with plaintiffs' demands, the plaintiffs commenced the present action in the Municipal Court of Manila in the form of an action for unlawful detainer (*desahucio*) against Moore and Tillman and the 64 persons occupying apartments in the three buildings for the purpose of having them vacate the apartments, each occupant to pay P300 a month for his particular apartment from January 1, 1947 until each of said particular defendant had vacated said apartment; to permit plaintiffs access to said apartment buildings for the purpose of appraising the damages sustained as the result of the occupancy by defendants; that defendants be ordered to pay plaintiffs whatever damages may have been actually caused on said property; and that in the event said occupants are unable to pay said P300 a month and/or the damages sustained by said property, the defendants Moore and Tillman jointly and severally be made to pay said monthly rentals of P300 per month per; apartment from January 1, 1947 to March 19, 1947, inclusive, and/or the damages sustained by said apartments, and that defendants Moore and Tillman be permanently enjoined against ordering any additional parties in the future from entering and occupying said premises.

Acting upon a motion to dismiss filed through the Special Assistant of the Judge Advocate, Philippine Ryukus Command on the ground that the court had no jurisdiction over the defendants and over the subject matter of the action, because the real party in interest was the U. S. Government and not the individual defendants named in the complaint, and that the complaint did not state a cause of action, the Municipal Court of Manila in an order dated April 29, 1947, found that the war between the United States of America and her allies on one side and Germany and Japan on the other, had not yet terminated and, consequently, the period or term of the three leases had not yet expired; that under the well settled rule of international law, a foreign government like the United States Government cannot be sued in the courts of another state without its consent; that it was clear from the allegations of the complaint that although the United States of America has not been named therein as defendant, it is nevertheless the real defendant in this case, as the parties named as defendants are officers of the United States Army and were occupying the buildings in question as such and pursuant to orders received from that Government. The Municipal Court dismissed the action with costs against the plaintiffs with the suggestion or opinion that a citizen of the Philippines, who feels aggrieved by the acts of the Government of a foreign country has the right to demand that the Philippine Government study his claim and if found meritorious, take such diplomatic steps as may be necessary for the vindication of the rights of that citizen, and that the matter included or involved in the action should be a proper subject matter of representations between the Government of the United States of America and the Philippines. Not being satisfied with the order, plaintiffs appealed to the Court of First Instance of Manila, where the motion to dismiss was renewed.

The Court of First Instance of Manila in an order dated July 12, 1947, affirmed the order of the municipal court dismissing plaintiffs' complaint. It conceded that under the doctrine laid down in the case of *U. S. vs. Lee*, 106 U.

S. 196 and affirmed in the case of *Tindal vs. Wesley*, 167 U. S., 204, ordinarily, courts have jurisdiction over cases where private parties sue to recover possession of property being held by officers or agents acting in the name of the U. S. Government even though no suit can be brought against the Government itself, but inasmuch as the plaintiffs in the present case are bringing this action against officers and agents of the U. S. Government not only to recover the possession of the three apartment houses supposedly being held illegally by them in the name of their government, but also to collect back rents, not only at the rate agreed upon in the lease contracts entered into by the United States of America but in excess of said rate, to say nothing of the damages claimed, as a result of which, a judgment in these proceedings may become a charge against the U. S. Treasury, then under the rule laid down in the case of *Land vs. Dollar*, 91 Law. ed., 1209, the present suit must be regarded as one against the United States Government itself, which cannot be sued without its consent, specially by citizens of another country.

The plaintiffs as petitioners have brought this case before us on a petition for a writ of mandamus seeking to order the Municipal Court of Manila to take jurisdiction over the case. On October 30, 1947, counsel for respondents Almeda Lopez, Sanchez, Moore and Tillman filed a motion to dismiss on several grounds. The case was orally argued on November 26, 1947. On March 4, 1948, petitioners filed a petition which, among other things, informed this Court that the North Syquia Apartments, the South Syquia Apartments and Michel Apartments would be vacated by their occupants on February 29, March 31, and May 31, 1948, respectively. As a matter of fact, said apartments were actually vacated on the dates already mentioned and were received by the plaintiffs-owners.

On the basis of this petition and because of the return of the three apartment houses to the owners, counsel for respondents Almeda Lopez, Sanchez, Moore and Tillman filed a petition to dismiss the present case on the ground that it is moot. Counsel for the petitioners answering the motion, claimed that the plaintiffs and petitioners accepted possession of the three apartment houses, reserving all of their rights against respondents including the right to collect rents and damages; that they have not been paid rents since January 1, 1947; that respondents admitted that there is a total of P109,895, in rentals due and owing to petitioners; that should this case be now dismissed, the petitioners will be unable to enforce collection that the question of law involved in this case may again come up before the Courts when conflicts arise between Filipino civilian property owners and the U. S. Army authorities concerning contracts entered into in the Philippines between said Filipinos and the U. S. Government. Consequently, this Court, according to the petitioners, far from dismissing the case, should decide it, particularly the question of jurisdiction.

On June 18, 1949, through a "petition to amend complaint" counsel for the petitioners informed this court that petitioners had already received from the U.S. Army Forces in the Western Pacific the sum of P109,895 as rentals for the three apartments, but with the reservation that said acceptance should not be construed as jeopardizing the rights of the petitioners in the case now pending in the courts of the Philippines or their rights against the U.S. Government with respect to the three apartment houses. In view of this last petition, counsel for respondents alleging that both respondents Moore and Tillman had long left the Islands for other Army assignments, and now that both the possession of the three, apartments in question as well as the rentals for their occupation have already been received by the petitioner renew their motion for dismissal on the ground that this case has now become moot.

The main purpose of the original action in the municipal court was to recover the possession of the three apartment houses in question. The recovery of rentals as submitted by the very counsel for the petitioner was merely incidental to the main action. Because the prime purpose of the action had been achieved, namely, the recovery of the possession of the premises, apart from the fact that the rentals amounting to P109,895 had been

paid to the petitioners and accepted by them though under reservations, this Court may now well dismiss the present proceedings on the ground that the questions involved therein have become academic and moot. Counsel for the petitioners however, insists that a decision be rendered, on the merits, particularly on the question of jurisdiction of the Municipal Court over the original action, not only for the satisfaction of the parties involved but also to serve as a guide in future cases involving cases of similar nature such as contracts of lease entered into between the Government of the United States of America on one side and Filipino citizens on the other regarding properties of the latter. We accept the suggestion of petitioners and shall proceed to discuss the facts and law involved and rule upon them.

We shall concede as correctly did the Court of First Instance, that following the doctrine laid down in the cases of *U. S. vs. Lee* and *U. S. vs. Tindal*, supra, a private citizen claiming title and right of possession of a certain property may, to recover possession of said property, sue as individuals, officers and agents of the Government who are said to be illegally withholding the same from him, tho in doing so, said officers and agents claim that they are acting for the Government, and the courts may entertain such a suit altho the Government itself is not included as a party-defendant. Of course, the Government is not bound or concluded by the decision. The philosophy of this ruling is that unless the courts are permitted to take cognizance and to assume jurisdiction over such a case, a private citizen would be helpless and without redress and protection of his rights which may have been invaded by the officers of the government professing to act in its name. In such a case the officials or agents asserting rightful possession must prove and justify their claim before the courts, when it is made to appear in the suit against them that the title and right of possession is in the private citizen. However, and this is important, where the judgment in such a case would result not only in the recovery of possession of the property in favor of said citizen but also in a charge against or financial liability to the Government, then the suit should be regarded, as one against the government itself, and, consequently, it cannot prosper or be validly entertained by the courts except with the consent of said Government. (See case of *Land vs. Dollar*, 91 Law ed., 1209.)

From a careful study of this case, considering the facts involved therein as well as those of public knowledge of which we take judicial cognizance, we are convinced that the real party in interest as defendant in the original case is the United States of America. The lessee in each of the three lease agreements was the United States of America and the lease agreements themselves were executed in her name by her officials acting as her agents. The consideration or rentals was always paid by the U. S. Government. The original action in the Municipal Court was brought on the basis of these three lease contracts and it is obvious in the opinion of this court that any back rentals or increased rentals will have to be paid by the U. S. Government not only because as already stated, the contracts of lease were entered into by such Government but also because the premises were used by officers of her armed forces during the war and immediately after the termination of hostilities.

We cannot see how the defendants and respondents Moore and Tillman could be held individually responsible for the payment of rentals or damages in relation to the occupancy of the apartment houses in question. Both of these army officials had no intervention whatsoever in the execution of the lease agreements nor in the initial occupancy of the premises both of which were effected thru the intervention of and at the instance of their predecessors in office. The original request made by the petitioners for the return of the apartment buildings after the supposed termination of the leases, was made to, and denied not by Moore and Tillman but by their predecessors in office. The notice and decision that the U. S. Army wanted and in fact continued to occupy the premises was made not by Moore and Tillman but by their predecessors in office. The refusal to renegotiate the leases as requested by the petitioners was made not by Moore but by his predecessors in office according to the very complaint filed in the Municipal Court. The assurance that the U. S. Army will vacate the premises prior to February 29, 1947, was also made by the predecessors in office of Moore.

As to the defendant Tillman, according to the complaint he was Chief, Real Estate Division, Office of the District Engineer, U. S. Army, and was in direct charge and control of the leases and occupancy of the apartment buildings, but he was under the command of defendant Moore, his superior officer. We cannot see how said defendant Tillman in assigning new officers to occupy apartments in the three buildings, in obedience to order or direction from his superior, defendant Moore, could be held personally liable for the payment of rentals or increase thereof, or damages said to have been suffered by the plaintiffs.

With respect to defendant General Moore, when he assumed his command in Manila, these lease agreements had already been negotiated and executed and were in actual operation. The three apartment buildings were occupied by army officers assigned thereto by his predecessors in office. All that he must have done was to assign or billet incoming army officers to apartments as they were vacated by outgoing officers due to changes in station. He found these apartment buildings occupied by his government and devoted to the use and occupancy of army officers stationed in Manila under his command; and he had reason to believe that he could continue holding and using the premises theretofore assigned for that purpose and under contracts previously entered into by his government, as long as and until orders to the contrary were received by him. It is even to be presumed that when demand was made by the plaintiffs for the payment of increased rentals or for vacating the three apartment buildings, defendant Moore, not a lawyer by profession but a soldier, must have consulted and sought the advice of his legal department, and that his action in declining to pay the increased rentals or to eject all his Army Officers from the three buildings must have been in pursuance to the advice and counsel of his legal division. At least, he was not in a position to pay increased rentals above those set and stipulated in the lease agreements, without the approval of his government, unless he personally assumed financial responsibility therefor. Under these circumstances, neither do we believe nor find that defendant Moore can be held personally liable for the payment of back or increased rentals and alleged damages.

As to the army officers who actually occupied the apartments involved, there is less reason for holding them personally liable for rentals and supposed damages as sought by the plaintiffs. It must be remembered that these army officers when coming to their station in Manila were not given the choice of their dwellings. They were merely assigned quarters in the apartment buildings in question. Said assignments or billets may well be regarded as orders and all that those officers did was to obey them, and, accordingly, occupied, the rooms assigned to them. Under such circumstances, can it be supposed or conceived that such army officers would first inquire whether the rental being paid their government for the rooms or apartments assigned to them by order of their superior officer was fair and reasonable or not, and whether the period of lease between their government and the owners of the premises had expired, and whether their occupancy of their rooms or apartments was legal or illegal? And if they dismissed these seemingly idle speculations, assuming that they ever entered their minds, and continued to live in their apartments unless and until orders to the contrary were received by them, could they later be held personally liable for any back rentals which their government may have failed to pay to the owners of the buildings, or for any damages to the premises incident to all leases of property, specially in the absence of proof that such damages to property had been caused by them and not by the previous occupants, also army officers who are not now parties defendant to this suit? Incidentally it may be stated that both defendants Moore and Tillman have long left these Islands to assume other commands or assignments and in all probability none of their 64 co-defendants is still within this jurisdiction.

On the basis of the foregoing consideration, we are of the belief and we hold that the real party defendant in interest is the Government of the United States of America; that any judgment for back or increased rentals or damages will have to be paid not by defendants Moore and Tillman and their 64 co-defendants but by the said U. S. Government. On the basis of the ruling in the case of *Land vs. Dollar* already cited, and on what we have already stated, the present action must be considered as one against the U. S. Government. It is clear that the

courts of the Philippines including the Municipal Court of Manila have no jurisdiction over the present case for unlawful detainer. The question of lack of jurisdiction was raised and interposed at the very beginning of the action. The U. S. Government has not given its consent to the filing of this suit which is essentially against her, though not in name. Moreover, this is not only a case of a citizen filing a suit against his own Government without the latter's consent but it is of citizen filing an action against a foreign government without said government's consent, which renders more obvious the lack of jurisdiction of the courts of his country. The principles of law behind this rule are so elementary and of such general acceptance that we deem it unnecessary to cite authorities in support thereof.

In conclusion we find that the Municipal Court of Manila committed no error in dismissing the case for lack of jurisdiction and that the Court of First Instance acted correctly in affirming the municipal court's order of dismissal. Case dismissed, without pronouncements as to costs.

Moran, C.J., Paras, Feria, Bengzon, Tuason, and Reyes, JJ., concur.

DISSENTING

PERFECTO, J.:

The petition must be granted. This is the conclusion we have arrived at long ago, soon after this case had been submitted for our decision. We regret that, to avoid further delay in the promulgation of the decision in this case, we are constrained to limit ourselves, to a synthesis of the reasons for our stand. So that this opinion may be released immediately, we are making it as short as possible. To said effect we have to waive the opportunity of elaborating on our arguments.

We are of the opinion that both the municipal court and the Court of First Instance of Manila erred in dismissing petitioners' complaint and the majority of the Supreme Court have given their exequatur to such grievous error.

'There is no question that the Municipal Court of Manila had and has complete jurisdiction to take cognizance of and decide the case initiated by petitioners. That jurisdiction is the same whether the true defendants are those specifically mentioned in the complaint or the Government of the United States.

The contention that the Government of the United States of America is the real party defendant does not appear to be supported either by the pleadings or by the text of the contract of lease in question. If said government is the real party defendant and had intended to impugn the jurisdiction of the Municipal Court of Manila, it must have done so through its diplomatic representative in the Philippines, i.e., the American Ambassador. It does not appear that the American Ambassador had intervened in the case in any way and we believe no one appearing in the case has the legal personality to represent said government.

In the hypothesis that the government of the United States of America is the lessee in the contract in question and, therefore, should be considered as the real party defendant in the ejectment case, that simple fact does not deprive our courts of justice of their jurisdiction to try any litigation relating to said contract of lease. The very fact that the government of the United States of America had entered into a private contract with private citizens of the Philippines and the deed executed in our country concerns real property located in Manila, places said government, for purposes of the jurisdiction of our courts, on the same legal level of the lessors.

Although, generally, foreign governments are beyond the jurisdiction of domestic courts of justice, such rule is inapplicable to cases in which the foreign government enters into private contracts with the citizens of the court's jurisdiction. A contrary view would simply run against all principles of decency and violative of all tenets of

morals.

Moral principles and principles of justice are as valid and applicable as well with regard to private individuals as with regard to governments either domestic or foreign. Once a foreign government enters into a private contract with the private citizens of another country, such foreign government cannot shield its nonperformance or contravention of the terms of the contract under the cloak of non-jurisdiction. To place such foreign government beyond the jurisdiction of the domestic courts is to give approval to the execution of unilateral contracts, graphically described in Spanish as "contratos leoninos," because one party gets the lion's share to the detriment of the other. To give validity to such contract is to sanctify bad faith, deceit, fraud. We prefer to adhere to the thesis that all parties in a private contract, including governments and the most powerful of them, are amenable to law, and that such contracts are enforceable through the help of the courts of justice with jurisdiction to take cognizance of any violation of such contracts if the same had been entered into only by private individuals.

To advance the proposition that the government of the United States of America, soon after liberating the Philippines from the invading Japanese forces, had entered with the petitioners into the lease contract in question with the knowledge that petitioners could not bring an action in our courts of justice to enforce the terms of said contract is to hurl against said government the blackest indictment. Under such situation, all the vociferous avowals of adherence to the principles of justice, liberty, democracy, of said government would appear as sham. We cannot believe that the government of the United States of America can in honest conscience support the stand of respondents in this case. We cannot believe that said government is so callous as not to understand the meaning of the shame entailed in the legal stand of non-jurisdiction intended to place said government beyond the reach of our courts of justice.

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