

SITIO DE ASIS HOMEOWNERS ASSOCIATION AS REPRESENTED BY MARIO VERONA, PLAINTIFF-APPELLANT, VS. THE HON. ROLANDO G. HOW, IN HIS CAPACITY AS PRESIDING JUDGE OF PARANAQUE RTC, BRANC...

Ponente: SORONGON, J.

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SORONGON, J.:

This is an appeal under Rule 41 of the Rules of Court questioning the October 29, 2009 Order^[1] of the Regional Trial Court of Paranaque City, Branch 257 dismissing Civil Case No. 05-0341.

The facts as found in the records:

A complaint was filed before the RTC of Parañaque City by Sitio De Asis Homeowners Association (SDAHAI) on September 9, 2005 against the Philippine National Railways (PNR) for Specific Performance and Damages with Prayer for the Issuance of Temporary Restraining Order and/or Preliminary Injunction to compel PNR to comply with its obligation under the Memorandum of Agreement (MOA) dated September 3, 2003 among SDAHAI, PNR and Housing and Urban Development Coordinating Council (HUDCC).

SDAHAI is a community organization in Barangay San Martin de Porres, Parañaque City duly registered with the Home Financing Corporation. In the 1980's, SDAHAI submitted a proposal to PNR to purchase a portion of the Balabag-Sucat Abandoned Line consisting of 18,000 square meters. The said proposal to purchase was accepted and approved by the PNR Board of Directors in a meeting held on January 30, 1989. Consequently, PNR Resolution 89-03 approving and confirming the sale to SDAHAI was issued and the corresponding Certificates of Assignment were then awarded to its members.

Accordingly, the MOA dated September 3, 2003 was executed by and among PNR, SDAHAI, HUDCC, National Housing Authority (NHA), Presidential Commission for the Urban Poor, the then Mayor and Congressman of Parañaque City. The MOA has for its objective the proper disposition of the idle land owned by PNR consisting of 21,109 square meters particularly described as Lot 5A Psd-13-019130, including the 18,000 square meters, which is the subject of PNR Resolution 89-03. This project was known as "Sitio De Asis Socialized Housing Project" (Project).

However, defendant-appellee Danton Cantuba, President of United Residents of Balabag Abandoned Line Association (UROBAL), through machinations and ploy allegedly inveigled PNR to grant the Project to them. Felt abandoned, SDAHAI filed the complaint with the RTC.

As expected, UROBAL and Danton Cantuba have their own version of the story. They said that in 1933, the PNR moved its railway tract by 1000 meters from its original place thereby abandoning the Balagbag Line and leaving idle the four parcels of land described as Lot 1, Lot 2, Lot 5 and Lot 8 of Plan PSU 55137 with a total land area of 97,087 square meters covered by OCT No. (4406) 233.

In 1954, numerous landless families began occupying the said variant lots. Thereafter, the occupants organized

and formed the United Residents of Balabag Abandoned Line, Inc. (UROBAL) for the purpose of negotiating with PNR the sale of the subject lots. In particular, it petitioned PNR on August 17, 1967 to have the lots sold to them. Unfortunately, the series of negotiations proved unsuccessful as the actual sale did not materialize due to the successive and regular change in the PNR administration as well as the internal squabble within UROBAL which resulted to the formation of two (2) associations in 1984 known as the Sitio De Asis Homeowners Association, Inc. (SDAHAI) representing some of the members of UROBAL and Purok Uno Neighborhood Association (PUNA). Despite the pervading rift between UROBAL and SDAHAI, the former continued to negotiate with PNR regarding its intention to buy the subject lots long occupied by its members. Finally, in its Board Resolution No. 90-14 dated June 2, 1990, PNR approved the sale of Lot 5 with an area of 39, 214 square meters at a price of P120.00 per square meter in favor of its actual occupants who are members of UROBAL. Thereafter, titles over the said parcel of land were duly reconstituted.

In 1996, the three contending associations namely, UROBAL SDAHAI and PUNA merged with UROBAL as the overall association to spearhead the prompt sale of the subject lot to its member occupants. In 1998 with the intercession of the then Mayor of Taguig City, Ricardo Papa, Jr., UROBAL negotiated the sale at the price of P120.00 per square meter to be paid under Taguig's Floatation Bond. However, PNR begged off from the offer and instead proposed a selling price of P2,200 per square meter based on the zonal valuation of the Bureau of Internal Revenue. Successive offers and counter offers were made and rejected until both parties agreed to a selling price of P1,100.00 per square meter. Pending the actual sale, UROBAL requested the subject land to be surveyed as it appears in the duly reconstituted title that there are other several parcels of land included therein.

On March 27, 2001, to the surprise of UROBAL, Mario Verona, the President of SDAHAI, manifested his intention to buy the subject lot which is the same property covered by the MOA involving PNR, UROBAL and the Municipality of Taguig. Expectedly, SDAHAI's offer was rejected by PNR reasoning that the subject property was already covered by the MOA between UROBAL and PNR.

Meanwhile, on October 26, 2001, then President Gloria Macapagal-Arroyo issued Executive Order (EO) No. 48 declaring non-core properties of PNR as socialized housing sites and providing an avenue for the occupants thereof to purchase the same. On March 31, 2001, the EO's implementing rules were approved by the NHA, PNR and HUDCC.

Unfortunately, the actual release of the subject land was deferred due to the change in the political administration in Taguig City. But this did not stop UROBAL from pursuing its proposal to PNR to directly purchase the property through community association. On August 11, 2003 the PNR Board granted and approved the sale. Accordingly, a new MOA and Conditional Contract to Sell dated November 11, 2003 were inked by PNR and UROBAL.

Despite the knowledge of the pending sale and the newly executed MOA, SDAHAI entered into another memorandum of agreement with Jose Ma. I. Sarasola for the sale of the same subject lot covered by the existing MOA of PNR and UROBAL, sans the approval of the Board. Hence, UROBAL filed a complaint before the HLURB against the officers of SDAHAI headed by Mario Verona. On September 15, 2005, the HLURB issued its Decision^[2] thus:

"WHEREFORE, PREMISES CONSIDERED, judgment is hereby rendered as follows:

1. Ordering respondents to immediately remit to the PNR the P2,000.00 paid by each of the members of the Association as equity payment for the land they availed through the UROBAL with the proper listing of the names of the members to whose account the same should be credited.
2. Ordering the immediate conduct of election in accordance with their By-laws and as supervised by this

Office, to be participated by all members of the association, whether in good standing or not, pro hac vice.

3. Ordering the auditing of all the monies, records and assets of the association and turnover the same to the newly elected members of the Board and Officers.

4. Ordering the respondents to immediately comply with the reportorial requirements provided for in Section 1, Rule XIII of the HLURB Rules of Registration and Supervision of Homeowners Association and furnish the herein complainants of the most recent audited financial statements of the Association.

IT IS SO ORDERED."

As of date, UROBAL has already paid a hefty amount and has been religiously paying substantial amount of money to PNR for the purchase of the subject property. Its members are likewise regularly paying their dues except for a few members of SDAHA (49 out of its 206 members) who adamantly refused to comply with their obligation.

Meanwhile, the trial Court in Civil Case No. 05-0341, allowed the case to proceed by directing herein parties to submit their respective pleadings and conducting a full-dress trial thereon since it first took cognizance of the complaint in 2005. Thereafter, on October 29, 2009, it rendered the now impugned order, as follows:

"Since this Court has no jurisdiction over this case as the property involved belongs to the PNR and the transfer of this property to the occupants is within the power and jurisdiction of the Housing and Urban Development Coordinating Council (HUDCC) and considering further that this case must be brought to the proper forum as stated in the November 19, 2008 Order, the instant case is hereby dismissed.

SO ORDERED."[3]

Aggrieved, plaintiff-appellant instituted the present appeal interposing the following assignment of errors:

- THE TRIAL COURT ERRED IN STATING THAT THE HUDCC IS THE PROPER VENUE FOR THE CASE; and
- THE TRIAL COURT ERRED IN RATIOCINATING THAT THE REGIONAL TRIAL COURT IS NOT THE PROPER FORUM

In fine, the focal issue here is whether or not the trial court has jurisdiction to hear and decide the case.

Plaintiff-appellant insists that it was error for the trial court to have dismissed the case for lack of jurisdiction after a full blown trial has been held thereon. It posits that the HUDCC is not bestowed with quasi-judicial power to determine the rights of herein parties under the apparently two conflicting memoranda of agreement covering the same subject parcels of land. But rather it merely coordinates with the other government agencies tasked to implement the National Shelter Program of the government and ensure its prompt and proper disposition of the government properties to the landless occupants.

On the one hand, defendants-appellees ask for the outright dismissal of the instant appeal on procedural grounds, viz: (i) non-compliance with Sections 7 and 13 (a) and (h) of Rule 44 of the Revised Rules of Court pertinently on the failure to serve two (2) copies of the brief to defendants-appellees; and (ii) HUDCC has jurisdiction over the case and not the regular courts given the admission made by herein plaintiff-appellant during the preliminary conference wherein the latter states that the only unresolved issue is the determination of the rightful beneficiaries involving the eight (8) members of the SDAHAI. This matter according to them is well within the ambit of HUDCC's powers and functions. Thus, on the basis of such admission, the trial court dismissed the case sans objection of the parties. Also, plaintiff-appellant has belatedly raised the issue of jurisdiction in the instant appeal when it did not object to the dismissal of the case before the court below.

We first pass upon the procedural lapses pointed out by herein defendants-appellees.

The pertinent provision of Rule 50 of the Revised Rules of Court provides for the grounds for the dismissal of an appeal, thus, it states:

RULE 50 — DISMISSAL OF APPEAL.

Section 1. Grounds for dismissal of appeal. — An appeal may be dismissed by the Court of Appeals, on its own motion or on that of the appellee, on the following grounds:

- (a) Failure of the record on appeal to show on its face that the appeal was taken within the period fixed by these Rules;
- (b) Failure to file the notice of appeal or the record on appeal within the period prescribed by these Rules;
- (c) Failure of the appellant to pay the docket and other lawful fees as provided in Section 5 of Rule 40 and Section 4 of Rule 41;
- (d) Unauthorized alterations, omissions or additions in the approved record on appeal as provided in Section 4 of Rule 44;
- (e) Failure of the appellant to serve and file the required number of copies of his brief or memorandum within the time provided by these Rules;
- (f) Absence of specific assignment of errors in the appellant's brief, or of page references to the record as required in Section 13, paragraphs (a), (c), (d) and (f) of Rule 44;
- (g) Failure of the appellant to take the necessary steps for the correction or completion of the record within the time limited by the court in its order;
- (h) Failure of the appellant to appear at the preliminary conference under Rule 48 or to comply with orders, circulars, or directives of the court without justifiable cause; and
- (i) The fact that the order or judgment appealed from is not appealable. (1a)

Case law has it that that the aforecited grounds for dismissing an appeal with the exception of Section 1 (b), is discretionary upon this Court. This finds basis in the use of the word "may" instead of "shall". Thus, as held in the case of *De Leon v. Court of Appeals*[4]:

"Section 1, Rule 50, which provides specific grounds for dismissal of appeal, manifestly "confers a power and does not impose a duty. Moreover, it is directory, not mandatory." With the exception of Section 1 (b), the grounds for the dismissal of an appeal are directory and not mandatory, and it is not the ministerial duty of the court to dismiss the appeal.

At bar, we find that there is substantial compliance of the rule. Albeit, only one copy of the brief was served upon herein defendants-appellees, nevertheless, the purpose of the notice was duly served, that is, for the defendants-appellees to have knowledge of the allegations in the appellant's brief and rebut the same point by point. With respect to the digest of arguments, page reference and the like, plaintiff-appellant was able to sufficiently observe and carry out the objective for which the rule was intended. Justice and fair play dictates that we relax the implementation thereof taking into consideration the facts obtaining at bar as well as the time that lapsed since the filing of the complaint.

Now, the core issue.

It is a fundamental rule of procedure that "jurisdiction of the court over the subject matter of the action is determined by the allegations of the complaint, irrespective of whether or not the plaintiff is entitled to recover upon all or some of the claims asserted therein. The jurisdiction of the court cannot be made to depend upon the defenses set up in the answer or upon the motion to dismiss, for otherwise, the question of jurisdiction would almost entirely depend upon the defendant[5]. What determines the jurisdiction of the court is the nature of the action pleaded as appearing from the allegations in the complaint. The averments therein and the character of the relief sought are the ones to be consulted."[6]

In its action for specific performance with damages, plaintiff-appellant seeks to implement the September 3, 2003 MOA participated in by PNR, SDAHAI, Housing and Urban Development Coordinating Council (HUDCC), National Housing Authority (NHA), Presidential Commission for the Urban Poor, the then Mayor and Congressman of Paranaque City. The complaint further prays that defendants-appellees be ordered to pay exemplary damages, attorney's fees plus costs of herein suit[7]. In short, the primary relief sought by plaintiff-appellant is to compel PNR to honor the said agreement.

Undoubtedly, the present dispute is purely a civil one the jurisdiction thereof is vested upon the regular courts as her averments in the complaint. Thus, Section 1 of RA 7691 (the Judiciary Reorganization Act of 1980, was already amended by Republic Act (RA) No. 7691, An Act Expanding the Jurisdiction of the Metropolitan Trial Courts, Municipal Trial Courts, and Municipal Circuit Trial Courts, amending for the purpose BP Blg. 129), amending BP Blg. 129, provides that the RTC shall exercise exclusive original jurisdiction on the following actions:

Section 1. Section 19 of Batas Pambansa Blg. 129, otherwise known as the "Judiciary Reorganization Act of 1980," is hereby amended to read as follows:

Sec. 19. Jurisdiction in civil cases. — Regional Trial Courts shall exercise exclusive original jurisdiction:

- (1) In all civil actions in which the subject of the litigation is incapable of pecuniary estimation;
- (2) In all civil actions which involve the title to, or possession of, real property, or any interest therein, where the assessed value of the property involved exceeds Twenty Thousand Pesos (P20,000.00) or for civil actions in Metro Manila, where such value exceeds Fifty Thousand Pesos (P50,000.00), except actions for forcible entry into and unlawful detainer of lands or buildings, original jurisdiction over which is conferred upon the Metropolitan Trial Courts, Municipal Trial Courts, and Municipal Circuit Trial Courts; xxx" (Emphasis is Ours)

The present case for specific performance is a suit which is incapable of pecuniary estimation[8], with the end view of implementing the MOA entered into between PNR and SDAHAI, hence, the determination as to who among the contending parties has the valid and existing agreement can be best ventilated in an ordinary civil action falling within the exclusive jurisdiction of the Regional Trial Court.

We need not tarry on the other issues raised in this appeal since such matters are best threshed out via a trial on the merits in order for the court to have a categorical ruling on the validity of the two opposing memoranda of agreements. Accordingly, herein parties must perforce proceed with the trial and substantiate their respective cases through presentation of evidence.

WHEREFORE, the Court hereby GRANTS the instant appeal. Accordingly, the Order dated October 29, 2009 of the Regional Trial Court of Paranaque City, Branch 257 in Civil Case No. 05-0341 is REVERSED and SET ASIDE. The case is REMANDED to the court a quo for further proceedings pursuant to the ruling herein set forth without delay.

SO ORDERED.

[*]Gonzales-Sison, (Acting Chairperson), and [**]Ybañez, JJ., concur.

[*] Acting Chairperson per Office Order No. 485-14-RSF dated November 24, 2014.

[**] Acting Senior Member per Office Order No. 485-RSF dated November 24, 2014.

[1] Rollo, pp. 33-34

[2] Records, pp. 187-191

[3] Supra at Note 1.a

[4] 432 Phil 775, 789

[5] Serdoncillo vs. Benolirao, 297 SCRA 448 [1998], citing cases; San Miguel Corp. v. National Labor Relations Commission, 325 Phil. 401 [1996].

[6] Id.

[7] Complaint, Records, pp. 11-20

[8] Russell, et al vs. Vestil, et al., G.R. No. 119347, March 17, 1999

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