

**VICENTE A. RACAZA AND FRANCISCO A. RACAZA,
PLAINTIFFS-APPELLANTS, VS. ROBERTO DE OCAMPO,
DEFENDANT-APPELLANT.**

G.R. No. L-22328. January 30, 1971

Ponente: DIZON, J.

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DIZON, J.:

Vicente and Francisco Racaza filed an action against Roberto de Ocampo in the Municipal Court of Cebu City for the possession of a FORD Jeep fully described in their complaint, and for judgment sentencing said defendant to pay the unpaid rentals agreed upon, and costs of suit.

The joint Record on Appeal filed by the parties gives us no idea of the exact nature of the defense or defenses interposed by the defendant in the above-named court, although from the allegations made in his answer filed in the Court of First instance of Cebu it would seem that he had challenged the jurisdiction of the Municipal Court of Cebu City over the case contending that the plaintiffs were seeking to recover a sum of money in excess of the jurisdictional amount for said court, which contention was, however, overruled. Consequently, after a trial on the merits, said Municipal Court rendered judgment sentencing Ocampo to return and deliver the jeep in question to the plaintiffs and to pay to the latter a monthly rental of P50.00 from the date of the filing of the complaint until said jeep had been delivered to them. From this decision Ocampo appealed to the Court of First Instance of Cebu where he filed an answer where-in, after denying some of the averments of the complaint, he pleaded special defenses and a counter-claim as follows:

"AND AS SPECIAL DEFENSE, the Defendant alleges:

a) That the Court has no juris-diction to try the case;

b) That the complaint state no cause of action;

c) That the plaintiff is guilty of laches and estoppel;

d) That truth of the matter is that the transaction is one of mortgage of the car in question, in order to secure the right of the plaintiff of the amount loaned with usurious interest at P50.00 a month. In force and effect the same document which is the basis of the Plaintiff's complaint was executed in order to cover usurious transaction.

AND AS COUNTERCLAIM, the Defendant alleges:

That by this unreasonable suit, bad faith and unlawful act of plaintiff, the defendant was forced to hire the services of the undersigned counsels in the sum of P300.00 to defend this suit."

Upon motion of the plaintiffs, however, the Court of First Instance ordered on August 25, 1955 the striking out and elimination from defendant's answer of the allegations contained in Paragraph IV, sub-paragraphs b, c and d of his special defenses.

Subsequently, the defendant filed a motion to dismiss the case upon the ground that the Court of First Instance had no appellate jurisdiction thereon for the reason that the original complaint filed with the Municipal Court of Cebu City was not within said court's original jurisdiction. This motion was denied on January 28, 1957. Thereafter and after due trial, the Court of First Instance of Cebu rendered the ap-pealed judgment.

Both parties appealed, the plaintiffs only from that portion of the decision limiting the award of damages in their favor to the sum of P500.00 (as back rentals for the use of the jeep in question), while the defendant appealed claiming that the trial court had erred in not dismissing the case for lack of appellate jurisdiction thereon because, in turn, the Municipal Court of Cebu City did not have original jurisdiction over the case.

The following findings of fact made by the trial court are fully substantiated by the evidence:

"On December 22, 1952, the plain-tiffs bought the jeep in question from the defendant for P1,000.00. (Exh. B). (He needed the money to repair the boom of a crane. He later sold the crane for a good price.) The plaintiffs gave the defendant an option to repurchase the jeep within two months from December 22, 1952 or to sell it to a third person at a profit which was to be split between them. (Exh. C). In order to facilitate the repurchase and the sale to third persons, the registration of the jeep in the Motor Vehicle Office was allowed to remain in the name of the defendant. The two-month period expired and the defendant neither exercised his right of repurchase nor did he sell it to a third person. Notwithstanding the expiration of the two months, he continued to possess the jeep, promising to pay fifty pesos a month as rental. Then the plaintiffs demanded the delivery of the jeep and the back rentals, for he neither delivered the jeep nor paid the rentals. Despite repeated de-mands he refused to deliver the jeep or pay the rentals.

During the trial the defendant denied that he promised to pay any rental. As his special defense to the effect that the contract was not a sale but a mere mortgage, was technically ruled out, he could not prove it. As for the rentals, the Court is of the considered opinion that the amount of P500.00 as rental or damages from the date of the filing of the complaint in the Muni-cipal Court on January 5, 1956 until the date of this judgment would be reasonable, considering the amount of money (P1,000.00) paid by the plaintiffs for the price of the jeep and the sur-rounding circumstances."

It appears from the foregoing that the trial court found that the parties had an agreement that if the defendant did not repurchase the jeep within two months after the sale, he would pay a monthly rental of P50.00 if he retained possession thereof. On the basis of said agreement – if applied literally – the defendant should be held liable to pay the monthly rental aforesaid. However, in determining whether the trial court erred in limiting plaintiffs' right to recover unpaid rentals to the amount of P500.00, we cannot lose sight of the fact that the plaintiffs allowed more than two years from the expiration of the two months period for re-purchase to elapse before filing suit for the recovery of the jeep and of unpaid rentals. This — viewing the case from the point of equity – would seem to justify the action taken by the trial court in limiting plain-tiffs' right to recover unpaid rentals up to the amount aforesaid only.

Turning now to defendant's own appeal, we find the same to be without merit.

Plaintiffs' action commenced in the Municipal Court of the City of Cebu was one for the recovery of possession of the jeep mentioned heretofore, with damages in the form of unpaid rentals at the rate of P50.00 monthly from the expiration of defendant's right to retain said vehicle in his possession. As the price at which the defendant sold said jeep to the plaintiffs was P1,000.00 only, we are of the opinion that the action was within the original ex-clusive jurisdiction of the aforesaid court. That the value of the jeep together with the unpaid rentals claimed might give a total amount in excess of the jurisdictional amount for the Municipal Court of the City of Cebu did not take the case out of its jurisdiction, the unpaid rentals being a mere incident of the main action. The situation is analogous to the one obtaining in an action for forcible entry or un-lawful detainment when the rentals claimed

by the plaintiffs would exceed the jurisdictional amount for Municipal Courts. That circumstance, it has been repeatedly held by this Court, does not deprive said courts of their original exclusive jurisdiction over that type of actions.

Moreover, the record shows that although the defendant objected against the Court of First Instance exercising its appellate jurisdiction over the case, he did not at any time object against said court exercising its original jurisdiction over it but instead, after the denial of his motion to dismiss, went to trial. We hold, therefore, that, by doing so, he submitted the case for trial by the aforesaid court in the exercise of its original jurisdiction (*Bachrach et al. vs Lejano* L-10910, January 6, 1959; *Evangelista et al., vs Reyes*, L-20416, January 30, 1964).

In view of all the foregoing, the appealed decision is affirmed with cost against the defendant.

Concepcion, C.J., Reyes, J.B.L., Zaldivar, Castro, Fernando, Teehankee, Villamor, and Makasiar, JJ., concur.

Barredo, J., concurs in the result, but reserves his opinion as to the non-inclusion of the rentals in determining the jurisdiction of the municipal court.

Makalintal, J., no part.

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