

RADIO COMMUNICATIONS OF THE PHILIPPINES, INC., PETITIONER, VS. COURT OF APPEALS AND MANUEL DULAWON, RESPONDENTS.

G.R. No. 136109. August 01, 2002

Ponente: YNARES-SANTIAGO, J.

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YNARES-SANTIAGO, J.:

This is a petition for review of the decision of the Court of Appeals[1] in CA-G.R. SP No. 45987 dated April 30, 1998[2] and its resolution dated October 15, 1998[3] denying the motion for reconsideration.

On June 18, 1997, private respondent Manuel Dulawon filed with the Regional Trial Court of Tabuk, Kalinga, Branch 25, a complaint for breach of contract of lease with damages against petitioner Radio Communications of the Philippines, Inc. (RCPI). Petitioner filed a motion to dismiss the complaint for lack of jurisdiction contending that it is the Municipal Trial Court which has jurisdiction as the complaint is basically one for collection of unpaid rentals in the sum of P84,000.00, which does not exceed the jurisdictional amount of P100,000.00 for Regional Trial Courts. The trial court denied the motion to dismiss,[4] as well as petitioner's motion for reconsideration.[5] Hence, petitioner went to the Court of Appeals on a petition for certiorari. On April 30, 1998, the Court of Appeals dismissed the petition. The dispositive portion thereof reads:

WHEREFORE, the petition is hereby DENIED DUE COURSE and is DISMISSED. Costs against petitioner.

SO ORDERED.[6]

The motion for reconsideration of the foregoing decision was denied on October 15, 1998. Hence, this petition.

The issue for resolution in this petition is whether or not the Regional Trial Court has jurisdiction over the complaint filed by private respondent.

Pertinent portion of Batas Pambansa Blg. 129, as amended by Republic Act No. 7691, provides:

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;

X X X X X X X X

(8) In all other cases in which the demand, exclusive of interest, damages of whatever kind, attorney's fees, litigation expenses, and costs or the value of the property in controversy exceeds One hundred thousand pesos (P100,000.00) or, in such other cases in Metro Manila, where the demand, exclusive of the abovementioned items exceeds Two hundred thousand pesos (P200,000.00).[7]

Corollary thereto, Administrative Circular No. 09-94, states:

X X X X X X X X

2. The exclusion of the term "damages of whatever kind" in determining the jurisdictional amount under

Section 19 (8) and Section 33 (1) of B.P. 129, as amended by R.A. No. 7691, applies to cases where the damages are merely incidental to or a consequence of the main cause of action. However, in cases where the claim for damages is the main cause of action, or one of the causes of action, the amount of such claim shall be considered in determining the jurisdiction of the court.

X X X X X X X X.

In *Russell, et al., v. Vestil, et al.*, [8] the Court held that in determining whether an action is one the subject matter of which is not capable of pecuniary estimation, the nature of the principal action or remedy sought must first be ascertained. If it is primarily for the recovery of a sum of money, the claim is considered capable of pecuniary estimation, and jurisdiction over the action will depend on the amount of the claim. However, where the basic issue is something other than the right to recover a sum of money, where the money claim is purely incidental to, or a consequence of, the principal relief sought, the action is one where the subject of the litigation may not be estimated in terms of money, which is cognizable exclusively by Regional Trial Courts.

It is axiomatic that jurisdiction over the subject matter of a case is conferred by law and is determined by the allegations in the complaint and the character of the relief sought, irrespective of whether the plaintiff is entitled to all or some of the claims asserted therein.[9]

In the case at bar, the allegations in the complaint plainly show that private respondent's cause of action is breach of contract. The pertinent portion of the complaint recites:

X X X X X X X X

2. That sometime during the end of the year 1995, defendant through its appropriate officials negotiated with plaintiff the lease of a portion of the latter's building x

X X

3. That the lease contract was effective for a period of three (3) years of from January 1, 1996 to January 1, 1998 with advance payment for the year 1996. The advance was not however given in lump sum but on installment. One check that was given in payment of one month's rental for 1996 was even stale and had to be changed only after demand;

4. That as per contract the monthly rental for 1997 was P3,300.00 while for 1998, it is P3,700.00;

5. That the defendant surreptitiously removed its equipments and other personalities from the leased premises and failed to pay rentals due for the months of January to March 1997 to the damage and prejudice of plaintiff; that this failure and refusal on the part of plaintiff accelerated the payment of all rentals for each month for the years 1997 and 1998;

6. That the acts of defendant amounts to a breach of contract which is unlawful and malicious, as in fact, it caused plaintiff serious anxiety, emotional stress, and sleepless nights for which he is entitled to moral damages;

7. That plaintiff conveyed his feelings to Mr. Ronald C. Manalastas as evidenced by a letter dated January 7, 1997 a copy of which is hereto attached to form part hereof as Annex "B". This was later followed by a letter of plaintiff's counsel a machine copy of which is hereto attached to form part hereof and marked as Annex "C". Both these letters landed on deaf ears thereby aggravating the worries/anxieties of plaintiff;

8. That the period agreed is for the benefit of both parties and any unilateral termination constitutes breach of contract;

9. That defendant actually used the leased premises during the year 1996; that had it not been for the contract,

plaintiff could have leased the premises to other persons for business purposes; that this unlawful and malicious breach of contract cannot be lawfully countenanced hence defendant must be taught a lesson by being ordered to pay exemplary damages;

x x x x x x x x.[10]

It is settled that a breach of contract is a cause of action either for specific performance or rescission of contracts.[11] In *Manufacturer's Distributors, Inc. v. Siu Liong*, [12] the Court held that actions for specific performance are incapable of pecuniary estimation and therefore fall under the jurisdiction of the Regional Trial Court.[13] Here, the averments in the complaint reveal that the suit filed by private respondent was primarily one for specific performance as it was aimed to enforce their three-year lease contract which would incidentally entitle him to monetary awards if the court should find that the subject contract of lease was breached. As alleged therein, petitioner's failure to pay rentals due for the period from January to March 1997, constituted a violation of their contract which had the effect of accelerating the payment of monthly rentals for the years 1997 and 1998. The same complaint likewise implied a premature and unilateral termination of the term of the lease with the closure of and removal all communication equipment in the leased premises.[14] Under the circumstances, the court has to scrutinize the facts and the applicable laws in order to determine whether there was indeed a violation of their lease agreement that would justify the award of rentals and damages. The prayer, therefore, for the payment of unpaid rentals in the amount of P84,000.00 plus damages consequent to the breach is merely incidental to the main action for specific performance. Similarly, in *Manufacturer's Distributor's Inc.*, [15] the Court explained—

x x x x x x x x

That plaintiff's complaint also sought the payment by the defendant of P3,376.00, plus interest and attorney's fees, does not give a pecuniary estimation to the litigation, for the payment of such amounts can only be ordered as a consequence of the specific performance primarily sought. In other words, such payment would be but an incident or consequence of defendant's liability for specific performance. If no such liability is judicially declared, the payment can not be awarded. Hence, the amounts sought do not represent the value of the subject of litigation.

"Subject matter over which jurisdiction can not be conferred by consent, has reference, not to the res or property involved in the litigation nor to a particular case, but to the class of cases, the purported subject of litigation, the nature of the action and of the relief sought (*Appeal of Maclain*, 176 NW. 817)."

Specifically, it has been held that:

"The Court has no jurisdiction of a suit for specific performance of a contract, although the damages alleged for its breach, if permitted, are within the amount of which that court has jurisdiction." (*Mebane Cotton Breeding Station. vs. Sides*, 257 SW. 302; 21 C.J.S. 59, note).

x x x x x x x x

Clearly, the action for specific performance case, irrespective of the amount of rentals and damages sought to be recovered, is incapable of pecuniary estimation, hence cognizable exclusively by the Regional Trial Court. The trial court, therefore, did not err in denying petitioner's motion to dismiss.

WHEREFORE, in view of all the foregoing, the petition is DENIED and the assailed decision of the Court of Appeals in CA-G.R. SP No. 45987 is AFFIRMED.

SO ORDERED.

Davide, Jr., C.J., (Chairman), Vitug, Kapunan, and Austria-Martinez, JJ., concur.

[1] Thirteenth Division, composed of Associate Justices: Angelina Sandoval-Gutierrez, (Chairman and ponente), Romeo J. Callejo, Sr., (member), and Mariano M. Umali (member).

[2] Rollo, p. 48.

[3] Ibid., p. 63.

[4] Ibid., p. 39

[5] Ibid., p. 46.

[6] Ibid., p. 53.

[7] Under Section 5 of Republic Act No. 7691, which took effect in 1994, and Circular 21-99, the jurisdictional amount for Regional Trial Court should be adjusted as follows: Five years after the effectivity of Republic Act No. 7691, the amount exceeds Two Hundred Thousand Pesos (P200,000.00); and five years thereafter, the amount exceeds Three Hundred Thousand Pesos (P300,000.00). However, in the case of Metro Manila, the above-mentioned jurisdictional amounts shall be adjusted after five years from the effectivity of Republic Act No. 7691 such that the amount exceeds Four Hundred Thousand Pesos (P400,000.00) [Feria, Noche, Civil Procedure Annotated, 2001, Vol. 1, pp. 163-164.]

[8] 304 SCRA 738, 744 1999, citing *Singson v. Isabela Sawmill*, 88 SCRA 623 1979; *Raymundo v. Court of Appeals*, 213 SCRA 457 1992.

[9] Russell, *supra*, citing *Garcia v. Court of Appeals*, 273 SCRA 239 1997; *Cañiza v. Court of Appeals*, 268 SCRA 640 1997.

[10] Rollo, pp. 25-27.

[11] *Davao Abaca Plantation Company, Inc., v. Dole, Philippines, Inc.*, 346 SCRA 682, 688 2000, citing *Baguioro v. Barrios, et al.*, 77 Phil. 12 1946.

[12] 16 SCRA 680, 683 1966 .

[13] See also *Amorganda v. Court of Appeals*, 166 SCRA 203 1988 .

[14] Complaint, paragraphs 5 and 8; Exhibit “B”, Rollo, p. 31.

[15] *Supra*.

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