

NATIONAL ONION GROWERS COOPERATIVE MARKETING ASSOCIATION, INC., PETITIONER, VS. ANTONIO LO AND LAND BANK OF THE PHILIPPINES, RESPONDENTS.

G.R. No. 141493. July 28, 2004

Ponente: CARPIO, J.

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CARPIO, J.:

The Case

This petition for review on certiorari^[1] seeks to reverse the Court of Appeals' Decision dated 26 May 1999 and its Resolution dated 29 December 1999 in CA-G.R. SP No. 46334. The Court of Appeals dismissed petitioner's appeal of the Decision of the Regional Trial Court, Branch 74, Malabon ("RTC") affirming the Decision of the Metropolitan Trial Court, Branch 55, Malabon ("MTC"). In February 1996, respondent Antonio Lo ("Lo") filed an action for ejectment before the MTC against petitioner National Onion Growers Cooperative Marketing Association, Incorporated ("petitioner"). Lo demanded that petitioner vacate the premises of its offices because its lease contract had expired.

Antecedent Facts

Petitioner's offices used to occupy four lots in Tinajeros, Malabon, Rizal. Petitioner conveyed two of these lots, Lot No. 7 and Lot No. 8, by dacion en pago to the Agricultural Credit Administration ("ACA") to settle its debt. ACA transferred its rights over Lots Nos. 7 and 8 to the Land Bank of the Philippines ("LBP"). After acquiring ownership of the two lots, LBP leased the premises to petitioner for one-and-a-half years from 1 June 1994 until 31 December 1995.

On 9 November 1995, LBP sold to Lo the two lots through public bidding. Petitioner objected to the sale citing its preferential right to acquire the lots as a cooperative under Section 6 of Presidential Decree No. 175. On 8 December 1995, petitioner filed a case to annul the sale to Lo before the Regional Trial Court, Branch 169, Malabon, Rizal.

On the other hand, Lo wrote petitioner on 23 December 1995 to remind petitioner of the impending expiration of the lease and its need to vacate the premises immediately after expiration of the lease. Petitioner refused to vacate. Thus, on 23 February 1996, Lo filed a complaint for ejectment against petitioner. Petitioner countered that the MTC had no jurisdiction due to the pendency of the case for annulment of sale petitioner previously filed. Petitioner asserted that the question of ownership presented in the annulment proceedings barred the filing of an ejectment case.

The MTC ruled that actions for ejectment are summary in nature and the issue involved in such proceedings is possession de facto only. The MTC stated that the question of ownership, even if inextricably linked to the issue of possession, does not divest it of jurisdiction. In such cases, the MTC can decide the ownership provisionally for the sole purpose of determining possession. On 3 September 1996, the MTC rendered its decision in favor of Lo,

as follows:

WHEREFORE, premises considered, the court considers the allegations of the complaint to be true and duly substantiated except to the amount of damages and attorney's fees, which are reduced accordingly, a decision is hereby rendered in favor of the plaintiffs and against the defendant, ordering the latter and all persons claiming right under it:

- To vacate the leased premises immediately and turn over the same peacefully to the plaintiff;
- To pay the plaintiff Antonio Lo the sum of P5,000.00 for every day of delay from the time the defendant is supposed to have vacated the premises;
- To pay the sum of P36,000.00 a month from January 1996 until it finally vacates the premises as payment for reasonable compensation for the use and occupancy thereof;
- To pay the sum of P20,000.00 by way of reasonable attorney's fees; and
- To pay the costs of suit.

SO ORDERED.[2]

Petitioner appealed to the RTC. On 29 August 1997, the RTC affirmed the MTC's decision. On 26 November 1997, the RTC denied petitioner's motion for reconsideration.

Petitioner filed a Petition for Review with the Court of Appeals. The appellate court affirmed the decision of the lower courts with a modification on the amount of damages, thus:

WHEREFORE, the assailed decision is hereby AFFIRMED with the MODIFICATION that the penalty imposed for each day of delay in surrendering the leased property is reduced from P5,000.00 to P1,000.00 per day of delay.

SO ORDERED.

Both petitioner and Lo moved for reconsideration. On 29 December 1999, the Court of Appeals denied both motions.

Hence, this petition.

The Issue

Petitioner seeks a reversal and raises the following issue for resolution:

WHETHER THE MTC LOSES JURISDICTION OVER A CASE FOR EJECTMENT ONCE THE QUESTION OF OWNERSHIP IS RAISED.

The Ruling of the Court

The petition lacks merit.

Petitioner argues that the MTC should have dismissed the ejectment case after petitioner raised the question of ownership over the subject properties. Petitioner claims that the case for annulment of sale pending in another court deprived the MTC of its jurisdiction since resolution of the annulment case would invariably affect the ejectment proceedings.

Petitioner is mistaken.

The allegations in the complaint determine the jurisdiction of a court.[3] Petitioner cannot deprive the MTC of

jurisdiction by simply raising the issue of ownership in its responsive pleading. To allow otherwise would subject the proceedings to the whim and control of petitioner.

The only issue for resolution in ejectment cases is the question of who is entitled to the physical or material possession of the property in dispute. This is independent of any claim of ownership set forth by any of the parties.[4] If the question of ownership is inextricably linked to the issue of possession, the MTC may pass on the question of ownership solely to determine the issue of possession.[5] Such determination is not final, and does not affect the ownership of the property. This is clearly set forth in Section 16, Rule 70 of the Rules of Court.[6] Ejectment cases are summary proceedings intended to provide an expeditious means of protecting actual possession or right of possession of property.[7] The MTC was correct in refusing to dismiss the ejectment case despite the pendency of the annulment of the sale in another court. Petitioner's arguments on this point have no merit, and the cases that petitioner cites to support its arguments are no longer applicable.

Petitioner admits that it was a mere lessee of the premises. Petitioner's pleadings admit that it had previously relinquished ownership over the two lots as payment for its debts. Neither does petitioner dispute that its lease over the two lots has already expired. Petitioner failed to prove it has any right to remain in possession of the two lots. The only thing petitioner did was to question the sale of the two lots by LBP to Lo. Petitioner's continued occupation of the property is clearly unjustified.

Finally, petitioner harps on the fact that it has been in possession of the lots in question for a long time. Petitioner argues that its prior possession should be taken in its favor. Petitioner is mistaken. Prior possession is relevant in forcible entry but not in unlawful detainer.[8] Unlawful detainer involves the unjust refusal of a previously rightful possessor to turn over the subject premises once its possession has ceased to be legal, as in the present case.

WHEREFORE, we DENY the instant petition. We AFFIRM the Decision of the Court of Appeals dated 26 May 1999 and its Resolution dated 29 December 1999 in CA-G.R. SP No. 46334. Petitioner is ordered to vacate the subject premises immediately upon finality of this decision.

SO ORDERED.

Davide, Jr., C.J., (Chairman), Quisumbing, Ynares-Santiago, and Azcuna, JJ., concur.

[1] Under Rule 45 of the Rules of Court.

[2] CA Rollo, p. 39.

[3] Sps. Tirona v. Hon. Alejo, 419 Phil. 285 (2001).

[4] Gener v. De Leon, 419 Phil. 920 (2001).

[5] Sps. Pengson v. Ocampo, Jr., 412 Phil. 860 (2001).

[6] Sec. 16. Resolving defense of ownership. – When the defendant raises the defense of ownership in his pleadings and the question of possession cannot be resolved without deciding the issue of ownership, the issue of ownership shall be resolved only to determine the issue of possession.

[7] Go, Jr. v. Court of Appeals, 415 Phil. 172 (2001).

[8] Supra note 3.

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