

CAEZAR Z. LANUZA AND ASTERIA LANUZA, PETITIONERS, VS. MA. CONSUELO MUÑOZ, RESPONDENT.*G.R. No. 147372. May 27, 2004*

Ponente: QUISUMBING, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-147372/>**QUISUMBING, J.:**

For review on certiorari is the Decision[2] dated December 28, 2000, of the Court of Appeals in CA-G.R. SP No. 53780, which (a) set aside the Decision[3] of the Regional Trial Court (RTC) of Muntinlupa City, Branch 256, in Civil Case No. 99-083, and (b) remanded the case to the MTC of Muntinlupa City, for further proceedings on respondent's complaint for unlawful detainer. The RTC had earlier affirmed the judgment[4] of the MTC in Civil Case No. 3749, dismissing the complaint for lack of jurisdiction. Petitioners herein assail also the CA Resolution[5] dated March 7, 2001, denying their motion for reconsideration.

In her Complaint for Unlawful Detainer against herein petitioner-spouses Caesar and Asteria Lanuza before the MTC of Muntinlupa City, herein respondent Ma. Consuelo Muñoz claimed that she was the owner of a parcel of land located in Alabang, Muntinlupa, as evidenced by Transfer Certificate of Title No. 207017, together with the nine-door apartment built on said parcel. She said she acquired the lot in 1996 from petitioners by virtue of a Deed of Absolute Sale. Muñoz as plaintiff below likewise averred that:

- At the time plaintiff acquired the said property on August 7, 1996, defendants [Caesar and Asteria Lanuza] are occupying door no. 2 and in possession of door no. 3 thereof and plaintiff tolerated the same until January 1997 when said tolerance was withdrawn with plaintiff demanding that as a condition to their continued stay therein, they would have to pay rentals starting February 1997 at the rate of P5,000.00 for door no. 2 and P6,000.00 for door no. 3;
- Defendants had not paid a single [sic] centavo of the amounts being demanded nor did they vacate the premises despite demands;
- The failure and refusal of the defendants to vacate despite the cessation of their right to occupy the same and their failure to pay the rentals being demanded despite demands compelled plaintiff to litigate and to engaged [sic] the services of undersigned for P15,000.00 as attorney's fee and will expose her to incur litigation expenses estimated to be not less than P15,000.00.[6]

In their Answer, the Lanuzas alleged that they are the lawful owners of the property in question. They denied selling it to Muñoz. They also claimed that it was Francisco Muñoz, Sr., the respondent's father, who persuaded them to sign an Absolute Deed of Sale on August 7, 1996, purportedly in order to expedite the sale of the property as previously agreed upon between herein petitioners and Francisco Muñoz, Sr., on August 6, 1996. Under this agreement, the property would be sold once the apartment was repaired and remodeled, with the profits divided into three portions, after deducting the renovation and improvement expenses amounting to P3.5 million, which was shouldered by Francisco Muñoz, Sr.

The Lanuzas declared that after several months when the property was still unsold, Francisco Muñoz, Sr., sent them a letter^[7] dated January 24, 1997. The letter informed them of the expiration of the agreement to sell. Further, Francisco expressed his intention to rent the property to the couple should they decide to continue occupying the premises. The letter reads:

January 24, 1997

Governor Caesar Z. Lanuza

Dear Governor: RE : PROFIT REALIZED FROM THE SALE OF 9 DOOR APARTMENT

Please be advised that the Side Agreement regarding the profit sharing realized from the sale of the 9-door apartment ends February 7, 1997.

In view of the proximity of the expiry date, I highly recommend that you and me (sic) will exert every effort to look for a right buyer, otherwise, by February 8 I will start accepting rental application.

In the case of Baby Lanuza, if she wish (sic) to continue staying in the apartment, I will charge her a preferential rental rate of P5,000.00 per month subject to the payment of two (2) months deposit and one (1) month advance upon signing of the Lease Contract.

Please give this matter your prompt and undivided attention.

Very truly yours,

(Signed) Francisco Muñoz, Sr.

Petitioners then learned that respondent and her father, Francisco Muñoz, Sr., had registered the simulated Deed of Sale, which they had signed to expedite the offering for sale of the property. They protested Muñoz's act of registering the deed.

On June 3, 1997, the Lanuzas filed their complaint with the RTC of Muntinlupa City for rescission of contract with damages against Muñoz. Docketed as Civil Case No. 97-101, that was still pending, when herein respondent filed Civil Case No. 3749 on August 1, 1997, for unlawful detainer.

On January 14, 1999, the MTC disposed of Civil Case No. 3749 in this wise:

WHEREFORE, in view of the foregoing, the above-entitled case is dismissed for lack of jurisdiction.

SO ORDERED.[8]

In dismissing Civil Case No. 3749, the MTC observed that inasmuch as herein respondent also sought the recovery of rentals in arrears, demand is a jurisdictional requirement. Since the complaint was bare of any showing when demand to vacate was made, then it was the RTC and not the MTC, which had jurisdiction.

Muñoz appealed the foregoing decision to the RTC of Muntinlupa City in Civil Case No. 99-083, but the RTC agreed with the MTC's factual findings and upheld the MTC's judgment, thus:

WHEREFORE, in view of all the foregoing, the Decision appealed from is hereby AFFIRMED IN TOTO.

SO ORDERED.[9]

Muñoz then filed a Petition for Review with the Court of Appeals, which the appellate court disposed of as follows:

WHEREFORE, the instant petition is hereby GRANTED and the Decision dated 01 June 1999 of the Regional Trial Court is SET ASIDE. Let the records of the case be remanded to the Metropolitan Trial Court of Muntinlupa City, Branch 80, which is hereby ordered to give due course to the Complaint and to conduct further proceedings with dispatch until full termination of the case.

SO ORDERED.[10]

In concluding that the Complaint in Civil Case No. 3749 stated a valid cause of action and the MTC had jurisdiction over said case, the Court of Appeals declared that while demand to pay rent and to vacate is required by Section 2,[11] Rule 70 of the 1997 Rules of Civil Procedure in ejectment suits for non-payment of rents, Civil Case No. 3749 was not for non-payment of rentals; rather, it was for termination of the right of the petitioners to occupy the premises because of respondent's withdrawal of tolerance to the petitioners' continued occupation. The appellate court noted there was no showing that the parties had previously entered into a contract of lease, but instead, paragraph 3 of the Complaint clearly showed that the cause of action is the cessation of the tolerance extended to herein petitioners.

Petitioners duly moved for reconsideration, but the appellate court denied the motion.

Hence, the instant petition alleging that:

A.

HONORABLE COURT OF APPEALS IN REVERSING THE APTLY AND JUDICIOUS DECISION OF THE COURT A QUO VIOLATED SECTION 2, RULE 70, OF THE 1997 RULES OF CIVIL PROCEDURE FOR NOT SUSTAINING THE DISMISSAL OF THE COMPLAINT FOR EJECTMENT WITHOUT MAKING A DEFINITE DEMAND TO VACATE PRIOR TO THE FILING OF THE EJECTMENT COMPLAINT;

B.

HONORABLE COURT OF APPEALS VIOLATED SUPREME COURT RULING IN CASE OF GALLARDE VS. MORAN ET AL., 14 SCRA 713 AND VDA. DE MURGA VS. CHAN, 25 SCRA 441 WHICH DECREED THAT DEFINITE DEMAND TO VACATE MUST BE FIRST MADE PRIOR TO THE FILING OF AN EJECTMENT. [12]

Petitioners' submissions may be reduced to one issue: Did the Court of Appeals err in reversing the decision of the Regional Trial Court and in remanding the unlawful detainer case to the Municipal Trial Court?

Petitioners contend that the Court of Appeals committed an error of law in reversing the ruling of the RTC that a demand to vacate is necessary for the present unlawful detainer case to prosper. They submit that the appellate court's ruling does not only violate Section 2, Rule 70, of the 1997 Rules of Civil Procedure, but it also runs against the stream of prevailing case law. Petitioners insist that a demand to vacate should have been made by respondent before she instituted Civil Case No. 3749 with the MTC since her action was based on non-payment of rentals, and not withdrawal of tolerance as ruled by the Court of Appeals.

Respondent counters that no reversible error was committed by the Court of Appeals since it correctly found that in seeking to oust the petitioners from the disputed property, she was relying upon the cessation of her tolerance to their continued stay and not on their failure to pay rentals on the property.

The appellate court found that:

The cause of action is plainly stated in paragraph 3, that is, cessation of the tolerance extended to the defendants. The statement that defendants may continue occupying the premises by paying rentals starting

February 1997 was a mere offer which does not appear to have been accepted. There is no proof that the parties assumed a lessor-lessee relationship by entering into a contract of lease for the use of the premises owned by the petitioner. How then can we say that private respondents failed to pay rentals when they are not tenants obliged to pay rentals? It follows that non-payment of rentals cannot be invoked as ground for ejectment. The complaint zeroed in on withdrawal of tolerance as the cause of action, not non-payment of rentals as wrongly read from the complaint by both lower courts.

This act of tolerance on the part of the petitioner carries with it the implied obligation on the part of the respondents to vacate the property upon demand by the petitioner.[13]

On the basis of the records on hand, we find no cogent reason to set aside the foregoing findings and conclusions of the Court of Appeals. As a rule, the factual findings of the appellate court are binding on the Supreme Court. [14] In the instant case, as explained by the appellate court, a careful perusal of the Complaint in Civil Case No. 3749 in its entirety would show that the plaintiff's asserted basis for the ejectment suit is the alleged withdrawal of tolerance of the Lanuzas' stay in the property by Muñoz, and not the failure by the Lanuzas to pay rentals to her, as there was no lease agreed to by the parties.

Petitioners' reliance on *Gallarde v. Moran*,[15] *Murga v. Chan*,[16] and on Section 2, Rule 70, does not help their cause. An examination of Section 2, Rule 70, readily shows that the rule is applicable only where there is a lessor-lessee relationship under a lease contract, which does not exist in this case. Further, the rule applies only in instances where the grounds relied upon for ejectment are non-payment of rentals or violation of the conditions of the lease, as the case may be. In those cited situations, notice to vacate is crucial.[17] A demand is a pre-requisite to an action for unlawful detainer, when the action is based on "failure to pay rent due or to comply with the conditions of his lease," but not where the action is to terminate the lease because of the expiration of its term.[18]

The cases cited by the petitioners as precedents are inapplicable to the present controversy. The factual milieu in *Murga* and in *Gallarde* is vastly different from that of the present case. In *Murga*, there was a lease contract which provided that upon its expiration, the lessor had the option to purchase the improvements introduced by the lessee on the leased premises; but in the event that the lessor did not exercise such option, then the contract was automatically renewed. In *Gallarde*, there was an agreement to pay rentals on the dates set by the parties. Both *Murga* and *Gallarde* speak of a lease contract where there is an agreement to pay rentals, a condition absent in the present case.

In any event, even assuming *arguendo* that a demand to vacate was required for Civil Case No. 3749 to prosper, we find that the respondent's allegations in her complaint constitute sufficient compliance with the jurisdictional requirement concerning previous demand to establish a cause of action for unlawful detainer. The complaint alleged that the petitioners were occupying the premises by tolerance, which respondent withdrew, but despite her demands, herein petitioners did not vacate the premises. An allegation in an original complaint for illegal detainer that in spite of demands made by the plaintiff the defendants had refused to restore the property, is sufficient compliance with the jurisdictional requirement of previous demand.[19]

One final point, however, in regard to respondent's submission to this Court. In her memorandum, respondent contends that the Court of Appeals erred in remanding the case to the MTC. She submits that the appellate court could have decided the case on the merits based on the affidavits and position papers submitted by the parties. The respondent points out that all the evidence needed was already before the appellate court. According to her, both the MTC and RTC already decided the case on the merits, but erroneously appreciated the evidence. Any remand, she argues, would result in a second judgment on the merits. Hence, respondent now prays that this Court decide the case on the merits to prevent circuitous and dilatory proceedings.

Regrettably, respondent's contentions are untenable. The petition before the Court of Appeals was filed pursuant

to Rule 42 of the 1997 Rules of Civil Procedure. Said rule provides for the remedy of petition for review by the Court of Appeals of a decision rendered by the RTC in the exercise of its appellate jurisdiction. In said petition for review the issues that may be resolved are limited to errors of fact or law committed by the RTC. In this case, it must be noted that the MTC dismissed Civil Case No. 3749 for lack of jurisdiction on the ground that the unlawful detainer case is one involving allegedly the non-payment of rentals; hence, the complaint should have alleged that a prior demand to vacate had been made by the plaintiff. Plainly viewed, what the Court of Appeals resolved in CA-G.R. SP No. 53780 was the validity of said dismissal by the MTC as affirmed by the RTC on appeal. Crucial to this narrow issue was the question of whether the cause of action in Civil Case No. 3749 is non-payment of rentals or withdrawal of tolerance in order to determine jurisdiction. The Court of Appeals could not have resolved the controversy on the merits, since issues involving the merits of the respective claims of the parties, such as those concerning rights of possession by herein petitioners, were not properly raised before the appellate court. Those claims have yet to be ventilated before the proper trial court.

In this petition now before us, only questions of law may be reviewed.[20] Resolving this case on the merits, as prayed by respondent, would involve a determination of factual issues which, we hasten to add, are not within the province of this Court. At the risk of being tedious, we must stress that this Court is not a trier of facts. We are confined to the review of errors of law ascribed to the Court of Appeals, whose findings of fact are conclusive, absent any showing that such findings are entirely devoid of any substantiation on record.[21] The remand of the detainer case for further proceedings by the municipal trial court is clearly in order.

WHEREFORE, the assailed Decision dated December 28, 2000 and the Resolution dated March 7, 2001, of the Court of Appeals in CA-G.R. SP No. 53780 are AFFIRMED. No pronouncement as to costs.

SO ORDERED.

Austria-Martinez, Callejo, Sr., and Tinga, JJ., concur.
Puno, J., (Chairman), on official leave.

[1] “Caesar” and “Cesar” in some parts of the records.

[2] Rollo, pp. 26-32. Penned by Associate Justice Romeo A. Brawner, with Associate Justices Cancio C. Garcia and Andres B. Reyes, Jr. concurring.

[3] Id. at 96-98. Penned by Presiding Judge Alberto L. Lerma.

[4] Id. at 80-81.

[5] Id. at 34.

[6] Id. at 35-36.

[7] CA Rollo, pp. 43-44.

[8] Rollo, p. 81.

[9] Id. at 98.

[10] Id. at 31.

[11] SEC. 2. Lessor to proceed against lessee only after demand. – Unless otherwise stipulated, such action by the lessor shall be commenced only after demand to pay or comply with the conditions of the lease and to vacate is made upon the lessee, or by serving written notice of such demand upon the person found on the premises, or by

posting such notice on the premises if no person be found thereon, and the lessee fails to comply therewith after fifteen (15) days in the case of land or five (5) days in the case of building. (Underscoring and emphasis supplied.)

[12] Rollo, p. 16-A.

[13] Id. at 31.

[14] BPI-Family Savings Bank, Inc. v. Court of Appeals, G.R. No. 122480, 12 April 2000, 330 SCRA 507, 514.

[15] No. L-19572, 30 July 1965, 14 SCRA 713.

[16] No. L-24680, 7 October 1968, 25 SCRA 441.

[17] Arquelada v. Philippine Veterans Bank, G.R. No. 139137, 31 March 2000, 329 SCRA 536, 547.

[18] Co Tiamco v. Diaz, No. L-7, 22 January 1946, 75 Phil 672, 677.

[19] Sumulong v. Court of Appeals, G.R. No. 108817, 10 May 1994, 232 SCRA 372, 387.

[20] Bangko Sentral ng Pilipinas v. Santamaria, G.R. No. 139885, 13 January 2003, 395 SCRA 84, 92.

[21] Tan v. Mendez, Jr., G.R. No. 138669, 6 June 2002, 383 SCRA 202, 211.

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