

CARMEN FUENTES AND GO TEK, PETITIONERS, VS. HON. CECILIA MUÑOZ-PALMA, AS JUDGE OF THE COURT OF FIRST INSTANCE OF RIZAL, BRANCH I AND AYALA SECURITIES INC., RESPONDENTS.

G.R. No. 15074. May 31, 1960

Ponente: LABRADOR, J.

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LABRADOR, J.:

This is a petition for the issuance of a writ of certiorari against the judge of, and the proceedings before, the Court of First Instance of Rizal in its Civil Case No. 4590, entitled Ayala Securities Incorporated) plaintiff vs. Carmen Fuentes and Go Tek, defendants, to annul the proceedings in said case and enjoin the enforcement of certain orders of the court in the case. It is alleged in the petition that both the Justice of the Peace court, which originally took cognizance of and decided the case of unlawful detainer, as well as the Court of First Instance, to which the decision of the Justice of the Peace was appealed, had no jurisdiction to hear and determine the said action, which is one of unlawful detainer. It is also alleged that the Court of First Instance had issued an order for the demolition of certain buildings and other constructions made by the defendants on the land subject of the action, and that this demolition order was beyond the court's power to issue.

Upon the filing of the petition, We gave due course thereto and issue a writ of preliminary injunction, prohibiting the court below from carrying out the order of demolition mentioned above and from proceeding with the hearing of the case.

The record discloses that on February 7, 1956 the Ayala Securities and Carmen Fuentes signed three separate Agreements wherein the former had agreed and contracted to sell Lots Nos. 23, 24 and 25, Block No. 26, in Makati, Rizal, covered by Transfer Certificate of Title No. 16339 of the Register of Deeds of Rizal, and the latter had in turn bound herself to pay the initial installments and the consecutive monthly installments on the purchase prices specified for the lots at the office of the owner in Manila, without the need of demand. The other pertinent provisions of the Agreements are as follows:

"4. The PURCHASER/S will be allowed to enter into and take possession of the property upon the payment of one-fourth (1/4) of the purchase price¹ unless sooner allowed by the OWNER, provided, however, that the PURCHASER/S possession under this section shall only be that of a tenant or lessee and subject to ejectment proceedings during all the period of this agreement.

"5. Upon taking possession of the property, the PURCHASER/S shall not erect thereon any building or permanent improvements at a distance of less than two (2) meters from the boundaries of the property which face the street/s or proposed street/s.

"All the buildings which may be constructed at any time on the property must be of strong materials, with modern sanitary installations connected either to a public sewer or to an approved septic tank, and must be constructed at a distance of more than two (2) meters from the boundaries of the property which face the streets or proposed street/s. All such constructions must be approved by the health, fire and police authorities

of the city or locality where the property is situated.

* * * * *

"The OWNER, in its absolute discretion, may require that all the buildings and permanent improvements which may be constructed on the property conform to a certain type of architecture or to certain designs approved by the OWNER, as to be in harmony with the surrounding landscape or general vicinity of the property.

"9. The PURCHASER/S hereby agree/s that representatives of the OWNER shall have the right to enter the property at any time for the purpose of inspection, measurement, relocation, survey, laying of monuments or of necessary lines for water, gas, electric power, telephone and other public services, and any inconvenience or disturbance thus caused shall not be a cause for the rescission of this contract or an action for damages.

* * * * *

"13. Should the PURCHASER/S fail to make the payment of any of the monthly installments together with the interests thereon as agreed herein, within ninety (90) days from its due date, this contract shall, by the mere fact of non-payment expire by itself and become cancelled without necessity of notice to the PURCHASER/S or of any judicial declaration to that effect, and any and all sums of money paid under this contract shall be considered and become rentals on the property and in this event, the PURCHASER/S should she be in possession of the property, become, mere intruder/s or unlawful detainer/s of the same and may be ejected therefrom by the means provided for by law for trespassers or unlawful detainers. Immediately after the expiration of the ninety (90) days provided for in this section, the OWNER shall be at liberty to dispose of and sell said parcel/s of land to any other person in the same manner as if this contract had never been executed or entered into.

* * * * *

On January 15, 1957, the plaintiff filed an action in the Justice of the Peace court of Makati, Rizal, alleging that the defendant had failed to pay any and all the monthly installments which become due and payable on and after March, 1956; that defendant Carmen Fuentes and her co-defendant Go Tek are in actual physical possession of the lots and they failed and refused and still fail and refuse to vacate the same and to remove therefrom the buildings, bodegas, pieces of machinery, junks and other surplus materials existing thereon, in violation of Clause No. 13 of the Agreements. Plaintiff prayed that it be restored to the possession of the lots sold; that the defendants vacate the premises and removed therefrom the bodegas, garages, pieces of machinery, etc. found standing or deposited thereon; that defendants pay plaintiff the amount of P1,800.00 for the use and occupation of the land, and to pay the costs and attorney's fees.

After rendition of the above judgment, the defendants appealed to the Court of First Instance and when the records were elevated to this court, the defendants filed a motion to dismiss the action on two grounds, namely, that the court has no jurisdiction over the subject matter of the action and that there is another action pending between the same parties for the same cause. The second grounds for the motion to dismiss was due to the fact that in 1955 the plaintiff filed another action against the defendants for the recovery of the land for their failure to pay the installments from June, 1954 up to April, 1955, as provided in the original contracts dated January 21, 1954. However, the case ended in a compromise and the parties executed the Agreements on February 7, 1956, already mentioned above.

Plaintiff objected to the motion to dismiss and cited the provisions of Section 13 of the Agreements, wherein it is stated that should the purchasers fail to pay any of the monthly installments together with interest thereon within 90 days, the contracts shall be cancelled and the purchaser shall be considered as mere intruder and may be

ejected therefrom. Plaintiff's counsel argued that under Section 1, Rule 72 of the Rules of Court, the right of possession of defendants had terminated by virtue of her failure to pay the monthly installments, so that the action of ejectment may be cognizable by the Justice of the Peace court. On December 5, 1958, upon application of the plaintiff, the Court of First Instance issued a demolition order, commanding the Sheriff of Rizal to demolish the houses, bodegas, garages and other improvements of said defendants on Lots Nos. 23, 24 and 25, at their own expense. A motion to reconsider this order was denied and as all attempts by defendants to stop the proceedings and the demolition order were in vain, the present petition for certiorari with preliminary injunction was presented.

In the answer filed by the Ayala Securities Inc. as respondent before this Court, it is claimed that Clause No. 13 of the Agreements is valid; that the Agreements constitute a contract to sell and not a contract of sale, for which reason Article 1592 of the Civil Code can not be applicable. It is also alleged in the answer that the immediate execution of the judgment of the Justice of the Peace is authorized in Section 8 of Rule 72.

The sole and only question to decide in this case is whether the action instituted by the respondent Ayala Securities, Inc. in the Justice of the Peace Court, which is a summary action of unlawful detainer, is the proper remedy. Were we to follow the terms used in Clause No. 13 of the Agreements, that upon the failure of the purchaser to pay the installments due within 90 days, the purchaser shall become a mere intruder and may be ejected therefrom, as an unlawful trespasser, it would seem the remedy was the proper one. However, the action that may be instituted under the Agreements to enforce their terms is not a matter that can be fixed by the agreement or the will of the parties; that question is determined by law, according to which the nature of the questions and issues actually involved determine the nature of the action appropriate to resolve the same and the court that may take cognizance thereof. A perusal of the terms of the Agreements shows various provisions, the interpretation and construction of which are demanded before the nature of said Agreements can be determined. The Agreements allow the purchaser to enter upon the premises and to construct buildings thereon and she in fact constructed the garages, warehouses, etc. An action of unlawful detainer, which is a summary proceeding to wrest possession from one who has no right thereto, is applicable only when the issue is that of possession; but rights of property in the land created by the Agreements, especially the relative rights and obligations of the parties to the improvements are directly involved. The provisions of the Agreements themselves need judicial interpretation as to their scope and effect; the delivery of the possession of the land and the grant of permission to construct buildings thereon require the determination of the respective rights of the purchaser-builder and the owner-vendor on the land and on the buildings and constructions. Plaintiff contends that the Agreements are contracts to sell; the defendants, that they are contracts of sale (with a resolutory clause). These questions and issues are beyond the scope or competence of the Justice of the Peace and clearly fall within the jurisdiction of the Court of First Instance as the issues involved refer to rights over real property.

The present case is parallel to a case of seduction which under the criminal law is triable in the Justice of the Peace court because the penalty therefor is within the Justice of the Peace court's jurisdiction; but as the judgment to be rendered may affect the status of the offspring resulting from the offense of seduction, the offense falls beyond the jurisdiction of the justice of the Peace court. Similarly, the suit filed in the case at bar is only one of possession, but inasmuch as various questions as to the nature and scope of the transaction, whether it is a contract of sale or a mere contract to sell, and the respective rights of the vendor and the vendee to the land, the possession thereof and the constructions thereon, are involved and related to the matters in dispute, the case is beyond the power and authority of the Justice of the Peace court to try and decide. In other words, various necessary issues incident to the action are beyond the Justice of the Peace court's jurisdiction, hence the Justice of the Peace court has no power to try the action.

Let Us first examine the law defining the respective jurisdictions of the courts of first instance and the justice of the peace courts, with respect to real property. Courts of first instance have original jurisdiction "in all civil actions which involve the title to or possession of real property, or any interest therein, * * * except actions of forcible entry into and detainer of lands or buildings, original jurisdiction of which is conferred by this Act upon justice of the peace courts and municipal courts." (Sec. 43 Rep. Act 296). On the other hand, justice of the peace courts are granted jurisdiction to try all civil actions in his municipality or city, and not exclusively cognizable by the court of first instance. (Sec. 88, Rep. Act 296). The pleadings and papers submitted by the petitioner before the Court of First Instance show that while counsel for plaintiff claims that the contract, contained in the three Agreements is a contract to sell, counsel for the defendants argues that said Agreements are a contract of sale. The determination of this very question which affects title, is necessary to resolve in the case at bar; hence the case falls beyond the jurisdiction of the Justice of the Peace court. A case decided by this Court which closely resembles the case at bar is that of *Aquino vs. Deala*, 63 Phil., 582. This Court, thru Mr. Justice Recto, stated the rule to be followed as follows:

"The other point to be resolved is whether or not the municipal court had jurisdiction to proceed with the trial of the case after the defendant had raised the question of ownership therein. We have repeatedly held that the mere fact that the defendant, in his answer, claims to be the owner of the property from which the plaintiff seeks to eject him is not sufficient to divest a justice of the peace court of its summary jurisdiction in actions of forcible entry and detainer, because were the principle otherwise, the ends of justice would be frustrated by making: the efficacy of this kind of actions depend upon the defendant in all cases. However, we have also held (*Supia and Batioco vs. Quintero and Ayala*, 59 Phil., 312), favorably citing *Pertit vs. Black* (13 Neb. 142, 154), and *Green vs. Morse* (57 Neb. 391), that the foregoing rule does not hold when the evidence shows that the question of title is actually involved in the litigation and that the defendant's contention according to said evidence, is meritorious. In this case the records do not disclose the nature of the evidence presented in the municipal court of origin in connection with the question of ownership raised by the defendant and, therefore, we are not in a position to rule that said court was without jurisdiction to proceed with the trial of the case. We find, however, that the evidence presented in the Court of First Instance of Manila, where the case was brought on appeal, shows that the title to the disputed property was correctly questioned. Therefore the Court of First Instance should have declared itself without jurisdiction to proceed with the trial of the case on appeal after examining said evidence, and ordered the dismissal thereof."

We do not decide herein what kind of contract has been entered into, whether it is one of sale or to sell. But in deciding the right of plaintiff to eject defendants, it is necessary to determine if the defendant Carmen Fuentes is the owner of the property, or has a right to possession thereof, or interest therein. The action therefore necessarily involves the title of the defendants and their interest in the property subject matter of the action. So the case falls under the jurisdiction of the Court of First Instance as provided for in Section 43 of the Judiciary Act.

For the foregoing considerations, we hold that as the issues involved in the case refer to real rights created by the Agreements, matters which are beyond the scope of the jurisdiction of the Justice of the Peace court to resolve, the remedy availed of by the respondent Ayala Securities, Inc., which is a simple and summary action for possession, is not the proper remedy, as the Justice of the Peace court has no jurisdiction to try and decide said issues. The proceedings in the court below are hereby declared null and void and the case, dismissed. The preliminary injunction issued by Us is hereby made permanent, with costs against the respondent.

Paras, C. J., Bengzon, Bautista Angelo, Concepcion, Barrera, and Gutierrez David, JJ., concur.

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