

**EUGENIO URBAYAN AND PATROCENIA MERCADO URBAYAN  
PLAINTIFFS-APPELLEES, VS. EVARISTO SALVORO,  
DEFENDANT-APPELLANT.***G.R. No. 16774. May 30, 1963*

Ponente: PADILLA, J.

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On 12 January 1954, in the Municipal Court of Tacloban, Leyte, the plaintiffs brought an action against the defendant for the rescission of a lease contract entered into by and between the defendant and the plaintiff Eugenio Urbayan on 23 December 1953 on two apartments of a building located on Zamora street, Tacloban, Leyte, and a part of the lot on the back of the building (Annex A); recovery of P2,225 as compensatory and moral damages; P31 daily from 4 January 1954 until they could reopen their furniture shop in Tacloban City; P500 for attorney's fees; and costs. For cause of action, the plaintiffs alleged that when they took possession of the premises and on 29 December 1953 began to make adjustments, the defendant prevented them from going on with the adjustment work already started.

In his answer, the defendant alleged that he agreed to lease to the plaintiff the two apartment on the last of the building and not the two apartments in the middle because the apartment on the west and the adjacent middle apartment have long been leased to Mr. Yu, a fact known to the plaintiffs; and that the tearing down of the partition wall in the middle apartment on the west caused the defendant damages in the sum of P500. He prayed for the dismissal of the complaint, P500 as damages and costs. On 18 January, the defendant filed an amended answer alleging and seeking, aside from those alleged and sought in his original answer, recovery of P1,500 for damages, and praying for the dismissal of the complaint, on the ground that the Municipal Court had no jurisdiction over the action. The dismissal prayed for was denied.

After trial, on 15 January 1954 the Municipal Court of Tacloban, Leyte, rendered judgment, as follows:

In view of all the foregoing, this Court hereby orders the contract Exhibit A rescinded and, in effect, directs the defendant Mr. Evaristo Salvoro to return to the plaintiffs the advanced rental of P180.00 minus the rental for one door room-apartment, there being only one room vacant, from December 23, to December 29, 1953, at the rate of P1.00 daily, or P173.00. This Court also condemns the defendant to pay the plaintiffs, for moral damages, P500.00; for compensatory damages, P425.00 representing the profits the plaintiffs failed to realize from the contract with Mr. Tibe, Engineer Crisostomo, Mr. Jakosalem and Mrs. Dacillo; and P300.00 representing the expenses that plaintiffs were compelled to incur for attorney's fees; and defendant is also condemned to pay the costs of this action.

From this judgment the defendant appealed to the Court of First Instance of Leyte.

In his answer filed on 2 March 1954 the appellant reiterated the facts alleged in his answer filed in the Municipal Court; the affirmative defense of lack of original jurisdiction of the last mentioned court to hear and decide the case, and the prayer for the dismissal of the complaint.

After trial, on 15 March 1956 the Court of First Instance of Leyte rendered judgment, the dispositive part of which is:

WHEREFORE, the Court adjudges this case by declaring that the defendant, without any legal grounds, purposely failed to comply with his lease contract with the plaintiff who incurred thereby losses; declaring the said lease contract rescinded for such failure; ordering the defendant to pay the plaintiffs the sum of P3,000 as total damages and losses and P500 for attorney's fees and to pay the costs. The defendant is also ordered to refund to the plaintiff the sum of P180.00.

The defendant has appealed.

The Court of Appeals certified the appeal to this Court, the question of jurisdiction being involved. An action for rescission of a lease contract and recovery of damages for more than two thousand pesos is clearly beyond the jurisdiction of the Municipal Court.[1] The judgment rendered by the Municipal Court of Tacloban is a nullity. The appellant having raised in his answer filed in the Court of First Instance of Leyte the point of lack of jurisdiction of the Municipal Court of Tacloban to hear and determine the action, he cannot be deemed to have waived his objection to the jurisdiction of the Municipal Court that took cognizance of the case and rendered judgment from which he had appealed, and consented to the exercise by the Court of First Instance of Leyte of its original jurisdiction. The only jurisdiction the Court of First Instance of Leyte had was to dismiss the action. The judgment rendered by it, in spite of objection to the original jurisdiction assumed by the Municipal Court of Tacloban and to the appellate jurisdiction of the Court of First Instance of Leyte, is a patent nullity.

The judgment appealed from is set aside and the complaint dismissed, with costs in all instances against the appellee.

Bengzon, C. J., Bautista Angelo, Concepcion, Reyes,, J. B. L., Barrera, Paredes, Dizon, Regala, and Makalintal, JJ., concur.

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[1] Section 88, Republic Act No. 296.

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