CGR CORPORATION HEREIN REPRESENTED BY ITS PRESIDENT ALBERTO RAMOS, III, HERMAN M. BENEDICTO AND ALBERTO R. BENEDICTO, PETITIONERS, VS. ERNESTO L. TREYES, JR., RESPONDENT.

G.R. No. 170916. April 27, 2007

Ponente: CARPIO MORALES, J.

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CARPIO MORALES, J.:

Assailed via petition for review are issuances of the Regional Trial Court (RTC), Branch 43, Bacolod City, in Civil Case No. 04-12284, to wit: Order[1] dated August 26, 2005 which dismissed petitioners' complaint for damages on the ground of prematurity, and Order[2] dated January 2, 2006 which denied petitioners' motion for reconsideration.

In issue is one of law — whether a complainant in a forcible entry case can file an independent action for damages arising after the act of dispossession had occurred.

CGR Corporation, Herman M. Benedicto and Alberto R. Benedicto (petitioners) claimed to have occupied 37.3033 hectares of public land in Barangay Bulanon, Sagay City, Negros Occidental even before the notarized separate Fishpond Lease Agreement Nos. 5674,[3] 5694[4] and 5695[5] in their respective favor were approved in October 2000 by the Secretary of Agriculture for a period of twenty-five (25) years or until December 31, 2024.

On November 18, 2000, Ernesto L. Treyes, Jr. (respondent) allegedly forcibly and unlawfully entered the leased properties and once inside barricaded the entrance to the fishponds, set up a barbed wire fence along the road going to petitioners' fishponds, and harvested several tons of milkfish, fry and fingerlings owned by petitioners.

On November 22, 2000, petitioners promptly filed with the Municipal Trial Court (MTC) in Sagay City separate complaints for Forcible Entry With Temporary Restraining Order And/Or Preliminary Injunction And Damages, docketed as Civil Case Nos. 1331,[6] 1332[7] and 1333,[8] against Ernesto M. Treyes, Sr. and respondent.

In a separate move, petitioners filed in March 2004 with the Bacolod RTC a complaint for damages against respondent, docketed as Civil Case No, 04-12284, alleging, inter alia,

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> V
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> That prior to the issuance of the fishpond lease agreement in favor of the plaintiffs, they had already been in open and continuous possession of the same parcel of land;
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> VI
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> As lessee and in possession of the above[-]described fishpond, plaintiffs have continuously occupied, cultivated and developed the said fishpond and since then, had been regularly harvesting milkfish, shrimps,

mud crabs and other produce of the fishponds;

VII

That the yearly income of the fishpond of the plaintiff corporation is at least P300,000.00 more or less, while the yearly income of the fishpond of plaintiff Herman Benedicto, Sr. is at least P100,000.00 more or less, and the yearly income of the fishpond of plaintiff Alberto Benedicto is at least P100,000.00 more or less;

VIII

That sometime last November 18, 2000 or thereabout, defendant Ernesto L. Treyes, Jr. and his armed men and with the help of the blue guards from the Negros Veterans Security Agency forcibly and unlawfully entered the fishponds of the plaintiffs and once inside barricaded the entrance of the fishpond and set up barb wire fence along the road going to plaintiffs fishpond and harvested the milkfish and carted away several tons of milkfish owned by the plaintiffs;

IX

That on succeeding days, defendant's men continued their forage on the fishponds of the plaintiffs by carting and taking away the remaining full grown milkfish, fry and fingerlings and other marine products in the fishponds. NOT ONLY THAT, even the chapel built by plaintiff CGR Corporation was ransacked and destroyed and the materials taken away by defendant's men. Religious icons were also stolen and as an extreme act of sacrilege, even decapitated the heads of some of these icons;

x x x x

XIII

That the unlawful, forcible and illegal intrusion/destruction of defendant Ernesto Treyes, Jr. and his men on the fishpond leased and possessed by the plaintiffs is without any authority of law and in violation of Article 539 of the New Civil Code which states:
"Art. 539. Every possessor has a right to be respected in his possession; and should he be disturbed therein he shall be protected in or restored to said possession by the means established by the laws and rules of the Court."[9] (Underscoring supplied)

and praying for the following reliefs:

1) Ordering the defendant to pay plaintiff CGR Corporation the sum of at least P900,000.00 and to plaintiffs Herman and Alberto Benedicto, the sum of at least P300,000.00 each by way of actual damages and such other amounts as proved during the trial;

2) Ordering the defendant to pay the plaintiffs the sum of P100,000.00 each as moral damages;

3) Ordering the defendant to pay the plaintiffs the sum of P100,000.00 each as exemplary damages;

4) Ordering the defendant to pay the plaintiffs the sum of P200,000.00 as attorney's fees, and to reimburse plaintiffs with all such sums paid to their counsel by way of appearance fees.[10] (Underscoring supplied)

Respondent filed a Motion to Dismiss[11] petitioners' complaint for damages on three grounds — litis pendentia, res judicata and forum shopping.

By the assailed Order[12] of August 26, 2005, Branch 43 of the Bacolod RTC dismissed petitioners' complaint on the ground of prematurity, it holding that a complaint for damages may only be maintained "after a final determination on the forcible entry cases has been made."

Hence, the present petition for review.

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The only issue is whether, during the pendency of their separate complaints for forcible entry, petitioners can independently institute and maintain an action for damages which they claim arose from incidents occurring after the dispossession by respondent of the premises.

Petitioners meet the issue in the affirmative. Respondents assert otherwise.

The petition is impressed with merit.

Section 17, Rule 70 of the Rules of Court provides:

> SEC. 17. Judgment. — If after trial the court finds that the allegations of the complaint are true, it shall render judgment in favor of the plaintiff for the restitution of the premises, the sum justly due as arrears of rent or as reasonable compensation for the use and occupation of the premises, attorney's fees and costs. If it finds that said allegations are not true, it shall render judgment for the defendant to recover his costs. If a counterclaim is established, the court shall render judgment for the sum found in arrears from either party and award costs as justice requires. (Emphasis supplied)

The recoverable damages in forcible entry and detainer cases thus refer to "rents" or "the reasonable compensation for the use and occupation of the premises" or "fair rental value of the property" and attorney's fees and costs.[13]

The 2006 case of Dumo v. Espinas[14] reiterates the long-established rule that the only form of damages that may be recovered in an action for forcible entry is the fair rental value or the reasonable compensation for the use and occupation of the property:

> Lastly, we agree with the CA and the RTC that there is no basis for the MTC to award actual, moral, and exemplary damages in view of the settled rule that in ejectment cases, the only damage that can be recovered is the fair rental value or the reasonable compensation for the use and occupation of the property. Considering that the only issue raised in ejectment is that of rightful possession, damages which could be recovered are those which the plaintiff could have sustained as a mere possessor, or those caused by the loss of the use and occupation of the property, and not the damages which he may have suffered but which have no direct relation to his loss of material possession. x x x[15] (Emphasis, underscoring and italics supplied; citations omitted)

Other damages must thus be claimed in an ordinary action.[16]

In asserting the negative of the issue, respondent cites the 1999 case of Progressive Development Corporation, Inc. v. Court of Appeals.[17] In this case, Progressive Development Corporation, Inc. (Progressive), as lessor, repossessed the leased premises from the lessee allegedly pursuant to their contract of lease whereby it was authorized to do so if the lessee failed to pay monthly rentals. The lessee filed a case for forcible entry with damages against Progressive before the Metropolitan Trial Court (MeTC) of Quezon City. During the pendency of the case, the lessee filed an action for damages before the RTC, drawing Progressive to file a motion to dismiss based on litis pendentia. The RTC denied the motion.

On appeal by Progressive, the Court of Appeals sustained the RTC order denying the motion to dismiss.

Progressive brought the case to this Court. Citing Section 1, Rule 70 of the Rules of Court, this Court reversed the lower courts' ruling, it holding that "all cases for forcible entry or unlawful detainer shall be filed before the Municipal Trial Court which shall include not only the plea for restoration of possession but also all claims for damages and costs therefrom." In other words, this Court held that "no claim for damages arising out of forcible entry or unlawful detainer may be filed separately and independently of the claim for restoration of possession.[18] (Underscoring supplied)

In thus ruling, this Court in Progressive made a comparative study of the therein two complaints, thus:

A comparative study of the two (2) complaints filed by private respondent against petitioner before the two (2) trial courts shows that not only are the elements of res adjudicata present, at least insofar as the claim for actual and compensatory damages is concerned, but also that the claim for damages—moral and exemplary in addition to actual and compensatory—constitutes splitting a single cause of action. Since this runs counter to the rule against multiplicity of suits, the dismissal of the second action becomes imperative.

The complaint for forcible entry contains the following pertinent allegations —2.01 On 02 January 1989, plaintiff entered into a contract of lease with defendant PDC over a property designated as Ground Floor, Seafood Market (hereinafter "Subject Premises") situated at the corner of EDSA corner MacArthur Street, Araneta Center, Cubao, Quezon City, for a period of ten (10) years from 02 January 1989 to 30 April 1998.

2.02 Immediately after having acquired actual physical possession of the Subject Premises, plaintiff established and now operates thereon the now famous Seafood Market Restaurant. Since then, plaintiff had been in actual, continuous, and peaceful physical possession of the Subject Premises until 31 October 1992.

x x x x

3.02 Plaintiff, being the lessee of the Subject Premises, is entitled to the peaceful occupation and enjoyment of the Subject Premises to the exclusion of all others, including defendants herein.

3.03 Defendants' resort to strong arms tactics to forcibly wrest possession of the Subject Premises from plaintiff and maintain possession thereof through the use of force, threat, strategy and intimidation by the use of superior number of men and arms amounts to the taking of the law into their own hands.

3.04 Thus, defendants' act of unlawfully evicting out plaintiff from the Subject Premises it is leasing from defendant PDC and depriving it of possession thereof through the use of force, threat, strategy and intimidation should be condemned and declared illegal for being contrary to public order and policy.

3.05 Consequently, defendants should be enjoined from continuing with their illegal acts and be ordered to vacate the Subject Premises and restore possession thereof, together with its contents to plaintiff.

x x x x

4.07 Considering that defendants' act of forcibly grabbing possession of the Subject Premises from plaintiff is illegal and null and void, defendant should be adjudged liable to plaintiff for all the aforedescribed damages which plaintiff incurred as a result thereof.

The amended complaint for damages filed by private respondent alleges basically the same factual circumstances and issues as bases for the relief prayed for, to wit:

- On May 28, 1991, plaintiff and defendant PDC entered into a Contract of Lease for a period of ten years or from January 2, 1989 up to April 30, 1998 over a property designated as Ground Floor, Seafood Market (hereinafter referred to as Subject Premises) situated at the corner of EDSA corner McArthur Street, Araneta Center, Cubao, Quezon City. A copy of the lease contract is attached hereto as Annex "A."

- Immediately thereafter, plaintiff took over actual physical possession of Subject Premises, and established thereon the now famous "Seafood Market Restaurant."

x x x x

- On October 31, 1992 at around 8:30 p.m., defendant PDC, without the benefit of any writ of possession or any lawful court order and with the aid of approximately forty (40) armed security guards and policemen under the supervision of defendant Tejam, forcibly entered the subject premises through force, intimidation, threats and stealth and relying on brute force and in a thunderboltish manner and against plaintiff's will, unceremoniously drew away all of plaintiffs men out of the subject premises, thereby depriving herein plaintiff

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> of its actual, physical and natural possession of the subject premises. The illegal high-handed manner of gestapo like take-over by defendants of subject premises is more particularly described as follows: x x x x
>
> - To date, defendants continue to illegally possess and hold the Subject Premises, including all the multi-million improvements, fixtures and equipment therein owned by plaintiff, all to the damage and prejudice of plaintiff. The actuations of defendants constitute an unlawful appropriation, seizure and taking of property against the will and consent of plaintiff. Worse, defendants are threatening to sell at public auction and without the consent, of plaintiff and without lawful authority, the multi-million fixtures and equipment of plaintiff and at prices way below the market value thereof. Plaintiff hereby attaches as Annex "B" the letter from defendants dated August 6, 1993 addressed to plaintiff, informing the latter that the former intends to sell at an auction on August 19, 1993 at 2:00 p.m. properties of the plaintiff presently in defendants' possession.
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> x x x x
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> - Defendant's unlawful takeover of the premises constitutes a violation of its obligation under Art. 1654 of the New Civil Code requiring the lessor to maintain the lessee in peaceful and adequate enjoyment of the lease for the entire duration of the contract. Hence, plaintiff has filed the present suit for the recovery of damages under Art. 1659 of the New Civil Code x x x x[19] (Emphasis in the original; underscoring supplied)

Analyzing the two complaints, this Court, still in Progressive, observed:

> Restated in its bare essentials, the forcible entry case has one cause of action, namely, the alleged unlawful entry by petitioner into the leased premises out of which three (3) reliefs (denominated by private respondent as its causes of action) arose: (a) the restoration by the lessor (petitioner herein) of the possession of the leased premises to the lessee, (b) the claim for actual damages due to the losses suffered by private respondent such as the deterioration of perishable foodstuffs stored inside the premises and the deprivation of the use of the premises causing loss of expected profits; and, (c) the claim for attorney's fees and costs of suit.
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> On the other hand, the complaint for damages prays for a monetary award consisting of (a) moral damages of P500,000.00 and exemplary damages of another P500,000.00; (b) actual damages of P20,000.00 and compensatory damages of P1,000,000.00 representing unrealized profits; and, (c) P200,000.00 for attorney's fees and costs, all based on the alleged forcible takeover of the leased premises by petitioner. Since actual and compensatory damages were already prayed for in the forcible entry case before the MeTC, it is obvious that this cannot be relitigated in the damage suit before the RTC by reason of res adjudicata.

The other claims for moral and exemplary damages cannot also succeed considering that these sprung from the main incident being heard before the MeTC. x x x[20] (Italics in the original; Emphasis and underscoring supplied)

It bears noting, however, that as reflected in the earlier-quoted allegations in the complaint for damages of herein petitioners, their claim for damages have no direct relation to their loss of possession of the premises. It had to do with respondent's alleged harvesting and carting away several tons of milkfish and other marine products in their fishponds, ransacking and destroying of a chapel built by petitioner CGR Corporation, and stealing religious icons and even decapitating the heads of some of them, after the act of dispossession had occurred.

Surely, one of the elements of litis pendentia - that the identity between the pending actions, with respect to the parties, rights asserted and reliefs prayed for, is such that any judgment rendered on one action will, regardless of which is successful, amount to res judicata in the action under consideration - is not present, hence, it may not be invoked to dismiss petitioners' complaint for damages.[21]

Res judicata may not apply because the court in a forcible entry case has no jurisdiction over claims for damages other than the use and occupation of the premises and attorney's fees.[22]

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Neither may forum-shopping justify a dismissal of the complaint for damages, the elements of litis pendentia not being present, or where a final judgment in the forcible entry case will not amount to res judicata in the former.[23]

Petitioners' filing of an independent action for damages other than those sustained as a result of their dispossession or those caused by the loss of their use and occupation of their properties could not thus be considered as splitting of a cause of action.

WHEREFORE, the Orders dated August 26, 2005 and January 2, 2006 issued by the Regional Trial Court, Branch 43, Bacolod City, in Civil Case No. 04-12284 are REVERSED and SET ASIDE.

The Regional Trial Court, Branch 43, Bacolod City, is directed to REINSTATE Civil Case No. 04-12284 to its docket and to conduct proceedings thereon with dispatch.

SO ORDERED.

Quisumbing, (Chairperson), Carpio, Tinga, and Velasco, Jr., JJ., concur.

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[1] Records, pp. 308-315.

[2] Id. at 450.

[3] Id. at 13.

[4] Id. at 15.

[5] Id. at 17.

[6] Id. at. 58-67.

[7] Id. at 49-57.

[8] Id. at 68-76.

[9] Rollo, pp. 29-32.

[10] Records, p. 9.

[11] Id. at 28-48.

[12] Id. at 308-315.

[13] Herrera v. Bollos, G.R. No. 138258, January 18, 2002, 374 SCRA 107.

[14] G.R. No. 141962, January 25, 2006, 480 SCRA 53.

[15] Id. at 70.

[16] Felisilda v. Villanueva, G.R. No. L-60372, October 29, 1985, 139 SCRA 431.

[17] G.R. No. 123555, January 22, 1999, 301 SCRA 637.

[18] Id. at 648.

[19] Progressive Development Corporation, Inc. v. Court of Appeals, supra, 649-652.

[20] Id. at 652.

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[21] Herrera, REMEDIAL LAW I (2000 ed.), p. 313.

[22] Ibid.

[23] Vide Prubankers Association v. Prudential Bank and Trust Company, G.R. No. 131247, January 25, 1999, 302 SCRA 74.

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