

EDNA LOPEZ DELICANO, EDUARDO ALBERTO LOPEZ, MARIO DIEZ CRUZ, HOWARD E. MENESES, AND CORAZON E. MENESES, PETITIONERS, VS. PECHATEN CORPORATION, RESPONDENT.

G.R. No. 191251. September 07, 2011

Ponente: CARPIO, J.

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CARPIO, J.:

The Case

This petition for review[1] assails the 13 November 2009 Amended Decision[2] of the Court of Appeals in CA-G.R. SP No. 105360. The Court of Appeals set aside its earlier Decision[3] dated 18 February 2009, which affirmed the 27 August 2008 Order of the Regional Trial Court (RTC), Branch 37, Manila.

The Facts

Respondent Pechaten Corporation (respondent) is the registered owner of a parcel of land (property) located at 852 Vicente Cruz Street, Sampaloc, Manila, and covered by Transfer Certificate of Title No. 95052 (TCT No. 95052).

In June 1993, respondent and Teodoro Alberto, Honorata Salmorin, Aquilina Hizon, and Dalmacia Meneses entered into a two-year lease contract[4] involving the property. The parties agreed that the monthly rental for the first year[5] would be P864, to be increased to P1,037 per month during the second year[6] of the contract. Subsequently, the lessees executed a waiver of their rights or interest in the lease contract in favor of Virgilio Meneses, the son of Dalmacia Meneses.

When the lease contract expired on 30 June 1995, respondent offered Virgilio Meneses to renew the lease agreement or purchase the property. Virgilio Meneses ignored the offer and failed to pay monthly rentals for the property starting July 1995.

On 6 October 1999, respondent sent a demand letter to Virgilio Meneses to vacate the property and pay the accrued rent of P141,032 or reasonable compensation for the use of the property. When Virgilio Meneses refused, respondent filed with the Metropolitan Trial Court (MeTC) a case for unlawful detainer with damages against Virgilio Meneses.

In his defense, Virgilio Meneses claimed that the MeTC has no jurisdiction over the ejectment suit since it was filed more than four (4) years from the time the contract expired on 30 June 1995. Virgilio Meneses argued that the remedy of respondent should have been *accion publiciana*. Furthermore, Virgilio Meneses asserted that he was not a party to the lease contract, and thus, respondent has no cause of action against him.

On 12 February 2002, the Manila MeTC-Branch 2 rendered a judgment[7] in favor of respondent, the dispositive portion of which reads:

Wherefore, judgment is rendered ordering defendant [Virgilio Meneses], his heirs, assigns, successors-in-interest and/or any other person claiming right under him:

- to vacate the premises located at 852 Vicente Cruz St., Sampaloc, Manila;
- to pay the plaintiff corporation the amount of P1,200.00 per month from July 1995 until the time that defendant vacate the premises as reasonable compensation for the use and occupation of the premises;
- to pay the plaintiff the amount of P8,000.00 as attorney's fees; and
- to pay the costs.

SO ORDERED.[8]

On appeal, the Manila RTC-Branch 37 affirmed the MeTC judgment. In a Decision[9] dated 30 May 2008, the Manila RTC-Branch 37 agreed with the MeTC that the one-year period should be reckoned from the time the last demand was made. In this case, the last demand to vacate the property was made on 6 October 1999.[10] The complaint for unlawful detainer was filed on 25 November 1999, which is within the one-year reglementary period.

Meanwhile, the City of Manila filed on 12 August 2004 a complaint for expropriation against respondent involving the property. The expropriation case, docketed as Civil Case No. 04-110675, was raffled to Manila RTC-Branch 11, which issued a Writ of Possession in favor of the City of Manila. On 27 March 2008, the Manila RTC-Branch 11 issued an Order of Expropriation in favor of the City of Manila.

Upon the death of Virgilio Meneses, he was substituted by his heirs, who are the petitioners in this case. In view of the Orders of the Manila RTC-Branch 11 involving the property in the expropriation case, petitioners filed a motion for reconsideration in the Manila RTC-Branch 37 of its Decision dated 30 May 2008. Petitioners moved to dismiss the unlawful detainer case, alleging that the case was rendered moot by virtue of the Writ of Possession issued by the Manila RTC-Branch 11 in the expropriation case involving the property. Furthermore, petitioners stated that the City of Manila had already turned over the property to them. Respondent opposed the motion, alleging that the Order dated 27 March 2008 of the Manila RTC- Branch 11, declaring that the City of Manila has the lawful right to take the property for public use, is the subject of appeal before the Court of Appeals.

On 27 August 2008, the Manila RTC-Branch 37 issued an Order partially reconsidering its Decision dated 30 May 2008. The dispositive portion of the Order reads:

WHEREFORE, the Decision dated May 30, 2008 is partially reconsidered. The Decision dated February 12, 2002 issued by the court a quo is MODIFIED as follows:

- the order requiring appellant to vacate the premises located at 852 Vicente Cruz St., Sampaloc, Manila, is Set Aside for being moot and academic;
- appellant to pay the appellee the amount of P1,200.00 per month from July 1995 up to February 9, 2005;
- appellant to pay appellee the amount of P8,000.00 as attorney's fees; and
- cost of suit.

SO ORDERED.[11]

Respondent filed a petition for review with the Court of Appeals, seeking to annul the Order dated 27 August 2008 of the Manila RTC-Branch 37. In its Decision dated 18 February 2009, the Court of Appeals dismissed respondent's petition and affirmed the 27 August 2008 Order of the Manila RTC-Branch 37.

Respondent filed a motion for reconsideration and a supplemental motion for reconsideration. In its supplemental motion for reconsideration, respondent attached a copy of the Decision[12] dated 24 March 2009 of the Court of Appeals-Special Sixth Division in the related expropriation case entitled *City of Manila v. Pechaten Corporation*. The Court of Appeals-Special Sixth Division reversed the Order dated 27 March 2008 of the Manila RTC-Branch 11 and dismissed the complaint for eminent domain filed by the City of Manila. Respondent alleged that the decision of the Court of Appeals-Special Sixth Division in the expropriation case, which became final and executory as of 14 April 2009,[13] is a supervening event which warrants the reconsideration of the Decision dated 18 February 2009 of the Court of Appeals in this unlawful detainer case.

The Ruling of the Court of Appeals

On 13 November 2009, the Court of Appeals promulgated its Amended Decision in favor of respondent. The Court of Appeals agreed with respondent that the dismissal of the expropriation case is a supervening event which warrants the reconsideration of its Decision dated 18 February 2009. The dispositive portion of the Amended Decision reads:

WHEREFORE, premises considered, the instant Motion for Reconsideration and Supplemental Motion for Reconsideration are hereby GRANTED. Our Decision dated 18 February 2009 is hereby RECONSIDERED and SET ASIDE. Accordingly, the writ of possession issued by Branch 11 of Manila RTC in favor of the City of Manila over the subject property is hereby DISSOLVED.[14]

The Court of Appeals explained:

This court is justified in suspending or nullifying the writ of execution issued by Manila RTC Branch 11 granting possession of the subject property to the City of Manila. An order may be suspended or nullified when a supervening event, occurring subsequent to the said order, bring about a material change in the situation of the parties. In this case, the supervening event is the finality of the decision rendered by the Special Sixth Division on the appeal from the Order of the Manila RTC Branch 11 dated 27 March 2008. The said Special Sixth Division Decision reversed and set aside the order of the RTC and accordingly dismissed the complaint for eminent domain filed by the City of Manila. This decision became final and executory as of 14 April 2009.

x x x

A writ of possession is an order whereby the sheriff is commanded to place a person in possession of real or personal property. The decision rendered in the expropriation case by the Special Sixth Division is a judgment on the merits - a consequence of the finality of the said judgment is the revocation of the writ of possession. The order [issuing the writ of possession] placed the City of Manila, which in turn granted the same to the Respondents [petitioners], in possession prior to the decision of the Special Sixth Division. Notwithstanding the writ of possession, title to the said property is still in the name of the Petitioner. The possession of the property must revert back to legal owner of the said property, in this case to Pechaten Corporation, because the expropriation case was also rendered final and executory.[15]

Hence, this petition.

The Issue

The issue in this case is whether petitioners are still entitled to retain possession over the subject property despite the dismissal of the expropriation case.

The Ruling of the Court

We find the petition without merit.

Section 11, Rule 67 (Expropriation) of the Rules of Civil Procedure provides:

Sec. 11. Entry not delayed by appeal; effect of reversal. - The right of the plaintiff to enter upon the property of the defendant and appropriate the same to public use or purpose shall not be delayed by an appeal from judgment. But if the appellate court determines that plaintiff has no right of expropriation, judgment shall be rendered ordering the Regional Trial Court to forthwith enforce the restoration to the defendant of the possession of the property, and to determine the damages which the defendant sustained and may recover by reason of the possession taken by the plaintiff. (Emphasis supplied)

In this case, the Court of Appeals-Special Sixth Division, in the related expropriation case entitled *City of Manila v. Pechaten Corporation*, held that the expropriation of the property was not for public use. In its Decision dated 24 March 2009, the Court of Appeals-Special Sixth Division found that the expropriation of the property pursuant to City Ordinance No. 7984 was intended for the sole benefit of the family of Virgilio Meneses.[16] Thus, the Court of Appeals-Special Sixth Division dismissed the complaint for eminent domain. The City of Manila did not appeal the Decision, which became final and executory on 14 April 2009.

Considering that the Decision of the Court of Appeals-Special Sixth Division reversing the judgment of expropriation already became final and executory, it is only proper that respondent should be restored to its rightful possession of the property in accordance with Section 11, Rule 67 of the Rules of Civil Procedure.

WHEREFORE, we DENY the petition. We AFFIRM the 13 November 2009 Amended Decision of the Court of Appeals in CA-G.R. SP No. 105360. The Decision dated 30 May 2008 of the Manila Regional Trial Court, Branch 37, in Civil Case No. 04-108960, affirming the 12 February 2002 Judgment of the Manila Metropolitan Trial Court, Branch 2, is REINSTATED.

SO ORDERED.

Carpio, (Chairperson), Peralta,[*] Perez, and Mendoza,**] JJ., concur.

[*] Designated Acting Member per Special Order No. 1074 dated 6 September 2011.

**] Designated Acting Member per Special Order No. 1066 dated 23 August 2011.

[1] Under Rule 45 of the 1997 Rules of Civil Procedure.

[2] Rollo, pp. 28-46. Penned by Associate Justice Arturo G. Tayag, with Associate Justices Hakim S. Abdulwahid and Sixto C. Marella, Jr., concurring.

[3] Id. at 85-99.

[4] Id. at 257-259.

[5] From 1 July 1993 to 30 June 1994; id. at 257.

[6] From 1 July 1994 to 30 June 1995; id.

[7] Id. at 359-362.

[8] Id. at 361-362.

[9] Id. at 382-387.

[10] The RTC Decision dated 30 May 2008 erroneously stated the date of the last demand as 6 October 1996; id. at 387.

[11] Id. at 391.

[12] Id. at 66-83.

[13] Id. at 392.

[14] Id. at 44.

[15] Id. at 43, 46.

[16] Id. at 79.

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