

ORTIGAS & COMPANY, LIMITED PARTNERSHIP, PETITIONER, VS. COURT OF APPEALS AND MAXIMO F. BELMONTE, RESPONDENTS.

G.R. No. 52488. July 25, 1981

Ponente: ABAD SANTOS, J.

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ABAD SANTOS, J.:

Petition for review of the decision of the Court of Appeals dated October 12, 1979, in CA-G.R. No. 08609-SP, which set aside the decision of the Court of First Instance of Rizal dated September 22, 1978, in Civil Case No. 28389, which had affirmed in toto the judgment on the pleadings rendered by the Municipal Court of San Juan, Rizal, dated December 19, 1976, in Civil Case No. 3773.

On March 25, 1974, Ortigas and Company, Limited Partnership, hereinafter referred to as Ortigas, filed with the Municipal Court of San Juan, Rizal, a complaint for unlawful detainer against Maximo F. Belmonte, praying that after hearing, judgment be rendered – (1) ordering the defendant, his heirs, assigns or successors-in-interests to vacate the subject lot and surrender full control thereof to the plaintiff; (2) declaring the residential building constructed on the lot by the defendant as forfeited in plaintiff's favor; and (3) condemning the defendant to pay a monthly rent of P5,000.00 from July 18, 1971, up to the time he vacates the premises; attorney's fees in the amount of P7,000.00; exemplary damages in such amount as the court may fix; and the costs. The complaint was docketed as Civil Case No. 3773.

After the defendant had filed his answer, the Municipal Court of San Juan, upon motion of the plaintiff, rendered a judgment on the pleadings dated December 19, 1976, the dispositive portion of which reads as follows:

"WHEREFORE, premises considered, this Court hereby grants plaintiff-partnership's Motion for Judgment on the Pleadings dated January 31, 1975, as follows:

(1) Ordering the defendant and all persons claiming right under him to vacate the premises designated as Lot 6, Block 31, Psd-66759 with an area of 840 square meters, more or less, situated at Greenhills Subdivision 4, San Juan, Rizal and surrender possession of the same to the plaintiff-partnership;

(2) Declaring all the improvements constructed in the said premises forfeited in favor of the plaintiff-partnership;

(3) Ordering the defendant to pay the monthly rental of P2,500.00 a month starting from July 18, 1971 up to the time defendant actually vacates said premises; and

(4) Ordering the defendant to pay attorney's fees in the amount of P5,000.00 and to pay the costs of suit.

"SO ORDERED."

After a motion for reconsideration was denied, Belmonte appealed to the Court of First Instance of Rizal which docketed the same as Civil Case No. 28389. Instead of filing a memorandum in support of his appeal, Belmonte filed on February 13, 1978, a motion to dismiss under Sec. 11, Rule 40 of the Rules of Court which provides:

"SEC. 11. LACK OF JURISDICTION. - A case tried by an inferior court without jurisdiction over the subject matter shall be dismissed on appeal by the Court of First Instance. But instead of dismissing the case, the Court of First Instance in the exercise of its original jurisdiction, may try the case on the merits if the parties therein file their pleadings and go to the trial without any objection to such jurisdiction."

Alleging lack of jurisdiction of the Municipal Court of San Juan and manifesting his objection to the exercise by the Court of First Instance of Rizal of its original jurisdiction, Belmonte sought the dismissal of Civil Case No. 3773. The Court of First Instance of Rizal, however, denied the motion to dismiss and subsequently rendered a decision dated September 22, 1978, affirming in toto the judgment of the Municipal Court of San Juan. Said Court of First Instance of Rizal likewise issued a writ of execution dated November 7, 1978.

On December 1, 1978, Belmonte simultaneously filed with the Court of First Instance of Rizal a notice of appeal and with the Court of Appeals a motion to extend time to file petition for review. In a resolution dated December 7, 1978, the Court of Appeals granted Belmonte an extension of twenty (20) days from December 4, 1978, within which to file a petition for review. On December 20, 1978, Belmonte filed with the Court of Appeals a petition for certiorari and prohibition, with preliminary injunction, assailing: (a) the jurisdiction of the Municipal Court of San Juan and the Court of First Instance of Rizal; (b) the propriety or validity of the judgment on the pleadings rendered by the Municipal Court of San Juan; and (c) the propriety or validity of the Writ of Execution issued by the Court of First Instance of Rizal.

Docketed as CA-G.R. No. 08609-SP, the petition was given due course by the Court of Appeals which subsequently rendered a decision dated October 12, 1979, the dispositive portion of which reads as follows:

"PREMISES CONSIDERED, the decision of the municipal court of San Juan, Metro-Manila, as well as the decision of the Court of First Instance of Rizal aforesaid, are hereby SET ASIDE. No costs."

The Court of Appeals held that the Municipal Court of San Juan had no jurisdiction over the case nor the power to resolve controverted issues on the pleadings.

A motion for reconsideration was filed by Ortigas but the same was denied by the Court of Appeals in its resolution dated January 15, 1980. Hence, Ortigas filed with this Court the present petition for review of the decision of the Court of Appeals.

After analyzing the issues raised by Belmonte before the Court of Appeals and resolved by said court in the decision under review, namely: (a) the jurisdiction of the Municipal Court of San Juan and of the Court of First Instance of Rizal; (b) the propriety or validity of the judgment on the pleadings rendered by the Municipal Court of Rizal; and (c) the propriety or validity of the Writ of Execution issued by the Court of First Instance of Rizal, We find that the same are purely legal in nature. Since appellate jurisdiction over cases involving purely legal questions is exclusively vested in this Court by Sec. 17 of the Judiciary Act (R. A. No. 296), it is readily apparent that the decision under review was rendered by the Court of Appeals without jurisdiction and should, therefore, be set aside. It is for this reason that We resolved on June 8, 1981, to give due course to the petition for review and to consider the same as submitted for decision.

But as We set aside the decision of the Court of Appeals dated October 12, 1979, for having been rendered without jurisdiction, We proceed with the review of the decision of the Court of First Instance of Rizal dated September 22, 1978, and the judgment of the Municipal Court of San Juan dated December 19, 1976, which said decision affirmed in toto, considering that the appeal therefrom was perfected on time, albeit erroneously brought to the Court of Appeals. This is in consonance with the spirit of Sec. 31 of the Judiciary Act (R. A. No. 296, as amended) which provides that "(a)ll cases which may be erroneously brought to the Supreme Court or to the Court of Appeals shall be sent to the proper court which shall hear the same as if it has originally been brought

before it."

In support of his contention that the Municipal Court of San Juan, Rizal, did not have jurisdiction over the case filed by Ortigas, Maximo F. Belmonte cited in his comment to Ortigas' petition for review (which We considered as his answer to the petition) the case of FUENTES AND GO TEK vs. HON. MUÑOZ-PALMA, ETC., AND AYALA SECURITIES, INC. (G.R. No. L-15074, May 31, 1960, 108 Phil. 640). We have reviewed Our decision in said case and We find the material facts thereof to be almost identical to those of the case at bar, namely: (1) both cases involved complaints for unlawful detainer filed against defendants who acquired possession of the subject lots by virtue of agreements whereby the plaintiffs had contracted to sell the subject lots and the defendants had in turn bound themselves to pay the downpayments and the subsequent monthly installments on the purchase prices of said lots; (2) the agreements in both cases allowed the purchasers to take possession of the subject lots and to construct thereon buildings and/or other permanent improvements but specified that before full payment of the purchase prices, the purchasers would be considered as mere tenants or lessees of the subject lots; (3) the agreements in both cases further provided that should the purchasers fail to pay any of the monthly installments within ninety (90) days from its due date, the contracts shall automatically be cancelled and all sums of money paid under the same shall be considered as rentals on the property and the purchasers may be ejected therefrom by the means provided for by law for trespassers or unlawful detainers; (4) in both cases, the purchasers took possession of the subject lots after having made the downpayment and constructed thereon buildings and/or other permanent improvements; (5) in both cases, the purchasers failed to pay the monthly installments which became due, prompting the plaintiffs to file the complaints for unlawful detainer which sought to eject the purchasers-defendants from the subject lots; and (6) the complaints for unlawful detainer in both cases contained prayers affecting the property rights of the parties in the permanent improvements constructed on the subject lots – in the cited case, Ayala Securities, Inc. prayed for the removal of the warehouses, garages and other permanent improvements constructed by defendant Fuentes on the subject lots while in the case at bar, Ortigas prayed that the residential building constructed by defendant Belmonte on the subject lot be declared forfeited in its favor.

After noting that "(a)n action for 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", this Court held in the cited case that the Justice of the Peace Court (now Municipal Court) of Makati did not have jurisdiction over the action filed by Ayala Securities, Inc., as the same involved rights over real property, other than mere right of possession. Thus, this Court declared null and void the proceedings in the court below and dismissed the unlawful detainer case filed by Ayala Securities, Inc.

We find the above ruling applicable to the case at bar.

As stated, the complaint for unlawful detainer filed with the Municipal Court of San Juan sought not only the ejectment of the defendant from the subject lot, but likewise prayed that the residential building constructed by him on the same lot be declared forfeited in plaintiff's favor. Clearly, the issues raised before said inferior court did not only involve possession of the lot but also the rights and obligations of the parties to the residential building which under Art. 415 (1) of the Civil Code is considered real property. Plaintiff's prayer that said building be declared forfeited in its favor directly puts in issue the ownership of said real property.

Since the issues raised by Ortigas before the Municipal Court of San Juan in Civil Case No. 3773 exceeded the allowable scope of an unlawful detainer suit which should be limited to the issue of possession of real property, the case could not qualify as an exception to the jurisdiction of the Court of First Instance under Sec. 44(b) of the Judiciary Act which provides:

"SEC. 44. ORIGINAL JURISDICTION. - Courts of First Instance shall have original jurisdiction:

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(b) In all civil actions which involve the title to or possession of real property, or any interest therein, or the legality of any tax, impost or assessment, except actions of forcible entry into and detainer on lands or buildings, original jurisdiction of which is conferred by this Act upon city and municipal courts;"

Consequently, the Municipal Court of San Juan, Rizal, did not have jurisdiction over Civil Case No. 3773. Its judgment dated December 19, 1976, should therefore be set aside.

Since Civil Case No. 3773 was decided by the Municipal Court of San Juan without jurisdiction over the subject matter thereof, said case should have been dismissed by the Court of First Instance of Rizal when the same was brought before it on appeal. Section 11, Rule 40 of the Rules of Court, which We have heretofore quoted, provides for an instance when the Court of First Instance of Rizal (to which original jurisdiction over the case filed by Ortigas properly belonged) could have validly assumed original jurisdiction over the case. But that provision is inapplicable to the case at bar since Belmonte expressly objected to assumption of jurisdiction by the Court of First Instance of Rizal. Accordingly, the decision of the Court of First Instance dated September 22, 1978, should likewise be set aside for lack of jurisdiction.

WHEREFORE, without prejudice to the right of Ortigas to file the proper action with the proper court, the following are hereby set aside for lack of jurisdiction: (1) the decision of the Court of Appeals dated October 12, 1979, in CA-G.R. No. 08609-SP; (2) the decision of the Court of First Instance of Rizal dated September 22, 1978, in Civil Case No. 28389; and (3) the judgment on the pleadings rendered by the Municipal Court of San Juan, Rizal, in Civil Case No. 3773. No pronouncement as to costs.

SO ORDERED.

Barredo, (Chairman), Aquino, Concepcion, Jr., and De Castro, JJ., concur.

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