

**SPOUSES JAIME RAMOS AND NILDA ILANO RAMOS, PETITIONERS,
VS. INTERMEDIATE APPELLATE COURT, HON ANDRES R. MATIAS,
ETC., AND SPOUSES RESTITUTO MELO AND NELLY J. MELO,
RESPONDENTS.**

G.R. No. 72686. March 08, 1989

Ponente: NARVASA, J.

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NARVASA, J.:

Two (2) errors present themselves for correction in the proceedings at bar.

The first consists in the strict and literal application by the Appellate Court on September 21, 1985,[1] of the doctrine laid down in *Habaluyas Enterprise, Inc., et al. v. Hon Maximo N Japzon, et al.*, promulgated on August 5, 1985, in denying petitioners urgent motion dated December 27, 1984 for extension of time to file a motion for reconsideration of that Court's Resolution of December 27, 1984 -- which had deemed said petitioners' appeal from the judgment of the Regional Trial Court abandoned and consequently dismissed the same; this, despite the fact that the appropriate petition for review had been filed by the petitioners ten (10) days earlier.

The second consists in the Trial Court's ignoring the law of the case, pronounced by the Intermediate Appellate Court with the assent of this Court, and in characterizing an action of ejectment, recognized as such by the appellate court, as an action involving a subject matter "incapable of pecuniary estimation" and declaring it consequently as being beyond the original jurisdiction of the municipal trial court.

These errors were spawned in a controversy arising from what would appear to be nothing but a simple, straightforward transaction consummated fourteen (14) years ago, in January, 1975.

The Melo Spouses (herein respondents) were the owners of a house and lot situated in Imus, Cavite, which they mortgaged to the Cavite Rural Bank to secure a loan obtained by them in the sum of P150,000.00. They later sold the mortgaged property to the Spouses Ramos (herein petitioners) in virtue of a "Deed of Absolute Sale With Assumption of Mortgage" executed on April 22, 1977. The vendees paid the stipulated price, and, with the express consent of the mortgagee bank evidenced by the signature of its authorized officer on the deed, assumed the vendors' mortgage obligation. The deed was recorded in the Registry of Property, the Melos' title (TCT No. T-11082) was cancelled, and a new one (TCT No. T-94025) was given to the Ramoses.

The Ramos Spouses were however unable to obtain possession of the property. Their requests therefor were invariably met with pleas for extension by the Melos. When it became apparent that the Melos intended to renege on their agreement, the Ramoses referred the matter to their attorney who sent several letters to the Melos, demanding delivery of the property, all to no avail. The last of the letters was sent on January 10, 1978.

An action for illegal detainer was finally presented before the Municipal Court of Imus on January 27, 1978, docketed as Case No. 226. The Melos moved to dismiss the action, asserting that the transaction of April 22, 1977 was not a sale but an equitable mortgage, subject to reformation, and consequently, the subject matter was not

within the Municipal Court's jurisdiction. The Court denied the motion, and the Ramoses, as plaintiffs, presented their evidence and then rested their case. At this point, the Melos again moved to dismiss the suit, on the same ground of the Court's lack of jurisdiction of the nature thereof. The Court also denied this second motion.

Instead of presenting evidence in their defense so that the merits of their and the Ramoses' conflicting claims could be determined in a single proceeding, the Melo Spouses commenced another suit, a course of action that in retrospect is revealed to be merely part of a stratagem to delay their delivery of the property which they had validly sold to the Ramoses. This second suit was initiated in the Court of First Instance of Cavite on February 1, 1980, more than two (2) years after the institution of the ejectment suit against them in January, 1978. In this suit, docketed as Civil Case No. BVC-80-7, the Melos prayed for reformation of the deed of sale with assumption of mortgage, and the inhibition of the Imus Municipal Court from taking cognizance of the *desahucio* action, Case No. 226, on the same ground earlier pleaded, that the Municipal Court had no jurisdiction of the subject-matter thereof. The CFI refused to restrain the Municipal Court. The refusal was set out in its Order of August 18, 1980, in which the Court explicitly acknowledged the lower Court's exclusive original jurisdiction over the ejectment suit against the Melos.

The Melos then filed on January 7, 1981 an action of certiorari, mandamus and prohibition in the Intermediate Appellate Court, docketed as CA-G.R. No. SP-11845-SCA, assailing the denial by the Court of First Instance of their motion to enjoin the Imus Municipal Court from proceeding with the ejectment suit, stubbornly insisting that the latter had no jurisdiction over the nature of the action.

Like the Court of First Instance, the Appellate Tribunal quickly - perceived the lack of merit in the Melos' cause. It soon dismissed the Melos' petition, by Resolution dated April 23, 1981, holding that (1) the Municipal Court indeed had jurisdiction over the ejectment suit, and (2) it did not err in disbelieving the Melos' claim of an equitable mortgage. The Court¹ said:

* * The Municipal Court and the respondent Court could not have missed the fact that Mr. and Mrs. Melo appeal to be educated and intelligent persons *. A mere averment could not be the sole basis of a motion to dismiss. The Municipal Court acted within its jurisdiction and with exercise of sound discretion in proceeding to hear the case... instead of summarily dismissing it as moved by the herein petitioners. If in every case of forcible entry and detainer, a mere averment to reform the contract or title of the plaintiff is sufficient to oust the Municipal Court of jurisdiction, the summary procedure in Rule 70 might as well be stricken from the Rules of Court.

* * (T)here was likewise no grave abuse of discretion in listening to the arguments of the private respondents (the Ramoses) and not giving credence to those at the petitioners (the Melos). The private respondents point out that the defense that the absolute deed of sale was really an equitable mortgage guaranteeing the payment of loans had all the indicia of a mere sham defense to delay and obstruct the petitioners' impending ejectment from the property.

With adamant persistence, motivated by an intent to delay the proceedings, an intent becoming more evident with the unfolding of the relevant events, the Melos came up to this Court to ask that the Appellate Court's aforesaid Resolution be set aside, and their shopworn theory of equitable mortgage upheld. Their appeal petition² was thrown out for lack of merit shortly after its filing, by Resolution of this Court dated November 9, 1981. That resolution, of course, had the effect of affirming the challenged resolution of the Intermediate Appellate Court.³

By standing doctrine, the Resolution of the Appellate Court of Appeals, as upheld by this Court, thus came to be the law of the case.

*(W)hen an appellate court has once declared the law in a case, such declaration continues to be the law of that case even on a subsequent appeal. The rule made by an appellate court, while it maybe reversed in other

cases, cannot be departed from in subsequent proceedings in the same case. The Law of the Case, as applied to a former decision of an appellate court merely expresses the practice of the courts in refusing to reopen what has been decided. Such a rule is 'necessary to enable an appellate court to perform its duties satisfactorily and efficiently, which would be impossible if a question, once considered and decided by it, were to be litigated anew in the same case upon any and every subsequent appeal.' Again the rule is necessary as a matter of policy in order to end litigation. **4

The ejectment action, Civil Case No. 226, thereafter proceeded and was duly decided on the merits on December 8, 1983. The judgment vindicated the Ramos' rights over the property and commanded the Melos and all persons deriving rights under them to vacate it and surrender it to the Spouses Ramos.¹ The Melos appealed, not unexpectedly.

Amazingly, and no doubt to the utter consternation of the Ramos Spouses, the Court of First Instance reversed the judgment of the Court about a month or so after its rendition (or on January 20, 1984). Essentially, the dismissal was grounded on the patently spacious theory that the ejectment action involved a subject-matter "incapable of pecuniary estimation," the title of the Ramoses, as disputed by the Melos, being the "epicenter of the controversy," and hence, beyond the competence of the Municipal Court. The holding is completely inconsistent with the obvious nature of the action instituted by the Ramoses against the Melos as one of desahucio or illegal detainer, it being in the language of the law, plainly an action brought by vendees "against whom the possession of ** (a house and lot) is unlawfully withheld after the expiration or termination of the right to hold possession by virtue of ** (a) contract **." ² The holding flies in the teeth of established principle, that an inferior court is not deprived of jurisdiction over an ejectment action simply because the defendant sets up a claim of ownership over the premises of which possession is sought.³ The holding disregards, too, the law of the case declared by the Intermediate Appellate Court in CA-G.R. No. SP-11845-SCA on April 23, 1981, by virtue of which the Ramoses' action in the Municipal Court of Imus was categorically characterized as one of illegal detainer within that Court's exclusive, original jurisdiction, and the Municipal Court's conclusion of the lack of merit of the Melos' defense was sustained.⁴ This is serious error, and must be corrected.

The Ramos Spouses sought to take an appeal from the grossly unorthodox judgment of the Court of First Instance. They however made a mistake in the choice of the mode of appeal. They appealed under Rule 41 of the Rules of Court,⁵ instead of by petition for review in accordance with Sec. 29 of the Judiciary Act of 1948 as amended by RA 5433.⁶ Fortunately, the Appellate Court opted to overlook the mistake and granted the Ramos Spouses leave "to file the proper petition for review within fifteen (15) days from ** (notice) after paying the required docketing fee."⁷ Unfortunately, they were able to file the petition for review only after filing four (4) motions for extension, or more precisely, on December 17, 1984. Without acting on the motions for extension, and apparently without awareness that the petition for review had already been filed on December 17, 1984, the Court of Appeals, by Resolution dated December 27, 1984, dismissed the Ramos Spouses' appeal on account of their failure to timely submit their petition for review.

On that very same day, December 27, 1984, the Ramoses presented a motion for extension of time to file a motion for reconsideration of the Appellate Court's resolution dismissing their appeal, and submitted their "Very Urgent Motion for Reconsideration" on January 15, 1985.

While the Ramoses' motion for reconsideration was thus pending, this Court handed down its decision in the case of *Habaluyas Enterprises, Inc. v. Japzon*, on August 5, 1985,¹ in which among other things it was held that courts should not allow extensions of the period for filing motion for reconsideration or new trial. This dictum was invoked by the Appeals Court as authority to deny the Ramoses' motion for extension and the motion for reconsideration thereafter filed, which it did by the Resolution of September 21, 1985,² now challenged in this

Court.

Subsequently, however, and as is now generally known, this Court decided to soften the impact of an immediate and unexpected strict application of rule which has since come to be known as the Habaluyas doctrine. By Resolution promulgated on May 30, 1986, the Court, speaking thru Mr. Justice Feria, deferred strict enforcement of the rule as follows:³

**Beginning one month after the promulgation of this Resolution, the rule shall be strictly enforced that no motion for extension of time to file a motion for new trial or reconsideration may be filed with the Metropolitan or Municipal Trial Courts, the Regional Trial Courts, and the Intermediate Appellate Court. Such a motion maybe filed only in cases pending with the Supreme Court as the court of last resort, which may in its sound discretion either grant or deny the extension requested.

Further clarification of the rule was made on September 15, 1986 in *Bayasa v. I.A.C.*,⁴ viz:

In other words, there is a one-month grace period from the promulgation on May 30, 1986 of the Court's clarificatory Resolution in the Habaluyas case, or up to June 30, 1986, within which the rule barring extensions of time to file motions for new trial or reconsideration is, as yet, not strictly enforceable.

Relief to the Ramoses is thus plainly indicated.

While the Appellate Court's denial of the motion for reconsideration of the dismissal of the petitioners' appeal was undoubtedly correct at the time, having in mind the implications of the Habaluyas doctrine as originally announced, the subsequent relaxation of that doctrine justifies a review of such denial, given the fact that the petitioners' motions for extension of time (which were not acted upon) were made during the grace period thereafter allowed and that the petition for review was likewise filed within the extensions sought. There is thus more than sufficient justification to consider that their appeal from the judgment on the merits of the Court of first Instance in Civil Case No. 226 had been timely perfected and ought to have received due course. Normally, such ruling would call for a remand of the case to the Court of Appeals for further appropriate proceedings. However, this will result only in further delay in according said petitioners what otherwise clearly appears on the record to be so justly due them. The private respondents presented no evidence whatsoever in support of their claim of an alleged equitable mortgage. They well knew that that claim had already been pronounced to be sham. They chose instead to rely again on the palpably unmeritorious defense of lack of jurisdiction, although they were also fully aware that that defense had not only been thrown out by the Municipal Court in Civil Case No. 226, the ejectment case, but had received equally short shrift in the reformation case (Civil Case No. BVC-80-7) from the Court of First Instance, and later, in review proceedings, the Intermediate Appellate Court and this Court itself. And while, on the other hand, the petitioners have duly proved their right to the possession of the property in dispute and to a judgment in their favor in the ejectment case, the private respondents by their dubious maneuverings have managed to avoid compliance with that judgment for more than twelve years.

WHEREFORE, the Court makes the following dispositions. (1) In the context of all that is shown to have transpired, the decision of the Court of First Instance declaring the Municipal Court without jurisdiction to hear and decide the ejectment case is so transparently erroneous that it cannot be allowed to stand unreversed. It is, accordingly, REVERSED. (2) The Appellate Court's verdict sustaining the inferior court's assessment of the private respondents' defenses as sham, is AFFIRMED, and the disputed transaction between the petitioners and the private respondents is hereby DECLARED a true and proper sale that vested in the former not only title but also the right to the possession of the property subject thereof. (3) That right was appropriately litigated and properly vindicated in the judgment of the Municipal Court in Civil Case No. 226, and said judgment is therefore AFFIRMED. This decision is immediately executory. Costs against the private respondents.

Cruz, Gancayco, Griño-Aquino, and Medialdea, JJ., concur.

[1] Months before strict enforcement of the rule was enjoined on May 30, 1986, by resolution of this Court in G.R. No. 70895, 142 SCRA 208

1 Thru Mr. Justice Hugo E. Gutierrez, Jr. (now Associate Justice of the Supreme Court), with whom concurred Messrs. Justices Cenzon and Zosa (Rollo, p. 56); ITALICS supplied

2 Docketed as G.R. No. 57600

3 Sy v. Tuvera, 152 SCRA 103, citing Commercial Union Assurance Co., Ltd. v. Lepanto Consolidated Mining Co., 86 SCRA 80

4 National Mines & Allied Workers' Union v. Luna, 83 SCRA 607, 612-613, citing Zarate v. Director of Lands, 39 Phil. 747 and other cases; SEE Sec. 3, Rule 51 of the Rules of Court which provides that "(w)hen a new trial shall be granted (or a remand to a lower court for further proceedings ordered), the ** (Court of Appeals) shall pass on all the questions of law involved for the final determination of the action." SEE also Lichauco v. Limjoco, 19 Phil. 12; Esperanza, et al. v. Catindig, 27 Phil. 397; Hilario v. Paulist Congregation, 27 Phil. 593; Zook v. Coker, 24 Phil. 434, cited in Moran, Comments on the Rules, 1979 ed., Vol. 2, p. 518

1 Rollo, p. 77

2 Sec. 1, Rule 70, Rules of Court

3 See, e.g., Drilon v. Gaurana, 149 SCRA 342, 350, citing De la Cruz v. C.A., 133 SCRA 520; Alilaya v. Española, 107 SCRA 564; Debesa Macalalag, 81 SCRA 543; Bacani v. Macadaig, 105 Phil. 635; Ganadia v. Ramos, 99 SCRA 613

4 See footnote 1, page 3 hereof, supra

5 Note that Sec. 39 of B.P. Blg. 129, eff. Aug. 14, 1981, and par. 18 of this Court's implementing, interim rules, eliminated the requirement in Rule 41 of a record on appeal and appeal bond, a notice of appeal being generally sufficient, except in special proceedings and cases wherein multiple appeals are allowed, in which event a record on appeal continues to be a requisite for appeal.

6 See Resolution, Sept. 26, 1972, in Mota v. C.A., G.R. No. L-35462, and the Resolution of the Court of Appeals en banc adopted on Aug. 12, 1971.

7 Resolution of the late Mr. Justice Gopengco, with whom concurred Messrs. Justices Patajo, Racela, Jr. and Purisima

1 138 SCRA 46, SEE footnote 1, page 1, supra

2 Per, Mr. Justice de Pano, Jr., with whom concurred Messrs. Justices Borromeo and Kapunan

3 142 SCRA, 208, 212

4 144 SCRA 161, 163

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