

PHILIPPINE FEEDS MILLING CO., INC., PETITIONER, VS. HON. COURT OF APPEALS & HON. EDILBERTO G. SANDOVAL, AS JUDGE OF THE REGIONAL TRIAL COURT OF MANILA, BR. 9, AND UY BUN TIONG, ...

G.R. No. 83581. June 14, 1989

Ponente: GRIÑO-AQUINO, J.

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GRIÑO-AQUINO, J.:

A three-story commercial apartment building was owned by Sy Tian Peng, the registered owner under Transfer Certificate of Title No. 115954 of the Manila Registry of Deeds (p. 91, Rollo), and leased to a number of tenants. The Philippine Feeds Milling Co., Inc., was one of the several tenants of the building. Another tenant was the private respondent Uy Bun Tiong who paid rent of P1,434.57 per month for a commercial apartment unit which he subleased to the Eternal Glassware Enterprises for a monthly rent of P2,000 (p. 81, Rollo). The lease contract between Sy Tian Peng and Uy Bun Tiong was only verbal (p. 60, Rollo).

On June 21, 1982, Sy Tian Peng "formally offered to the tenants if they are interested to buy the said 3-storey building under a 'first option to buy'" (p. 98, Rollo).

The next day, June 22, 1982, the petitioner, Philippine Feeds Milling Co., Inc., through its president, Jose Y. Tolentino, notified Sy Tian Peng "in writing of its intention to buy the property and requested for the terms and conditions of the sale for negotiation" (pp. 106-107, Rollo).

The other tenants made no offers to buy the property. Nevertheless on May 24, 1983 (nearly one year after he made his first offer to sell) Sy Tian Peng gave them a final period of "7 days from May 24, 1983" (p. 107, Rollo) to come forward with definitive proposals to purchase his property, otherwise, he would offer it to other interested parties.

Meanwhile, Philippine Feeds Milling Co., Inc. pursued its manifested intention to buy the property. On May 25, 1983, petitioner and Sy Tian Peng agreed on the sale price of P800,000, with a down payment of P100,000 and the balance of P700,000 payable on or before the end of June, 1983. The down payment of P100,000 was paid by the petitioner. On June 30, 1983, it paid the balance of the purchase price and received the deed of sale (pp. 41, 92, 107, Rollo). On July 22, 1983, the sale was registered and TCT No. 1755564 was issued to it (pp. 100, 108, Rollo).

On October 18, 1983, Philippine Feeds Milling Co., Inc. wrote a letter to private respondent Uy Bun Tiong informing him that it "needs the premises for its own use" (Exh. E).

"October 18, 1983

"Mr. Uy Bun Tiong

917 Tetuan St

Manila

Dear Sir:

"As you have already known, our client, the PHILIPPINE FEEDS MILLING CO., INC., is the new registered owner of the premises you are occupying. As you also know, our client needs the premises for its own use.

"In this connection, you are requested to attend a conference to be held at our office at Suites 803-804 Associate Bank Building, Quintin Paredes St., Manila, on October 28, 1983 at 6:00 P. M.

"Please be guided accordingly.

"Very truly yours,

PHILIPPINE FEEDS MILLING CO., INC.

By:

(SGD) DEOGRACIAS G. EUFEMIO

Corporate Secretary"

(Exh. E, p. 63, Record.)

Six months later, on April 18, 1984, plaintiff sent a telegram to the defendant stating:

"4/18/84

"Uy-Bun Tiong

948 Espeleta

Sta. Cruz, Manila

"Your leased (sic) agreement on premises 917 Tetuan, Manila is hereby terminated stop 15 days from receipt vacate leased premises stop avoid judicial eviction.

"ATTY. FLORIANO R. PAR

Counsel for Phil. Feeds Milling Corp

1520 Bambang, Sta. Cruz, Manila"

(p. 42, Rollo.)

According to Uy Bun Tiong, he came to know that the ownership of the building had been transferred to the petitioner only after he received the letter of October 18, 1983. Since she had not been paying the rent to the previous owner, he purchased on November 17, 1983 from the Metro Bank, Sta. Cruz Branch, a cashier's check P7,172.85 payable to the order of Jose Y. Tolentino, president and general manager of the petitioner, to cover rentals for the months of July, August, September, October and November, 1983 (Exhibit F). Likewise, on December 29, 1983, Uy Bun Tiong purchased a cashier's check for P1,434.57 from the Metro Bank, Sta. Cruz Branch, in favor of Tolentino to pay the rental for December 1983. The rentals for January and February 1984 were paid in the same manner (p. 61, Rollo).

On March 20, 1984, Uy Bun Tiong and four other tenants named Rufina Pineda Vda. de Lu, Juliana Sy, Lily Chan, and Chiok Long, stopped paying their rentals and filed an action for specific performance and damages with preliminary injunction against Sy Tian Peng, Philippine Feeds Milling Co., Inc., and Jose Y. Tolentino in the

Regional Trial Court of Manila where it was docketed as Civil Case No. 84-23437 (p. 90, Rollo).

On May 8, 1984, they filed a complaint for consignment of rentals in the Metropolitan Trial Court of Manila against Sy Tian Peng, Philippine Feeds Milling Co., Inc. and Jose Y. Tolentino (Civil Case No. 099300, entitled "Rufina Pineda, et al. vs. Sy Tian Peng, et al.") (p. 81, Rollo). They alleged that the rentals for March, April and May were "unjustifiably refused acceptance by said defendants" (p. 82, Rollo). All subsequent rentals were then deposited in Court.

On June 4, 1984, Philippine Feeds Milling Co., Inc. filed Civil Case No. 100120 for unlawful detainer against Uy Bun Tiong in the Metropolitan Trial Court of Manila (p. 43, Rollo) for non-payment of rentals for March and April 1984 and for subleasing the premises without the owner's consent (p. 43, Rollo).

The Metropolitan Trial Court rendered judgment on June 25, 1987, ordering Uy Bun Tiong and all persons claiming rights under him to vacate the premises, pay Philippine Feeds Milling Co., Inc. P2,869.14 monthly for March and April 1984, and P5,738.28 monthly effective May 1984 as reasonable compensation for his use and occupancy of the premises until he vacates and restores its possession to the plaintiff. He was further ordered to pay the plaintiff P3,000 as attorney's fees, and costs. His counterclaim was dismissed.

Uy Bun Tiong appealed to the Regional Trial Court which reversed the Metropolitan Trial Court's decision and dismissed the ejectment complaint on the ground that the Metropolitan Trial Court lacked jurisdiction over the case because "the question of title and ownership is so necessarily involved that it would be implausible (sic) to decide the case involving only the issue of possession." It observed that "the issue of whether defendant herein can properly and validly exercise the option to buy the premises in question from Sy Tian Peng, the person from whom the plaintiff allegedly purchased the same, is at stake in Civil Case No. 84-23437 and any resolution thereto (sic) would necessarily affect any right of possession plaintiff asserts it is entitled to." (p. 58, Rollo.) It held, moreover, that the plaintiff could not eject the defendant on the grounds of non-payment of rentals, unauthorized subleasing, and termination of the lease, because the rentals were fully paid, the subleasing had been authorized by the previous owner, Sy Tian Peng, and the demand to vacate was inadequate (pp. 60-63, Rollo).

That decision was affirmed by the Court of Appeals upon the elevation of the case to it for review.

The petitioner has come to Us assailing the decision of the Court of Appeals.

We find merit in the petition for review.

The fact that the private respondent (defendant in the ejectment suit) and four other tenants had anticipated the petitioner's action for ejectment by filing Civil Case No. 84-23437 on March 20, 1984 in the Regional Trial Court against Sy Tian Peng, Philippine Feeds Milling Co., Inc and Jose Y. Tolentino, to annul the sale of the property to the petitioner and compel Sy Tian Peng to sell it to them, did not divest the Metropolitan Trial Court of its jurisdiction over the ejectment case. The option to purchase, not the ownership, was the issue in Civil Case No. 84-23437 for the plaintiffs therein (Rufina Pineda, et al.) did not claim to be the owners or purchasers of the property in question. They only sought to exercise their option to purchase it although that option expired "seven days after May 24, 1983" or on May 31, 1983. They had not purchased the property nor paid anything for it yet. The property had been sold to Philippine Feeds Milling Co., Inc. on June 30, 1983. As the new registered owner, Philippine Feeds Milling Co., Inc. had a right to terminate the month-to-month leases of the tenants of its building, including that of Uy Bun Tiong, at the end of any month, for, as stated in its letter to him, it "needs the premises for its own use." (Exh. E.)

As the ejectment complaint sufficiently averred that Philippine Feeds Milling Co., Inc. owns the property and seeks to recover possession from the overstaying lessee, Uy Bun Tiong, the Metropolitan Trial Court had

jurisdiction over the case (Lucas Caparras vs. Court of Appeals, G.R. No. 56803, February 28, 1989, citing *Alvir vs. Vera*, 130 SCRA 357). The lessee's assertion of ownership in the ejectment case does not oust the municipal trial court from its jurisdiction over the case, for its jurisdiction is determined by the allegations of the complaint, not by the defenses in the answer (*Ramirez vs. Chit*, L-22022, Dec. 26, 1967, 21 SCRA 1364).

"In ejectment cases, the defendant may not divest the interior court of its jurisdiction by merely claiming ownership of the property involved (*Dehesa vs. Macalalag*, 81 SCRA 543)." (*Nogoy vs. Mendoza, Jr.*, 101 SCRA 203).

The Court of Appeals failed to properly appreciate the fact that payment by Uy Bun Tiong to the petitioner of his rentals for the months of July 1983 up to February 1984 (8 months) was tantamount to a recognition of the petitioner's ownership of the property. As lessee, Uy Bun Tiong is not permitted to deny the title of his landlord much less claim title in himself (Sec 3[b], Rule 131, Rules of Court; *Reyes vs. Villafior*, 2 SCRA 247). Therefore, neither should his suit to annul petitioner's title be allowed to pre-empt the latter's recourse to the summary action of ejectment as a means to regain possession of its property.

Even if Uy Bun Tiong's rentals were fully paid/deposited in court, and even if his subleasing of the premises to the Eternal Glassware Enterprises had been authorized by the previous owner, Sy Tian Peng, that authority could be rescinded by the new owner for neither the lease nor the sublease was recorded on the title (Art. 1648, Civil Code). The new owner lessor may terminate the lease for any of the causes in Art. 1678 of the Civil Code. The property being commercial, and the rent more than the limit set in B.P. Blg. 25, the lessee is not protected by that law.

WHEREFORE, the petition for certiorari is granted. The decisions dated May 24, 1988 of the Court of Appeals in CA?G.R. SP No. 13307 and of the Regional Trial Court in Civil Case No. 87-51500 are set aside and that of the Metropolitan Trial Court in Civil Case No. 100130-CV is reinstated. Costs against the private respondent.

SO ORDERED.

Narvasa, (Chairman), Cruz, Gancayco, and Medialdea, JJ., concur.

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