

**SALVADOR BUAZON, NICK BALDAZO AND NOLASCO BALDAZO,  
PETITIONERS, VS. COURT OF APPEALS, BAGONG BARRIO HOUSING  
SERVICE COOPERATIVE, INC., REPRESENTED BY NICANOR R.  
SANTOS, RESPONDE...**

*G.R. No. 97749. March 19, 1993*

Ponente: NOCON, J.

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**NOCON, J.:**

Assailed in this petition is the Decision of the Court of Appeals promulgated on March 6, 1991, reversing the Regional Trial Court's decision of November 11, 1988 and thereby reinstating the decision of the Metropolitan Trial Court.

The facts of the case as synthesized by the appellate court are as follows:

"Nicanor R. Santos, the Secretary and the duly authorized representative of the plaintiff Bagong Barrio & Housing Coop., Inc. (cooperative for brevity) in this case, was claiming ownership over one storey building consisting of three (3) door residential structure located at No. 177 corner Wagwag Street and Malolos Avenue, Caloocan City. Street and Malolos Avenue, Caloocan City. Said building was constructed way back in 1973 through the initiative of defendant-private respondent Salvador Buazon, who was then acting as the President of the plaintiff-cooperative as the building will be used as sub-office of the cooperative. The expenses for the construction were then defrayed and advanced by a certain Maximo Cabal who was then a director of the Cooperative by virtue of an agreement between the latter and Salvador Buazon (Buazon acting as President of the Cooperative). The expenses aforesaid advanced by Cabal was later on returned and paid by plaintiff-cooperative in monthly installments from the rentals of the said properties.

"On March 4, 1981, the herein defendant-private respondent Salvador Buazon instituted two (2) ejectment cases against the lessees of the questioned residential structure, namely, Mercedita Mabalay and Cresencia Villanueva, docketed as Civil Cases Nos. 14435 and 14436, before the Metropolitan Trial Court of Caloocan City, Branch 1.

"In the above-stated ejectment case, the right of Salvador Buazon over the property was put in issue, while the defendants therein, Mabalay and Villanueva alleged that the residential structure is owned by the herein plaintiff-petitioner, Bagong Barrio Housing Service Cooperative, Inc., and that it was sold to them by the Cooperative through its President Nicanor Santos in 1981.

"During the pendency of the actions aforesaid, herein plaintiff cooperative became an active party, as a witness and testified in favor of herein defendants Mabalay and Villanueva.

"On January 12, 1983, a joint decision was rendered by the Metropolitan Trial Court, Branch I (Civil Case Nos. 14435 and 14436) in favor of herein defendant-private respondent Salvador Buazon, declaring him to be the owner and lessor of the premises.

"Not satisfied with the decision, defendants Mabalay and Villanueva appealed the same to the Regional Trial

Court of Caloocan City, Branch 129, but the said decision was however, affirmed by the RTC with double costs against defendants-appellants. (Annex "2").

"When the foregoing judgment became final and executory but before the same was executed, two (2) civil cases, namely, Civil Case Nos. 11742 and 11743, were instituted by defendants Mabalay and Villanueva, referred to as complaint for ownership and damages with prayer for writ of preliminary injunction in the Regional Trial Court of Caloocan City, Branch 127 against Salvador Buazon. These complaints were consolidated for joint trial and later, RTC, Branch 127 issued a restraining order relative to the implementation of the writ of execution issued by the Metropolitan Trial Court.

"After the proper hearing, respondent court issued an order, denying the application for the issuance of a writ of preliminary injunction. Mabalay and Villanueva, then filed a petition for certiorari to the then Intermediate Appellate Court docketed as AC-G.R. SP No. 05790-05791, but the appellate court dismissed the petition and upheld the earlier decision (Annex "3"). Said decision was elevated to the Honorable Supreme Court on petition for review on certiorari under G.R. No. 72988-72989 but the petition was resolved against herein petitioners (Annex "4").

"Defendants Mabalay and Villanueva upon learning the adverse action of the Honorable Supreme Court, vacated the premises. Thereafter, the two (2) door apartment units were rented out and leased anew by herein private respondent Salvador Buazon to new lessees, namely Nick and Nolasco Baldazo, who took possession of the same as lessees.

"On April 14, 1987, Nicanor Santos, as authorized representative of the herein plaintiff-petitioner cooperative, filed a complaint for unlawful detainer (Civil Case No. 18068) in the Metropolitan Trial Court of Caloocan City, Branch 50, against defendants-private respondent Salvador Buazon including the new tenants, Nick and Nolasco Baldazo, alleging among others, that the cooperative is the owner of the residential structure occupied by the defendant lessees and that the latter are occupying the questioned building without any authority from the cooperative. It alleged further that the cooperative, through Nicanor Santos demanded from the defendants to vacate the premises because the cooperative needed the same for its own use, but notwithstanding said demand, defendants refused to comply with said demand.

"Only defendant Salvador Buazon filed his answer, denying the allegations in the complaint, and sets up the affirmative defense alleged that the complaint was already barred by previous judgment and challenged legal existence of the plaintiff cooperative.

"On April 11, 1988, the Metropolitan trial Court, Branch 50 rendered judgment pursuant to the Rule on Summary procedure in favor of the Bagong Barrio Housing Service Coop. Inc. ordering the defendants and all persons claiming rights under them to vacate the subject premises and surrender possession thereof to the plaintiff.

"Private respondent Salvador Buazon elevated on appeal the aforesaid judgment to the Regional Trial Court of Caloocan City, Branch 123, invoking as his defense the doctrine of res judicata, specifically, the judgment in Civil case Nos. 14435 and 14436.

"On November 11, 1988, the Regional Trial Court of Caloocan City, Branch 123, rendered a decision sustaining the defense of res judicata thereby setting aside the decision of the MTC (Branch 50), dismissing the same, with triple costs against herein plaintiff cooperative.

"A motion for reconsideration was filed by the plaintiff cooperative, but the same was likewise denied."[1]

The cooperative elevated the RTC decision to the Court of Appeals where the same was reversed. The dispositive portion of the decision reads:

"IN VIEW OF THE FOREGOING CONSIDERATIONS, the instant petition is hereby GRANTED, and the

assailed decision of the court a quo dated November 11, 1988 is hereby REVERSED and SET ASIDE, and the decision of the MTC, Branch 50, dated April 11, 1988 is hereby REINSTATED. Costs against private-respondents.

SO ORDERED."[2]

Hence, this petition.

Petitioner's main contentions are the following:

1. The Metropolitan Trial Court did not have jurisdiction over Civil Case No. 18068 for failure of private respondent to comply with the requisites of Section 5 (c) of Batas Pambansa Blg. 25.
2. The Metropolitan Trial Court erred in applying the Rule on Summary procedure in resolving Civil Case No. 18068 despite the issue on question of ownership raised in the pleadings of the parties therein over the subject matter of the case.
3. The respondent Court of Appeals erred and/or acted with grave abuse of discretion when it disregarded the application of the principle of res judicata or prior judgment against the private respondent Bagong Barrio Housing Service Cooperative, Inc.

The petition is devoid of merit.

Petitioners contend want of jurisdiction of the Metropolitan Trial Court to decide Civil Case No. 18068 due to the failure of respondent cooperative to allege the procedural requirements found in Section 5 (c) of Batas Pambansa Blg. 25 (otherwise known as the Rent Control law), where respondent's cause of action is predicated on the need of the premises by the respondent.

We do not agree. The jurisdiction of the court is determined by law and the law has vested inferior courts with the exclusive jurisdiction to try unlawful detainer cases,[3] such as the case at bar.

At best, non-compliance by respondent cooperative with Section 5 (c) of B.P. Blg. 25 is a ground for dismissal for lack of cause of action or as an affirmative defense that must be alleged by the petitioners in their answer.

At any rate, the records reveal that petitioners never raised this ground in a motion to dismiss, nor as an affirmative defense in their answer.[4] To raise them now constitutes a vain attempt of petitioner to invoke a defense that has clearly been waived.

With respect to the second contention of petitioner on the alleged error of the Metropolitan Trial Court in applying the Rule on Summary Procedure in resolving Civil Case No. 18068 for unlawful detainer in spite of the fact that the question of ownership was raised. We need but cite Section 1 (A) (1) of the Rule on Summary Procedure mandating its application to cases of forcible entry and unlawful detainer and Section 33 (2) of B.P. 129 which provides that the Metropolitan Trial Courts, Municipal Trial Courts and Municipal Circuit Trial Courts shall exercise:

- (2) Exclusive original jurisdiction over cases of forcible entry and unlawful detainer: Provided, That when in such cases, the defendant raises the question of ownership in his pleadings and the question of possession cannot be resolved without deciding the issue of ownership, the issue of ownership shall be resolved only to determine the issue of possession.

Inferior courts are not divested of jurisdiction over ejectment cases just because the defendant sets up a claim of ownership over the litigated property.[5] If the complaint establishes jurisdictional facts necessary to sustain the action and the remedy sought is merely to obtain possession, the lower court has jurisdiction, regardless of the claim of ownership set forth by either party.[6] It can resolve the issue of ownership if only to determine the issue

of possession.

Clearly, the Metropolitan Trial Court had original and exclusive jurisdiction over the ejectment case and was correct in applying the Rule on Summary Procedure.

Besides, assuming the inferior court erred in applying the Rules on Summary Procedure to the instant case, petitioners did not object when the inferior court required the parties to submit their respective position papers and supporting affidavits, which is only called for in summary procedure. Petitioners' failure to object operates as a waiver of the procedure taken by the inferior court.

Nor can the principle of *res judicata* apply against private respondent.

Records show that respondent cooperative was never impleaded as a party, whether as a defendant, or a third party defendant, or a defendant on a counterclaim or on cross claim, or has intervened in Civil Case Nos. 14435 and 14436. Neither were they successors-in-interest or a real party in interest in said actions since the cooperative became the owner of the property in dispute from the time the full payment of the cost of construction has been completed.

Consequently, the cooperative cannot be bound by a decision wherein it was not a party even assuming that it was well aware of the pendency of said action. Very likely the result of the case would have been different had private respondent (plaintiff-petitioners in Civil Case No. 18068) been given an opportunity to protect its interest.[7]

As correctly said by the appellate court:

"Furthermore, there is no way we can consider plaintiff-petitioners a party in interest in the above-mentioned civil actions considering that the cooperative did not stand to be prejudiced or benefited by whatever outcome of the case and even the rights and obligations of the parties arising therefrom are absolutely distinct from that of the plaintiff cooperative.

"Significantly, the decision in Civil Case Nos. CB-14435-14436, declaring the herein private respondent Salvador Buazon the owner and lawful possessor of the disputed property is a judgment good only as far as defendants Mabuhay and Villanueva are concerned, it appearing that only the rights and obligations of these parties were involved. A fortiori, (sic) the decision of the court in the aforesaid civil actions is a judgment good only as against defendants therein and should not in any way be construed to affect persons not privy to said actions.

"Even if We assume that in the earlier decisions, private respondent Salvador Buazon was declared to be the owner of the building and entitled to possess the same as against defendant therein, said decision is not conclusive as to the title or issue of ownership. Section 7, Rule 70 of the Rules of Court expressly provides:

'The judgment rendered in an action for forcible entry or detainer shall be effective with respect to the possession only and in no wise bind the title or affect the ownership of the land or building.'

"It is a fundamental rule that the doctrine of *res judicata* and conclusiveness of judgment apply in ejectment suits, but subject to the qualification that the judgment therein is conclusive only with respect to the issue of material possession of the premises but not with respect to ownership and other facts.[8]

"Obviously, the decision adjudging Salvador Buazon as the owner and lawful possessor of the premises cannot be used as a defense against the claim of herein plaintiff-petitioners. Firstly, said judgment cannot bind herein plaintiff, because the declaration of the court is conclusive only as to the issue of material possession and not ownership. Secondly, petitioners is not in any way bound by the earlier decisions, not being a party in said actions."[9]

WHEREFORE, there being no reversible error in the appealed decision, the same is hereby **AFFIRMED**. With

costs.

**SO ORDERED.**

Narvasa, C.J., (Chairman), Padilla, Regalado, and Campos, Jr., JJ., concur.

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[1] Rollo, pp. 6-8.

[2] Rollo, p. 12.

[3] Section 33 (2), Batas Pambansa Blg. 129.

[4] CA Rollo, p. 16.

[5] Drilon vs. Gaurana, No. L-35482, 149 SCRA 342 (1987).

[6] Ganadin vs. Ramos, No. L-23547, 99 SCRA 613 (1980).

[7] VEA vs. Acoba, No. L-5973, 94 Phil. 597.

[8] Peñalosa vs. Tuazon, 22 Phil. 303.

[9] Rollo, p. 10.

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