

Title: Penta Pacific Realty Corporation vs. Ley Construction and Development Corporation

Facts:

Penta Pacific Realty Corporation (petitioner) owned the 25th floor of the Pacific Star Building in Makati City, which was initially leased to Ley Construction and Development Corporation (respondent) through Century Properties Management, Inc., the petitioner's authorized agent. The lease agreement allowed the respondent possession with a clause for immediate repossession by the petitioner in case of default. Subsequently, the parties entered into a contract to sell for the entire floor, setting the price at US\$3,420,540.00 with specified terms of payment. The respondent failed to meet the payment obligations, leading to a series of exchanges between both parties, exploring modifications to the agreements and settling dues. Eventually, after failed negotiations and the respondent's continued default, the petitioner demanded the respondent vacate the premises and sought to cancel the agreement, thereby forfeiting the payments made by the respondent. The respondent's failure to comply led the petitioner to file a complaint for ejectment in the Metropolitan Trial Court (MeTC) of Makati City.

The MeTC ruled in favor of the petitioner, but the respondent appealed to the Regional Trial Court (RTC). The RTC nullified the MeTC's decision, citing lack of jurisdiction as the case was deemed to fall under either an accion publiciana or an accion reivindicatoria, which were beyond the MeTC's jurisdiction. Subsequently, the Court of Appeals affirmed the RTC's decision, leading to the petitioner's elevation of the matter to the Supreme Court.

Issues:

The primary issue was determining the nature of the action filed by the petitioner - whether it was an unlawful detainer, accion publiciana, or accion reivindicatoria, crucial for establishing the jurisdiction of the MeTC.

Court's Decision:

The Supreme Court reversed the Court of Appeals' decision, reinstating the MeTC's ruling in favor of the petitioner. It clarified that jurisdiction over the subject matter is determined by the allegations in the complaint, not the nomenclature given to it by the plaintiff or how the parties might have termed their dispute. The Court found that the complaint for ejectment sufficiently established a case for unlawful detainer as it outlined how the respondent's possession, originally lawful, became unlawful upon non-compliance with the demand to vacate. The Court emphasized that in unlawful detainer cases, the key issue is the factual possession of the property, irrespective of any claim of ownership, and the

summary nature of the proceedings is designed to quickly restore possession to the aggrieved party.

Doctrine:

The Supreme Court reiterated the doctrine that the jurisdiction of a court over the subject matter of an action is determined by the allegations in the complaint, and that in actions for unlawful detainer, the principal issue is the de facto possession of the property, not the parties' claims to ownership.

Class Notes:

- Jurisdiction over the subject matter is determined by the allegations in the complaint.
- Unlawful detainer actions focus on the factual possession of the property.
- In unlawful detainer cases, claims of ownership are resolved only provisionally and as necessary for settling possession issues.
- Compliance with the jurisdictional requirement of demand is necessary for filing an unlawful detainer action.
- The MeTC has exclusive original jurisdiction over unlawful detainer cases, subject to the assessed value of the property involved.

Historical Background:

The distinctions among *accion de reivindicacion*, *accion publiciana*, and *accion interdical*, including unlawful detainer, are rooted in the civil law tradition aimed at providing a spectrum of remedies for different types of possession-related disputes. This case illustrates the practical importance of properly characterizing the nature of the legal action to determine the correct procedural path and jurisdiction for disputes relating to possession and ownership of real property. It reflects the continuous effort of the Philippine legal system to adapt and clarify legal procedures for efficiently resolving such disputes.