827 Phil. 303

THIRD DIVISION

[G.R. No. 196795, March 07, 2018]

INTRAMUROS ADMINISTRATION, PETITIONER, VS. OFFSHORE CONSTRUCTION DEVELOPMENT COMPANY, RESPONDENT.

DECISION

LEONEN, J.:

The sole issue in ejectment proceedings is determining which of the parties has the better right to physical possession of a piece of property. The defendant's claims and allegations in its answer or motion to dismiss do not oust a trial court's jurisdiction to resolve this issue.

This is a Petition for Review on Certiorari[1] under Rule 45 of the Rules of Court, assailing the April 14, 2011 Decision[2] of Branch 173, Regional Trial Court, Manila in Civil Case No. 10-124740. The Regional Trial Court affirmed *in toto* the October 19, 2010 Order[3] of Branch 24, Metropolitan Trial Court, Manila in Civil Case No. 186955-CV, dismissing Intramuros Administration's (Intramuros) Complaint for Ejectment against Offshore Construction and Development Company (Offshore Construction) on the grounds of forum shopping and lack of jurisdiction.

In 1998, Intramuros leased certain real properties of the national government, which it administered to Offshore Construction. Three (3) properties were subjects of Contracts of Lease: Baluarte De San Andres, with an area of 2,793 sq. m.;[4] Baluarte De San Francisco De Dilao, with an area of 1,880 sq. m.;[5] and Revellin De Recoletos, with an area of 1,036 sq. m.[6] All three (3) properties were leased for five (5) years, from September 1, 1998 to August 31, 2003. All their lease contracts also made reference to an August 20, 1998 memorandum of stipulations, which included a provision for lease renewals every five (5) years upon the parties' mutual agreement.[7]

Offshore Construction occupied and introduced improvements in the leased premises. However, Intramuros and the Department of Tourism halted the projects due to Offshore Construction's non-conformity with Presidential Decree No. 1616, which required 16th to 19th centuries' Philippine-Spanish architecture in the area.[8] Consequently, Offshore Construction filed a complaint with prayer for preliminary injunction and temporary restraining order against Intramuros and the Department of Tourism before the Manila Regional Trial Court,[9] which was docketed as Civil Case No. 98-91587.[10]

Eventually, the parties executed a Compromise Agreement on July 26, 1999,[11] which the Manila Regional Trial Court approved on February 8, 2000.[12] In the Compromise Agreement, the parties affirmed the validity of the two (2) lease

contracts but terminated the one over Revellin de Recoletos.[13] The Compromise Agreement retained the five (5)-year period of the existing lease contracts and stated the areas that may be occupied by Offshore Construction:

> FROM:
>
> (1) Baluarte de San Andres
>
> TO:
>
> (1) Only the stable house, the gun powder room and two (2) Chambers with comfort rooms, will be utilized for restaurants. All other structures built and introduced including trellises shall be transferred/relocated to:
>
> (a) Two (2) restaurants as Asean Garden. Each will have an aggregate area of two hundred square meters (200 sq. mtrs.);
>
> (b) One (1) kiosk at Puerta Isabel Garden fronting Terraza de la Reyna with an aggregate area of twenty (20) square meters;
>
> (c) Three (3) restaurants at the chambers of Puerta Isabel II with an aggregate area of 1,180.5 sq.m.;
>
> (d) One (1) restaurant at Fort Santiago American Barracks. Subject to IA Guidelines, the maximum floor area will be the perimeter walls of the old existing building;
>
> FROM:
>
> (2) Baluarte De San Francisco Dilao
>
> TO:
>
> (2) All seven (7) structures including the [Offshore Construction] Administration Building and Trellises shall be transferred [t]o Cuartel de Sta. Lucia, [O]therwise known as the PC Barracks[.][14]

During the lease period, Offshore Construction failed to pay its utility bills and rental fees, despite several demand letters.[15] Intramuros tolerated the continuing occupation, hoping that Offshore Construction would pay its arrears. As of July 31, 2004, these arrears allegedly totaled P6,762,153.70.[16]

To settle its arrears, Offshore Construction proposed to pay the Department of Tourism's monthly operational expenses for lights and sound equipment, electricity,

and performers at the Baluarte Plano Luneta de Sta. Isabel. Intramuros and the Department of Tourism accepted the offer, and the parties executed a Memorandum of Agreement covering the period of August 15, 2004 to August 25, 2005.[17]

However, Offshore Construction continued to fail to pay its arrears, which amounted to P13,448,867.45 as of December 31, 2009. On March 26, 2010, Offshore Construction received Intramuros' latest demand letter.[18]

Intramuros filed a Complaint for Ejectment before the Manila Metropolitan Trial Court on April 28, 2010.[19] Offshore Construction filed its Answer with Special and Affirmative Defenses and Compulsory Counterclaim.[20]

On July 12, 2010, Offshore Construction filed a Very Urgent Motion,[21] praying that Intramuros' complaint be dismissed on the grounds of violation of the rule on non-forum shopping, lack of jurisdiction over the case, and *litis pendentia.* First, it claimed that Intramuros failed to inform the Metropolitan Trial Court that there were two (2) pending cases with the Manila Regional Trial Court over Puerta de Isabel II.[22] Second, it argued that the Metropolitan Trial Court did not acquire jurisdiction over the case since the relationship between the parties was not one of lessor-lessee but governed by a concession agreement.[23] Finally, it contended that Intramuros' cause of action was barred by *litis pendentia,* since the pending Regional Trial Court cases were over the same rights, claims, and interests of the parties.[24]

In its October 19, 2010 Order,[25] the Metropolitan Trial Court granted the motion and dismissed the case. Preliminarily, it found that while a motion to dismiss is a prohibited pleading under the Rule on Summary Procedure, Offshore Construction's motion was grounded on the lack of jurisdiction over the subject matter.[26]

The Metropolitan Trial Court found that Intramuros committed forum shopping and that it had no jurisdiction over the case.[27]

First, it pointed out that there were two (2) pending cases at the time Intramuros filed its complaint: Civil Case No. 08-119138 for specific performance filed by Offshore Construction against Intramuros, and SP CA No. 10-123257 for interpleader against Offshore Construction and Intramuros filed by 4H Intramuros, Inc. (4H Intramuros),[28] which claimed to be a group of respondent's tenants.[29]

The Metropolitan Trial Court found that the specific performance case was anchored on Offshore Construction's rights under the Compromise Agreement. In that case, Offshore Construction claimed that it complied with its undertakings, but Intramuros failed to perform its obligations when it refused to offset Offshore Construction's expenses with the alleged unpaid rentals. The interpleader case, on the other hand, dealt with Offshore Construction's threats to evict the tenants of Puerta de Isabel II. 4H Intramuros prayed that the Regional Trial Court determine which between Offshore Construction and Intramuros was the rightful lessor of Puerta de Isabel II.[30]

The Metropolitan Trial Court found that the cause of action in Intramuros' complaint was similar with those in the specific performance and interpleader cases. Any

judgment in any of those cases would affect the resolution or outcome in the ejectment case, since they would involve Offshore Construction's right to have its expenses offset from the rentals it owed Intramuros, and the determination of the rightful lessor of Puerta de Isabel II. The Metropolitan Trial Court pointed to the arrears in rentals that Intramuros prayed for as part of its complaint. Further, Intramuros failed to disclose the specific performance and interpleader cases in its certification against forum shopping.[31]

Second, the Metropolitan Trial Court held that it had no jurisdiction over the complaint. While there were lease contracts between the parties, the existence of the other contracts between them made Intramuros and Offshore Construction's relationship as one of concession. Under this concession agreement, Offshore Construction undertook to develop several areas of the Intramuros District, for which it incurred expenses. The trial court found that the issues could not be mere possession and rentals only.[32]

Intramuros appealed the October 19, 2010 Order with the Regional Trial Court. On April 14, 2011, the Regional Trial Court affirmed the Municipal Trial Court October 19, 2010 Order *in toto.*[33]

On May 25, 2011, Intramuros, through the Office of the Solicitor General, filed a Motion for Extension of Time to File Petition for Review on Certiorari (Motion for Extension) before this Court. It prayed for an additional 30 days, or until June 16, 2011, within which to file its petition for review on solely on questions of law.[34]

On June 16, 2011, Intramuros filed its Petition for Review on Certiorari,[35] assailing the April 14, 2011 Decision of the Regional Trial Court.

In its Petition for Review, Intramuros argues that the Regional Trial Court erred in upholding the Metropolitan Trial Court findings that it had no jurisdiction over Intramuros' ejectment complaint[36] and that it committed forum shopping.[37]

First, Intramuros argues that Offshore Construction's Very Urgent Motion should not have been entertained by the Metropolitan Trial Court as it was a motion to dismiss, which was prohibited under the Rule on Summary Procedure.[38] It claims that the Metropolitan Trial Court could have determined the issue of jurisdiction based on the allegations in its complaint. It points out that "jurisdiction over the subject matter is determined by the allegations [in] the complaint" and that the trial court's jurisdiction is not lost "just because the defendant makes a contrary allegation" in its defense.[39] In ejectment cases, courts do not lose jurisdiction by a defendant's mere allegation that it has ownership over the litigated property. It holds that the Metropolitan Trial Court did not lose jurisdiction when Offshore Construction alleged that its relationship with Intramuros is one of concession, that the cause of action accrued in 2003, and that there was *litis pendentia* and forum shopping. It contends that the sole issue in an ejectment suit is the summary restoration of possession of a piece of land or building to the party that was deprived of it.[40] Thus, the Metropolitan Trial Court gravely erred in granting Offshore Construction's motion to dismiss despite having jurisdiction over the subject matter of Intramuros' complaint.[41]

Second, Intramuros avers that it did not commit forum shopping as to warrant the dismissal of its complaint. It claims that while there were pending specific performance and interpleader cases related to the ejectment case, Intramuros was not guilty of forum shopping since it instituted neither action and did not seek a favorable ruling as a result of an earlier adverse opinion in these cases.[42] Intramuros points out that it was Offshore Construction and 4H Intramuros which filed the specific performance and interpleader cases, respectively.[43] In both cases, Intramuros was the defendant and did not seek possession of Puerta de Isabel II as a relief in its answers to the complaints.[44] Moreover, the issues raised in these earlier cases were different from the issue of possession in the ejectment case. The issue in the specific performance case was whether or not Intramuros should offset the rentals in arrears from Offshore Construction's expenses in continuing the WOW Philippines Project.[45] Meanwhile, the issue in the interpleader case was to determine which between Intramuros and Offshore Construction was the rightful lessor of Puerta de Isabel II.[46]

Finally, Intramuros maintains that there is no concession agreement between the parties, only lease contracts that have already expired and are not renewed. It argues that there is no basis for alleging the existence of a concession agreement. It points out that in the Contracts of Lease and Memorandum of Agreement entered into by Intramuros and Offshore Construction, the expiry of the leases would be on August 31, 2003. Afterwards, Intramuros tolerated Offshore Construction's continued occupation of its properties in hopes that it would pay its arrears in due course.[47]

On July 20, 2011, this Court issued its Resolution[48] granting the Motion for Extension and requiring Offshore Construction to comment on the Petition for Review.

On October 10, 2011, Offshore Construction filed its Comment[49] to the Petition for Review. In its Comment, Offshore Construction argues that the Petition for Review should be dismissed because it violates the principle of hierarchy of courts and raises questions of fact.[50] It points out that Intramuros did not move for the reconsideration of the Regional Trial Court April 14, 2011 Decision. Instead of directly filing with this Court, Intramuros should have filed a Petition for Review with the Court of Appeals, in accordance with Rule 42 of the Rules of Court.[51] It claims that Intramuros raises questions of fact in its Petition for Review, namely, the expiration of the Contracts of Lease and the business concession in favor of Offshore Construction.[52]

In its November 21, 2011 Resolution, this Court noted the Comment and required Intramuros to file its Reply.[53]

On March 12, 2012, Intramuros filed its Reply[54] to the Comment. It argues that direct resort to this Court is proper because the issues it raises in its Petition for Review do not require review of evidence to resolve, and the facts of the case are undisputed.[55] It claims that the nature of Intramuros and Offshore Construction's relationship is never an tssue because all the documents referenced and relied upon by the parties were lease agreements.[56]