

## SECOND DIVISION

[ G.R. No. 217694, January 27, 2016 ]

**FAIRLAND KNITCRAFT CORPORATION, PETITIONER, VS.  
ARTURO LOO PO, RESPONDENT.**

### DECISION

**MENDOZA, J.:**

This is a petition for review on *certiorari*<sup>[1]</sup> seeking to reverse and set aside the October 31, 2014 Decision<sup>[2]</sup> and the March 6, 2015 Resolution<sup>[3]</sup> of the Court of Appeals (CA), in CA-G.R. SP No. 134701 which affirmed the September 16, 2013 Decision<sup>[4]</sup> of the Regional Trial Court of Pasig City, Branch 67 (RTC) in SCA Case No. 3831. The RTC decision, in turn, sustained the March 21, 2013 Decision<sup>[5]</sup> of the Metropolitan Trial Court, Branch 72, Pasig City (MeTC), which dismissed the unlawful detainer case filed by petitioner Fairland Knitcraft Corporation (*Fairland*) against respondent Arturo Loo Po (*Po*) for failure to prove its case by preponderance of evidence.

#### The Antecedents

In a complaint<sup>[6]</sup> for unlawful detainer, docketed as Civil Case No. 19429, filed before the MeTC, Fairland alleged that it was the owner of Condominium Unit No. 205 in Cedar Mansion II on Ma. Escriba Street, Pasig City. The said unit was leased by Fairland to Po by verbal agreement, with a rental fee of P20,000.00 a month, to be paid by Po at the beginning of each month. From March 2011, Po had continuously failed to pay rent. For said reason, Fairland opted not to renew the lease agreement anymore.

On January 30, 2012, Fairland sent a formal letter<sup>[7]</sup> to Po demanding that he pay the amount of P220,000.00, representing the rental arrears, and that he vacate the leased premises within fifteen (15) days from the receipt of the letter. Despite receipt of the demand letter and the lapse of the said 15-day period to comply, Po neither tendered payment for the unpaid rent nor vacated the premises. Thus, on December 12, 2012, Fairland was constrained to file the complaint for unlawful detainer before the MeTC. Po had until January 7, 2013 to file his answer but he failed to do so. Hence, on February 6, 2013, Fairland filed a motion to render judgment.<sup>[8]</sup>

In its February 21, 2013 Order,<sup>[9]</sup> the MeTC considered the case submitted for decision.

On March 1, 2013, Po's counsel filed his Entry of Appearance with Motion for Leave of Court to file Comment/Opposition to Motion to Render Judgment.<sup>[10]</sup> In the attached Comment/Opposition, Po denied the allegations against him and

commented that there was no supporting document that would show that Fairland owned the property; that there was no lease contract between them; that there were no documents attached to the complaint which would show that previous demands had been made and received by him; that the alleged unpaid rental was P220,000.00, but the amount of damages being prayed for was P440,000.00; that the issue in the case was one of ownership; and that it was the RTC which had jurisdiction over the case.

The MeTC treated the comment/opposition as Po's answer to the complaint. Considering, however, that the case fell under the Rules of Summary Procedure, the same was deemed filed out of time. Hence, the motion was denied.<sup>[11]</sup>

### *The Ruling of the Metropolitan Trial Court*

In its March 21, 2013 Decision, the MeTC dismissed the complaint for lack of merit due to Fairland's failure to prove its claim by preponderance of evidence. The MeTC explained that although the complaint sufficiently alleged a cause of action, Fairland failed to prove that it was entitled to the possession of the subject property. There was no evidence presented to support its claim against Po either.

Aggrieved, Fairland seasonably filed its appeal before the RTC under Rule 40 of the Rules of Court. Being an appealed case, the RTC required the parties to submit their respective memoranda.

In its memorandum,<sup>[12]</sup> Fairland argued that an unlawful detainer case was a special civil action governed by summary procedure. In cases where a defendant failed to file his answer, there was no need for a declaration of default. Fairland claimed that the Rules stated that in such cases, judgment should be based on the "facts alleged in the complaint,"<sup>[13]</sup> and that there was no requirement that judgment must be based on facts proved by preponderance of evidence. Considering that the presentation of evidence was not required when a defendant in an ejectment case failed to appear in a preliminary conference, the same should be applied when no answer had been filed.

Fairland continued that the failure to file an answer in an ejectment case was tantamount to an admission by the defendant of all the ultimate facts alleged in the complaint. There was no more need for evidence in such a situation as every allegation of ultimate facts in the complaint was deemed established by the defendant's acquiescence.

On July 18, 2013, Po filed his memorandum<sup>[14]</sup> and countered that there was no merit in Fairland's insistence that evidence was unnecessary when no answer had been filed. The facts stated in the complaint did not warrant a rendition of judgment in the plaintiffs favor. The court had the discretion to rule on the pleadings based on its evaluation of the allegation of facts.

Further, all the statements in the complaint were mere allegations which were not substantiated by any competent evidence. Po asserted that there was no proof presented to show that the subject property was indeed owned by Fairland; that there was no lease contract between the parties; that he never received the demand letter, dated January 30, 2012; and that the amount stated in the prayer of the

complaint did not coincide with the amount of unpaid rent. Po also reiterated that the case involved an issue of ownership over the condominium unit he was occupying.

### *The Ruling of the Regional Trial Court*

On September 16, 2013, the RTC affirmed the MeTC ruling and agreed that Fairland failed to establish its case by preponderance of evidence. There was nothing on record that would establish Fairland's right over the property subject of the complaint. Though it had been consistently ruled that the only issue for resolution in an ejectment case was the physical or material possession of the property involved, independent of any claim of ownership by any of the party-litigants, the court may go beyond the question of physical possession provisionally. The RTC concluded that even assuming that Po was not the lawful owner, his actual physical possession of the subject property created the presumption that he was entitled to its possession thereof.

Fairland filed a motion for reconsideration<sup>[15]</sup> attaching its condominium certificate of title<sup>[16]</sup> over the subject property, but it was denied by the RTC in its Order,<sup>[17]</sup> dated February 24, 2014.

Undaunted, Fairland filed a petition for review<sup>[18]</sup> under Rule 42 of the Rules of Court before the CA.

### *The Ruling of the Court of Appeals*

In the assailed Decision, dated October 31, 2014, the CA dismissed the petition and ruled that an action for unlawful detainer would not lie against Po. Notwithstanding the abbreviated proceeding it ordained and the limited pleadings it allowed, the Rules on Summary Procedure did not relax the rules on evidence. In order for an action for recovery of possession to prosper, it was indispensable that he who brought the action should prove not only his ownership but also the identity of the property claimed. The CA concluded, however, that Fairland failed to discharge such bounden duty.

Fairland filed its motion for reconsideration, but it was denied by the CA in its assailed Resolution, dated March 6, 2015.

Hence, this petition.

## **ARGUMENTS/DISCUSSIONS**

### **I**

**IN AN EJECTMENT CASE WHEREIN NO ANSWER WAS SEASONABLY FILED, IT IS AN ERROR OF LAW TO BASE JUDGMENT ON PREPONDERANCE OF EVIDENCE**

### **II**

**HOLDING THAT EVIDENCE IN AN EJECTMENT CASE SHOULD HAVE**

## **BEEN ATTACHED TO THE COMPLAINT IS AN ERROR OF LAW.<sup>[19]</sup>**

Fairland argues that in ejectment cases, presentation of evidence was undertaken through the submission of position papers but the same was dispensed with when the defendant failed to file an answer or when either party failed to appear during the preliminary conference. In an ejectment case, the scope of inquiry should be limited to the sufficiency of the cause of action stated in the complaint when no reasonable answer was filed. The attachment of documentary evidence to the Complaint was not a requirement and was even proscribed by law.

In his Comment,<sup>[20]</sup> Po countered that the present petition raised a question of fact. Although couched in different words, the issues raised here were substantially the same as the issues raised before the CA. There was no legal basis in Fairland's assertion that evidence was dispensed with when no answer to the complaint had been filed. Such argument would undermine the inherent authority of the courts to resolve legal issues based on the facts of the case and on the rules on evidence. Contrary to Fairland's position, the court decided the case on the basis of the complaint which was found wanting in preponderance of evidence.

In its Reply,<sup>[21]</sup> Fairland posited that the petition did not raise mere questions of fact but one of law as what was being sought for review was the erroneous dismissal of the ejectment case for lack of preponderance of evidence. Since no answer was filed and the complaint sufficiently alleged a cause of action for unlawful detainer, it became the duty of the MeTC to decide the case in its favor.

### **The Court's Ruling**

The petition is meritorious.

*Complaint has a valid cause of action for Unlawful Detainer*

Section 1 of Rule 70 of the Rules of Court lays down the requirements for filing a complaint for unlawful detainer, to wit:

Section 1. - *Who may institute proceedings, and when.* - Subject to the provision of the next succeeding section, a person deprived of the possession of any land or building by force, intimidation, threat, strategy, or stealth, or a lessor, vendor, vendee, or other person against whom the possession of any land or building is unlawfully withheld after the expiration or termination of the right to hold possession, by virtue of any contract, express or implied, or the legal representatives or assigns of any such lessor, vendor, vendee, or other person, may, at any time within one (1) year after such unlawful deprivation or withholding of possession, bring an action in the proper Municipal Trial Court against the person or persons unlawfully withholding or depriving of possession, or any person or persons claiming under them, for the restitution of such possession, together with damages and costs.

Stated differently, unlawful detainer is a summary action for the recovery of possession of real property. This action may be filed by a lessor, vendor, vendee, or other person from whom the possession of any land or building is unlawfully withheld after the expiration or termination of the right to hold possession by virtue

of any contract, express or implied. The possession of the defendant was originally legal, as his possession was permitted by the plaintiff on account of an express or implied contract between them. The defendant's possession, however, became illegal when the plaintiff demanded that the defendant vacate the subject property due to the expiration or termination of the right to possess under the contract, and the defendant refused to heed such demand. A case for unlawful detainer must be instituted one year from the unlawful withholding of possession.<sup>[22]</sup>

A complaint sufficiently alleges a cause of action for unlawful detainer if it recites the following: (1) initially, possession of the property by the defendant was by contract with or by tolerance of the plaintiff; (2) eventually, such possession became illegal upon notice by the plaintiff to the defendant of the termination of the latter's right of possession; (3) thereafter, the defendant remained in possession of the property, and deprived the plaintiff of the enjoyment thereof; and (4) within one (1) year from the last demand on defendant to vacate the property, the plaintiff instituted the complaint for ejectment.<sup>[23]</sup>

There is no question that the complaint filed by Fairland adequately alleged a cause of action for unlawful detainer. The pertinent portion of the said complaint reads:

x x x

3. Plaintiff is the owner of, and had been leasing to the defendant, the premises mentioned above as the residence of the latter;

4. There is no current written lease contract between plaintiff and the defendant, but the latter agreed to pay the former the amount of Php20,000.00 as rent at the beginning of each month. Thus, the term of the lease agreement is renewable on a month-to-month basis;

5. Since March 2011, defendant has not been paying the aforesaid rent despite plaintiffs repeated demands;

6. Due to defendant's continuous failure to pay rent, plaintiff reached a decision not to renew the lease agreement. It sent a formal letter, x x x demanding defendant to pay the amount of Php220,000.00, representing defendant's twelve month rental arrears beginning January 2011, and to vacate the leased premises, both within fifteen (15) days from receipt of said letter;

7. Despite receipt of the aforesaid demand letter and lapse of the fifteen day period given to comply with plaintiffs demand, defendant neither tendered payment for the unpaid rent nor vacated the leased premises. Worse, defendant has not been paying rent up to now;

x x x<sup>[24]</sup>

The above-cited portions of the complaint sufficiently alleged that Fairland was the owner of the subject property being leased to Po by virtue of an oral agreement. There was a demand by Fairland for Po to pay rent and vacate before the complaint for unlawful detainer was instituted. The complaint was seasonably filed within the one-year period prescribed by law. With all the elements present, there was clearly