

THIRD DIVISION

[G.R. No. 192893, June 05, 2013]

MANILA ELECTRIC COMPANY, PETITIONER, VS. HEIRS OF SPOUSES DIONISIO DELOY AND PRAXEDES MARTONITO, REPRESENTED BY POLICARPIO DELOY, RESPONDENTS.

D E C I S I O N

MENDOZA, J.:

Before the Court is a petition for review on *certiorari* under Rule 45 of the Rules of Court seeking the reversal of the November 9, 2009 Decision^[1] and the July 5, 2010 Resolution^[2] of the Court of Appeals (CA), in CA-G.R. SP No. 96998. The challenged decision set aside the May 4, 2006 Resolution^[3] and the September 27, 2006 Order^[4] of the Regional Trial Court, Trece Martires City, Branch 23 (RTC), which affirmed the dismissal of an unlawful detainer case by the Municipal Trial Court in Cities of Trece Martires City (MTCC).

The Facts

On July 8, 2003, Domingo Delay, Maria Deloy-Masicap, Zosimo Delay, Mario Delay, Silveria Deloy-Mabiling, Norma Delay, Milagros Panganiban, Lino Deloy, Cornelio Deloy, Maricel Deloy, Adelina Banta, Rogelio Deloy, Evelyn Deloy, Edgardo Deloy, Cynthia Deloy, Donnabel Deloy, Glenda Deloy, Arnel Deloy, Ronnio Deloy, Isagani L. Reyes, and Policarpio Deloy (*respondents*), all heirs of Spouses Dionisio Deloy (*Dionisio*) and Praxedes Martonito-Deloy, represented by Policarpio Deloy, instituted the Complaint for Unlawful Detainer^[5] against Manila Electric Company (MERALCO) before the MTCC.

Respondents are the owners, by way of succession, of a parcel of land consisting of 8,550 square meters located in Trece Martires City (*Trece Martires property*). On November 12, 1965, Dionisio, respondents' predecessor-in-interest, donated a 680-square meter portion (*subject land*) of the 8,550 square meter property to the Communications and Electricity Development Authority (CEDA) for the latter to provide cheap and affordable electric supply to the province of Cavite. A deed of donation^[6] was executed to reflect and formalize the transfer.

Sometime in 1985, CEDA offered for sale to MERALCO, its electric distribution system, consisting of transformers and accessories, poles and hardware, wires, service drops, and customer meters and all rights and privileges necessary for providing electrical service in Cavite. This was embodied in a memorandum of agreement (MOA),^[7] dated June 28, 1985, signed by the parties.

On the same date, June 28, 1985, after the approval of the MOA, CEDA and MERALCO executed the Deed of Absolute Sale. Thereafter, MERALCO occupied the

subject land.

On October 11, 1985, MERALCO, through its Assistant Vice President and Head of the Legal Department, Atty. L.D. Torres (*Atty. Torres*), wrote a letter^[8] to Dionisio requesting the latter's permission for the continued use of the subject land as a substation site.

The parties were not able to reach any agreement. In an internal memorandum,^[9] dated December 16, 1985, from L.G. De La Paz of the Trece Martires Substation of MERALCO to Atty. G.R. Gonzales and Atty. Torres of the Realty Division of MERALCO, it was stated that the death of Dionisio, the lack of agreement yet among the heirs, and a request that a member of the Deloy family be employed by MERALCO were some of the reasons.

Meanwhile, respondents claimed that they had no immediate use for the subject land and that they were preoccupied with the judicial proceedings to rectify errors involving the reconstituted title of the Trece Martires property, which included the subject land. On November 22, 2001, the proceedings were terminated and the decision became final.^[10] Not long after, respondents offered to sell the subject land to MERALCO, but their offer was rejected.

For said reason, in their letter,^[11] dated May 19, 2003, respondents demanded that MERALCO vacate the subject land on or before June 15, 2003. Despite the written demand, MERALCO did not move out of the subject land. Thus, on July 8, 2003, respondents were constrained to file the complaint for unlawful detainer.

Traversing respondents' complaint, MERALCO countered that CEDA, as the owner of the subject land by virtue of the deed of donation executed by Dionisio, lawfully sold to it all rights necessary for the operation of the electric service in Cavite by way of a deed of sale on June 28, 1985. MERALCO stressed that the condition of providing affordable electricity to the people of Cavite,^[12] imposed in the deed of donation between Dionisio and CEDA, was still being observed and complied with. Thus, MERALCO claimed that, being CEDA's successor-in-interest, it had legal justification to occupy the subject land.

On September 15, 2005, the MTCC rendered the decision^[13] dismissing respondents' complaint for unlawful detainer against MERALCO.

The MTCC ruled that it had no jurisdiction over the case because it would require an interpretation of the deed of donation making it one not capable of pecuniary estimation. Nevertheless, it opined that MERALCO was entitled to the possession of the subject land. It was of the view that it would only be when the deed of donation would be revoked or the deed of sale nullified that MERALCO's possession of the subject land would become unlawful.

Aggrieved, respondents appealed the MTCC ruling to the RTC. In its May 4, 2006 Resolution, the RTC sustained the MTCC decision.

The RTC pointed out that the only issue in an unlawful detainer case was possession. It affirmed the MTCC ruling that the latter had no jurisdiction to interpret contracts involving the sale of the subject land to MERALCO, after the

latter raised the issue of ownership of the subject land. According to the RTC, the interpretation of the deed of sale and the deed of donation was the main, not merely incidental, issue.

Respondents moved for reconsideration but their motion was denied by the RTC in its September 27, 2006 Order.

Not satisfied with the adverse ruling, respondents elevated the case before the CA *via* a petition for review under Rule 42 of the Rules of Court.

In its November 9, 2001 Decision, the CA *set aside* the RTC ruling. The *fallo* of the decision reads:

WHEREFORE, the instant Petition is **GRANTED**. The assailed Resolution, dated May 4, 2006, and Order, dated September 27, 2006, both of the Regional Trial Court of Trece Martires City, Branch 23, in Civil Case No. TMCV-0055005, are hereby **SET ASIDE** and a new one rendered **partially granting** Petitioners' Complaint for Unlawful Detainer against Respondent. Accordingly, Respondent is ordered to vacate the subject property and to pay Petitioners the amount of ₱50,000.00 monthly rental counting from June 16, 2003, up to the time Respondent shall have fully vacated the subject property, and ₱25,000.00 as attorney's fees. Costs against Respondent.

SO ORDERED.^[14]

In partially granting the appeal, the CA explained that an ejectment case, based on the allegation of possession by tolerance, would fall under the category of unlawful detainer. Unlawful detainer involved the person's withholding from another of the possession of real property to which the latter was entitled, after the expiration or termination of the former's right to hold possession under a contract, either express or implied. Where the plaintiff allowed the defendant to use his/her property by tolerance without any contract, the defendant was necessarily bound by an implied promise that he/she would vacate on demand, failing which, an action for unlawful detainer would lie.

As to the issue of possession, the CA stated that by seeking Dionisio's permission to continuously occupy the subject land, MERALCO expressly acknowledged his paramount right of possession. MERALCO, thru its representative, Atty. Torres, would not have asked permission from Dionisio if it had an unconditional or superior right to possess the subject land. The CA considered the fact that this recognition of Dionisio's right over the subject land was amplified by another letter, dated December 16, 1985,^[15] by one L.G. De la Paz to Atty. Torres, expressly declaring Dionisio as the owner of the subject land. MERALCO never disputed the declarations contained in these letters. Neither did it claim that the same was made through palpable mistake. Indeed, Meralco even marked these letters as documentary exhibits. Pursuant to Section 26, Rule 130 of the Rules of Evidence, these admissions and/or declarations may be admitted against Meralco.

MERALCO moved for reconsideration but its motion was denied by the CA in its July

5, 2010 Resolution.

Hence, this petition for review.

ISSUES

I

WHETHER OR NOT THE COMPLAINT STATES A CAUSE OF ACTION FOR UNLAWFUL DETAINER.

II

WHETHER OR NOT EVIDENCE *ALIUNDE*, SUCH AS THE LETTERS DATED 11 OCTOBER 1985 OF PETITIONER'S ASSISTANT VICE PRESIDENT AND HEAD OF LEGAL DEPARTMENT, L.D. TORRES AND INTERNAL MEMORANDUM DATED 6 DECEMBER 1985 OF PETITIONER'S L.G. DELA PAZ WHICH PURPORTEDLY RECOGNIZED RESPONDENTS' OWNERSHIP OF THE PROPERTY CAN PREVAIL OVER THE DEED OF ABSOLUTE SALE.

III

WHETHER OR NOT TITLE TO THE PROPERTY DONATED TO CEDA WAS VALIDLY TRANSFERRED TO THE PETITIONER.

IV

WHETHER OR NOT THE SALE OF THE PROPERTY TO THE PETITIONER VIOLATED OR REVOKED THE DONATION TO CEDA.

V

WHETHER OR NOT THE COMPLAINT WAS BARRED BY PRESCRIPTION AND *LACHES*.^[16]

Simply put, the vital issues for the Court's consideration are: (1) whether an action for unlawful detainer is the proper remedy in this case; and (2) if it is, who has a better right of physical possession of the disputed property.

In presenting its case before the Court, MERALCO argues that respondents' complaint before the MTCC failed to state a cause of action for unlawful detainer, but for one incapable of pecuniary estimation, because the issue of physical possession is inextricably linked with the proper interpretation of the deed of donation executed between Dionisio and CEDA. Thus, the MTCC was without jurisdiction to hear and decide the case. Further, MERALCO avers that it validly acquired title to the subject land by virtue of the deed of sale executed by CEDA in its favor on June 28, 1985. As a consequence, MERALCO contends that extrinsic or extraneous evidence, such as the letters, dated October 11, 1985 and December 6, 1985, cannot contradict the terms of the deed of sale between CEDA and MERALCO pursuant to Section 9, Rule

The Court's Ruling

The petition lacks merit.

Unlawful detainer is an action to recover possession of real property from one who illegally withholds possession after the expiration or termination of his right to hold possession under any contract, express or implied. The possession of the defendant in unlawful detainer is originally legal but became illegal due to the expiration or termination of the right to possess.^[18] The only issue to be resolved in an unlawful detainer case is physical or material possession of the property involved, independent of any claim of ownership by any of the parties involved.^[19]

An ejectment case, based on the allegation of possession by tolerance, falls under the category of unlawful detainer. Where the plaintiff allows the defendant to use his/her property by tolerance without any contract, the defendant is necessarily bound by an implied promise that he/she will vacate on demand, failing which, an action for unlawful detainer will lie.^[20]

Jurisdiction of the MTCC

MERALCO contends that respondents' complaint failed to make out a case for unlawful detainer but, rather, one incapable of pecuniary estimation, properly cognizable by the RTC and not the MTCC. It stresses the allegations in the complaint involve a prior determination on the issue of ownership before the issue of possession can be validly resolved.

This contention fails to persuade.

When the issue of ownership is raised in an ejectment case, the first level courts are not *ipso facto* divested of its jurisdiction. Section 33 (2) of Batas Pambansa (B.P.) Blg. 129, as amended by Republic Act (R.A.) No. 7691,^[21] provides:

Sec. 33. Jurisdiction of Metropolitan Trial Courts, Municipal Trial Courts, and Municipal Circuit Trial Courts in Civil Cases. — Metropolitan Trial Courts, Municipal Trial Courts, and Municipal Circuit Trial Courts shall exercise:

x x x x

(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. [Underscoring supplied.]

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