

## SECOND DIVISION

[ G.R. No. 194880, June 20, 2012 ]

**REPUBLIC OF THE PHILIPPINES AND NATIONAL POWER CORPORATION, BOTH REPRESENTED BY THE PRIVATIZATION MANAGEMENT OFFICE, PETITIONERS, VS. SUNVAR REALTY DEVELOPMENT CORPORATION, RESPONDENT.**

### DECISION

**SERENO, J.:**

This is a Rule 45 Petition questioning the Decision of the Regional Trial Court (RTC) of Makati City, which ordered the dismissal of the Complaint for unlawful detainer filed by petitioners herein with the Metropolitan Trial Court.

Petitioners Republic of the Philippines (Republic) and National Power Corporation (NPC) are registered co-owners of several parcels of land located along Pasong Tamo Extension and Vito Cruz in Makati City, and covered by four Transfer Certificates of Title (TCTs).<sup>[1]</sup> The main subject matter of the instant Petition is one of these four parcels of land covered by TCT No. 458365, with an area of approximately 22,294 square meters (hereinafter, the subject property). Eighty percent (80%) of the subject property is owned by petitioner Republic, while the remaining twenty percent (20%) belongs to petitioner NPC.<sup>[2]</sup> Petitioners are being represented in this case by the Privatization Management Office (PMO), which is the agency tasked with the administration and disposal of government assets.<sup>[3]</sup> Meanwhile, respondent Sunvar Realty Development Corporation (Sunvar) occupied the subject property by virtue of sublease agreements, which had in the meantime expired.

The factual antecedents of the case are straightforward. On 26 December 1977,<sup>[4]</sup> petitioners leased the four parcels of land, including the subject property, to the Technology Resource Center Foundation, Inc., (TRCFI) for a period of 25 years beginning 01 January 1978 and ending on **31 December 2002**.<sup>[5]</sup> Under the Contract of Lease (the main lease contract), petitioners granted TRCFI the right to sublease any portion of the four parcels of land.<sup>[6]</sup>

Exercising its right, TRCFI consequently subleased a majority of the subject property to respondent Sunvar through several sublease agreements (the sublease agreements).<sup>[7]</sup> Although these agreements commenced on different dates, all of them contained common provisions on the terms of the sublease and were altogether set to expire on **31 December 2002**, the expiration date of TRCFI's main lease contract with petitioners, but subject to renewal at the option of respondent:<sup>[8]</sup>

The term of the sublease shall be for an initial period of [variable] years and [variable] months commencing on [variable], renewable for another twenty-five (25) years at SUNVAR's exclusive option.<sup>[9]</sup>

According to petitioners, in all the sublease agreements, respondent Sunvar agreed "to return or surrender the subleased land, without any delay whatsoever upon the termination or expiration of the sublease contract or any renewal or extension thereof."<sup>[10]</sup>

During the period of its sublease, respondent Sunvar introduced useful improvements, consisting of several commercial buildings, and leased out the spaces therein.<sup>[11]</sup> It also profitably utilized the other open spaces on the subject property as parking areas for customers and guests.<sup>[12]</sup>

In 1987, following a reorganization of the government, TRCFI was dissolved. In its stead, the Philippine Development Alternatives Foundation (PDAF) was created, assuming the functions previously performed by TRCFI.<sup>[13]</sup>

On 26 April 2002, less than a year before the expiration of the main lease contract and the sublease agreements, respondent Sunvar wrote to PDAF as successor of TRCFI. Respondent expressed its desire to exercise the option to renew the sublease over the subject property and proposed an increased rental rate and a renewal period of another 25 years.<sup>[14]</sup> On even date, it also wrote to the Office of the President, Department of Environment and Natural Resources and petitioner NPC. The letters expressed the same desire to renew the lease over the subject property under the new rental rate and renewal period.<sup>[15]</sup>

On 10 May 2002, PDAF informed respondent that the notice of renewal of the lease had already been sent to petitioners, but that it had yet to receive a response.<sup>[16]</sup> It further explained that the proposal of respondent for the renewal of the sublease could not yet be acted upon, and neither could the proposed rental payments be accepted.<sup>[17]</sup> Respondent acknowledged receipt of the letter and requested PDAF to apprise the former of any specific actions undertaken with respect to the said lease arrangement over the subject property.<sup>[18]</sup>

On 03 June 2002, six months before the main contract of lease was to expire, petitioner NPC – through Atty. Rainer B. Butalid, Vice-President and General Counsel – notified PDAF of the former's decision not to renew the contract of lease.<sup>[19]</sup> In turn, PDAF notified respondent of NPC's decision.<sup>[20]</sup>

On the other hand, petitioner Republic through then Senior Deputy Executive Secretary Waldo Q. Flores likewise notified PDAF of the former's decision not to renew the lease contract.<sup>[21]</sup> The Republic reasoned that the parties had earlier agreed to shorten the corporate life of PDAF and to transfer the latter's assets to the former for the purpose of selling them to raise funds.<sup>[22]</sup> On 25 June 2002, PDAF duly informed respondent Sunvar of petitioner Republic's decision not to renew the lease and quoted the Memorandum of Senior Deputy Executive Secretary Flores.<sup>[23]</sup>

On **31 December 2002**, the main lease contract with PDAF, as well as its sublease agreements with respondent Sunvar, all expired. Hence, petitioners recovered from PDAF all the rights over the subject property and the three other parcels of land. Thereafter, petitioner Republic transferred the subject property to the PMO for disposition. Nevertheless, respondent Sunvar continued to occupy the property.

On **22 February 2008**, or six years after the main lease contract expired, petitioner Republic, through the Office of the Solicitor General (OSG), advised respondent Sunvar to completely vacate the subject property within thirty (30) days.<sup>[24]</sup> The latter duly received the Notice from the OSG through registered mail,<sup>[25]</sup> but failed to vacate and remained on the property.<sup>[26]</sup>

On **03 February 2009**, respondent Sunvar received from respondent OSG a final notice to vacate within 15 days.<sup>[27]</sup> When the period lapsed, respondent Sunvar again refused to vacate the property and continued to occupy it.

On 02 April 2009, the PMO issued an Inspection and Appraisal Report to determine the fair rental value of the subject property and petitioners' lost income – a loss arising from the refusal of respondent Sunvar to vacate the property after the expiration of the main lease contract and sublease agreements.<sup>[28]</sup> Using the market comparison approach, the PMO determined that the fair rental value of the subject property was ₱10,364,000 per month, and that respondent Sunvar owed petitioners a total of ₱630,123,700 from 01 January 2002 to 31 March 2009.<sup>[29]</sup>

On **23 July 2009**, petitioners filed the Complaint dated 26 May 2009 for unlawful detainer with the Metropolitan Trial Court (MeTC) of Makati City. Petitioners prayed that respondent Sunvar be ordered to vacate the subject property and to pay damages for the illegal use and lost income owing to them:

WHEREFORE, PREMISES CONSIDERED, it is most respectfully prayed that after proper proceedings, judgment be rendered:

1. Ordering defendant SUNVAR REALTY DEVELOPMENT CORPORATION and all persons, natural and juridical, claiming rights under it, to vacate the subject property and peacefully surrender the same, with the useful improvements therein, to the plaintiffs or to their authorized representative; and
2. Ordering defendant SUNVAR REALTY DEVELOPMENT CORPORATION to pay plaintiffs damages in the amount of SIX HUNDRED THIRTY MILLION ONE HUNDRED TWENTY THREE THOUSAND SEVEN HUNDRED PESOS (P630,123,700.00) for the illegal and unauthorized use and occupation of the subject property from January 1, 2003 to March 31, 2009, and the amount of TEN MILLION THREE HUNDRED SIXTY-FOUR THOUSAND PESOS (P10,364,000.00) per month from April 1, 2008 until the subject property, together with its improvements, are completely vacated and peacefully surrendered to the plaintiffs or to their authorized representative.<sup>[30]</sup>

Respondent Sunvar moved to dismiss the Complaint and argued that the allegations of petitioners in the Complaint did not constitute an action for unlawful detainer, since no privity of contract existed between them.<sup>[31]</sup> In the alternative, it also argued that petitioners' cause of action was more properly an *accion publiciana*, which fell within the jurisdiction of the RTC, and not the MeTC, considering that the petitioners' supposed dispossession of the subject property by respondent had already lasted for more than one year.

In its Order dated 16 September 2009, the MeTC denied the Motion to Dismiss and directed respondent Sunvar to file an answer to petitioners' Complaint.<sup>[32]</sup> The lower court likewise denied the Motion for Reconsideration<sup>[33]</sup> filed by respondent.<sup>[34]</sup> Respondent later on filed its Answer<sup>[35]</sup> to the Complaint.<sup>[36]</sup>

Despite the filing of its Answer in the summary proceedings for ejectment, respondent Sunvar filed a Rule 65 Petition for Certiorari with the RTC of Makati City to assail the denial by the MeTC of respondent's Motion to Dismiss.<sup>[37]</sup>

In answer to the Rule 65 Petition of respondent, petitioners placed in issue the jurisdiction of the RTC and reasoned that the Rules on Summary Procedure expressly prohibited the filing of a petition for *certiorari* against the interlocutory orders of the MeTC.<sup>[38]</sup> Hence, they prayed for the outright dismissal of the *certiorari* Petition of respondent Sunvar.

The RTC denied the motion for dismissal and ruled that extraordinary circumstances called for an exception to the general rule on summary proceedings.<sup>[39]</sup> Petitioners filed a Motion for Reconsideration,<sup>[40]</sup> which was subsequently denied by the RTC.<sup>[41]</sup> Hence, the hearing on the *certiorari* Petition of respondent proceeded, and the parties filed their respective Memoranda.<sup>[42]</sup>

In the assailed Order dated 01 December 2010, which discussed the merits of the *certiorari* Petition, the RTC granted the Rule 65 Petition and directed the MeTC to dismiss the Complaint for unlawful detainer for lack of jurisdiction.<sup>[43]</sup> The RTC reasoned that the one-year period for the filing of an unlawful detainer case was reckoned from the expiration of the main lease contract and the sublease agreements on 31 December 2002. Petitioners should have then filed an *accion publiciana* with the RTC in 2009, instead of an unlawful detainer suit.

Hence, the instant Rule 45 Petition filed by petitioners.<sup>[44]</sup>

## **I Petitioners' Resort to a Rule 45 Petition**

Before the Court proceeds with the legal questions in this case, there are procedural issues that merit preliminary attention.

Respondent Sunvar argued that petitioners' resort to a Rule 45 Petition for Review on Certiorari before this Court is an improper mode of review of the assailed RTC Decision. Allegedly, petitioners should have availed themselves of a Rule 65 Petition

instead, since the RTC Decision was an order of dismissal of the Complaint, from which no appeal can be taken except by a *certiorari* petition.

The Court is unconvinced of the arguments of respondent Sunvar and holds that the resort by petitioners to the present Rule 45 Petition is perfectly within the bounds of our procedural rules.

As respondent Sunvar explained, no appeal may be taken from an order of the RTC dismissing an action without prejudice,<sup>[45]</sup> but the aggrieved party may file a *certiorari* petition under Rule 65.<sup>[46]</sup> Nevertheless, the Rules do not prohibit any of the parties from filing a Rule 45 Petition with this Court, in case **only questions of law are raised or involved.**<sup>[47]</sup> This latter situation was one that petitioners found themselves in when they filed the instant Petition to raise only questions of law.

In *Republic v. Malabanan*,<sup>[48]</sup> the Court clarified the three modes of appeal from decisions of the RTC, to wit: (1) by ordinary appeal or appeal by writ of error under Rule 41, whereby judgment was rendered in a civil or criminal action by the RTC in the exercise of its original jurisdiction; (2) by a petition for review under Rule 42, whereby judgment was rendered by the RTC in the exercise of its appellate jurisdiction; and (3) by a petition for review on certiorari before the Supreme Court under Rule 45. "The first mode of appeal is taken to the [Court of Appeals] on questions of fact or mixed questions of fact and law. The second mode of appeal is brought to the CA on questions of fact, of law, or mixed questions of fact and law. **The third mode of appeal is elevated to the Supreme Court only on questions of law.**"<sup>[49]</sup> (Emphasis supplied.)

There is a question of law when the issue does not call for an examination of the probative value of the evidence presented or of the truth or falsehood of the facts being admitted, and the doubt concerns the correct application of law and jurisprudence on the matter.<sup>[50]</sup> The resolution of the issue must rest solely on what the law provides on the given set of circumstances.<sup>[51]</sup>

In the instant case, petitioners raise only questions of law with respect to the jurisdiction of the RTC to entertain a *certiorari* petition filed against the interlocutory order of the MeTC in an unlawful detainer suit. At issue in the present case is the correct application of the Rules on Summary Procedure; or, more specifically, whether the RTC violated the Rules when it took cognizance and granted the *certiorari* petition against the denial by the MeTC of the Motion to Dismiss filed by respondent Sunvar. This is clearly a question of law that involves the proper interpretation of the Rules on Summary Procedure. Therefore, the instant Rule 45 Petition has been properly lodged with this Court.

## II

### **Propriety of a Rule 65 Petition in Summary Proceedings**

Proceeding now to determine that very question of law, the Court finds that it was erroneous for the RTC to have taken cognizance of the Rule 65 Petition of respondent Sunvar, since the Rules on Summary Procedure expressly prohibit this relief for unfavorable interlocutory orders of the MeTC. Consequently, the assailed RTC Decision is annulled.