

THIRD DIVISION

[G.R. No. 129822, June 20, 2012]

**ORTIGAS & COMPANY, LIMITED PARTNERSHIP, PETITIONER, VS.
COURT OF APPEALS, HON. JESUS G. BERSAMIRA AS JUDGE-RTC
OF PASIG CITY, BRANCH 166 AND THE CITY OF PASIG,
RESPONDENTS.**

D E C I S I O N

ABAD, J.:

This case resolves the question of jurisdiction of the Regional Trial Court over a complaint filed against a subdivision owner.

The Facts and the Case

Petitioner Ortigas & Company, Limited Partnership (Ortigas), a realty company, developed the Ortigas Center that straddled the three cities of Mandaluyong, Quezon, and Pasig. This case concerns the Pasig City side of the commercial district known as the Ortigas Center, known in 1969 as Capitol VI Subdivision.

In 1994 respondent City of Pasig (the City) filed a complaint against Ortigas and Greenhills Properties, Inc. (GPI) for specific compliance before the Regional Trial Court (RTC) of Pasig in Civil Case 64427. The City alleged that Ortigas failed to comply with Municipal Ordinance 5, Series of 1966 (MO 5) which required it to designate appropriate recreational and playground facilities at its former Capitol VI Subdivision (regarded as a residential site), now the Pasig City side of the Ortigas Center. Further, the City alleged that despite the fact that the plan was only approved by the Municipal Council as to layout, petitioner proceeded to develop the property without securing a final approval.

The City impleaded GPI as the party to whom Ortigas sold a piece of property within the subdivision.

In answer, Ortigas alleged that its development plan for the subject land was for a commercial subdivision, outside the scope of MO 5 that applied only to residential subdivisions; that the City cannot assail the validity of that development plan after its approval 25 years ago. Its development plan had been approved: (1) by the Department of Justice through the Land Registration Commission on June 16, 1969; (2) by the Municipal Council of Pasig under Resolution 128 dated May 27, 1969; and (3) by the Court of First Instance of Rizal, Branch 25 in its Order dated July 11, 1969.

Ortigas further alleged that only in 1984, 15 years after the approval of its plan, that the National Housing Regulatory Commission imposed the open space requirement for commercial subdivisions through its Rules and Regulations for

Commercial Subdivision and Commercial Subdivision Development.

The case was heard on pre-trial but before it could be terminated, on January 23, 1996 Ortigas filed a motion to dismiss the case on the ground that the RTC had no jurisdiction over it, such jurisdiction being in the Housing and Land Use Regulatory Board (HLURB) for unsound real estate business practices.

On April 15, 1996 the RTC denied the motion to dismiss.^[1] It held that HLURB's jurisdiction pertained to disputes arising from transactions between buyers, salesmen, and subdivision and condominium developers. In this case, the City is a local government unit seeking to enforce compliance with a municipal ordinance, an action that is not within the scope of the disputes cognizable by the HLURB. With the denial of its motion for reconsideration on August 7, 1996, Ortigas filed a petition for certiorari before the Court of Appeals (CA) to challenge the RTC's actions.

On February 18, 1997 the CA rendered judgment, affirming the RTC's denial of the motion to dismiss.^[2] The appellate court ruled that the City sought compliance with a statutory obligation enacted "to promote the general welfare (Section 16, Local Government Code) which invariably includes the preservation of open spaces for recreational purposes."^[3] Since the City was not a buyer or one entitled to refund for the price paid for a lot, the dispute must fall under the jurisdiction of the RTC pursuant to Section 19 of The Judiciary Reorganization Act of 1980.^[4]

The CA denied Ortigas' motion for reconsideration on June 27, 1997, prompting it to file the present petition for review.

The Issue Presented

The sole issue in this case is whether or not the CA erred in affirming the lower court's ruling that jurisdiction over the City's action lies with the RTC, not with the HLURB.

The Court's Ruling

Ortigas maintains that the HLURB has jurisdiction over the complaint since a land developer's failure to comply with its statutory obligation to provide open spaces constitutes unsound real estate business practice that Presidential Decree (P.D.) 1344 prohibits. Executive Order 648 empowers the HLURB to hear and decide claims of unsound real estate business practices against land developers.

Ultimately, whether or not the HLURB has the authority to hear and decide a case is determined by the nature of the cause of action, the subject matter or property involved, and the parties.^[5] Section 1 of P.D. 1344^[6] vests in the HLURB the exclusive jurisdiction to hear and decide the following cases:

(a) unsound real estate business practices;

(b) claims involving refund and any other claims filed by subdivision lot or condominium unit buyer against the project owner, developer, dealer,