

SECOND DIVISION

[G.R. No. 152131, April 29, 2009]

**FLORAIDA TERAÑA, PETITIONER, VS. HON. ANTONIO DE SAGUN,
PRESIDING JUDGE, REGIONAL TRIAL COURT, BRANCH XIV,
NASUGBU, BATANGAS AND ANTONIO B. SIMUANGCO,
RESPONDENTS.**

DECISION

BRION, J.:

The petitioner Floraida Terana (*petitioner*) asks us to reverse and set aside, through this Petition for Review on *Certiorari*,^[1] the September 7, 2001 Decision^[2] of the Court of Appeals (CA), and its subsequent Resolution^[3] denying the petitioner's motion for reconsideration.

THE FACTS

The respondent Antonio Simuangco (*respondent*) owned a house and lot at 138 J.P. Laurel St., Nasugbu, Batangas, which he leased to the petitioner.^[4] Sometime in 1996, the petitioner demolished the leased house and erected a new one in its place.^[5] The respondent alleged that this was done without his consent.^[6] The Contract of Lease^[7] defining the respective rights and obligations of the parties contained the following provisions, which the petitioner allegedly violated:

3. That the lessee obligated herself with the Lessor by virtue of this Lease, to do the following, to wit:

- a) xxx
- b) To keep the leased property in such repair and condition as it was in the commencement of the Lease with the exception of portions or parts which may be impaired due to reasonable wear and tear;
- c) xxx
- d) Not to make any alterations in the Leased property without the knowledge and consent of the Lessor; x x x

The petitioner allegedly also gave the materials from the demolished house to her sister, who built a house adjacent to the respondent's property.^[8] When the respondent discovered what the petitioner did, he immediately confronted her and advised her to vacate the premises.^[9] She refused. On February 3, 1997, the respondent sent a letter demanding the petitioner to vacate the leased property.^[10] Despite this letter of demand, which the petitioner received on February 10,^[11] she still refused to vacate the said property.

The respondent thus filed a complaint for unlawful detainer^[12] against the petitioner on April 16, 1997 on the ground of the petitioner's violation of the terms of the Contract of Lease.^[13] The respondent prayed for the petitioner's ejectment of the leased property, and for the award of P70,000.00, representing the cost of the materials from the demolished house, attorney's fees, and costs.^[14]

The presiding judge of the Municipal Trial Court (MTC) of Nasugbu, Batangas, Hon. Herminia Lucas, inhibited from the case on the ground that she is related to the respondent.^[15]

The petitioner denied allegations of the complaint in her "*Sagot*."^[16] She claimed that she demolished the old building and built a new one with the knowledge and consent of the respondent; that the original house was old and was on the verge of collapsing;^[17] that without the timely repairs made by the petitioner, the house's collapse would have caused the death of the petitioner and her family. The petitioner prayed for the court to: 1) dismiss the ejectment case against her; and 2) award in her favor: a) P100,000.00 as moral damages, b) P200,000.00 as reimbursement for the expenses incurred in building the new house, c) P50,000.00 as attorney's fees, and d) P10,000.00 as costs incurred in relation to the suit.^[18]

The trial court called for a preliminary conference under Section 7 of the Revised Rules of Summary Procedure (RSP) and Section 8 of Rule 70 of the Rules of Court, and required the parties to file their position papers and affidavits of their witnesses after they failed to reach an amicable settlement.^[19] Instead of filing their position papers, both parties moved for an extension of time to file the necessary pleadings. The trial court denied both motions on the ground that the RSP and the Rules of Court, particularly Rule 70, Section 13(5), prohibit the filing of a motion for extension of time.^[20]

The MTC framed the issues in the case as follows:

1. Whether or not there was a violation of the contract of lease when the old house was demolished and a new house was constructed by the defendant; and
2. Whether or not defendant is entitled to be reimbursed for her expenses in the construction of the new house.^[21]

THE MTC'S DECISION^[22]

The MTC rendered its decision on November 5, 1997^[23] despite the parties' failure to timely file their respective position papers.^[24] The decision stated that: according to the parties' Contract of Lease, the consent of the respondent must be obtained before any alteration or repair could be done on the leased property; that the petitioner failed to produce any evidence that the respondent had given her prior permission to demolish the leased house and construct a new one; that even in her answer, she failed to give specific details about the consent given to her; that in demolishing the old structure and constructing the new one, the petitioner violated the Contract of Lease; that this violation of the terms of the lease was a ground for

judicial ejectment under Article 1673(3) of the Civil Code; and that since the demolition and construction of the new house was without the consent of the respondent, there was no basis to order the respondent to reimburse the petitioner.

The MTC thus ruled:

IN VIEW OF THE FOREGOING, judgment is hereby rendered in favor of the plaintiff Antonio B. Simuangco and against the defendant Aida Terana as follows:

1. Ordering the defendant Aida Terana and all persons claiming right under her to vacate and surrender possession of the subject house to the plaintiff;
2. Ordering the said defendant to pay the amount of Five Thousand Pesos (P5,000.00) as Attorney's fees; and
3. To pay the costs of suit.

SO ORDERED.^[25]

Unaware that a decision had already been rendered, the petitioner filed a letter entitled *Kahilingan*,^[26] to which she attached her position paper and the affidavits of her witnesses.^[27] The submission was essentially a motion for reconsideration of the denial of motion for extension of time. On November 6, 1977, the MTC denied the petitioner's *Kahilingan* as follows:

Defendant Aida Terana's "*KAHILINGAN*" dated November 5, 1997 is **DENIED** for being moot and academic on account of the decision on the merits rendered by this court dated November 4, 1997 relative to the instant case.

SO ORDERED.^[28]

Petitioner then filed a Notice of Appeal on November 12, 1997.^[29] The records of the case were ordered elevated to the Regional Trial Court (*RTC*) where the case was docketed as Civil Case No. 439.

THE RTC'S DECISION ^[30]

The RTC rendered judgment affirming the decision of the MTC on February 26, 1998. The RTC ruled that: 1) the ruling of the MTC was supported by the facts on record; 2) although the respondent failed to submit his position paper and the affidavits of his witnesses, the MTC correctly rendered its decision on the basis of the pleadings submitted by the parties, as well as the evidence on record; 3) the petitioner failed to show enough reason to reverse the MTC's decision. The court further declared that its decision was immediately executory, without prejudice to any appeal the parties may take.

The petitioner filed a Motion for Reconsideration and/or for New Trial on March 3, 1998.^[31] The petitioner argued that the appealed MTC decision was not supported by any evidence, and that the respondent failed to substantiate the allegations of

his complaint and to discharge the burden of proving these allegations after the petitioner denied them in her *Sagot*. In effect, the petitioner argued that the allegations of the complaint should not have been the sole basis for the judgment since she filed an answer and denied the allegations in the complaint; the RTC should have also appreciated her position paper and the affidavit of her witnesses that, although filed late, were nevertheless not expunged from the records.

In her motion for a new trial, the petitioner argued that her failure to submit her position paper and the affidavits of her witnesses within the 10-day period was due to excusable negligence. She explained that she incurred delay because of the distance of some of her witnesses' residence. The petitioner alleged that she had a good and meritorious claim against the respondent, and that aside from her position paper and the affidavits of her witnesses, she would adduce receipts and other pieces of documentary evidence to establish the costs incurred in the demolition of the old house and the construction of the new one.â€œâ€œâ€œâ€œâ€œâ€œâ€œâ€œ

On April 28, 1998, the RTC granted the motion for reconsideration, and thus reversed its February 26, 1998 judgment, as well as the November 5, 1997 decision of the MTC. It noted that: 1) the MTC rendered its decision before the petitioner was able to file her position paper and the affidavit of her witnesses; 2) the rule on the timeliness of filing pleadings may be relaxed on equitable considerations; and 3) the denial of the petitioner's motion for reconsideration and/or new trial will result to a miscarriage of justice. Thus, believing that it was equitable to relax the rules on the timeliness of the filing of pleadings, the RTC remanded the case to the MTC for further proceedings, after giving the respondent the opportunity to submit his position paper and the affidavits of his witnesses. The *fallo* reads:

WHEREFORE, on considerations of equity and substantial justice, and in the light of Section 6, Rule 135 of the Rules of Court, the judgment of this Court dated February 26, 1998, as well as the Decision dated November 4, 1997 of the Lower Court in Civil Case No. 1305, are hereby both set aside. The lower court to which the records were heretofore remanded is hereby ordered to conduct further proceedings in this case, after giving the plaintiff-appellee an opportunity to file his position paper and affidavits of witnesses as required by Section 10, Rule 70, of the 1997 Rules of Civil Procedure. [Underscoring supplied.]

SO ORDERED.

On May 9, 1998, the petitioner challenged the order of remand through another motion for reconsideration.^[32] The petitioner argued that since the original action for unlawful detainer had already been elevated from the MTC to the RTC, the RSP no longer governed the disposal of the case. Before the RTC, the applicable rule is the Rules of Court, particularly Section 6 of Rule 37, which reads:

Sec. 6. *Effect of granting of motion for new trial.* - If a new trial is granted in accordance with the provisions of this Rule, the original judgment or final order shall be vacated, and the action shall stand for trial *de novo*; but the recorded evidence taken upon the former trial, in so far as the same is material and competent to establish the issues, shall be used at the new trial without retaking the same.

Thus, the RTC should have conducted a trial *de novo* instead of remanding the case to the MTC. The petitioner further argued that a remand to the court *a quo* may only be ordered under Section 8, Rule 40^[33] of the Rules of Court.

The RTC denied the motion noting that the petitioner missed the whole point of the reversal of the decision. *First*, the reversal was made in the interest of substantial justice and the RTC hewed more to the "spirit that vivifieth than to the letter that killeth,"^[34] and that "a lawsuit is best resolved on its full merits, unfettered by the stringent technicalities of procedure." The RTC further emphasized that a remand is not prohibited under the Rules of Court and that Section 6 of Rule 135 allows it:

Sec. 6. *Means to carry jurisdiction into effect* - When by law jurisdiction is conferred on a court or judicial officer, all auxiliary writs, processes and other means necessary to carry it into effect may be employed by such court or officer, and if the procedure to be followed in the exercise of such jurisdiction is not specifically pointed out by law or by these rules, any suitable process or mode of proceeding may be adopted which appears conformable to the spirit of said law or rules.

Second, Rule 40 governs appeals from the MTC to the RTC. Nowhere in Rule 40 is there a provision similar to Section 6 of Rule 37.

Third, Section 6 of Rule 37 contemplates a motion for new trial and for reconsideration filed before a trial court *a quo*. The RTC in this case was acting as an appellate court; the petitioner's motion for new trial and reconsideration was directed against the appellate judgment of the RTC, not the original judgment of the trial court.

Fourth, after Republic Act No. 6031 mandated municipal trial courts to record their proceedings, a trial *de novo* at the appellate level may no longer be conducted. The appellate courts may instead review the evidence and records transmitted to it by the trial court. Since the petitioner is asking the court to review the records of the MTC, inclusive of her position paper and the affidavits of her witnesses, it is also important to give the respondent an opportunity to file his position paper and the affidavits of his witnesses before the MTC renders a judgment. It is the MTC or the trial court that has the jurisdiction to do that.

THE CA'S DECISION

The CA affirmed the RTC in a decision promulgated on September 7, 2001.^[35] The CA noted that the RTC's order of remand was not just based on equity and substantial justice, but was also based on law, specifically Section 6 of Rule 135. Thus, the CA ruled that the RTC did not err in remanding the case to the MTC and ordering the conduct of further proceedings after giving the respondent an opportunity to present his position paper and the affidavits of his witnesses. This ruling did not satisfy petitioner, giving way to the present petition.

THE PETITION

Before this Court, the petitioner alleges: 1) that the respondent made a request for the petitioner to vacate the subject property because his nearest of kin needed it; 2) that she was only going to vacate the premises if she were reimbursed the actual