

SECOND DIVISION

[G.R. No. 117051, January 22, 1996]

**FRANCEL REALTY CORPORATION, PETITIONER, VS. COURT OF
APPEALS AND FRANCISCO T. SYCIP, RESPONDENTS.**

DECISION

MENDOZA, J.:

Petitioner Francel Realty Corporation filed a complaint for unlawful detainer against private respondent Francisco T. Sycip. The case was filed in the Municipal Trial Court (MTC) of Bacoor, Cavite.

In its complaint, petitioner alleged that it had executed a Contract to Sell to private respondent Lot 16, Building No. 14 of the Francel Townhomes, at 22 Real Street, Maliksi, Bacoor, Cavite, for P451,000.00. The Contract to Sell provides inter alia that in case of default in the payment of two or more installments, the whole obligation will become due and demandable and the seller will then be entitled to rescind the contract and take possession of the property; the buyer will vacate the premises without the necessity of any court action and the downpayment will be treated as earnest money or as rental for the use of the premises. Petitioner alleged that private respondent failed to pay the monthly amortization of P9,303.00 since October 30, 1990 despite demands to update his payments and to vacate the premises, the latest of which was the demand made in the letter dated September 26, 1992, and that because of private respondent's unjust refusal to vacate, petitioner was constrained to engage the services of counsel. Petitioner prayed that private respondent be ordered to vacate the premises and pay a monthly rental of P9,303.00 beginning October 30, 1990 until he shall have vacated the premises, and P25,000.00 as attorney's fees plus appearance fee of P 1,000.00 per hearing and expenses of litigation.

On November 9, 1992, private respondent moved to dismiss the complaint but his motion was denied by the MTC. On January 20, 1993 he filed his answer,^[1] in which he alleged that he had stopped paying the monthly amortizations because the townhouse unit sold to him by petitioner was of defective construction. He alleged that he had in fact filed a complaint for "unsound real estate business practice" in the Housing and Land Use Regulatory Board (HLURB Case No. REM-07-9004-80) against petitioner. Private respondent prayed that petitioner be ordered to pay P500,000.00 as moral damages, P500,000.00 as exemplary damages, P75,000.00 as attorney's fees and that he be given "all other remedies just and equitable."

In its resolution dated February 24, 1993, the MTC ruled that the answer was filed out of time on the ground that it was filed more than ten days after the service of summons.^[2] On March 17, 1993, however, it dismissed the complaint for lack of jurisdiction. The MTC held that the case was cognizable by the HLURB. But it also ordered petitioner to pay private respondent P10,000.00 as moral damages,

P10,000.00 as exemplary damages, P3,000.00 as attorney's fees, and to pay costs.

On appeal the Regional Trial Court affirmed the decision of the MTC. It held that the case was exclusively cognizable by the HLURB which had jurisdiction not only over complaints of buyers against subdivision developers but also over actions filed by developers for the unpaid price of the lots or units.

Petitioner filed a petition for review in the Court of Appeals, alleging that:

(a) The amounts of damages prayed for by the private respondent in his Answer are enormous and way beyond the jurisdiction of the inferior court; and

(b) Since the inferior court and the respondent court ruled that it has no jurisdiction over this case, then it has no reason, much more jurisdiction to award damages in excess of the P20,000.00 jurisdiction of the inferior Court.^[3]

The appellate court dismissed the petition, holding that the MTC had jurisdiction over cases of forcible entry and unlawful detainer, regardless of the amount of damages on unpaid rentals sought to be recovered in view of § 1A(1) of the Revised Rule on Summary Procedure.^[4]

Petitioner moved for reconsideration. It contended that since the MTC had ruled that it had no jurisdiction over this case, then it had no jurisdiction either to grant the counterclaim for damages in the total sum of P23,000.00. Its motion was, however, denied for lack of any "cogent reason" to reverse the appellate court's resolution of June 15, 1994.^[5]

Hence this petition for review on certiorari.

It is important to first determine whether the MTC has jurisdiction over petitioner's complaint. For if it has no jurisdiction, then the award of damages made by it in its decision is indeed without any basis. It is only if the MTC has jurisdiction of the subject matter of the action that it is necessary to determine the correctness of the award of damages, including attorney's fees.

Petitioner's complaint is for unlawful detainer. While generally speaking such action falls within the original and exclusive jurisdiction of the MTC, the determination of the ground for ejectment requires a consideration of the rights of a buyer on installment basis of real property. Indeed private respondent claims that he has a right under P.D. No. 957, § 23 to stop paying monthly amortizations after giving due notice to the owner or developer of his decision to do so because of petitioner's alleged failure to develop the subdivision or condominium project according to the approved plans and within the time for complying with the same. The case thus involves a determination of the rights and obligations of parties in a sale of real estate under P.D. No. 957. Private respondent has in fact filed a complaint against petitioner for unsound real estate business practice with the HLURB.