

SPECIAL SIXTEENTH DIVISION

[CA-G.R. SP NO. 125088, May 23, 2014]

CYGNUZ REALTY CORPORATION, PETITIONER, VS. MR. AND MRS. ROMMEL C. SANTOS AND MR. AND MRS. VIRGILIO JUAT RESPONDENTS.

D E C I S I O N

CORALES, J.:

This is a Petition for Review^[2] under Rule 42 of the Rules of Court assailing the May 4, 2012 Consolidated Decision^[3] of the Regional Trial Court (RTC), Branch 274, Parañaque City in Civil Case Nos. 11-0456 and 11-0457 affirming the August 31, 2011 Decisions^[4] of the Metropolitan Trial Court (MeTC), Branch 77, Parañaque City which dismissed the two (2) separate unlawful detainer cases filed by petitioner Cygnuz Realty Corporation (Cygnuz) against respondents Spouses Rommel and Elizabeth Santos (Spouses Santos) and Spouses Virgilio and Cindy Santos-Juat (Spouses Santos-Juat but collectively referred herein as respondents).

The Antecedents

Cygnuz is the registered owner of two (2) condominium units, *i.e.*, Units 2-A and 6-A, in Casa San Martin Condominium (formerly known as the Belmont South Park Project) located at 3118 Amiguís Street, United Hills Village, Parañaque City and respectively covered by Condominium Certificate of Title (CCT) Nos. 22990 and 22992. On the other hand, Spouses Santos-Juat and Spouses Santos are the respective occupants of the aforesaid units.

On October 19, 2010, Cygnuz filed its complaints^[5] for unlawful detainer which were identically worded except as to the defendants' name, CCT number and condominium unit number, *viz.*:

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4. Defendants' alleged right to possess the disputed condominium unit is erroneously and falsely predicated upon their alleged purchase over the same from the original developer of the condominium project which was Project Movers Realty and Development Corporation (PMRDC for brevity); but the truth is that defendant Mr. Rommel C. Santos is the son of spouses Eliseo and Aurora Santos who entered into a joint venture agreement with PMRDC and was merely accommodated to stay therein; as such, no purchase ever took place.
5. For better appreciation, antecedent facts prior to Plaintiff's acquisition over the subject unit are hereto laid as follows:

- 5.1. On 20 March 1991, the original land owner Spouses Eliseo and Aurora Santos entered into a Joint Venture Agreement with Project Movers Realty and Development Corporation for the development of the "Belmont South Park" Project located at Barangay San Dionisio, Parañaque City.
- 5.2. While the development of the project was on going, a notice of levy was annotated at the titles covering the project on account of an obligation incurred by PMRDC against Monte de Piedad Bank which later became Keppel Monte Bank, Inc.
- 5.3. On 10 March 2000, PMRDC entered into a contract with Keppel Monte Bank, Inc. denominated as "Dacion en Pago" to pay off the said obligation subject of the Notice of Levy.
- 5.4. Keppel Monte Bank later sold the same to Knight Gold Properties Inc. and the latter on the other hand, cede, transferred and sold the same to Mr. Jose Ma. Francisco of Cygnuz Asia Realty Corporation.
6. Consequently, herein Plaintiff notified the defendants regarding its ownership through a letter dated 26 November 2007 (copy of the letter is hereto attached as *Annex "B"*) and thereafter proceeded to assert ownership and possession over the property by developing the condominium project which now known as Casa San Martin Condominium Corporation and started introducing improvements.
7. Thus, Plaintiff merely allowed the defendants to continuously occupy the said unit for free subject to return upon demand.
8. Thereafter, Plaintiff decided to take actual possession of the said unit and demanded from the defendants to vacate the said condominium unit 6-A, but the same fell on deaf ears. Plaintiff referred the case to its counsel, who then prepared the Plaintiff's final demand letter dated 16 August 2010, copy of which is hereto attached and made integral part hereof as *Annex "C"*.
9. On 01 September 2010, plaintiff through the undersigned counsel, received a letter-response dated 31 August 2010 from the defendants through their counsel, alleging among others their baseless right of ownership and possession over Unit 6-A, copy of which is hereto attached as *Annex "D"*. Plaintiff's counsel reiterated the demand to vacate in its Reply-letter dated 09 September 2010, copy of which is hereto attached as *Annex "E"*.
10. In spite of these repeated demands, defendants refused and to date still refuse to vacate the said condominium unit. (Underscoring appears in the original text of the complaint)

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In their respective Answers,^[6] respondents claimed that they have better possessory right over the subject properties. According to them, on June 5, 1996, their parents, Spouses Eliseo and Aurora, entered into a Joint Venture Agreement^[7] with the original developer of the condominium, Project Movers Realty and

Development Corporation (PMDRC), and in consideration thereof, the latter assigned^[8] to their parents the rights over the units covered by CCT Nos. 1405 (Unit 2A), 1406 (Unit 2B) and 1421 (Unit 6A). Since then, they have been in open and continuous possession of the condominium units in the concept of an owner and not by mere tolerance of Cygnuz. Respondents also argued that the complaints against them failed to allege the essential elements of unlawful detainer particularly the tolerance since the beginning of the possession.

The Ruling of the MeTC and the RTC

In its August 31, 2011 Decisions,^[9] the MeTC dismissed the complaints for unlawful detainer. It held in this wise and disposed the case as follows:

For one, the court believes that the evidence failed to establish that indeed the stay of the defendants on the premises was merely tolerated by the plaintiff. This is so because plaintiff apparently recognized that defendants may have at least a rightful claim of title or possession over the property. In its letters to the defendants (Exhibit B and C) plaintiff even mentioned that the issue of ownership thereof was discussed by the parties for a while and defendants were even invited to consider purchasing the property from it. In fine, the right of the defendants to stay on the premises in question is premised not entirely on plaintiff's tolerance. This is because plaintiff could have directly asked the defendants to vacate the premises and to pay the reasonable compensation for the use and occupancy thereof had it felt that defendants have absolutely no right at all over the disputed premises. The prior ruling of this court to the contrary (i.e., that the complaint is sufficient in form, etc., to make out an ejectment case is now accordingly modified.

For another, the allegations in the complaint are not really sufficient to make out a case of ejectment because no statement can be found therein as to defendants' mode of entry into the property. Likewise, the complaint is silent as to defendants' unlawful withholding of possession thereof from the plaintiff. On the other hand, plaintiff merely alleged in substance that despite demands, defendants, whose stay was merely tolerated by plaintiff, failed to vacate the property which caused prejudice to the plaintiff.

Even the amount being prayed for herein by the plaintiff consisting of its alleged unrealized profits of P5,473,500 is alien to an ejectment case because what may be adjudged therein are only the reasonable rentals of the property. Thus, it is now more apparent that plaintiff is not really only after the mere recovery of possession of the premises via an ejectment suit like this one but through another action for recovery of property which is beyond the jurisdiction of this court. Thus, the court is of the considered view that the instant case must fall for want of jurisdiction over the subject matter of the instant case.

This is of course without prejudice to plaintiff's filing of another action in the proper court to recover possession of the premises.

The court also takes not (sic) that the table (marked as Annex 5 of the answer) showing a list of PMRDC properties which had been sold to third parties (with the corresponding considerations having been fully paid for prior to the execution sale) seem to convince this court that indeed the subject premises were previously awarded to defendants' predecessor-in-interest, and which must at least be taken into consideration herein. However, should the plaintiff question the said list, it may do so in an appropriate proceeding but not in this case. In other words, this pronouncement is without prejudice to plaintiff's right to file an action in the Regional Trial Court to recover the possession over the subject premises.

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WHEREFORE, judgment is hereby rendered dismissing the instant cases without prejudice. The counterclaim is likewise dismissed for lack of merit. Without costs. (Original text of the decision were all italicized)

On appeal,^[10] the RTC, through its May 4, 2012 Consolidated Decision,^[11] affirmed the MeTC findings that the allegation of tolerance was not sufficiently established considering that respondents based their right to possess the condominium units on a deed of assignment in favor of their parents while Cygnuz claimed that it is now the real owner of the subject properties. Citing the case of *Heirs of Melchor v. Melchor*,^[12] the RTC emphasized that in an unlawful detainer case, there must be an overt act showing that the petitioner had permitted or tolerated respondents' occupancy and such tolerance should be present at the beginning of the possession. In the absence of evidence showing such fact, the RTC held that the proper remedy for Cygnuz is to file an *accion publiciana* or *accion reivindicatoria*. It then disposed the case as follows:

WHEREFORE, in view of the foregoing, the Decision dated August 31, 2011 of Metropolitan Trial Court Branch 77 of Parañaque City for Civil Case No 11-0456 and Decision dated August 31, 2011 of Metropolitan Trial Court Branch 77 of Parañaque City for Civil Case No. 11-0457 dismissing the complaints **are hereby affirmed**.

Undaunted, Cygnuz filed the instant petition for review with the following assignment of errors:

A. THE REGIONAL TRIAL COURT ERRONEOUSLY AFFIRMED THE FINDINGS OF THE METROPOLITAN TRIAL COURT THAT RESPONDENTS HAVE RAISED A VALID ISSUE OF OWNERSHIP.

B. THE REGIONAL TRIAL COURT ERRED WHEN IT RULED THAT PETITIONER FAILED TO ESTABLISH THAT THE RESPONDENTS WAS (*sic*) MERELY TOLERATED TO OCCUPY THE CONDOMINIUM UNITS AND LIKEWISE ERRED IN RULING THAT THE PETITIONER FAILED TO PROVE THE MODE OF RESPONDENTS' ENTRY ON THE SUBJECT CONDOMINIUM UNITS TO QUALIFY THE CASES AS UNLAWFUL DETAINER.

C. ASSUMING *ARGUENDO* THAT RESPONDENTS HAVE A VALID ISSUE AS TO OWNERSHIP, THE REGIONAL TRIAL COURT SERIOUSLY ERRED WHEN IT FAILED TO ASCERTAIN THE VERACITY AND TRUTHFULNESS OF SUCH CLAIM.