

## SECOND DIVISION

[ G.R. No. 175301, August 15, 2012 ]

**EDITO GULFO AND EMMANUELA GULFO, PETITIONERS, VS. JOSE P. ANCHETA, RESPONDENT.**

### D E C I S I O N

**BRION, J.:**

We resolve the petition for review on *certiorari*,<sup>[1]</sup> tiled by Edito Gulfo and Emmanuela Gulfo, under Rule 45 of the Rules of Court, to assail the decision<sup>[2]</sup> of the Court of Appeals (CA) in CA-G.R. CV No. 68784 dated June 27, 2006. The CA reversed and set aside the resolution dated June 20, 2000 of the Regional Trial Court (RTC); Branch 253, Las Piñas City, and remanded the case to the RTC for trial on the merits.

#### **The Antecedent Facts**

The petitioners are the neighbors of Jose Ancheta (*respondent*). The parties occupy a duplex residential unit on Zodiac Street, Veraville Homes, Almanza Uno, Las Piñas City. The petitioners live in unit 9-B, while the respondent occupies unit 9-A of the duplex.<sup>[3]</sup>

Sometime in 1998, respondent's septic tank overflowed; human wastes and other offensive materials spread throughout his entire property. As a result, respondent and his family lived through a very unsanitary environment, suffering foul odor and filthy premises for several months.<sup>[4]</sup>

In the early months of 1999, the respondent engaged the services of Z.E. Malabanan Excavation & Plumbing Services to fix the overflow. It was then discovered that the underground drainage pipe, which connected respondent's septic tank to the subdivision's drainage system, had been closed by cement that blocked the free flow of the wastes from the septic tank to the drainage system.<sup>[5]</sup>

The respondent narrated that the petitioners had just recently renovated their duplex unit and, in the process, had made some diggings in the same portion where the drainage pipe had been cemented.<sup>[6]</sup> The respondent added that the closing of the drainage pipe with cement could not have been the result of an accident, but was the malicious act by the petitioners.<sup>[7]</sup> On May 19, 1999, the respondent filed a complaint for damages against the petitioners with the RTC, alleging that the petitioners maliciously closed a portion of the respondent's drainage pipe and this led to the overflowing of the respondent's septic tank.

*The motion to dismiss*

On June 24, 1999, the petitioners moved to dismiss the complaint on the ground of lack of jurisdiction. The petitioners argued that since the parties reside in the same subdivision and are also members of the same homeowners' association (Veraville Homeowners Association, Inc.), the case falls within the jurisdiction of the Home Insurance and Guaranty Corporation (*HIGC*).<sup>[8]</sup>

The petitioners noted that the HIGC is a government-owned and -controlled corporation created under Republic Act No. 580<sup>[9]</sup> which vested the administrative supervision over homeowners' associations to the Securities and Exchange Commission (*SEC*). This law was later repealed by Executive Order No. 535<sup>[10]</sup> which transferred the regulatory and adjudicative functions of the SEC over homeowners' associations to the HIGC.

The petitioners based their arguments on Section 1(b), Rule II of the 1994 Revised Rules of Procedure which regulates the Hearing of Homeowner's Disputes, as follows:

(b) **Controversies arising out of intra-corporate relations between and among members of the association;** between any or all of them and the association of which they are members; and between such association and the state/general public or other entity **in so far as it concerns its right to exist as a corporate entity.**<sup>[11]</sup> (emphases ours)

#### *The ruling of the RTC*

In its resolution promulgated on June 20, 2000, the RTC dismissed the complaint on the ground of lack of jurisdiction. The RTC viewed the case as one involving an intra-corporate dispute falling under the jurisdiction of the HIGC. The dispositive portion of the RTC decision reads:

Considering that defendants have complied with the Order of this Court dated May 2, 2000 and have substantiated their allegations that Veraville Homeowners I Association, Almanza Uno, Las Piñas City is duly registered with the Home Insurance Guranty [*sic*] Corporation, this Court is of the considered view that it has no jurisdiction over the instant case, as this Court cannot arrogate unto itself the authority to resolve a controversy, the jurisdiction over which is initially lodged with an administrative body equipped with special competence for the purpose.

WHEREFORE, for lack of jurisdiction[,], the instant case is ordered DISMISSED.<sup>[12]</sup> (italics supplied).

Aggrieved, the respondent appealed the RTC ruling to the CA. The respondent maintained the argument that no intra-corporate dispute existed.

#### *Ruling of the CA*

On June 27, 2006, the CA reversed the judgment of the RTC and remanded the case to the lower court for trial on the merits. The CA ruled that the factual allegations in the complaint support the claim for damages.<sup>[13]</sup> The CA noted that although the case involves a dispute between members of the homeowners' association, it is not an intra-corporate matter as it does not concern the right of the corporation to exist as an entity.

The petitioners moved for reconsideration, but the CA denied the motion in its resolution of November 7, 2006; hence, the present petition.

**We resolve in this petition the lone issue of whether the CA erred in ruling that the RTC has jurisdiction over this dispute.**

**The Court's Ruling**

**We deny this petition for lack of merit.**

***Jurisdiction is determined by the allegations in the complaint***

"The allegations in the complaint and the reliefs prayed for are the determinants of the nature of the action and of which court has jurisdiction over the matter."<sup>[14]</sup> With this in mind, we examined paragraphs 7, 8 and 9 of the complaint<sup>[15]</sup> which provide:

7. That due to the malicious acts of the defendants in cutting-off or closing a portion of the drainage pipe connecting the septic tank of the plaintiff to the village drainage system, that brought about the unwholesome situation above-described, plaintiff suffered from sleepless nights, wounded feelings, anxiety, and worry over the health and physical well-being of his whole family, for which defendants are liable to plaintiff in the amount of ONE MILLION (P1,000,000.00) PESOS for and as moral damages;
8. That to set an example for those who maliciously and deliberately do acts which are violative of other's rights especially those that are inimical to one's health or life, like that of herein defendants, herein defendantss (sic) be ordered to pay exemplary damages for at least ONE HUNDRED THOUSAND (P100,000.00) PESOS;
9. That in order to protect and enforce his rights in the instant case, plaintiff has to hire the services of undersigned counsel and agreed to pay the amount of ONE HUNDRED THOUSAND (P100,000.00) PESOS for and as attorney's fees and P2,000.00 for each hearing he attends relative thereto as and for appearance fees; and likewise incur litigation expenses in the amount of not less than P25,000.00[.]

Even a cursory reading of these allegations yield no conclusion other than that the complaint is an ordinary action for damages that is purely civil rather than corporate