

THIRD DIVISION

[G.R. No. 176282, August 22, 2008]

**VICTORIA FERNANDO, PETITIONER, VS. SPS. REGINALDO LIM
AND ASUNCION LIM, RESPONDENTS.**

DECISION

AUSTRIA-MARTINEZ, J.:

Before the Court is a Petition for Review on *Certiorari* under Rule 45 of the Rules of Court, assailing the August 31, 2006 Decision^[1] of the Court of Appeals (CA) which affirmed the ejectment of Victoria Fernando (petitioner) from the property of Spouses Reginaldo and Asuncion Lim; and the January 15, 2007 CA Resolution^[2] which denied the motion for reconsideration.

The relevant facts are of record.

Lim Kieh Tong and Sons, Inc. (LKTSI) was the owner of a parcel of land with an area of 400 sq. meters, known as Lot 1 of the consolidation-subdivision plan (LRC) Pcs-320, located at Blumentritt Street, Sta. Cruz, Manila and registered in its name under Transfer Certificate of Title (TCT) No. 125241.^[3]

On the property are improvements registered in the name of LKTSI under Tax Declaration No. 00198.^[4] Among these improvements is Unit 1682 which, as of March 5, 2004, was being occupied by petitioner for a gross monthly rental of P10,412.00 plus withholding tax of P520.60 or a total of P10,932.60.^[5]

When it was about to be dissolved, LKTSI executed on April 1, 2004 a Deed of Assignment of Real Property,^[6] transferring by way of liquidating dividends all its rights and interests in the property covered by TCT No. 125241 to its stockholder, respondent Reginaldo Lim.

Spouses Reginaldo and Asuncion Lim (respondents) subdivided the assigned property and registered their title to the larger portion under TCT No. 263331, and to the smaller portion -- which covers Unit 1682 -- under TCT No. 264835.^[7] They also registered in their names the improvements on the assigned property under Tax Declaration No. 00182.^[8]

In a letter dated April 29, 2004, respondents, through counsel, informed petitioner that they were the new owners of Unit 1682 and that they were not renewing her lease, thus:

We are writing you in behalf of our client, Mr. Reginaldo Lim, to formally inform you that he is now the new owner of the property you are presently leasing. Please find attached a copy of his title to the said

property.

Our client decided not to renew or extend any lease agreement you may have entered with the previous owner. We understand that your lease of the property is on a month-to-month basis. Hence, your lease contract ends on April 30, 2004 and will no longer be renewed. Any stay in the premises beyond the said date should not be construed as a renewal of your monthly lease, but merely by tolerance of our client. At any rate, you are hereby given notice to vacate the premises of 1682 Blumentritt St., Sta. Cruz, Manila within fifteen (15) days from receipt of this letter. Your failure to do so will compel us to institute an ejectment suit against you to enforce our clients' rights, and charge you with attorney's fees and all attendant damages that will be incurred by our client, including lost business opportunities and income.

We trust that you will see yourself clear on this matter and surrender peacefully the possession of the leased premises to our client.^[9]

As their demand went unheeded, respondents filed with the Metropolitan Trial Court, Branch 16, Manila (MeTC) a Complaint^[10] for Ejectment with Prayer for Issuance of Injunction against petitioner, praying that the latter be ordered to vacate Unit 1682 and to pay reasonable monthly rent of P25,000.00 and attorney's fees.

In her Answer,^[11] petitioner questioned the jurisdiction of the MeTC in view of an issue of title over Unit 1682 that she raised in a complaint^[12] she filed with the Regional Trial Court (RTC) to annul the April 1, 2004 deed of assignment for violation of Sec. 6 of Presidential Decree No. 1517 (P.D. No. 1517), which states:

Sec. 6. Land Tenancy in Urban Land Reform Areas. Within the Urban Zones legitimate tenants who have resided on the land for ten years or more who have built their homes on the land and residents who have legally occupied the lands by contract, continuously for the last ten years shall not be dispossessed of the land and shall be allowed the right of first refusal to purchase the same within a reasonable time and at reasonable prices, under terms and conditions to be determined by the Urban Zone Expropriation and Land Management Committee created by Section 8 of this Decree.

She pointed out that the MeTC could not decide the complaint for ejectment without determining whether the assignment of Unit 1682 to respondents impinged on her preemptive rights under P.D. No. 1517; that the MeTC would also have to determine whether respondents could legally eject her despite the express prohibition against her dispossession under said law; and that, therefore, as the issues of possession and title could not be adjudicated separately, the case should have been brought before the RTC, not the MeTC.^[13]

Petitioner further argued that respondents had no cause of action for ejectment because they did not serve on her a valid demand to pay rent and vacate, or resort to *barangay* conciliation.^[14] Petitioner was never remiss in her obligations under the monthly lease contract; and under the Rent Control Law, expiration of contract is not a valid ground for ejectment. ^[15]

After the parties submitted their position papers, the MeTC rendered a Decision^[16] dated June 7, 2005, in favor of respondents, thus:

WHEREFORE, premises considered, judgment is hereby rendered in favor of the plaintiff [respondents] and against the defendant [petitioners]:

1. Ordering the defendant [petitioner] and all persons claiming right under her to vacate the subject premises and peacefully surrender possession of the property located at 1682 Blumentritt, Sta. Cruz, Manila;
2. Ordering the defendant [petitioner] to pay a reasonable monthly rental of P25,000.00 to plaintiffs [respondents] computed from the time the instant action was filed up to the time the subject premises is completely vacated and surrendered to plaintiffs [respondents];
3. Ordering the defendant [petitioner] to pay plaintiff the sum of P20,000.00 as attorney's fees.
4. Without Costs.

SO ORDERED.^[17]

Petitioner appealed to the RTC, Branch 20, Manila emphasizing that she actually owns Unit 1682 because it was she who rebuilt it after it was destroyed by fire,^[18] petitioner argued that respondents had no interest in or title to Unit 1682; hence, they could not validly compel her to vacate the property. Neither could they claim title to the land on which Unit 1682 stands because the April 1, 2004 deed of assignment was of no effect, for it was in violation of Sec. 6, P.D. No. 1517.^[19] She reiterated that such issue of title affecting Unit 1682 could only be resolved in an *accion reivindicatoria* cognizable by the RTC.^[20]

Moreover, in the event that the complaint for ejectment be found proper, petitioner invoked the protection against ejectment provided under existing rent control laws. She argued that, contrary to the ruling of the MeTC, said laws were applicable to her because she had been using Unit 1682 not just as her business office but also as a dwelling place.^[21] Moreover, her lease on the property started more than thirty (30) years ago; hence, the P7,500.00 threshold rent set by the Rent Control Law could not prejudice her.^[22]

Finally, petitioner questioned the MeTC's imposition of a P25,000.00 monthly rent for lack of factual and legal basis.^[23]

In a Decision dated December 16, 2005, the RTC affirmed the MeTC Decision with modification, thus:

WHEREFORE, the assailed Decision dated June 7, 2005 of the Metropolitan Trial Court Branch 20 is hereby MODIFIED as follows:

1. Ordering the defendant [petitioner] and all persons claiming right under her to vacate the subject premises and peacefully surrender

possession of the property located at 1682 Blumentritt, Sta. Cruz, Manila to herein plaintiffs [respondents];

2. Ordering the defendant [petitioner] to pay a reasonable monthly rental of P15,000.00 to plaintiffs [respondents] computed from the time the instant action was filed up to the time the subject premises is completely vacated and surrendered to plaintiffs;
3. Ordering the defendant [petitioner] to pay plaintiffs [respondents] the sum of P20,000.00 as attorney's fees.
4. Without cost.

SO ORDERED.^[24]

Petitioner filed a motion for reconsideration but the RTC denied it in its Order^[25] dated January 20, 2006.

She then filed with the CA a Petition for Review under Rule 42 of the Rules of Court in the August 31, 2006 Decision assailed herein. The CA affirmed the RTC decision with modification:

WHEREFORE, in consideration of the foregoing, the instant petition is perforce **denied**. Accordingly, we **affirm with modification** the assailed decision dated 16 December 2005 of the respondent court, in that the award of attorney's fees in the amount of P20,000.00 is hereby **deleted**.

SO ORDERED.^[26]

Her motion for reconsideration^[27] having been denied by the CA in its Resolution^[28] dated January 15, 2007, petitioner filed the present Petition, with application for temporary restraining order and writ of preliminary injunction to enjoin enforcement of the assailed CA decision and resolution.

In a Resolution^[29] dated February 28, 2007, the Court issued a Temporary Restraining Order (TRO) enjoining the CA, RTC, MeTC and respondents or their agents and assigns from implementing or enforcing the August 31, 2006 Decision and January 15, 2007 Resolution of the CA. Petitioner posted a cash bond in the amount of P100,000.00.^[30]

Respondents filed a Motion to Lift the TRO or to Require Petitioners to Make the Required Monthly Deposit,^[31] to which petitioner filed a Consolidated Comment.^[32] In its Resolution^[33] of July 9, 2007, the Court denied respondents' motion to lift the TRO, but granted their prayer that petitioner be required to pay P10,932.60 monthly rental from the date of receipt by petitioner of the MeTC decision, in accordance with Section 19,^[34] Rule 70 of the Revised Rules of Court.

In separate Certifications^[35] dated August 22, 2007, the MeTC and RTC reported that petitioner did not make any rental deposit, although she posted a supersedeas bond in the amount of P100,000.00. Hence, respondents filed a Manifestation and Motion^[36] dated September 12, 2007 to lift the TRO for failure of petitioner to

comply with the Court's Resolution of July 9, 2007. The Court, in a Resolution^[37] dated October 15, 2007, required petitioner to comment.

In her January 28, 2008 Comment^[38] to the September 12, 2007 Manifestation and Motion, petitioner explained that she already complied with the July 9, 2007 Resolution of the Court by filing a supersedeas bond for P100,000.00, and that she had filed with the RTC an urgent motion for computation of back rentals but the same had remained unresolved, thus preventing her from making the required monthly deposit.

Earlier, on January 23, 2008, respondents filed a Reiterative Motion to Lift the Temporary Restraining Order^[39] for failure of petitioner to comply with the July 9, 2007 and October 15, 2007 Resolutions of the Court. On March 12, 2008, the Court issued a Resolution^[40] noting both the respondents' Reiterative Motion and petitioner's Comment, and requiring petitioner to deposit to the RTC the unpaid monthly rentals in the amount of P10,932.60 as directed in the Court's July 9, 2007 Resolution and to submit proof of compliance within ten (10) days from notice; otherwise, the temporary restraining order would be lifted.

In a Manifestation and Compliance^[41] dated March 9, 2008, petitioner explained that her January 28, 2008 Comment was in compliance with both the July 9, 2007 and October 15, 2007 Resolutions of the Court.

Based on court records, copy of the Resolution was mailed to petitioner on March 18, 2008,^[42] and she received the same on April 28, 2008.^[43] Yet, as per Certification issued on May 12, 2008 by the RTC, petitioner had not made any rental deposit.^[44] Hence, respondents filed another Manifestation^[45] for the lifting of the TRO.

The Court now resolves the main issues in the Petition, *viz.* :

1. Whether the pending action for annulment of transfer of title on ground of violation of P.D. 1517 (granting right of first refusal to the lessee and prohibiting dispossession of the property) filed by the petitioner against private respondents and previous lessor LKTSI constitutes *litis pendentia* or at the very least poses legal questions warranting the suspension of the proceedings of this ejectment suit.
2. Whether the court where the prior pending action involving the issue of whether the lessee can be dispossessed has exclusive and original jurisdiction to the exclusion of other courts where the action for dispossession via ejectment suit is filed after.
3. Whether the trial court a quo has jurisdiction over the complaint.
4. Whether there is a lease relationship between the parties that can entitle the lessor to file an ejectment case.
5. Whether there is a proper demand for purposes of ejectment suit.