

SECOND DIVISION

[G.R. No. 147372, May 27, 2004]

**CAEZAR^[1] Z. LANUZA AND ASTERIA LANUZA, PETITIONERS, VS.
MA. CONSUELO MUÑOZ, RESPONDENT.**

D E C I S I O N

QUISUMBING, J.:

For review on certiorari is the Decision^[2] dated December 28, 2000, of the Court of Appeals in CA-G.R. SP No. 53780, which (a) set aside the Decision^[3] of the Regional Trial Court (RTC) of Muntinlupa City, Branch 256, in Civil Case No. 99-083, and (b) remanded the case to the MTC of Muntinlupa City, for further proceedings on respondent's complaint for unlawful detainer. The RTC had earlier affirmed the judgment^[4] of the MTC in Civil Case No. 3749, dismissing the complaint for lack of jurisdiction. Petitioners herein assail also the CA Resolution^[5] dated March 7, 2001, denying their motion for reconsideration.

In her Complaint for Unlawful Detainer against herein petitioner-spouses Caezar and Asteria Lanuza before the MTC of Muntinlupa City, herein respondent Ma. Consuelo Muñoz claimed that she was the owner of a parcel of land located in Alabang, Muntinlupa, as evidenced by Transfer Certificate of Title No. 207017, together with the nine-door apartment built on said parcel. She said she acquired the lot in 1996 from petitioners by virtue of a Deed of Absolute Sale. Muñoz as plaintiff below likewise averred that:

3. At the time plaintiff acquired the said property on August 7, 1996, defendants [Caezar and Asteria Lanuza] are occupying door no. 2 and in possession of door no. 3 thereof and plaintiff tolerated the same until January 1997 when said tolerance was withdrawn with plaintiff demanding that as a condition to their continued stay therein, they would have to pay rentals starting February 1997 at the rate of P5,000.00 for door no. 2 and P6,000.00 for door no. 3;
4. Defendants had not paid a single [sic] centavo of the amounts being demanded nor did they vacate the premises despite demands;
5. The failure and refusal of the defendants to vacate despite the cessation of their right to occupy the same and their failure to pay the rentals being demanded despite demands compelled plaintiff to litigate and to engaged [sic] the services of undersigned for P15,000.00 as attorney's fee and will expose her to incur litigation expenses estimated to be not less than P15,000.00.^[6]

In their Answer, the Lanuzas alleged that they are the lawful owners of the property in question. They denied selling it to Muñoz. They also claimed that it was Francisco Muñoz, Sr., the respondent's father, who persuaded them to sign an Absolute Deed of Sale on August 7, 1996, purportedly in order to expedite the sale of the property

as previously agreed upon between herein petitioners and Francisco Muñoz, Sr., on August 6, 1996. Under this agreement, the property would be sold once the apartment was repaired and remodeled, with the profits divided into three portions, after deducting the renovation and improvement expenses amounting to P3.5 million, which was shouldered by Francisco Muñoz, Sr.

The Lanuzas declared that after several months when the property was still unsold, Francisco Muñoz, Sr., sent them a letter^[7] dated January 24, 1997. The letter informed them of the expiration of the agreement to sell. Further, Francisco expressed his intention to rent the property to the couple should they decide to continue occupying the premises. The letter reads:

January 24, 1997

Governor Caezar Z. Lanuza

Dear RE : PROFIT REALIZED FROM THE SALE OF 9 DOOR
Governor: APARTMENT

Please be advised that the Side Agreement regarding the profit sharing realized from the sale of the 9-door apartment ends February 7, 1997.

In view of the proximity of the expiry date, I highly recommend that you and me (sic) will exert every effort to look for a right buyer, otherwise, by February 8 I will start accepting rental application.

In the case of Baby Lanuza, if she wish (sic) to continue staying in the apartment, I will charge her a preferential rental rate of P5,000.00 per month subject to the payment of two (2) months deposit and one (1) month advance upon signing of the Lease Contract.

Please give this matter your prompt and undivided attention.

Very truly yours,
(Signed) Francisco Muñoz, Sr.

Petitioners then learned that respondent and her father, Francisco Muñoz, Sr., had registered the simulated Deed of Sale, which they had signed to expedite the offering for sale of the property. They protested Muñoz's act of registering the deed.

On June 3, 1997, the Lanuzas filed their complaint with the RTC of Muntinlupa City for rescission of contract with damages against Muñoz. Docketed as Civil Case No. 97-101, that was still pending, when herein respondent filed Civil Case No. 3749 on August 1, 1997, for unlawful detainer.

On January 14, 1999, the MTC disposed of Civil Case No. 3749 in this wise:

WHEREFORE, in view of the foregoing, the above-entitled case is dismissed for lack of jurisdiction.

SO ORDERED.^[8]

In dismissing Civil Case No. 3749, the MTC observed that inasmuch as herein

respondent also sought the recovery of rentals in arrears, demand is a jurisdictional requirement. Since the complaint was bare of any showing when demand to vacate was made, then it was the RTC and not the MTC, which had jurisdiction.

Muñoz appealed the foregoing decision to the RTC of Muntinlupa City in Civil Case No. 99-083, but the RTC agreed with the MTC's factual findings and upheld the MTC's judgment, thus:

WHEREFORE, in view of all the foregoing, the Decision appealed from is hereby *AFFIRMED IN TOTO*.

SO ORDERED.^[9]

Muñoz then filed a Petition for Review with the Court of Appeals, which the appellate court disposed of as follows:

WHEREFORE, the instant petition is hereby GRANTED and the Decision dated 01 June 1999 of the Regional Trial Court is SET ASIDE. Let the records of the case be remanded to the Metropolitan Trial Court of Muntinlupa City, Branch 80, which is hereby ordered to give due course to the Complaint and to conduct further proceedings with dispatch until full termination of the case.

SO ORDERED.^[10]

In concluding that the Complaint in Civil Case No. 3749 stated a valid cause of action and the MTC had jurisdiction over said case, the Court of Appeals declared that while demand to pay rent and to vacate is required by Section 2,^[11] Rule 70 of the 1997 Rules of Civil Procedure in ejectment suits for non-payment of rents, Civil Case No. 3749 was not for non-payment of rentals; rather, it was for termination of the right of the petitioners to occupy the premises because of respondent's withdrawal of tolerance to the petitioners' continued occupation. The appellate court noted there was no showing that the parties had previously entered into a contract of lease, but instead, paragraph 3 of the Complaint clearly showed that the cause of action is the cessation of the tolerance extended to herein petitioners.

Petitioners duly moved for reconsideration, but the appellate court denied the motion.

Hence, the instant petition alleging that:

- A. HONORABLE COURT OF APPEALS IN REVERSING THE APTLY AND JUDICIOUS DECISION OF THE COURT A QUO VIOLATED SECTION 2, RULE 70, OF THE 1997 RULES OF CIVIL PROCEDURE FOR NOT SUSTAINING THE DISMISSAL OF THE COMPLAINT FOR EJECTMENT WITHOUT MAKING A DEFINITE DEMAND TO VACATE PRIOR TO THE FILING OF THE EJECTMENT COMPLAINT;
- B. HONORABLE COURT OF APPEALS VIOLATED SUPREME COURT RULING IN CASE OF *GALLARDE VS. MORAN ET AL.*, 14 SCRA 713 AND *VDA. DE MURGA VS. CHAN*, 25 SCRA 441 WHICH DECREED THAT DEFINITE DEMAND TO VACATE MUST BE FIRST MADE PRIOR TO THE FILING OF AN EJECTMENT. ^[12]