

FIRST DIVISION

[G.R. No. 141493, July 28, 2004]

**NATIONAL ONION GROWERS COOPERATIVE MARKETING
ASSOCIATION, INC., PETITIONER, VS. ANTONIO LO AND LAND
BANK OF THE PHILIPPINES, RESPONDENTS.**

D E C I S I O N

CARPIO, J.:

The Case

This petition for review on certiorari^[1] seeks to reverse the Court of Appeals' Decision dated 26 May 1999 and its Resolution dated 29 December 1999 in CA-G.R. SP No. 46334. The Court of Appeals dismissed petitioner's appeal of the Decision of the Regional Trial Court, Branch 74, Malabon ("RTC") affirming the Decision of the Metropolitan Trial Court, Branch 55, Malabon ("MTC"). In February 1996, respondent Antonio Lo ("Lo") filed an action for ejectment before the MTC against petitioner National Onion Growers Cooperative Marketing Association, Incorporated ("petitioner"). Lo demanded that petitioner vacate the premises of its offices because its lease contract had expired.

Antecedent Facts

Petitioner's offices used to occupy four lots in Tinajeros, Malabon, Rizal. Petitioner conveyed two of these lots, Lot No. 7 and Lot No. 8, by *dacion en pago* to the Agricultural Credit Administration ("ACA") to settle its debt. ACA transferred its rights over Lots Nos. 7 and 8 to the Land Bank of the Philippines ("LBP"). After acquiring ownership of the two lots, LBP leased the premises to petitioner for one-and-a-half years from 1 June 1994 until 31 December 1995.

On 9 November 1995, LBP sold to Lo the two lots through public bidding. Petitioner objected to the sale citing its preferential right to acquire the lots as a cooperative under Section 6 of Presidential Decree No. 175. On 8 December 1995, petitioner filed a case to annul the sale to Lo before the Regional Trial Court, Branch 169, Malabon, Rizal.

On the other hand, Lo wrote petitioner on 23 December 1995 to remind petitioner of the impending expiration of the lease and its need to vacate the premises immediately after expiration of the lease. Petitioner refused to vacate. Thus, on 23 February 1996, Lo filed a complaint for ejectment against petitioner. Petitioner countered that the MTC had no jurisdiction due to the pendency of the case for annulment of sale petitioner previously filed. Petitioner asserted that the question of ownership presented in the annulment proceedings barred the filing of an ejectment case.

The MTC ruled that actions for ejectment are summary in nature and the issue involved in such proceedings is possession *de facto* only. The MTC stated that the question of ownership, even if inextricably linked to the issue of possession, does not divest it of jurisdiction. In such cases, the MTC can decide the ownership provisionally for the sole purpose of determining possession. On 3 September 1996, the MTC rendered its decision in favor of Lo, as follows:

WHEREFORE, premises considered, the court considers the allegations of the complaint to be true and duly substantiated except to the amount of damages and attorney's fees, which are reduced accordingly, a decision is hereby rendered in favor of the plaintiffs and against the defendant, ordering the latter and all persons claiming right under it:

1. To vacate the leased premises immediately and turn over the same peacefully to the plaintiff;
2. To pay the plaintiff Antonio Lo the sum of ₱5,000.00 for every day of delay from the time the defendant is supposed to have vacated the premises;
3. To pay the sum of ₱36,000.00 a month from January 1996 until it finally vacates the premises as payment for reasonable compensation for the use and occupancy thereof;
4. To pay the sum of ₱20,000.00 by way of reasonable attorney's fees; and
5. To pay the costs of suit.

SO ORDERED.^[2]

Petitioner appealed to the RTC. On 29 August 1997, the RTC affirmed the MTC's decision. On 26 November 1997, the RTC denied petitioner's motion for reconsideration.

Petitioner filed a Petition for Review with the Court of Appeals. The appellate court affirmed the decision of the lower courts with a modification on the amount of damages, thus:

WHEREFORE, the assailed decision is hereby AFFIRMED with the MODIFICATION that the penalty imposed for each day of delay in surrendering the leased property is reduced from ₱5,000.00 to ₱1,000.00 per day of delay.

SO ORDERED.

Both petitioner and Lo moved for reconsideration. On 29 December 1999, the Court of Appeals denied both motions.

Hence, this petition.

The Issue