

THIRD DIVISION

[G.R. No. 106029, October 19, 1999]

**BENJAMIN S. ABALOS AND ARSENIO ARELLANO, PETITIONER,
VS. HON. COURT OF APPEALS, FREDISVINDA FERNANDEZ,
SERGIO FERNANDEZ, GENOVEVA COQUIA, FAUSTO MENESES,
AND OSCAR FERNANDEZ, RESPONDENTS.**

[G.R. NO. 105770. OCTOBER 19, 1999]

**OSCAR C. FERNANDEZ, PETITIONER, VS. HON. COURT OF
APPEALS, FREDISVINDA FERNANDEZ, SERGIO FERNANDEZ,
GENOVEVA COQUIA, AND FAUSTO MENESES, RESPONDENTS.**

DECISION

PURISIMA, J.:

At bar are consolidated petitions for review on *certiorari* under Rule 45 of the Revised Rules of Court assailing the Decision^[1] of the Court of Appeals in CA-G.R. SP No. 24920.

The facts that matter are as follows:

Private respondents Fredisvinda Fernandez, Fausto Meneses, Sergio Fernandez, and Genoveva Coquia, petitioner Oscar Fernandez, and several others, who are not parties to this action, were the (co-)owners of Dupo Fishpond ("Fishpond") located in Dagupan City and Binmaley, Pangasinan. (For reference purposes, Oscar Fernandez shall be referred to as petitioner, although he is also a private respondent in G.R. No. 106029.) Fredisvinda, as administratrix of the Fishpond, leased the same to petitioner Oscar Fernandez ("petitioner Fernandez") for a period of five years from July 1, 1979 to June 30, 1984. Petitioner Fernandez, in turn, subleased the same to petitioner Benjamin Abalos ("petitioner Abalos") who hired petitioner Arsenio Arellano ("petitioner Arellano") as caretaker thereof.

When the lease was nearing its termination date, petitioner Fernandez pleaded for, and was granted, a one (1) year extension of the lease up to June 30, 1985.

On August 26, 1984, the Fishpond was bidden to all the co-owners, for the lease thereof, starting July 1, 1985. Jorge Coquia, through his son Anthony, won the bidding with a bid price of P250,000.00. Petitioner Fernandez's bid was P151,000.00.

It appears that subsequently, petitioner Fernandez informed his sublessees that he lost in the bidding.

On July 1, 1985, Anthony Coquia, accompanied by police authorities from Dagupan City, proceeded to the Fishpond to take possession of the property. However, petitioner Arellano refused to leave the premises, on the pretext that he received no orders from petitioner Abalos to do so.

Demands were then made upon the petitioners to surrender possession of the premises to private respondents, but these were ignored.

On April 15, 1986, private respondents brought a Complaint for unlawful detainer against the petitioners, docketed as Civil Case No. 7127 before Branch 3 of the Municipal Trial Court in Cities ("MTCC") of Dagupan City.

Petitioners Abalos and Arellano filed their Answer, setting up the defense, among others, that petitioner, with the acquiescence and conformity of the other co-owners, renewed the sub-lease agreement for another five (5) years, from July 1, 1984 to June 30, 1989, under the same condition as the first contract, with the added stipulation that they shall pay an escalation rate equal to ten percent (10%) of the original rental of P118,000.00 per annum. They also alleged that petitioner Fernandez and the other co-owners received advanced rentals for the sublease of the Fishpond.

Petitioners Abalos and Arellano filed a cross-claim against petitioner Fernandez and prayed that in the event judgment is rendered against them, petitioner Fernandez be ordered to reimburse them.

For his part, petitioner Fernandez alleged in his Answer, among others, that after he lost in the bidding, he notified his sublessees of such fact by phone and by registered mail. He also contended that the court had no jurisdiction over the case.

It appears that on May 30, 1988, petitioners Abalos and Arellano surrendered the premises to Jorge Coquia, rendering moot and academic the issue of possession pending before the MTCC.

On July 25, 1989, the MTCC rendered a Decision^[2] disposing:

"WHEREFORE, in view of the foregoing premises, the Court hereby renders judgment for the plaintiffs as follows:

1. Ordering defendants Oscar Fernandez and Benjamin Abalos, jointly and severally, to pay the plaintiffs, the following:

a. P250,000.00 yearly as reasonable compensation of the Lupo fishpond from July 1, 1985 up to March, 1983 when defendants vacated the premises;

b. Atty.'s fees of P3,000.00;

c. Costs.

2. Ordering the dismissal of the complaint against defendant Arellano;

3. Ordering the dismissal of the cross claim against defendant Oscar Fernandez.

SO ORDERED."

Petitioners appealed the above Decision to Branch 44 of the Regional Trial Court of Dagupan City ("RTC") which, in a Decision^[3] dated March 21, 1991, reversed the Decision of the MTCC, holding thus:

"Wherefore, it is declared that the Municipal Trial Court in Cities, Branch 3, Dagupan City had no jurisdiction over the case; therefore, the appealed decision ordering defendants Oscar Fernandez and Benjamin Abalos, jointly and severally, to pay plaintiffs, the following:

- a. P250,000.00 yearly as reasonable compensation of the Dupo fishpond from July 1, 1985 up to March, 1988 when defendants vacated the premises;
- b. Atty.'s fees of P3,000.00;
- c. Costs.

is ordered set aside and reversed.

The dispositive portion of the decision dismissing the complaint against defendant Arellano and the dispositive portion of the decision ordering the dismissal of the cross-claim against defendant Oscar Fernandez are affirmed in toto.

SO ORDERED."

The RTC reasoned out that since the case involved "the interpretation of the renewal of the contract of lease between Oscar Fernandez and the plaintiffs, the matter involved is incapable of pecuniary estimation and, therefore, the same is beyond the competence of the Municipal Trial Court in Cities, Dagupan City."

Private respondents appealed the RTC's reversal to the respondent Court of Appeals which, in a Decision^[4] promulgated on February 17, 1992, upheld the ruling of the MTCC, disposing thus:

"WHEREFORE, all the foregoing premises considered, the Decision of the Regional Trial Court of Dagupan City (Branch 44) dated March 21, 1991 is hereby SET ASIDE and the Decision of the Municipal Trial Court of Dagupan City dated July 25, 1989 is AFFIRMED *in toto*.

No pronouncement as to costs.

SO ORDERED."

Petitioners filed separate motions for reconsideration with the respondent court, but the same were denied in a Resolution^[5] promulgated on June 18, 1992.

Having lost their case before the respondent court, petitioners have filed the instant petitions, assigning as errors of the respondent court the following:

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