

Title:

Jose V. Lagon vs. Honorable Court of Appeals and Menandro V. Lapuz

Facts:

Jose V. Lagon (petitioner) bought two parcels of land from the estate of Bai Tonina Sepi in Tacurong, Sultan Kudarat through an intestate court on June 23, 1982. Following the purchase, Menandro V. Lapuz (private respondent) filed a complaint against Lagon for torts and damages, alleging a breach of his leasehold rights due to the sale.

Private respondent claimed he had a lease agreement since 1964 with Bai Tonina Sepi for three parcels of land and had erected commercial buildings thereon, with an arrangement to offset his rental obligations with the income from these buildings. Upon Sepi's death, issues arose when Lagon, asserting ownership, started collecting rentals from the tenants of these buildings.

Lagon countered that there was no valid lease at the time of his purchase and produced a certification from the Office of the Clerk of Court indicating no record of such a lease contract.

After a series of litigation, the Regional Trial Court ruled in favor of the private respondent, which was later partially modified by the Court of Appeals. The CA found Lagon liable for interference but reduced the damages awarded.

Issues:

1. Whether the purchase of the subject property constituted tortious interference.
2. Whether Lagon had knowledge of the lease agreement between Lapuz and Sepi.
3. Whether Lagon's action was justified or done with malice.
4. The entitlement of Lapuz to damages and attorney's fees.
5. The dismissal of Lagon's counterclaim for actual and moral damages.

Court's Decision:

The Supreme Court reversed the decision of the Court of Appeals. It ruled that:

- The existence of a valid contract between Lapuz and Sepi was proven; however, Lagon's knowledge of such a contract was not established beyond reasonable doubt.
- There was a lack of evidence to prove Lagon induced the heirs of Sepi malevolently to sell the property, making the tortious interference claim unsustainable.
- The act of Lagon purchasing the property was viewed as advancement of financial interest without malice or bad faith.

- Damages and attorney's fees awarded by the appellate court to Lapuz were overturned as the bases for such awards were nonexistent.
- Lagon's counterclaim for damages was rightfully dismissed due to the absence of concrete evidence proving loss or injury.

Doctrine:

The case reiterates the elements of tortious interference as set forth in *So Ping Bun v. Court of Appeals*: existence of a valid contract, knowledge by the third party of the contract, and interference by the third party without legal justification. It emphasized that financial motivation does not invariably amount to tortious interference, particularly in the absence of malicious intent.

Class Notes:

- **Tortious Interference**: (a) Valid contract existence, (b) Third party knowledge of the contract, and (c) Interference without just cause.
- **Damnun Absque Injuria**: Damage without wrongful act—shows that not all harm leads to legal liability.
- **Proof for Damages**: Actual damages need definitive proof of loss; attorney's fees and moral damages require specific legal bases to be awarded.

Historical Background:

This case marks a significant examination of property rights and contractual relations in the Philippines, highlighting how transfers of property intersect with existing agreements. It underscores the necessity of thorough due diligence when purchasing properties and the legal implications of overlooking subsisting contracts.