

Title: Integrated Credit and Corporate Services, Co. v. Novelita Labrador and Philippians Academy of Parañaque City

Facts:

The case revolves around two parcels of land in Parañaque City originally owned by Novelita Labrador. Labrador took a loan from Chinatrust (Phils.) Commercial Bank Corporation for P3,440,000.00 and, in 2007, secured this with a real estate mortgage on the properties. When Labrador defaulted on her loan, Chinatrust moved for an extrajudicial foreclosure, with a public auction happening on May 26, 2009. Integrated Credit and Corporate Services, Co. (Petitioner) emerged as the highest bidder, acquiring a Certificate of Sale. Labrador did not redeem the properties within the one-year redemption period, so Petitioner executed an Affidavit of Consolidation and had the titles of the properties directly transferred to its name.

In 2012, Petitioner sought to gain possession by filing for a writ of possession with the Regional Trial Court (RTC), but opposed by Philippians Academy who claimed ownership under a trust with Labrador. Philippians Academy asserted a Declaration of Trust dating back to 2007 and contested that the properties were held by Labrador merely in trust.

Petitioner responded with a Motion to Dismiss the Counter-Petition but the RTC found that an adversarial situation existed, requiring further legal proceedings. Thus, it dismissed Petitioner's Ex Parte Petition for Writ of Possession. Petitioner then filed an appeal, but the Court of Appeals (CA) dismissed it outright for being the wrong remedy, since the RTC Order was interlocutory and only certiorari under Rule 65 of the Rules of Court would be appropriate.

Issues:

1. Did the CA err in dismissing the appeal for being the incorrect remedy?
2. Did the CA err in ignoring that a writ of possession should be ministerial following the title consolidation?
3. Was Philippians Academy's opposition procedurally compliant and substantively justified?
4. Did Philippians Academy fail to prove an adverse claim per Sec. 33, Rule 39 of the Rules of Court?
5. Was petitioner correctly recognized as a bona fide purchaser for value?

Court's Decision:

The Supreme Court decided in favor of the Petitioner on procedural and substantive

grounds.

1. **Interlocutory Order**: It agreed with the CA that the RTC Order was interlocutory but allowed the appeal's consideration under special circumstances favoring substantial justice.
2. **Ministerial Issuance of Writ**: The Court noted that once the ownership is consolidated in the name of the purchaser post-foreclosure, issuing a writ of possession is generally a ministerial function. Philippians Academy's presence did not present an adverse claim.
3. **Third-Party Claim**: It dismissed Philippians Academy's claims. Under the law, a third party's possession adverse to a judgment debtor must be in its own right (like a co-owner or tenant), which doesn't apply as Philippians Academy was a trustee beneficiary, not possessing properties independently from Labrador.
4. **Procedural Compliance**: Philippians Academy had not met the factual burden to contest the ministerial issuance of the possession writ.
5. **Good Faith**: The Court underscored that when titles were transferred legitimately post-redemption period, petitioner's status as a bona fide purchaser for value safeguarded their right to possession.

Doctrine:

The doctrine established is that writs of possession should generally be issued ministerially after a purchaser consolidates property ownership post-foreclosure, unless a legitimate adverse claim exists which should define an independent right to possession distinct from actions of the judgment debtor. Trust beneficiaries hold no adverse claim while acquisition lacks allegations of fraud or breach.

Class Notes:

- **Interlocutory vs. Final Orders**: Interlocutory orders don't finalize cases, not appealable but challengeable via certiorari.
- **Ministerial Duties of Courts**: Post-foreclosure, writ issuance is standard unless genuine, independent third-party rights challenge claims as per **Sec. 33, Rule 39**.
- **Trust and Adverse Claims**: A trustee's actions in representation of trust properties do not constitute third-party possession essential to convert ministerial writs to litigable.
- **Rule 65 Certiorari**: Applicable for interlocutory decisions showing grave abuse of discretion, serving justice substantively.

Historical Background:

This case arises in the context of the Philippine legal principle safeguarding real property transactions post-foreclosure, intertwined with legislative rules such as **Act No. 3135**, guiding property protection imperative under a Torrens title system ensuring title security while balancing procedural justice amidst prevalent financial mortgage defaults.