DAVID SONGCUYA, PETITIONER, VS. MR. & MRS. ALFREDO LIM, RESPONDENTS.

Ponente: DIMARANAN-VIDAL, J.

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DIMARANAN-VIDAL, J.:

Before Us is the Petition for Review[1] under Rule 42 of the Revised Rules of Court filed by Petitioner DAVID A. SONGCUYA (hereinafter Petitioner) assailing the Decision[2] dated 16 December 1999 of the Regional Trial Court, Third Judicial Region, Branch 4, Balanga, Bataan in Civil Case No. 428-ML entitled DAVID A. SONGCUYA vs. MR. and MRS ALFREDO LIM which affirmed with modification the Decision[3] dated 15 July 1999 of the Municipal Trial Court of Limay, Province of Bataan.

THE FACTS

On 18 February 1999, Petitioner instituted a Complaint[4] for Ejectment (Forcible Entry) against the Respondents Spouses Mr. and Mrs. ALFREDO LIM (hereinafter Respondents) alleging that Petitioner is the registered owner of Lot 9, Block 14 located in Barangay St. Francis II Freeport (formerly Bacong) Limay, Bataan covered by TCT No. T-21,486. Petitioner had been in prior physical, peaceful and lawful possession of the said property since 1968. However, according to the Petitioner, sometime in July 1998, while Petitioner was visiting the said lot, he discovered that the Respondents, taking advantage of his (Petitioner's) absence, through stealth and strategy, unlawfully intruded, occupied the subject lot and constructed their house made of concrete hollow blocks thereon. Thereupon, Petitioner made demands upon the Respondents to vacate the property and remove their house therefrom, the last demand having been served upon the latter on 25 January 1999. But despite said demands, Respondents refused to heed the same.

Respondents filed their Answer[5] dated 26 February 1999 to the aforesaid Complaint, admitting, inter alia, Petitioner's ownership over the subject lot, but denied that they entered the land thru stealth or strategy and averred that they have been in possession thereof since 1993 in good faith, i.e., they were of the impression that the land is a public land. In view thereof, the Respondents insisted that they are entitled to the rights under Article 448[6] of the New Civil Code. Respondents alluded that Petitioner offered to them, through a spokesman, to sell in cash the subject property for P500.00 per square meter, to which Respondents made a counter-offer of payment by installment. Apparently such counter-offer was never accepted by the Petitioner as his spokesman never returned to the Respondents.

After the submission by the parties of their respective Position papers[7], the Municipal Trial Court (MTC) of Limay, Bataan rendered a Decision, the decretal portion thereof reads:

> In view of the foregoing considerations, the Court hereby:
>
> - Directs the plaintiff to choose either of the options provided for in Article 448 of the New Civil Code. The plaintiff may appropriate the building constructed by the defendants after payment of the indemnity provided for in Articles 546 and 548 of the New Civil Code, or to oblige the defendants to pay the price of the land. The second right cannot be exercised if the value of the land is considerably more than that of the building.

> - Directs the plaintiff to respect the right of retention of the property of the defendants until the latter are indemnified by the former and in the meantime the defendants are not obliged to pay rent. If the defendants fail to pay the value of the land, the plaintiff and defendants may decide to leave the things as they are and assume the relation of lessor and lessee, and should they disagree as to the amount of rental, they can go to the court to fix that amount.
>
> SO ORDERED.[8]

Aggrieved thereby, Petitioner interposed an Appeal[9] with the court a quo which was raffled to RTC Branch 4 of Balanga, Bataan.

On 16 December 1999, the court a quo rendered the challenged Decision, the dispositive portion thereof provides:

> WHEREFORE, premises considered, the decision appealed from is hereby modified. The court hereby orders the following:
>
> - Defendants and those claiming right under them should vacate and surrender the Lot (Lot 9, Blk 14[)] Barangay St. Francis under (T-21,486) to plaintiff after the latter reimburse to defendants as builder in good faith or chose option provided for in Art. 448 of the Civil Code.
>
> - Defendants should pay the counsel of plaintiff in the amount of P25,000.00 plus P2,000.00 per appearance.
>
> SO ORDERED.[10]

Hence, the instant petition.

THE ISSUES

For the resolution of this Court, Petitioner raised the following vital issues:

> (1) Whether [or not] the [R]espondents are builders in good faith[;]
>
> (2) Whether [or not] the [P]etitioner should reimburse the respondents for the improvements on the land before the latter should vacate the land of the petitioner[;]
>
> (3) Whether [or not] the [R]espondents should pay to the [P]etitioner reasonable compensation for the former’s continued use and occupation of the land in question.[11]

OUR RULING

Considering that the aforestated issues are interrelated, We shall discuss them jointly.

As can be gleaned from the factual circumstances of the instant case, the law in point is the provision in the Civil Code of the Philippines on the right of accession with respect to immovable property[12].

Accession is defined as the right by virtue of which the owner of a thing becomes the owner of everything that it may produce or which may be inseparably united or incorporated thereto, either naturally or artificially.[13] For instance, the equipment of a movie house, as accessories, follow the ownership of the principal.[14]

The accession as to immovables may consist of: alluvion, force of river, change of river bed, formation of islands, and building, planting and sowing.[15] In the case at bar, the accession involve is the building constructed by the Respondents on the land of the Petitioner. The term building is a generic term for all architectural work with roof, built for the purpose of being used as man’s dwelling, or for offices, clubs, theaters, etc.[16]

Respondents claim that their rights over the house constructed on the Petitioner’s land is governed by Article 448

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of the Civil Code of the Philippines which provides:

> Art. 448. The owner of the land on which anything has been built, sown or planted in good faith, shall have the right to appropriate as his own the works, sowing or planting, after payment of the indemnity provided for in articles 546 and 548, or to oblige the one who built or planted to pay the price of the land, and the one who sowed, the proper rent. However, the builder or planter cannot be obliged to buy the land if its value is considerably more than that of the building or trees. In such case, he shall pay reasonable rent, if the owner of the land does not choose to appropriate the building or trees after proper indemnity. The parties shall agree upon the terms of the lease and in case of disagreement, the court shall fix the terms thereof

It is clear from the aforecited article that the builder in good faith has the right to reimbursement for the improvements; but he cannot compel the owner of the land to sell such land to him. On the other hand, the owner of the land has the right to appropriate the improvements or to oblige the one who built to pay the price of the land.[17]

It should be noted that Article 448, supra, is intended to apply only to a case where one builds on land in which he believes himself to have a claim of title. Otherwise put, the builder is of the belief that the land is his or by some title he has a right to build thereon.[18]

However, the good faith requirement is absent in the instant case. It is clear from the evidentiary records that Respondents themselves conceded that they came into the possession of Petitioner's land on the belief that said land is public. The pertinent portion of Respondents' answer states:

> 4. x x x the truth being that defendants occupy only one-third of the land, another person occupies the remainder thereof, and defendants, thinking that the land is part of the creek or river, hence public land, did not employ stealth or strategy in entering in to the land but did so openly. x x x [19] (Underscoring supplied)

Thus, as the Respondents, who are the builders in this case, never had the belief that they own the land, they do not satisfy the required good faith under Article 448, supra. They knew that they had no right to occupy the land as it belongs to another. In other words, they knew that they acquired no title to the lot in question. Hence, Respondents are builders in bad faith.

Furthermore, Respondents' bad faith is even bolstered by the fact that as early as 1968, the subject land was duly registered under the Torrens System in Petitioner's name[20]. Well-settled is the rule that a certificate of title issued pursuant to a decree of registration and a certificate of title issued in conformity therewith creates a constructive notice to the whole world including the Respondents.[21] Therefore, when Respondents started to occupy the property and built a concrete house thereon, whether it be in 1993 or 1998, they are presumed by law to have knowledge that said land is registered under the name of the Petitioner.

Article 449 of the Civil Code of the Philippines provides:

> Art. 449. He who builds, plants or sows in bad faith on the land of another, loses what is built, planted or sown without right of indemnity. (Underscoring supplied)

As a builder in bad faith, Respondents lost whatever useful improvements it had made without right to indemnity.[22]

Moreover, under Article 546 of the Civil Code, only a possessor in good faith shall be refunded for useful expenses with the right of retention until reimbursed. And in Article 547 thereof, only a possessor in good faith may remove useful improvements if it can be done without damage to the principal thing and if the person who recovers the possession does not exercise the option of reimbursing the useful expenses. The right given to a possessor in bad faith to remove improvements applies only to improvements for pure luxury or mere pleasure,

provided the thing suffers no injury thereby and the lawful possessor does not prefer to retain them by paying the value they have at the time he enters into possession.[23]

We, therefore, find that the court a quo committed reversible error in holding that the Respondents are entitled to the rights of a builder in good faith provided in Article 448, supra.

Accordingly, being in bad faith, Respondents are not entitled to reimbursements from the Petitioner for the improvements introduced on the land in dispute. As discussed earlier, they lost said improvements without the right of indemnity.

WHEREFORE, premises considered, the instant Petition is GRANTED. The challenged Decision of the court a quo is MODIFIED, directing the Respondents and all persons claiming rights under them to vacate, surrender Lot 9, Blk. 14, Barangay St. Francis covered by TCT No. T-21486 to the Petitioner and remove the house built thereon without reimbursement from the latter. Respondents are likewise ordered to pay the Petitioner reasonable compensation for the continued use and occupation of the subject land in the sum of P1,500 per month starting July 1998 and every month thereafter until Respondents shall have finally vacated the said premises and possession thereof restored to the Petitioner.

SO ORDERED.

Reyes, (Chairman) and Lampas-Peralta, JJ., concur.

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[1] Rollo, pp. 2-13

[2] Rollo, pp. 65-71

[3] Rollo, pp 33-49

[4] Rollo, pp 14-17

[5] Rollo, pp 18-21

[6] Art. 448. The owner of the land on which anything has been built, sown or planted in good faith, shall have the right to appropriate as his own the works, sowing or planting, after payment of the indemnity provided for in articles 546 and 548, or to oblige the one who built or planted to pay the price of the land, and the one who sowed, the proper rent. However, the builder or planter cannot be obliged to buy the land if its value is considerably more than that of the building or trees. In such case, he shall pay reasonable rent, if the owner of the land does not choose to appropriate the building or trees after proper indemnity. The parties shall agree upon the terms of the lease and in case of disagreement, the court shall fix the terms thereof.

[7] Rollo, pp 22-30; pp 31-32

[8] Rollo, pp 48-49

[9] Rollo, pp 50-64

[10] Rollo, page 71

[11] Rollo, pp 6-7

[12] Section 2, Chapter II, Title II on Ownership

[13] Tolentino, Arturo M., Civil Code of the Philippines (Commentaries & Jurisprudence), Vol. II, page 97, citing

Castan 155, quoting De Diego.

[14] Dy vs. Sacay, 165 SCRA 473

[15] Tolentino, Arturo M., Civil Code of the Philippines (Commentaries & Jurisprudence), Vol. II, page 98

[16] Id, page 107

[17] Alejandro Quemel vs Angel Olaes, GR No. L-11084, 29 April 1961

[18] Tolentino, Arturo M., Civil Code of the Philippines (Commentaries & Jurisprudence), Vol. II, page 111

[19] Rollo, page 19

[20] TCT No. T-21486, Rollo, page 99

[21] Desamito vda de Alcantara vs Court of Appeals, GR No. 114762, 29 January 1996

[22] Santos vs. Mojica, Jan. 31, 1969, 26 SCRA 703

[23] Metropolitan Waterworks vs. Court of Appeals, GR No. L-54526, 25 August 1986

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