

SPS. JERRY AREGLO AND TEOFILA AREGLO, SPS. JONATHAN GENES AND DIVINA GENES, DANTE BAYLON, ROSE BACANI AND ANGELO BARUGA, PLAINTIFFS-APPELLANTS, VS. SILVESTRE STA. ROSA, LEONIDES...

Ponente: BRUSELAS, JR. J.

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BRUSELAS, JR. J.:

Before us is an appeal from the Decision[1] of the Regional Trial Court (RTC) which dismissed the case of the plaintiffs-appellants for annulment of judgment. The dispositive portion of the decision reads:

“WHEREFORE, in view of the foregoing, judgment is hereby rendered by ordering the case DISMISSED.

No costs.”[2]

The material and relevant facts are as follows:

The property subject of this case is a 455-square meter lot located at Pantok, Meycauayan, Bulacan. On 01 October 2004, appellee Silvestre Sta. Rosa (“Silvestre”) filed a complaint for ejectment against his sister, appellee Leonides Sta. Rosa (“Leonides”) docketed as Civil Case No. 04-0793. Leonides allegedly occupied by tolerance the property purportedly owned by Silvestre. Due to non-payment of rental fees from the year 2000, which had amounted to P27,800.00, Silvestre made oral and written demands for Leonides to pay. The demands having proved futile, Silvestre brought the matter to the Office of the Barangay but no amicable settlement was arrived at between them. Because of Leonides' refusal to pay the unpaid rental fees and vacate the premises, Silvestre went to court by filing a summary action for ejectment, specifically one for unlawful detainer.

Despite service of the summons, Leonides failed to file any responsive pleading. Silvestre then filed a motion to render judgment[3]. On 28 February 2005, the Municipal Trial Court of Meycauayan found merit in the allegations of the complaint and decided in favor of Silvestre. The dispositive portion of the decision reads:

“(a) Defendant is directed to pay the unpaid rental to the plaintiff which accumulated to P27,800.00 from the year 2000 up to the present until she vacated the premises;

(b) Ordering defendant and all persons claiming under her to surrender peaceful possession of the said apartment to the plaintiff;

(c) Ordering defendant and all persons claiming under her to pay the amount of P10,000.00 as actual damages;

(d) Ordering the defendant and all persons claiming under her to pay the amount of P10,000.00 as attorney's fees;

(d) Ordering the defendant and all persons claiming under her to remove or demolish whatever improvement or structure built in the premises.”[4]

Plaintiffs-appellants (“appellants”) were residents of Tres Peccos, Pantok, Meycauayan, Bulacan. They knew

Silvestre and Leonides who were residing about 200 to 250 meters away from their houses. On 06 April 2006, at about 9:00 in the morning, Sheriff Junie Jovencio G. Ipac arrived at the subject lot to implement a Writ of Execution[5] issued by the MTC, Meycauayan, Bulacan. They learned that the Sheriff was ordered to conduct a demolition of the houses built on the subject property pursuant to an order of the MTC via its 28 February 2005 decision which had attained finality. After the demolition, a Delivery of Possession[6] was signed by the Sheriff in favor of Silvestre.

Aggrieved by the demolition of their houses, the appellants filed a complaint for annulment of judgment[7] with the RTC praying for the nullity of the 28 February 2005 decision rendered by the MTC. The case was docketed as Civil Case No. 626-M-2006. The appellants asserted that, they had occupied the property since 1980 and built their houses thereon of light materials. Sometime in 1995, Silvestre claimed to be the owner of the subject property and demanded that they pay rental fees to him in the amount of P400.00 per month. They, however, learned later that the lot they had occupied was a government property; thus, they stopped paying the rental fees. This infuriated Silvestre and he vowed to find a way to forcibly evict them. The appellants believed that the allegation that Leonides failed to pay the rental fees on the lot that she purportedly leased was merely a ploy in order for Silvestre to file an ejectment case against Leonides and consequently bind the appellants in the outcome of the case. The appellants further asserted that, the complaint was dismissible on the ground that a condition precedent had not been complied with, i. e., the parties, being siblings, had not exerted earnest effort to reach an amicable settlement; the complaint stated no cause of action being insufficient in form and substance and that they were not impleaded despite their being indispensable parties to the case. The appellants actually occupied structures built on the 455-square meter property.

The appellants added that the complaint for ejectment was filed with deliberate and malicious intent because Leonides had not rented an apartment nor had she erected residential apartments and leased these units to the appellants. To them, Silvestre therefore committed fraudulent misrepresentation which constituted extrinsic fraud that resulted in the appellants being ousted without due process. Appellants further claimed that they were not notified of the ejectment complaint filed by Silvestre prior to the demolition nor were they seasonably notified to vacate the place. Despite appellants' plea that they owned the houses subject of demolition and which were not being rented from one Leonides, the demolition proceeded. Thereafter, they verified from the DENR that the lot was a government property and that a certain Elizabeth Duran applied for a free patent[8] on the subject lot; that Silvestre was merely a claimant-protestant of the said application; thus, the appellants reconstructed their houses on the property. They were, however, charged with the crime of theft[9] for stealing the materials left after the demolition; that the case was pending before another branch of the trial court. Some of the appellants also experienced harassment from an unidentified person. On 26 August 2006, Silvestre and his companions returned to the subject premises and destroyed the fences built by the appellants around their residences. Said incident was reported to the police and recorded in the police blotter.[10] To protect their homes from being demolished again, the appellants prayed for an injunctive relief to enjoin Silvestre from enforcing the order of the MTC.

On 04 January 2007, the RTC issued an Order[11] for the issuance of a writ of preliminary injunction to enjoin Silvestre from entering and demolishing the houses or improvements of the appellants in the subject property pending the resolution of the principal issue of the case. After the required bond had been paid, the Writ of Preliminary Injunction[12] was issued on 02 February 2007 in favor of the appellants.

Meanwhile, Silvestre filed his Answer[13] and admitted the fact of Leonides' being his sister. He averred that the free patent application of Elizabeth Duran was rejected on the ground that she had committed fraud and misrepresentation when she stated in her application that the subject property had not been claimed nor occupied by another person. The DENR consequently directed him (Silvestre) to file an application for free patent.[14]

Silvestre disputed the allegation of the appellants that they were the ones who built the houses on the property. He asserted that the appellants had no personality and capacity to file the action because it was Leonides who built the said structures with Silvestre's permission and who had them leased to the appellants for her to have some means of livelihood. Leonides even initiated a complaint against appellant Jerry Areglo with the Office of the Barangay for his failure to pay rental fees for more than a year.[15] Silvestre further asserted that the appellants should have filed a Third Party Claim or a Motion to Quash Writ of Execution considering that they had been notified of the complaint as persons claiming rights under Leonides.

In the assailed 05 December 2011 decision of the trial court, the complaint of the appellants was dismissed for lack of merit. The trial court ratiocinated as follows:

“Indeed, herein plaintiffs Jerry Areglo, et al., were not named as defendants in the ejectment suit but fall under “all persons claiming rights” from the defendant. Plaintiffs Jerry Areglo, et al., were not totally unaware of the eventual ejectment because they themselves alleged that they stopped paying monthly rentals upon knowing that defendant Silvestre Sta. Rosa whom they knew to be the owner, is not actually the owner of the subject lot. While plaintiffs do not claim ownership, no substantial evidence was presented to show their right to occupy or continued possession of subject lot. Utmost, the plaintiffs are categorized as occupants with the permission of the defendant. Noticeably, herein defendant Leonides Sta. Rosa did not file her answer in this case but plaintiffs did not move for her declaration in default. Whatever could have been the defense of defendant Leonides Sta. Rosa is not for this court to surmise. What is apparent is that Silvestre Sta. Rosa claims ownership over the property against Leonides Sta. Rosa for non payment of rents and despite demand, failed to pay which gave rise to the ejectment suit. The judgment in the ejectment suit is binding not only upon the defendant in the suit but also against those not made parties thereto if they are occupants of the premises with the permission of the defendants as the plaintiffs in this case. If the plaintiffs are prejudiced by the execution and demolition of their property, appropriate remedies under the Rules should have been sought as against the manner by which the judgment was implemented but not to annul the decision for alleged fraud. Fraud is not deemed present for the sole reason that plaintiffs were not included as parties in the ejectment suit when there is nothing that would indicate that they should be impleaded as parties thereto.”[16]

Aggrieved by the dismissal of their complaint, the appellants caused the instant appeal on the ground that the trial court gravely erred in:

“I.

NOT NULLIFYING AND AVOIDING THE DECISION DATED FEBRUARY 28, 2005 OF THE MUNICIPAL TRIAL COURT OF MEYCAUAYAN, BULACAN, BRANCH II IN CIVIL CASE NO. 04-0793 FOR EJECTMENT (UNLAWFUL DETAINER) IT HAVING BEEN RENDERED IN THE FOREGOING CASE WITHOUT JURISDICTION;

II.

NOT CONSIDERING AND TOTALLY DISREGARDING THE APPARENT AND GLARING FACT THAT THE AFORESAID INFERIOR COURT'S DECISION DATED FEBRUARY 28, 2005 WAS PROCURED BY THE DEFENDANTS-APPELLEES THRU EXTRINSIC FRAUD;

III.

NOT PASSING ON AND EVALUATING WHETHER OR NOT PLAINTIFFS WERE ACTUALLY DENIED OF THEIR CONSTITUTIONAL RIGHT TO DUE PROCESS, NON-OBSERVANCE OF WHICH IS ALSO NOW A GROUND FOR ANNULMENT OF JUDGMENT;

IV.

DISREGARDING DEFENDANT APPELLEE SILVESTRE STA. ROSA'S ADMISSION OF FACTS CONTAINED AND STATED IN ITS PRE-TRIAL ORDER DATED MARCH 6, 2008 WHICH IT ITSELF DULY ISSUED MORE SPECIFICALLY ABOUT THE FACT THAT WHEN HE (SILVESTRE STA. ROSA) FILED THE EJECTMENT COMPLAINT AGAINST HIS CO-DEFENDANT-APPELLEE LEONIDES STA. ROSA, WHO IS HIS ELDER AND FULL-BLOOD SISTER, THERE WAS NO ALLEGATION THEREIN THAT EARNEST EFFORTS TOWARD A COMPROMISE WAS EXERTED BY THE FORMER AS THE PLAINTIFF AND BY THE LATTER AS THE DEFENDANT IN CONTRAVENTION OF THE RULES ON EVIDENCE AND ALMOST COUNTLESS DECISIONS OF THE SUPREME COURT, AND DOCTRINAL PRONOUNCEMENTS;

V.

NOT DECIDING THE INSTANT APPEALED CASE IN ITS TOTALITY, RESOLVING ALL INTERLOCKING ISSUES IN ORDER TO RENDER JUSTICE TO ALL CONCERNED AND TO END LITIGATION ONCE AND FOR ALL AS DECLARED BY THE SUPREME COURT IN NHA VS. COURT OF APPEALS,¹²¹ SCRA 777;

VI.

NOT DECIDING AND/OR RESOLVING THE FACTUAL AND LEGAL ISSUE AS TO WHETHER THE ACT OF THE SHERIFF WHO CAUSED THE DEMOLITION OF PLAINTIFFS-APPELLANTS RESPECTIVE RESIDENTIAL HOUSES IS IN ACCORDANCE WITH THE RULE EVEN WITHOUT FIRST SECURING A SPECIAL ORDER OR DEMOLITION FROM THE PROPER COURT ASSUMING THE INFERIOR COURT'S DECISION DATED FEBRUARY 28, 2005 IS A VALID DECISION."

The foregoing assignment of errors can be refined into the following issues which the Court will resolve in this appeal:

- 1.) Whether or not the appellants have been prevented from participating in the ejectment proceedings through extrinsic fraud;
- 2.) Whether or not the court a quo acquired jurisdiction over the persons of the appellants; and
- 3.) Whether or not the appellants were denied their constitutional right to due process and equal protection of the laws.

A petition for annulment of judgment is an equitable remedy granted only in exceptional cases. It can only be availed of where the ordinary remedies of new trial, appeal, petition for relief or other appropriate remedies are no longer available through no fault of the petitioner. The annulment of judgment may be based only on the grounds of extrinsic fraud and lack of jurisdiction.^[17] When the ground invoked is extrinsic fraud, annulment of judgment must be sought within four years from discovery of the fraud, which fact should be alleged and proven. In addition, the particular acts of commission or omission constituting extrinsic fraud must be clearly established.^[18] In looking into the merit of the appeal that seeks to reverse the RTC's dismissal of the appellants' petition to annul the MTC's judgment, we first examine whether or not the appellants are indispensable parties to the action of ejectment filed by Silvestre against Leonides.

The appellants, as occupants of the subject lot, contend that they are indispensable parties to the ejectment case or action for unlawful detainer filed by Silvestre against Leonides and therefore should have been notified of the same.

This contention of the appellants is devoid of merit.

As defined, an indispensable party is a party who has not only an interest in the subject matter of the controversy, but also has an interest of such nature that a final decree cannot be made without affecting his interest or leaving the controversy in such a condition that its final determination may be wholly inconsistent with equity and good conscience. It has also been declared that an indispensable party is a person in whose absence there cannot be a determination between the parties already before the court which is effective, complete, or equitable.[19]

It is worth noting that, appellants admitted that they had been paying monthly rental fees to Silvestre for occupying the subject property[20] and Leonides declared in her “Sinumpaang Salaysay”[21] that she built the houses on the property of Silvestre and said houses were leased by the appellants from her. She further declared that she failed to pay the rental fees for the lot because the appellants also failed to pay their house rental fees to her. Because the appellants admitted that they had been paying monthly rental fees to Silvestre from 1995 until 2000, said admission effectively implied that they were co-lessees or sub-lessees of the property.

An ejectment suit is an action in personam wherein judgment is binding only upon parties properly impleaded and given an opportunity to be heard. The rule, however, admits of the exception that even a non-party is bound by the judgment in an ejectment suit where he is any of the following:

- a) trespassers, squatters or agents of the defendant fraudulently occupying the property to frustrate the judgment;
- b) guests or other occupants of the premises with the permission of the defendant;
- c) transferees pendente lite;
- d) sublessee;
- e) co-lessees; or
- f) members of the family, relatives and other privies of the defendant.[22]

The appellants fit into any of the foregoing descriptions. They cannot have more rights than the person from whom they derive their status as occupants of the property. They cannot have a personality and legal standing separate from and opposed to the very person from whom their status emanates. Consequently, they can be bound by the ejectment suit even if they were not named specifically as parties thereto.

In their petition, the appellants supported their claim of extrinsic fraud with the particular allegation, thus:

“15. That the filing of the defendant Silvestre's complaint for ejectment (unlawful detainer) against her own sister Leonides Sta. Rosa is deliberate, malicious, and mere imaginary as the latter has no apartment being rented in the subject lot nor had she built thereon seven (7) residential apartments being leased to the herein plaintiffs. It was each of the plaintiffs herein who built on the subject lot residential houses contrary to their respective allegations (of Silvestre and Leonides) in their separate SINUMPAANG SALAYSAY consisting of three (3) pages, respectively, both dated April 20, 2006 executed in Meycauayan, Bulacan which they wrongfully utilized in conspiracy with one another in filing a criminal case for the crime of THEFT against herein plaintiffs, copies of which are hereto attached as Annexes “J” and “K”; respectively, and made integral parts hereof;”[23]

The foregoing allegation does not deserve serious consideration. It cannot be gleaned therefrom that Silvestre exhibited extrinsic fraud with the objective of depriving the appellants of their day in court. There is extrinsic fraud when the unsuccessful party had been prevented from exhibiting fully his case, by fraud or deception practiced on him by his opponent, as by keeping him away from court, or where the defendant never had

knowledge of the suit, being kept in ignorance by the acts of the plaintiff.[24] In this case, the appellants have no personality or legal standing in the case as earlier discussed; thus, their claim that they had been kept from asserting their rights to the subject matter of the case or had never been notified of the case, is unavailing. There was therefore no factual basis in the allegation of the appellants that the action of Silvestre was tainted with extrinsic fraud. It is incumbent upon them to substantially allege and prove the fact of fraud.

It follows therefore that the MTC need not acquire jurisdiction over the persons of the appellants because they have no separate legal personality or standing in the ejectment case. The appellants failed to establish any right which would entitle them to occupy the land in any capacity. The appellants' only defense against the eviction and demolition is their supposed non-inclusion in the unlawful detainer case. This defense, however, has no legal support since they happen to be mere co-lessees or sub-lessees who failed to pay the rental fees and thus, bound by the judgment of the MTC.

In fine, we do not find the appeal to be with ample bases to disturb the findings of the RTC that neither extrinsic fraud nor lack of jurisdiction had supervened in order to nullify the ejectment judgment of the MTC in Civil Case No. 04-0793. The allegations of the appellants have not been sufficiently substantiated to warrant the grant by the RTC of the petition for annulment of judgment.

WHEREFORE, the appeal is DISMISSED.

IT IS SO ORDERED.

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution, it is hereby certified that the conclusions in the above decision were reached in consultation before the case was assigned to the writer of the opinion of the Court.

Salazar-Fernando, Chairperson and Peralta, JJ., concur.

[*] Acting third member vice J. Gaerlan per Office Order No. 100-14-RSF dated March 12, 2014.

[1] Written by Presiding Judge Alexander P. Tamayo, RTC, Branch 15 of Malolos City, Bulacan in Civil Case No. 626-M-06, Record, Vol. 2, p. 661.

[2] Record, Vol. 2, p. 667.

[3] Record, Vol. 1, p. 26.

[4] Record, Vol. 1, p. 30.

[5] Rollo, Vol. 1, p. 31.

[6] Record, Vol. 1, p. 33.

[7] Record, Vol. 1, p. 3.

[8] See letter dated 27 April 2006, Record, Vol. 1, p. 34.

[9] "Information" dated 23 June 2006, Record, Vol. 1, p. 40.

[10] Record, Vol. 1, p. 42.

- [11] Record, Vol. 1, p. 318.
- [12] Record, Vol. 1, p. 330.
- [13] Record, Vol. 1, p. 331.
- [14] See Order dated 06 September 2003, Record, Vol. 1, p. 335.
- [15] See Record, Vol. 1, pp. 339-341.
- [16] Record, Vol. 2, p. 666.
- [17] Dela Cruz vs. Court of Appeals, GR No. 156878, 31 July 2007, 528 SCRA 638.
- [18] People vs. Bitanga, GR No. 159222, 26 June 2007, 525 SCRA 623.
- [19] Boston Equity Resources, Inc. vs. Court of Appeals and Toledo, GR No. 173946, 19 June 2013.
- [20] See No. 12 allegation in the complaint for annulment of judgment, Record, Vol. 1, p. 8 and Appellants' Brief, Rollo, p. 29.
- [21] Record, Vol. 1, p. 127.
- [22] Pasion vs. Melegrito, GR No. 166558, 28 March 2007, 519 SCRA 378.
- [23] Record, Vol. 1, p. 11.
- [24] Biaco vs. Philippine Countryside Rural Bank, GR No. 161417, 08 February 2007, 516 SCRA 106.

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