

JOAQUIN CUATICO, ET AL. PETITIONERS, VS. COURT OF APPEALS, ET AL., RESPONDENTS

G. R. Nos. L-20141-42. October 31, 1962

Ponente: BAUTISTA ANGELO, J.

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BAUTISTA ANGELO, J.:

On May 7, 1959, J. M. Tuason & Co., Inc. filed before the Court of First Instance of Rizal, Quezon City, an action to eject Joaquin Cuatico from a parcel of land situated in said city which forms part of a subdivision known as Tatalon Estate, having been docketed as Civil Case No. Q-4294. In due time, Cuatico filed an answer with a counterclaim for damages.

On September 24, 1959, Cuatico asked leave to file a third-party complaint in order to bring as party defendants the persons from whom he claimed to have acquired the land in question, namely, Pedro and Florencio Deudor Deodati Gochangco and Virginia T. Martinez. Because of the opposition interposed thereto by J. M. Tuason & Co., Inc., the lower court denied the motion.

On May 31, 1960, the lower court rendered decision finding J. M. Tuason & Co., Inc. to be the owner of the land in litigation and ordering Cuatico to vacate the same as well as to remove the house he had constructed thereon paying in the meantime a rental of P90.00 per month from April, 1950 until its possession is restored to the plaintiff. From this decision Cuatico appealed to the Court of Appeals.

On July 7, 1962, Cuatico filed with the Court of Appeals a petition to suspend the case as well as other proceedings in connection therewith invoking Section 4 of Republic Act No. 2616, as recently amended by Republic Act No. 3453, which provides, among others, that upon approval of the amendatory Act "no ejectment proceedings already commenced shall be continued" when the same refers to a piece of land which forms part of the Tatalon Estate in Quezon City.

J. M. Tuason & Co., Inc. filed an opposition to the petition alleging that Republic Act No. 3453 which authorizes the suspension of ejectment proceedings upon its approval is unconstitutional because, if interpreted as a bar to the filing of ejectment actions or suspending their prosecution before the filing of an expropriation proceeding, it would amount to confiscation repugnant to our Constitution.

On July 20, 1962, the Court of Appeals issued a resolution denying the petition for suspension.

Cuatico's motion for reconsideration having been denied, he interposed the present petition for review.

In the meantime, on March 18, 1960, Joaquin Cuatico and Deodati Gochangco filed before the same Court of First Instance of Quezon City a complaint against J. M. Tuason & Co., Inc., G. Araneta, Inc., and Pedro Deudor to compel the latter to execute in favor of plaintiffs the necessary deeds of transfer to enable them to obtain a title in their names over the lot in question free from all liens and encumbrances, and if plaintiffs are adjudged not to have any rights to said lot, to order defendant Pedro Deudor to compensate plaintiffs for the damages they may have suffered in relation thereto, aside from attorney's fees. This complaint was docketed as Civil Case No.

Q-5062. The complaint was later amended by including as party plaintiff the wife of plaintiff Joaquin Cuatico.

Defendants filed their answer to this action and on August 31, 1960, the lower court rendered decision dismissing it. Again, Joaquin Cuatico and his co-plaintiffs took the case to the Court of Appeals, where on July 7, 1962 they filed a petition for suspension of the proceedings, invoking Section 4 of Republic Act No. 3453. J. M. Tuason & Co., Inc., as well as its co-defendants, filed an opposition thereto, and after both parties had filed a reply and rejoinder, respectively, the Court of Appeals, on July 20, 1962, issued a resolution denying the petition for suspension. Joaquin Cuatico and his co-plaintiffs again filed a petition for review jointly with the petition the former had filed in connection with the previous case.

It appears that on August 3, 1959 Congress approved Republic Act No. 2616, Section 4 of which provides:

"SEC. 4. After the expropriation proceedings mentioned in section two of this Act shall have been initiated and during the pendency of the same, no ejectment proceedings shall be instituted or prosecuted against the present occupant of any lot in said Tatalon Estate, and no ejectment proceedings already commenced shall be continued, and such lot or any portion thereof shall not be sold by the owners of said estate to any person other than the present occupant without the consent of the latter given in a public instrument."

And on June 16, 1962, Congress again approved Republic Act No. 3453, which amends Section 4 of Republic Act No. 2616 as follows:

"SEC. 4. Upon approval of this amendatory Act, no ejectment proceedings shall be instituted or prosecuted against the present occupants of any lot in said Tatalon Estate, and no ejectment proceedings already commenced shall be continued, and such lot or any portion thereof shall not be sold by the owners of said estate to any person other than the present occupant without the consent of the latter given in a public instrument."

Since the amendatory Act above-referred to was enacted while the two cases herein involved were pending before the Court of Appeals, petitioners herein filed in each case a petition for suspension of the proceedings, invoking in their favor the benefit accorded by said amendatory Act. The Court of Appeals denied the petitions for suspension and so petitioners have come before this Court alleging that the Court of Appeals has committed a grave abuse of discretion in denying their petitions for suspension.

The question that now arises is: Are the provisions embodied in the amendatory Act which prescribe that upon approval of said Act no ejectment proceedings shall be instituted or prosecuted against any occupant of any lot in the Tatalon Estate, or that no ejectment proceedings already commenced shall be continued, constitutional and valid such that it may be said that the Court of Appeals abused its discretion in denying the petitions for suspension filed by petitioners?

Petitioners contend that they are valid while respondents sustain the contrary. The latter expressed the view that if they are interpreted as barring the filing of ejectment actions or suspending the prosecution of the same even before the filing of an expropriation proceeding it would amount to confiscation repugnant to our constitution.

It should be noted that Republic Act No. 3453 is but an amendment of Republic Act No. 2616 which authorizes the expropriation by the government of the Tatalon Estate for resale to its actual tenants or occupants. The original provision concerning the expropriation of the estate expressly prescribes that, after the expropriation proceedings shall have been initiated and during the pendency of the same, no ejectment proceedings shall be instituted or prosecuted against the present occupants of any lot in said estate, as well as no ejectment proceedings already commenced shall be continued. On the other hand, the amendatory Act has the effect merely of eliminating any mention of the expropriation proceedings by providing that, even in the absence thereof, or upon the approval of said amendatory Act, no ejectment proceedings shall be instituted against any occupant, and if one

has already been commenced the same shall not be continued, without stating any period for their suspension. Note also that the amendment is a radical one. It allows the continuance of the occupation of the land on the part of the tenant indefinitely even if no expropriation proceedings are taken or contemplated. The effect of this amendment is clearly confiscatory for its result is to eventually take from the owner his property without compensation or to deprive him of his dominical rights of ownership over it in violation of our Constitution.

This is not the first time that this Court has been called upon to pass upon the validity of a provision which places a landowner in the situation of losing his dominical rights over the property without due process or compensation. We refer to the provisions of Republic Act 2616 before they were amended by Republic Act No. 3453. Note that, as originally provided, Republic Act No. 2616 prohibited the institution of an ejectment proceeding against any occupant of any lot in the Tatalon Estate or the continuance of one that has already been commenced after the expropriation proceedings shall have been initiated and during the pendency of the same. On the surface this provision would appear to be valid if the same is carried out in the light of the provisions of our Constitution relative to cases of eminent domain, for in that case the rights of the owner of the property to be expropriated are protected. But then an attempt came to circumvent that provision in an effort to safeguard or protect the interest of some occupants of the land, which reached this Court for adjudication, as when some occupants attempted to block their ejectment upon the plea that the government would soon start expropriation proceedings even if no sufficient funds were appropriated to provide compensation to the owner and even if it was not in a position to take possession of the estate, and so the owner contested the attempt invoking its rights under the Constitution. And this Court upheld the contention of the owner by declaring the attempt unconstitutional.

We refer to the twin cases of *J. M. Tuason & Co., Inc. vs. Court of Appeals, et al.*, (G. R. No. L-18128) and *Republic of the Philippines vs. J. M. Tuason & Co., Inc., et al.*, (G. R. No. L-18672) which were jointly decided by this Court on December 26, 1961[*] In ruling that the attempt made by the Land Tenure Administration to stay the ejectment proceedings even if the government is not in a position to, take over the possession of the property involved, or to start expropriation proceedings as provided for by law, is unconstitutional, this Court made the following comment:

"In moving for the lifting of the preliminary injunction and for a stay of the ejectment proceedings, the Land Tenure Administration and the other movants assume that, upon filing of the condemnation petition, the land owner will be barred from enforcing its final judgments of ejectment against the possessors of the land, even if the Government should not take over the possession of the property involved. This view, in our opinion, is not warranted. We see nothing in the terms of Republic Act No. 2616 to justify the belief that the Legislature intended a departure from the normal course prescribed for eminent domain cases, where the rights of the owner of the land may not be disturbed without previous deposit of the provisional value of the property sought to be condemned. The effectivity of section 4 of Republic Act 2616, discontinuing ejectment proceedings against the present occupants, and restraining any act of disposition of the property, is justifiable only if the Government takes possession of the land in question by depositing its value. It needs no argument to show that by restraining the land owner from enforcing even final judgments in his favor to recover possession of his property, as well as from disposing of it to persons of his choice, he is deprived of the substance of ownership, and his title is left as an empty shell. The land owner would then be deprived of those attributes of ownership that give it value, and his property is virtually taken from him without compensation and in violation of the Constitution, particularly in view of the fact that R. A. 2616 (unlike previous Acts of similar character) does not even provide for a deposit of the current rentals by the tenants during the pendency of the proceedings (cf. R. A. No. 1162, section 5). The Bill of Rights, in requiring that 'private property shall not be taken for public use without just compensation, and Article XIII, section 4, in prescribing that 'Congress may authorize, upon payment of just compensation, the expropriation of lands to be subdivided into small lots and conveyed at cost to individuals', prohibit any disturbance of proprietary rights without coetaneous payment of just indemnity. Hence, the mere filing of the condemnation proceedings for the benefit of tenants can not, by

itself alone, lawfully suspend the condemnee's dominical rights, whether of possession, enjoyment, or disposition. And this is especially the case where final and executory judgments of ejectment have been obtained against the occupants of the property."

Thus, from the language employed by this Court in the above cases we can draw the following conclusion: (a) that Republic Act No. 2616 cannot have the effect of divesting the owner of his dominical rights of possession, enjoyment and disposition of his property; (b) the mere filing of an action for expropriation will not bar the enforcement of any final judgment of ejectment the owner may have against the possessors of the land; and (c) the effectivity of Section 4 of said Act is justifiable only if the government takes possession of the land and is in a position to make a coetaneous payment of just compensation to its owner. In other words, an ejectment proceeding cannot be barred or suspended under Republic Act No. 2616 unless (a) an action for expropriation is actually filed; (b) the government takes possession of the land; and (c) coetaneous payment of just compensation is made.

But the amendment wrought into Republic Act No. 2616 by Republic Act No. 3453 brushes aside all these requirements for the valid exercise of the power of eminent domain contemplated in our Constitution. It in effect commands that no ejectment proceedings shall be instituted, or if one shall have been commenced it shall be suspended, even if no expropriation proceedings shall have been filed by the government. This is indeed confiscatory, for its necessary implication is that as long as the government refrains from filing an action for expropriation the owner cannot enjoy its dominical rights over the property. And if the government chooses not to take any action for expropriation indefinitely the occupant would remain in the illegal possession of the land also indefinitely. Such a situation cannot be sanctioned by this Court for it will result in a flagrant confiscation of private property without due process in violation of our Constitution. It is, therefore, imperative that we declare, as we now do, that Section 4 of Republic Act No. 3453 which prohibits the filing of an ejectment proceeding, or the continuance of one that has already been commenced, even in the absence of expropriation proceedings, offends our Constitution and, hence, is unenforceable.

Parenthetically, we may add that this ruling is in line with what this Court has said in interpreting similar provisions of Republic Act No. 1162 relative to the expropriation of landed estates in general:

"One of the issues raised refers to the denial by the trial court of the motion filed by defendants to suspend the present ejectment case invoking in their favor the provisions of Republic Act No. 1162, particularly Section 5, which provides that 'From the approval of this Act, and until the expropriation herein provided, no ejectment proceedings shall be instituted or prosecuted against any tenant or occupant or any landed estates or haciendas herein authorized to be expropriated if he pays his current rentals.' It is claimed that said Act was approved on June 18, 1954 and since this action was instituted on March 31, 1954, and remained pending when said Act was approved, it was the duty of the court to suspend the case in order that the purpose of said Act may be carried out which is to expropriate the land and subdivide it into small lots for sale at cost to its bonafide tenants or occupants.

"Appellee, on the other hand, contends that said Act is inapplicable to the present case for the reason that there is no evidence showing that the property in question forms part of a landed estate within the meaning of said Act, and even if it were so, still the Act cannot apply because there is no showing that the Government has ever taken any step relative to the expropriation of the property.

"We are inclined to agree to appellee's contention for it cannot be supposed that Congress in approving Republic Act No. 1162 had intended to actually suspend the prosecution of an ejectment proceeding even before any definite step or action is taken by the Government relative to the expropriation of the property, for to hold otherwise would be to deprive a landlord of his right to protect his interest by merely claiming that the Government may someday act on the matter thereby placing him at the mercy of an unscrupulous tenant.

While it is laudable and proper that a landed estate be expropriated in order that it may be subdivided and sold to bonande tenants or occupants, the same should be undertaken in a manner not repugnant to law or to the Constitution. In other words, the suspension of an ejectment proceeding should only be made after the Government has taken step or action relative to the expropriation of the property in accordance with the procedure laid down by law, otherwise the action would place the interest of the landlord in jeopardy. Such cannot be the intendment of the law. As aptly explained by the Court of Appeals in several cases involving the applicability of Republic Act No. 1162, to which we agree, 'until such a proceeding is actually commenced the right of a landowner to prosecute an action for ejectment under existing laws cannot be deemed suspended under section 5 of Republic Act No. 1162. To hold otherwise, that is, to deprive a landlord of his remedy because of the possibility that the Government may some day, in the near or distant future, act to expropriate his property would be to place him at the mercy of a thoroughly uncertain contingency. * * * We think that the prohibition against the institution or prosecution of ejectment proceedings applies only when expropriation has actually commenced.' (Barcelon vs. Isip, CA-G. R. No. 13650-R, Oct. 14, 1954; See also Cacho vs. Tan, CA-G. R. Nos. 13888-R to 13891-R, Dec. 10, 1954; Antonio Tuason, Jr. vs. Narvasa, CA-G. R. No. 14479-R, July 30, 1955)." (Teresa Realty, Inc. vs State Construction & Supply Co., et al., 105 Phil., 353; See also Teresa Realty, Inc. vs. Maxima Blouse de Potenciano, G. R. No. L-17588, May 30, 1962.)

Wherefore, we find no abuse of discretion on the part of the Court of Appeals in denying the petitions for suspension sought for by herein petitioners. Hence, the resolutions subject of review are affirmed. No costs.

Bengzon, C. J., Padilla, Labrador, Concepcion, Reyes, J.B.L., Paredes, Dizon, Regala and Makalintal, JJ., concur.

[*]113 Phil., 673.

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