

AUREA A. CASIANO, PETITIONER, VS. HEIRS OF ELIAS C. NEYPES (DECEASED), AURORA NEYPES (WIDOW) AND MOTHER OF ANDREW NEYPES, NATHANIEL NEYPES, SHARON MCALLISTER, AND ELIJAH NEYPES ...

Ponente: SALANDANAN-MANAHAN, J.

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SALANDANAN-MANAHAN, J.:

Before Us is a Petition for Review[1] filed under Rule 42 of the Rules of Court assailing the following issuances of the Regional Trial Court (RTC), Branch 99, Quezon City in Civil Case No. Q-10-68358 for "Ejectment" :

- August 3, 2011 Decision[2], and
- November 22, 2012 Resolution[3];

which affirmed in toto the October 29, 2010 Decision[4] of the Metropolitan Trial Court (MTC). The dispositive portion of the RTC's Decision[5] reads:

"WHEREFORE, finding no merit to the Appeal interposed by the defendant Aurea Casiano, the Decision of the Metropolitan Trial Court Branch 38 of Quezon City is hereby AFFIRMED IN TOTO.

SO ORDERED."[6]

The Facts

Respondents heirs of Elias C. Neypes, namely: Aurora C. Neypes, Andrew C. Neypes, Nathaniel Neypes, Sharon C. McAllister and Elijah Neypes (heirs of Neypes) averred that they are the pro indiviso co-owners of a parcel of land located at No. 10 Matimtiman St., Teachers Village, West Diliman, Quezon City (subject property) which is covered by Transfer Certificate of Title No. 271251 (TCT No. 271251) registered in the name of Spouses Aurora and Elias Neypes (Spouses Neypes).[7]

Sometime in 1971, Spouses Neypes and their children migrated to the United States of America. In 1980, Aurora Neypes (Aurora) bought the subject property. Respondent Aurora's brother Conrado Casiano (Conrado), who is the husband of petitioner Aurea Casiano (Aurea), volunteered as the overseer of the subject property without any compensation. Respondent Aurora tolerated and permitted Conrado to be the overseer of the subject property and entrusted to him TCT No. 271251.[8]

Upon Conrado's death in 1997, petitioner Aurea took upon herself to oversee the subject property and took TCT No. 271251. Respondents added that without their consent and authority, petitioner Aurea illegally built structures on the subject property, such as a bungalow type three door apartment, garage, repair shops, and another bungalow. Petitioner leased the structures to Melvin Sulit (Melvin), Weng Castillo (Weng) and Diana (Diana) Rose Blanco.[9]

Respondents saw the structures on the subject property in 2009 when they returned to the Philippines. Respondents also learned that the real estate taxes on the subject property were not completely paid. Respondents

decided to get back the subject property but petitioner refused to vacate and to return TCT No. 271251 unless the former pays her Php3,143,243.72. Respondents sent demand letters to petitioner Aurea, Melvin, Weng and Diana for them to vacate and to deliver the possession of the subject property.[10]

On January 27, 2010, respondents heirs of Neypes filed a "Complaint for Ejectment (Unlawful Detainer) with prayer for issuance of a Temporary Restraining Order and Mandatory Injunction with Damages"[11] against petitioner Aurea, Melvin, Weng and Diana. Respondents prayed for the issuance of a temporary restraining order, and for petitioner Aurea, Melvin, Weng and Diana to vacate and to surrender possession of the subject property, to pay reasonable value for their use thereof, and to reimburse respondents attorney's fees and costs of suit.[12]

On February 5, 2010, petitioner Aurea filed an "Answer with Counterclaim and Prayer for Dismissal"[13]. Petitioner averred that her husband Conrado did not volunteer to oversee the subject property. According to petitioner, respondent Aurora executed a Special Power of Attorney (SPA) dated December 8, 1969 in favor of Conrado and another SPA dated August 29, 1980 in favor of petitioner.[14] Petitioner thus appointed Melvin as the caretaker of the subject property.[15]

Petitioner Aurea denied that she built the structures on the subject property without the consent of respondent Aurora because the SPA in petitioner's favor included the authority to lease it and no further consent is required to build structures thereon. In addition, petitioner leased the subject property to Weng and Diana to raise funds for its maintenance, preservation, and for the payment of real estate taxes. The structures were merely temporary, and built in good faith also for the purpose of its preservation and maintenance.[16]

Petitioner also averred that before December 2009, respondents never demanded the return of the subject property and its title such that petitioner had no occasion to refuse its return. Petitioner only demanded compensation and reimbursement of expenses for her administration over the subject property.[17]

Petitioner further averred that respondents' complaint against her was tainted with malice and bad faith.[18] Thus, petitioner prayed for respondents to pay her moral and exemplary damages, attorney's fees, and litigation expenses.[19]

On February 19, 2010, the MTC denied petitioner's prayer for the dismissal of the case. On March 12, 2010, respondents withdrew their application for the issuance of a temporary restraining order.[20]

On March 19, 2009, the case was referred to the Philippine Mediation Center but the parties failed to arrive at any settlement.[21]

At the Preliminary Conference, the parties stipulated on the following facts:

"(1)

defendant Aurea Casiano leased the subject property to Weng Castillo and Diana Rose Blanco since August 2008 up to June 15, 2010;

(2)

defendant Aurea Casiano did not turn over the rental payments to the plaintiff;

(3)

plaintiff Aurora Neypes and her husband are the registered owners of the subject property;

(4)

the plaintiff executed a General Special Power of Attorney in favor of the defendant Aurea Casiano authorizing

her to lease the subject property;

(5)

the defendants received the demand letter dated January 6, 2010;

(6)

the plaintiff revoked the General Special Power of Attorney in favor of defendant Aurea Casiano on January 27, 2010 in a document denominated as Revocation of Power of Attorney which was received by defendant Aurea Casiano on February 1, 2010;

(7)

the plaintiff executed a Special Power of Attorney, dated August 29, 1980, in favor of the defendant Aurea Casiano and/or Conrado Casiano authorizing her to lease the subject property and to execute all acts embodied in the General Special Power of Attorney;

(8)

a complaint for ejectment was filed by the plaintiff at the barangay on January 7, 2010;

(9)

the complaint for ejectment was filed in this court on the same date the General Special Power of Attorney was revoked by the plaintiff."[22]

On October 29, 2010, the MTC rendered a Decision[23], the dispositive portion of which reads:

"WHEREFORE, the instant complaint and the counterclaim of the defendants are hereby DISMISSED.

SO ORDERED."[24]

The principal reason of the MTC is that respondents heirs of Neypes had no right to demand for the payment of reasonable compensation for the use of the subject property, attorney's fees and costs of suit because their Complaint was prematurely filed.[25] The MTC added that respondent's claim for moral and exemplary damages, as well as attorney's fees should also be denied because respondents' filing of the Complaint was done in good faith.[26]

Upon petitioner's Appeal, the RTC rendered the assailed August 3, 2011 Decision[27], which affirmed in toto the October 29, 2010 Decision[28] of the MTC.

On November 22, 2012, the RTC issued its assailed Resolution[29] denying petitioner's Motion for Reconsideration[30].

Hence, petitioner filed the Petition at bench raising the following assignment of errors:

"a. The Honorable Court a quo erred in dismissing petitioner's counterclaim;

b. The Honorable Court a quo erred in not finding bad faith based on evidence proving petitioner's being respondents' true and lawful attorney-in-fact (agent) over (sic) subject property contrary to the position in their complaint a quo that petitioner was a mere self-appointed overseer and not their true and lawful attorney-in-fact; and

c. The Honorable Court a quo thereby erred in ruling good faith on the part of respondents in filing the complaint a quo despite clear showing on their part of concealment of evidence, i.e., the power of attorney granted to petitioner resulting in respondents' simulated cause of action and commission of perjury."[31]

Our Ruling

The main issue to be resolved is whether or not the RTC properly affirmed the MTC's dismissal of petitioner's counterclaim.

Petitioner alleged that the dismissal of her counterclaim was not proper.[32] Petitioner averred that respondents' filing of a complaint for ejectment against her was baseless and was done in bad faith because respondents suppressed evidence, particularly the General Special Power of Attorney (GSPA) dated August 29, 1980.[33]

According to petitioner, respondents knew that they have clothed her with a GSPA over the subject property[34] as evidenced by the following:

- 1.) respondent Aurora's handwritten letter to petitioner and her family dated May 4, 1999;[35]
- 2.) respondent Andrew Neypes' electronic mail (e-mail) to petitioner's daughter, Atty. Aurea Elnora A. Casiano, dated July 13, 2009;[36]
- 3.) a piece of paper with respondent Aurora's handwriting showing that the expected topics for discussion was the power of attorney;[37]
- 4.) barangay confrontation on January 22, 2010 showing respondent Aurora and Jennifer Neypes' receipt of petitioner's letter dated December 23, 2009 and the attached GSPA dated August 29, 1980;[38]
- 5.) revocation of the GSPA on January 27, 2010;[39]
- 6.) respondents' demand for petitioner to pay real estate taxes on the subject property[40]; and,
- 7.) respondents' counsel's demand letter dated January 6, 2010 acknowledging petitioner as overseer, administrator and representative over the subject property.[41]

Consequently, petitioner's act of building structures on the subject property and leasing the same to raise funds for the administration, preservation, maintenance and payment of real estate taxes are within the scope of her authority under the GSPA[42]. In connection with this, petitioner's co-defendants Melvin, Weng, and Diana's possession and occupancy of the subject property is lawful given that petitioner appointed Melvin as the caretaker while Weng and Diana were lessees of the subject property.[43]

Petitioner added that, apart from attorney's fees and litigation expenses, she is entitled to moral and exemplary damages because she suffered besmirched reputation, mental anguish, serious anxiety and sleepless nights.[44]

The Petition is unmeritorious.

To begin with, contrary to petitioner's averments, respondents admitted during the Preliminary Conference that the GSPA in favor of petitioner authorized her to lease the subject property and to execute all acts embodied in such GSPA.[45]

Moreover, petitioner is not entitled to her money claims such as moral and exemplary damages, attorney's fees and litigation expenses.

The award of moral damages[46] must be anchored on a clear showing that petitioner, as the claimant, actually experienced mental anguish, besmirched reputation, sleepless nights, wounded feelings or a similar injury.[47] This petitioner failed to do. Thus, absent any evidence, moral damages must be disallowed.[48]

Furthermore, petitioner failed to adduce adequate proof for her allegation that respondents filed the complaint against her with malice or bad faith which in turn, implies a conscious and intentional design to do a wrongful act for a dishonest purpose or moral obliquity.[49]

The rule is settled that bad faith cannot be presumed but must be established by clear and convincing evidence[50], as the Supreme Court held in *GF Equity, Inc. vs. Valenzona*[51], to wit:

"xxx Malice or bad faith implies a conscious and intentional design to do a wrongful act for a dishonest purpose or moral obliquity. It contemplates a state of mind affirmatively operating with furtive design or ill-will. Bad faith means a breach of a known duty through some motive of interest or ill-will. It must, however, be substantiated by evidence. Bad faith under the law cannot be presumed, it must be established by clear and convincing evidence." (Emphasis Added)

Besides, as the MTC and RTC properly found, respondents' filing of their complaint was to enforce what they believed to be their rightful claim against petitioner. Even if found to be erroneous, such fact would not hold respondents liable for damages.[52]

In *Delos Santos vs. Mateo*[53] citing *Crystal vs. Bank of the Philippine Islands*, the Supreme Court explained that the law could not have meant to impose a penalty on the right to litigate, as follows:

"The filing of an unfounded suit is not a ground for the grant of moral damages

Assuming *arguendo* that the petitioner's case lacked merit, the award of moral damages is not a legal consequence that automatically followed. Moral damages are only awarded if the basis therefor, as provided in the law quoted above, is duly established. In the present case, the ground the respondents invoked and failed to establish is malicious prosecution. *Crystal v. Bank of the Philippine Islands* is instructive on this point, as it tells us that the law never intended to impose a penalty on the right to litigate so that the filing of an unfounded suit does not automatically entitle the defendant to moral damages: (Emphasis Added)

The spouses' complaint against BPI proved to be unfounded, but it does not automatically entitle BPI to moral damages. Although the institution of a clearly unfounded civil suit can at times be a legal justification for an award of attorney's fees, such filing, however, has almost invariably been held not to be a ground for an award of moral damages. The rationale for the rule is that the law could not have meant to impose a penalty on the right to litigate. Otherwise, moral damages must every time be awarded in favor of the prevailing defendant against an unsuccessful plaintiff." (Emphasis and Italics made in the original)

Given that petitioner is not entitled to moral damages, a *fortiori*, she is not entitled to exemplary damages as is pursuant to Article 2234 of the Civil Code, which provides:

"ART. 2234. While the amount of the exemplary damages need not be proved, the plaintiff must show that he is entitled to moral, temperate or compensatory damages before the court may consider the question of whether or not exemplary damages should be awarded. In case liquidated damages have been agreed upon, although no proof of loss is necessary in order that such liquidated damages may be recovered, nevertheless, before the court may consider the question of granting exemplary in addition to the liquidated damages, the plaintiff must show that he would be entitled to moral, temperate or compensatory damages were it not for the stipulation for liquidated damages." (Emphasis Added)

Petitioner is likewise not entitled to attorney's fees and litigation expenses absent any compelling legal reason to bring the case within the exceptions provided under Article 2208 of the Civil Code⁵⁴ to justify the award. In this case, none of the exceptions apply.

WHEREFORE, the Petition is DENIED.

SO ORDERED.

Dimaampao, (Chairperson), and Ybañez, JJ., concur.

- [1] Rollo, pp. 25-56
- [2] Rollo, pp. 69-71
- [3] Rollo, pp. 78-79
- [4] Rollo, pp. 60-64
- [5] Rollo, pp. 69-71
- [6] Rollo, p. 71
- [7] Rollo, p. 81
- [8] Rollo, p. 60, p. 81
- [9] Rollo, pp. 60-61; pp. 81-82
- [10] Rollo, pp. 60-61; p. 82
- [11] Rollo, pp. 80-85
- [12] Rollo, p. 84
- [13] Rollo, pp. 105-138
- [14] Rollo, p. 61; p. 107
- [15] Rollo, p. 109
- [16] Rollo, p. 61; pp. 107-109
- [17] Rollo, p. 61; p. 111
- [18] Rollo, p. 129
- [19] Rollo, p. 61; p. 135
- [20] Rollo, p. 62
- [21] Rollo, p. 62
- [22] Rollo, p. 62
- [23] Rollo, pp. 60-64
- [24] Rollo, p. 64
- [25] Rollo, p. 63
- [26] Rollo, p. 64
- [27] Rollo, pp. 69-71
- [28] Rollo, pp. 60-64

[29] Rollo, pp. 78-79

[30] Rollo, pp. 72-77

[31] Rollo, pp. 31-32

[32] Rollo, p. 32

[33] Rollo, p. 32

[34] Rollo, p. 32; p. 34

[35] Rollo, p. 32

[36] Rollo, p. 32

[37] Rollo, p. 33

[38] Rollo, p. 33

[39] Rollo, p. 33

[40] Rollo, p. 33

[41] Rollo, p. 34

[42] Rollo, p. 45

[43] Rollo, p. 35

[44] Rollo, pp. 52-53

[45] Rollo, pp. 62-63

[46] "Art. 2217. Moral damages include physical suffering, mental anguish, fright, serious anxiety, besmirched reputation, wounded feelings, moral shock, social humiliation, and similar injury. Though incapable of pecuniary computation, moral damages may be recovered if they are the proximate result of the defendant's wrongful act or omission."

[47] Philippine Airlines, Inc. vs. Lim, et. al., G.R. No. 168987, October 17, 2012

[48] Metropolitan Bank and Trust Co. vs. Perez, G.R. No. 181842, February 5, 2010; De Guzman vs. Tumolva, G.R. No. 188072, October 19, 2011

[49] Villanueva vs. Balaguer, G.R. No. 180797, June 23, 2009

[50] Vilbar vs. Opinion, G.R. No. 176043, January 15, 2014

[51] G.R. No. 156841, June 30, 2005

[52] Japan Airlines vs. Asuncion, G.R. No. 161730, January 28, 2005

[53] G.R. No. 154427, May 8, 2009

[54] "ART. 2208. In the absence of stipulation, attorney's fees and expenses of litigation, other than judicial costs, cannot be recovered, except:

1. When exemplary damages are awarded;
2. When the defendant's act or omission has compelled the plaintiff to litigate with third persons or to incur

expenses to protect his interest;

3. In criminal cases of malicious prosecution against the plaintiff;

4. In case of a clearly unfounded civil action or proceeding against the plaintiff;

5. Where the defendant acted in gross and evident bad faith in refusing to satisfy the plaintiff's plainly valid, just and demandable claim;

6. In actions for legal support;

7. In actions for the recovery of wages of household helpers, laborers and skilled workers;

8. In actions for indemnity under workmen's compensation and employer's liability laws;

9. In a separate civil action to recover civil liability arising from a crime;

10. When at least double judicial costs are awarded;

11. In any other case where the court deems it just and equitable that attorney's fees and expenses of litigation should be recovered.

In all cases, the attorney's fees and expenses of litigation must be reasonable."

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