SPOUSES EDGAR DIANA AND RANEE PAULINE DIANA, PETITIONERS, VS. DYNAMIC DEVELOPMENT CORPORATION REPRESENTED BY ARTHUR CHUA, RESPONDENT.

Ponente: QUIJANO-PADILLA, J.

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QUIJANO-PADILLA, J.:

Before Us is a Petition for Review[1] under Rule 42 of the Rules of Court assailing the Decision[2] dated November 29, 2011 of the Regional Trial Court of Negros Oriental, Seventh (7th) Judicial Region, Branch 32, Dumaguete City in Civil Case No. AP-08-11-075 for Unlawful Detainer, which reversed the Judgment[3] dated July 6, 2011 of the Municipal Trial Court in Cities, Branch 1, Dumaguete City in Civil Case No. 2010-77.

The Antecedents

Stripped of the non-essentials, petitioner Ranee Pauline Diana averred[4] that through intestate succession she became a co-owner of Lots Nos. 6304-B and 6305, both located in Dumaguete City.

The two parcels of land were the subject of a legal controversy in Civil Case No. 10225,[5] wherein the petitioner Ranee Pauline Diana and her siblings settled their dispute amicably and a Compromise Agreement[6] was entered into by the parties. In the said Compromise Agreement, it was stated that the parties agreed to sell the properties at a reasonable price at the earliest possible time and should be agreed upon by at least five (5) of the co-owners. Thus, pursuant to such an agreement, a Decision[7] dated September 29, 2005 was rendered by the RTC, Branch 41 of Dumaguete City.

Subsequently, Lots Nos. 6304-B and 6305 were sold by petitioner's co-owners Randolph C. Reyes, Rodolfo C. Reyes, Reynaldo C. Reyes, Rico Reyes and Rimbert C. Reyes to the respondent through a Deed of Absolute Sale.

Petitioner Ranee Pauline Diana contends that although her name appears in the said deed, she never affixed her signature on it and she never received her supposed share on the proceeds. Her co-owner Ruby Josephine Reyes-Horn was also not a signatory to the deed and like petitioner, never received any proceeds thereof. Ruby Josephine Reyes-Horn in March 2010 instituted a Petition for Annulment and/or Declaration of Absolute Nullity of Compromise Agreement.

By virtue of the Deed of Absolute Sale, respondent was able to secure certificates[8] of title over the disputed lots.

On the other hand, repondent postulated[9] that the disputed properties were subject of a litigation which involved herein petitioner, Ranee Pauline Diana. Subsequently, a Compromise Agreement was entered into by the parties to the case, wherein they agreed that the co-owners will have equal shares and that the subject properties would be sold.

Later on, a motion seeking for the nullification of the Compromise Agreement was filed by the parties. However, on February 26, 2007, the parties to the case filed a Joint Motion and Manifestation[10] for the withdrawal of the same and for the termination of the proceedings. This was granted in an Order[11] dated February 26, 2007 of

RTC, Branch 41 of Negros Oriental. The court also directed the parties to surrender their titles for the court's safekeeping until the Deed of Sale and proofs of payment of the purchase price were presented to the court. Likewise, the same court stated that it shall deliver the titles to the buyers and directed the same to deposit to the Clerk of Court the purchase price corresponding to the share of the absent co-owner.

One of the co-owners, Ruby Josephine Reyes filed a Motion to Set Aside the Compromise Agreement, but this was denied by the court in an Order[12] dated May 20, 2009.

Moreover, the court in an Order[13] dated August 26, 2009 postulated that the Decision based on Compromise Agreement has already attained finality. It also directed the respondent to deposit the amount of P246,141.00 with the Office of the Clerk of Court in trust for Ruby Josephine Reyes. Upon proof of compliance of full payment of the purchase price, the Branch Clerk of Court was directed to release the titles to the respondent.

Being the new owner of the properties, respondent for several months tolerated petitioners occupation of a portion of the disputed properties, until it sent a Notice to Vacate[14] dated September 18, 2010 to the petitioners. However, despite receipt thereof, petitioners refused to vacate the premises; hence, respondent was constrained to file an action for Unlawful Detainer on December 16, 2010.[15]

The Ruling of the Municipal Trial Court in Cities

In a Judgment[16] dated July 6, 2011, the Municipal Trial Court in Cities, Branch I, Dumaguete City dismissed the Unlawful Detainer case instituted by herein respondent.

Pertinent portions of the judgment read as follows:

> "The conflicting claims espoused by the parties borne a more serious issue, not just one of physical possession that should be treated in a summary fashion but one of ownership that should be litigated and threshed out in a plenary action for Recovery of Possession or any other action like Quieting or Annulment of Title, depending on the choice of the parties. Unless the controversy is settled, the Court sensed it's not fair to consider, this time, the ouster of defendant from the area who under the circumstances obtaining is still believed a co-owner of plaintiff pursuant to Article 484. Ejectment will not lie against a co-owner. Plaintiff has failed to establish its cause of action against defendants.
>
> Case dismissed.
>
> SO ORDERED."[17]

The Ruling of the Regional Trial Court

In a Decision[18] dated November 29, 2011, the Regional Trial Court of Negros Oriental, Seventh (7[th]) Judicial Region, Branch 32, Dumaguete City ruled in favor of the respondent. In reversing the ruling of the Municipal Trial Court in Cities, it postulated that the only issue in ejectment cases is possession de facto and not possession de jure. If the issue on ownership is passed upon, it is only for the purpose of determining who has a better right of possession. Moreover, the RTC also placed emphasis on the fact that the Decision based on Compromise has attained finality and therefore, res judicata applies. It ruled that both the decision and the torrens title in favor of the respondent should not be subject to a collateral attack.

The dispositive portion of the decision states:

> "WHEREFORE, premises considered, the Decision of the lower court dated July 06, 2011 is hereby REVERSED. The Defendants-Appellees are directed to vacate the premises immediately, and to pay a reasonable rent in the amount of One Thousand Five Hundred Pesos (P1,500.00) per month, from the time of demand to vacate on September 20, 2010, until they shall have completely vacated the premises. The

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> Defendants-Appellees are further ordered to pay legal annual interest of 12% on the total amount of payable rent from the time of finality of this Decision up to [sic] time the entire amount is actually paid.
>
> SO ORDERED."[19]

Undeterred and aggrieved, petitioners come before Us raising the following issues:

> The Honorable Regional Trial Court Seriously Erred And Erred With Grave Abuse Of Discretion When It Palpably Missed The Point Of Petitioners' Arguments.
>
> The Honorable Regional Trial Court Seriously Erred And Erred With Grave Abuse Of Discretion When It Adored Respondent's Certificates Of Title As Infallible.
>
> The Honorable Regional Trial Court Seriously Erred And Erred With Grave Abuse Of Discretion When It Unfairly Turned A Blind Eye To Petitioners' Evidence.

The Ruling of this Court

The petition is not meritorious.

At the outset, in an unlawful detainer case, the sole issue for resolution is physical or material possession of the property involved, independent of any claim of ownership by any of the parties. Where the issue of ownership is raised by any of the parties, the courts may pass upon the same in order to determine who has the right to possess the property. The adjudication is, however, merely provisional and would not bar or prejudice an action between the same parties involving title to the property.[20]

In the case at bench, the facts would readily reveal that the respondent acquired the parcels of land through sale and was subsequently issued Transfer Certificates of Title Nos. 40533[21] and 40534.[22]

On the other hand, petitioners aside from claiming that they are still co-owners of the disputed parcels of land as they are assailing the interpretation of the stipulations in the Compromise Agreement, offered nothing of substantial evidentiary weight that would buttress their cause.

Evidently, it behooves this Court to emphasize that respondent as the registered owner of the properties has the better right to enjoy possession of the same to the exclusion of others.

It is settled in jurisprudence that a Torrens Certificate of Title cannot be the subject of collateral attack.[23] Such attack must be direct and not by a collateral proceeding.[24] It is a well-established doctrine that the title represented by the certificate cannot be changed, altered, modified, enlarged, or diminished in a collateral proceeding.[25] Considering that this is an unlawful detainer case wherein the sole issue to be decided is possession de facto rather than possession de jure, a collateral attack by herein (petitioners) on (respondent's) title is proscribed.

A Torrens Certificate of Title is indefeasible and binding upon the whole world unless and until it has been nullified by a court of competent jurisdiction. Under existing statutory and decisional law, the power to pass upon the validity of such certificate of title at the first instance properly belongs to the Regional Trial Courts in a direct proceeding for cancellation of title.[26] Anent thereto, it is improper for the petitioners to assail the validity of the title of the respondent in this simple ejectment suit.

In addition, the Court agrees with the RTC that the ruling based on compromise has attained finality; hence, whatever stipulations and interpretations made therein are binding upon the parties. Furthermore, any question as to the validity of the Compromise Agreement and the alleged errors in its interpretation are immaterial to this ejectment suit, because as elucidated earlier, what is of paramount concern is only the issue of physical

possession.

Certainly, to emphasize, even at the risk of being repetitive, the respondent being the registered owner has a right to possess the property, which is one of the attributes of ownership. Corollary to such a right is the right to defend or protect it from usurpation or transgression. Among the actions available to the owner of a property whose possession has been withheld is the action for unlawful detainer or ejectment.

Unlawful detainer is an action to recover possession of real property from one who illegally withholds possession after the expiration or termination of his right to hold possession under any contract, express or implied. The possession by the defendant in unlawful detainer is originally legal but became illegal due to the expiration or termination of the right to possess.[27] The proceeding is summary in nature, jurisdiction over which lies with the proper MTC or metropolitan trial court. The action must be brought up within one year from the date of last demand, and the issue in the case must be the right to physical possession.[28]

A complaint sufficiently alleges a cause of action for unlawful detainer if it recites the following:

1. initially, possession of property by the defendant was by contract with or by tolerance of the plaintiff;

2. eventually, such possession became illegal upon notice by plaintiff to defendant of the termination of the latter's right of possession;

3. thereafter, the defendant remained in possession of the property and deprived the plaintiff of the enjoyment thereof; and

4. within one year from the last demand on defendant to vacate the property, the plaintiff instituted the complaint for ejectment.[29]

In the instant case, We hold that the respondent through its Complaint was able to sufficiently make out a case of unlawful detainer. Finally, (w)ell-established is the rule that if possession is by tolerance as has been alleged in the complaint such possession becomes illegal upon demand to vacate, with the possessor refusing to comply with such demand.[30]

Indubitably, [a] person who occupies the land of another at the latter’s tolerance or permission, without any contract between them, is necessarily bound by an implied promise that he will vacate upon demand, failing which a summary action for ejectment is the proper remedy against him.[31] His status is analogous to that of a lessee or tenant whose term of lease has expired but whose occupancy continued by tolerance of the owner.[32]

All told, the elements of unlawful detainer are attendant in the present case. Accordingly, the RTC did not commit an error when it reversed the ruling of the court a quo and ordered for the petitioners to vacate the disputed properties and to pay a reasonable amount for rent.

WHEREFORE, in view of the foregoing, the Petition is DENIED. The Decision dated November 29, 2011 of the Regional Trial Court of Negros Oriental, Branch 32 of Dumaguete City in Civil Case No. AP-08-11-075, which reversed the Judgment of the Municipal Trial Court in Cities of Branch 1, Dumaguete City is hereby AFFIRMED.

SO ORDERED.

Hernando, Chairperson and Azcarraga-Jacob, JJ., concur.

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[1] Rollo, pp. 6-130.

[2] Rollo, pp. 121-130.

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[3] Rollo, pp. 70-72.

[4] Refer to the Petition for Review, Statement of Facts, rollo, pp. 8-9. (Portions are culled therefrom.)

[5] Rollo, pp. 81-86.

[6] Rollo, pp. 30-32, 92-94.

[7] Rollo, pp. 38-40, 98-100.

[8] Rollo, pp. 33-34, 43-44; 35-36, 45-46.

[9] See Comment, rollo, pp. 146-147.

[10] Rollo, pp. 101-104.

[11] See Order, rollo, p. 41.

[12] Rollo, pp. 109-110.

[13] Rollo, pp. 105-108.

[14] Rollo, p. 42.

[15] See Complaint, rollo, pp. 22-29.

[16] Rollo, pp. 70-72.

[17] Rollo, p. 72.

[18] Rollo, pp. 121-130.

[19] Rollo, p. 129.

[20] Silverio, Sr. v. Marcelo, G.R. No. 184079, April 17, 2013, citing Barrientos v. Rapal, G.R. No. 169594, July 20, 2011, 654 SCRA 165, 171.

[21] Rollo, pp. 33-34, 43-44.

[22] Rollo, pp. 35-36, 45-46.

[23] Corpuz v. Agustin, G.R. No. 183822, January 18, 2012, citing Spouses Marcos R. Esmaquel and Victoria Sordevilla v. Maria Coprada, G.R. No. 152423, 15 December 2010.

[24] Corpuz v. Agustin, G.R. No. 183822, January 18, 2012, citing Borbajo v. Hidden View Homeowners, Inc., G.R. No. 152440, 31 January 2005, 450 SCRA 315.

[25] Corpuz v. Agustin, G.R. No. 183822, January 18, 2012, citing Legarda and Prieto v. Saleeby, 31 Phil. 590 (1915); Magay v. Estiandan, G.R. No. L-28975, 27 February 1976; 69 SCRA 456 as cited in Pena, Pena, Jr. & Pena, Registration of Land Titles and Deeds (2008).

[26] Co v. Militar, G.R. No. 149912, January 29, 2004, citing Estrellita S.J. Vda. De Villanueva, et al. v. Court of Appeals and Lina F. Vda. de Santiago, et al., G.R. No. 117971, 1 February 2001, 351 SCRA 12; citing Land Titles and Deeds, Noblejas and Noblejas, 1992 ed., p. 210; citing Ching v. Court of Appeals, G.R. Nos. 59568-76, 11 January 1990.

[27] Delos Reyes v. Odones, G.R. No. 178096, March 23, 2011, citing Valdez, Jr. v. CA, G.R. No. 132424, May 4, 2006, 489 SCRA 369, 376.

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[28] Id.

[29] Delos Reyes v. Odones, G.R. No. 178096, March 23, 2011, citing Cabrera v. Getaruela, G.R. No. 164213, April 21, 2009, 586 SCRA 129, 137.

[30] Malabanan v. Rural Bank of Cabuyao, Inc., G.R. No. 163495, May 28, 2009, citing Odsigue v. CA, et al., G.R. No. 111179, July 4, 1994, 233 SCRA 626.

[31] Ganila v. CA, G.R. No. 150755, June 28, 2005, citing Boy v. CA. G.R. No. 125088, April 14, 2004, 407 SCRA 196, 206.

[32] Ganila v. CA, G.R. No. 150755, June 28, 2005.

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