

GODOFREDO C. PINEDA, PETITIONER, VS. TOMAS H. TIONKO JR., RESPONDENT.

Ponente: CONTRERAS, J.

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CONTRERAS, J.:

Before this Court is a Petition for Review, under Rule 42 of the 1997 Rules of Civil Procedure, seeking to nullify and/or reverse the Decision[1] dated March 19, 2012 of the Regional Trial Court (RTC) of Davao City, Branch 15 in Civil Case No. 34,202-2011 which affirmed the Decision[2] dated August 18, 2011 of the Municipal Trial Court in Cities (MTCC), Branch 1, Davao City in Civil Case No. 21,801-A-10.

The Facts

The facts of the present controversy borne by the records are:

On August 11, 2010, Tomas H. Tionko, Jr. (respondent, for brevity) filed a Complaint[3] before the MTCC for Unlawful Detainer, Payment of Rentals, with prayer for issuance of Temporary Restraining Order (TRO), Preliminary Injunction, Interest and Attorney's fees against Godofredo C. Pineda (petitioner, for brevity) docketed as Civil Case No. 21,801-A-10.

In his complaint, respondent (plaintiff therein) alleged that: he is the registered owner of two (2) parcels of land situated at F. Torres Street and Lopez Jaena Street, Davao City described as Lots 5 and 6, Block 3, with an area of Seven Hundred Ninety-Eight (798) square meters covered by Transfer Certificate of Title (TCT) Nos. T-277663 and T-277664; on September 21, 2000, petitioner, a known businessman-contractor, and respondent entered into a First (1st) Contract of Lease over a portion of the abovementioned parcels of land for a monthly rental of Two Thousand Pesos (PHP 2,000.00) plus 10% VAT, retroactively effective on June 1, 2000; when the 1st lease expired on November 30, 2000, the parties entered into a Second (2nd) Contract of Lease on June 1, 2001, for a period of six (6) months or up to November 30, 2001; upon the expiration of the 2nd lease contract, the parties entered in a Third (3rd) Contract of Lease on September 1, 2007, this time, on a month-to-month basis; on September 5, 2008, respondent sent a letter to petitioner informing the latter that he is terminating the lease contract effective January 1, 2009; however, petitioner continued to stay on the premises; sometime on June 1, 2009, petitioner stopped paying the monthly rentals of the leased premises after learning that there is a pending case for Annulment, Cancellation of Title, Reversion involving the said land; driven by manifest bad faith and malice, petitioner refused to pay the monthly rentals from June 1, 2009, to July 31, 2010, and up to the present despite demands to pay the due rentals and to vacate the subject leased premises.

Meanwhile, petitioner (defendant therein), in its Answer[4] dated August 20, 2010, denied the allegations in the complaint and contended that: sometime in the late 1999 to early 2000, he chanced upon an idle piece of swampy and marshy land at the corner of Florentino Torres Street and Graciano Lopez Jaena Street which was unoccupied and unused by any other person or entity with an area of more or less 3,000 square meters; after discovering that nobody was occupying the said land for many years, he, in all good faith, decided to do earth-filling and gravel-filling in the area; the earth-filling of the subject land required more than fifty (50) to one hundred (100)

truckloads of earth and gravel to make the said land flat and at the same level with the street and adjacent properties; thereafter, he decided to occupy, possess and use the property as a garage for his dump trucks and heavy equipments; sometime in the year 2001, while he was already occupying the said property in a peaceful and uninterrupted manner and in good faith, somebody came to the subject premises and claimed that the property belongs to respondent and that he (petitioner) should pay rentals; he then went to respondent and informed the latter that he (petitioner) had incurred huge expenses in filling the subject area with sand and gravel and that he was aware of the reversion case pending in court involving the subject premises; that respondent merely shrugged that off and instead told him that they should execute a lease contract whereby respondent would allow petitioner to occupy and use the premises for a monthly rental of PHP 2,000.00; that he was convinced to execute and sign the lease agreement/contract with the respondent covering Lots 5 and 6, Block 3 with an area of 798 square meters located at Torres St., Davao City.

On August 18, 2011, the MTCC issued a Decision⁵ in favor of respondent, the dispositive portion of which reads as follows:

WHEREFORE, this court hereby orders the defendant to:

- (1) VACATE the premises (portion of Lot 5, Blk 3, TCT No. T-277663 and portion of Lot 6, Blk 3, TCT No.: T- 277664) subject of the lease contract and to remove all structures inside constructed by the defendant since June 2000;
- (2) PAY all unpaid rentals in the amount of ONE HUNDRED THIRTY-THREE THOUSAND (PHP 133,000.00) covering the period from June 1, 2009, to July 30, 2010, only; and
- (3) PAY the sum of FIFTY THOUSAND (PHP 50,000.00) as attorney's fees plus
- (4) COST OF SUIT.

Other reliefs cannot be awarded in the absence of competent proof in support thereof.

Aggrieved, petitioner filed a Notice of Appeal before the RTC, Branch 15, Davao City assailing the MTCC Decision. Respondent also filed a Partial Notice of Appeal assailing the same Decision but only as to the payment of back rentals.

On March 19, 2012, the RTC rendered a Decision^[6] in Civil Case No. 34,202-2011 dismissing the appeals filed by both petitioner and respondent and affirming with modification the Decision of the MTCC by reducing the award of attorney's fees to PHP 20,000.00.

Hence, this petition.

Issues

Petitioner contends that the court a quo ERRED:

- In failing to uphold that it is a mandatory statutory requirement under the Civil Code that in any action for recovery of property, the one seeking recovery must properly "identify" the exact area of the property sought to be recovered through this ejectment suit. For respondent's utter failure to 'identify' the property in suit, the instant case should have been dismissed.
- In failing to uphold that respondent herein who occupied the property in good faith, as a builder in good faith in this case, cannot be evicted or ejected from the property in suit without the herein appellee complying with the provisions of Article 448 of the Civil Code of the Philippines in relation to Articles 546 and 548 thereof.
- The appellate court a quo's positing that only those 'claiming' ownership of the property may be entitled to

the provisions of Art. 448 in relation to Arts. 546 and 548 of the Civil Code and that supposedly in this case, petitioner did not claim 'ownership' of the property in suit is gravely erroneous considering the fact that petitioner's occupation of the property was due to his belief that the same was 'public land' and may therefore be subject to acquisitive prescription.

The Court's Ruling

This Court finds the petition bereft of merit.

Petitioner asseverates that respondent miserably failed to comply with the Civil Code requirements before any action to recover possession of real property may prosper, that: "In an action to recover, the property must be identified, and the plaintiff must rely on the strength of his title and not on the weakness of the defendant's claim." With this utter failure to properly identify the property, the unlawful detainer case filed by respondent should have been dismissed.

Such asseveration is erroneous.

In accion interdictal (forcible entry and unlawful detainer), the only question that the courts must resolve is - who is entitled to the physical or material possession of the property; that is, possession de facto, and they should not involve the question of ownership or of possession de jure, which is to be settled in the proper court and in a proper action.[7] Thus, it is not a remedy to obtain or recover ownership of a certain property but rather it is a remedy to determine who has a better right to possess the property subject of the dispute.

In this case, petitioner, in its futile attempt to mislead this Court, argues that Article 434[8] of the Civil Code must be complied with before the unlawful detainer case of respondent will prosper. Such is a blatant misapplication of the law. The above-stated provision clearly applies only to "actions to recover" or accion reivindicatoria and not to accion interdictal where the issue involves only physical or material possession and not ownership. The case of *Canezo v. Bautista*[9] is instructive:

"The present case, while inaccurately captioned as an action for a "Writ of Demolition with Damages" is in reality an action to recover a parcel of land or an accion reivindicatoria under Article 434 of the Civil Code. Article 434 of the Civil Code reads: "In an action to recover, the property must be identified, and the plaintiff must rely on the strength of his title and not on the weakness of the defendant's claim." Accion reivindicatoria seeks the recovery of ownership and includes the jus utendi and the jus fruendi brought in the proper regional trial court. Accion reivindicatoria is an action whereby plaintiff alleges ownership over a parcel of land and seeks recovery of its full possession."

But assuming ex gratia argumenti that the foregoing Civil Code provision is applicable in the case at bar, still, the argument of petitioner does not hold water. Case law has it that, although the identity of the thing that a party desires to recover must be established, if the plaintiff has already proved his right of ownership over a tract of land, and the defendant is occupying without right any part of such tract, it is not necessary for plaintiff to establish the precise location and extent of the portions occupied by the defendant within the plaintiff's property.[10] Here, respondent has already established his right of ownership of the property by virtue of the transfer certificate of title (TCT) issued in his name. Such Torrens title is a conclusive evidence of respondent's ownership of the subject property. Having proven his ownership and the fact that petitioner is occupying the subject property without any right, then, compliance with the requirement laid down in Article 434 of the Civil Code is no longer indispensable. Also, as correctly pointed out by the court a quo, the contract of lease entered into and signed by the parties, as well as the TCTs presented, have already described, in clear and definite terms, the area and the location of the subject property. Hence, the identity of the subject property is already clearly ascertained and settled. There is no need for further identification of the subject property.

With regard to the second issue raised, petitioner argues that he is a builder in good faith and, therefore, cannot be evicted or ejected from the subject property without respondent complying with the provisions of Article 448[11] of the Civil Code in relation to Article 546[12] and 548[13] thereof.

Such argument deserves scant consideration.

In a plethora of cases, the Supreme Court ruled that Articles 448 of the Civil Code, in relation to Article 546 of the same Code, which allows full reimbursement of useful improvements and retention of the premises until reimbursement is made, applies only to a possessor in good faith, i.e., one who builds on land with the belief that he is the owner thereof. It does not apply where one's only interest is that of a lessee under a rental contract; otherwise, it would always be in the power of the tenant to "improve" his landlord out of his property.[14] Similarly, in *Parilla v. Pilar*,[15] the High Court categorically declares that Article 448 covers only cases in which the builders, sowers or planters believe themselves to be owners of the land or, at least, have a claim of title thereto but not when the interest is merely that of a holder, such as a mere tenant, agent or usufructuary. A tenant cannot be said to be a builder in good faith as he has no pretension to be owner.

Thus, not being an owner but a mere lessee, petitioner cannot avail of the rights of a builder in good faith under Article 448 of the Civil Code, in relation to Article 546 and 548 thereof, as the said provisions apply only to a possessor in good faith who builds on land with the belief that he is the owner thereof. To reiterate, it does not apply where one's only interest is that of a lessee under a rental contract. Accordingly, petitioner cannot recover or seek full reimbursement for the cost of its improvements on the land from respondent nor the retention of the premises until reimbursement is made.

Petitioner further contends that his good faith springs from the fact that he had introduced such improvements even prior to the entry of respondent and believing that the same property is a public land that may be subject to adverse possession leading to acquisitive prescription.

Such contention is preposterous.

The act of petitioner in entering the subject property without verifying whether the land belongs to another with a Torrens title makes him a builder in bad faith. Records reveal that respondent's TCTs covering the subject premises (TCT Nos. T-277663 and T-27764) were issued on January 27, 1997 while petitioner entered the subject property sometime in either late 1999 to early 2000. Hence, petitioner had ample time to check or verify whether the property was registered under the Land Registration Law. There being a presumptive knowledge of the Torrens titles issued to respondent, petitioner cannot just rely on his plain belief that it was public land.

In addition, if it was true that petitioner believes the subject property to be a public land and may be subject to adverse possession, why would he enter into a contract of lease with respondent? The act of petitioner in entering into such contract certainly belies his claim on the subject property. Section 2(b), Rule 131 of the Rules of Court states that the tenant is not permitted to deny the title of his landlord at the time of the commencement of the relation of landlord and tenant between them. Likewise, Article 1436 of the Civil Code states that a lessee or a bailee is estopped from asserting title to the thing leased or received, as against the lessor or bailor. Thus, the juridical relationship between a lessor and a lessee carries with it recognition of a lessor's title. As lessee, petitioner is estopped from denying respondent's title, or to assert a better title while he remains in possession of the subject property and until he surrenders possession to respondent.

Case law even clarifies that this estoppel applies even though the lessor had no title at the time the relation of lessor-lessee was created, and may be asserted not only by the original lessor, but also by those who succeed to his title.[16] Once a contract of lease is shown to exist between the parties, the lessee cannot by any proof,

however strong, overturn the conclusive presumption that the lessor has a valid title to or a better right of possession to the subject premises than the lessee.[17]

This Court also rejects the argument of petitioner that the contract of lease is falsified. It is a legal aphorism that in civil cases, the party making allegations has the burden of proving them by a preponderance of evidence.[18] Having failed to substantiate his claim, then the argument of petitioner should not be given credence and the contract of lease between the parties continues to be valid and binding unless otherwise annulled in a proper proceeding.

In the same vein, the act of petitioner, as a lessee, in introducing improvements without the express consent of the lessor is clearly an act in bad faith. Under the Parol Evidence Rule (Section 9 of Rule 130 of the Rules of Court), when the terms of an agreement have been reduced to writing, it is considered as containing all the terms agreed upon and there can be, between the parties and their successors in interest, no evidence of such terms other than the contents of the written agreement. Here, since there is no stipulation in the contract with regard to improvements, then certainly petitioner has no right to introduce the same. Such act of petitioner in introducing the improvements clearly defies the lease contract and considers him in bad faith. His assertion that respondent had previous knowledge or openly tolerated the introduction of the improvements does not lie as it is bereft of proof.

But even assuming arguendo that petitioner is a builder in good faith, still he cannot avail of the rights and remedies under Article 448 of the Civil Code because the expenses incurred are not necessary. In the case of *Alburo v. Villanueva*,[19] the Supreme Court ruled that:

“xxx; and in any event we do not think that the filling in and improvement of a lot can be brought under the head of necessary expenses (*gastos necesarios*) as used in this connection. *Manresa* in his commentaries upon this article says that *gastos necesarios* are no others than those made for the preservation of the thing upon which they have been expended.”

Petitioner also asserts that the complaint for ejectment should be dismissed due to the inherent questionability of the supposed ‘title’ of respondent over the property which is now being sought to be recovered by the Republic of the Philippines through the Office of the Solicitor General and the Department of Environment and Natural Resources through a reversion suit. He adds that the issue as to ownership of the subject property becomes central in this case considering that the state had already initiated a reversion suit against respondent over the subject property.

We disagree. To reiterate, in ejectment cases (*accion interdictal*), what is involved is physical or material possession. It does not involve the question of ownership or of possession *de jure* (legal possession) in the sense contemplated in civil law, which is to be settled in the proper court and in a proper action. The Supreme Court even categorically declares that an ejectment suit cannot be abated or suspended by the mere filing of another action raising ownership of the property as an issue.[20] Only in very rare instances is suspension allowed to await the outcome of a pending civil action, which is not present in the case at hand. Likewise, Section 48 of Presidential Decree No. 1529 (Property Registration Decree) proscribes a collateral attack to a certificate of title and allows only a direct attack thereof.[21]

Based on the foregoing disquisitions, We find no reversible error committed by the RTC when it affirmed with modification the Decision of the MTCC granting the unlawful detainer case filed by respondent.

Be that as it may, the judgment of the Court in this unlawful detainer case will not bar an action respecting ownership or title of the subject property. Rule 70, Section 18 of the Rules of Court is clear that the judgment rendered in an action for forcible entry or detainer shall be conclusive with respect to the possession only and

shall in no wise bind the title or affect ownership of the land or building.

WHEREFORE, premises considered, the instant petition is hereby DISMISSED, and the assailed Decision dated March 19, 2012 of the Regional Trial Court of Davao City, Branch 15, in Civil Case No. 34,202-2011 is hereby AFFIRMED.

SO ORDERED.

Lloren, J., Ch., and Santos, JJ., concur.

[1] Rollo at pp. 26-35.

[2] Rollo at pp. 36-50.

[3] Rollo at pp. 51-59.

[4] Rollo at pp. 76-97.

[5] Rollo at pp. 36-50.

[6] Rollo at pp. 26-35.

[7] Pablo D. Acaylar, Jr., v. Danilo G. Harayo, G.R. No. 176995, July 30, 2008.

[8] Art. 434. In an action to recover, the property must be identified, and the plaintiff must rely on the strength of his title and not on the weakness of the defendant's claim.

[9] Spouses Elegio Cañezos and Dolia Cañezos v. Spouses Apolinario and Consorcia L. Bautista, G.R. No. 170189, September 1, 2010.

[10] Arturo M. Tolentino, 2 Commentaries and Jurisprudence on the Civil Code of the Philippines 72 (1998).

[11] 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.

[12] Art. 546. Necessary expenses shall be refunded to every possessor; but only the possessor in good faith may retain the thing until he has been reimbursed therefor.

Useful expenses shall be refunded only to the possessor in good faith with the same right of retention, the person who has defeated him in the possession having the option of refunding the amount of the expenses or of paying the increase in value which the thing may have acquired by reason thereof.

[13] Art. 548. Expenses for pure luxury or mere pleasure shall not be refunded to the possessor in good faith; but he may remove the ornaments with which he has embellished the principal thing if it suffers no injury thereby, and if his successor in the possession does not prefer to refund the amount Expended.

[14] Vsd Realty & Development Corporation v. Uniwide Sales, Inc. and Dolores Baello Tejada, G.R. No. 170677, October 24, 2012.

[15] Parilla v. Pilar, G.R. No. 167680, November 30, 2006, 509 SCRA 420.

[16] Century Savings Bank v. Samonte, G.R. No. 176212, October 20, 2010.

[17] Viegely Samelo, Represented By Attorney-In-Fact Cristina Samelo v. Manotok Services, Inc., Allegedly Represented By Perpetua Bocanegra (Deceased), G.R. No. 170509, June 27, 2012.

[18] Spouses Nilo Ramos and Eliadora Ramos v. Raul Obispo and Far East Bank and Trust Company, G.R. No. 193804, February 27, 2013.

[19] Lorenza Alburo v. Catalina Villanueva, G.R. No. 3003, January 2, 1907.

[20] Spouses Danilo T. Samonte and Rosalinda N. Samonte v. Century Savings Bank, G.R. No. 176413, November 25, 2009.

[21] Nemesio Firaza, Sr. v. Spouses Claudio And Eufrecena Ugay, G.R. No. 165838, April 3, 2013.

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