

**LEANDRO SEDECO, REYNALDO MERCADO, RODOLFO CABALLERO
AND EVARISTO ANTOLIN, PETITIONERS, VS. THE COURT OF
APPEALS, JOSEFA TEMPLADO, HON. JOSE C. COLAYCO, IN HIS
CAPACITY AS THE PR...**

G.R. No. L-41543. July 19, 1982

Ponente: MELENCIO-HERRERA, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/c0bce6aa4c67/>

MELENCIO-HERRERA, J.:

For resolution is the correctness of the denial by the trial Court of petitioners' Motion to Admit Second Amended Answer.

The Petition stemmed from the following facts: On February 13, 1974, private respondent, Josefa Templado, filed against petitioners and one Armando Santos, in the Court of First Instance of Manila, an action for "recovery of possession" of a parcel of land with an area of 581.01 square meters located at Bonifacio, Magsaysay Village, Tondo, Manila, covered by Original Certificate of Title No. 9225 issued by the Register of Deeds of Manila in petitioner's name. The suit was docketed as Civil Case No. 93247 (the Possession Case). The land was formerly under the administration of the defunct Land Tenure Administration, now Department of Agrarian Reform.

In her Complaint, private respondent alleged that she had been occupying the land in question since 1956; that she subsequently became the owner thereof by virtue of a sale in her favor by the then Department of Agrarian Relations under date of March 19, 1970; that upon her arrival from abroad in 1965, she found the houses of petitioners standing on her lot, but tolerated their stay thereon; that on December 5, 1972, she gave petitioners individual notices to vacate, but they refused to do so; that she now needs the entire area for some lucrative purpose.

Petitioners-defendants, in their original Answer, claimed that they were the bona-fide occupants of the property in question; that they have pending applications with the Government for the purchase of the lots they respectively occupy; and that private respondent-plaintiff had never occupied the land. Defendant Amando Santos failed to file an Answer and was declared in default.

Petitioners also instituted proceedings at the Department of Agrarian Relations for the annulment of the title issued to private respondent, docketed as DAR Case No. 1469.

On July 9, 1974, petitioners filed in the Possession Case a "Motion for Preliminary Hearing," on the special defenses pleaded by them in their Answer and prayed that the case be dismissed and/or the proceedings be held in abeyance until the Department of Agrarian Relations shall have resolved the case pending before it.[1] The trial Court denied the Motion holding that the pendency of an administrative case involving the ownership of the land in question was not a ground for the suspension of the ejectment suit.[2]

Petitioners then filed with the Court of Appeals a Certiorari Petition, docketed as CA-G.R. No. SP-03256 (the Suspension Petition praying, among others, for the annulment of the Trial Court's Order denying their Motion to

suspend the proceedings. The Court of Appeals on August 15, 1974, dismissed the Suspension Petition for lack of merit, ruling that the question of the validity of the sale and title of private respondent raised before the Department of Agrarian Relations does not constitute a prejudicial question; and that said issue can appropriately be raised and determined in the case before the trial Court in connection with petitioners' claim that they are the bona-fide occupants entitled to the award of the lot pursuant to RA 1597 as amended by RA 2439.

Thereafter, in the Possession Case, petitioners, on September 2, 1974, moved for the admission of a third-party-complaint against the Department of Agrarian Relations, stating that proper relief regarding the nullification of the deed of sale and title issued in favor of private respondent cannot be accorded without impleading said office. Private respondent opposed the same for being improper pursuant to Section 12, Rule 6 of the Rules of Court. The third-party-complaint was denied admission by the trial Court.

In the meantime, in the proceedings before the Department of Agrarian Relations, a relocation of Lot 10, Block 109, RL-1004 covered by private respondent's title, which she claimed included the premises occupied by petitioners, was ordered to be undertaken by Region IV of the Bureau of Lands. Geodetic Engineer Adriano G. Castanares conducted the survey and allegedly found that the areas occupied by petitioners were in Lot 9, not in Lot 10.

Consequently, petitioners filed an Amended Answer in the Possession Case, amending paragraph 3 of their original Answer to read as follows:

"3. FINDING the allegations in paragraph 3 to be untrue, they specifically deny the same, for the truth of the matter is that plaintiff never occupied the land, which is actually being occupied by defendants, as their houses are situated in Lot 9, hence the parcel of land known as Lot 10, Block 309 of the Tondo Foreshoreland and described in O.C.T. No. 9225 of the Register of Deeds of Manila does not embrace or include the lots occupied by them." (Amendments underlined)

The Amended Answer was admitted by the Trial Court on December 6, 1974, after private respondent-plaintiff had already closed her evidence.

During the presentation of their defense evidence, petitioners filed a Motion to Admit Second Amended Answer contending that the amendment was necessitated by the turn-about of Geodetic Engineer Adriano G. Castanares, who allegedly refused to testify on the sketch prepared by him showing that the premises occupied by petitioners are not embraced in Lot 10, but in Lot 9, on the ground that there was an error in the preparation of the same.

The proposed amendment, appearing in paragraphs 3, 12, 13 and 14 of the Second Amended Answer, alleged substantially that assuming the lands petitioners occupy were within the title of private respondent, she had obtained that title by fraud or misrepresentation; that by virtue thereof, she was deemed to have acquired title to the lot in trust for petitioners pursuant to Article 1456 of the New Civil Code; and that, therefore, she should be required to execute separate deeds of reconveyance over the same in petitioners' favor.

Private respondent-plaintiff opposed the Motion claiming that the amendment raised the new issues of fraud and misrepresentation in obtaining title to the lot in question, in addition to the theory of implied trust and demand for reconveyance, which were never alleged in the original Answer nor in the First Amended Answer despite the fact that petitioners had ample opportunity to do so; that the relief prayed for has substantially altered the nature of petitioners' defense; and that they cannot ask for reconveyance as they are not the owners of the land but mere intruders and squatters thereon.

The Second Amended Answer was denied admission by the trial Court without giving any reason therefor.[3] Petitioners assailed said Order in a Petition for "Certiorari and Mandamus with Writ of Preliminary Injunction"

filed with the Court of Appeals (CA-G.R. No. SP-04023) (the Amendment Petition).

On June 27, 1975, the Appellate Court dismissed the Amendment Petition stating that the amendment sought was substantial, and that if there had been error in the conclusion reached by the trial Court, the same was one of judgment, which was beyond the ambit of the special civil action before it.

Petitioners moved to reconsider said Decision arguing that for the purpose of determining whether or not there has been a change in the defense theory, the comparison should not be limited to the express allegations of the pleadings, but should include what are implied therein.[4] Respondent Appellate Court denied reconsideration.[5]

Petitioners resorted to the present Petition for Review on Certiorari assigning the following errors:

"1. The Honorable Court of Appeals erred in ruling that the admission of the second amended answer shall result in a substantial change of the petitioners' 'theory'; and consequently, in not reversing the order of the respondent Judge denying admission of the second amended answer.

"2. Even assuming that a substantial change shall result thereby, the Honorable Court of Appeals nonetheless erred in not allowing the amendment sought for in the second amended answer because of an earlier pronouncement in a suit involving the same parties to the effect that the issues therein posed is one that could be appropriately raised in the case before the respondent trial court."

Section 3, Rule 10 of the Rules of Court provides:

"Section 3. Amendments by leave of Court. - After the case is set for hearing, substantial amendments may be made only upon leave of court. But such leave may be refused if it appears to the Court that the motion was made with intent to delay the action or that the cause of action or defense is substantially altered. x x x"

Paragraph 3 of the Second Amended Answer of petitioners reads:

"3. FINDING the allegations in paragraph 3 to be untrue, they specifically deny the same, for the truth a the matter is that plaintiff never occupied the land, which is actually being occupied by the defendants, as the houses are situated in Lot 9, hence the parcel of land known as Lot 10, Block 309 of the Tondo Foreshoreland and described in O.C.T. No. 9225 of the Register of Deeds of Manila does not embrace or include the lots them; assuming however, that the land they occupy are within the title of the plaintiff, it was by means of fraud and misrepresentation that she obtained title thereto, as alleged in paragraph 12 hereof." (Single underlining indicates the 1st amendment; double underline, the 2nd amendment)

While paragraph 14 of the same Second Amended Answer states:

"14. (a) Should the premises occupied by your defendants be found to be included in the title (OCT No. 9228 of the Register of Deeds of Manila) secured title thereto in trust for your defendants for the reasons alleged under paragraph 12 hereof; (b) Plaintiff should, therefore, be required to execute deeds of reconveyance in favor of your defendants, upon reimbursement to her of the sums paid by her to the government which defendants are ready, able and willing to do."[6]

In its appealed Decision, respondent Court juxtaposed for comparison the allegations in petitioners' original Answer, in the first amendment, and in the proposed Second Amended Answer, and concluded that:

"It does not require too much analysis of the very face of the Second Amended Answer for Us to see that a substantial change is indeed sought to be adopted by petitioners, in that they shift their attack upon plaintiff's possession from one in the concept of owner to that of trustee, from a concession of possible 'mistake' to an accusation of supposed 'fraud' and misrepresentation' the precise circumstances of which are not even averred with sufficient particularity to come within the purview of Article 1456 of the Civil Code."

Petitioners now submit that respondent Court erred in dismissing the Amendment Petition because the amendment

was not for the purpose of delay; that it does not substantially alter their defense or theory; that it merely incorporates a transaction, occurrence or event that took place after the date of the pleading sought to be amended; and that the admission thereof shall serve to avoid multiplicity of suits and thwart the possible threat of a miscarriage of justice. They further aver that the amendments merely set out a more accurate statement, amplification or clarification of the allegations in the original Answer, and express what is implied therein.

We find petitioners' submission tenable. From the very beginning, even in their original Answer, petitioners contended that private respondent had never occupied the land in question and that at the time she obtained title, they were, as they still are, the bona-fide occupants thereof. That was the core issue raised. If petitioners succeed in overcoming the alleged bona-fide occupancy of private respondent, it would follow that there was, indeed, misrepresentation and/or fraud on her part in obtaining title to subject property. She would perforce have to reconvey the property to the Government agency concerned, and pursuant to Article 1456[7] of the Civil Code, she would be deemed to be holding the same in trust for the benefit of the persons prejudiced.[8] It follows that the principle of implied trust and the prayer for the reconveyance of the property merely amplify petitioners' original positions and particularize the legal effects that would follow should it be proved that respondent acquired the property through fraud and misrepresentation. There is consequently no substantial change in the gist of petitioners' defense and, what is of more vital significance to the ends of justice, is that to admit the Second Amended Answer would serve to give the parties a full hearing on the merits of their entire controversy and avoid multiplicity of suits. Courts should be liberal in allowing amendments to pleadings at any stage of the action to avoid multiplicity of suits and in order that the real controversies between the parties are present-ed, their rights determined and the case decided on the merits without unnecessary delay.[9]

WHEREFORE, the petition is hereby granted. The judgment of the Court of Appeals is set aside and the Court of First Instance of Manila, Branch XXI, is directed to admit petitioners' Second Amended Answer in its Civil Case No. 93247.

No costs.

SO ORDERED.

Teehankee, Acting C.J., Makasiar, Plana, Vasquez, Relova, and Gutierrez, Jr., JJ., concur.

[1] pp. 154-160, Rollo.

[2] p. 161, *ibid.*

[3] p. 132, *ibid.*

[4] pp. 72-79, *ibid.*

[5] p. 70, *ibid.*

[6] pp. 43-44, *ibid.*

[7] "ART. 1456. If the property is acquired through mistake or fraud, the person obtaining it is, by force of law, considered a trustee of an implied trust for the benefit of the person from whom the property comes."

[8] *Gonzales vs. Jimenez, Sr.*, 13 SCRA 80, 82 (1965).

[9] *Demaronsing vs. Tandayag*, 58 SCRA 484 (1974); *Shaffer vs. Palma*, 22 SCRA 934 (1968).

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.