

BELEN BAYLON FRANCISCO, ASSISTED BY HER HUSBAND RODOLFO FRANCISCO, PETITIONER, VS. HAZEL NABOL, GILBERT OROSCO, HALA SAREF, MUHUDAN SAREF, JEANETE BELEN AND JAMES NOR, RESPONDENTS.

Ponente: DICDICAN, J.

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DICDICAN, J.:

Before this Court is a Petition for Review[1], under Rule 42 of the Revised Rules of Court, challenging the Decision, dated October 29, 2013[2], rendered by the Regional Trial Court, Branch 4, of Legazpi City in Civil Case No. 11154, the fallo of which states:

“WHEREFORE, the Appeal, filed by the plaintiff-appellant Belen Baylon Francisco, is hereby DENIED.

The assailed Decision of the Municipal Trial Court of Daraga, Albay, dated May 20, 2013, in Civil Case No. 1356, is hereby AFFIRMED as to the dismissal of the case, although not for lack of cause of action, but due to the absence of at least one indispensable party in this case.

SO ORDERED.”

The facts, as culled from the records, are as follows:

The instant case stemmed from the Complaint[3] for unlawful detainer, filed on June 15, 2010, by petitioner Belen B. Francisco against respondents Hazel Nabol, Gilbert Orosco, Hala Saref, Muhudan Saref, Jeanete Belen and James Nor, before the Municipal Trial Court of Daraga, Albay for the latter's refusal to vacate a portion of the land covered by Transfer Certificate of Title No. T-77161[4], registered in the name of Brace Holdings Corporation.

In the said complaint for unlawful detainer, docketed as Civil Case No. 1356, petitioner narrated that, pursuant to a Court Order dated March 23, 2006, issued in another case entitled “Belen B. Francisco, et al. vs Renato R. Baylon, et al.”[5] and docketed as SP CV No. 10271, the Regional Trial Court, Branch 6, of Legazpi City declared that petitioner acquired rights to one-third portion of the subject property. Supposedly, the remaining two-thirds area of the property will be shared equally by her two siblings named Renato R. Baylon and Alberto R. Baylon. However, as Alberto R. Baylon was already deceased, his heirs would be succeeding as representative heirs. In connection with this, an extrajudicial partition of real estate was executed by petitioner and her sibling Renato R. Baylon for the said property on September 7, 2009.[6] Similarly, three of the four legitimate children and two illegitimate children who are all surviving heirs of Alberto R. Baylon, executed an extrajudicial partition of the subject property on September 15, 2009.[7]

When petitioner arrived from America after a long period of stay thereat, she found that respondents already occupied a part of the area that was assigned to her in the extrajudicial partition of real estate. Out of compassion, petitioner tolerated their occupancy and respondents utilized the property by putting up market stalls where they sell some merchandise. In time however, petitioner thought up of a plan of constructing a commercial building in

the subject property and thus demanded for respondents to vacate. Despite receipt of a written demand letter dated January 29, 2010[8], respondents refused to vacate the premises. The parties likewise failed to reach a settlement before the appropriate barangay[9].

In the Answer with Compulsory Counterclaim filed before the Municipal Trial Court of Daraga, Albay, dated June 24, 2010,[10] respondents claimed that they are leasing the subject property from Atty. Carlos V. Baylon, a representative heir of the late Alberto R. Baylon and allegedly owner of one fourth of the land covered by Transfer Certificate of Title No. T-77161, by virtue of the same Regional Trial Court Order dated March 23, 2006 which declares in part as follows:

“TCT No. 77161 covering Lot 2178-B-4-B-5-2 with an area of 10,654 sq. m (Talipapa) shall be divided pro-indiviso equally among Atty. Carlos Baylon, Heirs of Alberto Baylon, Belen Baylon Francisco, Milagros Baylon as attorney-in-fact of Renato Baylon with existing road right of way leading to Rizal Street, with equal access to frontage and back in relation to existing road right of way.”

In a Decision dated May 20, 2013[11], the Municipal Trial Court of Daraga, Albay ruled that petitioner may not validly eject the respondents from the property in question. Pertinent portion of the said Decision reads as follows:

“Based on the above, it is obvious that plaintiff has not complied with the requirements sufficient to warrant the success of her unlawful detainer complaint against defendants. The Court, therefore, upholds the entitlement of defendants to continued possession of the subject properties, since they are not unlawfully withholding the property because of their existing contract with Atty. Carlos V. Baylon, one of the heirs/co-owners of the property in question.

“WHEREFORE, foregoing premises considered, the present complaint for Unlawful Detainer instituted by the plaintiff against the defendants has to be, as the same is hereby ordered DISMISSED for lack of cause of action.

Costs against the plaintiff.

SO ORDERED.”[12]

Petitioner appealed from the dismissal of the case to the Regional Trial Court. In the assailed Decision dated October 29, 2013, the Regional Trial Court affirmed the dismissal of the case, not for lack of cause of action, but due to the absence of at least one indispensable party in the case. In ruling so, the Regional Trial Court was of the opinion that, being a pro-indiviso co-owner, Atty. Carlos V. Baylon was an indispensable party who should be impleaded either as a party co-plaintiff or a party co-defendant. The court a quo noted that, if Atty. Carlos V. Baylon has not signed the extrajudicial partition executed by the petitioner and the other heirs, it is not a final partition. Hence, the co-ownership among the heirs over the subject property is still pro-indiviso and they should all be impleaded as parties to the instant case as indispensable parties.

Feeling aggrieved, the petitioner filed the instant petition for review, raising the following issues/assignment of errors:

I.

WHETHER OR NOT THE COURT A QUO SERIOUSLY ERRED IN DENYING PETITIONER'S APPEAL ON THE ALLEGED GROUND THAT ATTY. CARLOS V. BAYLON IS AN INDISPENSABLE PARTY TO THIS CASE;

II.

WHETHER OR NOT THE PERSONAL DEFENSES OF ATTY. CARLOS V. BAYLON, WHO IS NOT A PARTY TO THIS CASE, MAY BE USED FOR THE DEFENDANTS' DEFENSE;

III.

WHETHER OR NOT THE COURT A QUO ERRONEOUSLY ERRED IN NOT REVERSING THE DECISION OF THE LOWER COURT (MTC) WHICH DISMISSED THIS CASE BASED ON THE CONTRACTS OF LEASE WHICH WERE BELATEDLY PRESENTED OR SUBMITTED IN COURT.

The petition is unmeritorious.

In the first assignment of error, petitioner argues that Atty. Carlos V. Baylon cannot be an indispensable party to the case only because he presented contracts of lease to make him appear as lessor and to validate the illegal possession of the subject property by the respondents. Petitioner added that the said contracts of lease should not have been admitted or given credence by the court a quo as they were mere fabrications.

Resting as a focal point in the second and third issues raised by petitioner is the contract of lease between respondents and Atty. Carlos V. Baylon. Petitioner contends that, in light of the fact that Atty. Carlos V. Baylon is not a party to the case, his claim to the property cannot be adopted by respondents as part of their defense. Moreover, the contracts of lease between Atty. Carlos V. Baylon and respondents are not binding upon third parties as they are not in writing. Hence, in the Answer with Compulsory Counterclaim filed by respondents, petitioner pointed out that the parties merely claimed that they have only oral or verbal contracts of lease with Atty. Carlos V. Baylon.

Respondents, for their part, submitted a Comment to Petition for Review but failed to address the issues raised by petitioner to the point of virtually neglecting to comply with Section 5 of Rule 42 of the Revised Rules on Court[13] which enumerates the supposed contents of a comment.

Despite the aforesaid lapse in respondents' Comment however, we find petitioner's arguments unconvincing. Verily, the Regional Trial Court correctly appreciated Atty. Carlos V. Baylon as an indispensable party. Contrary to the position of petitioner, it is significant to point out that the Regional Trial Court did not consider Atty. Carlos V. Baylon as an indispensable party because of his role of being a lessor of the subject property. The Regional Trial Court treated Atty. Carlos V. Baylon as an indispensable party because he is a co-owner of the subject property. In any event however, we find that Atty. Carlos V. Baylon is an indispensable party to the case.

Section 7, Rule 3 of the Revised Rules of Court[14] defines indispensable parties as parties-in-interest without whom there can be no final determination of an action and who, for this reason, must be joined either as plaintiffs or as defendants. Jurisprudence further holds that a party is indispensable, not only if he has an interest in the subject matter of the controversy, but also if his interest is such that a final decree cannot be made without affecting this interest or without placing the controversy in a situation where the final determination may be wholly inconsistent with equity and good conscience. He is a person whose absence disallows the court from making an effective, complete, or equitable determination of the controversy between or among the contending parties.[15] Undoubtedly, Atty. Carlos V. Baylon is characterized and covered by the foregoing definition of an indispensable party.

In a long line of cases, the Supreme Court has explained that the action will not prosper unless the plaintiff impleaded the other co-owners who are indispensable parties.[16] Similarly however, the Supreme Court has upheld in several cases the right of a co-owner to file a suit without impleading other co-owners, pursuant to Article 487 of the Civil Code.[17] These cases are distinguished from one another as the particular circumstances

and individual peculiarities of a case ultimately determine whether or not a co-owner is an indispensable party to the case.

In light of the situation that Atty. Carlos V. Baylon is the lessor of the respondents, and considering further the significant factor that Atty. Carlos V. Baylon is a co-owner of the undivided property that is being occupied by the respondents, no other conclusion can be reached other than that Atty. Carlos V. Baylon is an indispensable party to the case.

Former Chief Justice Moran, an eminent authority on remedial law, explains[18]:

“ . . . As held by the Supreme Court, were the courts to permit an action in ejectment to be maintained by a person having merely an undivided interest in any given tract of land, a judgment in favor of the defendants would not be conclusive as against the other co-owners not parties to the suit, and thus the defendant in possession of the property might be harassed by as many succeeding actions of ejectment, as there might be co-owners of the title asserted against him. The purpose of this provision was to prevent multiplicity of suits by requiring the person asserting a right against the defendant to include with him, either as co-plaintiffs or as co-defendants, all persons standing in the same position, so that the whole matter in dispute may be determined once and for all in one litigation.”

Atty. Carlos V. Baylon being an indispensable party, the petitioner cannot unduly take advantage of the fact that he was not impleaded as a party to the case in order to support her contention in the second issue that she raised in the instant petition that respondents may not present the defense that they have a contract with Atty. Carlos V. Baylon to justify their possession of a portion of the subject property. Besides, the contracts of lease cited by respondents are not only personal matters of Atty. Carlos V. Baylon but of respondents themselves as they are the lessees. It is by reason of this contract with Atty. Carlos V. Baylon that they are occupying the subject property.

The question of whether or not an oral/verbal contract of lease is enforceable against third parties, as raised by petitioner in her third assignment of errors, does not bear much importance in the case taking into account the rights of Atty. Carlos V. Baylon as a co-owner. Thus, Atty. Carlos V. Baylon's right to lease part of his undivided interest in the co-owned property is absolute in accordance with the well-settled doctrine that a co-owner has full ownership of his pro-indiviso share and has the right to alienate, assign or mortgage it, and substitute another person in its enjoyment.[19]

The ultimate question therefore is whether or not Atty. Carlos V. Baylon intended for respondents to substitute him in the enjoyment of the subject property. This intention may be gleaned not only from a written contract of lease but may be inferred from a verbal agreement. In fact, a contract wherein the respondents promises to pay Atty. Carlos V. Baylon a sum of money in exchange for being allowed to stay in the subject property is not even necessary as what is essential is that Atty. Carlos V. Baylon, as a co-owner, allowed the respondents to enjoy the subject property. Such consent to possess the property granted by Atty. Carlos V. Baylon to respondents is independent of the will of the petitioner. Hence, the Supreme Court in *Vda de Castro vs Atienza*[20] answered the issue of whether or not a co-owner of a fishpond, owned pro-indiviso by him with his brother, could validly lease his half-interest to a third party, independently of his co-owner. In said case, the Supreme Court upheld the ruling of the Court of Appeals when we found that such a scenario would result in a partnership between the lessee and the owner of the other undivided half. This is fully supported by the Civil Code provisions on the rights and prerogatives of co-owners, and specifically by Article 493 which expressly provides as follows:

“Art. 493. Each co-owner shall have the full ownership of his part and of the fruits and benefits pertaining thereto, and he may therefore alienate, assign or mortgage it, and even substitute another person in its enjoyment, except when personal rights are involved. But the effect of the alienation or the mortgage, with respect to the co-owners, shall be limited to the portion which may be allotted to him in the division upon the

termination of the co-ownership.”

WHEREFORE, in view of the foregoing premises, the instant petition is DENIED. The Decision, dated October 29, 2013, issued by the Regional Trial Court, Branch 4, of Legazpi City in Civil Case No. 11154 is hereby AFFIRMED.

SO ORDERED.

Antonio-Valenzuela[*] and Paredes, JJ., concur.

[1] Rollo, Petition pp. 8-24

[2] Ibid., pp. 25-31

[3] Ibid., pp. 32-35

[4] Ibid., pp. 63-65

[5] Ibid., pp. 67-70

[6] Ibid., pp. 71-73

[7] Ibid., pp. 82-87

[8] Ibid., pp. 96-101

[9] Ibid., (See Complaint and Certificate to File Action) pp. 102-103

[10] Ibid., page 41

[11] Ibid., pp.197-208

[12] Ibid., pp. 207-208

[13] Section 5. Contents of comment. — The comment of the respondent shall be filed in seven (7) legible copies, accompanied by certified true copies of such material portions of the record referred to therein together with other supporting papers and shall (a) state whether or not he accepts the statement of matters involved in the petition; (b) point out such insufficiencies or inaccuracies as he believes exist in petitioner's statement of matters involved but without repetition; and (c) state the reasons why the petition should not be given due course. A copy thereof shall be served on the petitioner.

[14] Section 7. Compulsory joinder of indispensable parties. — Parties in interest without whom no final determination can be had of an action shall be joined either as plaintiffs or defendants

[15] Marmo vs Anacay G.R. No. 182585, November 27, 2009

[16] See Baloloy vs. Hular 481 Phil. 398 (2004); Adlawan vs. Adlawan, G.R. No. 161916, January 20, 2006, 479 SCRA 275; Arcelona v. Court of Appeals, G.R. No. 155236, July 8, 2005, 463 SCRA 180; Orbeta v. Sendiong G.R. No. 155785, April 13, 2007, 521 SCRA 85.

[17] See De Guia vs. Court of Appeals, 459 Phil. 447 (2003); Estate of Soledad Manantan vs. Somera, G.R. No. 145867, April 7, 2009; Amoroso vs. Alegre, Jr., G.R. No. 142766, June 15, 2007, 524 SCRA 641; Valdez, Jr. vs. Court of Appeals, G.R. No. 132424, May 4, 2006, 489 SCRA 369; Heirs of Demetrio Melchor vs. Melchor, 461 Phil. 437 (2003); and Serdoncillo v. Spouses Benolirao, 358 Phil. 83 (1998).

[18] Comments on the Rules of Court, Moran, Volume 1, 1970 edition, pp. 182-183 citing cases of "Palarca v. Baguisi, 38 Phil. 177. See also Pobre v. Blanco, 17 Phil. 156; Araneta v. Montelibano, 14 Phil. 117.

[19] Nufable vs. Nufable, 309 SCRA 692, 700 (1999); Manuel vs Court of Appeals G.R. No. 108228, February 1, 2001

[20] G.R. No. L-25014, October 17, 1973

[*]Acting Senior Member vice J. Elbinas per Office Order No. 239-14-ABR dtd. May 23, 2014

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