

## MANUEL LAO, PETITIONER, VS. COURT OF APPEALS AND BETTER HOMES REALTY & #038; HOUSING CORPORATION, RESPONDENTS.

*G.R. No. 115307. July 08, 1997*

Ponente: PANGANIBAN, J.

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### PANGANIBAN, J.:

As a general rule, the main issue in an ejectment suit is possession de facto, not possession de jure. In the event the issue of ownership is raised in the pleadings, such issue shall be taken up only for the limited purpose of determining who between the contending parties has the better right to possession. However, where neither of the parties objects to the allegation of the question of ownership -- which may be initially improvident or improper -- in an ejectment suit and, instead, both present evidence thereon, argue the question in their various submissions and participate in all aspects of the trial without objecting to the Metropolitan (or Municipal) Trial Court's jurisdiction to decide the question of ownership, the Regional Trial Court -- in the exercise of its original jurisdiction as authorized by Section 11, Rule 40 of the Rules of Court -- may rule on the issue and the corollary question of whether the subject deed is one of sale or of equitable mortgage.

These postulates are discussed by the Court as it resolves this petition under Rule 45 seeking a reversal of the December 21, 1993 Decision[1] and April 28, 1994 Resolution[2] of the Court of Appeals in CA-G.R. SP No. 92-14293.

### The Antecedent Facts

The facts of this case are narrated by Respondent Court of Appeals as follows:[3]

“On June 24, 1992, (herein Private Respondent Better Homes Realty and Housing Corporation) filed with the Metropolitan Trial Court of Quezon City, a complaint for unlawful detainer, on the ground that (said private respondent) is the owner of the premises situated at Unit I, No. 21 N. Domingo Street, Quezon City, evidenced by Transfer Certificate of Title No. 22184 of the Registry of Deeds of Quezon City; that (herein Petitioner Manuel Lao) occupied the property without rent, but on (private respondent's) pure liberality with the understanding that he would vacate the property upon demand, but despite demand to vacate made by letter received by (herein petitioner) on February 5, 1992, the (herein petitioner) refused to vacate the premises.

In his answer to the complaint, (herein petitioner) claimed that he is the true owner of the house and lot located at Unit I, No. 21 N. Domingo Street, Quezon City; that the (herein private respondent) purchased the same from N. Domingo Realty and Development Corporation but the agreement was actually a loan secured by mortgage; and that plaintiff's cause of action is for accion publiciana, outside the jurisdiction of an inferior court.

On October 9, 1992, the Metropolitan Trial Court of Quezon City rendered judgment ordering the (petitioner) to vacate the premises located at Unit I, No. 21 N. Domingo Street, Quezon City; to pay (private respondent) the sum of P300.00 a day starting on January 31, 1992, as reasonable rent for the use and occupation of the premises; to pay plaintiff P5,000.00, as attorney's fees, and costs.

On appeal to the Regional Trial Court of Quezon City,[4] on March 30, 1993, the latter court rendered a decision reversing that of the Metropolitan Trial Court, and ordering the dismissal of the (private respondent's) complaint for lack of merit, with costs taxed against (private respondent).

In its decision, the Regional Trial Court held that the subject property was acquired by (private respondent) from N. Domingo Realty and Development Corporation, by a deed of sale, and (private respondent) is now the registered owner under Transfer Certificate of Title No. 316634 of the Registry of Deeds of Quezon City, but in truth the (petitioner) is the beneficial owner of the property because the real transaction over the subject property was not a sale but a loan secured by a mortgage thereon."

The dispositive portion of the Regional Trial Court's decision is quoted below:[5]

"WHEREFORE, judgment is hereby rendered reversing the appealed decision and ordering the dismissal of plaintiff's complaint for lack of merit, with the costs taxed against it.

IT IS SO ORDERED."

On April 28, 1993, private respondent filed an appeal with the Court of Appeals which reversed the decision of the Regional Trial Court. The Respondent Court ruled:

"The Metropolitan Trial Court has no jurisdiction to resolve the issue of ownership in an action for unlawful detainer (B.P. 129, Sec. 33 [2]; Cf. *Alvir vs. Vera*, 130 SCRA 357). The jurisdiction of a court is determined by the nature of the action alleged in the complaint (*Ching vs. Malaya*, 153 SCRA 412). In its complaint in the inferior court, the plaintiff alleged that it is the owner of the premises located at Unit I, No. 21 N. Domingo Street, Quezon City, and that defendant's occupation is rent free and based on plaintiff's pure liberality coupled with defendant's undertaking to vacate the premises upon demand, but despite demands, defendant has refused to vacate. The foregoing allegations suffice to constitute a cause of action for ejectment (*Banco de Oro vs. Court of Appeals*, 182 SCRA 464).

The Metropolitan Trial Court is not ousted of jurisdiction simply because the defendant raised the question of ownership (*Bolus vs. Court of Appeals*, 218 SCRA 798). The inferior court shall resolve the issue of ownership only to determine who is entitled to the possession of the premises (B.P. 129, Sec. 33[2]; *Bolus vs. Court of Appeals*, supra).

Here, the Metropolitan Trial Court ruled that as owner, plaintiff (herein private respondent Better Homes Realty and Housing Corporation) is entitled to the possession of the premises because the defendant's stay is by mere tolerance of the plaintiff (herein private respondent).

On the other hand, the Regional Trial Court ruled that the subject property is owned by the defendant, (herein petitioner Manuel Lao) and, consequently, dismissed the complaint for unlawful detainer. Thus, the Regional Trial Court resolved the issue of ownership, as if the case were originally before it as an action for recovery of possession, or *accion publiciana*, within its original jurisdiction. In an appeal from a decision of the Municipal Trial Court, or Metropolitan Trial Court, in an unlawful detainer case, the Regional Trial Court is simply to determine whether the inferior court correctly resolved the issue of possession; it shall not delve into the issue of ownership (*Manuel vs. Court of Appeals*, 199 SCRA 603). What the Regional Trial Court did was to rule that the real agreement between the plaintiff and the previous owner of the property was not a sale, but an equitable mortgage. Defendant was only a director of the seller corporation, and his claim of ownership could not be true. This question could not be determined summarily. It was not properly in issue before the inferior court because, as aforesaid, the only issue was possession *de facto* (*Manlapaz vs. Court of Appeals*, 191 SCRA 795), or who has a better right to physical possession (*Dalida vs. Court of Appeals*, 117 SCRA 480). Consequently, the Regional Trial Court erred in reversing the decision of the Metropolitan Trial Court.

WHEREFORE, the Court hereby REVERSES the decision of the Regional Trial Court. In lieu thereof, We affirm the decision of the Metropolitan Trial Court of Quezon City sentencing the defendant and all persons

claiming right under him to vacate the premises situated at Unit I, No. 21 N. Domingo Street, Quezon City, and to surrender possession to the plaintiff; to pay plaintiff the sum of P300.00, a day starting on January 31, 1992, until defendant shall have vacated the premises; to pay plaintiff P5,000.00 as attorneys fees, and costs.

SO ORDERED.”[6]

Manuel Lao’s motion for reconsideration dated January 24, 1994 was denied by the Court of Appeals in its Resolution promulgated on April 28, 1994. Hence, this petition for review before this Court.[7]

#### The Issues

Petitioner Manuel Lao raises three issues:

“3.1 Whether or not the lower court can decide on the issue of ownership in the present ejectment case

3.2 Whether or not private respondent had acquired ownership over the property in question

3.3 Whether or not petitioner should be ejected from the premises in question”[8]

#### The Court’s Ruling

The petition for review is meritorious.

#### First Issue: Jurisdiction to Decide the Issue of Ownership

The Court of Appeals held that as a general rule, the issue in an ejectment suit is possession de facto, not possession de jure, and that in the event the issue of ownership is raised as a defense, the issue is taken up for the limited purpose of determining who between the contending parties has the better right to possession. Beyond this, the MTC acts in excess of its jurisdiction. However, we hold that this is not a hard and fast rule that can be applied automatically to all unlawful detainer cases.

Section 11, Rule 40 of the Rules of Court provides that “[a] case tried by an inferior court without jurisdiction over the subject matter shall be dismissed on appeal by the Court of First Instance. But instead of dismissing the case, the Court of First Instance, in the exercise of its original jurisdiction, may try the case on the merits if the parties therein file their pleadings and go to the trial without any objection to such jurisdiction.” After a thorough review of the records of this case, the Court finds that the respondent appellate court failed to apply this Rule and erroneously reversed the RTC Decision.

Respondent Court cites *Alvir vs. Vera* to support its Decision. On the contrary, we believe such case buttresses instead the Regional Trial Court’s decision. The cited case involves an unlawful detainer suit where the issue of possession was inseparable from the issue of transfer of ownership, and the latter was determinable only after an examination of a contract of sale involving the property in question. The Court ruled that where a “case was tried and heard by the lower court in the exercise of its original jurisdiction by common assent of the parties by virtue of the issues raised x x x and the proofs presented by them,” any dismissal on the ground of lack of jurisdiction “would only lead to needless delays and multiplicity of suits.” The Court held:

“In actions of forcible entry and detainer, the main issue is possession de facto, independently of any claim of ownership or possession de jure that either party may set forth in his pleading. x x x Defendant’s claim of ownership of the property from which plaintiff seeks to eject him is not sufficient to divest the inferior court of its jurisdiction over the action of forcible entry and detainer. However, if it appears during the trial that the principal issue relates to the ownership of the property in dispute and any question of possession which may be involved necessarily depends upon the result of the inquiry into the title, previous rulings of this Court are that the jurisdiction of the municipal or city court is lost and the action should be dismissed.

We have at bar a case where, in effect, the question of physical possession could not properly be determined without settling that of lawful or de jure possession and of ownership and hence, following early doctrine, the jurisdiction of the municipal court over the ejectment case was lost and the action should have been dismissed. As a consequence, respondent court would have no jurisdiction over the case on appeal and it should have dismissed the case on appeal from the municipal trial court. However, in line with Section 11, Rule 40 of the Revised Rules of Court, which reads --

‘SEC. 11. Lack of Jurisdiction. -- A case tried by an inferior court without jurisdiction over the subject matter shall be dismissed on appeal by the Court of First Instance. But instead of dismissing the case, the Court of First Instance in the exercise of its original jurisdiction, may try the case on the merits if the parties therein file their pleadings and go to trial without objection to such jurisdiction.’ this Court held in *Saliwan vs. Amores*, 51 SCRA 329, 337, that dismissal ‘on the said ground of lack of appellate jurisdiction on the part of the lower court flowing from the municipal court’s loss of jurisdiction would lead only to needless delay and multiplicity of suits in the attainment of the same result and ignores, as above stated, that the case was tried and heard by the lower court in the exercise of its original jurisdiction by common assent of the parties by virtue of the issues raised by the parties and the proof presented by them thereon.’ ”[9]

This pronouncement was reiterated by this Court through Mr. Justice Teodoro R. Padilla in *Consignado vs. Court of Appeals*[10] as follows:

“As the MTC of Laguna had no jurisdiction over the unlawful detainer case in view of the raised question of title or ownership over the property in dispute, the RTC of Laguna also had no appellate jurisdiction to decide the case on the merits. It should have dismissed the appeal. However, it had original jurisdiction to pass upon the controversy. It is to be noted, in this connection, that in their respective memoranda filed with the RTC of Laguna, the petitioners and private respondents did not object to the said court exercising its original jurisdiction pursuant to the aforequoted provisions of Section 11, Rule 40 of the Rules of Court.

x x x x x x x x

Petitioners now contend, among others, that the Court of Appeals erred in resolving the question of ownership as if actual title, not mere possession of subject premises, is involved in the instant case.

The petitioner’s contention is untenable. Since the MTC and RTC of Laguna decided the question of ownership over the property in dispute, on appeal the Court of Appeals had to review and resolve also the issue of ownership. x x x”

It is clear, therefore, that although an action for unlawful detainer “is inadequate for the ventilation of issues involving title or ownership of controverted real property, [i]t is more in keeping with procedural due process that where issues of title or ownership are raised in the summary proceedings for unlawful detainer, said proceeding should be dismissed for lack of jurisdiction, unless, in the case of an appeal from the inferior court to the Court of First Instance, the parties agree to the latter Court hearing the case in its original jurisdiction in accordance with Section 11, Rule 40 x x x.”[11]

In the case at bar, a determination of the issue of ownership is indispensable to resolving the rights of both parties over the property in controversy, and is inseparable from a determination of who between them has the right to possess the same. Indeed, the very complaint for unlawful detainer filed in the Metropolitan Trial Court of Quezon City is anchored on the alleged ownership of private respondent over the subject premises.[12] The parties did not object to the incongruity of a question of ownership being brought in an ejectment suit. Instead they both submitted evidence on such question, and the Metropolitan Trial Court decided on the issue. These facts are evident in the Metropolitan Trial Court’s decision:

“From the records of the case, the evidence presented and the various arguments advanced by the parties, the Court finds that the property subject matter of this case is in the name of (herein private respondent) Better Homes and Realty Housing Corporation; that the Deed of Absolute Sale which was the basis for the issuance of said TCT No. 22184 is between N. Domingo Realty and Development Corporation and Better Homes Realty and Housing Corporation which was signed by Artemio S. Lao representing the seller N. Domingo and Realty Development Corporation; that a Board Resolution of N. Domingo and Realty and Development Corporation (Exhibit ‘D’ position paper) shows that the Directors of the Board of the N. Domingo Realty and Development Corporation passed a resolution selling apartment units I and F located at No. 21 N. Domingo St., Quezon City and designating the (herein petitioner) with his brother Artemio S. Lao as signatories to the Deed of Sale. The claim therefore of the (herein petitioner) that he owns the property is not true. x x x”[13]

When the MTC decision was appealed to the Regional Trial Court, not one of the parties questioned the Metropolitan Trial Court’s jurisdiction to decide the issue of ownership. In fact, the records show that both petitioner and private respondent discussed the issue in their respective pleadings before the Regional Trial Court.[14] They participated in all aspects of the trial without objection to its jurisdiction to decide the issue of ownership. Consequently, the Regional Trial Court aptly decided the issue based on the exercise of its original jurisdiction as authorized by Section 11, Rule 40 of the Rules of Court.

This Court further notes that in both of the contending parties’ pleadings filed on appeal before the Court of Appeals, the issue of ownership was likewise amply discussed.[15] The totality of evidence presented was sufficient to decide categorically the issue of ownership.

These considerations, taken together with the fact that both the Metropolitan Trial Court and the Regional Trial Court decided the issue of ownership, justify the review of the lower courts’ findings of fact and decision on the issue of ownership. This we now do, as we dispose of the second issue and decide the case with finality to spare the parties the time, trouble and expense of undergoing the rigors of another suit where they will have to present the same evidence all over again and where, in all probability, the same ultimate issue of ownership will be brought up on appeal.

#### Second Issue: Absolute Sale or Equitable Mortgage?

Private Respondent Better Homes Realty and Housing Corporation anchored its right in the ejectment suit on a contract of sale in which petitioner (through their family corporation) transferred the title of the property in question. Petitioner contends, however, that their transaction was not an absolute sale, but an equitable mortgage.

In determining the nature of a contract, the Court looks at the intent of the parties and not at the nomenclature used to describe it. Pivotal to deciding this issue is the true aim and purpose of the contracting parties as shown by the terminology used in the covenant, as well as “by their conduct, words, actions and deeds prior to, during and immediately after executing the agreement.”[16] In this regard, parol evidence becomes admissible to prove the true intent and agreement of the parties which the Court will enforce even if the title of the property in question has already been registered and a new transfer certificate of title issued in the name of the transferee. In *Macapinlac vs. Gutierrez Repide*, which involved an identical question, the Court succinctly stated:

“ x x x This conclusion is fully supported by the decision in *Cuyugan vs. Santos* (34 Phil., 100), where this court held that a conveyance in the form of a contract of sale with pacto de retro will be treated as a mere mortgage, if really executed as security for a debt, and that this fact can be shown by oral evidence apart from the instrument of conveyance, a doctrine which has been followed in the later cases of *Villa vs. Santiago* (38 Phil., 157), and *Cuyugan vs. Santos* (39 Phil., 970).

x x x x x x x x

In the first place, it must be borne in mind that the equitable doctrine which has been so fully stated above, to the effect that any conveyance intended as security for a debt will be held in effect to be a mortgage, whether so actually expressed in the instrument or not, operates regardless of the form of the agreement chosen by the contracting parties as the repository of their will. Equity looks through the form and considers the substance; and no kind of engagement can be adopted which will enable the parties to escape from the equitable doctrine to which reference is made. In other words, a conveyance of land, accompanied by registration in the name of the transferee and the issuance of a new certificate, is no more secured from the operation of this equitable doctrine than the most informal conveyance that could be devised.”[17]

The law enumerates when a contract may be presumed to be an equitable mortgage:

- “(1) When the price of a sale with right to repurchase is unusually inadequate;
- (2) When the vendor remains in possession as lessee or otherwise;
- (3) When upon or after the expiration of the right to repurchase another instrument extending the period of redemption or granting a new period is executed;
- (4) When the purchaser retains for himself a part of the purchase price;
- (5) When the vendor binds himself to pay the taxes on the thing sold;
- (6) In any other case where it may be fairly inferred that the real intention of the parties is that the transaction shall secure the payment of a debt or the performance of any other obligation.

x x x x x x x x”[18]

The foregoing presumption applies also to a “contract purporting to be an absolute sale.”[19]

Applying the preceding principles to the factual milieu of this case, we find the agreement between the private respondent and N. Domingo Realty & Housing Corporation, as represented by petitioner, manifestly one of equitable mortgage. First, possession of the property in the controversy remained with Petitioner Manuel Lao who was the beneficial owner of the property, before, during and after the alleged sale.[20] It is settled that a “pacto de retro sale should be treated as a mortgage where the (property) sold never left the possession of the vendors.”[21] Second, the option given to Manuel Lao to purchase the property in controversy had been extended twice[22] through documents executed by Mr. Tan Bun Uy, President and Chairman of the Board of Better Homes Realty & Housing Corporation. The wording of the first extension is a refreshing revelation that indeed the parties really intended to be bound by a loan with mortgage, not by a pacto de retro. It reads, “On June 10, 88, this option is extended for another sixty days to expired (sic) on Aug. 11, 1988. The purchase price is increased to P137,000.00. Since Mr. Lao borrow (sic) P20,000.00 from me.”[23] These extensions clearly represent the extension of time to pay the loan given to Manuel Lao upon his failure to pay said loan on its maturity. Mr. Lao was even granted an additional loan of P20,000.00 as evidenced by the above-quoted document. Third, unquestionably, Manuel Lao and his brother were in such “dire need of money” that they mortgaged their townhouse units registered under the name of N. Domingo Realty Corporation, the family corporation put up by their parents, to Private Respondent Better Homes Realty & Housing Corporation. In retrospect, it is easy to blame Petitioner Manuel Lao for not demanding a reformation of the contract to reflect the true intent of the parties. But this seeming inaction is sufficiently explained by the Lao brothers’ desperate need for money, compelling them to sign the document purporting to be a sale after they were told that the same was just for “formality.”[24] In fact, this Court, in various cases involving the same situation, had occasion to state:

“ x x x In *Jayme, et al. v. Salvador, et al.*, this Court upheld a judgment of the Court of First Instance of Iloilo which found the transaction between the parties to be a loan instead of a sale of real property notwithstanding

the terminology used in the document, after taking into account the surrounding circumstances of the transaction. The Court through Justice Norberto Romualdez stated that while it was true that plaintiffs were aware of the contents of the contracts, the preponderance of the evidence showed however that they signed knowing that said contracts did not express their real intention, and if they did so notwithstanding this, it was due to the urgent necessity of obtaining funds. ‘Necessitous men are not, truly speaking, free men; but to answer a present emergency, will submit to any terms that the crafty may impose upon them.’”[25]

Moreover, since the borrower’s urgent need for money places the latter at a disadvantage vis-a-vis the lender who can thus dictate the terms of their contract, the Court, in case of an ambiguity, deems the contract to be one which involves the lesser transmission of rights and interest over the property in controversy.[26]

As aptly found and concluded by the regional trial court:

“The evidence of record indicates that while as of April 4, 1988 (the date of execution of the Deed of Absolute Sale whereby the N. Domingo and Realty & Development Corporation purportedly sold the townhouse and lot subject of this suit to [herein private respondent Better Homes Realty & Housing Corporation] for P100,000.00) said N. Domingo Realty & Development Corporation (NDRDC, for short) was the registered owner of the subject property under Transfer Certificate of Title (TCT) No. 316634 of the Registry of Deeds for Quezon City, (herein petitioner Manuel Lao) in fact was and has been since 1975 the beneficial owner of the subject property and, thus, the same was assigned to him by the NDRDC, the family corporation set up by his parents and of which (herein petitioner) and his siblings are directors. That the parties’ real transaction or contract over the subject property was not one of sale but, rather, one of loan secured by a mortgage thereon is unavoidably inferrable from the following facts of record, to (herein petitioner’s) possession of the subject property, which started in 1975 yet, continued and remained even after the alleged sale of April 4, 1988; (herein private respondent) executed an option to purchase in favor (herein petitioner) as early as April 2, 1988 or two days before (herein private respondent) supposedly acquired ownership of the property; the said option was renewed several times and the price was increased with each renewal (thus, the original period for the exercise of the option was up to June 11, 1988 and the price was P109,000.00; then, on June 10, 1988, the option was extended for 60 days or until August 11, 1988 and the price was increased to P137,000.00; and then on August 11, 1988, the option was again extended until November 11, 1988 and the price was increased to P158, 840.00); and, the Deed of Absolute Sale of April 4, 1988 was registered and the property transferred in the name of (private respondent) only on May 10, 1989, per TCT No. 22184 of the Registry of Deeds for Quezon City (Arts. 1602, nos. 2, 3, & 6, & 1604, Civil Code). Indeed, if it were true, as it would have the Court believe, that (private respondent) was so appreciative of (petitioner’s) alleged facilitation of the subject property’s sale to it, it is quite strange why (private respondent) some two days before such supposed sale would have been minded and inclined to execute an option to purchase allowing (petitioner) to acquire the property -- the very same property it was still hoping to acquire at the time. Certainly, what is more likely and thus credible is that, if (private respondent) was indeed thankful that it was able to purchase the property, it would not given (petitioner) any option to purchase at all x x x.”[27]

Based on the conduct of the petitioner and private respondent and even the terminology of the second option to purchase, we rule that the intent and agreement between them was undoubtedly one of equitable mortgage and not of sale.

Third Issue: Should Petitioner Be Ejected?

We answer in the negative. An action for unlawful detainer is grounded on Section 1, Rule 70 of the Rules of Court which provides that:

“ x x x a landlord, vendor, vendee, or other person against whom the possession of any land or building is unlawfully withheld after the expiration or termination of the right to hold possession, by virtue of any contract, express or implied, or the legal representatives or assigns of any such landlord, vendor, vendee, or

other person, may, at any time within one (1) year after such unlawful deprivation or withholding of possession, bring an action in the proper inferior court against the person or persons unlawfully withholding or depriving of possession, or any person or persons claiming under them, for the restitution of such possession, together with damages and costs. x x x.”

Based on the previous discussion, there was no sale of the disputed property. Hence, it still belongs to petitioner’s family corporation, N. Domingo Realty & Development Corporation. Private respondent, being a mere mortgagee, has no right to eject petitioner. Private respondent, as a creditor and mortgagee, “ x x x cannot appropriate the things given by way of pledge or mortgage, or dispose of them. Any stipulation to the contrary is null and void.”[28]

#### Other Matters

Private respondent in his memorandum also contends that (1) petitioner is not the real party in interest and (2) the petition should be dismissed for “raising/stating facts not so found by the Court of Appeals.” These deserve scant consideration. Petitioner was impleaded as party defendant in the ejectment suit by private respondent itself. Thus, private respondent cannot question his standing as a party. As such party, petitioner should be allowed to raise defenses which negate private respondent’s right to the property in question. The second point is really academic. This ponencia relies on the factual narration of the Court of Appeals and not on the “facts” supplied by petitioner.

WHEREFORE, the petition is hereby GRANTED. The challenged Decision of the Court of Appeals is REVERSED and SET ASIDE. The decision of the Regional Trial Court of Quezon City ordering the dismissal of the complaint for ejectment is REINSTATED and AFFIRMED. No pronouncement as to costs.

#### SO ORDERED

Narvasa, C.J., (Chairman), Davide, Jr., and Francisco, JJ., concur.  
Melo, J., on leave.

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[1] Rollo, pp. 32-35. Penned by J. Bernardo P. Pardo and concurred in by JJ. Minerva P. Gonzaga-Reyes and Corona Ibay-Somera.

[2] Ibid, p. 42.

[3] Ibid, p. 33.

[4] Judge Aloysius C. Alday presiding.

[5] Rollo, p. 30.

[6] Decision of the Court of Appeals, pp. 3-4; rollo, pp. 34-35.

[7] In a Resolution dated November 13, 1995, this case, along with several others, was transferred by the First Division to the Third Division and assigned to the ponente for study and, after deliberation by the Court, for the writing of this Decision.

[8] Memorandum of Petitioner, p.6; rollo, p. 96.

[9] *Alvir vs. Vera*, 130 SCRA 357, 361-162, July 16, 1984. Per J. Lorenzo R. Relova.

[10] 207 SCRA 297, 310-311, March 18, 1992.

[11] *De la Santa vs. Court of Appeals*, 140 SCRA 44, 54, November 18, 1985.

- [12] In its Memorandum dated March 17, 1995, private respondent reiterates that its complaint for unlawful detainer is grounded on its ownership of the property as a result of a sale.
- [13] Decision of the Metropolitan Trial Court, p. 3; rollo, p. 26.
- [14] Record of the Regional Trial Court, pp. 130-131 and pp. 140-146.
- [15] Record of the Court of Appeals, pp. 6-12 and pp. 107-113.
- [16] Alfonso D. Zamora vs. Court of Appeals and Ma Jacinta D. de Guzman, G.R. No. 102557, p. 8, July 30, 1996.
- [17] 43 Phil. 770, 779, 783 (1922). See also Tolentino, Arturo M., Commentaries and Jurisprudence on the Civil Code of the Philippines, p. 157, (1992).
- [18] Article 1602, Civil Code of the Philippines.
- [19] Article 1604, Civil Code of the Philippines.
- [20] Petition for Review, pp. 3-4, and Memorandum of Petitioner, p. 9; rollo, pp. 9-10 and p. 99.
- [21] Aquino, Ramon C., and Grino-Aquino, Carolina C., The Civil Code of the Philippines, p. 139, (1990); citing Matienzo vs. Court of First Instance, 64 Phil. 542, (1937).
- [22] Record of the Court of Appeals, Annexes D-1 and D, pp.37-39; and Record of the Regional Trial Court, Annexes c and D, pp. 103-104.
- [23] Ibid., p. 37; Record of the Regional Trial Court, p. 103.
- [24] Petition for Review, pp. 2-4; rollo, pp. 8-10.
- [25] Alfonso D. Zamora vs. Court of Appeals and Ma. Jacinta D. de Guzman, supra, p. 15; citing Labasan vs. Lacuesta, 86 SCRA 16, 22, October 30, 1978.
- [26] Olino vs. Medina, 13 Phil. 379, 382-383, (1909). See also Baviera, Araceli, Sales, p. 158, (1981).
- [27] Decision of the Regional Trial Court, pp. 2-3; rollo, pp. 29-30.
- [28] Article 2088, Civil Code of the Philippines.

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