

VSC COMMERCIAL ENTERPRISES, INC., PETITIONER, VS. COURT OF APPEALS, OSCAR ESTOPACE AND JOSE SILAPAN, RESPONDENTS.

G.R. No. 121159. December 16, 2002

Ponente: AUSTRIA-MARTINEZ, J.

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AUSTRIA-MARTINEZ, J.:

The present petition for review on certiorari brought before us by VSC Commercial Enterprises, Inc. (VSC) seeks the reversal of the decision of the Court of Appeals promulgated on June 16, 1994 reversing and setting aside the order of dismissal, dated March 15, 1991, of Civil Case No. 90-55411 issued by the Regional Trial Court of Manila (Branch 21) and the resolution of the appellate court, dated July 7, 1995, denying petitioner's motion for reconsideration.

The facts of the case are as follows:

On December 12, 1990, herein private respondents Oscar Estopace and Jose Silapan filed with the Regional Trial Court of Manila a complaint against the Register of Deeds of Manila and petitioner VSC alleging:

“3. x x x that they are bona-fide stallholders inside the ‘Pamilihang Sentral ng Sta. Mesa’, for about ten (10) years or so prior to the institution of this action;

“4. As such stallholders, plaintiffs have been paying their market fees to defendant VSC Commercial Enterprises, Inc. under the latter's claim that he (sic) was the registered owner of the lot and building known as the ‘Pamilihang Sentral ng Sta. Mesa;’

“5. Of late, the plaintiffs came into possession of certain documents which would indicate that TCT No. 153406 of the Register of Deeds of Manila (which is in the name of VSC Commercial Enterprises, Inc.),[1] originating as it did after several transfers of titles, from O.C.T. No. 2863 covers lands not in Sta. Mesa, Manila but lands situated either in Caloocan, Mariquina Estate or in San Juan, Metro Manila;”[2]

In support thereof, private respondents cited several documents annexed to their complaint showing that TCT No. 153406 is “fraudulent, spurious and highly questionable.” They pray for the cancellation of defendant VSC's title over the subject property claiming that:

“13. As a consequence of the cancellation of said title of land, the land thereunder (sic) remains with or reverts to the estate (sic) disposable to qualified applicants to buy the said land in accordance with law;

“14. As stallholders, the plaintiffs together with the other several stallholders on this land would have pre-emptive rights over this government property.”[3]

Instead of filing an Answer, petitioner VSC filed a Motion to Dismiss on the following grounds:

“PLAINTIFFS ARE NOT THE REAL PARTIES IN INTEREST. AS SUCH, THEY HAVE NO CAUSE OF ACTION AGAINST THE HEREIN DEFENDANT.

“THE COMPLAINT STATES NO CAUSE OF ACTION CONSIDERING THAT PLAINTIFFS ARE

ESTOPPED FROM ASSERTING TITLE OF THE PROPERTY LEASED BY THEM FROM THE HEREIN DEFENDANT.

“AND ASSUMING BUT WITHOUT ADMITTING THAT PLAINTIFFS ARE THE REAL PARTIES IN INTEREST AND HAVE CAUSE OF ACTION AGAINST DEFENDANT, THE CLAIM OR DEMAND SET FORTH IN THE PLAINTIFFS’ COMPLAINT HAS ALREADY PRESCRIBED OR OTHERWISE EXTINGUISHED.”[4]

On March 15, 1991, the lower court issued an order dismissing the complaint.[5]

Private respondents appealed the said order to the Court of Appeals.

On June 16, 1994, the appellate court rendered the assailed decision, the dispositive portion of which reads:

“ACCORDINGLY, the order of dismissal of Civil Case No. 90-55411 is hereby REVERSED and SET ASIDE. The records of the case are ordered remanded to the Court of origin or the Regional Trial Court of Manila, Branch 21 for appropriate hearing and/or for further proceedings. We make no pronouncement as to costs.

“SO ORDERED.”[6]

Petitioner VSC filed a Motion for Reconsideration but the appellate court, in a Resolution issued on July 7, 1995, denied the same.[7]

Hence, herein petition raising the following Assignment of Errors:

I

THE COURT OF APPEALS COMMITTED GRAVE ABUSE OF DISCRETION IN ORDERING THE TRIAL COURT FOR FURTHER PROCEEDING/TRIAL OF THE RESPONDENTS’ COMPLAINT DESPITE ITS FINDINGS THAT RESPONDENTS ARE MERE LESSEES OR TENANTS OF THE PETITIONER’S PROPERTY COVERED BY TRANSFER CERTIFICATE OF TITLE NO. 153406 WHICH RESPONDENTS SEEK TO ANNUL IN THE SAID COMPLAINT. IN SO DOING, THE COURT OF APPEALS PATENTLY VIOLATED ARTICLE 1436 OF THE CIVIL CODE OF THE PHILIPPINES AS WELL AS SECTION 3(b), RULE 131 OF THE RULES OF COURT AND OTHER JURISPRUDENCE ON THE MATTER.

II

THE COURT OF APPEALS COMMITTED GRAVE ABUSE OF DISCRETION IN ALLOWING THE RESPONDENTS TO PROSECUTE THE SAID COMPLAINT DESPITE THE CLEAR ALLEGATIONS THEREIN THAT RESPONDENTS ARE NOT THE REAL PARTY IN INTEREST TO PROSECUTE THE SAME. IN SO DOING, THE COURT OF APPEALS VIOLATED SECTION 2, RULE 3 OF THE RULES OF COURT.

III

THE COURT OF APPEALS COMMITTED GRAVE ABUSE OF DISCRETION IN ORDERING THE TRIAL COURT TO CONTINUE FURTHER PROCEEDINGS OF THE SAID RESPONDENTS’ COMPLAINT DESPITE THE PARTIES CLEAR ADMISSION OF FACTS AND EVIDENCE ON RECORD THAT THE CAUSE OF ACTION STATED IN THE SAID COMPLAINT HAS ALREADY PRESCRIBED. IN SO DOING, THE COURT OF APPEALS VIOLATED SECTION 32 OF PRES. DECREE NO. 1529 AS WELL AS SEVERAL JURISPRUDENCE ON THE MATTER.

The petition is impressed with merit.

Private respondents do not directly assert title to the thing leased as against petitioner. Instead, they contend that petitioner's title over the subject property is void, praying that the same should be cancelled and the disputed property should be reverted back to the State.

We agree with the petitioner that private respondents are barred from questioning the former's title over the subject property. In a long line of cases, this Court has consistently held that the private respondents, as lessees, who had undisturbed possession for the entire term under the lease, are estopped to deny their landlord's title, or to assert a better title not only in themselves, but also in some third person, including the State, while they remain in possession of the leased premises and until they surrender possession to the landlord.[8] In the present case, it is undisputed that there exists a lessor-lessee relationship between petitioner and private respondents, the latter being among the persons who lease a portion of the subject property owned by herein petitioner. Clearly, therefore, private respondents, as lessees, are estopped from questioning petitioner's title, even on the ground that the subject property properly belongs to the State.

Moreover, we also agree with petitioner that private respondents are not the real parties in interest.

Under Rule 3, Section 2 of the Revised Rules of Court, a real party in interest is defined as "the party who stands to be benefited or injured by the judgment in the suit, or the party entitled to the avails of the suit." "Interest" within the meaning of the rule means material interest, an interest in issue and to be affected by the decree, as distinguished from mere interest in the question involved, or a mere incidental interest.[9] The interest of the party must also be personal and not one based on a desire to vindicate the constitutional right of some third and unrelated party.[10] Real interest, on the other hand, means a present substantial interest, as distinguished from a mere expectancy or a future, contingent, subordinate, or consequential interest.[11]

In the case at bar, the private respondents are mere lessees of the property in question. As such, they have no present substantial and personal interest with respect to issues involving ownership of the disputed property. The only interest they have, in the event that petitioner's title over the subject property is cancelled and ownership reverts to the State, is the hope that they become qualified buyers of the subject parcel of land. Undoubtedly, such interest is a mere expectancy. Even the private respondents themselves claim that in case of reversion of ownership to the State, they only have "pre-emptive rights" to buy the subject property;[12] that their real interest over the said property is contingent upon the government's consideration of their application as buyers of the same.[13] It is settled that a suit filed by a person who is not a party in interest must be dismissed.[14]

It is only the government that has the personality to bring an action for the cancellation of petitioner's title and reversion of ownership of the subject property to the State. Section 101 of the Public Land Act categorically declares that only the government may institute an action to recover ownership of a public land. The principle enunciated in *Sumail vs. CFI*[15] is applicable in the resolution of the present controversy. In the said case, this Court held:

"Under Section 101 above reproduced, only the Solicitor General or the officer acting in his stead may bring the action for reversion. Consequently, Sumail may not bring such action or any action which would have the effect of canceling a free patent and the corresponding certificate of title issued on the basis thereof, with the result that the land covered thereby will again form part of the public domain. Furthermore, there is another reason for withholding legal personality from Sumail. He does not claim the land to be his private property. x x x Consequently, even if the parcel were declared reverted to the public domain, Sumail does not automatically become owner thereof. He is a mere public land applicant like others who might apply for the same."

The same principle was reiterated in *Lucas vs. Durian*[16] and in *Nebrada vs. Heirs of Alivio*. [17]

Considering that private respondents have no valid cause of action against herein petitioners, the issue on prescription has perforce been rendered off-tangent and therefore there is no longer any need to resolve the same.

WHEREFORE, the petition is GRANTED. The assailed Decision and Resolution of the Court of Appeals, dated June 16, 1994 and July 7, 1995 are REVERSED and SET ASIDE. The Order of the Regional Trial Court of Manila (Branch 21) dated March 15, 1991, dismissing the complaint in Civil Case No. 90-55411, is REINSTATED.

Let copy of herein decision be furnished the Office of the Solicitor General for proper information and guidance.

SO ORDERED.

Bellosillo (Chairman), Mendoza, Quisumbing, and Callejo, Sr., JJ., concur.

[1] Annex "A, Original Records, p. 6.

[2] See Complaint, Original Records, pp. 1-2.

[3] Id., p. 4.

[4] Original Records, p. 22.

[5] Original Records, p. 54.

[6] CA Rollo, p. 71.

[7] CA Rollo, p. 81.

[8] *Geminiano vs. Court of Appeals*, 259 SCRA 344, 351, citing *Borre vs. Court of Appeals*, 158 SCRA 560, 566; *Manuel vs. Court of Appeals*, 199 SCRA 603, 607; *Munar vs. Court of Appeals*, 238 SCRA 372, 380; 49 Am Jur 2d, Landlord and Tenant, Sections 129 and 158.

[9] *Ortigas and Co., Ltd. vs. Court of Appeals*, 346 SCRA 748, 757-758.

[10] *Tankinko vs. Cezar*, 302 SCRA 559, 569 citing *Hechanova vs. Adil*, 144 SCRA 450; *Calderon vs. Solicitor General*, 215 SCRA 786; *St. Luke's Medical Center vs. Torres*, 223 SCRA 779; and *Ortigas & Company Limited Partnership vs. Velasco*, 234 SCRA 455.

[11] *Ibid.*, citing *De Leon vs. Court of Appeals*, 277 SCRA 478, 486-497; *Barfel Development Corp. vs. Court of Appeals*, 223 SCRA 268.

[12] See par. 14 of Complaint, Original Records, p. 4.

[13] See Private Respondents' Comment, Rollo, p. 66.

[14] *Tankinko vs. Cezar*, supra, citing *Lucas vs. Durian*, 102 Phil. 1157; *Nebrada vs. Heirs of Alivio*, 104 Phil. 126; and *Gabila vs. Bariga*, 41 SCRA 131.

[15] 96 Phil. 946.

[16] 102 Phil. 1157.

[17] 104 Phil. 126.

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