

**SPOUSES REYNALDO ALCARAZ AND ESMERALDA ALCARAZ,
PETITIONERS, VS. PEDRO M. TANGGA-AN, MENAS R. TANGGA-AN,
VIRGINIA III YVETTE R. TANGGA-AN, CECIL T. VILLAFLOR, HERMES
R. TANGGA-A...**

G.R. No. 128568. April 09, 2003

Ponente: CORONA, J.

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CORONA, J.:

Before us is a petition for review of the decision[1] dated January 10, 1997 of the Court of Appeals[2] affirming the decision[3] dated June 26, 1995 of the Regional Trial Court (RTC) of Cebu City, Branch 17, which in turn upheld the decision[4] dated January 5, 1995 of the Municipal Trial Court (MTC) of Cebu City, Branch 2, ordering the ejectment of the petitioner spouses from the house they were renting from respondents.

On October 4, 1994, respondents Pedro Tangga-an, Menas Tangga-an, Virginia III Yvette Tangga-an, Cecil Villaflor, Hermes Tangga-an, Venus Tangga-an, Jupiter Tangga-an, Yvonne Fri and Vivien Tangga-an filed a complaint for unlawful detainer, with damages, docketed as Civil Case No. R-33928, against petitioner spouses Reynaldo Alcaraz and Esmeralda Alcaraz.

The complaint alleged that the late Virginia Tangga-an (the spouse of respondent Pedro Tangga-an and mother of the rest of the respondents) leased a residential building (house) located at Premier Street, Hipodromo, Cebu City to the petitioner spouses. The lease contract was limited to the use and occupancy of the said residential building and did not include the lot on which it was constructed because the said lot was then owned by the National Housing Authority (NHA). Under the contract, the petitioner spouses bound themselves for five years to pay Virginia a monthly rental of P4,000 beginning November 22, 1991. However, since November 1993, they failed to pay rent. Thus, as of October, 1994, they were in arrears in the amount of P48,000. Despite repeated demands by respondents to pay the rentals in arrears and to surrender the possession of the residential building, the petitioner spouses refused to vacate the same. Respondents sought to repossess the property for their own use and benefit.

On the other hand, the petitioner spouses alleged that, on July 23, 1993, the ownership of the lot on which the house stood was transferred by the NHA to Virgilio and Angelita D. Tangga-an. Virgilio Tangga-an is the son of the late Virgilia Tangga-an and respondent Pedro Tangga-an, and the brother of the other respondents. Transfer Certificate of Title No. 125657 was consequently issued in the name of Virgilio Tangga-an. According to the petitioner spouses, the subsequent change in ownership of the lot and the house resulted in the cancellation of the contract of lease between respondents and petitioner spouses. Thereafter, they paid the rent to the new owners of the lot (Virgilio and Angelita) and not to respondents since the latter supposedly no longer had the legal right to collect rentals.

On January 5, 1995, the MTC rendered a decision, the dispositive portion of which read:

WHEREFORE, Judgment is entered by way of preponderance of evidence in favor of plaintiffs and against the defendants, Ordering the latter to vacate the premises immediately, including all those who are occupying the subject house in relation to them; They are also jointly ordered to pay the sum of P48,000 representing rental payment in arrears from November, 1993 up to October, 1994 and to update monthly payment of P4,000 thereafter until their vacation therefrom; They are saddled to pay attorney's fees in the sum of P5,000 and litigation costs in the amount of P1,000.

SO ORDERED.[5]

In ruling in favor of the respondents, the MTC held that the petitioner spouses clearly violated the contract of lease due to non-payment of rent. They failed to show that the subject house belonged to Virgilio alone. On the other hand, the respondents proved that, after the death of Virginia, they registered said house in the name of their trustees, co-respondents Hermes Tangga-an and his wife. Furthermore, considering that Virgilio's claim of ownership over the lot was the subject of a pending litigation for annulment of deed of sale and reconveyance of property involving the Tangga-ans, the MTC ruled that it "cannot usurp to pass judgment on the issues, as well as the conflicting claims of the parties therein." [6]

On appeal, the RTC affirmed the decision of the MTC, and held that:

xxx [D]efendants failed to present any documentary evidence modifying or amending the contract of lease (Annex "C", complaint) to justify the transfer of payment of the monthly rental to Virgilio Tanga-an who claims only as the registered owner of the lot on which the leased house is located. It appears that Virgilio Tanga-an does not possess any proof of ownership of the rented house. Clearly, defendants had violated the lease agreement executed between them and the deceased lessor Virginia R. Tangga-an (sic) the predecessor in interest of Hermes Tangaa-an and his wife as shown in the Tax Declaration of the said spouses (Annex "A", complaint) whose name appears under the space for previous owner by stopping payment of rental to the present owner despite the existence of the contract of lease which expires on November 22, 1996. The law on contracts basically states:

"Obligations arising from contracts have the force of law between the contracting parties and should be complied with in good faith." (Article 1159, New Civil Code of the Philippines).

xxx xxx xxx[7]

In denying the petition for review and affirming the judgments of the courts a quo, the Court of Appeals ruled that:

We also concur with the holding of both courts that as heirs of Virginia Tangga-an, private respondents have the right to institute the action for ejectment, in accordance with Article 487 of the Civil Code; and that the claim of petitioner – that Virgilio Tangga-an owns the lot where the leased residential building stands and occupied by petitioners – is still the subject of a civil action for annulment of the sale of the lot before the Regional Trial Court of Cebu. It does not follow as a matter of course that whoever owns the lot owns the building in question. Ownership of the lot cannot change the nature and ownership of the building, which belongs to the plaintiffs as heirs of the late Virginia Tangga-an through Ernest Tangga-an and his wife. Respondent court correctly reasoned out that "xxx defendants cannot hide over the cloak of Virgilio Tangga-an, his claim of ownership over the lot as far as the Court is concerned being irrelevant to this case xxx." Most importantly, the action involving the question of ownership of the lot is not a lawful ground to suspend/abate the ejectment proceeding. The rationale of the rule being that an ejectment suit involves only the issue of material possession or possession de facto (San Pedro vs. Court of Appeals, 235 SCRA 145, 150, and cases cited).[8]

Hence, this petition on the following assignments of error:

I

THE LEASE CONTRACT EXECUTED BY PETITIONERS WITH VIRGINIA TANGGA-AN, PLAINTIFFS' PREDECESSOR-IN-INTEREST, COVERED NOT ONLY THE LAND, BUT ALSO THE IMPROVEMENT THEREON, INCLUDING THE BUILDING.

II

VIRGILIO TANGGA-AN, AS ONE OF THE HEIRS OF VIRGINIA, HAD THE SAME RIGHTS OVER THE PROPERTY AS THOSE OF THE OTHER HEIRS, THE PLAINTIFFS. HENCE, VIRGILIO MAY NOT BE EXCLUDED UNILATERALLY BY THE OTHER HEIRS IN HIS ENJOYMENT OF HIS HEREDITARY RIGHTS.

III

THE REGISTRATION OF THE LAND, INCLUDING THE IMPROVEMENTS THEREON, IN THE NAME OF VIRGILIO TANGGA-AN UNDER THE TORRENS SYSTEM IS INDEFEASIBLE AND MAY NOT BE ATTACKED COLLATERALLY IN THE PRESENT ILLEGAL DETAINER CASE.[9]

We rule in favor of the respondents.

Section 16 of the 1997 Revised Rules of Civil Procedure provides that:

SEC. 16. Resolving defense of ownership. - When the defendant raises the defense of ownership in his pleadings and the question of possession cannot be resolved without deciding the issue of ownership, the issue of ownership shall be resolved only to determine the issue of possession.

The issue of ownership is precisely what the petitioner spouses raised to justify their non-payment of rent and to resist eviction from the house they leased from respondents. Being indispensable to the resolution of the issue of possession, we herein render a provisional ruling on ownership.

Petitioner spouses seek a dismissal of the case for lack of jurisdiction claiming that the only issue to be resolved is ownership over the house which is improper in an ejectment case. We disagree. The issue in the case at bar is whether the petitioner spouses, as lessees, were excused from paying the rent because of the change in the ownership of the land on which the rented house was built. The main question therefore is still the lawful possession of the subject premises by the petitioner spouses. To resolve it, a discussion of the ownership issue is necessary.

The petitioner spouses insist that the courts a quo erred in not finding that Virgilio Tangga-an became the new owner not only of the lot but also of the residential house. They claim that, before she died, Virginia, the original owner of the subject house, waived and ceded her rights over the land in favor of Virgilio. The said transfer allegedly included the subject house because, pursuant to Article 440 of the Civil Code, "the ownership of the property gives the right of accession to everything which is produced thereby, or which is incorporated or attached thereto, either naturally or artificially." They also maintain that the NHA executed a deed of sale of both the house and the lot in favor of Virgilio. According to the petitioner spouses, the tax declaration over the house in the name of respondent Hermes Tangga-an, as trustee of the other respondents, was self-serving and had no probative value compared to the certificate of title over the lot in the name of Virgilio Tangga-an.

We find no merit in petitioners' arguments.

Pursuant to Section 1, Rule 45 of the 1997 Revised Rules of Civil Procedure, a petition for review before this Court should only raise questions of law. In the absence of showing that the case falls under one of the exceptions,[10] factual findings of the Court of Appeals are conclusive on the parties and not reviewable by this Court. And they carry even more weight when the Court of Appeals affirms the factual findings of the trial court. As such, this Court is not duty-bound to analyze and weigh all over again the evidence already considered in the proceedings below.[11]

The courts a quo were unanimous in holding that the petitioner spouses failed to substantiate their factual averment that Virgilio not only acquired the lot but also the house. After examining the records, we found nothing to disprove the facts determined by the lower courts. All the petitioner spouses presented was Virgilio's uncertified xerox copy of the certificate of title over the lot. No document was ever shown evidencing cession of the subject house in Virgilio's favor. Virgilio's title could not be used to prove ownership over the house built on said lot as it carried no reference at all to the house. A building by itself is a real or immovable property distinct from the land on which it is constructed^[12] and therefore can be a separate subject of contracts.

On the other hand, the respondents proved that, as compulsory heirs of Virginia, they were the rightful owners of the subject house. They presented a tax declaration in the name of their trustees, co-respondent Hermes Tangga-an and his wife, which tax declaration sufficiently evidences their co-ownership and acquisition of title following the death of the decedent Virginia. We have ruled that:

Although tax declarations or realty tax payment of property are not conclusive evidence of ownership, nevertheless, they are good indicia of possession in the concept of owner for no one in his right mind would be paying taxes for a property that is not in his actual or at least constructive possession. They constitute at least proof that the holder has a claim of title over the property. The voluntary declaration of a piece of property for taxation purposes manifests not only one's sincere and honest desire to obtain title to the property and announces his adverse claim against the State and all other interested parties, but also the intention to contribute needed revenues to the Government. Such an act strengthens one's bona fide claim of acquisition of ownership.^[13]

One of the factual issues raised by the petitioner spouses concerns the alleged waiver and cession of Virginia's rights over the house and lot to Virgilio. But the petitioner spouses did not mention any consideration received by Virginia for the waiver of the house, in effect making said waiver a donation thereof to Virgilio. However, in order for a donation of real property like a house to be valid, a public instrument duly signed by the donor and accepted by the donee (which acceptance must be known to the donor while alive) must be executed.^[14] Moreover, said donation must not impair the legitime of the forced heirs of the donor in order for the same not to be inofficious.^[15] In the case at bar, no such public instrument was presented. Neither was it explained why said waiver did not impair the rights of the other compulsory heirs of Virginia.

To support their argument that the house necessarily became Virgilio's property as a result of the acquisition of the lot on which the same was built, the petitioner spouses invoke the principle that the accessory follows the principal. Being an accessory, the house is necessarily owned by the owner of the lot on which it is built.

There is no need, however, to disturb and analyze the applicability of this well-entrenched principle because the petitioner spouses are estopped from raising the same. Both parties knew that their contract pertained only to the lease of the house, without including the land. The contract states: "1. That the lessor is the owner of a building of mixed materials situated at Premier St., Mabolo, Hipodromo, Cebu City."^[16] At the time of the perfection of the contract, the petitioner spouses, as lessees, were aware that the NHA, and not Virginia, the lessor, owned the land on which the rented house stood yet they signed the same, obliged themselves to comply with the terms thereof for five years and performed their obligations as lessees for two years.

Now they assume a completely different legal position. They claim that the lease contract ceased to be effective because Virgilio's assumption of ownership of the land stripped the respondents of ownership of the building. They argue that, under Article 440 of the Civil Code, Virgilio's title over the lot necessarily included the house on the said lot, thus automatically canceling the contract.

Section 2, Rule 131 of the Rules of Court provides as a conclusive presumption that:

Sec. 2. Conclusive presumptions. – The following are instances of conclusive presumptions:

(a) Whenever a party has, by his own declaration, act, or omission, intentionally and deliberately led another to believe a particular thing true, and to act upon such belief, he cannot, in any litigation arising out of such declaration, act or omission, be permitted to falsify it;

xxx xxx xxx

After recognizing the validity of the lease contract for two years, the petitioner spouses are barred from alleging the automatic cancellation of the contract on the ground that the respondents lost ownership of the house after Virgilio acquired title over the lot.

We also note that the petitioner spouses rescinded the contract of lease without judicial approval. Due to the change in ownership of the land, the petitioner spouses decided to unilaterally cancel the contract because Virgilio supposedly became the new owner of the house after acquiring title to the lot. They alleged that there was no reason anymore to perform their obligations as lessees because the lessor had ceased to be the owner of the house. But there is nothing in their lease contract that allows the parties to extrajudicially rescind the same in case of violation of the terms thereof. Extrajudicial rescission of a contract is not possible without an express stipulation to that effect.[17] What the petitioner spouses should have done was to file a special civil action for interpleader for the claimants to litigate their claims and to deposit the rentals in court.

The petitioner spouses aver that their payments to Virgilio beginning November, 1993 were payments made in good faith to a person in possession of the credit, in consonance with Article 1242 of the Civil Code.[18] This therefore released them from their obligation. They claim that Virgilio collected the rentals in his capacity as a co-owner. Being a son of Virginia, he was also entitled to the rent of the subject house. We disagree. Virgilio collected the rentals not as a co-owner but as the alleged sole owner of the subject house. The petitioner spouses themselves admitted that Virgilio claimed sole ownership of the house and lot. It would be incongruous for them to now assert payment in good faith to a person they believed was collecting in behalf of his co-heirs after admitting that they paid rent to Virgilio as the sole owner thereof.

Hence, for violating of the terms of the lease contract, i.e., payment of rent, respondents can legally demand the ejectment of the petitioner spouses.

WHEREFORE, the decision dated January 10, 1997 of the Court of Appeals is hereby AFFIRMED. With costs against the petitioners.

SO ORDERED.

Puno, (Chairman), Panganiban, Sandoval-Gutierrez, and Carpio Morales, JJ., concur.

[1] Penned by Associate Justice Artemon Luna, and concurred in by Associate Justices Ramon Barcelona and Maximiano Asuncion; Rollo, pp. 29-33.

[2] Twelfth Division.

[3] Penned by Judge Jose P. Burgos; Court of Appeals Records, pp. 34-36.

[4] Penned by Judge Olegario Sarmiento, Jr.; Court of Appeals Records, pp. 120-122.

[5] Court of Appeals Records, p. 33.

[6] Court of Appeals Records, p. 121.

[7] Court of Appeals, Records, pp. 35-36.

[8] Rollo, pp. 32-33.

[9] Id., pp. 14-15.

[10] See *Martinez vs. Court of Appeals*, G.R. No. 123547, May 21, 2001.

[11] *Romago Electric Co., Inc. vs. Court of Appeals*, 333 SCRA 291, 301 [2000]; *Borromeo vs. Sun*, 317 SCRA 176, 182 [1999].

[12] Article 415 of the Civil Code.

[13] *Director of Lands vs. Court of Appeals*, 308 SCRA 317, 324-325 [1999]; *Republic vs. Court of Appeals*, 258 SCRA 712, 720-721 [1996].

[14] Article 749, Civil Code.

[15] Article 752, Civil Code.

[16] Court of Appeals Records, p. 19.

[17] Article 1191, Civil Code.

[18] Art. 1242, Civil Code; Payment made in good faith to any person in possession of the credit shall release the debtor.

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