SERGIO BARBOSA AND JOVITA BARBOSA, PETITIONERS, VS. PILAR HERNANDEZ, LETICIA HUGHES, FELIX VILLANUEVA AND NATIVIDAD SANGALANG, RESPONDENTS.

G.R. NO. 133564. July 10, 2007

Ponente: CORONA, J.

Read online (full-text search, related cases, audio case brief): https://batas.org/library/g-r-no-133564/

CORONA, J.:

On August 11, 1983, Pilar Hernandez bought a 100 sq. m. lot in Capitol Hills, Barangay Kumintang Ibaba, Batangas City from subdivision owner Felix Villanueva through his wife and attorney-in-fact, Leticia Hughes. Hernandez, however, did not take physical possession of the property immediately as she was working overseas in Saudi Arabia at the time. When she visited her property in November 1987 with plans of building a house thereon, she discovered it in the possession of petitioners, the spouses Sergio and Jovita Barbosa, who were using it as the site of their motor repair shop.

Apparently, petitioners had been occupying an area of over 300 square meters of Villanueva's land since 1962 as his lessees under an oral contract of lease. The 100 sq. m. lot in question, however, came into their possession only in or after 1979, when they were requested by the subdivision developer, Natividad Sangalang, to transfer their motor repair shop there to give way to the paving of a subdivision road that would cut across the shop's original location. On November 16, 1983, Hughes sold petitioners a 200 sq. m. portion of the land they were occupying. This portion did not include the 100 sq. m. lot on which their shop stood, which Hernandez had bought some three months earlier.

Hernandez demanded that petitioners vacate her lot but they refused. Efforts to resolve the dispute at the barangay level failed. Thus, on February 14, 1988, Hernandez filed a complaint for recovery of possession and damages[1] against petitioners in the Regional Trial Court (RTC) of Batangas City. This was superseded by an amended complaint[2] in which Hernandez alleged, in substance, that she was the owner of the lot and petitioners were unlawfully depriving her of its possession.

In their answer,[3] petitioners questioned the trial court's jurisdiction over the subject matter of the action and alleged that they had been in possession of the land for more than 20 years with the knowledge and consent of its real owner; that Hernandez had "acted in bad faith in allegedly acquiring the land in question" and that they had "preferential and prior rights over the premises." Soon thereafter, petitioners filed a third party complaint[4] against respondents Leticia Hughes, Felix Villanueva and Natividad Sangalang. Alleging that the latter had given petitioners the subject lot in lieu of the original site of their motor repair shop with a promise that, should Villanueva ever be minded to sell the lot, they would have "the priority and preferential right to purchase"[5] it; that, relying on good faith on this alleged promise, petitioners made permanent improvements on the lot; and that without their knowledge, the lot had been sold to Hernandez instead, petitioners prayed that Villanueva, Hughes and Sangalang be made to pay them damages for reneging on their obligations. Petitioners also prayed that they be declared as having the right to acquire the land in litigation, that the sale to Hernandez be declared null and

void, and that she be ordered to "reconvey" the lot to them.

Villanueva, Hughes and Sangalang denied all the material averments in petitioners' third-party complaint and asserted that the alleged verbal promise to sell was unenforceable under the statute of frauds.

In a decision[6] dated February 24, 1993, the RTC ruled that petitioners failed to prove that there was a definite and complete agreement between them and Villanueva, Hughes or Sangalang with respect to the disputed lot. It dismissed the third-party complaint and ordered petitioners to: (1) vacate the lot and restore possession thereof to Hernandez; (2) remove at their own expense the improvements they erected on the lot; (3) pay Hernandez P200 a month until possession of the lot would have been returned to her and (4) pay the costs of suit and P10,000 in attorney's fees.

Petitioners elevated the case to the Court of Appeals (CA). In their appeal, docketed as CA-G.R. CV No. 41492, petitioners argued that the RTC had no jurisdiction to try the case inasmuch as it was really an unlawful detainer case within the exclusive original jurisdiction of the Municipal Trial Court (MTC) and that, since the lot had been promised to be sold to them, Hernandez should have been ordered to "reconvey" it or, in the alternative, to reimburse them for the improvements they made on the property.

In a decision[7] dated September 4, 1997, the CA affirmed the RTC judgment but deleted the award of attorney's fees. On the issue of jurisdiction, the CA ruled that the case was an accion publiciana and therefore within the exclusive original jurisdiction of the RTC. The appellate court found petitioners' other arguments to be equally without merit. It held that the alleged "promise to sell" was unenforceable under the statute of frauds and, in any event, had not been established by the evidence on record. As for petitioners' alternative prayer for reimbursement of the improvements they made on the lot, the CA found no legal basis for granting such relief.

After an unsuccessful motion for reconsideration, petitioners filed the present appeal by certiorari.[8]

NATURE OF THE ACTIONAND JURISDICTION OVER IT

Petitioners contend that the action for recovery of possession, which the evidence showed to have been initiated within less than a year from the demand to vacate, was actually an unlawful detainer case which should have been filed in the MTC.

Petitioners' argument runs counter to one of the most fundamental and oft-repeated doctrines of remedial law. The nature of the action — on which depends the question of whether a suit is within the jurisdiction of the court — is determined solely by the allegations in the complaint.[9] Only facts alleged in the complaint can be the basis for determining the nature of the action and the court's competence to take cognizance of it.[10] One cannot advert to anything not set forth in the complaint, such as evidence adduced at the trial, to determine the nature of the action thereby initiated.

To make out a case of unlawful detainer under Section 1, Rule 70 of the Rules of Court,[11] the complaint must set forth allegations to the effect that the defendant is unlawfully withholding from the plaintiff the possession of certain real property after the expiration or termination of the former's right to hold possession by virtue of a contract, express or implied and that the action is being brought within one year from the time the defendant's possession became unlawful. A complaint for recovery of possession of real estate will not be considered an action for unlawful detainer under Section 1, Rule 70 if it omits any of these special jurisdictional facts.[12]

In this case, the only material allegations in the amended complaint were that the plaintiff (Hernandez) was the registered owner of the lot in dispute and that the defendants (petitioners) were unlawfully depriving her of its possession. It contained no averment that possession of the lot was unlawfully withheld under the circumstances

Bar review courses, mock exams and a study planner that keeps you on pace - batas.org

contemplated in Section 1, Rule 70 and that the action to eject the defendants was being brought within a year from the time their possession became unlawful. Clearly, the allegations in the complaint were nowhere near enough to make out a case of unlawful detainer and we are certain that, had it been filed in the MTC, it would have been dismissed for having been filed in a court which, at the time, had no jurisdiction over cases involving possession of real property other than those for forcible entry and unlawful detainer.[13] Thus, we find no difficulty in ruling that it was but proper for the RTC to assume jurisdiction over the case and the CA committed no error in upholding it.

ALLEGED PROMISE TO SELL

Petitioners insist that, since Villanueva and Sangalang promised to sell them the lot, Hernandez should either allow them to keep it in exchange for the price she paid when she bought it from Villanueva or reimburse them for the improvements they put up on the property. They take issue with the CA's ruling that the alleged promise to sell was unenforceable under the statute of frauds and was not, in any event, supported by the evidence on record.

What petitioners have been referring to as a "promise to sell" was actually a right of first refusal allegedly given them when they transferred their motor repair shop to the lot in dispute. This is evident from their third-party complaint which stated:

> x x x the parcel of land under litigation was given by the third party defendants [Villanueva, Hughes, and Sangalang] to the third party plaintiffs [petitioners] in lieu of the portion of the land originally being occupied under lease by the latter in order to give way to the development of the said big portion of the tract of land being undertaken by the third party defendant Natividad Sangalang with the understanding that in the event the third party defendant Villanueva should sell the subdivided lots being developed by the defendant Sanggalang, as developer, the third party plaintiffs shall have the priority and preferential right to purchase the same; x x x (emphasis supplied)[14]

This Court has held that a right of first refusal is different and distinct from a contract of sale of real property. [15] As such, it is not among those listed as unenforceable under the statute of frauds.[16] Thus, the CA's ruling that the alleged promise was covered by the statute of frauds was erroneous. Nonetheless, in view of its finding — one with which we are in complete accord — that petitioners failed to present preponderant evidence that such a promise or right had in fact been given, it was a harmless error that would not warrant a reversal of the judgment appealed from.

Right To Reimbursement

In support of their alternative prayer that Hernandez be ordered to reimburse them the value of the improvements they made on the property, petitioners invoke Article 448 of the Civil Code, the pertinent part of which reads:

> The owner of the land on which anything has been built, sown or planted in good faith, shall have the right to appropriate as his own the works, sowing or planting, after payment of the indemnity provided for in articles 546 and 548, or to oblige the one who built or planted to pay the price of the land, and the one who sowed, the proper rent. x x x

Unfortunately for petitioners, Article 448 applies only to a possessor in good faith, that is, one who builds on land with the belief that he is the owner thereof.[17] Petitioners cannot be considered builders in good faith as they never had any pretension to be owners of the disputed lot. Thus, they cannot avail of the benefits of Article 448.

WHEREFORE, the petition is hereby DENIED. The decision of the Court of Appeals in CA-G.R. CV No. 41492 is AFFIRMED.

Costs against petitioners.

Study hands-free: podcast-style lessons with read-along highlighting - batas.org

SO ORDERED.

Puno, C.J., (Chairperson), Azcuna, and Garcia, JJ., concur.
Sandoval-Gutierrez, J., on leave

---

[1] Docketed as Civil Case No. 2900 and raffled to Branch II, RTC, Batangas City. Records, pp. 1-3.

[2] Dated September 26, 1988. Id., pp. 12-14.

[3] Id., pp. 18-19.

[4] Id., pp. 45-47.

[5] Id., p. 46.

[6] Penned by Judge Irineo V. Mendoza. Rollo, pp. 36- 40.

[7] Penned by Associate Justice Eduardo G. Montenegro with the concurrence of Associate Justices Gloria C. Paras and Omar U. Amin (retired) of the Special Third Division of the Court of Appeals. Id., pp. 17-29.

[8] Under Rule 45 of the Rules of Court.

[9] Dimo Realty & Development, Inc. v. Dimaculangan, G.R. No. 130991, 11 March 2004, 425 SCRA 376; Ching v. Malaya, No. L-56449, 31 August 1987, 153 SCRA 413.

[10] D.C. Crystal v. Laya, G.R. No. 53597, 28 February 1989, 170 SCRA 734.

[11] Section 1, Rule 70 of the Rules of Court provides, in part, that "a lessor, 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 lessor, vendor, vendee, or other person, may, at any time within one (1) year after such unlawful deprivation or wi89thholding of possession, bring an action in the proper Municipal Trial Court against the person or persons claiming under them, for the restitution of such possession, together with damages and costs."

[12] Melliza v. Towle and Mueller, 34 Phil. 345 (1916).

[13] When the case was filed in 1988, jurisdiction over actions involving title to or possession of real property, except those for forcible entry and unlawful detainer, was by law (BP 129, the Judiciary Reorganization Act of 1980) vested exclusively in the RTCs. Thus, to decide whether an action involving possession of real property had been filed in the proper court, all that had to be done was to determine the type of action filed: if the action was for forcible entry or unlawful detainer, the MTC was the proper court in which to file it; any suit for recovery of possession of real property other than forcible entry and unlawful detainer, however, had to be filed in the RTC. On March 25, 1994, however, Congress approved RA 7691 (An Act Expanding the Jurisdiction of the Metropolitan Trial Courts, Municipal Trial Courts, and Municipal Circuit Trial Courts, Amending for the Purpose Batas Pambansa Blg. 129) which expanded the MTCs jurisdiction to include other actions involving title to or possession of real property where the assessed value of the property does not exceed P20,000 (or P50,000, for actions filed in Metro Manila). Because of this amendment, the test of whether an action involving possession of real property has been filed in the proper court now no longer depends solely on the type of action filed, i.e., forcible entry and unlawful detainer, accion publiciana, or accion reinvindicatoria, but also on the assessed value of the property involved. More specifically, since MTCs now have jurisdiction over accion publiciana and accion reinvindicatoria (depending, of course, on the assessed value of the property involved, jurisdiction over such

actions has to be determined on the basis of the assessed value of the property.

[14] Records, p. 46.

[15] Rosencor Development Corporation v. Inquing, G.R. No. 140479, 8 March 2001, 354 SCRA 119. The statute of frauds is contained in Article 1403 (2) of the Civil Code which provides:

Art. 1403. The following contracts are unenforceable, unless they are ratified:

xxx xxx xxx

(2) Those that do not comply with the Statute of Frauds as set forth in this number. In the following cases an agreement hereafter made shall be unenforceable by action, unless the same, or some note or memorandum thereof, be in writing, and subscribed by the party charged, or by his agent; evidence, therefore, of the agreement cannot be received without the writing, or a secondary evidence of its contents:

a) An agreement that by its terms is not to be performed within a year from the making thereof;

b) A special promise to answer for the debt, default, or miscarriage of another;

c) An agreement made in consideration of marriage, other than a mutual promise to marry;

d) An agreement for the sale of goods, chattels or things in action, at a price not less than five hundred pesos, unless the buyer accept and receive part of such goods and chattels, or the evidences, or some of them, or such things in action, or pay at the time some part of the purchase money; but when a sale is made by auction and entry is made by the auctioneer in his sales book, at the time of the sale, of the amount and kind of property sold, terms of sale, price, names of purchasers and person on whose account the sale is made, it is a sufficient memorandum;

e) An agreement for the leasing of a longer period than one year, or for the sale of real property or of an interest therein;

f) A representation to the credit of a third person.

[16] Id.

[17] Geminiano v. Court of Appeals, 328 Phil. 682 (1996).

Bar review courses, mock exams and a study planner that keeps you on pace - batas.org

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.