SPOUSES MICHAEL UY & BONITA UY, PETITIONERS, VS. EDUARDO ARIZA, ERLINDA A. ABDON, BENJAMIN ARIZA, TERESITA A. SIMPORIOS, HEIRS OF MARIANO ARIZA, JR., NAMELY: JUANITA L. ARIZA, D...

G.R. NO. 158370. August 17, 2006

Ponente: PUNO, J.

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PUNO, J.:

The facts:

On October 8, 1996, spouses Michael and Bonita Uy, petitioners, purchased 200 square meters of the parcel of land designated as Lot No. 3229-C-2-F, covered by Transfer Certificate of Title (TCT) No. T-20007, from respondents. The contract stipulated that petitioners had the right of choice to designate which portion of Lot No. 3229-C-2-F would be the subject of the sale.[1]

Petitioners exercised their right to choose within two to three months from the sale, informing respondents that they have selected and in fact occupied around 200 square meters of a portion of land.[2]

On August 4, 1997, petitioners purchased another 200 square meters of the same Lot No. 3229-C-2-F, with the same option to choose which portion. They selected and occupied an adjoining portion to the lot in their first sale.[3]

It appears that the parcels of land petitioners had chosen and occupied were already titled in the names of the Delgados, namely, Carlos, Allan and Antonio, Jr. Although originally part of Lot No. 3229-C-2-F, the two parcels of land were part of some 3,500 square meters that were purportedly sold by the respondents to the Delgados on July 31, 1985. This deed of sale to the Delgados was annotated on TCT No. T-20007 (covering Lot No. 3229-C-2-F) on June 10, 1993, and a new title for the covered area was issued on April 21, 1994, which was likewise annotated on TCT No. T-20007 on the same date.[4] Thus, at the time of the first sale by the respondents to petitioners, the two parcels of land had been cancelled from Lot No. 3229-C-2-F (covered by TCT No. T-20007), and were already part of Lot No. 3229-C-2-F-1 (covered by TCT No. T-39106). [5]

Petitioners were sued for unlawful detainer by the Delgados. In September 1998, petitioners entered into a compromise agreement with the Delgados and surrendered possession of the subject parcels of land. Petitioners compromised the case without giving notice to respondents. [6]

Thereafter, petitioners demanded from respondents that they be allowed to choose again from Lot No. 3229-C-2-F. When respondents refused, petitioners filed, on March 12, 1999, a case for specific performance with delivery of possession of real property and damages.[7] Petitioners anchored their claim for specific performance on the averment that they "could not exercise [their] right to choose the portion bought from the parcel of land afore-described because the portion pointed out by the [petitioners] were already sold and claimed by third persons..."[8]

Respondents filed their answer and by way of special and affirmative defenses alleged that they had already complied with their obligation to deliver, as petitioners had already chosen and been in possession of the parcels of land they chose.[9] Respondents also faulted petitioners for losing possession of the parcels of land by entering into a compromise agreement with the Delgados on two grounds: first, because respondents have allegedly initiated the necessary legal steps to defend their possessory rights to the disputed land by filing a case for the declaration of nullity of the title of the Delgados, and second, because petitioners failed to interpose a third-party complaint to implead respondents in the unlawful detainer case.[10]

The trial court denied respondents' motion to dismiss based on their Special and Affirmative Defenses as well as their motion for reconsideration.[11] They went to the Court of Appeals on an action for certiorari and prohibition contending that the trial court committed grave abuse of discretion in holding that:

> - petitioners had a cause of action for specific performance against respondents;
>
> - petitioners erroneously selected the parcels of land by some unfortunate turn of events so that the portions selected were not owned by respondents but the Delgados; and
>
> - the parcels of land were owned by the Delgados, a conclusion that was premature considering that the case for the declaration of nullity of the Delgados' title covering the parcels was pending before the trial court.

The Court of Appeals reversed and set aside the orders of the trial court. It held that petitioners had no cause of action to file a case of specific performance against respondents.[12] It ruled that the proper remedy of the petitioners is an action for enforcement of warranty against eviction.

Petitioners now come before this Court on a petition for review on the following issues:

> (1) whether the complaint filed in the RTC by petitioners fails to state a cause of action for specific performance with delivery of possession of real property and damages against respondents; and
>
> (2) whether the RTC's denial of the motion to dismiss on lack of cause of action was the proper subject of certiorari before the Court of Appeals.

We deny the petition.

We quote with approval the following ruling of the appellate court, viz:

> At the outset, it could already be seen that indeed, [petitioners] have no cause of action against [respondents]. The case for specific performance which was filed by [petitioners] against [respondents] is not the proper remedy in this case. Rather, said action was purely an afterthought on the part of [petitioners] when they were eventually evicted from the lots they bought from [respondents].
>
> The facts of the case are very clear. [Petitioners] bought from [respondents] a 200 square meter lot which was part of a bigger parcel of land covered by TCT No. 20007 registered in the names of [respondents], and which [petitioners] immediately took possession of. After a year, [petitioners] again bought from [respondents] and took possession of the adjacent lot also measuring 200 square meters. Since the sale, [petitioners] had been in peaceful possession of the lots until they were evicted from the same by third persons claiming to be the owners of the said lots. Thus, if [petitioners] have a cause of action against [respondents], it would be one for the enforcement of warranty against eviction and not one for specific performance.
>
> The core of [petitioners'] argument to support their action for specific performance was that [respondents] failed to deliver to them the lots subject matter of the sale, since what was delivered were not owned by [respondents] but by third persons. They likewise maintain that they were not able to exercise their choice on which lot to occupy as agreed upon by them. We do not find these arguments tenable. The truth of the matter is that [respondents] were able to deliver the said parcels of land to [petitioners]. It could not be said that

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[petitioners were] deprived of their choice on which parcel of land they were to buy and occupy. The fact that they even decided to buy the lot adjacent to the first lot they bought would clearly indicate that the said lots were their choice. Moreover, [petitioners] had been enjoying possession of the same until an unlawful detainer case was filed against them by third persons. After having enjoyed the property for sometime, [petitioners] cannot now come before the court claiming that [respondents] failed to deliver the property subject of the sale.

There is no denying also that these lots were originally part of a bigger parcel of land owned by [respondents] and covered by TCT No. 20007. That third persons armed with a certificate of title in their favor suddenly surfaced claiming to be the owners of the subject lots does not automatically render the delivery made by [respondents] to [petitioners] ineffectual. Stated otherwise, although third persons later on claimed ownership over the property, it does not mean that [respondents] failed to deliver the lots subject matter of the sale. It is also worth mentioning that the claim of these third persons to the subject lots is being disputed by [respondents] as in fact, they filed an action for the declaration of nullity of the title of Allan, Carlos and Antonio Delgado over the subject lots and which up to now is still pending before the Court of Appeals. This action on the part of [respondents] would show that they do not recognize the right of these third persons to the subject lots and that [respondents] still maintain that they are the lawful owners of the same.

What is before Us is a clear case of eviction. Thus, the action for specific performance filed by [petitioners] against [respondents] must necessarily fail. If at all, [petitioners] may file an action for the enforcement of warranty in case of eviction which every vendor of a parcel of land is enjoined by law to guarantee as provided under Article 1548 of the New Civil Code:

Art. 1548. Eviction shall take place whenever by a final judgment based on a right prior to the sale or an act imputable to the vendor, the vendee is deprived of the whole or part of the thing purchased.

The vendor shall answer for the eviction even though nothing has been said in the contract on the subject.

The contracting parties, however, may increase, diminish or suppress this legal obligation of the vendor.

But even if [petitioners] would file an action for the enforcement of warranty in case of eviction against [respondents], We are afraid that the same will not prosper. The records of the case reveal that the unlawful detainer case filed by third persons against [petitioners], which led to the ouster of the latter from the subject lots, was decided by compromise agreement without impleading [respondents] as third-party defendants. It should be stressed that in order for the case to prosper, it is a precondition that the seller must have been summoned in the suit for the eviction of the buyer. This rule is provided under the provisions of Articles 1558 and 1559 of the New Civil Code, to wit:

Art. 1558. The vendor shall not be obliged to make good the proper warranty, unless he is summoned in the suit for eviction at the instance of the vendee.

Art. 1559. The defendant vendee shall ask, within the time fixed in the Rules of Court for answering the complaint, that the vendor be made a co-defendant.

Applying the above-quoted provisions of law, the Supreme Court enumerated the requisites in the enforcement of a vendor's liability for eviction, in the case of Maria Luisa De Leon Escaler and Ernesto Escaler v. Court of Appeals, et al., [G.R. No. L-42636. August 1, 1985.], to wit:

In order that a vendor's liability for eviction may be enforced, the following requisites must concur – a) there must be a final judgment; b) the purchaser has been deprived of the whole or part of the thing sold; c) said deprivation was by virtue of a right prior to the sale made by the vendor; and d) the vendor has been summoned and made co-defendant in the suit for eviction at the instance of the vendee. In the case at bar, the fourth requisite – that of being summoned in the suit for eviction (Case No. 4252) at the instance of the vendee – is not present.

We need only add that petitioners could have filed a third-party complaint against the respondents when they were sued for eviction by the Delgados under Rule 6, Section 11.[13] In Firestone Tire and Rubber Co. of the Philippines v. Tempongko,[14] we explained the function of a third-party complaint, viz:

> The third-party complaint, is x x x a procedural device whereby a "third party" who is neither a party nor privy to the act or deed complained of by the plaintiff, may be brought into the case with leave of court, by the defendant, who acts as third-party plaintiff to enforce against such third-party defendant a right for contribution, indemnity, subrogation or any other relief, in respect of the plaintiff's claim. The third-party complaint is actually independent of and separate and distinct from the plaintiff's complaint. Were it not for this provision of the Rules of Court, it would have to be filed independently and separately from the original complaint by the defendant against the third-party. But the Rules permit defendant to bring in a third-party defendant or so to speak, to litigate his separate cause of action in respect of plaintiff's claim against a third party in the original and principal case with the object of avoiding circuitry of action and unnecessary proliferation of lawsuits and of disposing expeditiously in one litigation the entire subject matter arising from one particular set of facts. Prior leave of Court is necessary, so that where the allowance of a third-party complaint would delay the resolution of the original case, such as when the third-party defendant cannot be located or where matters extraneous to the issue of possession would unnecessarily clutter a case of forcible entry, or the effect would be to introduce a new and separate controversy into the action, the salutary object of the rule would not be defeated, and the court should in such cases require the defendant to institute a separate action. x x x.

If petitioners filed the third-party complaint against the respondents, they could have sought from the respondents "x x x contribution, indemnity, subrogation or any other relief" in respect of the claim of the Delgados. The phrase "any other relief" includes a claim of a vendee for warranty against the vendor.[15]

IN VIEW WHEREOF, the petition is denied.

No cost.

SO ORDERED.

Sandoval-Gutierrez, Corona and Garcia, JJ., concur.Azcuna, J., on official business.

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[1] Rollo, pp. 45-48.

[2] Petitioners' Motion for Reconsideration with the CA, rollo, p. 30. See rollo, p. 7.

[3] Rollo, p. 8. See CA rollo, p. 5.

[4] Rollo, pp. 41-43.

[5] Id.

[6] See CA rollo, p. 59.

[7] Civil Case No. 99-03-41, raffled to RTC Branch 8, Tacloban City, rollo, pp. 13-18.

[8] Plaintiffs' (now Petitioners) Complaint in RTC Branch 8, CA rollo, p. 14.

[9] Defendants' (now Respondents) Answer in RTC Branch 8, CA rollo, pp. 20 and 21.

[10] Id. at 21.

[11] RTC Order dated July 28, 2000, CA rollo, p. 54.

[12] CA Decision promulgated July 3, 2002, rollo, pp. 23-27.

[13] Sec. 11. Third, (fourth, etc.)–party complaint. – A third (fourth, etc.)-party complaint is a claim that a defending party may, with leave of court, file against a person not a party to the action, called the third (fourth, etc.)-party defendant, for contribution, indemnity, subrogation or any other relief, in respect of his opponent's claim.

[14] L-24399, March 28, 1968, 27 SCRA 418.

[15] Castillo v. Samonte, 106 Phil. 1023 (1960).

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