DIGNA CONSUMIDO, PETITIONER, VS. HON. REYNALDO G. ROS, PRESIDING JUDGE, REGIONAL TRIAL COURT OF MANILA, BRANCH 33, RAMON SAURA, JR., AND FATIMA SAURA, RESPONDENTS.

G.R. NO. 166875. July 31, 2007

Ponente: TINGA, J.

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TINGA, J.:

The instant Rule 45 petition assails the Decision[1] dated 13 September 2004 and the Resolution[2] dated 24 January 2005 of the Court of Appeals in CA-G.R. SP No. 75285. The appellate court's Decision affirmed the Regional Trial Court's (RTC) reversal[3] of the Metropolitan Trial Court's (MeTC) judgment[4] dismissing the ejectment complaint filed against petitioner while the Resolution denied her motion for reconsideration.[5]

In their ejectment[6] complaint before the MeTC of Manila, docketed as Civil Case No. 170458, respondent spouses Ramon, Jr. and Fatima Saura averred that sometime in 1995, they entered into two lease contracts with petitioner Digna Consumido, wherein they leased to her Unit 982 and Unit 980 located on A.H. Lacson Street, Sampaloc, Manila and she, in turn, undertook to pay rentals at P6,400.00 per month and P6,000.00 per month, respectively.[7]

According to respondents, petitioner started defaulting on rental payments on Unit 982 and Unit 980 in the last quarter of 1996 and August 1997, respectively. Despite repeated demands, petitioner failed to pay the accrued rentals and to vacate the leased premises,[8] prompting respondents to file the complaint. They asked for judgment ordering petitioner to vacate the premises and pay the accrued rentals totaling P615,000.00, plus attorney's fees.[9]

In her Answer,[10] petitioner averred that she entered into the said lease contracts not with respondents but with the late Ramon Saura, Sr., father of respondent Ramon, Jr. The father organized Villa Governor Forbes Corporation (VGFC), the administrator of the leased premises, petitioner added.[11]

According to petitioner, until June 1999, she religiously paid the rentals to respondents, who had assumed the administration of the leased premises after the death of Ramon Saura, Sr., not knowing that as early as 18 April 1995, Sandalwood Real Estate Development Corporation (SREDC) had already bought the leased premises from VGFC. After discovering that the leased premises had already been titled to SREDC, petitioner negotiated with SREDC for her to continue occupancy of the leased premises.[12] Thus, she claimed that she ignored the demands of respondents for just and legal grounds.

After summary proceedings, the MeTC rendered a decision[13] on 19 April 2002 dismissing the ejectment suit. The MeTC found that the ownership of the leased premises had been the subject of a pending litigation between respondent Ramon Saura, Jr. on one hand and SREDC, VGFC, and the other heirs of the late Ramon Saura, Sr. on the other. It also found that SREDC, as successor-in-interest of VGFC, had previously instituted an ejectment suit against petitioner and other lessees occupying the other units but the same had been dismissed with finality pending the determination of ownership of the leased premises. Based on the foregoing and the findings that

VGFC was the lessor

and respondents had acted merely as administrators and/or representatives of VGFC upon the execution of the lease agreements, the MeTC declared respondents as not the real parties-in-interest.[14]

The RTC reversed the MeTC decision.[15] Based on its finding that petitioner continued to remit the rentals to respondents when they assumed administration of the leased premises after the death of Ramon Saura, Sr., it held that respondents were entitled to the material possession of the leased premises.[16] The RTC also found that the leased premises was previously the ancestral home of respondents, who remained in possession thereof even after the disputed sale of the leased premises by VGFC to SREDC.

In its Decision dated 17 September 2002, the RTC disposed, thus:

> WHEREFORE, the decision appealed from is REVERSED. The defendant is ordered:
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> - To vacate the leased premises;
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> - To pay the plaintiffs the rental in arrears for both units the amount of Php714,800.00 representing the unpaid rentals from 1996 to December 2001, as well as rental that are unpaid, until the time the defendant has actually vacated the leased premises;
>
> - To pay the amount of Php20,000.00 as attorney's fees; and
>
> - To pay the cost of suit.
>
> SO ORDERED.[17]

On appeal, the Court of Appeals rendered a Decision[18] on 13 September 2004, dismissing petitioner's appeal, and on 24 January 2005, its assailed Resolution[19] denying petitioner's motion for reconsideration.

The Court of Appeals sustained the RTC's conclusion that the material possession of the leased premises pertained to respondents as it was bolstered by petitioner's admission that she remitted rentals to them before she allegedly discovered that respondents were not the registered owners of the leased premises. It also held that petitioner was precluded from controverting the title of her landlord, asserting any rights adverse to that title or setting up any inconsistent right to change the relation existing between them.[20]

Hence, the instant petition ascribing the following errors to the Court of Appeals:

> - THE HONORABLE COURT OF APPEALS COMMITTED SERIOUS REVERSIBLE ERROR OF FACT AND LAW WHEN IT RULED THAT PRIVATE RESPONDENTS ARE THE REAL PARTIES IN INTEREST TO FILE THE EJECTMENT SUIT, AS SUCH RULING IS BASED ON PURE CONJECTURES AND PRESUMPTIONS.
>
> - THE HONORABLE COURT OF APPEALS COMMITTED SERIOUS REVERSIBLE ERROR WHEN IT RULED THAT PRIVATE RESPONDENTS HAD THE RIGHT TO EJECT PETITIONER HAVING ESTABLISHED A BETTER RIGHT OF POSSESSION.[21]

The crux of the controversy is whether there was a subsisting lease agreement between petitioner and respondents, which, upon the breach thereof by petitioner, entitled respondents, as the real parties-in-interest, to institute the ejectment suit. In short, the question is who is the landlord?

Petitioner maintains that respondents instituted the ejectment suit in their personal capacities and not in representation of the VGFC, the previous owner of the leased premises.

On the other hand, respondents contend that petitioner is estopped from asserting that no landlord-lessee

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relationship exists between them because petitioner previously admitted in her answer that she religiously remitted rentals to respondents. They theorize that petitioner's act of continuously remitting rentals to respondents after the death of Ramon Saura, Sr. is an acknowledgement that respondents are her landlords and successors-in-interest of the late Ramon Saura, Sr.

The petition is meritorious.

One who has no right or interest to protect cannot invoke the jurisdiction of the court as party-plaintiff in action for it is jurisprudentially ordained that every action must be prosecuted or defended in the name of the real party in interest.[22]

"Interest" within the meaning of the rules 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. A real party in interest is one who has a legal right. Since a contract may be violated only by the parties thereto as against each other, in an action upon that contract, the real parties-in-interest, either as plaintiff or as defendant, must be parties to the said contract. The action must be brought by the person who, by substantive law, possesses the right sought to be enforced.[23]

In an action for unlawful detainer, the real party in interest is the landlord, vendor, vendee or other person against whom the possession of any land or building is unlawfully withheld after the expiration or termination of his right to hold possession, by virtue of a contract, express or implied.

The records show that petitioner did not enter into the lease agreement with respondents. Other than their bare allegations, respondents failed to present sufficient evidence showing that they are the landlords of the leased premises or its successors-in-interest or are authorized to institute the ejectment suit in the name of the real party in interest.

The MeTC's finding that VGFC is the landlord appears to be more plausible under the circumstances. Since a corporation is only a juridical person, it must act through its officers or agents in the normal course of business. Petitioner admitted that she entered into the lease contracts with the late Ramon Saura, Sr. While no written lease agreement was ever submitted in evidence, it is likely that at the time of the agreement, the late Ramon Saura, Sr. was acting on behalf of VGFC, which, since 1979, had been the registered owner of the leased premises before its purported sale to SREDC, the present registered owner.

That respondents were parties to the lease agreement is not supported by the evidence on record. Respondents were able to establish only as far as accepting the rental payments from petitioner. However, this fact alone cannot vest in them the right of a landlord but of a mere administrator or representative of the late Ramon Saura, Sr. and/or VGFC. Thus, as pointed out by the MeTC, respondents cannot institute the ejectment suit in their personal capacities. They must present their authority to prosecute the ejectment suit in the name of the real party in interest. This respondents failed to do.

In civil cases, the burden of proof is on the plaintiff to establish his case by a preponderance of evidence. If he claims a right granted or created by law, he must prove his claim by competent evidence. He must rely on the strength of his own evidence and not on the weakness of that of his opponent.[24] And he, having the burden of proof, will be defeated if no evidence were given on either side.[25]

Respondents as plaintiffs in the action for unlawful detainer had the burden of proving their allegations inasmuch as they claim that they were parties to the lease contracts. Respondents failed miserably to meet the burden of proof.

Respondents argue that petitioner is estopped from denying the landlord-lessee relationship between the parties because of her admission that she paid rentals to respondents in her belief that the former were the owners of the premises.

For estoppel to apply, the action giving rise thereto must be unequivocal and intentional because, if misapplied, estoppel may become a tool of injustice.[26] Estoppel is a principle that, as a rule, can be invoked only in highly exceptional and legitimate cases.[27] The essential elements of estoppel in respect to the party claiming it are: (a) lack of knowledge and of the means of knowledge of the truth as the facts in question; (b) reliance, in good faith, upon the conduct or statements of the party to be estopped; and (c) action or inaction based thereon of such character as to change the position or status of the party claiming the estoppel, to his injury, detriment, or prejudice.[28]

The first element is absent in the instant case. Respondents cannot claim estoppel against petitioner because they knew fully well that they were accepting rentals from petitioner in their capacity as mere administrators of the leased premises or only on behalf of the late Ramon Saura, Sr. and/or VGFC. Respondents cannot assert that they did not know for a fact that they were never parties to the lease agreement. The fact that petitioner initially thought respondents were the owners of the leased premises does not put her in estoppel because respondents were expected to know in what capacity they accepted the payments.

Neither is petitioner estopped in denying respondents' title. The conclusive presumption set forth in Rule 131, Section 2(b)[29] of the Rules of Court applies only when the landlord and tenant relationship has been sufficiently established. In the case at bar, this is precisely the issue to be resolved as petitioner has consistently alleged that there was no lease agreement between the parties. Moreover, respondents themselves have not asserted ownership over the leased premises, the truth of the matter being that respondents were never the registered owners of the leased premises.

WHEREFORE, the instant petition for review on certiorari is GRANTED and the Decision dated 13 September 2004 and Resolution dated 24 January 2005 of the Court of Appeals in CA-G.R. SP No. 75285 are hereby REVERSED and SET ASIDE. The Decision of the Metropolitan Trial Court, Branch 28 of Manila in Civil Case No. 170458 is REINSTATED. Costs against respondents.

SO ORDERED.

Quisumbing, (Chairperson), Carpio, Carpio-Morales, and Velasco, Jr., JJ., concur.

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[1] Rollo, pp. 13-20. Penned by Juan Q. Enriquez, Jr., J., and concurred in by Salvador Jr. Valdez, Jr., Chairperson of the Ninth Division, and Vicente Q. Roxas, JJ.

[2] Id. at 9.

[3] Id. at 121-125.

[4] Id. at 72-75.

[5] Id. at 63-70.

[6] Id. at 98-102.

[7] Id. at 99.

[8] Id.

[9] Id. at 101.

[10] Id. at 103-107.

[11] Id. at 103-104.

[12] Id.

[13] Supra note 4.

[14] Id. at 124.

[15] Supra note 3.

[16] Id. at 74.

[17] Id. at 75.

[18] Supra note 1.

[19] Supra note 2.

[20] Id. at 19.

[21] Id. at 53.

[22] Borlongan v. Madrideo, 380 Phil. 215, 224 (2000), citing the 1997 Rules of Civil Procedure, Rule 3, Section 2.

[23] Vidal v. Escueta, 463 Phil. 314, 337 (2003).

[24] Umpoc v. Mercado, G.R. No. 158166, January 21, 2005, 449 SCRA 220, 238.

[25] Borlongan v. Madrideo, 380 Phil. 215, 223 (2000), citing Summa Insurance Corporation v. Court of Appeals, 253 SCRA 175 (1996).

[26] Duero v. Court of Appeals, 424 Phil. 12, 21 (2002), citing La Naval Drug Corporation v. Court of Appeals, et al., G.R. No. 103200, 236 SCRA 78, 87-88 (1994).

[27] Arcelonia v. Court of Appeals, 345 Phil. 250, 284 (1997).

[28] Id.

[29] SEC. 2. Conclusive presumptions. – The following are instances of conclusive presumptions:

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> (b) The tenant is not permitted to deny the title of his landlord at the time of the commencement of the relation of landlord and tenant between them.

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