

A & C MINIMART CORPORATION, PETITIONER, VS. PATRICIA S. VILLAREAL, TRICIA ANN VILLAREAL AND CLAIRE HOPE VILLAREAL, RESPONDENT.*G.R. NO. 172268. October 10, 2007*

Ponente: CHICO-NAZARIO, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-172268/>**CHICO-NAZARIO, J.:**

This is a Petition for Review on Certiorari under Rule 45 of the Rules of Court, assailing the Decision[1] dated 13 October 2004, rendered by the Court of Appeals in CA-G.R. SP No. 81875, modifying the Order[2] dated 29 December 2003, of Branch 194 of the Regional Trial Court (RTC) of Parañaque City. The appellate court ordered petitioner A & C Minimart Corporation to pay respondents Patricia Villareal, Tricia Ann Villareal and Claire Hope Villareal, a monthly interest of 3% on the total amount of rental and other charges not paid on time, in addition to the unpaid rental and other charges which the trial court ordered petitioner to pay.

The subject property is a one-storey commercial building constructed on a parcel of land located at Aguirre St., BF Homes, Parañaque, Metro Manila. Petitioner leased the six stalls/units of the subject property from Joaquin Bonifacio, under a lease agreement dated 3 August 1992, and which expired on 3 August 1997.[3] A Lease Contract, dated 22 January 1998, was executed between petitioner and Teresita Bonifacio renewing the earlier contract for another five years.[4]

However, ownership of the subject property is under dispute. Respondents and spouses Joaquin and Teresita Bonifacio (spouses Bonifacio) claim ownership over the subject property.

The respondents claim ownership based on a sale of property on execution pending appeal in a separate case. Civil Case No. 16194 is an independent action for damages filed by respondents against spouses Eliseo and Erna Sevilla (spouses Sevilla), original owners of the disputed property, arising from the murder of Jose Villareal, the husband of respondent Patricia Villareal and father of respondents Tricia Ann and Claire Hope Villareal. In its Decision dated 2 April 1990, Branch 132 of the RTC of Makati awarded damages to respondents in the amount of P10,882,040.00.[5] Thereafter, the Makati RTC, Branch 132, issued a writ of execution pending appeal. Deputy Sheriff Eulalio Juanson levied on two parcels of land registered under the name of the Sevillas covered by Transfer Certificates of Title (TCT) No. 41338 and No. 41339, issued by the Register of Deeds of Parañaque City, and a one-storey commercial building built thereon. On 17 September 1990, Deputy Sheriff Juanson sold the subject property at a public auction to respondent Patricia Villareal, the sole and highest bidder therein. The Certificate of Sale, dated 17 September 1990, was registered and annotated in TCT No. 41338 and No. 41339 as Entry 6621 on 18 September 1990.[6] The spouses Sevilla filed an appeal questioning the damages awarded and execution orders issued by the Makati RTC, Branch 132 in Civil Case No. 16194, which is now pending before the Supreme Court and docketed as G.R. No. 150824.

On the other hand, the spouses Bonifacio claim to have purchased the property from the spouses Sevilla. Twice they challenged the Villareals' ownership of the property. The first was on 12 September 1990, when they filed

Civil Case No. 90-2551 against respondent Patricia Villareal before Branch 58, later unloaded to Branch 63, of the Makati RTC, for declaration of nullity of levy on real property, damages and injunction with prayer for issuance of a temporary restraining order against the sheriff of the Makati RTC, Branch 132. They allegedly bought the property from the spouses Sevilla on 17 June 1986, but were unable to transfer the titles to their names when they discovered that notice of levy on execution was already annotated in the TCTs.[7] On 8 November 1994, the Makati RTC, Branch 63, declared that the Deed of Sale in favor of the Bonifacios was null and void and thus dismissed the complaint filed by the spouses Bonifacio for lack of merit. The spouses Bonifacio filed an appeal, docketed as C.A. G.R. CV No. 48478, which was dismissed by the Court of Appeals. The dismissal of the said case became final and executory on 27 December 1997.[8]

Despite the final and executory decision dismissing the claim of the Bonifacios, the latter, for the second time filed on 25 January 1999, Civil Case No. 99-037 against respondent Patricia Villareal for Declaration of Ownership, Annulment and Cancellation of Attachment, Notice of Levy, and Execution Sale with Damages at Branch 257 of the Parañaque RTC, which was dismissed in an Order dated 8 November 1999.[9] They filed an appeal of the dismissal with the Court of Appeals, docketed as CA-G.R. SP No. 60176, which was likewise dismissed in a Decision, dated 22 October 2004.[10] An appeal was filed before the Supreme Court, docketed as G.R. No. 175857, but the same was denied in a Resolution dated 14 March 2007.[11]

Meanwhile, upon learning that the spouses Bonifacio's claim of ownership over the subject property had been seriously challenged and denied in the Decision dated 8 November 1994 of the Makati RTC, Branch 63, in Civil Case No. 90-2551, petitioner stopped paying its rentals on the subject property on 2 March 1999, in violation of the renewed Lease Contract dated 22 January 1998.[12]

On 19 July 1999, respondents filed a case for Unlawful Detainer with Damages, against the petitioner before Branch 78 of the Metropolitan Trial Court (MTC) of Parañaque City. Respondents also filed a case against the spouses Bonifacio for the recovery of the advanced rentals paid to the latter by the petitioner. The spouses Bonifacio also filed a separate case against the petitioner for Unlawful Detainer. The cases were consolidated and heard by the Parañaque MTC, Branch 78, docketed as Civil Cases No. 11200, 11201, and 11262. The Parañaque MTC, Branch 78, dismissed the cases on the ground that the issue of possession in this case was intertwined with the issue of ownership, and that it lacked the jurisdiction to determine the issue of ownership.[13]

Respondents appealed before Branch 194 of the Parañaque RTC, the dismissal ordered by the Parañaque MTC, Branch 78, in Civil Cases No. 11200, 11201, and 11262. The cases were docketed as Civil Cases No. 02-0538 to 40. The Parañaque RTC, Branch 194, affirmed the decision of the Parañaque MTC, Branch 78, as to its lack of jurisdiction, and then treated the complaint as if it were originally filed with the RTC, in accordance with Section 8, Rule 40 of the Rules of Court.[14] Thereafter, in its Decision dated 25 June 2003, the Parañaque RTC, Branch 194, found that the spouses Bonifacio did not acquire ownership over the subject property. It further ruled that the petitioner had the obligation to pay the rentals for use of the subject property and directed the petitioner to deposit its rental payments to a Land Bank account established by the Makati RTC, Branch 132, where the rentals accruing on the subject property will be held in trust for the rightful owners, whether it be the respondents or the spouses Sevilla, pending the final determination of G.R. No. 150824. The Decision of the Parañaque RTC, Branch 194, in Civil Case Nos. 02-0538 to 40 reads:

WHEREFORE foregoing considered, judgment is hereby ordered:

- Directing and ordering defendant Spouses Bonifacios (sic) to deposit the amount of P315,000.00 paid by A & C Minimart to Account No. 1831-0166-91, with the Land Bank of the Philippines, J.P. Rizal Branch, Makati City.

- Ordering defendant A & C Minimart to deposit with Account No. 1831-0166-91, Land Bank of the Philippines, J.P. Rizal Branch, Makati City, the monthly rentals due from the premises from (sic) the last rental payment consigned with the Clerk of Court, Metropolitan Trial Court, Parañaque City.
- Ordering defendant A & C Minimart to furnish the Villareals copies of the Lease Contract it entered into with the Bonifacios.
- And for convenience, ordering the Clerk of Court, Metropolitan Trial Court, Parañaque City to transfer and deposit the rental payments made by A & C Minimart together with the accrued interest to Account No. 1831-0166-91 with Land Bank of the Philippines, J.P. Rizal Branch, Makati City.

No pronouncement as to costs, attorney's fees and damages.[15]

On 1 October 2003, upon petitioners' Motion for Partial Reconsideration, the Parañaque RTC, Branch 194, modified its decision. It ruled that the rental should accrue in favor of the respondents only after the turnover of the possession of the subject property to them sometime on 2 March 1999. Moreover, it found that petitioner did not act in bad faith when it refused to pay rentals and, thus, should not be liable for damages. Additionally, it also ordered the petitioner to pay 12% interest per annum on the monthly rentals due from its receipt of the respondents' demand letter on 25 June 1999, until full payment; to pay respondents' attorney's fees in the amount of P100,000.00 and the costs of suit; and to vacate the subject property, to wit:

- [O]rdering defendant A & C Minimart to deposit with account no. 1831-0166-91 of the Land Bank of the Philippines, J.P. Rizal Branch[,] Makati City, the monthly rentals due from March 2, 1999, in accordance with the Lease Contract until it delivers possession thereof to the Villareals plus 12% interest per annum from the date of receipt of the demand letter in 25 June 1999 until full satisfaction less the rental payment consigned to the Clerk of Court, Metropolitan Trial Court, Parañaque City.
- [F]or convenience, ordering the Clerk of Court, Metropolitan Trial Court, Parañaque City to transfer and deposit the rental payments made by A & C Minimart together with the accrued interest to Account No. 1831-0166-91 with the Land Bank of the Philippines, J. P. Rizal Branch, Makati City.
- [D]irecting and ordering defendant A & C Minimart to pay the Plaintiff Attorney's fees in the amount of ONE HUNDRED THOUSAND PESOS (P100,000.00) and the cost of suit.
- [O]rdering defendant A & C Minimart Corp. to vacate the portion of the building located at 340 Aguirre Avenue, BF Homes, Parañaque City where it conducts its business of a grocery store and other activities, and deliver the same peacefully and in good condition to the Villareals.[16]

On 27 October 2003, upon motion of the respondents, the Parañaque RTC, Branch 194, issued a Writ of Execution requiring petitioner to deposit in Land Bank Account No. 1831-0166-91 the amount of P3,186,154.68, plus 12% yearly interest, computed from the date of petitioner's receipt of the demand letter on 25 June 1999.[17]

On 4 November 2003, respondents filed a Motion for Recomputation of the amount of rentals as the writ of execution allegedly did not conform to the Decision dated 1 October 2003. Respondents claimed that the computation should include a monthly interest of 3% on the total amount of rental and other charges not paid on time, in accordance with paragraph 6(g) of the Contract of Lease, dated 22 January 1998, between petitioner and Teresita Bonifacio, to wit:

- g) To pay the LESSOR three (3%) percent interest per month on the total amount of rental and other charges not paid on time under this contract with said amount accruing automatically upon default without necessity of any demand.[18]

Respondents anchored their claim on the Amended Decision dated 1 October 2003, and the Writ of Execution

dated 27 October 2003, in Civil Cases No. 02-0538 to 40, which both used the phrase “in accordance with the Lease Contract,” when referring to the monthly rentals due and were to be deposited in the bank by the petitioner.

In an Order dated 29 December 2003, the Parañaque RTC, Branch 194, denied respondents’ claim for interest penalty at the rate of 3% per month on the total amount of rent in default.[19]

Respondents filed a Petition for Certiorari under Rule 65, before the Court of Appeals, which ruled in favor of the respondents. In the assailed Decision, the appellate court found that petitioner consigned the rental payments after they fell due and, thus, it ruled that the 3% interest stipulated in the Contract of Lease dated 22 January 1998 should be imposed. The dispositive part of the assailed Decision,[20] dated 13 October 2004, reads:

WHEREFORE, there being merit in the petition, it is GRANTED. The assailed Order is MODIFIED in that respondent A and C Minimart is additionally DIRECTED to pay a monthly interest of 3% on the total amount of rental and other charges not paid on time pursuant to the contract of lease. This case is REMANDED to the court of origin for proper computation and execution.

Petitioner filed a Motion for Reconsideration of the foregoing Decision, which the Court of Appeals denied in a Resolution dated 27 March 2006.

Hence, the present Petition, where petitioner raises the following issues:

I

THE HONORABLE COURT OF APPEALS ERRED IN NOT DISMISSING VILLAREALS’ PETITION FOR CERTIORARI CONSIDERING THAT APPEAL IS THE PROPER AND ADEQUATE REMEDY TO QUESTION THE DECISION OF THE RTC (BRANCH 194) OF PARAÑAQUE CITY.

II

THE HONORABLE COURT OF APPEALS ERRED IN SUSTAINING THE CLAIM OF THE VILLAREALS’ THAT THEY ARE ENTITLED TO THE BENEFITS (RENTALS AND INTERESTS) OF THE CONTRACT OF LEASE ENTERED INTO BETWEEN “A & C MINIMART CORP.” AND TERESITA BONIFACIO.

III

THE HONORABLE COURT OF APPEALS ERRED IN NOT DISMISSING THE PETITION FOR CERTIORARI (SPECIAL CIVIL ACTION) FILED BY THE VILLAREALS CONSIDERING THAT THE LATTER HAVE NO RIGHTS AND INTEREST OVER THE CONTRACT OF LEASE BETWEEN THE SPOUSES BONIFACIOS (sic) AND THE “A & C MINIMART CORP.”

IV

THE HONORABLE COURT OF APPEALS ERRED IN NOT DISMISSING C.A.-G.R. SP NO. 81875 CONSIDERING THAT THE VILLAREALS’ CLAIM OF OWNERSHIP OVER THE PROPERTY IS STILL THE SUBJECT OF A PENDING CASE WHICH PRO TANTO RENDERED THE EJECTMENT SUIT FILED BY THE VILLAREALS AGAINST THE PETITIONER OBVIOUSLY PREMATURE.

V

THE HONORABLE COURT OF APPEALS ERRED IN NOT OVERRULLING THE RTC OF PARANAQUE (BR. 194) WHICH REVERSED THE DECISION OF THE MTC OF PARANAQUE CITY DISMISSING THE CONSOLIDATED EJECTMENT CASES (02-0538; 02-0539; 02-540) FOR LACK OF JURISDICTION CONSIDERING THAT THE FUNDAMENTAL ISSUE INVOLVED IS OWNERSHIP OF THE SUBJECT PREMISES WHICH ISSUE REQUIRES FULL-BLOWN TRIAL IN A DIRECT ACTION

BEFORE A COURT OF GENERAL JURISDICTION FOR FULL DETERMINATION.[21]

The petition is partly meritorious.

Petitioner avers that the respondents should have filed with the Court of Appeals an ordinary appeal instead of a special civil action for certiorari, when it questioned the computation made by the Parañaque RTC, Branch 194, of the rentals due the owner of the subject property.

Such contention runs counter to Section 1, Rule 41 of the Rules of Court, which provides:

Section 1. Subject of appeal. – An appeal may be taken from a judgment or final order that completely disposes of the case, or of a particular matter therein when declared by these Rules to be appealable.

No appeal may be taken from:

x x x x

(f) an order of execution;

x x x x

In all the above instances where the judgment or final order is not appealable, the aggrieved party may file an appropriate special civil action under Rule 65.

It is explicit from the afore-quoted provision that no appeal may be taken from an order of execution; instead, such order may be challenged by the aggrieved party via a special civil action for certiorari under Rule 65 of the Rules of Court. Respondents filed the petition in CA-G.R. SP No. 81875, to question the Writ of Execution dated 27 October 2003, issued by the Parañaque RTC, Branch 194, which computed the rentals to be paid by the petitioner to whoever is declared the owner of the subject property, without including the 3% penalty interest stipulated in the Lease Contract dated 22 January 2002. Contrary to the position taken by the petitioner, respondents' recourse to an appeal would have been unavailing under Section 1, Rule 41, of the Rules of Court. The filing of a special civil action for certiorari under Rule 65 of the Rules of Court was the proper remedy questioning an order of execution.

Petitioner argues that respondents are not entitled to the 3% penalty stipulated under the Lease Contract dated 22 January 1998, which becomes payable to the lessor whenever the petitioner incurs delay in the payment of its rentals. This argument is well-taken.

It is a well-known rule that a contractual obligation or liability, or an action ex-contractu, must be founded upon a contract, oral or written, either express or implied. If there is no contract, there is no corresponding liability and no cause of action may arise therefrom.[22] This is provided for in Article 1311 of the Civil Code:

Article 1311. Contracts take effect only between the parties, their assigns and heirs, except in case where the rights and obligations arising from the contract are not transmissible by their nature, or by stipulation or by provision of law. The heir is not liable beyond the value of the property he received from the decedent.

The Lease Contract dated 22 January 1998, was executed between the spouses Bonifacio and petitioner. It is undisputed that none of the respondents had taken part, directly or indirectly, in the contract in question. Respondents also did not enter into contract with either the lessee or the lessor, as to an assignment of any right under the Lease Contract in question. The Lease Contract, including the stipulation for the 3% penalty interest, was bilateral between petitioner and Teresita Bonifacio. Respondents claim ownership over the subject property, but not as a successor-in-interest of the spouses Bonifacios. They purchased the property in an execution sale from the spouses Sevilla. Thus, respondents cannot succeed to any contractual rights which may accrue to the

spouses Bonifacio.

Contracts produce an effect as between the parties who execute them. A contract cannot be binding upon and cannot be enforced by one who is not party to it. Although the respondents were adjudged to be entitled to rentals accruing from 2 March 1999, until the time the petitioner vacated the premises, the obligation to pay rent was not derived from the Lease Contract dated 22 January 1998, but from a quasi-contract. Article 2142 of the Civil Code reads:

Art. 2142. Certain lawful, voluntary and unilateral acts give rise to the juridical relation of quasi-contract to the end that no one shall be unjustly enriched or benefited at the expense of another.

In the present case, the spouses Bonifacio, who were named as the lessors in the Lease Contracts, dated 3 August 1992 and 22 January 1998, are already adjudged not to be the real owners of the subject property. In Civil Case No. 90-2551, Branch 63 of the Makati RTC declared that the Deed of Sale, executed on 17 June 1986, between the spouses Bonifacio and the spouses Sevilla was a forgery and, hence, did not validly transfer ownership to the spouses Bonifacio. At present, there is a pending appeal before the Supreme Court docketed as G.R. No. 150824, which would determine who between the respondents and the spouses Sevilla are the rightful owners of the property.

Since the spouses Bonifacio are not the owners of the subject property, they cannot unjustly benefit from it by collecting rent which should accrue to the rightful owners of the same. Hence, the Makati RTC, Branch 132, had set up a bank account where the rent due on the subject property should be deposited and kept in trust for the real owners thereto.

The last two issues raised by the petitioner on whether the Parañaque RTC, Branch 194, should have dismissed the case for being premature or for any other ground cannot be raised in this petition. Such issues should be, and were, in fact, raised by petitioner in CA-G.R. No. 86157, which was an appeal of the Amended Decision dated 1 October 2003, rendered by the Parañaque RTC, Branch 194, in Civil Cases No. 02-0538 to 40. Pending the resolution of the said case by the Court of Appeals, this Court refrains from ruling thereon. What is on appeal in the present petition is the Decision rendered by the Court of Appeals in CA-G.R. SP No. 81875, where the sole issue raised was the correctness of the computation made during the execution of the Amended Decision dated 1 October 2003 of the Parañaque RTC, Branch 194.

IN VIEW OF THE FOREGOING, the instant Petition is partially GRANTED. The assailed Decision of the Court of Appeals in CA-G.R. SP No. 81875, promulgated on 13 October 2004, is REVERSED and SET ASIDE. The petitioner A & C Minimart Corporation is not obligated to pay the penalty interest of 3% per month on the total amount of rental and other charges not paid on time pursuant to the Contract of Lease dated 22 January 1998. This Court AFFIRMS the computation of the rent and interest due from petitioner A&C Minimart Corporation in the Writ of Execution dated 27 October 2003, issued by Branch 194 of the Parañaque Regional Trial Court, in Civil Cases No. 02-0538 to 40.

SO ORDERED.

Ynares-Santiago, (Chairperson), Austria-Martinez, Nachura, and Reyes, JJ., concur.

[1] Penned by Associate Justice Portia Aliño-Hormachuelos with Associate Justices Rebecca de Guia-Salvador and Aurora Santiago-Lagman, concurring. Rollo, pp. 38-48.

[2] Penned by Judge Leoncia Real-Dimagiba. Rollo, pp. 90-93.

[3] Rollo, pp. 256-259 and 309.

[4] Id. at 67-70.

[5] Id. at 100.

[6] Id. at 100-101.

[7] Id. at 243-251.

[8] Id. at 255.

[9] Id. at 104.

[10] Id. at 99-111.

[11] Id. at 262.

[12] Id. at 65.

[13] Id. at 55-58.

[14] Section 8. Appeals from orders dismissing case without trial; lack of jurisdiction.—If an appeal is taken from an order of the lower court dismissing the case without a trial on the merits, the Regional Trial Court may affirm or reverse it, as the case may be. In case of affirmance and the ground of dismissal is lack of jurisdiction over the subject matter, the Regional Trial Court, if it has jurisdiction thereover, shall try the case on the merits as if the case was originally filed with it.

In case of reversal, the case shall be remanded for further proceedings.

If the case was tried on the merits by the lower court without jurisdiction over the subject matter, the Regional Trial Court on appeal shall not dismiss the case if it has original jurisdiction thereof, but shall decide the case in accordance with the preceding section, without prejudice to the admission of amended pleadings and additional evidence in the interest of justice.

[15] Rollo, p. 61.

[16] Id. at 66.

[17] Id. at 43.

[18] Id. at 44.

[19] Id. at 90-93.

[20] Id. at 48.

[21] Id. at 21-23.

[22] *Salonga v. Warner, Barnes & Co., Ltd.*, 88 Phil. 125, 129 (1951); and *E. Macias & Co. v. Warner, Barnes & Co.*, 43 Phil. 155, 162 (1922).

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.