

SPOUSES DANILO T. SAMONTE AND ROSALINDA N. SAMONTE, PETITIONERS, VS. CENTURY SAVINGS BANK, RESPONDENT.

G.R. No. 176413. November 25, 2009

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This is a petition for review on certiorari of the Court of Appeals (CA) Decision[1] dated September 27, 2006 and Resolution[2] dated January 24, 2007 in CA-G.R. SP No. 86875. The assailed decision affirmed in toto the Regional Trial Court (RTC)[3] Decision[4] dated September 17, 2004 in Civil Case No. 04-913, which in turn affirmed the Metropolitan Trial Court (MeTC)[5] Decision[6] dated May 6, 2004 in Civil Case No. 79002 for Ejectment.

The facts are as follows:

Petitioners Danilo T. Samonte and Rosalinda N. Samonte obtained a loan amounting to P1,500,000.00 from respondent Century Savings Bank secured by a Real Estate Mortgage[7] over a property located at 7142 M. Ocampo Street, Pio del Pilar, Makati City. For petitioners' failure to pay the obligation, the mortgage was extrajudicially foreclosed on December 9, 1999 and the property was sold at public auction and was eventually awarded to respondent as the highest bidder.[8]

Having failed to redeem the property, petitioners entered into a Contract of Lease[9] with respondent, wherein the former agreed to pay the latter a monthly rental of P10,000.00 for and in consideration of their continuing occupation of the subject property from January 16, 2001-January 16, 2002. Petitioners further acknowledged respondent's valid and legal title to enter into the contract as absolute owner of the property in question.[10]

On March 28, 2001, respondent consolidated its ownership over the property, which led to the cancellation of petitioners' title and the issuance of a new one in respondent's name.[11]

Of the agreed monthly rentals, petitioners only paid a total amount of P40,000.00. On April 4, 2002, respondent sent a letter[12] to petitioners demanding that the latter pay their unpaid rentals and vacate the leased premises. Petitioners, however, refused to heed the demand. Hence, the complaint for ejectment docketed as Civil Case No. 79002.

In their Answer,[13] petitioners admitted having entered into the contract of lease but claimed that it was void, since their consent was vitiated by mistake and they were made to believe that it was a requirement for the loan-restructuring agreement with the bank. To justify their failure to pay the rents and to vacate the premises, petitioners insisted on the nullity of the foreclosure proceedings.

Petitioners had, in fact, commenced an action for the nullification of the foreclosure proceedings docketed as Civil Case No. 01-1564.[14]

On May 6, 2004, the MeTC rendered a decision in favor of respondent, the dispositive portion of which reads:

WHEREFORE, judgment is rendered in favor of plaintiff Century Savings Bank Corporation. Defendants spouses Danilo T. Samonte and Rosalinda N. Samonte and all persons unlawfully withholding subject property located at 7142 M. Ocampo Street, Pio Del Pilar, Makati City, and/or claiming rights under them are directed,

as follows:

- To immediately vacate subject property and peacefully surrender possession thereof to plaintiff;
- To pay plaintiff, jointly and severally, P80,000.00 as monthly rental in arrears plus P10,000.00 per month as reasonable compensation for their continued use and occupancy of subject premises starting 16 January 2002 until they actually vacate and surrender possession to it;
- To pay plaintiff, jointly and severally, P10,000.00 as Attorney's fees; and
- To pay plaintiff, jointly and severally, the cost of suits.

SO ORDERED.[15]

On appeal, the RTC affirmed the MeTC decision, thus:

WHEREFORE, premises considered, the decision of the Metropolitan Trial Court, Branch 67, Makati City in Civil Case No. 79002 dated May 6, 2004 is hereby AFFIRMED IN TOTO with costs against the defendants-appellants.

SO ORDERED.[16]

Aggrieved, petitioners elevated the matter to the CA. They insisted that the ejectment case should await the result of the separate action they instituted for the nullification of the foreclosure proceedings. They likewise contended that should the court declare respondent entitled to the possession of the subject property, the same should be provisional and subject to the court's decision in the nullification case. Lastly, they questioned the award of back rentals as they were allegedly awarded based on incorrect computation.[17]

On September 27, 2006, the CA rendered the assailed decision affirming the RTC decision. The appellate court concluded that the nullification of foreclosure proceedings is not a valid reason to frustrate the summary remedy of ejectment. The CA also refused to make a declaration that respondent's right to possess the subject property would depend on the outcome of the nullification case as it would be in the nature of a conditional judgment which is void. The CA thus upheld respondent's better right to possess the property subject matter of this controversy.

Hence, the instant petition.

The only issue for determination is whether the instant ejectment case should be suspended pending the resolution of the action for nullity of foreclosure.

We answer in the negative.

As a general rule, an ejectment suit cannot be abated or suspended by the mere filing of another action raising ownership of the property as an issue.[18] The Court has, in fact, affirmed this rule in the following precedents:

- Injunction suits instituted in the RTC by defendants in ejectment actions in the municipal trial courts or other courts of the first level (*Nacorda v. Yatco*, 17 SCRA 920 [1966]) do not abate the latter; and neither do proceedings on consignation of rentals (*Lim Si v. Lim*, 98 Phil. 868 [1956], citing *Pue, et al. v. Gonzales*, 87 Phil. 81 [1950]).
- An "accion publiciana" does not suspend an ejectment suit against the plaintiff in the former (*Ramirez v. Bleza*, 106 SCRA 187 [1981]).
- A "writ of possession case" where ownership is concededly the principal issue before the Regional Trial Court does not preclude nor bar the execution of the judgment in an unlawful detainer suit where the only issue

involved is the material possession or possession de facto of the premises (Heirs of F. Guballa, Sr. v. C.A., et al.; etc., 168 SCRA 518 [1988]).

- An action for quieting of title to property is not a bar to an ejectment suit involving the same property (Quimpo v. de la Victoria, 46 SCRA 139 [1972]).

- Suits for specific performance with damages do not affect ejectment actions (e.g., to compel renewal of a lease contract) (Desamito v. Cuyegkeng, 18 SCRA 1184 [1966]; Rosales v. CFI, 154 SCRA 153 [1987]; Commander Realty, Inc. v. C.A., 161 SCRA 264 [1988]).

- An action for reformation of instrument (e.g., from deed of absolute sale to one of sale with pacto de retro) does not suspend an ejectment suit between the same parties (Judith v. Abragan, 66 SCRA 600 [1975]).

- An action for reconveyance of property or "accion reivindicatoria" also has no effect on ejectment suits regarding the same property (Del Rosario v. Jimenez, 8 SCRA 549 [1963]; Salinas v. Navarro, 126 SCRA 167; De la Cruz v. C.A., 133 SCRA 520 [1984]; Drilon v. Gaurana, 149 SCRA 352 [1987]; Ching v. Malaya, 153 SCRA 412 [1987]; Philippine Feeds Milling Co., Inc. v. C.A., 174 SCRA 108; Dante v. Sison, 174 SCRA 517 [1989]; Guzman v. C.A. [annulment of sale and reconveyance], 177 SCRA 604 [1989]; Demamay v. C.A., 186 SCRA 608 [1990]; Leopoldo Sy v. C.A., et al., [annulment of sale and reconveyance], G.R. No. 95818, Aug. 2, 1991).

- Neither do suits for annulment of sale, or title, or document affecting property operate to abate ejectment actions respecting the same property (Salinas v. Navarro [annulment of deed of sale with assumption of mortgage and/or to declare the same an equitable mortgage], 126 SCRA 167 [1983]; Ang Ping v. RTC [annulment of sale and title], 154 SCRA 153 [1987]; Caparros v. C.A. [annulment of title], 170 SCRA 758 [1989]; Dante v. Sison [annulment of sale with damages], 174 SCRA 517; Galgala v. Benguet Consolidated, Inc. [annulment of document], 177 SCRA 288 [1989]).[19]

Only in rare instances is suspension allowed to await the outcome of a pending civil action. In *Vda. de Legaspi v. Avendaño*,^[20] and *Amagan v. Marayag*,^[21] we ordered the suspension of the ejectment proceedings on considerations of equity. We explained that the ejectment of petitioners therein would mean a demolition of their house and would create confusion, disturbance, inconvenience, and expense.^[22] Needlessly, the court would be wasting much time and effort by proceeding to a stage wherein the outcome would at best be temporary but the result of enforcement would be permanent, unjust and probably irreparable.^[23]

In the present case, petitioners were the previous owners of the subject property. However, they lost their right over the property in an extrajudicial foreclosure of mortgage wherein respondent emerged as the highest bidder. Petitioners, however, remained in possession thereof as lessees in a contract of lease executed after the expiration of the redemption period. For failure to pay the stipulated rents, respondent commenced an action for ejectment. Petitioners, in turn, instituted a case for the nullification of the foreclosure proceedings involving the same property. When the ejectment case reached the CA, petitioners sought the suspension of the proceedings solely by reason of the pendency of the nullification case.

Given these factual antecedents, the instant case hardly falls within the exception cited in *Vda. de Legaspi* and *Amagan* as the resolution of the ejectment suit will not result in the demolition of the leased premises.^[24] Verily, petitioners failed to show "strong reasons of equity" to sustain the suspension or dismissal of the ejectment case. Faced with the same scenario on which the general rule is founded, and finding no reason to deviate therefrom, the Court adheres to settled jurisprudence that suits involving ownership may not be successfully pleaded in abatement of an action for ejectment.^[25] This rule is not without good reason. If the rule were otherwise, ejectment cases could easily be frustrated through the simple expedient of filing an action contesting the ownership over the property subject of the controversy. This would render nugatory the underlying philosophy of

the summary remedy of ejectment which is to prevent criminal disorder and breaches of the peace and to discourage those who, believing themselves entitled to the possession of the property, resort to force rather than to some appropriate action in court to assert their claims.[26]

We are not unmindful of the afflictive consequences that will be suffered by petitioners if the ejectment is ordered, only to be reinstated later if they eventually win the nullification of the foreclosure case. However, respondent will also suffer an injustice if denied the remedy of ejectment, resort to which is not only allowed but, in fact, encouraged by law.[27]

We would like to stress that unlawful detainer and forcible entry suits under Rule 70 of the Rules of Court are designed to summarily restore physical possession of a piece of land or building to one who has been illegally or forcibly deprived thereof, without prejudice to the settlement of the parties' opposing claims of juridical possession in appropriate proceedings.[28] These actions are intended to avoid disruption of public order by those who would take the law in their hands purportedly to enforce their claimed right of possession.[29] In these cases, the issue is pure physical or de facto possession, and pronouncements made on questions of ownership are provisional in nature.[30] The provisional determination of ownership in the ejectment case cannot be clothed with finality.[31]

In any case, we sustain the finding that respondent has the better right to possess the subject property. The Contract of Lease executed by petitioners and respondent remains valid. It is undisputed that petitioners failed to comply with the terms thereof by their failure to pay the stipulated rent. As lessor of the subject property, respondent has the right to demand that petitioners pay their unpaid obligations and, in case of their failure, that they vacate the premises. Considering that the lease contract has long expired, with more reason should respondent be allowed to recover the subject property.

There is also no doubt that the plaintiff in the ejectment case (respondent herein) is entitled to damages caused by the loss of the use and possession of the premises.[32] We quote with approval the appellate court's findings, viz.:

On the matter of whether the court a quo erred in the computation of the amounts awarded, representing back rentals and reasonable value for the use and occupation of the premises, We rule in the negative.

The award of back rentals amounting to Php80,000.00 and Php10,000.00 as reasonable compensation for the continued use and occupation of the property is proper.

As stated in the decision of the court a quo, to which We agree, the monthly rentals in arrears amounted to Php80,000.00 as of 16 January 2002, the date of expiration of the contract of lease. Petitioners were only able to pay Php40,000.00, equivalent to four-month rentals at the rate of Php10,000.00 per month. It would not be in accord with the law if petitioners are not also made to pay Php10,000.00 commencing 16 January 2002 until they finally vacate and surrender possession of the property to respondent. The latter amount represents the reasonable value for the continued use and occupancy of the property after the lease contract has expired.

Inevitably, no error can be imputed to the court a quo when it ordered petitioners to pay respondent jointly and severally the amount of Php80,000.00 as monthly rental in arrears plus Php10,000.00 per month as reasonable compensation for the continued use and occupancy of the property starting January 16, 2002 until they actually vacate and surrender possession of the property to respondent.[33]

WHEREFORE, premises considered, the petition is DENIED for lack of merit. The Court of Appeals Decision dated September 27, 2006 and Resolution dated January 24, 2007 in CA-G.R. SP No. 86875 are AFFIRMED.

SO ORDERED.

Corona, (Chairperson), Chico-Nazario, Velasco, Jr., and Peralta, JJ., concur.

[1] Penned by Associate Justice Josefina Guevara-Salonga, with Associate Justices Vicente Q. Roxas and Apolinario D. Bruselas, Jr., concurring; rollo, pp. 226-238.

[2] Id. at 262-263.

[3] Branch CXXXIX (139), Makati City.

[4] Penned by Presiding Judge Benjamin T. Pozon; rollo, pp. 132-139.

[5] Branch 67, Makati City.

[6] Penned by Pairing Judge Evelyn S. Arcaya-Chua; rollo, pp. 127-131.

[7] Rollo, pp. 37-40.

[8] Id. at 227.

[9] Id. at 99-102.

[10] Id. at 99.

[11] Id. at 227.

[12] Id. at 49.

[13] Id. at 50-53.

[14] The case is now the subject of review by the Court in G.R. No. 176212.

[15] Rollo, p. 131.

[16] Id. at 139.

[17] CA rollo, pp. 008-022.

[18] *Amagan v. Marayag*, 383 Phil. 486, 489 (2000).

[19] *Palattao v. Court of Appeals*, 431 Phil. 438, 447-448 (2002).

[20] G.R. No. L-40437, September 27, 1977, 79 SCRA 135.

[21] *Supra* note 18.

[22] *Amagan v. Marayag*, *id.*, at 499.

[23] *Id.*

[24] *Palattao v. Court of Appeals*, *supra* note 19, at 449.

[25] *Id.* at 449.

[26] *Feliciano v. CA*, 350 Phil. 499, 507 (1998).

[27] *Id.* at 508-509.

[28] Palattao v. Court of Appeals, *supra* note 19, at 446-447; Amagan v. Marayag, *supra* note 18, at 495.

[29] Palattao v. Court of Appeals, *supra*, at 447; Amagan v. Marayag, *supra*, at 495.

[30] Palattao v. Court of Appeals, *supra*, at 447; Amagan v. Marayag, *supra*, at 495.

[31] Samuel Malabanan v. Rural Bank of Cabuyao, Inc., G.R. No. 163495, May 8, 2009.

[32] *Id.*

[33] Rollo, p. 237.

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