FILOMENA R. BENEDICTO, PETITIONER, VS. ANTONIO VILLAFLORES, RESPONDENT.

G.R. No. 185020. October 06, 2010

Ponente: NACHURA, J.

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NACHURA, J.:

Petitioner Filomena R. Benedicto (Filomena) appeals by certiorari the September 30, 2008 Decision[1] of the Court of Appeals (CA) in CA-G.R. CV No. 80103, which affirmed with modification the decision[2] dated December 10, 2002 of the Regional Trial Court (RTC) of Malolos, Bulacan, Branch 19, in Civil Case No. 674-M-2000.

The antecedents.

Maria Villaflores (Maria) was the owner of Lot 2-A, with an area of 277 square meters, in Poblacion, Meycauayan, Bulacan, covered by Transfer Certificate of Title (TCT) No. T-84.761 (M). In 1980, Maria sold a portion of Lot 2-A to her nephew, respondent Antonio Villaflores (Antonio). Antonio then took possession of the portion sold to him and constructed a house thereon. Twelve (12) years later, or on August 15, 1992, Maria executed in favor of Antonio a Kasulatan ng Bilihang Tuluyan[3] covering the entire Lot 2-A. However, Antonio did not register the sale or pay the real property taxes for the subject land.

On August 31, 1994, Maria sold the same Lot 2-A to Filomena, evidenced by a Kasulatan ng Bilihang Tuluyan.[4] Filomena registered the sale with the Registry of Deeds of Meycauayan on September 6, 1994. Consequently, TCT No. T-84.761 (M) in the name of Maria was cancelled and TCT No. T-208265 (M) was issued in the name of Filomena. Since then Filomena paid the real property taxes for the subject parcel of land.

On September 28, 2000, Filomena filed a case for Accion Publiciana with Cancellation of Notice of Adverse Claim, Damages and Attorney's Fees[5] against Antonio. She alleged that she acquired Lot 2-A in 1994 from her grandaunt Maria by virtue of the Kasulatan ng Bilihang Tuluyan. At the time of the sale, she was not aware that Antonio had any claim or interest over the subject property. Antonio assured her that there was no impediment to her acquisition of the land, and promised to vacate the property five (5) years after the sale. In August 1999, Antonio requested an extension of one (1) year, and offered to pay a monthly rental of P2,000.00, which she granted. However, in 2000, Antonio refused to vacate the property and, instead, claimed absolute ownership of Lot 2-A.

Antonio traversed the complaint, asserting absolute ownership over Lot 2-A. He alleged that he purchased the subject property from Maria in 1980; and that he took possession of the same and constructed his house thereon. He came to know of the sale in favor of Filomena only in 2000 when the latter demanded that he vacate the property. He averred that Filomena was aware of the sale; hence, the subsequent sale in favor of Filomena was rescissible, fraudulent, fictitious, or simulated.[6]

After trial, the RTC rendered a decision[7] sustaining Filomena's ownership. According to the RTC, Filomena

was the one who registered the sale in good faith; as such, she has better right than Antonio. It rejected Antonio's allegation of bad faith on the part of Filomena because no sufficient evidence was adduced to prove it. Likewise, the RTC found Antonio's evidence of ownership questionable. Nevertheless, it declared Antonio a builder in good faith.

The RTC disposed, thus:

> WHEREFORE, judgment is hereby rendered as follows:
>
> a) [Filomena] is adjudged the absolute and real owner of the property-in-question and covered by TCT No. T-208265 (M) registered in her name;
>
> b) ordering [Antonio] and all persons claiming right under her to vacate the premises;
>
> c) [Antonio] is declared to be a builder in good faith of his improvement/building erected in TCT No. T-208268 (M) and the provisions of Art. 448 of the New Civil Code applies;
>
> d) all other claims of [Filomena] and counterclaim of [Antonio] are dismissed for lack of legal as well as factual basis.
>
> SO ORDERED.[8]

Both parties moved for reconsideration of the decision, but the RTC denied the motions for lack of merit.

Filomena and Antonio then filed their separate appeals with the CA. Filomena assailed the RTC pronouncement that Antonio was a builder in good faith, and the denial of her claim for damages. Antonio, on the other hand, faulted the RTC for sustaining Filomena's ownership of the subject lot.

On September 30, 2008, the CA rendered the now challenged Decision[9] affirming with modification the RTC decision. The CA affirmed the RTC for upholding Filomena's ownership of Lot 2-A and for declaring Antonio a builder in good faith. However, it remanded the case to the RTC for further proceedings to determine the respective rights of the parties under Articles 448 and 546 of the Civil Code, and the amount due Antonio.

The dispositive portion of the CA Decision reads:

> WHEREFORE, in view of the foregoing, the appeal of [respondent] Antonio Villaflores is GRANTED in part. The Decision dated December 10, 2002 issued by Branch 19, Regional Trial Court, Malolos, Bulacan in Civil Case No. 674-M-2000 is AFFIRMED with MODIFICATION that Antonio Villaflores, being a builder in good faith, is entitled to reimbursement of the necessary and useful expense with the right of retention until reimbursement of said expenses in full. The partial appeal of [petitioner] Filomena Benedicto is DENIED.
>
> In accordance with the foregoing disquisitions, let the case be REMANDED to the trial court which is DIRECTED to receive evidence, with dispatch, to determine the amount due [respondent], the rights of the parties under Arts. 448 and 546; and to render a complete judgment of the case.
>
> SO ORDERED.[10]

Before us, Filomena faults the CA for holding that Antonio was a builder in good faith and was entitled to reimbursement for the necessary and useful expenses incurred, with right of retention until reimbursement of the said expenses in full. Filomena asserts that Antonio is not entitled to any reimbursement because he possessed the property by mere tolerance. Maria merely allowed Antonio to construct his house on a portion of Lot 2-A; hence, he is not entitled to any reimbursement or retention.

The appeal lacks merit.

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The question of whether a possessor is in good or bad faith is a factual matter. As a rule, a party may raise only questions of law in an appeal by certiorari under Rule 45 of the Rules of Court.[11] The Supreme Court is not duty bound to analyze and weigh again the evidence considered in the proceedings below. This Court is not a trier of facts and does not embark on a reexamination of the evidence introduced by the parties during trial.[12] This rule assumes greater force in the instant case where the CA affirmed the factual findings of the trial court.

It is not disputed that the construction of Antonio's house was undertaken long before the sale in favor of Filomena; that when Filomena bought the property from Maria, Antonio's house which he used as residence had already been erected on the property. As explained by the CA:

> [Antonio] claims not being aware of any flaw in his title. He believed being the owner of the subject premises on account of the Deed of Sale thereof in his favor despite his inability to register the same. The improvement was, in fact, introduced by Antonio prior to Filomena's purchase of the land. x x x.[13]

Thus, we sustain the finding that Antonio is a builder in good faith.

Under Article 448, a landowner is given the option to either appropriate the improvement as his own upon payment of the proper amount of indemnity, or sell the land to the possessor in good faith. Relatedly, Article 546 provides that a builder in good faith is entitled to full reimbursement for all the necessary and useful expenses incurred; it also gives him right of retention until full reimbursement is made.[14]

The RTC found good faith on the part of Antonio. Yet, it did not order the reimbursement of the necessary and useful expenses he incurred.

The pronouncement of this Court in Pecson v. CA,[15] which was reiterated in Tuatis v. Escol,[16] is instructive, viz.:

> The objective of Article 546 of the Civil Code is to administer justice between the parties involved. In this regard, this Court had long ago stated in Rivera vs. Roman Catholic Archbishop of Manila [40 Phil. 717 (1920)] that the said provision was formulated in trying to adjust the rights of the owner and possessor in good faith of a piece of land, to administer complete justice to both of them in such a way as neither one nor the other may enrich himself of that which does not belong to him. Guided by this precept, it is therefore the current market value of the improvements which should be made the basis of reimbursement. A contrary ruling would unjustly enrich the private respondents who would otherwise be allowed to acquire a highly valued income-yielding four-unit apartment building for a measly amount. Consequently, the parties should therefore be allowed to adduce evidence on the present market value of the apartment building upon which the trial court should base its finding as to the amount of reimbursement to be paid by the landowner.

Thus, the CA correctly ordered the remand of the case to the RTC for further proceedings.

Filomena then argues that the CA overstepped its bounds when it ruled on Antonio's right to reimbursement and retention. She asserts that this issue was not raised in the proceedings a quo.

Indeed, the issue of Antonio's right to reimbursement and retention was not specifically raised during the pre-trial because Antonio insisted on his claim of ownership. However, Filomena is now estopped from questioning the CA for ruling on this issue because she was the one who raised it in her appeal before the CA.

More importantly, the CA had to rule on the issue because it is essential and indispensable for the just resolution of the case. In Villaflores v. RAM System Services, Inc.,[17] we had occasion to state that issues or errors not raised by the parties may be resolved by this Court when it is necessary to arrive at a just decision, and the resolution of the issues raised by the parties depend upon the determination of the unassigned issue or error, or is necessary to give justice to the parties.

Finally Filomena faults the RTC and the CA for denying her claim for attorney's fees. She asserts that there is overwhelming proof on record to support her claim, and insists on entitlement to attorney's fees and litigation expenses amounting to P440,700.00

We disagree.

It is settled that the award of attorney's fees is the exception rather than the general rule; counsel's fees are not awarded every time a party prevails in a suit because of the policy that no premium should be placed on the right to litigate. Attorney's fees, as part of damages, are not necessarily equated to the amount paid by a litigant to a lawyer. In the ordinary sense, attorney's fees represent the reasonable compensation paid to a lawyer by his client for the legal services he has rendered to the latter; while in its extraordinary concept, they may be awarded by the court as indemnity for damages to be paid by the losing party to the prevailing party. Attorney's fees as part of damages are awarded only in the instances specified in Article 2208 of the Civil Code. As such, it is necessary for the court to make findings of fact and law that would bring the case within the ambit of these enumerated instances to justify the grant of such award, and in all cases it must be reasonable.[18]

Certainly, Filomena was compelled to file this suit to vindicate her rights. However, by itself, it will not justify an award of attorney's fees. In Mindex Resources Development v. Morillo,[19] this Court, in denying a claim for attorney's fees, held:

> We find the award of attorney's fees to be improper. The reason which the RTC gave ¾ because petitioner had compelled respondent to file an action against it ¾ falls short of our requirement in Scott Consultants and Resource Development v. CA from which we quote:
>
> "It is settled that the award of attorney's fees is the exception rather than the rule and counsel's fees are not to be awarded every time a party wins suit. The power of the court to award attorney's fees under Article 2208 of the Civil Code demands factual, legal, and equitable justification; its basis cannot be left to speculation or conjecture. Where granted, the court must explicitly state in the body of the decision, and not only in the dispositive portion thereof, the legal reason for the award of attorney's fees."

Moreover, a recent case ruled that "in the absence of stipulation, a winning party may be awarded attorney's fees only in case plaintiff's action or defendant's stand is so untenable as to amount to gross and evident bad faith."

Indeed, respondent was compelled to file this suit to vindicate his rights. However, such fact by itself will not justify an award of attorney's fees, when there is no sufficient showing of petitioner's bad faith in refusing to pay the said rentals as well as the repair and overhaul costs.

Thus, we sustain the denial by the RTC and the CA of Filomena's claim for attorney's fees and litigation expenses.

In fine, we find no reversible error committed by the CA in the challenged Decision.

WHEREFORE, the petition is DENIED. The Decision of the Court of Appeals in CA-G.R. CV No. 80103 is AFFIRMED. Costs against petitioner.

SO ORDERED.

Velasco, Jr., J.,[*] Peralta, Mendoza, and Sereno,[***] JJ., cocnur.

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[*] Additional member in lieu of Associate Justice Antonio T. Carpio per Special Order No. 897 dated September 28, 2010.

[**] In lieu of Associate Justice Antonio T. Carpio per Special Order No. 898 dated September 28, 2010.

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[***] Additional member in lieu of Associate Justice Roberto A. Abad per Special Order No. 903 dated September 28, 2010.

[1] Penned by Associate Justice Arcangelita M. Romilla-Lontok, with Associate Justices Mariano C. del Castillo (now a member of this Court) and Romeo F. Barza, concurring; rollo, pp. 45-56.

[2] Records, pp. 571-580.

[3] Id. at 552-553.

[4] Id. at 17.

[5] Id. at 3-14.

[6] Id. at 53-60.

[7] Supra note 2.

[8] Id. at 579-580.

[9] Supra note 1.

[10] Id. at 55.

[11] De Guia v. Court of Appeals, 459 Phil. 447, 467 (2003).

[12] Rodrigo v. Ancilla, G.R. No. 139897, June 26, 2006, 492 SCRA 514, 521.

[13] Supra note 1, at 53-54.

[14] Spouses Nuguid v. Court of Appeals, 492 Phil. 343, 352 (2005).

[15] 314 Phil. 313, 324-325 (1995).

[16] G.R. No. 175399, October 27, 2009, 604 SCRA 471, 492-493.

[17] G.R. No. 166136, August 18, 2006, 499 SCRA 353, 365.

[18] Padillo v. Court of Appeals, 422 Phil. 334, 356-357 (2001).

[19] 428 Phil. 934, 948-949 (2002). (Citations omitted.)

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