

**THE PHILIPPINES CONSOLIDATED FREIGHT LINES INC. PLAINTIFF
AND APPELLANT, VS. EMILIANO AJON, JOSE MANDANAS, AGRIPINA
NAVARRO AND MATILDE PADERNAL, DEFENDANTS AND
APPELLEES.**

G. R. Nos. 10206-08. April 16, 1958

Ponente: REYES, J.B.L., J.

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REYES, J.B.L., J.:

These are three cases originally filed in the Municipal Court of Manila by the same plaintiff, the Philippine Consolidated Freight Lines, Inc., against defendants Emiliano Ajon and Jose Mandanas; Agripina Navarro; and Matilde Padernal, to eject them from a building constructed by said plaintiff on Lot No. 79 of the San Lazaro Estate belonging to the Republic of the Philippines. Defendants answered asking for the dismissal of the complaints and bringing in the Director of Lands, in his capacity as administrator of the San Lazaro Estate, as third-party defendant. The cases were then jointly heard by the inferior court and thereafter, judgment was rendered dismissing the complaints for ejectment as well as the third-party complaints against the Director of Lands. Plaintiff appealed to the Court of First Instance of Manila, where the three cases were again consolidated and submitted for decision on a stipulation of facts and the documentary evidence of the parties, after which the complaints were again ordered dismissed by the trial court. Having failed to obtain reconsideration of the order of dismissal, plaintiff appealed directly to this Court on questions of law.

The facts, as may be gathered from the stipulation of facts and the documentary evidence of the parties, may be summarized as follows:

Lot No. 79 forms part of the San Lazaro Estate in the City of Manila, owned by the government and under the administration, supervision, control, and disposition of the Bureau of Lands. On or about March 10, 1945, plaintiff-appellant, without obtaining previous authority from the Director of Lands, occupied said lot and built thereon a garage, which it leased to one Zacarias de Guzman, who in turn subleased the premises to the defendants-appellees. However, as occupant of Lot No. 79, plaintiff-appellant paid to the Director of Lands "occupation fees" totalling P2,332.50.

Subsequently, the Committee on Appraisal of the Department of Agriculture and Natural Resources made an assessment of the value of Lot No. 79 at P300 per square meter and the annual rental payable thereon, at 5 per cent of its value. Plaintiff objected to said assessment of the land, which was denied by the Bureau of Lands. Thus, as of December 31, 1953, the amount of occupation fees claimed by the Bureau of Lands from plaintiff had reached the amount of P218,510.70, after deducting what had already been paid by it to the Bureau as occupation fees at the old rate. Because of plaintiff's failure to pay the occupation fees under the new assessment, the Director of Lands wrote to it on April 21, 1952 (Exhibit 2) to the effect that whatever rights it had over the land in question were considered "waived" (forfeited). On the same date, the Bureau also addressed letters to the defendants, who had before been paying rentals to plaintiff's lessee Zacarias de Guzman, to pay the rentals for the portions of Lot

No. 79 occupied by them directly to the Bureau. From the time they received said letters, defendants had refused to pay any further rentals to plaintiff, either for the land in question or for plaintiff's building thereon. Hence, the present actions for ejectment filed by plaintiff-appellant against them.

The question for determination in these appeals is whether or not plaintiff-appellant has the right to eject defendants-appellees from the premises in question. Appellant claims that as possessor of the land by virtue of an implied lease with the Bureau of Lands, and as owner of the building standing thereon and occupied by appellees, it has the right to eject the latter from the premises. Appellees, on their part, claim that appellant is merely a squatter on, and has no legal right to possess, the land in question, or that assuming that it had an implied lease to occupy the same, said right was terminated when the Director of Lands notified and ordered appellees to pay the rentals for the land directly to the Bureau. Upon the other hand, the Director of Lands, represented in these appeals by the Solicitor-General, has manifested that as there is no controversy either as to the ownership of the land in question or the right of the government to collect rentals or fees for the use thereof, it is immaterial to the interests of the government whoever among the parties may be adjudged entitled to its possession.

The real issue, therefore, boils down to who, as between appellant and appellees, has the superior right to possess the premises in question and may, therefore, exclude the other from its possession. In resolving this question, it is important to bear in mind that appellees occupy not only the land in question belonging to the government, but also the building thereon belonging to appellant. It should be noted, too, that appellees, both in their answers and in the stipulation of facts of the parties, admitted that they are in occupation of the building in question merely as subleases of Zacarias de Guzman, who was in turn appellant's lessee. As possessors of the building and the land on which it stands based on a right derived from a mere sublessor, appellees can invoke no right of possession superior to that of their sublessor (*Sipin vs. Court*, 74 Phil., 649; *Madrigal vs. Ang Sam To*, 46 Off. Gaz., 2173), who in turn derives his right to possess from his lessor, appellant herein. As mere sublessees of appellant's lessee, therefore, appellees can have no right to the premises better than the original lessee, herein appellant.

But appellees have abandoned the issue of lack of privity between them and the plaintiff-appellant. Now in this appeal they squarely contest plaintiff's character as possessor, and urge that, as the administrator of the lot in question (the Director of Lands) had ordered them to pay rentals directly to him, said official had withdrawn possession of the premises in question from appellant and had transferred and ceded the same to them. This position is apparently dictated by appellees' desire to take advantage of R. A. 1268, granting "actual" possessors or occupants preferential right to buy the San Lazaro Estate lots and condoning arrears in fees.

The view taken by appellees is untenable for several reasons. In the first place, appellees are, as already stated, occupying not only the land of the government, but the building of appellant as well. If appellees are in possession of the land, it is only because appellant's building stands thereon. Their possession of the land is, therefore, dependent on and can not be disassociated from their possession of the building. As the building admittedly belongs to appellant, appellees can not assert any superior right to possess the same as against appellant; therefore, they can not likewise assert any better right to possess the land on which the building stands.

In the second place, as appellant claims to be in the possession of the land in question through an implied contract of lease with the government, that has collected "occupation fees" from it, the former can not be deprived of its possession without the proper court action (Art. 536, New Civil Code). Especially must appellant be given its day in court before it may be ousted from its possession, because it has a building on the premises, of which it would be deprived without due process of law if the Director of Lands is permitted to terminate its right to possess by mere extrajudicial unilateral act.

Lastly, the notice sent by the Director of Lands to the appellees to pay the rentals of the land in question directly

to him, can not legally constitute termination of the appellant's possession of the premises. In sending this notice to appellees, the Director of Lands merely availed himself of the remedy granted by law to collect from the sublessee in case of failure of the lessee to pay the rents due (Art. 1652, New Civil Code), so much so that in the Director's letter to all of the appellees of May 22, 1952 (Exhibit "A"), he stated that the monthly rentals demanded by him from them do "not include rentals of the building which appears to belong to the Philippine Consolidated Freight Lines, Inc.", and that "this occupation fee should, therefore, be deducted from the amount you used to pay to the Philippine Consolidated Freight Lines, Inc." As a consequence, even in this Court, the Director of Lands, through the Solicitor General, has manifested that it is immaterial to the interests of the government whether possession of the land in question is awarded to appellant or to appellees in these cases.

It appearing, therefore, that appellant has the better and superior right to possess the building and land in question as against appellees, it may recover said possession from the latter by these action for ejectment. Appellant can not, however, be awarded any damages and/ or unpaid rentals in these actions because it has failed to present any clear evidence thereon.

Wherefore, the decision appealed from is reversed, and appellees are ordered ejected from the premises object of Civil Cases Nos. 24767, 24768, and 24769 of the court below. Cost against appoltees in all three cases G. R. Nos. 10206, 10207, and 10208 of this Court. So ordered.

Paras C. J., Bengzon, Montemayor, Reyes, A., Bautista Angelo, Labrador, Concepcion, Endencia, and Felix. JJ., concur.

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