

THIRD DIVISION

[G.R. No. 211078, July 08, 2020]

**LETICIA ELIZONDO EUPENA, PETITIONER, VS. LUIS G. BOBIER,
RESPONDENT.**

D E C I S I O N

CARANDANG, J.:

This is a Petition for Review on *Certiorari*^[1] under Rule 45 of the Rules of Court (Rules) assailing the Decision^[2] dated October 11, 2013 and the Resolution^[3] January 24, 2014 of the Court of Appeals (CA) in CA-G.R. SP No. 129493. The Decision and Resolution of the CA reversed the Regional Trial Court's (RTC) Decision^[4] dated March 4, 2013 and dismissed the complaint for unlawful detainer filed by petitioner Leticia Elizondo Eupena (Eupena) against respondent Luis G. Bobier (Bobier).^[5]

Facts of the Case

On February 11, 2011, Eupena filed a Complaint^[6] for unlawful detainer against Bobier. Eupena claimed to be the owner of a parcel of land designated as Block 3, Lot 3, Phase 6 of Golden City Subdivision in Taytay, Rizal and evidenced by Transfer Certificate of Title (TCT) No. 698957.^[7] She alleged to have leased the subject property to Bobier and presented a Contract of Lease^[8] dated November 22, 2005 (lease contract). The monthly rent was fixed at P3,000.00 from October 1, 2005 to September 30, 2006. Although the written contract was not renewed, the lease was extended on a monthly basis.

Bobier started to default on his rent payments in May 2010. Eupena sent a demand letter^[9] dated January 28, 2011 seeking payment of P27,000.00 as rent in arrears. Because of Bobier's refusal to heed Eupena's demand, Eupena asked that the court order Bobier to vacate the subject land and pay "(1) P27,000.00 as rent in arrears; (2) P50,000.00 as attorney's fees; and (3) the cost of suit."^[10]

Bobier denied Eupena's ownership over the subject land. In his Verified Answer,^[11] Bobier averred that he was the owner of the land and merely sought Eupena's financial assistance when he could not complete his amortization payments over the land's purchase.

According to Bobier, he purchased the land from Extraordinary Development Corporation (EDC) in 1995 under a lease-to-own arrangement for P438,200.00. At that time, he was an overseas contract worker deployed in Saudi Arabia. Under the arrangement, Bobier was to make monthly payments of P6,543.99.^[12] He had been diligent in paying until 2001, when he started experiencing some financial difficulty.

In a Notice of Cancellation^[13] dated July 1, 2002 (Notice) and following Republic Act No. 6552,^[14] EDC gave Bobier 15 days from receipt of the Notice to settle his unpaid amortizations covering January 7, 2002 to June 7, 2002. Fearing the loss of his house and lot, Bobier and his wife approached Eupena. At that time, Eupena was the co-worker and *kumadre* of Bobier's wife.

On September 6, 2004, Bobier executed a Special Power of Attorney (SPA),^[15] which states:

I, LUIS G. BOBIER, xxx do hereby name, constitute, and appoint LETICIA E. EUPENA, xxx to be my true and lawful attorney, and in my name, place, and stead, to do and perform the following acts:

TO CLAIM, COLLECT AND RECEIVE FROM EXTRAORDINARY DEVELOPMENT CORPORATION XXX THE TITLE ISSUED IN MY NAME AS REGISTERED OWNER OF REAL PROPERTY KNOWN AS PHASE 6 BLOCK 3 LOT 3 OF THE GOLDEN CITY SUBDIVISION, TAYTAY, RIZAL, UPON FULL PAYMENT OF MY OUTSTANDING OBLIGATION WITH THE SAID DEVELOPER, TO SERVE AS COLLATERAL FOR THE LOAN THAT I CONTRACTED WITH SAID LETICIA EUPENA FOR THE PAYMENT OF MY SAID OUTSTANDING OBLIGATION.

x x x x^[16]

Bobier only discovered that Eupena was able to transfer the title of the property to the latter's name when he received a copy of the complaint. Bobier thus alleged that Eupena automatically appropriated the subject lot and should not be entitled to the prayer in Eupena's Complaint.

Ruling of the Municipal Trial Court

In a Decision^[17] dated May 4, 2012, the Municipal Trial Court (MTC) granted Eupena's Complaint and ordered Bobier to vacate the premises, peacefully surrender possession to Eupena peacefully, and pay Eupena: (1) P27,000.00 as rental arrears and (2) P20,000.00 as attorney's fees, and the cost of suit.^[18]

The MTC explained that since the lease contract clearly shows the agreement for Bobier to lease Eupena's property, then Bobier was estopped from assailing the Eupena's ownership over the land.^[19]

Bobier appealed with the RTC, claiming that the SPA only gave Eupena the authority "to retrieve the title issued in [respondent's] name and no other."^[20] He accused Eupena of keeping the loan agreement from him because it contained "a provision regarding the automatic execution of a deed of absolute sale if and when [Bobier] fails to pay the loan[.]"^[21]

Ruling of the Regional Trial Court

In its March 4, 2013 Decision,^[22] the RTC affirmed the MTC's decision *in toto*. The RTC ruled that there was no *pactum commissorium*^[23] because the automatic

appropriation clause prohibited by Article 2088^[24] of the Civil Code was not present in the SPA.

The RTC did not give credit to Bobier's allegation that he signed the lease contract "with the understanding that the rentals will serve as his payments to [Eupena]."^[25] The lease contract was clear. It did not allow rental payments to be applied to Bobier's loan with petitioner.^[26]

Unfazed, Bobier elevated the matter to the CA *via* a Petition for Review under Rule 42 of the Rules. Similar to the issues raised before the RTC, Bobier claimed that the RTC erroneously disregarded the SPA and improperly ruled that there was no *pactum commissorium* in the instant case.^[27]

Ruling of the Court of Appeals

The CA granted the petition and dismissed the Complaint against Bobier. The appellate court found the elements of *pactum commissorium* present because the title of the subject lot was transferred under Eupena's name just over a year after the SPA was executed. "The existence of the loan and the transfer of the property from x x x Bobier to x x x Eupena lead to no other conclusion but that the latter appropriated the property when the former failed to pay his indebtedness."^[28] The CA noted that Eupena failed to address the claim of a *pactum commissorium* and did not state how the property was transferred to her name.^[29]

Thus, the CA provisionally declared petitioner's title void.^[30] Without a valid title, the CA then dismissed petitioner's Complaint for unlawful detainer against respondent.

Eupena filed the instant petition for review on *certiorari*. She maintained that the CA should have declared her as the owner of the property for purposes of determining possession *de facto* because of the TCT in her name. Bobier's defense of a *pactum commissorium* is a collateral attack on Eupena's title that should not be entertained.^[31] Moreover, Bobier is estopped from assailing the Eupena's ownership by virtue of their lease contract. Under Section 2(b),^[32] Rule 131 of the Rules, a tenant cannot deny his/her land owner's title.

Ruling of the Court

An action for unlawful detainer is filed only for the purpose of recovering physical possession or possession *de facto*. Such action is summary in nature to provide for a peaceful, speedy, and expeditious means of preventing an alleged illegal possessor from unjustly continuing possession during the long period it would take to properly resolve the issue of ownership or one's right to possession (a.k.a. possession *de jure*).^[33]

When the defendant raises the defense of ownership and the question of possession cannot be resolved without passing upon the issue of ownership, a determination of ownership should be made but only to determine the issue of possession.^[34] Any pronouncement made by the court over the issue of ownership in such cases is merely provisional and is made only to determine the principal issue of possession

de facto. Thus, a defendant's defense of ownership will not constitute a collateral attack on the plaintiffs title.

Bobier alleged that he purchased the land from EDC and that Eupena's right over the property only stems from the SPA indicating that the property shall be used as a collateral to Bobier's loan with Eupena. The loan agreement was never presented during trial, which Bobier claimed Eupena suppressed from him. Bobier denied executing a Deed of Sale in Eupena's favor. He insisted that Eupena secured a TCT under her name because she automatically appropriated the lot.

Bobier's allegations do not only show his ownership over the lot but also accuse Eupena of fraudulently acquiring title over the same. The nature of Bobier's averments show the inseparable link between ownership and possession that the trial courts should have determined.

Instead of categorically denying Bobier's allegations, Eupena simply based her claim of ownership (and right to possession) on TCT No. 698957 and the lease contract. Eupena had every opportunity, from the MTC to the CA to rebut Bobier's assertions but failed to do so.

The MTC and RTC hastily concluded that Bobier's signature in the lease agreement estopped him from questioning Eupena's ownership over the property. Citing *Samelo v. Manotok Services, Inc.*^[35] and *Tamio v. Ticson*,^[36] the RTC held that a lessee is barred from questioning the lessor's ownership following Section 2(b), Rule 131 of the Rules.^[37]

In order for Section 2(b), Rule 131 of the Rules to become operative, there must be proof that a lessor-lessee relationship exists. "A presumption is conclusive x x x upon the presentation of the evidence."^[38] In *Datalift Movers, Inc. v. Belgravia Realty & Dev't. Corp.*,^[39] We ruled that "[a]s long as the lessor-lessee relationship between the petitioners [the lessees] exists x x x, the former, as lessees, cannot by any proof, however strong, overturn the conclusive presumption that Belgravia [as lessor] has valid title to or better right of possession to the subject leased premises than they have."^[40]

This leads Us to ask: Was Eupena able to prove the existence of a lessor-lessee relationship?

We rule in the negative.

The peculiar circumstances of the instant petition bring Us to conclude that the mere existence of a lease agreement is not enough to prove the presence of a lessor-lessee relationship.

The following facts are undisputed: (1) Bobier initially contracted with EDC to purchase the subject lot; (2) due to financial difficulties since 2001, Bobier defaulted on his amortization payments with EDC; (3) Bobier secured a loan with Eupena, the proceeds of which will be used to pay for Bobier's unpaid amortizations; (4) Bobier executed an SPA authorizing Eupena to receive the TCT under Bobier's name upon Eupena's full payment of Bobier's outstanding obligation with EDC; (5) the SPA categorically stated that the TCT [again, under Bobier's name] shall stand as