

SECOND DIVISION

[G.R. No. 220057, July 12, 2017]

**RENE MICHAEL FRENCH, PETITIONER, VS. COURT OF APPEALS,
EIGHTEENTH DIVISION, CEBU CITY AND MAGDALENA O'DELL,
REPRESENTED BY HECTOR P. TEODOSIO AS HER ATTORNEY-IN-
FACT, RESPONDENTS.**

DECISION

CARPIO, J.:

The Case

Petitioner assails the 30 January 2015 Decision^[1] and the 21 July 2015 Resolution^[2] of the Court of Appeals Cebu City in CA-G.R. SP No. 07803. The Court of Appeals set aside the 12 October 2012 Decision^[3] of the Regional Trial Court (RTC) of P. D. Monfort North, Dumangas, Iloilo, Branch 68, and reinstated the 27 January 2008 Judgment^[4] of the Municipal Trial Court in Cities (MTCC), City of Passi, Province of Iloilo in Civil Case No. 437 for Ejectment.

The Antecedent Facts

Magdalena O'dell (Magdalena), an American citizen residing in Houston, Texas, United States of America (U.S.A.), through her attorney-in-fact Thomas O'dell (Thomas), filed a complaint for ejectment against Rene Michael French^[5] (Rene). Magdalena alleged that she is one of the owners of a parcel of land, Lot No. 6895, covered by TCT No. T-19522 and located in the City of Passi. The lot has an area of more or less 487,871 square meters. Magdalena alleged that sometime in the 1980s, Henry French (Henry), Rene's father, sought her permission to cultivate a portion of the land without paying any rental. According to Magdalena, she and Henry had an agreement that he would pay some of her loans with the Philippine National Bank (PNB) and would vacate the land once she needs it. However, Magdalena alleged that upon Henry's death in 1991, Rene took over possession of the land without her permission. As such, Rene was occupying the land by mere tolerance of the owner. Magdalena sent a letter, dated 10 January 2008, demanding Rene to vacate the land but he failed to comply, prompting Magdalena to file a case against him.

Rene countered that his father Henry and French-Solinap Development Corporation (the corporation) had been in possession and acted as owners of the land since 1985. Rene alleged that sometime in 1980, Magdalena and Thomas obtained a loan from PNB and used the land as collateral. Magdalena and Thomas, then living in the U.S.A., defaulted in their payment and asked Henry to redeem the land. In turn, Henry redeemed the land through the corporation. Upon payment of the obligation, PNB released the land from mortgage and turned over the original owner's copy of

TCT No. T-19522 to Henry. Rene alleged that upon his parents' death, he succeeded as the administrator, owner, and President of the corporation. Rene alleged that Magdalena and Thomas assigned, abandoned, and waived their rights and interests over the land in favor of Henry and his successors-in-interest who had been in open, continuous, notorious, and public possession of the land in the concept of an owner for 23 years. Rene further alleged that Henry and his successors-in-interest had been paying the land's real property taxes from 1976 until 2007.

The Decisions of the Trial Courts

The MTCC ruled that Rene's occupation of the land was by mere tolerance of the owner. The MTCC found that the special power of attorney to mortgage the property was executed while Magdalena and Thomas were in the U.S.A. and was made as accommodation to their relatives, Wilson French and Edward French. The MTCC also found that Henry, another relative, was allowed to cultivate the land without rentals, on the condition that he would pay the loan of Magdalena and Thomas and the real property taxes over the land.

Aside from bare allegations made by Rene, the MTCC did not find any written proof of the alleged assignment of rights between Magdalena and Henry. The MTCC ruled that the payment of the loan and the real property taxes was not inconsistent with the concept of tolerance of the owner and was in fact in compliance with the conditions set by Magdalena and Thomas. The MTCC likewise did not agree with Rene that there was an assignment of credit in favor of Henry due to lack of evidence to support the claim. The MTCC noted that the alleged partial payment to PNB was made by the corporation but it did not indicate to which loan it was applied. The MTCC also noted that the evidence of additional payment presented by Rene was actually a document for transfer of funds. In addition, the MTCC noted that the payment made by the National Power Corporation for easement and tower occupancy over a portion of the land shows that Rene's capacity as a signatory to the contract was as an administrator of the land.

The MTCC reiterated that lands registered under the Torrens System cannot be acquired by prescription, and possession of the transfer certificate of title does not, in itself, vest title or ownership. The MTCC held that material possession of the land cannot prevail over the superior right of the registered owner.

The dispositive portion of the MTCC's decision reads:

WHEREFORE, in the light of the foregoing, judgment is hereby rendered in favor of the plaintiff and against the defendants as follows:

- 1) Ordering the defendant RENE MICHAEL FRENCH and all persons claiming rights under him to vacate Lot 6895 covered by TCT No. T-19522 and turn over the possession thereof to the plaintiff;
- 2) Ordering said defendant to pay annually the sum of TWO HUNDRED TEN THOUSAND PESOS (P210,000.00) starting January 10, 2008, until defendant vacates and turn[s] over the premises in question to the plaintiff as reasonable compensation for the use and occupation of [L]ot 6895;

- 3) Ordering the said defendant to pay plaintiff the sum of Twenty Thousand Pesos (P20,000.00) as attorney's fees;
- 4) Ordering said defendant to pay the plaintiff the sum of FIVE THOUSAND PESOS (P5,000.00) as litigation expenses; and
- 5) The cost[s] of the suit.

The [counterclaim] is dismissed for lack of merit.

SO ORDERED.^[6]

Rene filed an appeal before the RTC. In its 12 October 2012 Decision, the RTC set aside the MTCC's decision.

The RTC sustained the MTCC's finding that neither Rene nor his predecessor-in-interest was the owner of the land. According to the RTC, Rene only presented evidence of payment of loan and discharge of mortgage but not transfer of ownership. The RTC likewise sustained the MTCC in ruling that Rene's occupation of the land was by mere tolerance of the owner.

However, the RTC sustained Rene that the MTCC had no jurisdiction over the action. The dispositive portion of the RTC's decision reads:

WHEREFORE, premises considered, for lack of jurisdiction, the questioned decision subject of the herein appeal is hereby set aside and the instant complaint is hereby dismissed.

No pronouncement as to cost.

SO DECIDED.^[7]

Magdalena filed a petition for review before the Court of Appeals questioning the RTC's decision.

The Decision of the Court of Appeals

In the assailed decision, the Court of Appeals ruled in favor of Magdalena. The Court of Appeals ruled that the allegations in the complaint comprise a cause of action for unlawful detainer and not for forcible entry as claimed by Rene. The Court of Appeals ruled that all the requisites for an action for unlawful detainer are present in the complaint.

The Court of Appeals ruled that Henry's occupation was authorized by Magdalena. Upon Henry's death in 1991, Rene entered the property. The Court of Appeals noted that it was only in 2008, when Magdalena wanted to use the land, that she demanded that Rene vacate the same. The Court of Appeals further noted that both the MTCC and the RTC agreed that Rene's occupation of the land was by mere tolerance. The Court of Appeals also noted that Rene did not even challenge the jurisdiction of the MTCC to try the case.

The dispositive portion of the Court of Appeals' decision reads: