

SECOND DIVISION

[G.R. No. 176341, July 07, 2014]

**PRO-GUARD SECURITY SERVICES CORPORATION, PETITIONER,
VS. TORMIL REALTY AND DEVELOPMENT CORPORATION,
RESPONDENT.**

D E C I S I O N

DEL CASTILLO, J.:

Contending that it is obliged to pay back rentals only from the time the demand to vacate was served upon it and not from the time it began occupying the disputed premises, petitioner Pro-Guard Security Services Corporation (Pro-Guard) seeks recourse to this Court.

This is a Petition for Review on *Certiorari*^[1] of the September 6, 2006 Decision^[2] of the Court of Appeals (CA) in CA-G.R. SP No. 58867 which denied the Petition for Review filed therewith by Pro-Guard as one of the petitioners. Likewise assailed is the CA's January 23, 2007 Resolution^[3] denying the motion for reconsideration thereto.

Factual Antecedents

On July 24, 1984, Manuel A. Torres, Jr., (Manuel) assigned to respondent Tormil Realty and Development Corporation (Tormil) three parcels of land located in Pasay City and all the improvements thereon in exchange for shares of stock in the said corporation.^[4] Despite the assignment, however, title to the real properties remained in Manuel's name as he neither registered the transaction in the Registry of Deeds nor provided Tormil the necessary documents to have the titles over the properties transferred in its name. Later, Manuel unilaterally revoked the transaction.

Subsequently, Manuel, together with two other persons, one of whom is Edgardo Pabalan (Edgardo), established Torres Pabalan Realty, Incorporated (Torres-Pabalan). As part of his capital contribution, Manuel assigned the same aforesaid parcels of land to Torres-Pabalan. In the meantime, construction of the Torres Building on the subject real properties was completed in 1985 and its units rented out. Edgardo, who was also then the General Manager and Administrator of Tormil, acted as the building administrator and occupied the 2nd floor. He later resigned from his position in Tormil in September 1986.

In March 1987, Tormil filed a case before the Securities and Exchange Commission (SEC) docketed as SEC Case No. 3153^[5] (SEC case) to compel Manuel to fulfill his obligation by turning over the documents necessary to effect the registration and transfer of titles in its name of the properties assigned to it by Manuel.

Meanwhile, Edgardo continued to act as the administrator of Torres Building allegedly on behalf of Torres-Pabalan. He then set up in October 1989 a law office (law office) with Atty. Augustus Cesar Azura (Augustus) in the 2nd floor of the building. Torres Building was thereafter declared by Torres-Pabalan for tax purposes.^[6]

On March 6, 1991, the SEC rendered judgment in favor of Tormil,^[7] and this was later affirmed by the SEC *en banc*.^[8] Manuel appealed to the CA. During the pendency thereof, Pro-Guard entered into an agreement with Edgardo in March 1994 for the rent of a unit in the 3rd floor of Torres Building. As payment, Pro-Guard was to provide security services to Torres-Pabalan. Subsequently, the CA,^[9] and later this Court,^[10] upheld the ruling in the SEC case such that it became final and executory on December 12, 1997.^[11] By October 1998, not only were the titles to the subject parcels of land registered in Tormil's name,^[12] but also the tax declaration over the Torres Building.^[13]

On November 5, 1998, Tormil sent letters^[14] to Edgardo and Augustus (for the law office) and Pro-Guard asking them to validate their possession/enter into a lease contract with Tormil and at the same time settle their past and current rentals. Since these letters were ignored, Tormil, on November 16, 1998 sent them separate demands to vacate the premises and pay the monthly rental of P20,000.00 from the time of their occupation thereof until the same are actually turned over to Tormil.^[15] As these were unheeded, Tormil asserting right of possession based on its ownership of the Pasay properties, filed before the Pasay City Metropolitan Trial Court (MeTC) separate ejectment suits against Edgardo and Augustus, and Pro-Guard^[16] which were raffled to Branch 44. The cases were later on consolidated. In its complaints, Tormil stated that it deemed prudent to have the ownership issue over the premises resolved first in the SEC case before it filed the ejectment cases in order to prevent complication. It thus averred that the occupancy by defendants of units in Torres Building pending resolution of the SEC Case was out of tolerance.

Edgardo and Augustus disputed Tormil's ownership of the parcels of land where the building stands and asserted that Torres-Pabalan was the owner of the same. It was also the one who funded the building's construction. Unfortunately, its tax declarations over the building were surreptitiously and unlawfully cancelled on the sole basis of the SEC Case. Pro-Guard, for its part, claimed that it was paying rentals to the owner, Torres-Pabalan, in the form of security services provided to the latter. It likewise called attention to the fact that it was no longer in the premises as Tormil forcibly ousted it therefrom.

Ruling of the Metropolitan Trial Court

The MeTC adjudged that Tormil has proven its right to possess the property. Said court brushed aside the claim that Torres-Pabalan owns the building since its SEC Certificate of Registration was already cancelled, and that the construction of the building was completed in July 1985 or prior to the time said corporation was incorporated in September 1986. Finding the defendants' occupancy of the units as only upon Tormil's tolerance, the MeTC concluded that their possession became unlawful when Tormil decided to assert its right of ownership over the building after the ruling in the SEC case was upheld with finality by this Court.

Thus, in its June 28, 1999 Decision,^[17] the MeTC ordered Edgardo and Augustus to vacate the unit they possessed, as well as to pay attorney's fees and costs. With respect to Pro-Guard, it adjudged:

2. ordering defendant Pro-Guard Security Services Corporation and all persons claiming rights under [it] to vacate and surrender possession of Unit M, 3rd Floor, Torres Building, 157 Buendia Ext., Sen. Gil Puyat Avenue, Pasay City;

x x x x

4. ordering defendant Pro-Guard Security Services Corp. to pay [Tormil] the fair and reasonable rental of the premises [in] the amount of P20,000.00 per month with legal interest from June, 1995 until the premises is fully vacated;^[18]

Contending that Tormil has no right to possess the building, the defendants appealed to the Regional Trial Court (RTC) of Pasay City and the same was raffled to Branch 109 thereof. In the meantime, Pro-Guard informed the MeTC that it had already vacated the premises as early as March 20, 1999.^[19]

Ruling of the Regional Trial Court

In its Decision^[20] dated December 15, 1999, the RTC did not find merit in the appeal, viz:

In view of the foregoing and pursuant to several decision[s] of the Supreme Court and the provision of Rule 70 of the Revised Rules of Court to the effect [that] the occupancy and possession of the subject premises by the defendants-appellants became illegal when they failed and refused to heed the demand letters of herein plaintiff-appellee to vacate the same and surrender possession peacefully, the Court finds no cogent reason to reverse the decision of the trial court and hereby affirms the same IN TOTO.

SO ORDERED.^[21]

On appeal to the CA, Edgardo, Augustus and Pro-Guard reiterated their arguments on Torres-Pabalan's ownership of the building and on its right to possess it.

Ruling of the Court of Appeals

The CA adjudged Tormil to have sufficiently proven its case for unlawful detainer. It held that based on its Torrens titles over the subject parcels of land and the tax declarations over the building thereon, Tormil has the right to possess the disputed properties. It debunked the claim of Edgardo, Augustus and Pro-Guard that the tax declarations in Tormil's name are invalid, ratiocinating that their issuance by the City

Assessor are presumed to have been regularly performed.

Ultimately, the CA denied the petition and affirmed the RTC Decision,^[22] viz:

WHEREFORE, PREMISES CONSIDERED, THE Petition is DENIED DUE COURSE and ordered DISMISSED for lack of merit. The Decision dated 15 December 1999 and Order dated 02 May 2000 of the Regional Trial Court of Pasay City, Branch 109 in Civil Case Nos. 99-0618 & 99-[0619] are hereby AFFIRMED. Costs against petitioners.

SO ORDERED.^[23]

In asking for a reconsideration, one aspect which Edgardo, Augustus and Pro-Guard objected to was the order for them to pay P20,000.00 monthly rental and the reckoning point of payment. Pro-Guard, in its Supplemental Motion for Reconsideration,^[24] argued that the CA should have modified the RTC judgment by reckoning the payment from the date of Tormil's notice to vacate.

The CA found no reason to reverse its judgment,^[25] impelling Pro-Guard to elevate the case to this Court.

Issue

WHETHER THE [CA] ERRED WHEN IT AFFIRMED THE DECISION OF THE [METC] AND THE [RTC] ON THE AWARD OF THE [METC] IN RECKONING THE DATE OF PAYMENT OF RENTALS IN THE AMOUNT OF P20,000.00 PER MONTH WITH LEGAL INTEREST FROM JUNE 1995 UNTIL THE PREMISES IS FULLY VACATED CONTRARY TO PREVAILING LAW AND JURISPRUDENCE.^[26]

Parties' Arguments

Pro-Guard stresses that the CA erred in affirming the lower courts' award of P20,000.00 monthly rental reckoned from the time it occupied the unit. It contends that it cannot be blamed if it relied on the representations of Torres-Pabalan when it entered into a lease contract with it, the latter being then in possession of the building. Pro-Guard maintains that in any case, it owes no unpaid rentals to Tormil for the entire period of its stay in the building out of Tormil's tolerance.

On the other hand, Tormil argues that Pro-Guard's stay 'out of tolerance' does not bar it from claiming arrears from the time the latter occupied a unit in the building. It contends that the demand to vacate was not for the purpose of counting the reckoning period for payment of rental arrears, but only for the purpose of counting the prescriptive period to file a case for unlawful detainer. Besides, Pro-Guard's rental payments to Torres-Pabalan were not valid as the latter was not its authorized representative. To it, Pro-Guard, fully aware of the pending legal dispute between Tormil and Torres-Pabalan, should have consigned the rental payments.