

SECOND DIVISION

[G.R. No. 172292, July 23, 2010]

**ALIDA MORES, PETITIONER, VS. SHIRLEY M. YU-GO, MA.
VICTORIA M. YU-LIM, AND MA. ESTRELLA M. YU, RESPONDENTS.**

DECISION

CARPIO, J.:

G.R. No. 172292 is a petition for review^[1] assailing the Decision^[2] promulgated on 26 August 2005 by the Court of Appeals (appellate court) as well as the Resolution^[3] promulgated on 14 March 2006 in CA-G.R. CV No. 76076. The appellate court partially granted the petition filed by Shirley M. Yu-Go, Ma. Victoria M. Yu-Lim, and Ma. Estrella M. Yu (Yu siblings) and reversed the decision of the Regional Trial Court of Naga City, Branch 27 (trial court), dated 28 June 2002 in Civil Case No. 99-4216. The appellate court ordered spouses Antonio and Alida Mores (spouses Mores) to pay the Yu siblings moral damages in the amount of P100,000.

The Facts

Antonio Mores passed away during the pre-trial stage. Hence, Alida Mores remained as the only defendant, per the trial court's order dated 3 May 2000.^[4]

The appellate court narrated the facts as follows:

On January 21, 1998, plaintiffs-appellants Shirley M. Yu-Go, Ma. Victoria M. Yu-Lim and Ma. Estrella M. Yu ("appellants") filed a *Complaint for Injunction and Damages with Prayer for Issuance of a Temporary Restraining Order and Preliminary Injunction* before the Regional Trial Court in Naga City against defendants-appellees, spouses Antonio and Alida Mores ("appellees"). Appellants alleged that they co-owned a parcel of land located in Sto. Tomas, Magarao, Camarines Sur on which a building of strong materials ("subject property") was built. In March 1983, appellees pleaded to appellants that they be allowed to stay in the subject property in the meantime that they did not own a house yet. Since appellee Antonio Mores used to be an errand boy of appellants' family, they readily agreed without asking for any rental but subject only to the condition that the said stay would last until anyone of appellants would need the subject property. Forthwith, appellees and their children occupied the same as agreed upon.

In November 1997, appellants made known to appellees that they were already in need of the subject property. They explained that appellant Shirley Yu-Go needed the same and, besides, appellees already have their own house in Villa Grande Homes, Naga City. Yet, appellees begged

that they be given a 6-month extension to stay thereat or until May 1998. However, even after May 1998, appellees failed to make good their promise and even further asked that they be allowed to stay therein until October 1998, which was again extended until the end of the same year. Thus, sometime in the first week of January 1999, appellants gave their final demand for appellees to vacate the subject property. However, instead of heeding such demand, appellees hired some laborers and started demolishing the improvements on the subject property on January 20, 1999.

Appellants' protest fell on deaf ears because appellees continued their demolition and even took away and appropriated for themselves the materials derived from such unlawful demolition. Consequently, appellants instituted the said action for injunction where they also prayed for the reimbursement of the value of the residential building illegally demolished as well as for the payment of moral damages, attorney's fees, litigation expenses and costs of suit.

On February 5, 1999, appellees filed their *Answer* where they denied the material averments of the complaint. They claimed that appellee Antonio Mores, who was appellants' uncle, used to be the assistant manager and cashier of appellants' father at their Caltex Service Station until the later's death sometime in 1980. Appellants' Caltex Filling Station had stopped operation and was just rented out to *Herce Trucking Service*. Upon the expiration of such lease contract, appellees were allowed to occupy the subject property as their dwelling places. They were the ones who caused its renovation consisting of a 3-bedroom annex, a covered veranda and a concrete hollow block fence, at their own expense, and with appellants' consent, which renovation was made without altering the form and substance of the subject property. They denied that appellants made a demand for them to vacate the subject property, insisting that it was merely a sort of reminder that sooner or later appellees should yield possession thereof since, after all, they had already bought a second-hand house which was undergoing repair. Appellees argued that what they removed was merely the improvements made on the subject property, which removal had not caused any substantial damage thereto as, in fact, it remained intact. By way of counterclaims, they demanded payment of actual damages, attorney's fees and litigation expenses.^[5]

The Trial Court's Ruling

On 28 June 2002, the trial court promulgated its Decision in favor of the spouses Mores. The trial court ratiocinated and ruled thus:

Defendants, who are possessors in good faith, were able to prove by preponderance of evidence that they removed only the improvements they introduced without destroying the principal building, after the plaintiffs refused to pay them the reasonable value of the improvements.

x x x

But defendants failed to prove the allegations in their counterclaims that plaintiffs acted in bad faith and/or through gross and reckless negligence in filing this complaint, and the damages defendants allegedly suffered. Failing in this, plaintiffs must also be presumed to have acted in good faith when they filed this complaint with the honest belief that their rights were violated when defendants removed the useful improvements from the principal building and land of plaintiffs. Applying the same principle, the equipoise rule, defendants' counterclaims must necessarily fail.

Both parties having acted in good faith, the court will not disturb the present status, and will leave the parties where it found them. Wounds should not be scratched in order to hasten the healing process, and neither should this Court scratch herein parties rift that torn [sic] them apart from being close relatives before this controversy started. Parties owe to their siblings and to their posterity to reconcile. Anyway, this case was started because parties were very close relatives.

The courts are not only courts of justice but also courts of equity.

WHEREFORE, the complaint and the counterclaims are hereby dismissed. No pronouncement as to cost.

SO ORDERED.^[6]

The trial court gave due course to the Yu siblings' Notice of Appeal in an Order dated 22 July 2002.

The Appellate Court's Ruling

The appellate court partially granted the Yu siblings' appeal. The appellate court disagreed with the trial court's conclusion that the spouses Mores were builders in good faith and have the right of accession under Articles 546 and 547 of the Civil Code. Instead, the appellate court believed that the relationship between the Yu siblings and the spouses Mores is one between a lessor and a lessee, making Article 1678 of the Civil Code applicable to the present case. The options given by Article 1678, the right of appropriating the useful improvements after reimbursing 50% of its value or the right of removal of the useful improvements, are given by law to the lessor - the Yu siblings. The spouses Mores, however, failed to give the Yu siblings the opportunity to choose from these two options. The appellate court thus ordered the spouses Mores to pay the Yu siblings moral damages worth P100,000.

The appellate court resolved to deny Alida Mores' Motion for Reconsideration for want of merit.^[7]

The Issues

In her petition, Alida Mores stated that the decision of the appellate court awarding the Yu siblings moral damages in the amount of P100,000 is rendered with grave abuse of discretion and is not in accord with the decisions of this Court.^[8]