

THIRD DIVISION

[G.R. NO. 166714, February 09, 2007]

**AMELIA S. ROBERTS, PETITIONER, VS. MARTIN B. PAPIO,
RESPONDENT.**

DECISION

CALLEJO, SR., J.:

Assailed in this petition for review on *certiorari* is the Decision^[1] of the Court of Appeals (CA), in CA-G.R. CV No. 69034 which reversed and set aside the Decision^[2] of the Regional Trial Court (RTC), Branch 150, Makati City, in Civil Case No. 01-431. The RTC ruling had affirmed with modification the Decision^[3] of the Metropolitan Trial Court (MeTC), Branch 64, Makati City in Civil Case No. 66847. The petition likewise assails the Resolution of the CA denying the motion for reconsideration of its decision.

The Antecedents

The spouses Martin and Lucina Papio were the owners of a 274-square-meter residential lot located in Makati (now Makati City) and covered by Transfer Certificate of Title (TCT) No. S-44980.^[4] In order to secure a P59,000.00 loan from the Amparo Investments Corporation, they executed a real estate mortgage on the property. Upon Papio's failure to pay the loan, the corporation filed a petition for the extrajudicial foreclosure of the mortgage.

Since the couple needed money to redeem the property and to prevent the foreclosure of the real estate mortgage, they executed a Deed of Absolute Sale over the property on April 13, 1982 in favor of Martin Papio's cousin, Amelia Roberts. Of the P85,000.00 purchase price, P59,000.00 was paid to the Amparo Investments Corporation, while the P26,000.00 difference was retained by the spouses.^[5] As soon as the spouses had settled their obligation, the corporation returned the owner's duplicate of TCT No. S-44980, which was then delivered to Amelia Roberts.

Thereafter, the parties (Amelia Roberts as lessor and Martin Papio as lessee) executed a two-year contract of lease dated April 15, 1982, effective May 1, 1982. The contract was subject to renewal or extension for a like period at the option of the lessor, the lessee waiving thereby the benefits of an implied new lease. The lessee was obliged to pay monthly rentals of P800.00 to be deposited in the lessor's account at the Bank of America, Makati City branch.^[6]

On July 6, 1982, TCT No. S-44980 was cancelled, and TCT No. 114478 was issued in the name of Amelia Roberts as owner.^[7]

Martin Papio paid the rentals from May 1, 1982 to May 1, 1984, and thereafter, for

another year.^[8] He then failed to pay rentals, but he and his family nevertheless remained in possession of the property for a period of almost thirteen (13) years.

In a letter dated June 3, 1998, Amelia Roberts, through counsel, reminded Papio that he failed to pay the monthly rental of P2,500.00 from January 1, 1986 to December 31, 1997, and P10,000.00 from January 1, 1998 to May 31, 1998; thus, his total liability was P410,000.00. She demanded that Papio vacate the property within 15 days from receipt of the letter in case he failed to settle the amount.^[9] Because he refused to pay, Papio received another letter from Roberts on April 22, 1999, demanding, for the last time, that he and his family vacate the property.^[10] Again, Papio refused to leave the premises.

On June 28, 1999, Amelia Roberts, through her attorney-in-fact, Matilde Aguilar, filed a Complaint^[11] for unlawful detainer and damages against Martin Papio before the MeTC, Branch 64, Makati City. She alleged the following in her complaint:

Sometime in 1982 she purchased from defendant a 274-sq-m residential house and lot situated at No. 1046 Teresa St., Brgy. Valenzuela, Makati City.^[12] Upon Papio's pleas to continue staying in the property, they executed a two-year lease contract^[13] which commenced on May 1, 1982. The monthly rental was P800.00. Thereafter, TCT No. 114478^[14] was issued in her favor and she paid all the realty taxes due on the property. When the term of the lease expired, she still allowed Papio and his family to continue leasing the property. However, he took advantage of her absence and stopped payment beginning January 1986, and refused to pay despite repeated demands. In June 1998, she sent a demand letter^[15] through counsel requiring Papio to pay rentals from January 1986 up to May 1998 and to vacate the leased property. The accumulated arrears in rental are as follows: (a) P360,000.00 from January 1, 1986 to December 31, 1997 at P2,500.00 per month; and (b) P50,000.00, from January 1, 1998 to May 31, 1998 at P10,000.00 per month.^[16] She came to the Philippines but all efforts at an amicable settlement proved futile. Thus, in April 1999, she sent the final demand letter to defendant directing him and his family to pay and immediately vacate the leased premises.^[17]

Roberts appended to her complaint copies of the April 13, 1982 Deed of Absolute Sale, the April 15, 1982 Contract of Lease, and TCT No. 114478.

In his Answer with counterclaim, Papio alleged the following:

He executed the April 13, 1982 deed of absolute sale and the contract of lease. Roberts, his cousin who is a resident of California, United States of America (USA), arrived in the Philippines and offered to redeem the property. Believing that she had made the offer for the purpose of retaining his ownership over the property, he accepted. She then remitted P59,000.00 to the mortgagor for his account, after which the mortgagee cancelled the real estate mortgage. However, he was alarmed when the plaintiff had a deed of absolute sale over the property prepared (for P83,000.00 as consideration) and asked him to sign the same. She also demanded that the defendant turn over the owner's duplicate of TCT No. S-44980. The defendant was in a quandary. He then believed that if he signed the deed of absolute sale, Roberts would acquire ownership over the property. He asked her to allow him to redeem or reacquire the property at any time for a reasonable amount.

[18] When Roberts agreed, Papio signed the deed of absolute sale.

Pursuant to the right to redeem/repurchase given him by Roberts, Papio purchased the property for P250,000.00. In July 1985, since Roberts was by then already in the USA, he remitted to her authorized representative, Perlita Ventura, the amount of P150,000.00 as partial payment for the property.^[19] On June 16, 1986, she again remitted P100,000.00, through Ventura. Both payments were evidenced by receipts signed by Ventura.^[20] Roberts then declared that she would execute a deed of absolute sale and surrender the title to the property. However, Ventura had apparently misappropriated P39,000.00 out of the P250,000.00 that she had received; Roberts then demanded that she pay the amount misappropriated before executing the deed of absolute sale. Thus, the sole reason why Roberts refused to abide by her promise was the failure of her authorized representative to remit the full amount of P250,000.00. Despite Papio's demands, Roberts refused to execute a deed of absolute sale. Accordingly, defendant posited that plaintiff had no cause of action to demand payment of rental and eject him from the property.

Papio appended to his Answer the following: (1) the letter dated July 18, 1986 of Perlita Ventura to the plaintiff wherein the former admitted having used the money of the plaintiff to defray the plane fares of Perlita's parents to the USA, and pleaded that she be allowed to repay the amount within one year; (b) the letter of Eugene Roberts (plaintiff's husband) to Perlita Ventura dated July 25, 1986 where he accused Ventura of stealing the money of plaintiff Amelia (thus preventing the latter from paying her loan on her house and effect the cancellation of the mortgage), and demanded that she deposit the balance;^[21] and (c) plaintiff's letter to defendant Papio dated July 25, 1986 requesting the latter to convince Ventura to remit the balance of P39,000.00 so that the plaintiff could transfer the title of the property to the defendant.^[22]

Papio asserted that the letters of Roberts and her husband are in themselves admissions or declarations against interest, hence, admissible to prove that he had reacquired the property although the title was still in her possession.

In her Affidavit and Position Paper,^[23] Roberts averred that *she* had paid the real estate taxes on the property after she had purchased it; Papio's initial right to occupy the property was terminated when the original lease period expired; and his continued possession was only by mere tolerance. She further alleged that the Deed of Sale states on its face that the conveyance of the property was absolute and unconditional. She also claimed that any right to repurchase the property must appear in a public document pursuant to Article 1358, Paragraph 1, of the Civil Code of the Philippines.^[24] Since no such document exists, defendant's supposed real interest over the property could not be enforced without violating the Statute of Frauds.^[25] She stressed that her Torrens title to the property was an "absolute and indefeasible evidence of her ownership of the property which is binding and conclusive upon the whole world."

Roberts admitted that she demanded P39,000.00 from the defendant in her letter dated July 25, 1986. However, she averred that the amount represented his back rentals on the property.^[26] She declared that she neither authorized Ventura to sell the property nor to receive the purchase price therefor. She merely authorized her

to receive the rentals from defendant and to deposit them in her account. She did not know that Ventura had received P250,000.00 from Papio in July 1985 and on June 16, 1986, and had signed receipts therefor. It was only on February 11, 1998 that she became aware of the receipts when she received defendant Papio's letter to which were appended the said receipts. She and her husband offered to sell the property to the defendant in 1984 for US\$15,000.00 on a "take it or leave it" basis when they arrived in the Philippines in May 1984.^[27] However, defendant refused to accept the offer. The spouses then offered to sell the property anew on December 20, 1997, for P670,000.00 inclusive of back rentals.^[28] However, defendant offered to settle his account with the spouses.^[29] Again, the offer came on January 11, 1998, but it was rejected. The defendant insisted that he had already purchased the property in July 1985 for P250,000.00.

Roberts insisted that Papio's claim of the right to repurchase the property, as well as his claim of payment therefor, is belied by his own letter in which he offered to settle plaintiff's claim for back rentals. Even assuming that the purchase price of the property had been paid through Ventura, Papio did not adduce any proof to show that Ventura had been authorized to sell the property or to accept any payment thereon. Any payment to Ventura could have no binding effect on her since she was not privy to the transaction; if at all, such agreement would be binding only on Papio and Ventura.

She further alleged that defendant's own inaction belies his claim of ownership over the property: first, he failed to cause any notice or annotation to be made on the Register of Deed's copy of TCT No. 114478 in order to protect his supposed adverse claim; second, he did not institute any action against Roberts to compel the execution of the necessary deed of transfer of title in his favor; and third, the defense of ownership over the property was raised only after Roberts demanded him to vacate the property.

Based solely on the parties' pleadings, the MeTC rendered its January 18, 2001 Decision^[30] in favor of Roberts. The *fallo* of the decision reads:

WHEREFORE, premises considered, finding this case for the plaintiff, the defendant is hereby ordered to:

1. Vacate the leased premises known as 1046 Teresa St., Valenzuela, Makati City;
2. Pay plaintiff the reasonable rentals accrual for the period January 1, 1996 to December 13, 1997 at the rate equivalent to Php2,500.00 per month and thereafter, Php10,000.00 from January 1998 until he actually vacates the premises;
3. Pay the plaintiff attorney's fees as Php20,000.00; and
4. Pay the costs

SO ORDERED.^[31]

The MeTC held that Roberts merely tolerated the stay of Papio in the property after the expiration of the contract of lease on May 1, 1984; hence, she had a cause of

action against him since the only elements in an unlawful detainer action are the fact of lease and the expiration of its term. The defendant as tenant cannot controvert the title of the plaintiff or assert any right adverse thereto or set up any inconsistent right to change the existing relation between them. The plaintiff need not prove her ownership over the property inasmuch as evidence of ownership can be admitted only for the purpose of determining the character and extent of possession, and the amount of damages arising from the detention.

The court further ruled that Papio made no denials as to the existence and authenticity of Roberts' title to the property. It declared that "the certificate of title is indefeasible in favor of the person whose name appears therein and incontrovertible upon the expiration of the one-year period from the date of issue," and that a Torrens title, "which enjoys a strong presumption of regularity and validity, is generally a conclusive evidence of ownership of the land referred to therein."

As to Papio's claim that the transfer of the property was one with right of repurchase, the MeTC held it to be bereft of merit since the Deed of Sale is termed as "absolute and unconditional." The court ruled that the right to repurchase is not a right granted to the seller by the buyer in a subsequent instrument but rather, a right reserved in the same contract of sale. Once the deed of absolute sale is executed, the seller can no longer reserve the right to repurchase; any right thereafter granted in a separate document cannot be a right of repurchase but some other right.

As to the receipts of payment signed by Ventura, the court gave credence to Roberts's declaration in her Affidavit that she authorized Ventura only to collect rentals from Papio, and not to receive the repurchase price. Papio's letter of January 31, 1998, which called her attention to the fact that she had been sending people without written authority to collect money since 1985, bolstered the court's finding that the payment, if at all intended for the supposed repurchase, never redounded to the benefit of the spouses Roberts.

Papio appealed the decision to the RTC, alleging the following:

I.

THE LOWER COURT GRAVELY ERRED IN NOT DISMISSING THE CASE FOR EJECTMENT OUTRIGHT ON THE GROUND OF LACK OF CAUSE OF ACTION.

II.

THE LOWER COURT GRAVELY ERRED IN NOT CONSIDERING THE DOCUMENTARY EVIDENCE ADDUCED BY DEFENDANT-APPELLANT WHICH ESTABLISHED THAT A REPURCHASE TRANSACTION EXISTED BETWEEN THE PARTIES ONLY THAT PLAINTIFF-APPELLEE WITHHELD THE EXECUTION OF THE ABSOLUTE DEED OF SALE AND THE TRANSFER OF TITLE OF THE SAME IN DEFENDANT-APPELLANT'S NAME.

III.

THE LOWER COURT GRAVELY ERRED IN NOT CONSIDERING THAT THE LETTERS OF PLAINTIFF-[APPELLEE] AND OF HER HUSBAND ADDRESSED TO DEFENDANT-APPELLANT AND HIS WIFE ARE IN THEMSELVES ADMISSION AND/OR DECLARATION OF THE FACT THAT DEFENDANT-APPELLANT HAD DULY PAID PLAINTIFF-APPELLEE OF THE PURCHASE