

SECOND DIVISION

[G.R. No. 152745, March 17, 2004]

DIANA JEANNE LOPEZ, PETITIONER, VS. SPOUSES EDILBERTO AND EVELINE POZON AND COURT OF APPEALS, RESPONDENTS.

DECISION

AUSTRIA-MARTINEZ, J.:

On December 9, 1986, Tradex Development Corporation ("Tradex") and respondents spouses Edilberto and Eveline Pozon (Pozon, for brevity) entered into an Agreement to Purchase and to Sell whereby the former agreed to sell to the latter a house and lot located on Paraiso Street, Dasmarinas Village, Makati City ("Paraiso property", for brevity). Tradex failed to comply with its obligation to deliver the Paraiso property to the Pozons, unilaterally rescinded the Agreement to Purchase and to Sell on June 30, 1987 and sold the Paraiso property to J.H. Pajara Construction Corporation, a few days before informing the Pozons of the rescission.

On July 21, 1987, the Pozons filed an action for specific performance and damages against Tradex, J.H. Pajara Construction Corporation, Cesar Diomampo (as President of Tradex and in his personal capacity) and broker Fausto George Raymundo. The case was docketed as Civil Case No. 17358 and raffled to Judge Teofilo L. Guadiz of the Regional Trial Court (RTC), Makati City, Branch 147. On July 18, 1990, judgment was rendered in favor of the Pozons, nullifying the sale of the Paraiso property to J.H. Pajara Construction Corporation, directing Tradex and Diomampo to execute the corresponding deed of conveyance and ordering the Pozons to pay Tradex the balance of the purchase price within a period of 60 days from delivery of the Paraiso property free from any occupant. On appeal,^[1] the Court of Appeals affirmed said judgment with modification as to the amount of damages.^[2] Tradex further elevated the matter to this Court but failed to secure affirmative relief.^[3]

Despite the order^[4] of Judge Guadiz, Tradex still failed to deliver possession of the Paraiso property, prompting said judge to divest Tradex of its title and confer the same upon the Pozons. Accordingly, the Register of Deeds of Makati City cancelled Transfer Certificate of Title (TCT) No. 151522 in the name of Tradex and issued TCT No. 212133 to the Pozons.^[5] In order to complete the judgment, the Pozons sought permission from the court to institute the proper action against the occupant of the Paraiso property, herein petitioner Diana Jeanne Lopez. On November 16, 1998, Judge Guadiz granted the motion.

The Pozons sent demand letters to Lopez, asserting that they were entitled to possession of the Paraiso property as early as March 15, 1997 and to reasonable compensation for its use. Lopez did not heed the demand.

On February 8, 2000, the Pozons filed a complaint for ejectment against Lopez, docketed as Civil Case No. 69262 and raffled to Judge Selma Palacio-Alaras of the

Metropolitan Trial Court (MeTC), Makati City, Branch 61.

Questioning the alleged purchase by the Pozons of the Paraiso property, Lopez contended in her Answer, as follows: The Pozons merely conspired with Tradex to divest her of its ownership. She, not Tradex, is the real owner of the Paraiso property having purchased the same from Enrique Zobel. She engaged the services of Beltran Cuasay Law Offices to organize Paraiso Realty Corporation, a company to be owned by her, and, to document the transfer of title from Zobel to Paraiso Realty Corporation. She later discovered, however, that the Paraiso property was registered in the name of Tradex and was never legally transferred to her. Despite warning the Pozons of her ownership of the Paraiso property, they still proceeded to purchase the same. When she learned of the existence of Civil Case No. 17358, she instituted an action for quieting of title, which was docketed as Civil Case No. 96-692 which is pending before the RTC of Makati City, Branch 60. Lopez argued that the MeTC had no jurisdiction over the case since the allegations in the complaint are in the nature of an *accion reivindicatoria* and that as the owner of the Paraiso property, she cannot be considered as having unlawfully withheld its possession. She likewise asserted that the Pozons were not innocent purchasers for value and in good faith and that the judgment against Tradex in Civil Case No. 17358 was not binding upon her.

In its Decision dated December 23, 2000, Judge Alaras ruled that the MeTC has jurisdiction over the controversy, explaining that the mere assertion of ownership by the defendant will not oust it of its jurisdiction over actions for forcible entry and unlawful detainer; and that the Pozons were entitled to possession of the Paraiso property, ratiocinating, as follows:

. . . In support of their contention, the plaintiffs presented as their evidence TCT 212133 in their names. Pursuant to section 47 of Act 497 or the Land Registration Act, a Certificate of Title is conclusive proof of plaintiff's ownership over the subject property when duly certified under the signature of the Clerk of the Register of Deeds of the province or city where the land is situated. Furthermore, section 48 of Presidential Decree 1529 states that a certificate of title shall not be subject to collateral attack. It can only be altered, modified and canceled in a direct proceeding in accordance with the law. More so, inasmuch as the issue in ejectment cases is physical possession or material possession and not ownership, this case is not a proper forum for the defendant to assail the validity of the plaintiffs' certificate of title over the subject matter herein.

All through out the tedious development of this case, despite the numerous arguments repeatedly raised and propounded by the defendant, she has never, not even once, presented any document, original or secondary, purported or even alleged to be the basis of her right, to prove her lawful ownership or even legal possession of the subject property. The grounds to her claim of ownership are mere allegation unsupported by evidence material to determine the issue of material possession; defendant herself is in a dilemma in proof of ownership of the property whether she received it as a gift or through a legitimate purchase and sale, there being no single document to prove her rights at present.

As to the other points raised by the defendant, being an indispensable party in an earlier case filed by the plaintiffs against Tradex and the issue of a judgment *in personam*, the same having been simply raised to

mislead and distort the actual and real issues in this case, their determination finds no bearing at this point.^[6] (Emphasis supplied)

On appeal, the Regional Trial Court, Branch 60, Makati City, presided by Judge Marissa Macaraig Guillen, sustained the decision of Judge Alaras, thus:

We are inclined to agree with the plaintiff-appellees' position. It is evident from the documentary exhibits submitted to the court *a quo* that the former owner of the subject property Tradex Development Corporation had a standing arrangement with the defendant-appellant for her to occupy the premises rent-free.

With the sale of the subject property to the plaintiff-spouses necessarily any contractual arrangement between Tradex and defendant-appellant was automatically terminated and an implied new lease was established between the defendant-appellant and Pozons by virtue of the latter's succeeding to the rights of ownership and possession previously held by Tradex.

There being no written contract of lease entered into between the parties, the legal presumption is that it was effected on a month to month basis, which in turn permits the lessor, herein plaintiffs-appellees to terminate the lease at the end of the month in question. In turn, defendant-appellant's status is analogous to that of a lessee whose term has expired and who should therefore surrender the leased premises to the rightful owner.^[7]

Lopez filed a petition for review with the Court of Appeals^[8] but failed to obtain a favorable judgment.^[9] As with the METC and RTC, the Court of Appeals found that the Pozons, as registered owners, had a better right of possession to the Paraiso property, further stating that:

. . . A certificate of title is a conclusive evidence of ownership. It does not even matter if the title is questionable, the instant action being an ejectment suit. (*Dizon vs. Court of Appeals*, 264 SCRA 391 [1996]) This adjudication regarding the issue of ownership, however, is merely provisional, and therefore, would not bar or prejudice an action between the same parties involving the quieting of title to the subject property. (*Hilario vs. Court of Appeals, supra*) *The petitioner, whose claim to dominion depends largely on unsupported claims of ownership has no basis in law and fact to demand retention of physical possession.*^[10] (Emphasis supplied)

Lopez filed a motion for reconsideration. Sometime thereafter, she also filed with the Court of Appeals a motion for new trial on the ground of newly discovered evidence. Appended thereto was the affidavit dated February 27, 2002 of Diomampo, president of Tradex, stating that the Paraiso property was really owned by Lopez. In a Resolution dated March 20, 2002,^[11] the Court of Appeals denied both the motion for reconsideration and the motion for new trial on the grounds that Lopez can advance her right of ownership with the appropriate proofs in the pending action for quieting of title filed by her and the affidavit appears merely as an afterthought. Lopez sought reconsideration of the foregoing Resolution but the Court of Appeals merely noted the same since she had already taken steps to bring the matter to this Court.^[12]