



Republic of the Philippines
Supreme Court
 Manila

SECOND DIVISION

GINA ENDAYA,
Petitioner,

G.R. No. 202426

Present:

- versus -

CARPIO, *Chairperson,*
 BRION,
 DEL CASTILLO,
 MENDOZA, *and*
 LEONEN, *JJ.*

ERNESTO V. VILLAOS,
Respondent.

Promulgated:

27 JAN 2016

Ateneo de Manila University

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DECISION

DEL CASTILLO, J.:

This Petition for Review on *Certiorari*¹ assails: 1) the January 2, 2012 Decision² of the Court of Appeals (CA) dismissing petitioner's Petition for Review in CA-G.R. SP No. 110427 and affirming the April 11, 2008 Decision³ and May 29, 2009 Resolution⁴ of the Regional Trial Court of Puerto Princesa City, Branch 49 in RTC Case No. 4344; and 2) the CA's June 11, 2012 Resolution⁵ denying petitioner's Motion for Reconsideration.

Factual Antecedents

The CA is succinct in its narration of the facts:

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¹ *Rollo*, pp. 34-57.

² *Id.* at 58-66; penned by Associate Justice Ricardo R. Rosario and concurred in by Associate Justices Rosmari D. Carandang and Danton Q. Bueser.

³ *Id.* at 68-85; penned by Judge Mario P. Legazpi.

⁴ *Id.* at 86-91.

⁵ *Id.* at 67.

Gina Endaya (hereinafter petitioner) and the other heirs of Atilano Villaos (hereinafter Atilano) filed before the RTC, Branch 52, Palawan City, a complaint for declaration of nullity of deeds of sale, recovery of titles, and accounting of income of the Palawan Village Hotel (hereinafter PVH) against Ernesto V. Villaos (hereinafter respondent). Docketed thereat as Civil Case No. 4162, the complaint sought the recovery of several lots, including that on which the PVH and Wooden Summer Homes⁶ are located.

The complaint in the main said that the purported sale of the affected lots, from Atilano to respondent, was spurious.

Subsequently or on 10 May 2006, respondent filed an ejectment case with preliminary mandatory injunction⁷ against petitioner Gina Endaya and Leny Rivera before the Municipal Trial Court in Cities (MTCC), Puerto Princesa City, docketed as Civil Case No. 1940.

According to respondent, he bought from Atilano eight (8) parcels of land,⁸ including those where PVH and WSH stood. Respondent then took possession of the lots and started to manage and operate the said hotels. Upon taking possession of the said lots, he told petitioner and the others who live in residential houses in the lots in question, to vacate the premises, giving them a period of six (6) months to do so.

However, instead of leaving, petitioner even participated in a violent and unlawful take-over of portions of PVH and WSH, thus, the filing of the ejectment case.

Denying that Atilano, during his lifetime, had executed deeds of sale involving the subject lots in favor of respondent, petitioner stated that during the alleged execution of said deeds, Atilano was no longer ambulatory and could no longer talk and give assent to the deeds of sale. She added that Atilano, an educated and successful businessman, could have affixed his [signature] to the documents and not merely put his thumbmark on it. She claims that the deeds of sale were forged and could not have been executed with Atilano's consent.

Petitioner further contended that the deeds of sale could not have been properly notarized because the same were notarized in Palawan at a time when Atilano was purportedly confined at a hospital in Quezon City. Finally, petitioner questioned the propriety of the ejectment case since according to her, they already have filed Civil Case No. 4162 precisely to nullify the deeds of sale.

In its decision,⁹ the MTCC held that an action questioning the ownership of a property does not bar the filing of an ejectment case since the only issue for resolution in an unlawful detainer case is the physical or material possession of the property independent of any claim of ownership. Such being the case, the MTCC had jurisdiction to decide as to who is entitled to the possession of the residential house. It ruled that respondent had the right to the possession of the

⁶ Or WSH.

⁷ MTCC records, pp. 1-5.

⁸ Located in Puerto Princesa City and covered by Transfer Certificates of Title Nos. 8940, 8941, 8942, 8943, 8944, 10774, 19319, and 17932.

⁹ MTCC records, pp. 423-447; Decision dated August 6, 2007 in Civil Case No. 1940, penned by Judge Lydia Abiog-Pe.

residential house subject of the instant case and ordered the petitioners to vacate the same and pay attorney's fees in the amount of ₱20,000.00.

Aggrieved by the decision, petitioners appealed before the RTC of Palawan, docketed thereat as RTC Case No. 4344.

On 11 April 2008, the RTC promulgated its decision¹⁰ affirming the ruling of the MTCC, holding that the pendency of Civil Case No. 4162 could not be considered as ground for the dismissal of the present ejectment case under the principle of *litis pendentia* because the parties therein assert contrasting rights and prayed for different reliefs. It further ruled that the MTCC simply took cognizance of the existence of the *deeds* of sale in favor of respondent without passing judgment as to whether these deeds were valid or not.

According to the RTC, the questioned deeds of absolute sale, being notarized documents, are considered to be public documents and carry with them the presumption of regularity.

However, the RTC deleted the award for attorney's fees, saying that there was no factual and legal basis to justify the same.

Petitioner filed a motion for reconsideration, arguing that the RTC should pass judgment on the legality of the *deeds* for the purpose of deciding who between the parties has a better right to possession even if the same issue is pending before another court.

The RTC denied the motion in its Resolution¹¹ dated 29 May 2009 x x x.

The RTC held in its May 29, 2009 Resolution that –

Appellants'¹² insistence that this Court pass judgment on the legality or illegality of the deeds of sale if only for the limited purpose of deciding who between the parties herein has the better right to possession of the properties subject hereof, even if the same issue is pending before another branch of this Court, is as highly improper as it is subversive of orderliness in the administration of justice, as it would put the presiding judges of both this and Branch 52 of this Court in a most inconvenient bind.

One cannot begin to think what consequences such suggested action shall spawn. Whichever way this Court decides the matter of the validity of the deeds of sale, not only shall the same be without any final weight and binding effect but it is likewise bound to slight, irate and/or humiliate either or both judges involved, and/or otherwise to adversely impact on judicial capacity to decide finally the issue with utmost freedom, which is indispensable to a fair and orderly administration of justice.

x x x x

In the end, it can even be added that when appellants decided to lodge

¹⁰ *Rollo*, pp. 68-85.

¹¹ *Id.* at 86-91.

¹² Herein petitioner and the Atilano heirs.

civil case no. 4162, even while the ejectment case was pending with the court *a quo*, they have empowered Branch 52 of this Court, to which the former case was assigned, to decide squarely and bindingly the issue of the validity or invalidity of the deeds of sale. Consequently, they must have known and understood the legal and practical impacts of this decision of theirs on the capacity of the court *a quo*, and of this Court eventually, to make a similar determination even for a limited, and especially for a limited, purpose only.

For appellants, now, to ask both concerned branches of this Court to decide on one and the same issue, when the latter were compelled, by the former's aforesaid filing of action, to limit themselves only to the issue directly affecting the particular aspect of the controversy between the same parties-in-litigation that they are specifically handling, could be considered a myopic regard for the legal system that everyone should try to edify and sustain.¹³

Ruling of the Court of Appeals

Petitioner filed a Petition for Review¹⁴ before the CA, docketed as CA-G.R. SP No. 110427. Petitioner later filed an Amended Petition for Review, with Supplement.¹⁵ She claimed that the RTC erred in affirming the MTCC; that the MTCC and RTC erred in not passing upon the issue of validity of the deeds of sale executed by Atilano in favor of respondent and declaring that said issue should be resolved in Civil Case No. 4162 for declaration of nullity of said deeds of sale, recovery of titles, and accounting before the Palawan RTC Branch 52; that it was necessary to pass upon the validity of the deeds of sale even if the same is the main point of contention in Civil Case No. 4162, because the question of possession in the ejectment case cannot be resolved without deciding the issue of ownership;¹⁶ that while respondent claimed that the subject lots were sold to him, title to the same remains in the name of Atilano even up to this day; and that the MTCC had no jurisdiction over the case.

In a January 2, 2012 Decision, the CA denied the Petition, stating thus:

The petition is devoid of merit.

At the outset, it bears emphasis that the only issue for resolution in an ejectment case is the question of who is entitled to the physical or material possession of the property in dispute which is independent of any claim of ownership raised by any of the parties. If the question of ownership is linked to the issue of possession, then the MTCC may pass on the question of ownership only for the purpose of determining the issue of possession. Such determination is not final and does not affect the ownership of the property. This is clearly set forth in Section 16, Rule 70 of the Rules of Court which provides:

¹³ Id. at 89-90.

¹⁴ CA *rollo*, pp. 3-23.

¹⁵ Id. at 287-305.

¹⁶ Citing *Wilmon Auto Supply Corporation v. Court of Appeals*, G.R. Nos. 97637 & 98700-01, April 10, 1992, 208 SCRA 108.

SEC. 16. Resolving defense of ownership. – When the defendant raises the defense of ownership in his pleadings and the question of possession cannot be resolved without deciding the issue of ownership, the issue of ownership shall be resolved only to determine the issue of possession.

In this case, the MTCC was correct in refusing to dismiss the ejectment case despite the pendency of Civil Case No. 4162 which is an action for declaration of nullity of the deeds of sale in another court. The case then pending before the MTCC was concerned only with the issue of possession, or to be exact, who between petitioner and respondent had the better right to possess the properties in question.

Respondent has in his favour the deeds of sale which are notarized documents and hence, enjoy the presumption of regularity. Based on the said deeds of sale, the MTCC correctly awarded the possession of the properties in question to respondent. In effect, the MTCC provisionally ruled on the ownership of the subject properties, contrary to petitioner's insistence that said court completely avoided the issue.

It cannot also be said that the RTC likewise refused to rule on the issue of ownership, or on the validity of the deeds of sale. The RTC was one with the MTCC in ruling that the deeds of sale are presumed to be valid because these were notarized. While it categorically refused to rule on the validity of the deeds of sale, it may be considered to have ruled on the ownership of the properties on the basis of the presumption of regularity that attaches to the notarized deeds.

The RTC is justified in refusing to rule on the validity of the deeds of sale since this is a matter that pertains to Civil Case No. 4162. x x x

x x x x

To reiterate, the only duty imposed upon the RTC in resolving questions of possession where the issue of ownership is raised is to touch on said subject matter provisionally. When it ruled on the issue of possession on the basis of the aforesaid presumption, it cannot be said to have been remiss in its duty.

As to petitioner's argument that the MTCC should have dismissed the ejectment case for lack of jurisdiction since the present case was a forcible entry case and not an unlawful detainer case, this Court likewise finds it to be lacking in merit.

Records will show that petitioner never raised the said issue in the court below. In fact, it was raised only for the first time on appeal before this Court. Hence, petitioner cannot now impugn for the first time MTCC's lack of jurisdiction based on the rule that issues not raised or ventilated in the court *a quo* cannot be raised for the first time on appeal. To do so would offend the basic rules of fair play and justice.

WHEREFORE, premises considered, the petition is hereby DISMISSED. The assailed Decision dated 11 April 2008 and Resolution dated 29 May 2009 of the Regional Trial Court of Puerto Princesa City, Branch 49, in RTC Case No. 4344, are hereby AFFIRMED.

SO ORDERED.¹⁷

Petitioner moved to reconsider, but in its assailed June 11, 2012 Resolution, the CA held its ground. Hence, the present Petition.

Issues

Petitioner submits that –

- A. The Honorable Court of Appeals erred in affirming the findings of the MTCC of Puerto Princesa City and RTC Branch 49 on the issue of ownership of the subject properties.
- B. The Honorable Court of Appeals erred in ruling that the issue of jurisdiction, or lack of it, of the MTCC over the complaint for ejectment filed by the Respondent cannot be raised for the first time on appeal.¹⁸

Petitioner's Arguments

Praying that the assailed CA dispositions be reversed and set aside and that the ejectment case – Civil Case No. 1940 – be dismissed, petitioner essentially insists in her Petition and Reply¹⁹ that the MTCC and RTC should have resolved the issues of ownership and validity of the deeds of sale despite the pendency of Civil Case No. 4162 because these issues will settle the question of who between the parties has the better right of possession over the subject properties; that it was error for the MTCC and RTC to declare that respondent had the better right of possession based on the supposed deeds of sale in disregard of the successional rights of the Atilano heirs; that the CA erred in declaring that the MTCC possessed jurisdiction over Civil Case No. 1940; that the issues raised in her Petition involve questions of law which thus merit consideration by this Court and the exercise of its discretionary power of review; and that the ejectment case should be dismissed while Civil Case No. 4162 is pending since a determination of the issue of ownership therein will likewise settle the question of possession.

Respondent's Arguments

In his Comment,²⁰ respondent maintains that the CA committed no error in its appreciation of the case; that the question of ownership involves a factual issue which cannot be raised before this Court; that consequently, the Petition should be dismissed; and that since the issue of jurisdiction was first raised only before the

¹⁷ *Rollo*, pp. 63-65.

¹⁸ *Id.* at 41.

¹⁹ *Id.* at 232-241.

²⁰ *Id.* at 214-230.

CA, it does not merit consideration by this Court as well.

Our Ruling

The Petition must be granted.

In resolving the Petition for Review, the CA lost sight of the legal principle that in resolving the issue of possession in an ejectment case, the registered owner of the property is preferred over the transferee under an unregistered deed of sale. In *Co v. Militar*,²¹ this Court held that –

In the instant case, the evidence showed that as between the parties, it is the petitioner who has a Torrens Title to the property. Respondents merely showed their unregistered deeds of sale in support of their claims. The Metropolitan Trial Court correctly relied on the transfer certificate of title in the name of petitioner.

In *Tenio-Obsequio v. Court of Appeals*, it was held that the Torrens System was adopted in this country because it was believed to be the most effective measure to guarantee the integrity of land titles and to protect their indefeasibility once the claim of ownership is established and recognized.

It is settled that a Torrens Certificate of title is indefeasible and binding upon the whole world unless and until it has been nullified by a court of competent jurisdiction. Under existing statutory and decisional law, the power to pass upon the validity of such certificate of title at the first instance properly belongs to the Regional Trial Courts in a direct proceeding for cancellation of title.

As the registered owner, petitioner had a right to the possession of the property, which is one of the attributes of his ownership. x x x²²

The same principle was reiterated in *Pascual v. Coronel*,²³ which held thus

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In any case, we sustain the appellate court's finding that the respondents have the better right to possess the subject property. As opposed to the unregistered deeds of sale, the certificate of title certainly deserves more probative value. Indeed, a Torrens Certificate is evidence of indefeasible title of property in favor of the person in whose name appears [sic] therein; such holder is entitled to the possession of the property until his title is nullified.

The petitioners, however, insist that the deeds of sale deserve more credence because they are valid contracts that legally transferred ownership of

²¹ 466 Phil. 217 (2004).

²² Id. at 224-225.

²³ 554 Phil. 351 (2007).

the property to Melu-Jean. They argue that (a) the 1975 Deed, being a public document, is presumed to be valid and there was no evidence sufficient to overturn such presumption or show that it was simulated; (b) the fact that the person who notarized the said deed of sale is not commissioned as a notary public has no bearing on its validity; (c) registration of the deed of sale was not necessary to transfer ownership; (d) Melu-Jean is not guilty of laches in asserting her ownership over the property since she is actually in possession of the property through the petitioners; and (e) the filing of the annulment case is an admission that the two deeds of sale are merely voidable, or valid until annulled.

However, it should be noted that the CA merely affirmed the power of the trial court to provisionally resolve the issue of ownership, which consequently includes the power to determine the validity of the deeds of sale. As previously stated, such determination is not conclusive, and the issue of ownership and the validity of the deeds of sale would ultimately be resolved in the case for annulment of the deeds of sale.

Even if we sustain the petitioners' arguments and rule that the deeds of sale are valid contracts, it would still not bolster the petitioners' case. In a number of cases, the Court had upheld the registered owners' superior right to possess the property. In *Co v. Militar*, the Court was confronted with a similar issue of which between the certificate of title and an unregistered deed of sale should be given more probative weight in resolving the issue of who has the better right to possess. There, the Court held that the court *a quo* correctly relied on the transfer certificate of title in the name of petitioner, as opposed to the unregistered deeds of sale of the respondents. The Court stressed therein that the Torrens System was adopted in this country because it was believed to be the most effective measure to guarantee the integrity of land titles and to protect their indefeasibility once the claim of ownership is established and recognized.

Likewise, in the recent case of *Umpoc v. Mercado*, the Court declared that the trial court did not err in giving more probative weight to the TCT in the name of the decedent *vis-a-vis* the contested unregistered Deed of Sale. Later in *Arambulo v. Gungab*, the Court held that the registered owner is preferred to possess the property subject of the unlawful detainer case. The age-old rule is that the person who has a Torrens Title over a land is entitled to possession thereof.²⁴

Later, in *Vda. de Aguilar v. Alfaro*,²⁵ a case decided by this *ponente*, the following pronouncement was made:

It is settled that a Torrens title is evidence of indefeasible title to property in favor of the person in whose name the title appears. It is conclusive evidence with respect to the ownership of the land described therein. It is also settled that the titleholder is entitled to all the attributes of ownership of the property, including possession. Thus, in *Arambulo v. Gungab*, this Court declared that the age-old rule is that the person who has a Torrens title over a land is entitled to possession thereof.

In the present case, there is no dispute that petitioner is the holder of a

²⁴ Id. at 361-362.

²⁵ 637 Phil. 131 (2010).

Torrens title over the entire Lot 83. Respondents have only their notarized but unregistered *Kasulatan sa Bilihan* to support their claim of ownership. Thus, even if respondents' proof of ownership has in its favor a *juris tantum* presumption of authenticity and due execution, the same cannot prevail over petitioner's Torrens title. This has been our consistent ruling which we recently reiterated in *Pascual v. Coronel*, viz[.]:

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As the titleholder, therefore, petitioner is preferred to possess the entire Lot 83. x x x²⁶

Then again, in *Manila Electric Company v. Heirs of Deloy*,²⁷ the Court held:

At any rate, it is fundamental that a certificate of title serves as evidence of an indefeasible and incontrovertible title to the property in favor of the person whose name appears therein. It bears to emphasize that the titleholder is entitled to all the attributes of ownership of the property, including possession. Thus, the Court must uphold the age-old rule that the person who has a Torrens title over a land is entitled to its possession. In *Pascual v. Coronel*, the Court reiterated the rule that a certificate of title has a superior probative value as against that of an unregistered deed of sale in ejectment cases.²⁸

²⁶ Id. at 142-143.

²⁷ G.R. No. 192893, June 5, 2013, 697 SCRA 486.

²⁸ Id. at 504.

While respondent has in his favor deeds of sale over the eight parcels of land, these deeds were not registered; thus, title remained in the name of the owner and seller Atilano. When he died, title passed to petitioner, who is his illegitimate child. This relationship does not appear to be contested by respondent – in these proceedings, at least. Under Article 777 of the Civil Code, “[t]he rights to the succession are transmitted from the moment of the death of the decedent.” Thus, applying the principle enunciated in the above-cited cases, petitioner and her co-heirs should have been favored on the question of possession, being heirs who succeeded the registered owner of the properties in dispute. Clearly, the MTCC, RTC, and CA erred in ruling in favor of respondent.

Besides, if there are strong reasons of equity, such as when the execution of the judgment in the unlawful detainer case would result in the demolition of the premises such that the result of enforcement would be permanent, unjust and probably irreparable, then the unlawful detainer case should at least be suspended, if not abated or dismissed, in order to await final judgment in the more substantive case involving legal possession or ownership.²⁹ The facts indicate that petitioner and her co-heirs have established residence on the subject premises; the fact that they were given a long period of six months within which to vacate the same shows how deep they have established roots therein. If they vacate the premises, serious irreversible consequences – such as demolition of their respective residences – might ensue. It is thus more prudent to await the outcome of Civil Case No. 4162.

In *Vda. de Legaspi v. Avendaño*, the Court suspended the enforcement of a writ of demolition rendered in an ejectment case until after a case for annulment of title involving the property to be demolished was decided. The Court ratiocinated:

x x x. Where the action, therefore, is one of illegal detainer, as distinguished from one of forcible entry, and the right of the plaintiff to recover the premises is seriously placed in issue in a proper judicial proceeding, it is more equitable and just and less productive of confusion and disturbance of physical possession, with all its concomitant inconvenience and expenses. For the Court in which the issue of legal possession, whether involving ownership or not, is brought to restrain, should a petition for preliminary injunction be filed with it, the effects of any order or decision in the unlawful detainer case in order to await the final judgment in the more substantive case involving legal possession or ownership. It is only where there has been forcible entry that as a matter of public policy the right to physical possession should be immediately set at rest in favor of the prior possession regardless of the fact that the other party

²⁹ *Go v. Court of Appeals*, 358 Phil. 214, 226 (1998); *Wilmon Auto Supply Corporation v. Court of Appeals*, supra note 16; *Salinas v. Hon. Navarro*, 211 Phil. 351, 356 (1983); *Vda. de Legaspi v. Hon. Avendaño*, 169 Phil. 138, 146 (1977).

might ultimately be found to have superior claim to the premises involved, thereby to discourage any attempt to recover possession thru force, strategy or stealth and without resorting to the courts.³⁰

With the foregoing pronouncement, the Court finds no need to tackle the other issues raised by the parties.

WHEREFORE, the Petition is **GRANTED**. The assailed January 2, 2012 Decision and June 11, 2012 Resolution of the Court of Appeals in CA-G.R. SP No. 110427 are **REVERSED** and **SET ASIDE**. Civil Case No. 1940 for ejectment is ordered **DISMISSED**.

SO ORDERED.


MARIANO C. DEL CASTILLO
Associate Justice

WE CONCUR:


ANTONIO T. CARPIO
Associate Justice
Chairperson


ARTURO D. BRION
Associate Justice


JOSE CATRAL MENDOZA
Associate Justice


MARVIC M.V.F. LEONEN
Associate Justice

³⁰ *Fernando v. Lim*, 585 Phil. 141, 159 (2008).

ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



ANTONIO T. CARPIO
Associate Justice
Chairperson

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



MARIA LOURDES P. A. SERENO
Chief Justice

