

## SIXTEENTH DIVISION

[ CA-G.R. SP NO. 123237, May 16, 2014 ]

**SPOUSES ARNIL AND HAZEL HINAYHINAY, PETITIONERS, VS. SPOUSES PAUL DOBLON AND ADELA DOBLON, SPOUSES ADONIS ZARATE AND ANA MARIE ZARATE, SPOUSES MICHAEL MARCIAL AND CARINA MARCIAL, SPOUSES JESSIE PADUA AND ANGELA PADUA, AND MARITESS BETER, AND ALL PERSONS CLAIMING RIGHTS FROM THEM, RESPONDENTS.**

### DECISION

**CORALES, J.:**

This is a Petition for Review<sup>[1]</sup> under Rule 42 of the Rules of Court assailing the January 23, 2009 Decision<sup>[2]</sup> and September 19, 2011 Order<sup>[3]</sup> of the Regional Trial Court (RTC), Branch 171, Valenzuela City in Civil Case No. 241-V-08. The assailed decision affirmed *in toto* the July 2, 2008 Decision<sup>[4]</sup> of the Metropolitan Trial Court (MeTC), Branch 82, Valenzuela City which dismissed the unlawful detainer case filed by petitioners Spouses Arnil and Hazel Hinayhinay (Spouses Hinayhinay) against Spouses Paul and Adela Doblon (Spouses Doblon); Spouses Adonis and Ana Marie Zarate (Spouses Zarate); Spouses Michael and Carina Marcial (Spouses Marcial); Spouses Jessie and Angela Padua (Spouses Padua); and Maritess Beter (Beter) (collectively referred herein as respondents). Meanwhile, the challenged order denied the subsequent motion for reconsideration filed by Spouses Hinayhinay.

#### The Antecedents

Spouses Hinayhinay and respondents were lessees of Felicisimo Lopez (Lopez) in his properties located in Karuhatan, Valenzuela City and covered by Transfer Certificate of Title (TCT) No. (T-192089) 8107.<sup>[5]</sup> Without their knowledge, Lopez mortgaged the property in favor of Westmont Bank, now United Overseas Bank of the Philippines (UOBP), to secure a P3,000,000.00 loan. The mortgage was foreclosed and Lopez executed a Voluntary Turn-Over of Possession<sup>[6]</sup> in favor of UOBP.

On November 3, 2006, UOBP demanded the occupants of the subject property to immediately vacate the premises, otherwise it would take appropriate action to protect its interest.<sup>[7]</sup> However, it appears that no action has been taken by the bank against the occupants and as early as January 23, 2007 Hazel has been negotiating with it for the purchase of the property. The bank later on sold the property to Hazel.<sup>[8]</sup> On February 27, 2007, the possession of the premises was turned over to Spouses Hinayhinay<sup>[9]</sup> who immediately informed respondents of the purchase. Spouses Hinayhinay also requested respondents to pay their rents at the end of every month starting March 2007 or to leave the premises within two (2) weeks if they do not intend to continue the lease.<sup>[10]</sup> Respondents allegedly paid to petitioners the rentals for March 2007 but on April 2007, Spouses Doblon, Spouses

Zarate and Beter refused to do so. On the other hand, Spouses Marcial and Spouses Padua failed to pay their rents starting May 2007.

On June 7, 2007, Onshore Strategic Assets (SPV-AMC), Inc. (OSAI), claiming to have purchased the property from UOBP, executed a deed of conditional sale in favor of Spouses Hinayhinay. OSAI undertook to execute the deed of absolute sale upon Spouses Hinayhinay's full payment of the purchase price.<sup>[11]</sup>

On October 9, 2007, Spouses Hinayhinay filed a complaint for ejectment against respondents. They averred that respondents ignored their demands<sup>[12]</sup> for payment of rental arrears and to vacate the premises; and attempts to settle the dispute before the *Lupong Tagapamaya ng Barangay* proved futile.<sup>[13]</sup>

Respondents filed their Answer<sup>[14]</sup> alleging that upon their discovery of the foreclosure of the mortgage, they immediately informed UOBP of their desire to "buy-back" the property. Upon instruction of the bank, they purportedly appointed Spouses Hinayhinay to represent them in the negotiation. However, they later on discovered that Spouses Hinayhinay had secretly bought the property for themselves. In their Supplemental Answer,<sup>[15]</sup> respondents also questioned the jurisdiction of the MeTC and the payment of the required docket fees on the ground that Spouses Hinayhinay should have filed separate ejectment complaints instead of collectively naming them as respondents in one case.

### **The Ruling of the MeTC and the RTC**

On July 2, 2008, the MeTC rendered a Decision<sup>[16]</sup> dismissing the ejectment case due to Spouses Hinayhinay's failure to present any documentary proof showing their ownership over the disputed property. It noted that the deed of conditional sale was signed by OSAI but the latter's right to sell the property in favor of Spouses Hinayhinay was not established by any supporting evidence.

On appeal,<sup>[17]</sup> the RTC affirmed *in toto* the findings of the MeTC through its January 23, 2009 Decision.<sup>[18]</sup> It did not give credence to the deed of conditional sale in favor of Spouses Hinayhinay because the signature of OSAI's representative was conspicuously missing and the document was not notarized. The RTC also ruled that if there was indeed a sale between UOBP and OSAI, the latter, as the new owner of the property, should turn over its possession to Spouses Hinayhinay and not someone from UOBP.

Spouses Hinayhinay sought reconsideration<sup>[19]</sup> but the RTC denied the same through its September 19, 2011 Order.<sup>[20]</sup>

Unfazed, Spouses Hinayhinay filed the instant petition arguing that:

The RTC committed a reversible error in ignoring the following facts and points borne by the uncontroverted evidence on record:

1. The respondents categorically admitted in their pleadings that the petitioners are owners of the subject property.
2. Despite the admission by the respondents of the petitioners' ownership of the subject property, the petitioners presented their documentary evidence to prove that they are buyers of the subject property, that they exercised their

rights over it, and that their ownership and possessory rights were recognized by another branch of the RTC.

3. The petitioners as buyers of the land and its improvements and as legitimate possessors thereof have the right to evict the respondents as alleged lessees thereof for non-payment of rentals and for refusing to vacate the subject property despite receipt of the demand letter and the right to recover the arrears in rent and attorney's fees from them.

On November 7, 2012, Spouses Hinayhinay filed a Manifestation and Motion In Lieu of Reply and submitted the following documents: a March 20, 2012 Certification<sup>[21]</sup> from UOBP stating that petitioners had fully paid the agreed purchase price for the litigated property; TCT No. V-102602<sup>[22]</sup> issued on July 4, 2011 in the name of OSAI; and a March 23, 2012 deed of absolute sale<sup>[23]</sup> whereby OSAI conveyed the property in favor of Spouses Hinayhinay. They also informed this Court of the final and executory Decision in CA-G.R. SP No. 115061, entitled "*Evelyn Ramos, Annie Galang and Wibina Janoras v. Sps. Arnil & Hazel Hinayhinay*"<sup>[24]</sup> in which the Special Thirteenth Division affirmed the ruling of the MeTC and RTC, Branch 269, Valenzuela City that Spouses Hinayhinay has a better right of possession over the same litigated property.<sup>[25]</sup>

On the other hand, respondents insist, among others, that Spouses Hinayhinay failed to show their rights over the property considering that there is no Board Resolution approving the disposition from Westmont Bank to UOBP, then to OSAI and later on to petitioners.<sup>[26]</sup>

### **This Court's Ruling**

The petition is meritorious.

In unlawful detainer cases, the only issue to be resolved is physical or material possession of the property involved, independent of any claim of ownership by any of the parties involved. Thus, when the relationship of lessor and lessee is established in an unlawful detainer case, any attempt of the parties to inject the question of ownership into the case is futile, except insofar as it might throw light on the right of possession.<sup>[27]</sup>

In the case at bench, the presence of lessor-lessee relationship between Spouses Hinayhinay and respondents was proven by preponderance of evidence particularly by the latter's judicial admission. In a letter<sup>[28]</sup> dated February 27, 2007, Spouses Hinayhinay informed respondents that they had bought the subject property from UOBP and should they be willing to continue the lease, they would have to pay rents every end of the month starting March 2007; otherwise, they should leave the premises within two (2) weeks from notice. Respondents continued occupancy of the subject property signifies their acceptance of the lease offered by Spouses Hinayhinay.<sup>[29]</sup> Notably, respondents did not even deny the material averments in Spouses Hinayhinay's complaint that they had paid the monthly rentals for March and April 2007. Under Section 11, Rule 8 of the Rules of Court, an allegation not specifically denied is deemed admitted, thus, by respondents mere silence, there is already an admission<sup>[30]</sup> as to the existence of a lease agreement between them and Spouses Hinayhinay.

The issue of ownership is immaterial in the unlawful detainer case considering the lessor-lessee relationship between the parties. Once a contract of lease is shown to exist between the parties, the lessee cannot by any proof, however strong, overturn the conclusive presumption that the lessor has a valid title to or a better right of possession to the subject premises than the lessee. Under Section 2 (b) of Rule 131<sup>[31]</sup> and Article 1436 of the New Civil Code,<sup>[32]</sup> the respondents, as lessees, are estopped from denying Spouses Hinayhinay's title, or to assert a better title thereto, while in possession of the property and until they surrender the same to the landlord. This estoppel applies even if We concede that Spouses Hinayhinay had no title yet over the subject premises at the time the relationship of the lessors and lessees was created.<sup>[33]</sup> As held in *Tamio v. Ticson*,<sup>[34]</sup> the relation of lessor and lessee does not depend on the former's title but on the agreement between the parties, followed by the possession of the premises by the lessee under such agreement. As long as the latter remains in undisturbed possession, it is immaterial whether the lessor has a valid title – or any title at all – at the time the relationship was entered into.

At any rate, there is also preponderance of evidence showing Spouses Hinayhinay's right over the disputed property. The notarized Voluntary Turn-Over of Possession<sup>[35]</sup> executed by Lopez in favor of UOBP established the latter's power and prerogative to convey the land and its improvements in favor of a third party. A notarized document is evidence of the facts expressed therein. It enjoys a *prima facie* presumption of authenticity and due execution and only a clear and convincing evidence could overcome this legal presumption.<sup>[36]</sup> Thus, in the absence of such clear and convincing evidence, the notarized Voluntary Turn-Over of Possession is sufficient proof of UOBP's right to transfer the possession and administration of the property in favor of Spouses Hinayhinay. Therefore, when UOBP formally turned over the possession of the subject premises in favor of Spouses Hinayhinay without any qualification as to such right, the latter acquired the authority to lease the same to respondents. This right is not affected by UOBP's failure to sign the subsequent deed of conditional sale in favor of Spouses Hinayhinay, or to have it notarized, considering that absolute ownership of the property is not mandatory in a lease agreement. In fact, the lessor need not be the owner of the property being leased.<sup>[37]</sup>

Respondents' contentions as to the fraud and deceit purportedly committed by Spouses Hinayhinay in buying the property personally without their participation is also of no moment in this case. To reiterate, in an action for unlawful detainer, the only issue for resolution is the physical or material possession of the property involved, independent of any claim of ownership by any party litigant.<sup>[38]</sup> Further, this Court cannot rely on respondents' mere allegations that they had authorized Spouses Hinayhinay to negotiate with the bank and had contributed for its purchase price *sans* proof thereof. Basic is the rule that mere allegation is not evidence, and is not equivalent to proof.<sup>[39]</sup>

Respondents also failed to adduce any evidence of payment of rents and are even silent as to this issue. To reiterate, material averments in a complaint are deemed admitted when not specifically denied.<sup>[40]</sup> Such failure of the lessees to pay rent means the loss of their right to remain in the premises.<sup>[41]</sup> When they subsequently reject the lessors' demand for them to vacate, their continued possession violate the lessors' rights and give rise to the action for unlawful detainer.<sup>[42]</sup>