

SECOND DIVISION

[G.R. No. 199666, October 07, 2019]

CAMARINES SUR TEACHERS AND EMPLOYEES ASSOCIATION, INC., REPRESENTED BY ITS PRESIDENT, DR. ANTONIO A. RALUTA, PETITIONER, VS. PROVINCE OF CAMARINES SUR, REPRESENTED BY GOVERNOR LUIS RAYMUND F. VILLAFUERTE, JR., RESPONDENT.

DECISION

CAGUIOA, J:

This is a petition for review on *certiorari*^[1] (Petition) under Rule 45 of the Rules of Court assailing the Decision^[2] of the Court of Appeals^[3] (CA) dated March 16, 2011 and its Resolution^[4] dated November 23, 2011 in CA-G.R. SP No. 111459. The CA Decision granted the petition by the respondent Province of Camarines Sur (Province), reversed and set aside the Decision^[5] dated August 10, 2009 and the Order dated September 28, 2009 of the Regional Trial Court, Fifth Judicial Region, Branch 26, Naga City (RTC) in Civil Case No. 2009-0048, and reinstated the Decision^[6] dated March 12, 2009 of the Municipal Trial Court in Cities, Naga City, Branch 1 (MTCC Br. 1) in Civil Case No. 12884. The CA Resolution denied the motion for reconsideration filed by petitioner Camarines Sur Teachers and Employees Association, Inc. (CASTEA).

Facts and Antecedent Proceedings

As culled from the RTC Decision, the antecedents are as follows:

The x x x Province of Camarines Sur is the registered owner of a certain parcel of land situated in Barangay Peñafrancia, Naga City covered by Original Certificate of Title No. 22 [in the name of the Province of Camarines Sur (*Gobierno Provincial de Ambos Camarines*^[7]). [O]n September 28, 1966, the Local Government of the Province of Camarines Sur thru then Governor Apolonio G. Maleniza donated a portion of said property covered by OCT No. 22 with an approximate area of Six Hundred (600) square meters to the Camarines Sur Teachers' Association, Inc. (CASTEA) by virtue of the Deed of Donation Inter Vivos executed by the parties x x x. On October 14, 2007, [the Province of Camarines Sur] executed a Deed of Revocation of Donation thru Governor Luis Raymund F. Villafuerte, Jr. and served a copy thereof to [CASTEA] on October 17, 2007 x x x. On October 23, 2007, the x x x Province of Camarines Sur thru the Provincial Legal Officer sent a demand letter to [CASTEA] for the latter to vacate the premises of the property in question within x x x [10] x x x days from receipt of the letter x x x.

[On February 13, 2008, the Province of Camarines Sur, represented by Gov. Luis Raymund F. Villafuerte, Jr., filed a case for Unlawful Detainer against CASTEA^[8] before the MTCC.]

On the other hand, [CASTEA] contends that the [Province of Camarines Sur] has ceased to be the owner of the x x x [600] x x x square meters portion of the property possessed and occupied by [CASTEA] contending that the ownership thereof has already been transferred to [CASTEA] by virtue of the Deed of Donation Inter Vivos it executed in favor of [CASTEA] on September 28, 1966. [CASTEA] argues that its act of leasing out to Bodega Glassware portion of the building it constructed on the donated property does not constitute selling, mortgaging or encumbering the donated property or any improvements thereof.

[CASTEA] also maintains that the incumbent governor has no authority to file the instant case because the Sangguniang Panlalawigan has not given its authority to do so. Thus, when Gov. Luis Raymund F. Villafuerte, Jr. signed the verification and certification on non[-]forum shopping of the complaint without authority from the Provincial Board, it is as if the plaintiff which is a corporate body did not sign the verification and certification. Hence, the case should be dismissed outright.

[CASTEA] further argues that there was no violation of the conditions of the Deed of Donation. It further contends that the Deed of Donation remains valid and subsisting and [CASTEA]'s rightful exercise of ownership over the property continues notwithstanding the Deed of Revocation dated October 14, 2007 executed by Governor Luis Raymund F. Villafuerte, Jr. considering that [CASTEA] has not violated any of the conditions imposed under the Deed of Donation. [CASTEA] insists that the revocation of the subject Deed of Donation should be made by the proper party through a court action. That the Deed of Revocation has no legal force and effect considering that when it was executed by Gov. Luis Raym[u]nd F. Villafuerte[, Jr.], he was not legally authorized by the Provincial Board of Camarines Sur through a resolution to do so x x x.

[CASTEA] also submits that the action for revocation of the subject Deed of Donation is already barred by prescription. The complaint was filed by the Province of Camarines Sur on April 25, 2008, while the lease contract was executed between [CASTEA] and Bodega Glassware on September 29, 1995^[9] [for a period of 20 years, commencing from September 1, 1995 to September 1, 2015^[10]]. Thus, a period of x x x 13 x x x years from the alleged violation has already passed and therefore the action has already prescribed.^[11]

On March 12, 2009, the MTCC Br. 1 rendered a Decision the dispositive portion of which reads as follows:

WHEREFORE, premises considered, the Court finds for the plaintiff, ordering defendant CASTEA:

1. To immediately vacate the 600 square meters land covered by Original Certificate of Title No. 22 registered in the name of plaintiff,

and surrender the same peacefully to the latter;

2. To pay plaintiff the amount of Php. 20,000.00 a month from November, 2007 until it vacates the premises, as reasonable compensation for the use of the land.

Defendant's counterclaim is ordered DISMISSED for lack of merit, with cost against defendant.

SO ORDERED. [12]

CASTEA appealed the MTCC Br. 1 Decision to the RTC. In its Decision dated August 10, 2009, the RTC reversed the MTCC Br. 1 Decision. The dispositive portion of the RTC Decision states:

WHEREFORE, premises considered, the decision of the court a quo is hereby reversed and set aside and a new one entered DISMISSING the above case for failure of the plaintiff to present evidence to substantiate its cause of action.

No costs. [13]

The RTC took the stand that there was a need for a court action to revoke the Deed of Donation since CASTEA denied having violated the conditions thereof and refused to voluntarily return the donated property. Thus, only a judicial determination could conclusively settle whether the revocation by the Province was proper. The RTC explained:

The [c]ourt a quo committed a reversible error when it ruled that it may be concluded that upon leasing by the defendant CASTEA of the subject property to the Bodega Glassware, there was an automatic revocation of the donation and the possession of defendant over the property became, from then on, by mere tolerance of plaintiff. Defendant-appellant insists that its lease with the Bodega Glassware was made for the benefit of the defendant and for the purpose of carrying out its function which commenced in 1995 in consonance with the specific purpose of the donation, which is for the upliftment of education and the teachers. The rentals collected have redounded to the benefit of the teachers and employees for its mutual aid and death benefits paid to members x x x. On the other hand, the plaintiff contends that lease is an encumbrance as defined in the case of Roxas vs. Court of Appeals and Cayetano, GR No. 92245 dated June 26, 1991.

This court believes that the court a quo erred when it ruled that there was an automatic revocation of the donation considering that there is a need for a court action to revoke the Deed of Donation. Article 764 of the Civil Code provides that the donation shall be revoked at the instance of the donor, when the donee failed to comply with any of the conditions which the former imposed upon the latter.

The case of Ongsiako, et al. vs. Ongsiako, et al. (L-7510, March 30, 1957) as cited by Paras in his book is instructive. It states that although Article 764 provides that the donation shall be revoked "at the instance of the donor" when the donee fails to comply with any of the conditions

which the former imposed on the latter, the Supreme Court held that the donor may not revoke (sic) a donation by his own unilateral act, even if the donee should have broken any of the conditions imposed by the donation. A court action is essential, if the donee refuses to return the property voluntarily.

In the later case of Edgardo Dolar vs. Barangay Lublub of the Municipality of Dumangas, et al. G.R. No. 152663 dated November 18, 2005, the Supreme Court ruled that where, however, the donee denies, as here, the rescission or challenges the propriety thereof, then only the final award of the court can conclusively settle whether the resolution is proper or not.

[14]

The RTC also ruled that the action to revoke the donation, whether anchored under Article 764 (4 years from non-compliance by the donee of the conditions in the deed of donation) or Article 1144 (10 years from when the right of action accrues upon a written contract) of the Civil Code, the unlawful detainer case was filed beyond the said periods.[15]

The motion for reconsideration filed by the Province was denied in the Order of the RTC dated September 28, 2009.[16]

The Province filed a petition for *certiorari* under Rule 65 of the Rules of Court before the CA. The CA granted the petition and reversed the RTC Decision. The dispositive portion of the CA Decision dated March 16, 2011 states:

WHEREFORE, premises considered, the petition is **GRANTED**. The August 10, 2009 Decision and September 28, 2009 Order of the Regional Trial Court of Naga City, Branch 26, in Civil Case No. 2009- 0048 are **REVERSED** and **SET ASIDE**. The March 12, 2009 Decision of the Municipal Trial Court in Cities, Naga City, Branch 1, in Civil Case No. 12884 is **REINSTATED**.

SO ORDERED.[17]

The CA ruled that CASTEA violated the Deed of Donation since a lease is an encumbrance in contemplation of the law, *viz.*:

x x x The "act of leasing out" made by the respondent in favor of the third party had the legal effect of encumbrance. A lease such as the one involved in this case is an encumbrance in contemplation of law. (PCI Leasing and Finance, Inc. vs. UCPB General Insurance Co., Inc. G.R. No. 162267. July 4, 2008.) The respondent clearly violated the contract of donation which made it void and of no more force and effect. As this Court is obliged to give effect to the agreement and enforce the contract to the letter (National Power Corp. vs. Premier Shipping Lines, Inc., *supra.*), We hereby declare that petitioner has the right to recover the property donated. We hence favor the filing of unlawful detainer case as the possession of the respondent was originally legal but became illegal due to the expiration or termination of the right to possess. (Canlas vs. Tubil, G.R. No. 184285. September 25, 2009.) [18]

On the issue of prescription, the CA stated that the general rules on prescription apply and not the rules on donation since the subject donation is an onerous one

and Article 1108(4) of the Civil Code provides that prescription runs against juridical persons, except the State and its subdivisions.^[19] Thus, the CA ruled that despite the filing of the unlawful detainer case in 2008, it was not barred by prescription, viz.:

The long[-]standing rule is that prescription does not run against the State and its subdivisions. When the government is the real party in interest, and it is **proceeding mainly to assert its own right to recover its own property**, there can as a rule be no defense grounded on laches or prescription. (Republic of the Philippines vs. Hon. Mamindiara Mangotara, G.R. No. 170375. July 7, 2010; Eagle Realty Corp. vs. Republic of the Philippines, G.R. No. 151424, July 4, 2008; Republic of the Philippines vs. Heirs of Agustin L. Angeles, G.R. No. 141296, October 7, 2002.) Even, therefore, with the filing of the unlawful detainer case only in 2008, petitioner's action was not barred by prescription.^[20]

CASTEA filed a motion for reconsideration.^[21] The motion was denied in the CA Resolution^[22] dated November 23, 2011, which states:

This Court, after a meticulous study of the arguments set forth in the Motion for Reconsideration filed by herein respondent, finds no cogent reason to revise, amend, much less reverse, the decision dated March 16, 2011. The Motion for Reconsideration is thus **DENIED**.

SO ORDERED.^[23]

Proceedings Before the Court

Hence, the present Rule 45 Petition dated January 13, 2012.

At the outset it should be noted that, in another Rule 45 *certiorari* petition (G.R. No. 194199), the Province questioned the Decision^[24] of the CA's Special Tenth Division dated May 31, 2010 in CA-G.R. SP No. 110521, captioned as *Province of Camarines Sur Represented by Governor Luis Raymund F. Villafuerte, Jr. v. Bodega Glassware Represented by its owner Joseph D. Cabral (Bodega Glassware)*, which denied the Province's appeal to the CA and affirmed the Decision of the Regional Trial Court, Branch 26, Naga City. The RTC Decision^[25] reversed the Decision dated December 11, 2008 of the Municipal Trial Court of Naga City, Branch 2 (MTC Br. 2) and, in its stead, dismissed the unlawful detainer case filed by the Province against Bodega Glassware, the lessee of a portion of the building constructed by CASTEA on the donated property.

Evidently, the Province had filed **two** separate unlawful detainer cases: one against CASTEA, and another, against Bodega Glassware. As mentioned earlier, the case against CASTEA was filed on February 13, 2008. It is this case that is now before the Court (*i.e.*, G.R. No. 199666). The case against Bodega Glassware was filed on March 13, 2008^[26] and was the case elevated to the Court in G.R. No. 194199.

It must be noted that, among the grounds for reversing the MTC Br. 2 Decision and entering a new decision dismissing the complaint filed by the Province against Bodega Glassware, the RTC cited the failure of the Province to implead CASTEA as an indispensable party, considering that Bodega Glassware derived its right to