

## THIRD DIVISION

[ G.R. No. 194199, March 22, 2017 ]

**PROVINCE OF CAMARINES SUR, REPRESENTED BY GOVERNOR  
LUIS RAYMUND F. VILLAFUERTE, JR., VS. PETITIONER, BODEGA  
GLASSWARE, REPRESENTED BY ITS OWNER JOSEPH D. CABRAL,  
RESPONDENT.**

### D E C I S I O N

**JARDELEZA, J.:**

#### **The Case**

This is a verified petition for review on *certiorari*<sup>[1]</sup> under Rule 45 of the Rules of Court filed by petitioner Province of Camarines Sur (petitioner) challenging the Decision<sup>[2]</sup> of the Court of Appeals (CA) promulgated on May 31, 2010 (assailed Decision) and its Resolution<sup>[3]</sup> dated October 12, 2010 (assailed Resolution). The assailed Decision affirmed the Decision<sup>[4]</sup> of the Regional Trial Court of Naga City, Branch 26 (RTC Naga City), which in turn, reversed the ruling<sup>[5]</sup> of the Municipal Trial Court of Naga City, Branch 2 (MTC Naga City) in the action for ejectment filed by the petitioner against respondent Bodega Glassware (Bodega).

#### **The Facts**

Petitioner is the registered owner of a parcel of land in Peñafrancia, Naga City under Original Certificate of Title (OCT) No. 22.<sup>[6]</sup> On September 28, 1966, through then Provincial Governor Apolonio G. Maleniza, petitioner donated around 600 square meters of this parcel of land to the Camarines Sur Teachers' Association, Inc. (CASTEA) through a Deed of Donation *Inter Vivos* (Deed of Donation).<sup>[7]</sup> The Deed of Donation included an automatic revocation clause which states:

That the condition of this donation is that the DONEE shall use the above-described portion of land subject of the present donation for no other purpose except the construction of its building to be owned and to be constructed by the above-named DONEE to house its offices to be used by the said Camarines Sur Teachers' Association, Inc., in connection with its functions under its charter and by-laws and the Naga City Teachers' Association as well as the Camarines Sur High School Alumni Association, PROVIDED FURTHERMORE, that the DONEE shall not sell, mortgage or incur the property herein donated including any and all improvements thereon in favor of any party and provided, lastly, that the construction of the building or buildings referred to above shall be commenced within a period of one (1) year from and after the execution

of this donation, otherwise, this donation shall be deemed automatically revoked and voided and of no further force and effect.<sup>[8]</sup>

CASTEA accepted the donation in accordance with the formalities of law and complied with the conditions stated in the deed. However, on August 15, 1995, CASTEA entered into a Contract of Lease with Bodega over the donated property.<sup>[9]</sup> Under the Contract of Lease, CASTEA leased the property to Bodega for a period of 20 years commencing on September 1, 1995 and ending on September 15, 2015. Bodega took actual possession of the property on September 1, 1995.<sup>[10]</sup>

Sometime in July 2005, the Office of the Provincial Legal Officer of the Province of Camarines Sur wrote Bodega regarding the building it built on the property. The Provincial Legal Officer requested Bodega to show proof of ownership or any other legal document as legal basis for his possession. Bodega failed to present any proof. Nevertheless, petitioner left Bodega undisturbed and merely tolerated its possession of the property.<sup>[11]</sup>

On November 11, 2007, petitioner sent a letter to Bodega dated October 4, 2007.<sup>[12]</sup> In this letter, petitioner stated that Bodega's occupation of the property was by mere tolerance of the petitioner.<sup>[13]</sup> As it now intended to use the property for its developmental projects, petitioner demanded that Bodega vacate the property and surrender its peaceful possession. Bodega refused to comply with the demand.<sup>[14]</sup>

Petitioner, through its then Provincial Governor Luis Raymund F. Villafuerte, Jr., revoked its donation through a Deed of Revocation of Donation<sup>[15]</sup> (Deed of Revocation) dated October 14, 2007. It asserted that CASTEA violated the conditions in the Deed of Donation when it leased the property to Bodega. Thus, invoking the automatic revocation clause in the Deed of Donation, petitioner revoked, annulled and declared void the Deed of Donation.<sup>[16]</sup> It appears from the record that CASTEA never challenged this revocation.

On March 13, 2008, petitioner filed an action for unlawful detainer against Bodega before the MTC Naga City. It prayed that Bodega be ordered to vacate the property and surrender to petitioner its peaceful possession. Petitioner also prayed for the payment of P15,000 a month from October 2007 until Bodega vacates the land.<sup>[17]</sup>

In a Decision<sup>[18]</sup> dated December 11, 2008, the MTC Naga City ruled in favor of the petitioner. It ordered Bodega to vacate the property and to pay P15,000 a month as reasonable compensation.<sup>[19]</sup> The dispositive portion of this Decision states:

Wherefore, the foregoing premises considered, plaintiff having established by preponderance of evidence its cause of action against the defendant, the latter is ordered:

- 1) To immediately vacate and surrender to plaintiff, Province of Camarines Sur, the peaceful possession of the portion of the land covered by Original Certificate of Title No. 22 registered

- in the name of the plaintiff with an area of Six Hundred (600) square meters subject of the lease contract executed by CASTEA in favor of the herein defendant dated 7 September 1995 where the defendants (*sic*) building is constructed, and,
- 2) [T]o pay plaintiff the amount of Php15,000.00 a month from date of judicial demand until it vacates the subject properties as reasonable compensation for the use of the same.

Defendant's counterclaim is hereby ordered DISMISSED with costs against defendant.<sup>[20]</sup>

Bodega appealed this Decision to the RTC Naga City which reversed it in a Decision<sup>[21]</sup> dated May 13, 2009. The dispositive portion 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 sustain its cause of action[.]<sup>[22]</sup>

The petitioner then went up on appeal to the CA which rendered the now assailed Decision. The CA disposed of the appeal thus:

**WHEREFORE**, premises considered, the appeal is hereby **DENIED**. The Decision dated May 13, 2009 of the Regional Trial Court, Branch 26, Naga City is hereby **AFFIRMED**.<sup>[23]</sup>

In its assailed Decision, the CA affirmed the ruling of the RTC Naga City that the petitioner cannot demand that Bodega vacate the property. The CA explained that Bodega 's possession of the property is based on its Contract of Lease with CASTEA. CASTEA, in turn, claims ownership of the property by virtue of the Deed of Donation. According to the CA, while petitioner alleges that CASTEA violated the conditions of the donation and thus, the automatic revocation clause applies, it should have first filed an action for reconveyance of the property against CASTEA. The CA theorized that judicial intervention is necessary to ascertain if the automatic revocation clause suffices to declare the donation revoked. In support of its argument, the CA cited the ruling of this Court in *Roman Catholic Archbishop of Manila v. Court of Appeals*.<sup>[24]</sup>

The CA also found that petitioner's action has already prescribed. According to it, Article 1144(1) of the Civil Code applies in this case. Thus, petitioner had 10 years to file an action for reconveyance from the time the Deed of Donation was violated. As the Contract of Lease was entered into on September 1, 1995, petitioner, thus, had 10 years from this date to file the action. Unfortunately, the action for unlawful detainer was filed more than 12 years later. Further, the CA added that even the revocation of the donation was done beyond the 10-year prescriptive period. The CA also denied petitioner ' s motion for reconsideration.<sup>[25]</sup>

Petitioner filed this verified petition for review on *certiorari* challenging the assailed

Decision. It argues that the CA wrongly applied the doctrine in *Roman Catholic Archbishop of Manila*. It asserts that the assailed Decision in fact categorically stated that in donations containing an automatic revocation clause, judicial intervention is not necessary for the purpose of effectively revoking the donation. Such a revocation is valid subject to judicial intervention only when its propriety is challenged in court.<sup>[26]</sup>

In its comment, Bodega anchors its right of possession on its Contract of Lease with CASTEA. It insists that the Contract of Lease is valid because CASTEA is the owner of the property. The automatic revocation clause did not immediately revoke the donation in the absence of a judicial declaration. It also agrees with the CA that the petitioner's action has already prescribed.<sup>[27]</sup>

### **The Issues**

The core issue in this case is who between petitioner and Bodega has the right to the actual physical possession of the property. The resolution of this issue requires us to look into the basis of their claims of possession. Essential to this is the determination of the effect of the automatic revocation clause in the Deed of Donation. We note, however, that an action for unlawful detainer pertains only to the issue of *possession de facto* or actual possession. Thus while we may rule on the basis of the parties' claims of possession—which, in the case of the petitioner, involves an assertion of ownership—this determination is only provisional and done solely to settle the question of possession .

### **The Ruling of the Court**

Rule 70 of the Rules of Court covers the ejectment cases of forcible entry and unlawful detainer. These actions are summary proceedings and are devised to provide for a particular remedy for a very specific issue. Actions for unlawful detainer and forcible entry involve only the question of actual possession.<sup>[28]</sup> In these actions, courts are asked to ascertain which between the parties has the right to the *possession de facto* or physical possession of the property in question.<sup>[29]</sup> Its purpose is to restore the aggrieved party to possession if he or she successfully establishes his or her right to possess the property. The essence of an ejectment suit is for the rightful possessor to lawfully recover the property through lawful means instead of unlawfully wresting possession of the property from its current occupant.<sup>[30]</sup> Thus, an action for unlawful detainer or forcible entry is a summary proceeding and is an expeditious means to recover possession. If the parties raise the issue of ownership, courts may only pass upon that issue for the purpose of ascertaining who has the better right of possession.<sup>[31]</sup> Any ruling involving ownership is not final and binding. It is merely provisional and does not bar an action between the same parties regarding the title of the property.<sup>[32]</sup>

An action for unlawful detainer, as in this case, pertains to specific circumstances of dispossession. It refers to a situation where the current occupant of the property initially obtained possession lawfully.<sup>[33]</sup> This possession only became unlawful due to the expiration of the right to possess which may be a contract, express or implied, or by mere tolerance.<sup>[34]</sup>

An action for unlawful detainer must allege and establish the following key jurisdictional facts:

- (1) initially, possession of property by the defendant was by contract with or by tolerance of the plaintiff;
- (2) eventually, such possession became illegal upon notice by plaintiff to defendant of the termination of the latter's right of possession;
- (3) thereafter, the defendant remained in possession of the property and deprived the plaintiff of the enjoyment thereof; and
- (4) within one year from the last demand on defendant to vacate the property, the plaintiff instituted the complaint for ejectment.<sup>[35]</sup>

When in an unlawful detainer action, the party seeking recovery of possession alleges that the opposing party occupied the subject property by mere tolerance, this must be alleged clearly and the acts of tolerance established.<sup>[36]</sup> Further, the party seeking possession must identify the source of his or her claim as well as satisfactorily present evidence establishing it.

In this case, petitioner alleged that as early as 2005, it had asked Bodega to present proof of its legal basis for occupying the property. Bodega, however, failed to heed this demand. For several years, petitioner merely tolerated Bodega's possession by allowing it to continue using its building and conducting business on the property. Petitioner demanded that Bodega vacate the property in November 2007. This presents a clear case of unlawful detainer based on mere tolerance.

Petitioner proceeds to argue that its right of possession is based on its ownership. This, in turn, is hinged on its position that the property reverted back to the petitioner when the donation was revoked as provided in the automatic revocation clause in the Deed of Donation.

We shall rule on the effect of the automatic revocation clause for the purpose of ascertaining who between petitioner and Bodega has the right to possess the property.

This Court has affirmed the validity of an automatic revocation clause in donations in the case of *De Luna v. Abrigo*<sup>[37]</sup> promulgated in 1990. We explained the nature of automatic revocation clauses by first identifying the three categories of donation. In *De Luna*, we said that a donation may be simple, remuneratory or onerous. A donation is simple when the cause is the donor's pure liberality. It is remuneratory when the donor "gives something to reward past or future services or because of future charges or burdens, when the value of said services, burdens or charges is less than the value of the donation."<sup>[38]</sup> A donation is onerous when it is "subject to burdens, charges, or future services equal (or more) in value than that of the thing donated x x x."<sup>[39]</sup> This Court found that the donation in *De Luna* was onerous as it required the donee to build a chapel, a nursery, and a kindergarten. We then went on to explain that an onerous donation is governed by the law on contracts and not