

FIRST DIVISION

[G.R. NO. 165831, February 23, 2007]

**SPS. COL. PEDRO L. LUMBRES AND REBECCA ROARING,
PETITIONERS, VS. SPS. PEDRO B. TABLADA, JR. AND ZENAIDA
N. TABLADA, RESPONDENTS.**

D E C I S I O N

GARCIA, J.:

Assailed and sought to be set aside in this petition for review under Rule 45 of the Rules of Court are the following issuances of the Court of Appeals (CA) in *CA-G.R. SP No. 82617*, to wit:

1. Decision^[1] dated August 31, 2004 reversing and setting aside the appealed Order of the Regional Trial Court (RTC) of Calamba City, Branch 37, and reinstating an earlier decision of the Municipal Trial Court in Cities (MTCC), Calamba City, which dismissed the petitioners' complaint for ejectment against the herein respondents; and
2. Resolution^[2] dated October 27, 2004 denying the petitioners' motion for reconsideration.

From the facts on record, it appears that this is a case of double sale of a lot covered by Transfer Certificate of Title (TCT) No. 473055 with an area of 105 square meters, more particularly identified as Lot 8, Block 3 of the Spring Homes Subdivision, Brgy. Bucal, Calamba City. Both parties to the case present Deeds of Absolute Sale for the same lot from the same seller, Spring Homes Subdivision Company, Inc. (Spring Homes, hereafter).

Reviewed, the records disclose that on January 9, 1995, Spring Homes, former owner of the parcel of land in dispute, entered into a *pro forma Contract to Sell*^[3] with the respondent spouses. The prepared typewritten contract, with the blank spaces therein merely filled up, contains the designation of the parcel sold, the price per square meter and the stipulation as to payment, to wit:

1. That the SELLER, for and in consideration of the payments and other terms and conditions hereinafter to be designated, has offered to sell and the BUYER has agreed to buy certain parcel of land more particularly described as follows:

Blk No.	Lot No.	Area Sq. Meter	Price Per Sq. Meter	Total Selling Price
P-111				
3	8	105 42	P 1,500 6,000	

2. That in consideration of the foregoing agreement, the BUYER obligates himself to pay to the SELLER the sum of FOUR HUNDRED NINE THOUSAND FIVE HUNDRED PESOS (P409,500)., Philippine Currency, payable as follows:

- a) As downpayment, the amount of THIRTY NINE THOUSAND FOUR HUNDRED PESOS (P39,400).,
- b) The amount of TWO HUNDRED THIRTY THOUSAND PESOS (P230,000). To be paid on or before upon the release of Pag-Ibig Loan.
- c) The SEVENTY THOUSAND ONE HUNDRED (P70,100) to be paid upon the signing of this contract. Balance of SEVENTY THOUSAND (P70,000) by monthly installments of ELEVEN THOUSAND SIX HUNDRED SIXTY SIX & 70 Cents PESOS (11,666.70) to start on the 30th day of January, 1995 until said balance is fully paid subject to interest at the rate of ____ percent () per annum on the balance outstanding or the prevailing bank interest rate whichever is higher.

xxx xxx xxx

On January 16, 1996, after having been paid the sum total of P179,500.00, which the respondents claim to be the full purchase price of the subject lot, Spring Homes executed a *Deed of Absolute Sale*^[4] in favor of the respondents. In the deed, Lot 8, Block 3 was already made to appear as covered by TCT No. T-284037. Respondents' accumulated payments totaling P179,500.00 consisted of the following: P39,400.00 by way of downpayment; P70,100.00 paid on signing of the contract; and P70,000.00 paid in monthly installments of P11,666.70 each. All such payments are evidenced by receipts of the corresponding transactions. Because the anticipated Pag-Ibig loan failed to materialize, the P230,000.00, which, under the *Contract to Sell*, was supposed to be paid upon release of the loan, was left unpaid.

Respondents later declared the subject lot for taxation purposes under Tax Declaration No. 019-1342 and paid the corresponding real property taxes thereon. Using their own funds, they caused the construction thereon of a residential house, which they presently occupy, the costs of which amounted to P356,516.50. On June 9, 1996, a Certificate of Occupancy was issued to them by the Office of the Building Official and the house was declared in their names.

With the execution of the aforesaid *Deed of Absolute Sale*, the respondent spouses sent a demand letter dated May 4, 1996 to Spring Homes for the transfer and release to them of the original or owner's copy of TCT No. T-284037. The acting president/chairperson of Spring Homes, Bertha L. Pasic, promised to deliver the said title and even apologized for the delay. However, to their great dismay, the spouses subsequently learned that TCT No. T-284037 was canceled and a new one issued to the petitioners. On account thereof, the respondent spouses filed with the RTC of

Calamba City a civil suit against the petitioners, Spring Homes and the Register of Deeds of Calamba City for nullification of title, reconveyance and damages, docketed as **Civil Case No. 3117-2001-C**.

It appears, however, that after the filing of Civil Case No. 3117-2001-C, the petitioners filed a civil case before the RTC of Calamba City, Laguna, Branch 37, against Spring Homes, docketed as **Civil Case No. 2194-95-C**. On November 17, 1996, the petitioners filed with the Register of Deeds of Calamba City a Notice of *Lis Pendens* over all the properties registered in the name of the said corporation, including Lot 8, Block 3 covered by TCT No. T-284037. On September 3, 1997, the RTC issued an order attaching all of Spring Homes properties, including Lot 8, Block 3. Premiere Development Bank subsequently intervened in Civil Case No. 2194-95-C because all said properties had been mortgaged to it.

On September 21, 1999, the petitioner spouses entered into a *Compromise Agreement* in Civil Case No. 2194-95-C with Spring Homes and Premiere Development Bank, which was approved by the RTC, Branch 37, on October 28, 1999. In that Compromise Agreement, both Spring Homes and Premiere Development Bank recognized the rights and interests of the petitioner spouses over the parcels of land covered by twenty (20) titles and containing an aggregate area of 2,499 square meters. The subject property (Lot 8, Block 3) was among the properties covered by the aforementioned compromise agreement that were judicially assigned, transferred and conveyed to the petitioners.

Meanwhile, due to the respondents' alleged failure to pay the P230,000.00 unpaid balance as per the *Contract to Sell* earlier adverted to despite demands, the subject lot was sold by Spring Homes to the petitioners, again by way of a *Deed of Absolute Sale* executed on December 22, 2000 for and in consideration of the sum of P157,500.00. The mortgage on the lot was released by Premiere Development Bank on January 20, 2001. Subsequently, on January 30, 2001, TCT No. T-473055 covering the subject lot was issued in petitioners' favor.

The instant case cropped up when, asserting their ownership of the subject lot on the basis of TCT No. T-473055, the petitioners demanded of the respondents to vacate said lot and to pay them the rentals due thereon. Their demands having come to naught, the petitioner spouses then filed in the MTCC, Calamba City, a complaint for **ejectment** on October 2, 2001 against respondent Tabladas and all persons claiming rights under them. The complaint was docketed in the MTCC as **Civil Case No. 4335-01**.

In a decision^[5] dated May 28, 2002, the MTCC dismissed the petitioners' ejectment complaint, its basis being the rule on double sale set out in Article 1544 of the Civil Code. Finding that the petitioners' registration of their title over the subject lot was done in bad faith, that court ruled for the respondents.

Aggrieved, the petitioners appealed to the RTC. In an Order^[6] dated October 16, 2003, the RTC reversed and set aside the MTCC decision and ordered the respondent spouses to vacate Lot 8, Block 3, to surrender the possession thereof to the petitioners and to pay the latter reasonable rentals from the time of judicial demands until the premises is surrendered to them.

While conceding that there is a double sale in this case, the RTC, in its aforementioned Order, refused to apply the provisions of Article 1544 of the Civil Code in settling the issue of possession. Instead, it went to the extent of determining the validity and due execution of the separate Deeds of Absolute Sale executed by Spring Homes in favor of the herein contending parties.

In holding that the petitioners have superior right on the subject lot over the respondents, the RTC declared that there was no valid deed of absolute sale executed in favor of the respondents for the following reasons:

1. Even if there was a perfected Contract to Sell between respondents and Spring Homes, the former failed to pay the full purchase price in installments that gave Spring Homes the right to cancel the contract; and
2. The execution of the Deed of Absolute Sale in favor of the respondents on January 16, 1996 is not a transfer of ownership but merely to use it as a collateral for a loan of P230,000.00 from the Pag-Ibig Fund which, incidentally, did not materialize.

Applying the provisions of Articles 1350, 1352 and 1409 of the Civil Code, the RTC deemed the *Deed of Absolute Sale* in favor of the respondents void *ab initio* for want of valid consideration. With their motion for reconsideration having been denied by the RTC in its subsequent Order of February 12, 2004, the respondent spouses then went to the CA on a petition for review in *CA-G.R. SP No. 82617*.

In the herein assailed decision^[7] dated August 31, 2004, the CA granted the respondents' petition, thereby reversing the assailed Orders of the RTC and reinstating the earlier decision of the MTCC. Their motion for reconsideration having been denied by the CA in its equally assailed Resolution^[8] of October 27, 2004, petitioners are now before us via the instant recourse raising the following issues:

1. Whether the CA committed reversible error or grave abuse of discretion when it found the purchase price of the contested lot to be P157,500.00 instead of the stipulated price of P409,500.00 in the Contract to Sell dated January 9, 1995 despite the fact that the existence and validity of said contract was never put in issue;
2. Whether the CA committed reversible error or grave abuse of discretion when it did not find that the sale of the subject lot to the respondents was void due to lack of consideration since it was merely used by the respondents to obtain a loan of P230,000.00 from the PAG-IBIG Fund and despite the fact that said lot was already mortgaged by Spring Homes to the Premiere Development Bank since January 21, 1993 for P4,800,000.00;
3. Whether the CA committed reversible error or grave abuse of discretion when it ruled that the petitioners acquired the lot in question in bad faith despite the judicial assignment of rights and interests to them over the lot in question in RTC Civil Case No. 2194-95-C, and their having had it titled in their names with the

Register of Deeds;

4. Whether the CA committed a reversible error or grave abuse of discretion when it did not find the respondents to be bad faith builders and possessors of the property in question; and
5. Whether the CA committed reversible error or grave abuse of discretion when it manifestly misapprehended the relevant facts.

We **DENY**.

Before proceeding with a discussion of the issues laid out above, it must be stressed that the present case is one for **ejectment**. As such, our judgment hereon is effective only with respect to possession. It does not bind the title or affect the ownership of the lot in question. Such judgment shall not bar an action between the same parties respecting the title to said property.^[9] The only issue for resolution is who, as between the petitioners and the respondents, is entitled to the physical or material possession of the property involved, independent of their respective claims of ownership thereof.^[10]

When acting as an ejectment court, the Metropolitan, Municipal and Circuit Trial Courts' jurisdiction is limited to the determination of the issue on possession *de facto* and not possession *de jure*.^[11] By way of exception, however, if the issue of possession depends on the resolution of the issue of ownership, which is sufficiently alleged in the complaint, as here, the MTCC may resolve the issue of ownership although the resulting judgment would be conclusive only with respect to possession but not to the ownership of the property.^[12]

In claiming their right of possession over the subject lot, petitioners made much of the judicially approved *Compromise Agreement* in Civil Case No. 2194-95-C, wherein Spring Homes' rights and interests over the said lot under its *Contract to Sell* with the respondents were effectively assigned to them. Petitioners argue that out of the whole P409,500.00 purchase price under the respondents *Contract to Sell* with Spring Homes, the respondents were able to pay only P179,500.00, leaving a balance of P230,000.00.

Upon scrutiny, however, the CA astutely observed that despite there being no question that the total land area of the subject lot is 105 square meters, the *Contract to Sell* executed and entered into by Spring Homes and the respondent spouses states:

3. That the SELLER, for and in consideration of the payments and other terms and conditions hereinafter to be designated, has offered to sell and the BUYER has agreed to buy certain parcel of land more particularly described as follows:

Blk No.	Lot No.	Area	Price Per	Total
P-111		Sq.	Sq. Meter	Selling
		Meter		Price
3	8	105	P 1,500	
		42	6,000	
				P409,500