

THIRD DIVISION

[G.R. No. 115410, February 27, 1998]

**JUAN CASABUENA, PETITIONER, VS. HON. COURT OF APPEALS
AND SPOUSES CIRIACO URDANETA AND OFELIA IPIL-
URDANETA, RESPONDENTS.**

D E C I S I O N

ROMERO, J.:

A one hundred square meter (100 sq.m.) lot located at the NDC Compound in Santa Mesa, Manila is coveted by two hopeful parties in this Petition for Review on *Certiorari*. The rivals are the spouses Ciriaco and Ofelia-Ipil Urdaneta, beneficiaries of the "Land of the Landless Program" of the City of Manila, and Juan Casabuena, transferee of the right, title and interest of Ciriaco's assignee, Arsenia Benin.

Urdaneta is one of the fortunate grantees of a parcel of land purchased by the City of Manila and conveyed to its less privileged inhabitants, through its land reform program.

[1] On August 12, 1965, Urdaneta assigned his rights and interests in one-half (1/2) of the lot to Arsenia Benin covering full payment of his indebtedness in the amount of five hundred pesos (P500.00). [2] A deed of sale with mortgage [3] was executed, with Urdaneta undertaking to pay the City the amount of five thousand five hundred pesos (P5,500.00) for a period of forty years in 480 equal installments. On February 16, 1967, after having incurred additional indebtedness in the amount of two thousand pesos (P2,000.00), Ciriaco executed another deed of assignment [4] involving the whole lot, with assignee Benin agreeing to shoulder all obligations including the payment of amortization to the City, in accordance with the contract between it and Urdaneta. [5] The parties verbally agreed that Urdaneta could redeem the property upon payment of the loan within three (3) years from the date of assignment; failure to pay would transfer physical possession of the lot to Benin for a period of fifteen (15) years, without actual transfer of title and ownership thereto. [6] A Transfer Certificate of Title was issued in the name of Urdaneta, married to Ofelia Ipil. [7]

Meanwhile, the administration of the property was assigned to brothers Candido and Juan Casabuena, [8] to whom Benin had transferred her right, title and interest for a consideration of seven thousand five hundred pesos (P7,500.00). Notwithstanding this assignment, Benin constructed a two-door apartment on the lot separately occupied by Jose Abejero and Juan Casabuena, who collected rentals from the former. After the lot was fully paid for by the Urdanetas, a Release of Mortgage was executed on February 7, 1984, under which deed the period of non-alienation of the land was extended from five (5) years to twenty (20) years. [9]

From 1973 to 1976, Juan Casabuena was Benin's rental collector. [10] Their relationship soured, however, compelling the latter to name as administrator Angel Tanjuakio, who filed a complaint for ejectment against petitioner, alleging that the latter stopped paying

rentals on June 15, 1980 and ignored a demand letter to him. For his part, petitioner asserted that he did not receive copies of the receipts issued by Tanjuakio because the tenor of the writings therein made him appear as a tenant of the premises paying rentals and not paying for monthly amortizations for the construction cost of the building.^[11] Finding that the receipts issued by Tanjuakio were “insufficient” to prove his ownership over the property, thereby depriving him of a better right of possession over the premises than the defendant (petitioner herein), the city court^[12] dismissed the complaint. Affirmed by the Regional Trial Court of Manila,^[13] the decision was again affirmed by the appellate court.^[14] His motion for reconsideration having been denied,^[15] Tanjuakio appealed to this Court armed with a petition for review on *certiorari* which, to his disappointment, was denied.

Upon learning of the litigation between petitioner and Benin, Urdaneta asked them to vacate the property and surrender to him possession thereof within fifteen (15) days from notice. Petitioner’s adamant refusal to comply with such demand resulted in a complaint for ejectment and recovery of possession of property filed by Urdaneta against him (Casabuena), Benin and Tanjuakio.^[16] For lack of jurisdiction, the complaint was dismissed by the city court. The Urdaneta spouses then entered into an agreement with Benin whereby the latter would surrender to them the property with the duplex constructed thereon. On November 3, 1987, they filed a complaint for recovery of possession of the property with damages against petitioner and Thelma Casabuena, representing the heirs of Candido Casabuena.

Amid the sprouting controversies involving the lot, the Urdaneta spouses succeeded in having the Court declare them as its true and lawful owners with the deed of assignment to Benin merely serving as evidence of Ciriaco’s indebtedness to her in view of the prohibition against the sale of the land imposed by the City government.

On appeal, the appellate court affirmed^[17] the findings of the lower court. A motion for reconsideration was denied. Unfazed by the protracted litigious process, petitioner files this petition for review on *certiorari*, arguing that the assignment by Benin was made in her capacity as creditor of the spouses, thus allowing her to transfer ownership of the property to her assignees.

Can a deed of assignment transfer ownership of the property to the assignee?

At the bottom of this controversy is the undisputed fact that Ciriaco Urdaneta was indebted to Benin, to secure which debt the spouses ceded their rights over the land through a deed of assignment. An assignment of credit is an agreement by virtue of which the owner of a credit, known as the assignor, by a legal cause, transfers his credit and its accessory rights to another, known as the assignee, who acquires the power to enforce it to the same extent as the assignor could have enforced it against the debtor.^[18] Stated simply, it is the process of transferring the right of the assignor to the assignee, who would then be allowed to proceed against the debtor.^[19] The assignment involves no transfer of ownership but merely effects the transfer of rights which the assignor has at the time, to the assignee. Benin having been deemed subrogated to the rights and obligations of the spouses, she was bound by exactly the same conditions to which the latter were bound.^[20] This being so, she and the Casabuenas were bound to respect the prohibition against selling the property within the five-year period imposed by the City government.