



Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

MANILA ELECTRIC
COMPANY,

Petitioner,

- versus -

HEIRS OF SPOUSES
DIONISIO DELOY and
PRAXEDES MARTONITO,
represented by
POLICARPIO DELOY,

Respondents.

G.R. No. 192893

Present:

VELASCO, JR., J., *Chairperson*,
PERALTA,
ABAD,
MENDOZA, and
LEONEN, JJ.

Promulgated:

JUN 05 2013

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X

DECISION

MENDOZA, J.:

Before the Court is a petition for review on *certiorari* under Rule 45 of the Rules of Court seeking the reversal of the November 9, 2009 Decision¹ and the July 5, 2010 Resolution² of the Court of Appeals (CA), in CA-G.R. SP No. 96998. The challenged decision set aside the May 4, 2006 Resolution³ and the September 27, 2006 Order⁴ of the Regional Trial Court, Trece Martires City, Branch 23 (RTC), which affirmed the dismissal of an unlawful detainer case by the Municipal Trial Court in Cities of Trece Martires City (MTCC).

The Facts

On July 8, 2003, Domingo Deloy, Maria Deloy-Masicap, Zosimo Deloy, Mario Deloy, Silveria Deloy-Mabiling, Norma Deloy, Milagros

¹ *Rollo*, pp. 39-47. Penned by Associate Justice Noel G. Tijam with Associate Justice Ramon M. Bato, Jr. and Associate Justice Sixto C. Marcilla, concurring.

² *Id.* at 49-50.

³ *Id.* at 192-193. Penned by Executive Judge Aurelio G. Icasiano, Jr.

⁴ *Id.* at 194.

Panganiban, Lino Deloy, Cornelio Deloy, Maricel Deloy, Adelina Banta, Rogelio Deloy, Evelyn Deloy, Edgardo Deloy, Cynthia Deloy, Donnabel Deloy, Glenda Deloy, Arnel Deloy, Ronnio Deloy, Isagani L. Reyes, and Policarpio Deloy (*respondents*), all heirs of Spouses Dionisio Deloy (*Dionisio*) and Praxedes Martonito-Deloy, represented by Policarpio Deloy, instituted the Complaint for Unlawful Detainer⁵ against Manila Electric Company (*MERALCO*) before the MTCC.

Respondents are the owners, by way of succession, of a parcel of land consisting of 8,550 square meters located in Trece Martires City (*Trece Martires property*). On November 12, 1965, Dionisio, respondents' predecessor-in-interest, donated a 680-square meter portion (*subject land*) of the 8,550 square meter property to the Communications and Electricity Development Authority (*CEDA*) for the latter to provide cheap and affordable electric supply to the province of Cavite. A deed of donation⁶ was executed to reflect and formalize the transfer.

Sometime in 1985, CEDA offered for sale to MERALCO, its electric distribution system, consisting of transformers and accessories, poles and hardware, wires, service drops, and customer meters and all rights and privileges necessary for providing electrical service in Cavite. This was embodied in a memorandum of agreement (*MOA*),⁷ dated June 28, 1985, signed by the parties.

On the same date, June 28, 1985, after the approval of the MOA, CEDA and MERALCO executed the Deed of Absolute Sale. Thereafter, MERALCO occupied the subject land.

On October 11, 1985, MERALCO, through its Assistant Vice President and Head of the Legal Department, Atty. L.D. Torres (*Atty. Torres*), wrote a letter⁸ to Dionisio requesting the latter's permission for the continued use of the subject land as a substation site.

The parties were not able to reach any agreement. In an internal memorandum,⁹ dated December 16, 1985, from L.G. De La Paz of the Trece Martires Substation of MERALCO to Atty. G.R. Gonzales and Atty. Torres of the Realty Division of MERALCO, it was stated that the death of Dionisio, the lack of agreement yet among the heirs, and a request that a member of the Deloy family be employed by MERALCO were some of the reasons.

⁵ Id. at 62-66.

⁶ Id. at 70-71.

⁷ Id. at 51-55.

⁸ Id. at 180.

⁹ Id. at 181.

Meanwhile, respondents claimed that they had no immediate use for the subject land and that they were preoccupied with the judicial proceedings to rectify errors involving the reconstituted title of the Trece Martires property, which included the subject land. On November 22, 2001, the proceedings were terminated and the decision became final.¹⁰ Not long after, respondents offered to sell the subject land to MERALCO, but their offer was rejected.

For said reason, in their letter,¹¹ dated May 19, 2003, respondents demanded that MERALCO vacate the subject land on or before June 15, 2003. Despite the written demand, MERALCO did not move out of the subject land. Thus, on July 8, 2003, respondents were constrained to file the complaint for unlawful detainer.

Traversing respondents' complaint, MERALCO countered that CEDA, as the owner of the subject land by virtue of the deed of donation executed by Dionisio, lawfully sold to it all rights necessary for the operation of the electric service in Cavite by way of a deed of sale on June 28, 1985. MERALCO stressed that the condition of providing affordable electricity to the people of Cavite,¹² imposed in the deed of donation between Dionisio and CEDA, was still being observed and complied with. Thus, MERALCO claimed that, being CEDA's successor-in-interest, it had legal justification to occupy the subject land.

On September 15, 2005, the MTCC rendered the decision¹³ dismissing respondents' complaint for unlawful detainer against MERALCO.

The MTCC ruled that it had no jurisdiction over the case because it would require an interpretation of the deed of donation making it one not capable of pecuniary estimation. Nevertheless, it opined that MERALCO was entitled to the possession of the subject land. It was of the view that it would only be when the deed of donation would be revoked or the deed of sale nullified that MERALCO's possession of the subject land would become unlawful.

Aggrieved, respondents appealed the MTCC ruling to the RTC. In its May 4, 2006 Resolution, the RTC sustained the MTCC decision.

¹⁰ Id. at 149-163

¹¹ Id. at 264.

¹² Id. at 70.

"Na dahil at alang-alang sa kapuri-puring layunin ng TUMATANGGAP (Donee) na mapalaganap ang murang kuryente sa buong lalawigan na siyang susi ng kaunlaran ng Kabite at dahil sa aking hangaring makatulong sa pagsasakatuparan ng palatuntunang pangkabuyan ng CEDA at iba pang mahalagang dahilan, x x x."

¹³ *Rollo*, pp. 184-191. Penned by Judge Gonzalo O. Mapili, Jr.

The RTC pointed out that the only issue in an unlawful detainer case was possession. It affirmed the MTCC ruling that the latter had no jurisdiction to interpret contracts involving the sale of the subject land to MERALCO, after the latter raised the issue of ownership of the subject land. According to the RTC, the interpretation of the deed of sale and the deed of donation was the main, not merely incidental, issue.

Respondents moved for reconsideration but their motion was denied by the RTC in its September 27, 2006 Order.

Not satisfied with the adverse ruling, respondents elevated the case before the CA *via* a petition for review under Rule 42 of the Rules of Court.

In its November 9, 2001 Decision, the CA *set aside* the RTC ruling. The *fallo* of the decision reads:

WHEREFORE, the instant Petition is **GRANTED**. The assailed Resolution, dated May 4, 2006, and Order, dated September 27, 2006, both of the Regional Trial Court of Trece Martires City, Branch 23, in Civil Case No. TMCV-0055005, are hereby **SET ASIDE** and a new one rendered *partially granting* Petitioners' Complaint for Unlawful Detainer against Respondent. Accordingly, Respondent is ordered to vacate the subject property and to pay Petitioners the amount of ₱50,0000.00 monthly rental counting from June 16, 2003, up to the time Respondent shall have fully vacated the subject property, and ₱25,000.00 as attorney's fees. Costs against Respondent.

SO ORDERED.¹⁴

In partially granting the appeal, the CA explained that an ejectment case, based on the allegation of possession by tolerance, would fall under the category of unlawful detainer. Unlawful detainer involved the person's withholding from another of the possession of real property to which the latter was entitled, after the expiration or termination of the former's right to hold possession under a contract, either express or implied. Where the plaintiff allowed the defendant to use his/her property by tolerance without any contract, the defendant was necessarily bound by an implied promise that he/she would vacate on demand, failing which, an action for unlawful detainer would lie.

As to the issue of possession, the CA stated that by seeking Dionisio's permission to continuously occupy the subject land, MERALCO expressly acknowledged his paramount right of possession. MERALCO, thru its representative, Atty. Torres, would not have asked permission from Dionisio

¹⁴ Id. at 46.

if it had an unconditional or superior right to possess the subject land. The CA considered the fact that this recognition of Dionisio's right over the subject land was amplified by another letter, dated December 16, 1985,¹⁵ by one L.G. De la Paz to Atty. Torres, expressly declaring Dionisio as the owner of the subject land. MERALCO never disputed the declarations contained in these letters. Neither did it claim that the same was made through palpable mistake. Indeed, Meralco even marked these letters as documentary exhibits. Pursuant to Section 26, Rule 130 of the Rules of Evidence, these admissions and/or declarations may be admitted against Meralco.

MERALCO moved for reconsideration but its motion was denied by the CA in its July 5, 2010 Resolution.

Hence, this petition for review.

ISSUES

I

WHETHER OR NOT THE COMPLAINT STATES A CAUSE OF ACTION FOR UNLAWFUL DETAINER.

II

WHETHER OR NOT EVIDENCE *ALIUNDE*, SUCH AS THE LETTERS DATED 11 OCTOBER 1985 OF PETITIONER'S ASSISTANT VICE PRESIDENT AND HEAD OF LEGAL DEPARTMENT, L.D. TORRES AND INTERNAL MEMORANDUM DATED 6 DECEMBER 1985 OF PETITIONER'S L.G. DELA PAZ WHICH PURPORTEDLY RECOGNIZED RESPONDENTS' OWNERSHIP OF THE PROPERTY CAN PREVAIL OVER THE DEED OF ABSOLUTE SALE.

III

WHETHER OR NOT TITLE TO THE PROPERTY DONATED TO CEDA WAS VALIDLY TRANSFERRED TO THE PETITIONER.

IV

WHETHER OR NOT THE SALE OF THE PROPERTY TO THE PETITIONER VIOLATED OR REVOKED THE DONATION TO CEDA.

¹⁵ Id. at 181.

V

**WHETHER OR NOT THE COMPLAINT WAS BARRED BY
PRESCRIPTION AND *LACHES*.**¹⁶

Simply put, the vital issues for the Court's consideration are: (1) whether an action for unlawful detainer is the proper remedy in this case; and (2) if it is, who has a better right of physical possession of the disputed property.

In presenting its case before the Court, MERALCO argues that respondents' complaint before the MTCC failed to state a cause of action for unlawful detainer, but for one incapable of pecuniary estimation, because the issue of physical possession is inextricably linked with the proper interpretation of the deed of donation executed between Dionisio and CEDA. Thus, the MTCC was without jurisdiction to hear and decide the case. Further, MERALCO avers that it validly acquired title to the subject land by virtue of the deed of sale executed by CEDA in its favor on June 28, 1985. As a consequence, MERALCO contends that extrinsic or extraneous evidence, such as the letters, dated October 11, 1985 and December 6, 1985, cannot contradict the terms of the deed of sale between CEDA and MERALCO pursuant to Section 9, Rule 130¹⁷ of the Rules of Court.

The Court's Ruling

The petition lacks merit.

Unlawful detainer is an action to recover possession of real property from one who illegally withholds possession after the expiration or termination of his right to hold possession under any contract, express or implied. The possession of the defendant in unlawful detainer is originally legal but became illegal due to the expiration or termination of the right to possess.¹⁸ The only issue to be resolved in an unlawful detainer case is

¹⁶ Id. at 341-342.

¹⁷ Section 9. Evidence of written agreements. – When the terms of the agreement have been reduced in writing, it is considered as containing all the terms agreed upon and there can be, between the parties and their successors, no evidence of such terms other than the contents of the written agreement.

However, a party may present evidence to modify, explain or add to the terms of the written agreement if he puts in issue in his pleading:

- (a) An intrinsic ambiguity, mistake or imperfection in the written agreement;
- (b) The failure of the written agreement to express the true intent and agreement of the parties thereto;
- (c) The validity of the written agreement; or
- (d) The existence of other terms agreed to by the parties or their successors in interest after the execution of the written agreement.

The term "agreement" shall include wills.

¹⁸ *Canlas v. Tubil*, G.R. No. 184285, September 25, 2009, 601 SCRA 147, 156-157.

physical or material possession of the property involved, independent of any claim of ownership by any of the parties involved.¹⁹

An ejectment case, based on the allegation of possession by tolerance, falls under the category of unlawful detainer. Where the plaintiff allows the defendant to use his/her property by tolerance without any contract, the defendant is necessarily bound by an implied promise that he/she will vacate on demand, failing which, an action for unlawful detainer will lie.²⁰

Jurisdiction of the MTCC

MERALCO contends that respondents' complaint failed to make out a case for unlawful detainer but, rather, one incapable of pecuniary estimation, properly cognizable by the RTC and not the MTCC. It stresses the allegations in the complaint involve a prior determination on the issue of ownership before the issue of possession can be validly resolved.

This contention fails to persuade.

When the issue of ownership is raised in an ejectment case, the first level courts are not *ipso facto* divested of its jurisdiction. Section 33 (2) of Batas Pambansa (B.P.) Blg. 129, as amended by Republic Act (R.A.) No. 7691,²¹ provides:

Sec. 33. *Jurisdiction of Metropolitan Trial Courts, Municipal Trial Courts, and Municipal Circuit Trial Courts in Civil Cases.* – Metropolitan Trial Courts, Municipal Trial Courts, and Municipal Circuit Trial Courts shall exercise:

X X X X

(2) Exclusive original jurisdiction over cases of forcible entry and unlawful detainer: Provided, That when, in such cases, the defendant raises the question of ownership in his pleadings and the question of possession cannot be resolved without deciding the issue of ownership, the issue of ownership shall be resolved only to determine the issue of possession. [Underscoring supplied.]

X X X X

¹⁹ *Samelo v. Manotok Services, Inc.*, G.R. No. 170509, June 27, 2012, 675 SCRA 132, 138-139.

²⁰ *Republic v. Luriz*, 542 Phil. 137, 149 (2007).

²¹ An Act Expanding the Jurisdiction of the Metropolitan Trial Courts, Municipal Trial Courts, and Municipal Circuit Trial Courts, amending for the purpose Batas Pambansa, Blg. 129, otherwise known as the "Judiciary Reorganization Act of 1980." which took effect on April 15, 1994.

In this regard, Section 16, Rule 70 of the Rules of Court allows the first level courts, in ejectment cases, to provisionally determine the issue of ownership for the sole purpose of resolving the issue of physical possession.

Sec. 16. Resolving defense of ownership.—When the defendant raises the defense of ownership in his pleadings and the question of possession cannot be resolved without deciding the issue of ownership, the issue of ownership shall be resolved only to determine the issue of possession.

Accordingly, it is unquestionably clear that the first level courts are clothed with the power to preliminarily resolve questions on the ownership of real property, if necessary, to arrive at the proper and complete determination of the question on physical possession or possession *de facto*. Thus, as correctly ruled by the CA, the MTCC should have taken cognizance of the complaint as it was well within its jurisdiction to do so. Moreover, considering that B.P. Blg. 129, as amended, has distinctly defined and granted the MTCC with jurisdiction, it is the trial court's duty and obligation to exercise the same when properly invoked.

Right of Possession

As earlier stated, on the issue of possession, the CA opined that by seeking Dionisio's permission to occupy the subject land, MERALCO expressly acknowledged his paramount right of possession.

MERALCO posits that extrinsic evidence, such as the letter request, dated October 11, 1985, and the Internal Memorandum, dated December 6, 1985, cannot contradict the terms of the deed of sale between CEDA and MERALCO pursuant to Section 9, Rule 130²² of the Rules of Court.

The Court has combed the records and is not convinced.

It is undisputed that on October 11, 1985 or four (4) months after the approval of the MOA and the corresponding Deed of Absolute Sale, MERALCO, through its Assistant Vice President and Head of the Legal Department, Atty. Torres, sent a letter to Dionisio seeking his permission for the continued use of the subject land. The letter reads:

²² Section 9. Evidence of written agreements. – When the terms of the agreement have been reduced in writing, it is considered as containing all the terms agreed upon and there can be, between the parties and their successors, no evidence of such terms other than the contents of the written agreement.

However, a party may present evidence to modify, explain or add to the terms of the written agreement if he puts in issue in his pleading:

- (a) An intrinsic ambiguity, mistake or imperfection in the written agreement;
- (b) The failure of the written agreement to express the true intent and agreement of the parties thereto;
- (c) The validity of the written agreement; or
- (d) The existence of other terms agreed to by the parties or their successors in interest after the execution of the written agreement.

The term "agreement" shall include wills.

Mr. Dionisio D(e)loy
Trece Martires City 2724
Province of Cavite

Dear Mr. D(e)loy:

This has reference to the Deed of Donation (Inter-vivos) executed on November 12, 1965 between Communications and Electricity Development Authority (CEDA) and Dionisio D(e)loy for a 680-square meter of land used as a substation site adjacent to A.B. Memorial Hospital x x x.

In compliance with the franchise Nationalization program of the National Government, we wish to inform you that Meralco had taken over the electric operations in the province of Cavite being served by CEDA.

In view of this recent development, may we respectfully request you to please allow Manila Electric Company (Meralco) to continue the use of the above-mentioned portion of land as a substation site, subject to the terms and conditions which we may mutually agree upon.

In the interest of public service, we shall highly appreciate your kind cooperation on this matter and awaiting your reply.

Very truly yours,

[Signed]
L. D. TORRES
Assistant Vice-President
& Head, Legal Department²³
[Underscoring supplied]

Relative thereto, L.G. De La Paz of the Trece Martires Substation of MERALCO sent the December 16, 1985 Internal Memorandum, addressed to Atty. G.R. Gonzales and Atty. Torres, informing them of some obstacles in reaching a lease agreement with the Deloys. The Internal Memorandum reads:

²³ *Rollo*, p. 180.

ATTY. G.R. GONZALES
ATTY. L.D. TORRES

TRECE MARTIRES SUBSTATION

REALTY SERVICES

DECEMBER 16, 1985

This refers to the proposed contract of lease with Mr. Dionisio D[e]loy, co-owner of the lot wherein the Trece Martires Substation is located.

Mr. D[e]loy had donated the use of 680-sq. m. portion of his co-owned land for CEDA's substation in Trece Martires in 1966. Copy of the Donation is enclosed. On October 11, 1985, the company informed him through its letter of its intention of continuing with the use of the property as a result of its acquisition of CEDA's franchise. He agreed to the request and proposed rental would be free provided one of his sons/grandsons would be employed by Meralco. Governor Remulla had favorably recommended Lino D(e)loy, one of his grandsons, for a position in the company. A son, Mr. Policarpio D(e)loy, former CEDA employee, had passed Meralco's entrance examination. According to PAD, his application papers were being processed by the Branch Services Department.

It was unfortunate that when we went to see him on December 6, 1985, to finalize the Contract of Lease, the man was already dead. His body laid at state in his residence. He died on December 5, 1985. As it was not proper to discuss things with the family, we asked the wife when the family would be available. She suggested that we should come back on December 21, 1985. On that day, all the members of the family would be free to confer with us.

There are some problems that may come up with the death of Mr. D(e)loy. These are:

1. the settlement of his estate among his heirs
2. the desire to have more members of the family to be employed in Meralco
3. the rent free use of the substation may not push through
4. the proper signatories in the contract of lease to be drawn

We do hope whatever the problem may be, we will be able to work it out.

For your information.

[Signed]
L.G. DE LA PAZ

x x x x.

Evidently, by these two documents, MERALCO acknowledged that the owners of the subject land were the Deloys. It is clear as daylight. The first letter was written barely four (4) months *after* the deed of sale was accomplished. As observed by the CA, MERALCO never disputed the declarations contained in these letters which were even marked as its own exhibits. Pursuant to Section 26, Rule 130 of the Rules of Evidence, these admissions and/or declarations are admissible against MERALCO.

SEC. 26. *Admissions of a party*— The act, declaration, or omission of a party as to a relevant fact may be given in evidence against him.

In *Heirs of Bernardo Ulep v. Ducat*,²⁴ it was written, thus:

x x x Being an admission against interest, the documents are the best evidence which affords the greatest certainty of the facts in dispute. The rationale for the rule is based on the presumption that no man would declare anything against himself unless such declaration was true. Thus, it is fair to presume that the declaration corresponds with the truth, and it is his fault if it does not.

Guided by the foregoing rules and jurisprudence, the Court holds that the letter and the internal memorandum presented, offered and properly admitted as part of the evidence on record by MERALCO itself, constitute an admission against its own interest. Hence, MERALCO should appropriately be bound by the contents of the documents.

Nevertheless, in this petition, MERALCO insists that extrinsic evidence, such as the two documents, even if these were their own, cannot contradict the terms of the deed of sale between CEDA and MERALCO pursuant to Section 9, Rule 130²⁵ of the Rules of Court.

²⁴ G.R. No. 159284, January 27, 2009, 577 SCRA 6, 18, citing *Rufina Patis Factory v. Alusitain*, 478 Phil. 544, 558 (2004).

²⁵ Section 9. Evidence of written agreements. – When the terms of the agreement have been reduced in writing, it is considered as containing all the terms agreed upon and there can be, between the parties and their successors, no evidence of such terms other than the contents of the written agreement.

However, a party may present evidence to modify, explain or add to the terms of the written agreement if he puts in issue in his pleading:

- (a) An intrinsic ambiguity, mistake or imperfection in the written agreement;
- (b) The failure of the written agreement to express the true intent and agreement of the parties thereto;
- (c) The validity of the written agreement; or
- (d) The existence of other terms agreed to by the parties or their successors in interest after the execution of the written agreement.

The term “agreement” shall include wills.

The Court has read the MOA and the Deed of Absolute Sale but found nothing that clearly stated that the subject land was included therein. What were sold, transferred and conveyed were “its electric distribution facilities, service drops, and customers’ electric meters except those owned by the VENDOR’S customers, x x x, and all the rights and privileges necessary for the operation of the electric service x x x.”²⁶ No mention was made of any land. Rights and privileges could only refer to franchises, permits and authorizations necessary for the operation of the electric service. The land on which the substation was erected was not included, otherwise, it would have been so stated in the two documents. Otherwise, also, MERALCO would not have written Dionisio to ask permission for the continued use of the subject land.

At any rate, it is fundamental that a certificate of title serves as evidence of an indefeasible and incontrovertible title to the property in favor of the person whose name appears therein. It bears to emphasize that the titleholder is entitled to all the attributes of ownership of the property, including possession. Thus, the Court must uphold the age-old rule that the person who has a Torrens title over a land is entitled to its possession.²⁷ In *Pascual v. Coronel*,²⁸ the Court reiterated the rule that a certificate of title has a superior probative value as against that of an unregistered deed of sale in ejectment cases.

On a final note, the Court must stress that the ruling in this case is limited only to the determination as to who between the parties has a better right to possession. This adjudication is not a final determination on the issue of ownership and, thus, will not bar any party from filing an action raising the matter of ownership.

WHEREFORE, the petition is hereby **DENIED**.

SO ORDERED.


JOSE CATRAL MENDOZA
Associate Justice

²⁶ *Rollo*, p. 57.

²⁷ *Tolentino v. Laurel*, G.R. 181368, February 22, 2012, 666 SCRA 561, 574.

²⁸ 554 Phil. 351, 361 (2007).

WE CONCUR:

PRESBITERO J. VELASCO, JR.

Associate Justice
Chairperson

DIOSDADO M. PERALTA

Associate Justice

ROBERTO A. ABAD

Associate Justice

MARVIC MARIO VICTOR F. LEONEN

Associate Justice

A T T E S T A T I O N

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

PRESBITERO J. VELASCO, JR.

Associate Justice
Chairperson, Third Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



MARIA LOURDES P. A. SERENO
Chief Justice