



Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

JULIA LIM ROSARIO,
MERCEDES LIM CUSTODIO as
represented by **DONNO**
CUSTODIO, NORMA LICARDO,
and **LEILA ESPIRITU,**
Petitioners,

G.R. No. 206534

Present:

VELASCO, JR., J., Chairperson,
PERALTA,
PEREZ,
REYES, and
JARDELEZA, JJ.

- versus -

Promulgated:

ALFONSO LIM,
Respondent.

October 5, 2016

X-----*Welfred E. Reyes*-----X

DECISION

PERALTA, J.:

This a Petition for Review on *Certiorari* under Rule 45 seeking to annul and set aside the Court of Appeals (CA) Resolution¹ dated March 11, 2013 and its Decision² dated September 11, 2012 in CA-G.R. CV No. 95703 which reversed the Decision³ of the Regional Trial Court (RTC) of Baguio City, Branch 61, dated May 17, 2010 in Civil Case No. 6599-R.

The pertinent facts of the case are as follows:

Sometime in 1973, Brigida Aquino Lim acquired a leasehold right over a government-owned lot in Hilltop-Kayang, Baguio City, pursuant to City Council Resolution No. 102-74. Later, Brigida and his son, respondent

¹ Penned by Associate Justice Stephen C. Cruz, with Associate Justices Magdangal M. De Leon and Myra V. Garcia-Fernandez; concurring; *rollo*, pp. 39-40.

² *Id.* at 24-38.

³ Penned by Judge Antonio C. Reyes; *id.* at 41-44.

Alfonso Lim, allegedly entered into an agreement on March 10, 1973 for the construction of a building on said property, which would be fully financed by the latter. Alfonso thus administered the construction of a commercial building. Sometime in the late 1980s, Brigida and Alfonso once again agreed on the construction of three (3) more floors on the already existing two (2)-storey commercial building. On March 23, 1992, Brigida executed an Affidavit of Waiver of Rights, categorically waiving, renouncing, and transferring all her rights and interests over the leased lot in Alfonso's favor. On November 29, 1995, Brigida executed a Deed of Waiver of Rights reiterating her waiver of rights over the leased lot and the erected building in favor of her son.

However, on March 23, 1996, Brigida executed another affidavit assailing the validity of the previously executed documents and stating that she and her husband, Luis, were the real owners of the property and that Alfonso never caused and paid for the construction of the subject building.

On February 8, 2001, Brigida died intestate. Subsequently, Alfonso and his sisters, petitioners Julia Lim Rosario, Mercedes Lim Custodio, Norma Licardo, and Leila Espiritu executed a Deed of Extrajudicial Settlement for the estates of their parents without including the disputed property. However, after six (6) years, or on November 20, 2007, petitioners filed a Complaint for Judicial Partition of Real Estate, Accounting with Damages and Writ of Preliminary Injunction.

On May 17, 2010, the RTC ruled that the parties are co-owners of the disputed property and ordered its partition among them in equal shares, thus:

WHEREFORE, this Court renders judgment for the plaintiffs and against the defendants, as follows:

1. The properties subject of this case are hereby ordered to be partitioned in five (5) equal shares and in case of disagreement in the partition, this Court shall appoint three (3) competent and disinterested individuals as commissioners to make the partition;
2. The defendant is hereby ordered to make an accounting of all the rentals of the subject properties from the date of judicial demand or filing of this complaint and to deliver to the plaintiffs their corresponding shares as well as their share in the subsequent rentals until the partition of the properties is effected; and
3. The defendant is hereby ordered to pay the plaintiffs the amount of ₱50,000 as attorney's fees.



SO ORDERED.⁴

Aggrieved, Alfonso elevated the case to the CA. On September 11, 2012, the CA rendered a Decision granting the petition, the dispositive portion of which reads:

WHEREFORE, premises considered, the appeal is **GRANTED**. The assailed Decision dated May 17, 2010 of the Regional Trial Court of Baguio City, Branch 61, in Civil Case No. 6599-R, is **REVERSED and SET ASIDE**. Accordingly, the case is **REMANDED** to the court of origin for further proceedings to determine the facts and introduction of evidence essential to the proper application of Articles 448 and 546 of the Civil Code, specifically in accordance with the following matters and parameters:

- a. Co-owners' (plaintiffs-appellees including defendant-appellant) option to appropriate – as their own – the improvements on the lots, after paying the indemnity, as provided under Article 546 in relation to Article 448 of the Civil Code; or in requiring defendant-appellant Alfonso Lim to pay for the value of the lot unless it is considerably more than that of the improvements in which case defendant-appellant shall pay reasonable rent based upon the terms provided under the Civil Code;
- b. The value of the necessary and/or useful expenses incurred by defendant-appellant in the construction of the improvements on the lot;
- c. The increase in value acquired by the lot by reason of the construction of the building/useful improvements;
- d. Type of indemnity to be paid (whether b or c above); [and]
- e. Whether the value of the lot is considerably more than that of the improvements built thereon.

No costs.

SO ORDERED.⁵

Hence, petitioners come before the Court for relief.

The petition is meritorious.

⁴ *Rollo*, pp. 43-44.

⁵ *Id.* at 36-37. (Emphasis in the original)

The appellate court found that the main issue of the instant case is whether the property in question should be included in Brigida's estate and be divided in equal shares among her children.

Upon a close examination of the available records of the case at bar, the Court affirms the findings of the courts below that, indeed, Brigida acquired the disputed property during the subsistence of her marriage to Luis. It likewise appears that the title to said property remains in Brigida's name. The CA gave credence to Brigida's Affidavit dated March 23, 1996 which provides:

x x x x

3. That sometime in the year 1973, when my husband Luis Lim was still alive, we caused the construction of a two (2)-storey commercial building on the aforesaid lot using from our joint income and also the proceeds of a mortgage loan we obtained from the bank using as collateral for the purpose, my real property located at Rizal Street, Poblacion, Mangaldan, Pangasinan;

4. That after about four (4) years of profitable operation of said building, I caused the construction of additional 3rd and 4th storey building, plus a penthouse, using funds derived from the earnings of the said building and also my bank deposits and other savings;

5. That sometime in 1988, my eldest child and only son, Alfonso Lim revealed his greedy intention to own for himself alone the said entire building at the exclusion of all his aforementioned sisters. And towards this end, with use of threats and intimidation, my said son Alfonso Lim, forced me to sign an affidavit dated May 27, 1988 stating therein, among others, that it was my said son Alfonso Lim who financed the construction of the first two (2) storeys and who entered into a building contract with a certain Romeo F. Laigo. It is also stated therein that it was my said son who financed the construction of the 3rd and fourth floors, plus the penthouse of the same building sometime in 1977. All these matters are absolutely false because all the expenses therefor are my own money as stated earlier and none came from my said son Alfonso Lim because the latter was jobless that time up to the present and gets his money from me. When the building was already completed, my said son got all the rentals therefrom at the exclusion of his sisters, although, there were rare occasions that my said son gave me minimal amount from said rentals;

6. That I am executing this affidavit freely and voluntarily for the purpose of establishing the truth that the construction of said commercial building in Baguio City was financed with money that came from the sources mentioned above and certainly not from the money of my said son Alfonso Lim; likewise, for the purpose of declaring that [the] subject property belongs to me and my late husband and that if ever I die, it is my sincerest desire that the same be divided equally by all my children, including the rentals collected therefrom;



7. That I am also executing this affidavit freely and voluntarily for the purpose of declaring that my said affidavit dated May 27, 1988 is null and void and has no legal effect whatsoever and for whatever legal purpose that this affidavit may serve.

x x x⁶

The appellate court went further by saying that clearly, it was never Brigida's intention to give the exclusive ownership of the contested lot to Alfonso, and the title to the same was never transferred in anybody else's name.

The CA concluded that Alfonso was the owner of the building simply based on the assailed agreement dated March 10, 1973 between Alfonso and Brigida, building contract with a certain contractor, Romeo Laigo, tax declarations, and various acknowledgment receipts and commercial invoices for construction materials. But while the CA utilized said affidavit to uphold Brigida's ownership of the lot, it ignored the other portions which categorically declared that the money used for the development of the building had actually come from Brigida and Luis and not from Alfonso, who was jobless and had no sufficient source of income at that time to finance the construction of a building. Said affidavit indubitably exposes the fact that Brigida never intended to transfer the sole ownership of the contested property to her only son, but wanted it to benefit all of her children, and that whatever document she may have had executed in the past was fraudulently acquired and not obtained with her valid consent.

Further, Alfonso failed to present any proof that the money used for the erection of the building in question actually came from him and that he indeed possessed sufficient financial capacity to cause the construction of the structure. The trial court also found that Brigida wrote a letter in Pangasinan dialect, dated October 18, 1987, to Alfonso. The letter was translated to reveal that Brigida even admonished Alfonso not to meddle with the status of the properties. Also, Laigo executed an affidavit stating that the building actually belonged to the spouses Luis and Brigida Lim, and not to Alfonso.

The abovementioned findings of fact of the trial court must be accorded respect and great weight. It is a hornbook doctrine that the trial court's factual findings, especially when affirmed by the CA, are entitled to great weight on appeal and should not be disturbed except for strong and valid reasons since it is in a better position to examine the demeanor of the witnesses while testifying. Generally, it is no longer the Court's function to

⁶ *Id.* at 28-29.

analyze and weigh evidence by the parties all over again.⁷ The trial court's findings of fact should not be disturbed on appeal, unless these are facts of weight and substance that were overlooked or misinterpreted and that would materially affect the disposition of the case.⁸ After a careful scrutiny of the records, the Court finds no reason to deviate from the RTC's findings. Although the CA reversed the RTC's decision when it held that Alfonso is the exclusive owner of the disputed building, it essentially sustained the lower court's findings of fact as it even relied on Brigida's affidavit – the same evidence which the RTC used in deciding the controversy – to arrive at its conclusion that Brigida indeed owned the subject lot. There is no indication that the RTC of Baguio City had overlooked, misunderstood or misapplied the surrounding facts and circumstances of the case. Hence, the Court must defer to the trial court on the findings of facts as it was in the best position to assess and determine the credibility of the witnesses presented by both parties.⁹

Neither can Alfonso lean on the supposed tax declarations in his name as these are not conclusive evidence of ownership unlike a certificate of title which indicates true and legal ownership by the registered owners.¹⁰ Thus, Articles 448¹¹ and 546¹² of the Civil Code find no application in this case, but the doctrine that the accessory follows the principal, that is, the ownership of the property gives the right by accession to everything which is produced thereby, or which is incorporated or attached thereto, either naturally or artificially.¹³ Verily, the RTC aptly held that preponderance of evidence must shift in favor of petitioners and the contested properties should necessarily form part of Brigida's estate.

WHEREFORE, the petition is **GRANTED**. The Court **REVERSES** and **SETS ASIDE** the Decision of the Court of Appeals, dated September 11, 2012, and its Resolution dated March 11, 2013 in CA-G.R. CV No. 95703, and **REINSTATES** the Decision of the Regional Trial Court of

⁷ *Tayco, et al. v. Heirs of Concepcion Tayco-Flores*, 652 Phil. 291, 301 (2010).

⁸ *Almojuela v. People*, 734 Phil. 636, 651 (2014).

⁹ *Id.*

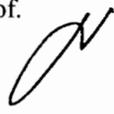
¹⁰ *Heirs of Alejandra Delfin v. Rabadon, et al.*, 715 Phil. 569, 576 (2013).

¹¹ ART. 448. The owner of the land on which anything has been built, sown or planted in good faith, shall have the right to appropriate as his own the works, sowing or planting, after payment of the indemnity provided for in Articles 546 and 548, or to oblige the one who built or planted to pay the price of the land, and the one who sowed, the proper rent. However, the builder or planter cannot be obliged to buy the land if its value is considerably more than that of the building or trees. In such case, he shall pay reasonable rent, if the owner of the land does not choose to appropriate the building or trees after proper indemnity. The parties shall agree upon the terms of the lease, and in case of disagreement, the court shall fix the terms thereof.

¹² ART. 546. Necessary expenses shall be refunded to every possessor; but only the possessor in good faith may retain the thing until he has been reimbursed therefor.

Useful expenses shall be refunded only to the possessor in good faith with the same right of retention, the person who has defeated him in the possession having the option of refunding the amount of the expenses or of paying the increase in value which the thing may have acquired by reason thereof.

¹³ *Villasi v. Garcia*, 724 Phil. 519, 531 (2014).



Baguio City, Branch 61, dated May 17, 2010 in Civil Case No. 6599-R ordering the partition of the disputed properties among the parties.

SO ORDERED.



DIOSDADO M. PERALTA
Associate Justice

WE CONCUR:



PRESBITERO J. VELASCO, JR.
Associate Justice
Chairperson



JOSE PORTUGAL PEREZ
Associate Justice



BIENVENIDO L. REYES
Associate Justice



FRANCIS H. JARDELEZA
Associate Justice

ATTESTATION

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.



ANTONIO T. CARPIO
Acting Chief Justice