



Republic of the Philippines
Supreme Court
 Manila

SUPREME COURT OF THE PHILIPPINES
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FIRST DIVISION

**ERLINDA DINGLASAN
 DELOS SANTOS and her
 daughters, namely, VIRGINIA,
 AUREA, and BINGBING, all
 surnamed DELOS SANTOS,**

G.R. No. 215820

Petitioners,

Present:

- versus -

SERENO, C.J., Chairperson,
 LEONARDO-DE CASTRO,
 DEL CASTILLO,
 PERLAS-BERNABE, and
 CAGUIOA, JJ.

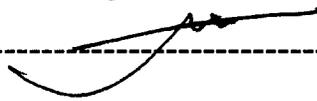
**ALBERTO ABEJON and the
 estate of TERESITA
 DINGLASAN ABEJON,**

Promulgated:

Respondents.

MAR 20 2017

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DECISION

PERLAS-BERNABE, J.:

Assailed in this petition for review on *certiorari*¹ are the Decision² dated March 19, 2014 and the Resolution³ dated December 11, 2014 of the Court of Appeals (CA) in CA-G.R. CV No. 96884, which affirmed with modification the Decision⁴ dated August 25, 2010 of the Regional Trial Court of Makati City, Branch 132 (RTC), and accordingly, ordered petitioners Erlinda Dinglasan-Delos Santos (Erlinda) and her daughters, Virginia, Aurea, and Bingbing, all surnamed Delos Santos (petitioners), to pay respondents Alberto Abejon and the estate of his spouse, Teresita Dinglasan-Abejon (Teresita; collectively, respondents) the aggregate amount of ₱2,200,000.00 plus legal interest, among others.

¹ *Rollo*, pp. 14-25.

² *Id.* at 26-40. Penned by Associate Justice Stephen C. Cruz with Associate Justices Magdangal M. De Leon and Eduardo B. Peralta, Jr. concurring.

³ *Id.* at 41-42.

⁴ *Id.* at 43-49. Penned by Judge Rommel O. Baybay.

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The Facts

The instant case arose from a Complaint for Cancellation of Title with collection of sum of money⁵ filed by respondents against petitioners before the RTC. The complaint alleged that Erlinda and her late husband Pedro Delos Santos (Pedro) borrowed the amount of ₱100,000.00 from the former's sister, Teresita, as evidenced by a Promissory Note dated April 8, 1998. As security for the loan, Erlinda and Pedro mortgaged their property consisting of 43.50 square meters situated at 2986 Gen. Del Pilar Street, Bangkal, Makati City covered by Transfer Certificate of Title (TCT) No. 131753 (subject land) which mortgage was annotated on the title. After Pedro died, Erlinda ended up being unable to pay the loan, and as such, agreed to sell the subject land to Teresita for ₱150,000.00, or for the amount of the loan plus an additional ₱50,000.00. On July 8, 1992, they executed a Deed of Sale and a Release of Mortgage, and eventually, TCT No. 131753 was cancelled and TCT No. 180286 was issued in the name of "Teresita, Abejon[,] married to Alberto S. Abejon." Thereafter, respondents constructed a three (3)-storey building worth ₱2,000,000.00 on the subject land. Despite the foregoing, petitioners refused to acknowledge the sale, pointing out that since Pedro died in 1989, his signature in the Deed of Sale executed in 1992 was definitely forged. As such, respondents demanded from petitioners the amounts of ₱150,000.00 representing the consideration for the sale of the subject land and ₱2,000,000.00 representing the construction cost of the three (3)-storey building, but to no avail. Thus, respondents filed the instant case.⁶

In defense, petitioners denied any participation relative to the spurious Deed of Sale, and instead, maintained that it was Teresita who fabricated the same and caused its registration before the Register of Deeds of Makati City. They likewise asserted that Erlinda and Pedro never sold the subject land to Teresita for ₱150,000.00 and that they did not receive any demand for the payment of ₱100,000.00 representing the loan, as well as the ₱2,000,000.00 representing the construction cost of the building. Finally, they claimed that the improvements introduced by Teresita on the subject land were all voluntary on her part.⁷

During the pre-trial proceedings, the parties admitted and/or stipulated that: (a) the subject land was previously covered by TCT No. 131753 in the name of Erlinda and Pedro, but such title was cancelled and replaced by TCT No. 180286 in the name of Teresita; (b) the Deed of Sale and Release of Mortgage executed on July 8, 1992 were forged, and thus, should be cancelled; (c) in view of said cancellations, TCT No. 180286 should likewise be cancelled and TCT No. 131753 should be reinstated; (d) from the time when the spurious Deed of Sale was executed until the present,

⁵ Not attached to the *rollo*.

⁶ *Rollo*, pp. 27-28.

⁷ *Id.* at 29.

petitioners have been the actual occupants of the subject land as well as all improvements therein, including the three (3)-storey building constructed by respondents; and (e) the ₱100,000.00 loan still subsists and that respondents paid for the improvements being currently occupied by petitioners, *i.e.*, the three (3)-storey building. **In view of the foregoing stipulations and admissions, the RTC limited the issue as to who among the parties should be held liable for damages and attorney's fees.**⁸

The RTC Ruling

In a Decision⁹ dated August 25, 2010, the RTC: (a) declared the Deed of Sale null and void; (b) ordered the cancellation of TCT No. 180286 and the reinstatement of TCT No. 131753; and (c) ordered petitioners to pay respondents the following amounts: (1) ₱100,000.00 plus twelve percent (12%) per annum computed from July 8, 1992 until fully paid representing the loan obligation plus legal interest; (2) ₱2,000,000.00 representing the construction cost of the three (3)-storey building; and (3) another ₱100,000.00 as attorney's fees and litigation expenses.¹⁰

The RTC ruled that respondents should be reimbursed for the amount of the loan, as well as the expenses incurred for the construction of the three (3)-storey building in view of petitioners' categorical admission of their indebtedness to her, as well as the construction of the building from which they derived benefit being the actual occupants of the property.¹¹ Finally, it found that respondents are entitled to attorney's fees for being forced to litigate.¹²

Aggrieved, petitioners appealed to the CA.¹³

The CA Ruling

In a Decision¹⁴ dated March 19, 2014, the CA affirmed the RTC ruling with modifications: (a) cancelling the Release of Mortgage; (b) adjusting the twelve percent (12%) per annum interest imposed on the loan obligation, in that it should be computed from November 25, 1997, or from the filing of the instant complaint; and (c) imposing a six percent (6%) interest per annum on the construction cost of the three (3)-storey building from the finality of the decision until its full satisfaction.¹⁵

⁸ Id. at 29. See also *id.* at 45 and 48.

⁹ Id. at 43-49.

¹⁰ Id. at 49.

¹¹ Id. at 48-49.

¹² Id. at 49.

¹³ Not attached to the *rollo*.

¹⁴ *Rollo*, pp. 26-40.

¹⁵ Id. at 38-39.

Anent the loan obligation, the CA ruled that since petitioners admitted their indebtedness to Teresita during the pre-trial proceedings, respondents should be allowed to recover the amount representing the same, including the appropriate interest. In this relation, the CA opined that while it is true that the loan obligation was contracted by Erlinda and Pedro and not by their children, the children (who joined Erlinda in this case as petitioners) may still be held liable for such obligation having inherited the same from Pedro upon the latter's death.¹⁶

As to the construction cost of the three (3)-storey building, the CA held that in view of petitioners' admission that they knew of and allowed said construction of the building, and thereafter, started occupying the same for more than two (2) decades up to the present, it is only proper that they reimburse respondents of the cost of such building.¹⁷

Undaunted, petitioners moved for reconsideration,¹⁸ which was, however, denied in a Resolution¹⁹ dated December 11, 2014; hence, this petition.

The Issue Before the Court

The core issue for the Court's resolution is whether or not the CA correctly held that petitioners should be held liable to respondents in the aggregate amount of ₱2,200,000.00, consisting of the loan obligation of ₱100,000.00, the construction cost of the three (3)-storey building in the amount of ₱2,000,000.00, and attorney's fees and costs of suit amounting to ₱100,000.00.

The Court's Ruling

The petition is partly meritorious.

At the outset, it must be emphasized that a pre-trial is a procedural device intended to clarify and limit the basic issues raised by the parties and to take the trial of cases out of the realm of surprise and maneuvering. More significantly, a pre-trial has been institutionalized as the answer to the clarion call for the speedy disposition of cases. Hailed as the most important procedural innovation in Anglo-Saxon justice in the nineteenth century, it paves the way for a less cluttered trial and resolution of the case. It is, thus, mandatory for the trial court to conduct pre-trial in civil cases in order to

¹⁶ Id. at 32-38.

¹⁷ Id.

¹⁸ Id. at 50-55.

¹⁹ Id. at 41-42.

realize the paramount objective of simplifying, abbreviating, and expediting trial.²⁰

In the case at bar, it must be reiterated that during the pre-trial proceedings, the parties agreed/stipulated that: (a) the subject land was previously covered by TCT No. 131753 in the name of Erlinda and Pedro, but such title was cancelled and replaced by TCT No. 180286 in the name of Teresita; (b) the Deed of Sale and Release of Mortgage both executed on July 8, 1992 were forged, and thus, should be cancelled; (c) in view of said cancellations, TCT No. 180286 should likewise be cancelled and TCT No. 131753 should be reinstated; (d) from the time when the spurious deed of sale was executed until the present, petitioners have been the actual occupants of the subject land as well as all improvements therein, including the three (3)-storey building constructed by respondents; and (e) the ₱100,000.00 loan still subsists and that respondents paid for the improvements being currently occupied by petitioners, *i.e.*, the three (3)-storey building.²¹ As such, the parties in this case are bound to honor the admissions and/or stipulations they made during the pre-trial.²²

Thus, in view of the foregoing admissions and/or stipulations, there is now a need to properly determine to whom the following liabilities should devolve: (a) the ₱100,000.00 loan obligation; (b) the ₱50,000.00 extra consideration Teresita paid for the sale of the subject land, which was already declared void – a matter which the RTC and the CA completely failed to resolve; and (c) the ₱2,000,000.00 construction cost of the three (3)-storey building that was built on the subject land.

I.

While petitioners admitted the existence of the ₱100,000.00 loan obligation as well as respondents' right to collect on the same, it does not necessarily follow that respondents should collect the loan amount from petitioners, as concluded by both the RTC and the CA. It must be pointed out that such loan was contracted by Erlinda, who is only one (1) out of the four (4) herein petitioners, and her deceased husband, Pedro, during the latter's lifetime and while their marriage was still subsisting.²³ As they were

²⁰ *Parañaque Kings Enterprises, Inc. v. Santos*, G.R. No. 194638, July 2, 2014, 729 SCRA 35, 47; citations omitted.

²¹ *Rollo*, pp. 29. See also pp. 45 and 48.

²² See *Interlining Corporation v. Philippine Trust Company*, 428 Phil. 584, 589 (2002).

²³ See *rollo*, p. 27. The Promissory Note reads:

Promissory Note

FOR VALUE RECEIVED, we, PEDRO DE LOS SANTOS and ERLINDA DINGLASAN DE LOS SANTOS, spouses, both Filipino, of legal age, with address at [2986 Gen. Del Pilar] Street, Bangkal, Makati, Metro Manila, hereby promise to pay TERESITA DINGLASAN, Filipino, of legal age and with address at 7230 Alakoko St., Honolulu, Hawaii the amount of One Hundred Thousand Pesos (₱100,000.00) with interest at the rate of twelve percent (12%) per annum on or before 31 March 1989.

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married before the effectivity of the Family Code of the Philippines²⁴ and absent any showing of any pre-nuptial agreement between Erlinda and Pedro, it is safe to conclude that their property relations were governed by the system of conjugal partnership of gains. Hence, pursuant to Article 121²⁵ of the Family Code, the ₱100,000.00 loan obligation, including interest, if any, is chargeable to Erlinda and Pedro's conjugal partnership as it was a debt contracted by the both of them during their marriage; and should the conjugal partnership be insufficient to cover the same, then Erlinda and Pedro (more particularly, his estate as he is already deceased) shall be solidarily liable for the unpaid balance with their separate properties. While the portion attributable to Pedro was not considered extinguished by his death, it is merely passed on to his estate; and thus, his heirs, *i.e.*, herein petitioners, could not be held directly answerable for the same, contrary to the CA's conclusion.²⁶ In sum, both the RTC and the CA erred in holding petitioners liable to respondents for the loan obligation in the amount of ₱100,000.00.

Alternative to the collection of the said sum, respondents may also choose to foreclose the mortgage on the subject land as the same was duly constituted to secure the ₱100,000.00 loan obligation. In other words, respondents have the option to either file a personal action for collection of sum of money or institute a real action to foreclose on the mortgage security. The aforesaid remedies are alternative, meaning the choice of one will operate to preclude the other.²⁷

II.

It is settled that "the declaration of nullity of a contract which is void *ab initio* operates to restore things to the state and condition in which they were found before the execution thereof."²⁸ Pursuant to this rule, since the Deed of Sale involving the subject land stands to be nullified in view of the parties' stipulation to this effect, it is incumbent upon the parties to return

It is agreed that in case of default, we shall be liable to pay, aside from the principal amount and interest charges, penalty charges in an amount equivalent to two percent (2%) of the principal amount per month until the entire obligation is paid. x x x

²⁴ Executive Order No. 209 entitled "THE FAMILY CODE OF THE PHILIPPINES," which, according to the Supreme Court, took effect on August 3, 1988.

²⁵ Pertinent portions of Article 121 of the Family Code reads:

Art. 121. The conjugal partnership shall be liable for:

x x x x

(2) All debts and obligations contracted during the marriage by the designated administrator-spouse for the benefit of the conjugal partnership of gains, or by both spouses or by one of them with the consent of the other;

If the conjugal partnership is insufficient to cover the foregoing liabilities, the spouses shall be solidarily liable for the unpaid balance with their separate properties.

²⁶ See *Stronghold Insurance Company, Inc. v. Republic-Asahi Glass Corporation*, 525 Phil. 270, 277-281 (2006). See also *Genato v. Bayhon*, 613 Phil. 318, 325-328 (2009).

²⁷ See *Flores v. Spouses Lindo, Jr.*, 664 Phil. 210, 216-217; citations omitted.

²⁸ *Development Bank of the Philippines v. CA*, 319 Phil. 447, 454-455 (1995).

what they have received from said sale. Accordingly, Erlinda and the rest of petitioners (as Pedro's heirs) are entitled to the return of the subject land as stipulated during the pre-trial. To effect the same, the Register of Deeds of Makati City should cancel TCT No. 180286 issued in the name of Teresita, and thereafter, reinstate TCT No. 131753 in the name of Pedro and Erlinda and, restore the same to its previous state before its cancellation, *i.e.*, with the mortgage executed by the parties annotated thereon. On the other hand, respondents, as Teresita's successors-in-interest, are entitled to the refund of the additional ₱50,000.00 consideration she paid for such sale. However, it should be clarified that the liability for the said amount will not fall on all petitioners, but only on Erlinda, as she was the only one among the petitioners who was involved in the said sale. Pursuant to *Nacar v. Gallery Frames*,²⁹ the amount of ₱50,000.00 shall be subjected to legal interest of six percent (6%) per annum from the finality of this Decision until fully paid.³⁰

III.

As correctly argued by petitioners, it is more accurate to apply³¹ the rules on accession with respect to immovable property, specifically with regard to builders, planters, and sowers,³² as this case involves a situation where the landowner (petitioners) is different from the owner of the improvement built therein, *i.e.*, the three (3)-storey building (respondents). Thus, there is a need to determine whether petitioners as landowners on the one hand, and respondents on the other, are in good faith or bad faith.

The terms builder, planter, or sower in good faith as used in reference to Article 448 of the Civil Code, refers to one who, not being the owner of the land, builds, plants, or sows on that land believing himself to be its owner and unaware of the defect in his title or mode of acquisition. "The essence of good faith lies in an honest belief in the validity of one's right, ignorance of a superior claim, and absence of intention to overreach another."³³ On the other hand, bad faith may only be attributed to a landowner when the act of building, planting, or sowing was done with his knowledge and without opposition on his part.³⁴

In this case, it bears stressing that the execution of the Deed of Sale involving the subject land was done in 1992. However, and as keenly pointed out by Justice Alfredo Benjamin S. Caguioa during the deliberations

²⁹ 716 Phil. 267 (2013).

³⁰ *Id.* at 278-283.

³¹ "Equity, which has been aptly described as 'justice outside legality,' is applied only in the absence of, and never against, statutory law or judicial rules of procedure. Positive rules prevail over all abstract arguments based on equity *contra legem*." (*Cheng v. Spouses Donini*, 608 Phil. 206, 216 (2009); citations omitted)

³² See Articles 445-455 of the Civil Code.

³³ See *Aquino v. Aguilar*, G.R. No. 182754, June 29, 2015, 760 SCRA 444, 456.

³⁴ See Article 453 of the Civil Code.

of this case, Teresita was apprised of Pedro's death as early as 1990 when she went on a vacation in the Philippines.³⁵ As such, she knew all along that the aforesaid Deed of Sale – which contained a signature purportedly belonging to Pedro, who died in 1989, or three (3) years prior to its execution – was void and would not have operated to transfer any rights over the subject land to her name. Despite such awareness of the defect in their title to the subject land, respondents still proceeded in constructing a three (3)-storey building thereon. Indubitably, they should be deemed as builders in bad faith.

On the other hand, petitioners knew of the defect in the execution of the Deed of Sale from the start, but nonetheless, still acquiesced to the construction of the three (3)-storey building thereon. Hence, they should likewise be considered as landowners in bad faith.

In this relation, Article 453 of the Civil Code provides that where both the landowner and the builder, planter, or sower acted in bad faith, they shall be treated as if both of them were in good faith, *viz.*:

Article 453. If there was bad faith, not only on the part of the person who built, planted or sowed on the land of another, but also on the part of the owner of such land, the rights of one and the other shall be the same as though both had acted in good faith.

It is understood that there is bad faith on the part of the landowner whenever the act was done with his knowledge and without opposition on his part.

Whenever both the landowner and the builder/planter/sower are in good faith (or in bad faith, pursuant to the afore-cited provision), the landowner is given two (2) options under Article 448³⁶ of the Civil Code, namely: (a) he may appropriate the improvements for himself after reimbursing the buyer (the builder in good faith) the necessary and useful expenses under Articles 546³⁷ and 548³⁸ of the Civil Code; or (b) he may sell

³⁵ See *rollo*, p.46.

³⁶ Article 448 of the Civil Code reads:

Article 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.

³⁷ Article 546 of the Civil Code states:

Article 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

the land to the buyer, unless its value is considerably more than that of the improvements, in which case, the buyer shall pay reasonable rent.³⁹

Applying the aforesaid rule in this case, under the first option, petitioner may appropriate for themselves the three (3)-storey building on the subject land after payment of the indemnity provided for in Articles 546 and 548 of the Civil Code, as applied in existing jurisprudence. Under this option, respondents would have a right of retention over the three (3)-storey building as well as the subject land until petitioners complete the reimbursement. Under the second option, petitioners may sell the subject land to respondents at a price equivalent to the current market value thereof. However, if the value of the subject land is considerably more than the value of the three (3)-storey building, respondents cannot be compelled to purchase the subject land. Rather, they can only be obliged to pay petitioners reasonable rent.⁴⁰

Thus, following prevailing jurisprudence, the instant case is remanded to the court *a quo* for the purpose of determining matters necessary for the proper application of Articles 448 and 453, in relation to Articles 546 and 548 of the Civil Code,⁴¹ as applied in existing jurisprudence.

IV.

Finally, anent the issue on attorney's fees, the general rule is that the same cannot be recovered as part of damages because of the policy that no premium should be placed on the right to litigate. They are not to be awarded every time a party wins a suit.⁴² The power of the court to award attorney's fees under Article 2208⁴³ of the Civil Code demands factual,

option of refunding the amount of the expenses or of paying the increase in value which the thing may have acquired by reason thereof.

³⁸ Article 548 of the Civil Code states:

Article 548. Expenses for pure luxury or mere pleasure shall not be refunded to the possessor in good faith; but he may remove the ornaments with which he has embellished the principal thing if it suffers no injury thereby, and if his successor in the possession does not prefer to refund the amount expended.

³⁹ See *Communities Cagayan, Inc. v. Spouses Nanol*, 698 Phil. 648, 663-664 (2012), citing *Tuatis v. Escol*, 619 Phil. 465, 482-483 (2009).

⁴⁰ *Id.* at 665.

⁴¹ *Id.* at 667.

⁴² *Vergara v. Sonkin*, G.R. No. 193659, June 15, 2015, 757 SCRA 442, 457, citing *The President of the Church of Jesus Christ of Latter Day Saints v. BTL Construction Corporation*, G.R. No. 176439, January 15, 2014, 713 SCRA 455, 472-473.

⁴³ Article 2208 of the Civil Code reads:

Article 2208. In the absence of stipulation, attorney's fees and expenses of litigation, other than judicial costs, cannot be recovered, except:

- (1) When exemplary damages are awarded;
- (2) When the defendant's act or omission has compelled the plaintiff to litigate with third persons or to incur expenses to protect his interest;
- (3) In criminal cases of malicious prosecution against the plaintiff;
- (4) In case of a clearly unfounded civil action or proceeding against the plaintiff;

legal, and equitable justification. In this case, the Court finds no justification for the award of attorney's fees to either party. Accordingly, any award for attorney's fees made by the courts *a quo* must be deleted.

WHEREFORE, the petition is **PARTIALLY GRANTED**. The Decision dated March 19, 2014 and the Resolution dated December 11, 2014 of the Court of Appeals in CA-G.R. CV No. 96884 are hereby **AFFIRMED** with **MODIFICATIONS** as follows:

(a) The Deed of Sale and the Release of Mortgage both dated July 8, 1992 are declared **NULL and VOID**;

(b) The Register of Deeds of Makati City is ordered to **CANCEL** Transfer Certificate of Title No. 180286 in the name of Teresita D. Abejon, married to Alberto S. Abejon, and **REINSTATE** Transfer Certificate of Title No. 131753 in the name of Pedro Delos Santos and Erlinda Dinglasan-Delos Santos, and restore the same to its previous state before its cancellation, *i.e.*, with the mortgage executed by the parties annotated thereon; and

(c) The entire fourth paragraph⁴⁴ of the dispositive portion of the Decision dated March 19, 2014 of the Court of Appeals is hereby **SET ASIDE**, and in lieu thereof:

I. The ₱100,000.00 loan obligation is **DECLARED** to be the liability of the conjugal partnership of petitioner Erlinda Dinglasan

(5) Where the defendant acted in gross and evident bad faith in refusing to satisfy the plaintiff's plainly valid, just and demandable claim;

(6) In actions for legal support;

(7) In actions for the recovery of wages of household helpers, laborers and skilled workers;

(8) In actions for indemnity under workmen's compensation and employer's liability laws;

(9) In a separate civil action to recover civil liability arising from a crime;

(10) When at least double judicial costs are awarded;

(11) In any other case where the court deems it just and equitable that attorney's fees and expenses of litigation should be recovered.

In all cases, the attorney's fees and expenses of litigation must be reasonable.

⁴⁴ See *rollo*, p. 39. Paragraph 4 of the dispositive portion of the CA Decision dated March 19, 2014 reads:

4. Defendants-appellants ([petitioners]) are liable to pay plaintiffs-appellees ([respondents]) the sum of:

a) ₱100,000.00 with interest at the rate of 12% per annum reckoned from November 25, 1997, when the case was filed before the trial court until its full satisfaction;

b) ₱2,000,000.00 representing the costs of the construction of the 3-storey building with interest computed at the rate of 6% per annum from the date of finality of this decision until its full satisfaction;

c) ₱100,000.00 as and for attorney's fees and litigation expenses.

Delos Santos and her deceased husband Pedro Delos Santos which may be recovered by herein respondents in accordance with this Decision;

II. Petitioner Erlinda Dinglasan Delos Santos is **ORDERED** to return to respondents the amount of ₱50,000.00 representing the additional consideration Teresita D. Abejon paid for in the sale, with legal interest of six percent (6%) per annum from the finality of this Decision until fully paid;

III. For the purpose of determining the proper indemnity for the 3-storey building, the case is **REMANDED** to the Regional Trial Court of Makati City, Branch 132 for further proceedings consistent with the proper application of Articles 448, 453, 546, and 548 of the Civil Code, as applied in existing jurisprudence; and

IV. The award of attorney’s fees and litigation expenses in the amount of ₱100,000.00 is **DELETED**.

SO ORDERED.

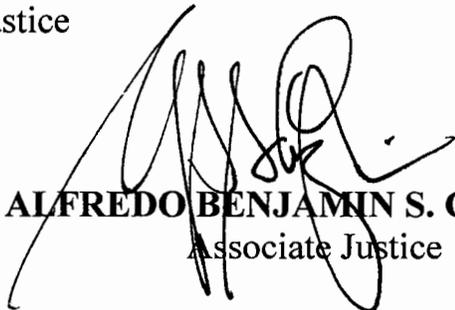

ESTELA M. PERLAS-BERNABE
Associate Justice

WE CONCUR:


MARIA LOURDES P. A. SERENO
Chief Justice
Chairperson


TERESITA J. LEONARDO-DE CASTRO
Associate Justice


MARIANO C. DEL CASTILLO
Associate Justice


ALFREDO BENJAMIN S. CAGUIOA
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, 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