



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

PARAÑAQUE INDUSTRY
OWNERS ASSOCIATION,
INC., represented by PATRICIA
SY and ROSALINDA
ESCOBILLA,

Petitioner,

G.R. No. 243368

Present:
LEONEN, S.A.J., Chairperson,*
LAZARO-JAVIER,**
LOPEZ, M.
LOPEZ, J., and
KHO, JR., JJ.

- versus -

JAMES PAUL G. RECIO,
DARYL TANCINCO, and
MARIZENE R. TANCINCO,

Respondents.

Promulgated:

MAR 27 2023

X-----X

DECISION

KHO, JR., J.:

Before the Court is a Petition for Review on *Certiorari*¹ under Rule 45 of the Rules of Court assailing the Decision² dated May 11, 2018 and the Resolution³ dated November 28, 2018 of the Court of Appeals (CA) in CA-

* On Official Leave.

** Acting Chairperson per Special Order No. 2950 dated March 22, 2023.

¹ Dated January 18, 2018; *reco*, pp. 29.

² *Id.* at 34-46. Penned by Associate Justice Zenaida T. Galapate-Caguilles and concurred in by Associate Justices Remedios A. Sabilzar-Fernando and Jane Aurora C. Lantion.

³ *Id.* at 48-49.

G.R. SP No. 137723, which reversed and set aside the Decision⁴ dated June 13, 2014 of the Regional Trial Court of Parañaque City, Branch 196 (RTC). The ruling, in turn, affirmed the Decision⁵ dated November 8, 2013 of the Metropolitan Trial Court of Parañaque City, Branch 77 (MeTC), ordering respondents James Paul G. Recio, Daryl Tancinco, and Marizene Tancinco (respondents) to vacate the subject property and to pay reasonable compensation for the use and occupation thereof.

The Facts

On November 15, 2012, petitioner Parañaque Industry Owners Association, Inc., represented by Patricia Sy and Rosalinda Escobilla (petitioner), a nonstock corporation, filed a Complaint⁶ for unlawful detainer against respondents before the MeTC. Petitioner alleged that it is the lawful owner of a 200 sqm. parcel of land located at Lot 5, Block 2, Champaca Extension, Light Industry Compound, UPS IV, Barangay Marcelo Green, Parañaque City (subject property), as evidenced by Transfer Certificate of Title (TCT) No. (70115) 123145,⁷ which is being illegally occupied by respondents. Petitioner claimed that only respondents' predecessor-in-interest, the late Mario Recio (Mario) alone, was allowed to stay in the property as the caretaker of the subject property and the water tank located therein. Hence, in 1982, Mario built his house therein. However, without petitioner's consent, Mario had his family live there with him.⁸

Eventually, petitioner intended to use the subject property as its office and in 2009, the water tank was found to be dangerous for public safety. Thus, petitioner sent several demand letters to respondents to vacate and surrender the subject property. The Office of the Building Official even wrote a letter enjoining all respondents to vacate the premises within 15 days from receipt thereof for the demolition of the water tank. However, despite receipt of such letter, respondents still failed to vacate the same. Thus, petitioner was constrained to file the instant Complaint.⁹

In their Answer,¹⁰ respondents averred that the MeTC did not obtain jurisdiction over their persons for improper service of summons and that petitioner failed to prove that the property occupied was included in TCT No. (70115) 123145. More importantly, respondents emphasized that **petitioner is not a real party in interest in the suit** because, according to TCT No. (70115) 123145, the real owner of the subject property is Parañaque Industry Owners Association (PIOA), a corporation with Securities and Exchange Commission (SEC) Registration (Reg.) No. 0109189, whose registration was revoked by

⁴ *Id.* at 54-65. Penned by Judge Brigido Arcezon M. Luna II.

⁵ *Id.* at 50-53-a. Penned by Presiding Judge Andy S. De Vera.

⁶ *Id.* at 173-178.

⁷ *Id.* at 68-71.

⁸ *Id.* at 174-175.

⁹ *Id.*

¹⁰ *Id.* at 179-192.

the SEC on August 11, 2003 for noncompliance with the SEC's reportorial requirement. Furthermore, TCT No. (70115) 123145 was issued on August 1, 1983 in favor of PIOA. However, petitioner did not exist yet then as it was only incorporated on March 6, 2012.¹¹

Respondents also opined that they have a better right of possession over the subject property because they were possessors and builders in good faith. According to them, sometime in 1978-1980, Mr. Richard S. Ang (Mr. Ang), the Chief Executive Officer of Cherith Manufacturing and the President of PIOA, requested Mario and his family to live near the company vicinity for the latter's efficient operation. However, Mario could not find any suitable accommodation near the area; consequently, Mr. Ang offered the subject property to Mario and said that whatever improvements Mario made on the property would belong to the latter. Thus, Mario built his house and lived there with his family, herein respondents. With Mr. Ang's permission, respondents became possessors and builders in good faith who have the right to retain the property based on Article 546 of the Civil Code.¹²

The MeTC Ruling

In a Decision¹³ dated November 8, 2013, the MeTC ruled in favor of petitioner and accordingly, ordered respondents to: (a) vacate the subject property and surrender its possession to petitioner; (b) pay reasonable compensation for the use and occupation of the property in the amount of PHP 10,000.00 a month from July 30, 2012 until they have vacated the premises; (c) pay PHP 10,000.00 as attorney's fees; and (d) pay the cost of suit.¹⁴

In so ruling, the MeTC found that the facts alleged in the Complaint properly established petitioner's cause of action for unlawful detainer since the fact of tolerance was proven by respondents' admission in their Answer, i.e., that Mr. Ang offered the subject property with the water tank to Mario and his family. Thus, when respondents failed to heed petitioner's demand to vacate, respondents became deforciant occupants and a summary action for ejectment was proper. Further, as the registered owner, petitioner has the right to eject any person illegally occupying the subject property.¹⁵

Meanwhile, on December 20, 2013, respondents filed a Manifestation¹⁶ before the MeTC, stating that even prior to the institution of this suit, they had already vacated the subject property and surrendered the same to petitioner.

¹¹ *Id.* at 181-183.

¹² *Id.* at 184-185.

¹³ *Id.* at 50-55-a.

¹⁴ *Id.* at 53-a.

¹⁵ *Id.* at 52-53.

¹⁶ *Id.* at 101-103.

File

Hence, reasonable compensation should be computed up to the time respondents vacated and surrendered the property.¹⁷

Thereafter, aggrieved with the MeTC's ruling, respondents appealed¹⁸ to the RTC.

The RTC Ruling

In a Decision¹⁹ dated June 13, 2014, the RTC affirmed the MeTC ruling.²⁰ The RTC held that respondents failed to show the applicability of the rule on possession by builder in good faith, considering that they did not adduce any positive evidence that would establish a claim of actual or constructive permission to occupy the subject property. The RTC also found that the MeTC did not commit any reversible error in concluding that the subject property is registered under petitioner's name and that respondents' possession was by mere tolerance. Hence, petitioner, as the registered owner, had the right to recover the possession of the property.²¹

Respondents filed a motion for reconsideration, but was denied.²² Undaunted, they filed a Petition for Review Under Rule 42²³ before the CA.

The CA Ruling

In a Decision²⁴ dated May 11, 2018, the CA reversed and set aside the RTC Decision and accordingly, dismissed the complaint for unlawful detainer.²⁵

In so ruling, the CA found that petitioner is not the owner of the subject property covered by TCT No. (70115) 123145, pointing out that the original owner thereof is PIOA, whose SEC registration was revoked by the SEC due to noncompliance of reportorial requirements.²⁶ According to the CA, since said revocation resulted in PIOA's dissolution that ceased as a body corporate to conduct the business for which it was established, its assets must then undergo liquidation and legal titles of the remaining corporate properties should be transferred to the stockholders who became co-owners thereof.²⁷ The CA further ratiocinated that although corporations with revoked

¹⁷ *Id.* at 102.

¹⁸ *Id.* at 12.

¹⁹ *Id.* at 54-65.

²⁰ *Id.* at 65.

²¹ *Id.* at 60-62.

²² *Id.* at 12.

²³ *Id.* at 215-239.

²⁴ *Id.* at 34-46.

²⁵ *Id.* at 46.

²⁶ *Id.* at 39.

²⁷ *Id.* at 40.

registrations may file petitions to lift orders of revocation that would restore its existence, PIOA did not avail of this remedy. Instead, its board of directors opted for a re-registration, which created a new entity, herein petitioner, with SEC Reg. No. CN201204425²⁸—an entirely separate and distinct entity from PIOA.²⁹ Nonetheless, the CA remarked that stockholders of a dissolved corporation are not prevented from conveying their shareholdings toward the creation of a new corporate entity. However, in the absence of liquidation of properties, as in this case, the rights and properties of the dissolved corporation cannot be deemed to have been transferred to the new corporation.³⁰ Hence, the CA held that PIOA's properties, including the subject property, cannot be deemed as owned by petitioner. As such, the CA stated that the MeTC should have dismissed the case at its inception for stating no cause of action due to questions concerning petitioner's standing as the real party-in-interest. In this light, the CA concluded that petitioner lacked the capacity to sue.³¹

Dissatisfied, petitioner moved for reconsideration,³² but was denied in a Resolution³³ dated November 28, 2018; hence, this Petition.³⁴

The Issue Before the Court

The issue for the Court's consideration is whether the CA correctly reversed the rulings of the MeTC and the RTC, which resulted in the dismissal of petitioner's Complaint for unlawful detainer.

The Court's Ruling

The Petition is without merit.

I.

At the outset, the Court notes that after the MeTC rendered its Decision dated November 8, 2013, respondents filed a Manifestation informing the trial court that they had already vacated the subject property, *viz.*:

Defendants, through the undersigned counsel, respectfully manifests that in this Honorable Court's Decision dated November 9, 2013, they were directed to vacate the premises which is the subject of the instant case for Ejectment. Defendants respectfully inform this Honorable Court that even

²⁸ *Id.* at 126.

²⁹ *Id.* at 41–43.

³⁰ *Id.* at 44.

³¹ *Id.* at 45.

³² Not attached to the *rollo*.

³³ *Rollo*, pp. 48–49.

³⁴ *Id.* at 9–29.

before the filing of the instant case, **Defendant James Paul G. Recio has already been residing with his wife and children at 14 Sunflower St., Area-B, Queensrow West, Molino III, Cavite.** As proof, a copy of the Brgy. Certification issued by Barangay Queensrow West is hereto attached as Annex "A".

Defendants Marizene R. Tancinco and Daryl Tancinco have already vacated the premises and have been residing with their daughter at Brgy. Bayanan, Cavite since August 2013. A copy of the Brgy. Certification is hereto attached as Annex "B".

In addition, a copy of the Meralco billing for the Billing Period of November 6, 2013 to December 6, 2013 will show that since September 2013, there has not been any electrical consumption in the subject premises. This shows that the subject premises have already been vacated. A copy of the billing indicating the Average Usage for the month of September is hereto attached as Annex "C-1", and the total amount due from September to December 2013 is only Pesos: Twenty-Three and 60/100 (PIIP 23.60), as Annex "C-2". Moreover, none of the Notices from this Honorable Court addressed to the Defendants have been served on them since no one was residing in the subject premises.

The foregoing shows that the Defendants have already complied with the directive of this Honorable Court to peacefully vacate and surrender the premises, and the reasonable compensation should be computed up to the time the defendants vacated and surrendered the property.³⁵ (Emphasis and underlining supplied)

However, petitioner maintains that respondents never surrendered the property, and in fact, have padlocked the same,³⁶ to wit,

Relative thereto, **Petitioner hereby informs the Honorable Supreme Court that the respondents NEVER surrendered the property to the petitioners. In fact, they have padlocked the premises.** Moreover, they have not complied with the required monthly deposit as per Rule 70 of the Rules of Court, particular Sec. 19 thereof. Respondents failed to make a monthly deposit with the Regional Trial Court the reasonable value of the use and occupation of the property for which they must comply in order to maintain their appeal. As plain explanation, "It is not essential that there be a continuous personal presence on the land, but there must be exercised at least some actual physical control with intent and apparent purpose of asserting dominion. Furthermore, mere occupancy or personal presence on the ground is not necessarily sufficient to constitute that possession which the law clothes with legal rights as such."³⁷ (Emphasis supplied)

Verily, despite respondents' Manifestation before the MeTC, petitioner has yet to gain effective possession of the subject property. As such, this constrains the Court, among others, to scrutinize the entirety of the case in

³⁵ *Id.* at 101-102.

³⁶ *Id.* at 26.

³⁷ *Id.*

order to ascertain whether petitioner is indeed entitled to the reliefs it prayed for in the court *a quo*, i.e., possession over the subject property and payment of rentals.

II.

In ejectment cases, also termed as *accion interdical*, the only issue for resolution is physical or material possession of the property involved, independent of any claim of ownership by any of the party litigants. Nonetheless, if the defendant raises the question of ownership in his/her pleadings and the question of possession cannot be resolved without deciding the issue of ownership, the trial courts and the CA have the competence to resolve such issue of ownership for the sole purpose of determining the issue of possession. It is well to clarify, however, that such determination of ownership is merely provisional in nature and does not bind the title or affect the ownership of the land nor is conclusive of the facts therein found in a case between the same parties upon a different cause of action involving possession, such as in *accion publiciana* or in *accion reivindicatoria*.³⁸

Since an ejectment case is necessarily a civil action, then the required evidentiary threshold is that of preponderance of evidence. To be sure, “[p]reponderance of evidence is the **weight, credit, and value** of the aggregate evidence on either side and is usually considered to be synonymous with the term “greater weight of the evidence” or “greater weight of the credible evidence.” Preponderance of evidence is a phrase that, in the last analysis, means probability of the truth. It is evidence that is more convincing to the court as it is worthier of belief than that which is offered in opposition thereto.”³⁹ Thus, the basic rule in civil cases is that the party making allegations has the burden of proving them by such evidentiary threshold. Such party must rely on the strength of their own evidence, and not upon the weakness of the defense offered by their opponent.

Relatedly, the issue of sufficiency of evidence is a question of fact.⁴⁰ To be sure, a question of fact requires the Court to review the truthfulness or falsity of the allegations of the parties; to assess the probative value of the evidence presented; and to ascertain the correctness of the lower courts’ appreciation of the evidence presented by the parties.⁴¹

As a general rule, only questions of law should be raised in petitions filed under Rule 45 of the Rules of Court, as the Court is not a trier of facts. However, this rule admits of exceptions, one of which is when the factual

³⁸ *Eversley Childs Sanitarium v. Spouses Babarona*, 829 Phil. 111, 130–131 (2018) [Per J. Leonen, Third Division]; citing *Co v. Militar*, 466 Phil. 217, 225–224 (2004) [Per J. Ynares-Santiago, First Division].

³⁹ *Tan, Jr. v. Hosana*, 780 Phil. 258, 265 (2016) [Per J. Brion, Second Division]; citations omitted.

⁴⁰ *Land Bank of the Philippines v. CA*, 416 Phil. 774 (2001) [Per J. Quisumbing, Second Division]; citations omitted.

⁴¹ *Pascual v. Burgos*, 776 Phil. 167, 183 (2016) [Per J. Leonen, Second Division]; citations omitted.

findings of the CA are contrary to those of the trial court/s.⁴² This case falls under this exception, considering that the trial courts essentially found that petitioner has a better right of possession over respondents as it is the registered owner of the subject property, while on the other hand, the CA ruled that petitioner is not the registered owner of such property, and as such, is not a real party-in-interest to the suit.

In this light, the Court is constrained to make its own assessment of the facts as established from the records of this case.

III.

After a judicious perusal of the records, the Court agrees with the CA, for reasons as will be stated hereunder.

At this juncture, the Court highlights the following facts which are crucial to the resolution of the instant case: *First*, contrary to the findings of the MeTC and the RTC, **the registered owner of the subject property covered by TCT No. (70115) 123145 is PIOA and not petitioner.**⁴³ *Second*, PIOA, a corporation incorporated on December 29, 1982, was issued with SEC Reg. No. 0109189.⁴⁴ *Third*, SEC Reg. No. 0109189 was revoked on August 11, 2003 due to the noncompliance with reportorial requirements.⁴⁵ *Fourth*, no liquidation was undertaken after the revocation of SEC Reg. No. 0109189.⁴⁶ *Fifth*, instead of filing a petition to lift orders of revocation, the board of directors of PIOA “re-registered” and created a new association, herein petitioner, with SEC Reg. No. CN201204425 issued on March 6, 2012.⁴⁷

Relevant to the foregoing facts is Batas Pambansa Blg. 68,⁴⁸ Section 122, also known as the Corporation Code, which provides:

Section 122. *Corporate liquidation.* – Every corporation whose charter expires by its own limitation or is annulled by forfeiture or otherwise, or whose corporate existence for other purposes is terminated in any other manner, shall nevertheless be continued as a body corporate for three (3) years after the time when it would have been so dissolved, for the purpose of prosecuting and defending suits by or against it and enabling it to settle and close its affairs, to dispose of and convey its property and to distribute its assets, but not for the purpose of continuing the business for which it was established.

⁴² *Id.* at 190; citations omitted.

⁴³ *See rollo*, p. 39.

⁴⁴ *See id.*

⁴⁵ *Id.*

⁴⁶ *Id.* at 44.

⁴⁷ *Id.* at 43.

⁴⁸ Entitled “THE CORPORATION CODE OF THE PHILIPPINES,” approved on May 1, 1980

ATC

At any time during said three (3) years, the corporation is authorized and empowered to convey all of its property to trustees for the benefit of stockholders, members, creditors, and other persons in interest. From and after any such conveyance by the corporation of its property in trust for the benefit of its stockholders, members, creditors and others in interest, all interest which the corporation had in the property terminates, the legal interest vests in the trustees, and the beneficial interest in the stockholders, members, creditors or other persons in interest.

Upon the winding up of the corporate affairs, any asset distributable to any creditor or stockholder or member who is unknown or cannot be found shall be escheated to the city or municipality where such assets are located.

Except by decrease of capital stock and as otherwise allowed by this Code, no corporation shall distribute any of its assets or property except upon lawful dissolution and after payment of all its debts and liabilities.

Based on this provision, a defunct corporation loses the right to sue and be sued in its name upon the expiration of the aforementioned three (3) year winding-up period provided by law. However, case law has carved out exceptions to this rule, particularly instructing that an appointed receiver, assignee, or a trustee of such defunct corporation may institute suits or continue pending actions on the latter's behalf even after the expiration of the winding-up period. For this purpose, it is further clarified that: (a) a receiver or an assignee need not be even appointed for the purpose of bringing suits or continuing those that are pending; (b) in the absence of a receiver or an assignee, suits may be instituted or continued by a trustee specifically designated for a particular matter, such as a lawyer representing the corporation in a certain case; and (c) the board of directors of a corporation may be considered trustees by legal implication for the purpose of winding up its affairs.⁴⁹

In this case, records clearly show that the subject property is owned by PIOA; and as such, it is the rightful plaintiff to the unlawful detainer case filed by petitioner. Since PIOA's corporate existence had long ceased on August 11, 2003, then its board of directors may be deemed as its trustees who may institute or continue suits on its behalf. However, the instant suit is filed by petitioner, a newly-formed corporation, which should be considered as a *separate and distinct* entity from PIOA, as evinced by their different SEC Reg. Nos. (i.e., SEC Reg. No. 0109189 for PIOA and SEC Reg. No. CN201204425 for petitioner). In this regard, the Court takes particular note of SEC-Office of the General Counsel Opinion (OGC) No. 17-08 (Opinion),⁵⁰ wherein the SEC's legal opinion was requested with regard to instances where a corporation's legal personality was revoked and subsequently "re-registered," such as the predicament faced by PIOA and petitioner in this case. Relevant portions of the Opinion read:

⁴⁹ *Reyes v. Bancom Development Corp.*, 823 Phil. 518, 526-527 (2018) [Per C.J. Sereno, First Division].

⁵⁰ SEC-OGC Opinion No. 17-08 (September 5, 2017).

As to your first question, the [former corporation's] right of dominion over its corporate assets is not immediately extinguished by the revocation of its Certificate of Registration.

....

As the Supreme Court held in *Republic v. Tancinco*, "the dissolution of juridical entity does not by itself cause the extinction or diminution of the rights and liability of such entity, since it is allowed to continue as a juridical entity for 3 years for the purpose of prosecution and defending suits by or against it and enabling it to settle and close its affairs, to dispose of and convey its property, and to distribute its assets."

Further, corporate liquidation may still be continued even after expiration of the given three (3) year period. . . .

....

Hence, the former corporation retains title to the corporate properties until after the completion of the liquidation process.

As to your second query, **the original . . . corporation organized in 1974 is separate and distinct from the one registered in 2010, and the former cannot be said to be a continuation of the latter.**

Dissolution is a condition of law and fact which ends the capacity of the body corporate to act as such, and necessitates a liquidation and extinguishment of all legal relations existing in respect of the corporate enterprise. Once a corporate franchise is revoked, the corporate franchise is dissolved.

Coming now to your third query, the re-registered corporation is a newly registered corporation.

....

Thus it is clear that **the re-registered corporation shall be considered as a separate and distinct entity from the corporation with a similar name that preceded it.** (Emphasis and underscoring supplied)

Since the SEC is the principal government agency tasked to implement the Corporation Code, its interpretation of the law must be given great weight by the Court. Under the contemporaneous interpretation rule, "[t]he practice and interpretive regulations by officers, administrative agencies, departmental heads, and other officials charged with the duty of administering and enforcing a statute will carry great weight in determining the operation of a statute;"⁵¹ and that "[i]n the construction of a doubtful and ambiguous law, the contemporaneous construction of those who [were] called upon to act under the law, and were appointed to carry its provisions into effect, is entitled to very great respect."⁵² Otherwise stated, the interpretation given to a rule or regulation by those charged with its execution is entitled to the greatest weight

⁵¹ *Ting v. Central Bank of the Philippines*, G.R. No. L-15666, September 24, 1958 [Per J. Montemayor], citing 2 Sutherland, *Statutory Construction*, p. 516

⁵² *Edward's Lessee v. Darby*, 25 US 206, 210 (1827).

ACG

by the Court construing such rule or regulation, and such interpretation will be followed unless it appears to be clearly unreasonable or arbitrary.⁵³

Thus, it is incorrect for petitioner to argue that it is “one and the same” as PIOA, considering the time-honored doctrine that “[a] corporation has a personality separate and distinct from those of its stockholders **and other corporations** to which it may be connected.”⁵⁴

While it is conceded that there have been instances when two corporations’ legal personality are set aside and they are treated as one and the same, such as under the doctrine of piercing the veil of corporate fiction.⁵⁵ However, jurisprudence holds that the doctrine is only “warranted when the separate personality of a corporation is used as a means to perpetrate fraud or an illegal act, or as a vehicle for the evasion of an existing obligation, the circumvention of statutes, or to confuse legitimate issues. It is also warranted in alter ego cases where a corporation is merely a farce since it is a mere alter ego or business conduit of a person, or where the corporation is so organized and controlled and its affairs are so conducted as to make it merely an instrumentality, agency, conduit or adjunct of another corporation.”⁵⁶ Verily, the circumstances in the present case do not warrant the piercing of the corporate veil between PIOA and petitioner.

Based on the foregoing considerations, the Court rules that petitioner has failed to prove its entitlement to the reliefs it prayed for in the unlawful detainer complaint filed against respondent — for the simple reason that it has no material and/or inchoate interests over the subject property.

IV.

In relation to the above discussions, since the registered owner of the subject property, PIOA, is a juridical entity separate and distinct from petitioner, and that there is no showing that the former had already transferred its interests over such property to the latter, the Court further rules that petitioner is not a real party-in-interest to the unlawful detainer case that it filed. To be sure, Section 2, Rule 3 of the Rules of Court defines a real party-in-interest, as follows:

SEC. 2. Parties in interest. - A real party in interest is **the party who stands to be benefited or injured by the judgment in the suit**, or the party entitled to the avails of the suit. Unless otherwise authorized by

⁵³ *Eastern Telecommunications Philippines, Inc. v. International Communication Corporation*, 478 Phil. 922 (2004) [Per J. Austria-Martinez, Second Division].

⁵⁴ *Pantranco Employees Association v. National Labor Relations Commission*, 600 Phil. 645, 660 (2009) [Per J. Nachura, Third Division]. Emphasis and underscoring supplied.

⁵⁵ *Id.* at 661.

⁵⁶ *International Academy of Management and Economics v. Liton and Co., Inc.*, 822 Phil. 610, 618 (2017) [Per C.J. Sereno, First Division].

Atco

law or these Rules, every action must be prosecuted or defended in the name of the real party in interest. (Emphasis and underscoring supplied)

In *Mutilan v. Mutilan*,⁵⁷ the Court, through Associate Justice Marvic M.V.F. Leonen, expounded on this matter, to wit:

Generally, every action must be prosecuted or defended in the name of the real party in interest, the one “who stands to be benefited or injured by the judgment in the suit, or the party entitled to the avails of the suit.” **To be a real party in interest, one “should appear to be the present real owner of the right sought to be enforced, that is, his [or her] interest must be a present substantial interest, not a mere expectancy, or a future, contingent, subordinate, or consequential interest.”** In *Stronghold Insurance Company, Inc. v. Cuenca*, this Court explained the rationale for such requirement:

The purposes of the requirement for the real party in interest prosecuting or defending an action at law are: (a) to prevent the prosecution of actions by persons without any right, title or interest in the case; (b) to require that the actual party entitled to legal relief be the one to prosecute the action; (c) to avoid a multiplicity of suits; and (d) to discourage litigation and keep it within certain bounds, pursuant to sound public policy. Indeed, considering that all civil actions must be based on a cause of action, defined as the act or omission by which a party violates the right of another, the former as the defendant must be allowed to insist upon being opposed by the real party in interest so that he is protected from further suits regarding the same claim. **Under this rationale, the requirement benefits the defendant because “the defendant can insist upon a plaintiff who will afford him a setup providing good *res judicata* protection if the struggle is carried through on the merits to the end.”**

The rule on real party in interest ensures, therefore, that the party with the legal right to sue brings the action, and this interest ends when a judgment involving the nominal plaintiff will protect the defendant from a subsequent identical action. Such a rule is intended to bring before the court the party rightfully interested in the litigation so that only real controversies will be presented and the judgment, when entered, will be binding and conclusive and the defendant will be saved from further harassment and vexation at the hands of other claimants to the same demand.

Petitioners here are not vested with direct and substantial interest in the subject parcels of land. They are not the present real owners of the right sought to be enforced. They claim their interests only as heirs of Mahid, who was not proven to have any right or interest in the parcels of land titled in respondent’s name. . . .

⁵⁷ G.R. No. 216109, February 5, 2020 [Third Division].

Not being real parties in interest, petitioners cannot invoke the jurisdiction of the court. Persons having no material interest to protect cannot invoke its jurisdiction as the plaintiff in an action. “Nor does a court acquire jurisdiction over a case where the real party in interest is not present or impleaded.”⁵⁸ (Emphasis and underscoring supplied)

In sum, the CA correctly ruled that since petitioner (with SEC Reg. No. CN201204425) is a juridical entity separate and distinct from PIOA (with SEC Reg. No. 0109189), then the former is not a real party in interest to the unlawful detainer complaint that it filed before the MeTC. “When the plaintiff is not the real party in interest, the case is dismissible on the ground of lack of cause of action.”⁵⁹ as in this case.

ACCORDINGLY, the instant Petition is **DENIED**. The Decision dated May 11, 2018 and the Resolution dated November 28, 2018 of the Court of Appeals in CA-G.R. SP No. 137723 are hereby **AFFIRMED**.

SO ORDERED.

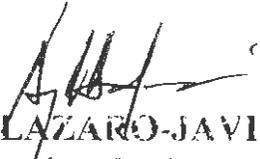


ANTONIO T. KHO, JR.

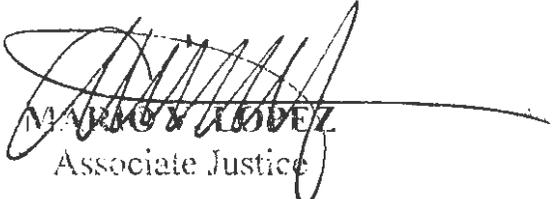
Associate Justice

WE CONCUR:

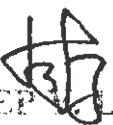
On Official Leave
MARVIC M.V.F. LEONEN
Senior Associate Justice



AMY C. LAZARO-JAVIER
Associate Justice
Acting Chairperson



MARVIC M.V.F. LEONEN
Associate Justice



JHOSEP LOPEZ
Associate Justice

⁵⁸ Id.; citations omitted.

⁵⁹ *Ang v. Paciano*, G.R. No. 208978, 765 Phil. 540 (2015) [Per J. Peralta-Bernabe, First Division], citing *Goco v. C.A.*, 63 Phil. 390, 407 (2010) [Per J. Brion, Second Division].

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.



AMY C. LAZARO-JAVIER
Associate Justice
Acting Chairperson, Second Division

CERTIFICATION

Pursuant to the Article VIII, Section 13 of the Constitution, and the Division Acting 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.



ALEXANDER G. GESMUNDO
Chief Justice