



REPUBLIC OF THE PHILIPPINES  
SUPREME COURT  
Manila

SECOND DIVISION

**NOTICE**

Sirs/Mesdames:

*Please take notice that the Court, Second Division, issued a Resolution dated **August 31, 2022** which reads as follows:*

**“G.R. No. 253256 (*The Medical Channel Corporation, petitioner v. Security Bank Corporation, respondent*).** – This Petition for Review on Certiorari<sup>1</sup> seeks to set aside the Decision<sup>2</sup> dated January 31, 2020 of the Court of Appeals in CA-G.R. CV No. 113195, affirming the trial court’s Resolution<sup>3</sup> dated November 29, 2018 which granted respondent’s petition for writ of possession, and Resolution<sup>4</sup> dated July 28, 2020, denying petitioner’s motion for reconsideration.

**The Proceedings Before the Trial Court**

Respondent Security Bank Corporation (SBC) filed before the Regional Trial Court (RTC)-San Fernando City, Pampanga, an *Ex-Parte* Petition for Issuance of Writ of Possession.<sup>5</sup> The case was raffled to Branch 41.

Respondent alleged that Florencio S. Sarmiento, Jr. (Florencio) was the previous owner of the subject parcels of land, *i.e.*, Lot 1, Block 1 and Lot 10, Block 3, located in Rockwood Homes, Barangay Saguin, San Fernando, Pampanga, and covered by Transfer Certificate of Title (TCT) Nos. 042-2010009155 and 042-2011013978, respectively. Sometime in 2010, Florencio, as President of Allied Pharmaceutical Marketing Corporation (Allied), applied for a loan from respondent SBC amounting to Twelve Million Pesos (₱12,000,000.00). As security, Florencio executed two (2) separate real estate mortgages on February 4, 2011 and September

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<sup>1</sup> *Rollo*, pp. 5–18.

<sup>2</sup> Penned by Associate Justice Manuel M. Barrios and concurred in by Associate Justices Germano Francisco D. Legaspi and Walter S. Ong, *id.* at 32–40.

<sup>3</sup> Penned by Judge Divina Luz P. Aquino-Simbulan, *id.* at 21–30.

<sup>4</sup> *Id.* at 42–43.

<sup>5</sup> *Id.* at 34.

29, 2011 over the lots covered by TCT Nos. 042-2010009155 and 042-2011013978, respectively. These mortgages were annotated on their respective titles.<sup>6</sup>

When Allied defaulted in its payment, the mortgages were foreclosed, and the properties sold at public auction where SBC emerged as the highest bidder. The redemption period expired without Florencio redeeming the properties. Consequently, titles to the properties were consolidated and new titles<sup>7</sup> were issued in its name. Despite its repeated demands, Allied and/or Florencio refused to vacate the properties which compelled it to file a Petition<sup>8</sup> for writ of possession.<sup>9</sup>

Petitioner The Medical Channel Corporation (TMCC) intervened and opposed the Petition. It asserted that it had been occupying the properties since January 2011 pursuant to a Contract of Lease which it entered into with Florencio<sup>10</sup> on July 5, 2011 for a period of 20 years or until July 5, 2031. The lease though was neither registered nor annotated on their respective titles. Having merely stepped into the shoes of the previous landowner, SBC must respect the lease agreement and its (TMCC) right to remain in possession of the properties until the lease contract expires.<sup>11</sup>

### **The Rulings of the Trial Court and the Court of Appeals**

By Resolution<sup>12</sup> dated November 29, 2018, the trial court granted the petition of SBC. It ruled that as purchaser in a foreclosure sale, SBC is entitled to possession of the property after the expiration of the period of redemption, without the mortgagor having actually redeemed the property. It is the court's duty to uphold the mortgagee's right to possession, thus, the issuance of a writ of possession is a ministerial duty of the court.

In its Decision<sup>13</sup> dated January 31, 2020, the Court of Appeals affirmed. It ruled that petitioner's possession of the properties is not adverse to that of the judgment obligor/mortgagor. Too, petitioner failed to

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<sup>6</sup> Id. at 33.

<sup>7</sup> TCT Nos. 042-2015009169 and 042-2015009168.

<sup>8</sup> The petition was docketed as LRC Case No. 3617 and raffled to Branch 41.

<sup>9</sup> *Rollo*, pp. 33-34.

<sup>10</sup> Erroneously referred to as Francisco, *id.* at 34.

<sup>11</sup> *Id.* at 34.

<sup>12</sup> *Id.* at 21-30.

<sup>13</sup> *Id.* at 32-40.

prove that SBC had prior knowledge of the existence of its lease, hence, petitioner's claim under Article 1676<sup>14</sup> of the Civil Code must fail.

### The Present Petition

Petitioner now seeks affirmative relief and prays that its lease over the foreclosed properties be respected allegedly in accordance with Article 1676 of the Civil Code. It essentially argues that even though the lease contract was not annotated on the land titles, SBC must have known of the actual occupants of the properties at the time it granted Florencio the mortgage loans.<sup>15</sup>

On the other hand, SBC counters that the Court of Appeals correctly sustained its right to a writ of possession. As mere lessee, petitioner failed to establish that its possession of the properties is adverse to that of Florencio. Even its own counsel openly admitted this to the Court of Appeals. Petitioner also failed to prove that SBC had actual prior knowledge of the lease and petitioner's possession of the properties.<sup>16</sup>

### Our Ruling

Petitioner raises a pure question of fact pertaining to whether there is evidence to prove that SBC should have known of petitioner's occupation of the properties as a lessee, hence, is deemed to have been bound thereby.

It is settled that in a petition for review on certiorari, the Court, not being a trier of facts, will not take cognizance of factual issues, much less recalibrate the evidence on record.<sup>17</sup> Petitioner has not shown any special reason to warrant a departure from this rule and disturb the factual findings of the trial court which carry the full concurrence of the appellate court.

In any event, there is no showing that the appellate court committed reversible error in rendering its assailed dispositions to warrant the Court's exercise of its discretionary appellate jurisdiction in the present case.

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<sup>14</sup> Article 1676. The purchaser of a piece of land which is under a lease that is not recorded in the Registry of Property may terminate the lease, save when there is a stipulation to the contrary in the contract of sale, or when the purchaser knows of the existence of the lease. If the buyer makes use of this right, the lessee may demand that he be allowed to gather the fruits of the harvest which corresponds to the current agricultural year and that the vendor indemnify him for damages suffered. If the sale is fictitious, for the purpose of extinguishing the lease, the supposed vendee cannot make use of the right granted in the first paragraph of this article. The sale is presumed to be fictitious if at the time the supposed vendee demands the termination of the lease, the sale is not recorded in the Registry of Property.

<sup>15</sup> *Rollo*, pp. 5–16.

<sup>16</sup> Comment, *id.* at 80–90.

<sup>17</sup> See *Quines v. United Philippine Lines, Inc.*, G.R. No. 248774, May 12, 2021 [Per *J. Lazaro-Javier*, Second Division].

It is undisputed that SBC emerged as the winning bidder/purchaser in the subject foreclosure sale. No redemption was made during the prescribed one (1) year period and title to the properties had already been consolidated in the name of SBC. As the confirmed absolute owner of the properties, SBC is entitled to all the rights of ownership over the same, including the right of possession.<sup>18</sup> Following the consolidation of titles in its name, it may demand possession as a matter of right.<sup>19</sup>

Being a mere lessee of the properties, petitioner derived its rights from the lessor, Florencio, who is the original owner and judgment obligor. As its own counsel openly admitted to the Court, petitioner's possession of the properties is not adverse to that of Florencio's.

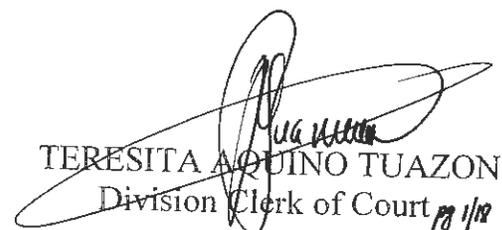
Since the writ of possession is enforceable against the judgment debtor, Florencio, with more reason it can be enforced against the latter's lessee and successor, petitioner TMCC.<sup>20</sup>

In fine, the Court of Appeals correctly sustained the right of SBC to the writ of possession as the winning bidder and absolute owner of the foreclosed properties.

**FOR THESE REASONS**, the Petition is **DENIED**. The Decision dated January 31, 2020 and Resolution dated July 28, 2020 of the Court of Appeals in CA-G.R. CV No. 113195 are **AFFIRMED**. Security Bank Corporation is declared absolute owner of the subject properties entitled to a writ of possession.

**SO ORDERED."**

By authority of the Court:

  
TERESITA AQUINO TUAZON  
Division Clerk of Court pg 1/12

18 JAN 2023

<sup>18</sup> See *Spouses Reyes v. Spouses Chung*, 818 Phil. 225, 236 (2017) [Per J. Velasco, Third Division].

<sup>19</sup> *Samson v. Rivera*, 472 Phil. 836, 849 (2004) [Per J. Panganiban, First Division].

<sup>20</sup> See *Pagurayan v. Reyes*, 581 Phil. 353, 358–359 (2008) [Per J. Corona, First Division].

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HON. PRESIDING JUDGE (reg)  
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San Fernando City, 2000 Pampanga  
(LRC Case No. 3617)

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