

CHANROBLES PUBLISHING COMPANY

**SUPREME COURT
THIRD DIVISION**

**GEORGE T. VILLENA, CARLOS N.
VILLENA, AURORA M. BONDOC and
RONNIE C. FERNANDEZ, and their
Respective Spouses,**

Petitioners,

-versus-

**G.R. No. 148126
November 10, 2003**

**Spouses ANTONIO C. CHAVEZ and
NOEMI MARCOS-CHAVEZ and
CARLITA C. CHAVEZ,**

Respondents.

X-----X

DECISION

PANGANIBAN, J.:

Stare decisis simply means that a judgment reached in one case should be applied to successive ones in which the facts are substantially identical, even though the parties may be different. Like cases ought to be decided alike.

The Case

Before this Court is a Petition for Review^[1] under Rule 45 of the Rules of Court, assailing the May 9, 2001 Decision^[2] of the Court of Appeals (CA) in CA-GR SP No. 58329. The decretal portion of the Decision reads as follows:

“WHEREFORE, the judgment dated March 29, 2000 of Branch 56 of the RTC of Angeles City is hereby REVERSED and SET ASIDE, and a new judgment entered in favor of the petitioners, ordering the respondents and all persons claiming rights under them to vacate from the subject lots and to remove their houses and/or any other structures or constructions thereon.”^[3]

The overturned Decision of the Regional Trial Court (RTC) of Angeles City, Branch 56,^[4] affirmed in toto the Municipal Trial Court (MTC) of Angeles City, Branch II.^[5]

The Facts

The facts of the case are summarized by the CA in this wise:

“In a Complaint for Illegal Detainer with Damages filed on October 15, 1998, the [respondents] alleged that they are the owners of four (4) parcels of land designated as Lot Nos. 164, 165, 166, and 167 of the Cadastral Survey of Angeles City, and covered, respectively, by Transfer Certificates of Title Nos. 83247, 83246, 83248 and 83249, all issued by the Register of Deeds of Angeles City. These four (4) parcels of land have been consolidated and subdivided into several blocks and lots, and are now collectively designated as Bagong Silang Phase III-C. By mere permission and tolerance of the [respondents], the [petitioners] have occupied and erected their homes on four (4) of the said lots, as follows:

George T. Villena and wife = Block 5, Lot 14
Carlos N. Villena and wife = Block 5, Lot 13
Aurora M. Bondoc and husband = Block 2, Lot 4
Ronnie C. Hernandez and wife = Block 3, Lot 5

“All the [petitioners] are members of the Bagong Silang Phase III-C Homeowners’ Association, Inc., with office address at Cutud, Angeles City. The [respondents] allowed the [petitioners] and other members of the said homeowners’ association to continue occupying the subject lots and ultimately to acquire ownership of the lots occupied, in consideration of a certain amount to be paid to the [respondents] as equity.

“The [respondents] further alleged that the other members of the said homeowners’ association paid to the [respondents] their respective equity for their right to continue occupying and ultimately acquiring ownership of the occupied lots. However, notwithstanding repeated demands made upon the [petitioners], they have refused and failed without any justifiable ground to pay their respective equity. In view of such failure to pay, the [petitioners] have forfeited their right to continue occupying the lots in question. Formal demand letters were then sent by registered mail to the [petitioners], wherein they were given a period of thirty (30) days from receipt within which to vacate and remove their houses from the subject lots. The period given to the [petitioners] lapsed on April 11, 1998, but up to the present time, the [petitioners] refused and failed without any justifiable reason or ground to vacate and remove their houses from the said lots.

“The [respondents] then prayed in their Complaint that the [petitioners] be ordered to vacate and remove their houses from the lots currently occupied; that each of the [petitioners] be ordered to pay the [respondents] P1,000.00 a month as reasonable rental for the use and occupation of the lots starting from April 11, 1998 until they have finally vacated and removed their houses from said lots; and that the [petitioners] jointly and severally pay the [respondents] P25,000.00 as actual and compensatory damages, P2,000.00 as appearance fee per hearing, exemplary damages, and the costs of the suit.

“In their answer with compulsory counter-claim filed on November 3, 1998, the [petitioners] countered that the [respondents] have no cause of action to institute the present

action, considering that the properties in question are under the community mortgage program implemented by the National Home Mortgage Finance Corporation. Moreover, the [petitioners] claimed that they are lawful tenants of the premises, and that they have been paying their equity to their originator, the Urban Land and Development Foundation[,] Inc. However, they were not issued the corresponding receipts evidencing payment and a copy of their contract. The [petitioners] further averred that they were willing to continue paying their equity until the same shall have been fully paid, but their originator, without justifiable reason, refused to accept the tender of payment made by them. The [petitioners] subsequently agreed with their originator that the payment of equity should be continued only upon the release of a Purchase Commitment Line (PCL).

“In addition, the [petitioners] alleged that they are qualified beneficiaries under Republic Act No. 7279, otherwise known as the Urban Development and Housing Act of 1992; hence, they cannot be summarily evicted and their dwelling houses demolished unless and until they have been relocated. According to the [petitioners], they are also builders in good faith and should be indemnified for the improvements they constructed on the properties in question.

“The [petitioners] prayed in their answer that the complaint be dismissed; that they be declared lawful tenants and qualified beneficiaries under R.A. 7279; that the [respondents] be ordered to sell the lots in question to them, and to pay attorney’s fees and the costs of suit.

“After the pre-trial conference, both parties submitted their position papers. On September 15, 1999, MTC Branch II of Angeles City rendered a decision dismissing both the [respondents’] complaint and the [petitioners’] counter-claim, on the ground that the filing of an ejectment case based on the alleged violation of the parties’ agreement which has not yet been rescinded is premature, and that it is beyond the competence of the said court to act on the case, as rescission or specific performance is beyond the jurisdiction of the said court.

“The [respondents] appealed such adverse judgment to the RTC of Angeles City, which appeal was raffled to Branch 56 of the said court. On March 29, 2000, RTC Branch 56 of Angeles City rendered a decision affirming in toto the MTC judgment.”^[6]

Ruling of the Court of Appeals

The CA held that the right of petitioners to continue occupying the subject properties hinged on their continued payment of the agreed amount as equity.^[7] Even after formal letters of demand to vacate the premises had been sent to them, however, they still did not make any effort to pay their equity to protect their right to continue occupying those lots. Thus the appellate court ruled that their failure to pay made their occupancy unlawful, in consequence of which they became subject to an ejectment suit.

The CA rejected the contention of petitioners that they were protected by RA 7279. According to the appellate court, there was no express declaration by the local government unit that the parcels of land owned by respondents were to be used for socialized housing. Neither was there proof of the allegation that they had applied therefor under the Community Mortgage Program of the National Home Mortgage Finance Corporation under Section 31 of RA 7279. Besides, even granting that petitioners were protected under RA 7279, they were still liable to pay amortization or face eviction.

Likewise debunked was the allegation of petitioners that respondents were not the real parties in interest. Being the owners of the lots occupied by the former, the latter had a material interest in the suit and stood to be benefited or injured by any judgment affecting those parcels of land.

Hence, this Petition.^[8]

The Issues

Petitioners raise the following issues for our consideration:

- “I. Whether or not the Honorable Court of Appeals committed grave abuse of discretion amounting to lack or excess of jurisdiction in reversing and setting aside the Decisions of the Municipal Trial Court, Branch II and of the Regional Trial Court, Branch 56 both of Angeles City[;]
- “II. Whether or not the Honorable Municipal Trial Court has jurisdiction over the case;
- “III. Whether or not the non-inclusion of the Bagong Silang Homeowners Association Inc., is fatal to respondents[‘] cause of action[;]
- “IV. Whether or not ejectment is proper in the case at bar;
- “V. Whether or not the absence of contractual relation[s] between the respondents and the petitioners bar[s] the filing of any action by the respondents against the petitioner.”^[9]

The primordial issue to be resolved is whether unlawful detainer is the proper action to resolve this case. If it is, then the MTC indeed had jurisdiction over the case, and the CA was correct in overturning the RTC’s ruling that the MTC had no jurisdiction over the case.

The Court’s Ruling

The Petition is meritorious.

Main Issue: Propriety of Unlawful Detainer

The CA ruled that petitioners’ possession or occupancy of the subject premises was by mere tolerance of respondents. Hence, once petitioners failed to pay the agreed amount as equity, their right to continue occupying the lots was lost.

We disagree. Contradictory were the statements of the appellate court that, on the one hand, there was no contract between the parties; and yet, on the other, that petitioners failed to pay the agreed equity. The fact that the CA found that there was failure to pay the equity was an

indication of an agreement. To be sure, petitioners' possession the subject premises was not by mere tolerance of respondents.

In the Complaint^[10] of respondents, filed before Branch II of the Municipal Trial Court of Angeles City, they themselves alleged the presence of an agreement between the parties as follows:

“10. That in consideration of a certain amount to be paid to the [respondents] by each of the [petitioners] as equity for their right to continue occupying and ultimately acquire ownership of the lots that they occupy, the said homeowners' association has made arrangements with the [respondents] to allow the [petitioners] and other members of the said homeowners' association to continue occupying and ultimately acquire ownership of the lots that they occupy[.]”^[11]

Further, in the Special Power of Attorney^[12] annexed to their Complaint, they constituted and appointed Teodorico B. Sanchez and/or Arturo M. Yadan as their attorneys-in-fact to do, among others, the following:

“1. To collect and receive any amount or amounts as equity for the sale thereof to them from the occupants or any other interested buyer or buyers of any portion or portions of the following-described parcels of land:

X x x

of which we are the absolute and exclusive owners, and which comprise the parcels of land being acquired by the members or beneficiaries of the BAGONG SILANG PHASE III-C HOMEOWNERS ASSOCIATION, at Brgy. Cutud, Angeles City[.]”^[13]

Based on the admissions of respondents themselves, they entered into an agreement with petitioners. Necessarily, the latter's occupancy of the lots in question was not based merely on the former's tolerance or permission. Thus, petitioners were not necessarily bound by an implied promise to vacate upon demand,

failing which, a summary action for ejectment would have become proper.

The MTC's findings of fact on this point are instructive:

“About the only thing that the parties have met on a common ground is that: [Respondents] have entered into an arrangement/agreement with Bagong Silang Homeowners' Association, Inc. that called for the payment of certain amounts as equity for [petitioners'] right to continue occupying the lots with the end in view of eventually becoming the owners thereof, that pursuant to such agreement [petitioners] have paid certain amounts as acquisition fees or as equity but later discontinued making payments in view of the non-issuance of the so-called purchase commitment line/loan, and as a consequence, [respondents] are now accusing [petitioners] for violating the agreement and on the basis of such breach of the agreement by [petitioners], demands for the latter to vacate the lots were made by [respondents].”^[14]

When respondents alleged that the Bagong Silang Phase III-C Homeowners' Association made arrangements with them to allow petitioners and other members of the association to continue to occupy and ultimately to acquire ownership of the lots in question, respondents explicitly admitted that a contract had indeed been entered into. The eventual transfer of ownership of real property evidenced that obligation. What is clear is that in their Complaint, respondents alleged that petitioners had violated the stipulations of their agreement as follows:

“11. That the other members of the Ba[g]ong Silang Phase III-C Homeowners' Association, Inc., paid to the [respondents] their respective equity for their right to continue occupying and ultimately acquire ownership of the lots that they occupy, but notwithstanding repeated demands made on them, up to the present time, the [petitioners] have refused and failed without any justifiable ground or reason to pay their respective equity to the [respondents], and, in view of such refusal and failure, the [petitioners] have forfeited their right to continue occupying

and ultimately acquire ownership of the lots that they occupy[.]”^[15]

Petitioners, on the other hand, denied any breach on their part and argued that the principal issue was one of interpretation, enforcement and/or rescission of the contract. Under these circumstances, proof of violation of the provisions of the contract is a condition precedent to resolution or rescission.^[16] The contract can be declared rescinded only when its nature has been clarified and the eventual violation thereof, if any, has been established. Upon such rescission, in turn, hinges a pronouncement that the possession of the realty has become unlawful. Thus, the basic issue is not possession but interpretation, enforcement and/or rescission of the contract — a matter that is beyond the jurisdiction of the Municipal Trial Court to hear and determine.

An allegation of a violation of a contract or agreement in a detainer suit may be proved by the presentation of competent evidence, upon which an MTC judge might make a finding to that effect. But certainly, that court cannot declare and hold that the contract is rescinded, as such power is vested in the RTC.^[17]

The rescission of the contract is the basis of, and therefore a condition precedent for, the illegality of a party’s possession of a piece of realty.^[18] Without judicial intervention and determination, even a stipulation entitling one party to take possession of the land and building in case the other party violates the contract cannot confer upon the former the right to take possession thereof, if that move is objected to.^[19]

To be sure, the jurisdiction of a court is determined by the allegations in the complaint.^[20] Thus, in ascertaining whether or not an action is one for unlawful detainer falling within the exclusive jurisdiction of the inferior courts, the averments of the complaint and the character of the relief sought should be examined.

Also, as correctly pleaded by petitioners, a similar case had been decided by the CA in CA-GR SP No. 58679, in which it ruled that the proper action should have been a complaint for rescission or specific performance, not for illegal detainer. In that case, the same plaintiffs

filed the same charges against a different but similarly situated set of defendants.

The appellate court ruled therein that there was an existing agreement or contract that determined the nature of the parties' relationship.^[21] Thus, it held that the proper action should have been for rescission of contract or specific performance, not unlawful detainer.^[22] When the CA Decision was elevated, this Court denied the appeal for failure to show that a reversible error had been committed by the appellate court. Thereafter, the Decision became final and executory on April 23, 2002.^[23]

Said the appellate court in the previous case:

“Inasmuch as the relationship existing between the parties is not a lessor-lessee relationship but one that emanated from the agreement between appellants and the Urban Land and Development Foundation, Inc., the so-called originator of the Bagong Silang Homeowners Association, Inc., the relief being sought then by appellants appears to be improper. If ever there was no payment of equity as provided for under the said agreement, the same cannot be considered as non-payment of rentals. Thus, it cannot be a sufficient basis for filing an ejectment case against appellees, the proper remedy being an action for rescission of contract or specific performance.”^[24]

We stress that when a court has laid down a principle of law as applicable to a certain state of facts, it will adhere to that principle and apply it to all future cases in which the facts are substantially the same.^[25] *Stare decisis et non quieta movere*. Stand by the decisions and disturb not what is settled. *Stare decisis* simply means that for the sake of certainty, a conclusion reached in one case should be applied to those that follow if the facts are substantially the same, even though the parties may be different.^[26] It proceeds from the first principle of justice that, absent any powerful countervailing considerations, like cases ought to be decided alike.^[27]

Having ruled that the MTC had indeed no jurisdiction to take cognizance of this case in the first place, we see no more need to address the other issues raised by petitioners.

WHEREFORE, the Petition is hereby **GRANTED** and the assailed Decision of the Court of Appeals is **OVERTURNED**. Consequently, the Decisions of the MTC and the RTC of Angeles City are **REINSTATED**. No pronouncement as to costs.

SO ORDERED.

Puno, Sandoval-Gutierrez, Corona and Carpio Morales, JJ., concur.

-
- [1] Rollo, pp. 20–33.
- [2] *Id.*, pp. 36–44. Penned by Justice Delilah Vidallon-Magtolis (Division chair) and concurred in by Justices Teodoro P. Regino and Josefina Guevara-Salonga (members).
- [3] CA Decision, p. 9; *id.*, p. 44.
- [4] RTC Decision dated March 29, 2000; CA rollo, pp. 96–99.
- [5] MTC Decision dated September 15, 1999; *id.*, pp. 87–93.
- [6] CA Decision, pp. 1–3; rollo, pp. 36–38.
- [7] *Id.* pp. 6 & 41.
- [8] The case was deemed submitted for decision on June 26, 2002, upon this Court’s receipt of the Memorandum for both petitioners and respondents. Petitioners’ Memorandum was signed by Atty. Willie B. Rivera of Rivera, Perico & David Law Offices; respondents’ Memorandum was signed by Atty. Avelino L. Liangco.
- [9] Petitioners’ Memorandum, p. 6; rollo, p. 96. Original in upper case.
- [10] Annex “D” of the CA Petition for Review; CA rollo, pp. 34–42.
- [11] Complaint dated October 15, 1998, p. 4; *id.*, p. 37.
- [12] Annex “A” of the Complaint; *id.*, pp. 43–44.
- [13] *Id.*, pp. 1–2 & 43–43-A.
- [14] MTC Decision, p. 5; CA rollo, p. 91.
- [15] Complaint dated October 15, 1998, pp. 4–5; CA rollo, pp. 37–38.
- [16] *Zulueta vs. Hon. Mariano*, 197 Phil. 195, January 30, 1982; *Nera vs. Vacante*, 113 Phil. 491, November 29, 1961.
- [17] *Lavibo vs. CA*, 337 Phil. 591, April 10, 1997; *Spouses De Leon vs. CA*, 350 Phil. 535, March 6, 1998.
- [18] *Zulueta vs. Mariano*, *supra*; *Nera vs. Vacante*, *supra*.
- [19] *Ibid.*
- [20] *Spouses Tirona vs. Hon. Alejo*, 419 Phil. 285, October 10, 2001; *Oronce vs. CA*, 358 Phil. 616, October 19, 1998; *Lavibo vs. CA*, *supra*.
- [21] CA Decision in CA-GR SP No. 58679 dated January 25, 2002, p. 8; rollo, p. 116. It must be noted that the respondents therein belong to the same association as herein respondents.

- [22] Id., pp. 9 & 117.
- [23] See Entry of Judgment for GR No. 151905.
- [24] CA Decision in CA-GR SP No. 58679 dated January 25, 2002, p. 9; rollo, p. 117; penned by Justice Josefina Guevara-Salonga and concurred in by Justices Godardo A. Jacinto and Eloy R. Bello Jr.
- [25] Tala Realty Services Corp. vs. Banco Filipino, 412 Phil. 50, June 25, 2001; De la Cruz vs. CA, 364 Phil. 786, March 25, 1999.
- [26] Tala Realty Services Corp. vs. Banco Filipino, supra.
- [27] Ayala Corporation vs. Rosa-Diana Realty and Development Corporation, 346 SCRA 663, December 1, 2000.

Philippine Copyright © 2005
ChanRobles Publishing Company
www.chanrobles.com