

## SECOND DIVISION

[ G.R. No. 184253, July 06, 2011 ]

**REPUBLIC OF THE PHILIPPINES, THROUGH THE PHILIPPINE NAVY, REPRESENTED BY CAPT. RUFO R. VILLANUEVA, SUBSTITUTED BY CAPT. PANCRACIO O. ALFONSO, AND NOW BY CAPT. BENEDICTO G. SANCEDA PN, PETITIONER, VS. CPO MAGDALENO PERALTA PN (RET.), CPO ROMEO ESTALLO PN (RET.), CPO ERNESTO RAQUION PN (RET.), MSGT SALVADOR RAGAS PM (RET.), MSGT DOMINGO MALACAT PM (RET.), MSGT CONSTANTINO CANONIGO PM (RET.), AND AMELIA MANGUBAT, RESPONDENTS.**

**MSGT ALFREDO BANTOG PM (RET.), MSGT RODOLFO VELASCO PM (RET.), AND NAVY ENLISTEDMEN HOMEOWNERS ASSOCIATION, INC., RESPONDENT-INTERVENORS.**

### DECISION

**CARPIO, J.:**

#### The Case

This is a petition for review<sup>[1]</sup> of the 31 January 2008 Decision<sup>[2]</sup> and 1 August 2008 Resolution<sup>[3]</sup> of the Court of Appeals in CA-G.R. SP No. 96463. In its 31 January 2008 Decision, the Court of Appeals dismissed petitioner Republic of the Philippines' (petitioner) petition for certiorari and affirmed the 10 October 2003 Order of the Regional Trial Court of Makati City, Branch 56 (trial court), ruling that petitioner cannot evict respondents CPO Magdaleno Peralta PN (Ret.), CPO Romeo Estallo PN (Ret.), CPO Ernesto Raquion PN (Ret.), MSGT Salvador Ragas (PM) (Ret.), MSGT Domingo Malacat PM (Ret.), MSGT Constantino Canonigo PM (Ret.), and the deceased spouse of Amelia Mangubat (respondents) and interevenors MSGT Alfredo Bantog PM (Ret.) and MSGT Rodolfo Velasco PM (Ret.) from the leased military quarters without a court order. In its 1 August 2008 Resolution, the Court of Appeals denied petitioner's motion for reconsideration.

#### The Facts

When respondents and intervenors were still in the active service at the Philippine Navy, all of them were awarded military quarters at the Military Enlistedmen Quarters (MEQ) located inside the Bonifacio Naval Station (BNS), Fort Bonifacio, Makati City. Respondents and intervenors entered into contracts of lease with the BNS Commander for their occupation of the said quarters.<sup>[4]</sup> Subsequently, members of the Philippine Navy and Marines occupying the BNS quarters, including respondents and intervenors, formed the Navy Enlistedmen Homeowner's Association, Inc. (NEHAI). However, even after their retirement, respondents and intervenors continued to occupy their assigned quarters.

Sometime in February 1996, NEHAI filed before the Regional Trial Court of Makati City a petition for declaratory relief against the Department of Environment and Natural Resources, Land Management Bureau, and the Armed Forces of the Philippines Officer's Village docketed as Civil Case No. 96-150. NEHAI claimed that its members, as actual occupants of the MEQ, have the right of first priority to purchase the MEQ property under the provisions of Proclamation No. 461,<sup>[5]</sup> in relation to Republic Act Nos. 274<sup>[6]</sup> and 730.<sup>[7]</sup>

In March 1996, respondents Estallo, Raquion and Ragas received letters from the BNS Commander advising them to vacate their respective quarters. NEHAI's counsel replied and informed the BNS Commander of their pending petition for declaratory relief and asked that the eviction be deferred until the court has rendered a decision. The BNS Commander denied NEHAI's request. Respondents were again ordered to vacate their quarters.

To forestall their ejectment, respondents filed a complaint for injunction with prayer for the issuance of preliminary injunction and/or temporary restraining order against the Philippine Navy before the trial court. The case was docketed as Civil Case No. 96-801.

Intervenors Bantog and Velasco joined respondents' cause by filing a complaint-in-intervention.

On 10 October 2003, the trial court granted respondents' and intervenors' application for preliminary injunction.<sup>[8]</sup> According to the trial court, the BNS Commander cannot forcibly evict respondents and intervenors without any court order. If the BNS Commander evicts them, it would violate their right against eviction under Republic Act No. 7279.<sup>[9]</sup> The trial court added that the proper recourse of the BNS Commander was to file a complaint for unlawful detainer against respondents and intervenors.

Petitioner filed a motion for reconsideration.<sup>[10]</sup> NEHAI also filed a motion for intervention<sup>[11]</sup> and attached its complaint-in-intervention.<sup>[12]</sup> NEHAI alleged that it has legal interest in the matter and that it will be prejudiced by the distribution or disposition of the MEQ property. Petitioner filed an opposition to NEHAI's motion.<sup>[13]</sup>

On 31 July 2006, the trial court issued an Omnibus Order<sup>[14]</sup> denying petitioner's motion for reconsideration and granting NEHAI's motion to intervene. The trial court said that NEHAI has the legal personality to intervene and that the intervention will not delay or prejudice the adjudication of the rights of the original parties. The trial court also enjoined the BNS Commander from effecting the eviction of all the members of NEHAI from their respective quarters.

Petitioner filed a motion for reconsideration. In its 20 September 2006 Order, the trial court denied petitioner's motion.

Petitioner filed a petition for certiorari before the Court of Appeals. Petitioner asked the Court of Appeals to annul the trial court's 20 September 2006 Order, 31 July 2006 Omnibus Order, and 10 October 2003 Order on the ground of lack or excess of

jurisdiction.

In its 31 January 2008 Decision, the Court of Appeals dismissed the petition for lack of merit. The dispositive portion of the 31 January 2008 Decision reads:

WHEREFORE, for lack of merit, the petition is **DISMISSED**. Upon the view that the Court takes on the right of the members of NEHAI to intervene in Civil Case No. 96-801, NEHAI is **DIRECTED** to amend the title of the Complaint-In-Intervention and the averments therein by disclosing the names of its principals and bringing the action in a representative capacity.

SO ORDERED.<sup>[15]</sup>

Petitioner filed a motion for reconsideration. In its 1 August 2008 Resolution, the Court of Appeals denied petitioner's motion.

Hence, this appeal.

### **The Ruling of the Court of Appeals**

The Court of Appeals ruled that the trial court acted within its jurisdiction in issuing the writ of preliminary injunction. While the Court of Appeals agreed that contractual stipulations empowering the lessor to repossess the leased property extrajudicially from a lessee whose lease has expired have been held to be valid, procedural due process dictates that petitioner resort to judicial processes to question respondents' and intervenors' right to occupy the leased quarters. According to the Court of Appeals, an ejectment suit is necessary to resolve the issue.

The Court of Appeals agreed with petitioner that NEHAI cannot intervene on behalf of its members in the guise of a class suit since not all the requisites of a class suit are present. However, the Court of Appeals did not dismiss NEHAI's complaint-in-intervention because its individual members have legal interest in the subject matter in litigation entitling them to intervene in the proceedings. To avoid multiplicity of suits, the Court of Appeals construed the complaint-in-intervention as a suit brought by NEHAI as the representative of its members and ordered NEHAI to disclose the names of its principals and amend the complaint-in-intervention accordingly.

### **The Issue**

Petitioner raises this sole issue:

WHETHER UNDER THE FACTS HEREOF, THERE IS AN INDISPENSABLE NEED FOR PETITIONER TO FILE AN EJECTMENT SUIT BEFORE IT MAY EVICT RESPONDENTS AND INTERVENORS FROM THE SUBJECT MILITARY HOUSING QUARTERS.<sup>[16]</sup>

### **The Ruling of the Court**

The petition has merit.

Petitioner argues that a judicial action is not necessary to evict respondents and intervenors from the leased military quarters because their contracts of lease have long expired. Petitioner adds that the contracts of lease specifically authorized petitioner to extrajudicially take over the possession of the leased military quarters after the expiration of their contracts.

Contractual stipulations empowering the lessor to repossess the leased property extrajudicially from a lessee whose lease has expired have been held to be valid.<sup>[17]</sup> Being the law between the parties, they must be respected.

The occupancy by respondents and intervenors of the military quarters is covered by contracts of lease.<sup>[18]</sup> The following stipulations can be found in the contracts of lease:

3. That the party of the Second Part hereby binds himself to leave or vacate this assigned quarters on the effective day of his **retirement**/reversion/separation from the AFP.<sup>[19]</sup>

7. That the term or duration of this contract shall be for an inclusive period of three (3) years reckoned from the date of actual or constructive occupancy, subject to renewal for another three (3) years at the option of the Party of the First Part. However, the three year term may be accelerated and terminated earlier by either of the following: (a) Discharge/separation of an enlisted personnel prior to his term of enlistment or upon expiration of his current term of enlistment by reason of and under the provision on pertinent laws and regulations; (b) Reversion to inactive status of an officer prior to the date of his extended tour of active duty or upon the date of expiration of said extended tour of duty by reason of and under the provisions of pertinent laws and regulations; (c) Separation of a regular officer from the military service either by resignation or by action of the Efficiency and Separation Board or other modes prescribed by laws or regulations; (d) **Retirement from the military service, whether optional or compulsory, of a regular or Reserve officer or enlisted personnel**; (e) Failure of the Party of the Second Part to either pay/liquidate his rentals and/or water light bills; and (f) Failure of the Party of the Second Part to comply with the provisions of PNHB Circular Nr 12 dated 20 October 1978, post regulations and other similar regulations, and/or violation of any of the terms and conditions of this contract.<sup>[20]</sup> (Emphasis supplied)

Respondents and intervenors had long retired from military service. Therefore, they are no longer entitled to stay in the military quarters because their contracts of lease have been terminated by their retirement from the service.

Respondents and intervenors, who are no longer in the military service, are occupying quarters in the Bonifacio Naval Station, a military facility or reservation