

## FIRST DIVISION

[ G.R. No. 154577, July 23, 2008 ]

**EL CID PAGURAYAN, ANTONIO SOLOMON, ANGELITO REÑOSA AND VILMA RAMOS DATOON, FOR THEMSELVES AND AS REPRESENTATIVES OF THE TENANTS, OCCUPANTS AND BUILDERS IN GOOD FAITH OF THE DON DOMINGO NEIGHBORHOOD ASSOCIATION, PETITIONERS, VS. DOLORES SORIANO-CARANGUIAN, DOMITILA SORIANO-SANCHEZ, DOMINADOR SORIANO, DELFIN SORIANO, DANIEL SORIANO, DAMASO SORIANO, DIOSDADO SORIANO AND THE HEIRS OF DOMINGO SORIANO,\* RESPONDENTS.**

### R E S O L U T I O N

#### **CORONA, J.:**

This is a petition for review on certiorari<sup>[1]</sup> of the January 31, 2002 decision<sup>[2]</sup> and August 5, 2002 resolution<sup>[3]</sup> of the Court of Appeals (CA) in CA-G.R. SP No. 44378.

On February 4, 1974, respondent Leonardo T. Reyes filed a complaint for specific performance and damages against respondents Dolores Soriano *et al.* (hereinafter referred to as the Sorianos) in the then Court of First Instance of Tuguegarao, Cagayan, Branch V, docketed as Civil Case No. 2136. On June 5, 1975, a decision was rendered in favor of respondent Reyes. To satisfy the judgment, the deputy provincial sheriff of Cagayan levied on three parcels of land belonging to the Sorianos. The properties consisted of residential and commercial lots located around the Don Domingo public market, Tuguegarao, Cagayan, covered by TCT Nos. T-50744 (Lot No. 3-A), T-52072 (Lot No. 3747-G-1) and T-49633. The levied properties were sold in a public auction wherein respondent Reyes was the sole and highest bidder. Since the Sorianos never exercised their right of redemption, a deed of absolute sale covering the properties was issued to respondent Reyes.

On October 14, 1982, the Sorianos filed a complaint for declaration of nullity of the auction sale and certificate of sheriff's sale with damages in the Regional Trial Court (RTC) of Tuguegarao, Cagayan, Branch 5, docketed as Civil Case No. 3093. In a decision dated October 3, 1988, the RTC upheld the validity of the deed of sale and certificate of sheriff's sale.<sup>[4]</sup> The CA<sup>[5]</sup> and this Court<sup>[6]</sup> affirmed it and the decision became final and executory on July 27, 1992.

Thereafter, respondent Reyes filed a motion for execution and the issuance of a writ of possession in the RTC.<sup>[7]</sup> On February 22, 1993, the RTC granted the motion.<sup>[8]</sup> On October 18, 1995, the RTC issued a resolution ordering that a writ of possession be issued to respondent Reyes and *commanding the lessees of the subject lots to pay their rentals to him.*<sup>[9]</sup> On November 26, 1996, a writ of execution was issued.<sup>[10]</sup> Because petitioners El Cid Pagurayan *et al.*, as occupants of the lots, refused to

vacate and remove their improvements, [11] a writ of demolition followed on March 19, 1997. [12]

Consequently, petitioners sought to intervene and to quash the writ of demolition. [13] The RTC, in a resolution dated May 26, 1997, denied this motion. [14] It held that, since petitioners were lessees of the judgment debtors (the Sorianos), they could not be deemed to be third parties holding the property adversely, hence their rights ended when that of their lessor ceased. [15] On May 30, 1997, an alias writ of demolition was issued. [16]

On June 10, 1997, petitioners filed a petition for certiorari under Rule 65 of the Rules of Court docketed as CA-G.R. SP No. 44378 assailing the May 26, 1997 RTC resolution and May 30, 1997 alias writ of demolition. On June 11, 1997, the CA issued a temporary restraining order. On July 2, 1997, the CA issued a resolution directing the issuance of a writ of preliminary injunction [17] enjoining the implementation of the assailed resolution and writ. Respondent Reyes questioned this resolution in this Court in G.R. No. 129750. We denied the petition for lack of merit on December 21, 1999. Thereafter, proceedings in CA-G.R. SP No. 44378 continued.

On January 31, 2002, the CA rendered a decision denying the petition for certiorari and denied reconsideration in a resolution dated August 5, 2002. It held that petitioners were the agents/lessees of the Sorianos and that the October 18, 1995 resolution commanding them to pay rent to respondent Reyes did not automatically create a lessor-lessee relationship between them. Respondent Reyes was entitled to the fruits of the properties as the purchaser and lawful owner thereof. [18]

Hence this petition. [19]

Were petitioners mere agents of the Sorianos or were they lessees of respondent Reyes? If they were only the agents of the Sorianos who were the judgment debtors in Civil Case No. 3093, they were bound by the judgment rendered against the former. However, if they could be considered the lessees of respondent Reyes, then they could not be ejected via mere writs of execution and demolition. [20]

Petitioners admit that they were the "tenants, occupants and builders in good faith" of the land formerly owned by the Sorianos. [21] However, they claim that, as early as 1992, they had been paying rent to respondent Reyes. They argue that the fact that he accepted their payments established and confirmed the lessor-lessee relationship between them. Furthermore, in a letter dated October 26, 1994, respondent Reyes' counsel informed them that they should pay their rent to his client as lawful owner. [22] Therefore, they assert, they no longer derived their right of occupancy from the Sorianos but from respondent Reyes himself. [23]

Respondent Reyes counters that, as purchaser of the properties in an execution sale, he was entitled to the rent. [24] Thus, his acceptance thereof did not create a contract of lease between him and petitioners. He avers that he never intended to establish a lease contract with petitioners. [25]