

THIRD DIVISION

[G.R. NO. 171029, November 22, 2007]

**HERMINIA ESTRELLA, PETITIONER, VS. GREGORIO ROBLES, JR.
RESPONDENT.**

D E C I S I O N

CHICO-NAZARIO, J.:

This is a Petition for Review on *Certiorari* under Rule 45 of the Rules of Court, assailing the Decision^[1] dated 15 September 2005 rendered by the Court of Appeals in CA-G.R. SP No. 78672. In reversing the Decision,^[2] dated 16 July 2003, rendered by Branch 74 of the Regional Trial Court (RTC) of Olongapo City, the Court of Appeals declared that petitioner Herminia Estrella is liable to respondent Gregorio Robles, Jr. for unpaid rent and should be ejected from the leased premises due to her continued refusal to pay the accrued rentals.

On 8 August 2001, respondent filed a Complaint for Unlawful Detainer against the petitioner before the Municipal Trial Court in Cities (MTCC) of Olongapo City docketed as Civil Case No. 5031. He alleged therein that he is the owner of the subject property - a building and a parcel of land consisting of 370 square meters situated at 19 Otero Avenue, Mabayan, Olongapo City. He allegedly acquired the land from the government on 20 June 1983 through a previously filed Miscellaneous Sales Application.^[3] He presented a copy of the Notice dated 20 June 1983 issued by then Director of Lands Ramon Casanova, informing the public of the sale of the subject property to the respondent, and a copy of a Certification dated 4 June 1992 by the City Treasurer of Olongapo City that the purchase price had been paid on 20 June 1984.^[4]

Respondent also claimed that after purchasing the land, he constructed a building thereon. To support his claim, he submitted a copy of the receipts of payments made as early as 10 October 1979 for building permit fee and other fees that he was required to pay for the construction of the building.^[5] Also attached was a receipt for light connection fee, dated 22 December 1965, paid by the respondent's father and predecessor-in-interest, Gregorio Robles.^[6]

Respondent averred that he leased the building to Virginia Fernandez, the mother of petitioner at a monthly rental of P1,200.00 from February 1991 to December 1994. After December 1994, petitioner replaced her mother as lessee and occupied the subject property and continued to pay monthly rentals of P1,000.00 until September 1996. Thereafter, she refused to pay rentals despite repeated spoken and written demands. Receipts issued by the respondent showing rental payments made by petitioner were attached to the Complaint.^[7] On 11 June 2001, respondent wrote petitioner a letter terminating the lease and demanding payment of rentals in arrears, but petitioner refused to comply with the demand.^[8]

Several years after the government had awarded the land to the respondent, petitioner belatedly filed a protest to respondent's Miscellaneous Sales Application on 5 October 1998. The said protest was denied in an Order dated 24 January 2000 issued by Department of Environment and Natural Resources (DENR) Regional Executive Director Gregorio Nisperos. [9] In the said Order, it was stressed that while petitioner was in actual possession of the subject property, nevertheless, her possession thereof was not in the concept of an owner:

After a careful evaluation of the evidence submitted, it was observed that though protestant is in actual occupation of the disputed property, her possession and occupation could not be considered as that in the concept of an owner which is the ultimate requirement in public land grant. This observation is supported by the receipts corresponding to the payment of lease rentals by protestant. This will connote to nothing less than to establish the fact that the possession thereof by the protestant was merely tolerated by the protestee by virtue of a lease contract by and between the parties. That sufficient evidence were presented supporting the ownership of the property by the protestee. x x x. [10]

Petitioner filed a Motion for Reconsideration which was denied in an Order dated 12 March 2001. On appeal, the DENR Secretary, in a Decision dated 29 January 2004, affirmed the findings of Regional Executive Director Gregorio Nisperos. [11]

During the proceedings before the Olongapo MTCC, petitioner denied ever having leased the subject property claiming that the receipts that the respondent presented as evidence were falsified. She insisted that she was now the owner of the property after occupying the same for 30 years by reason of acquisitive prescription. She averred that she built improvements therein which she used for her funeral parlor business. She questioned the award of the land to respondent by way of Miscellaneous Sales Application as he purportedly never even set foot in the property. [12] She asserted that her Miscellaneous Sales Application filed on 11 December 1997 [13] should have been given due course. She added that the respondent was merely a professional squatter or land speculator. [14]

The Olongapo MTCC rendered a decision in favor of the respondent. Although there was no contract of lease executed between the parties, the Olongapo MTCC took into account the receipts presented by the respondent showing that petitioner paid rent on the subject property. It declared that the petitioner's long years of stay in the subject property did not vest ownership in her as her Miscellaneous Sales Application was never granted by the government. It ruled that the respondent presented a better right to possess the subject property since he was able to present proof that he bought it from the government and paid for it. Thus, the MTCC ordered the eviction of the petitioner from the subject property.

On 14 August 1998, petitioner appealed the Decision of the Olongapo MTCC, and it was raffled to Branch 74 of the RTC of Olongapo City and docketed as Civil Case No. 150-0-03. The Olongapo RTC reversed the Decision rendered by the Olongapo MTCC and ordered the dismissal of the complaint filed by the respondent against petitioner. The RTC gave little probative value to the receipts presented by the respondent as evidence of rentals paid by the petitioner since these receipts were

unsigned by the petitioner. Thus, it ruled that respondent had not been able to prove ownership, and that the case should be resolved in favor of who had actual possession of the subject property. In interpreting Article 538 of the Civil Code,^[15] the RTC ruled that petitioner had the preferred right as she was in actual possession of the subject property. The dispositive part of the Decision dated 16 July 2003 reads:

WHEREFORE, foregoing considered, the appeal is hereby granted. The Decision appealed from is **REVERSED** and **SET ASIDE**. The complaint below is **DISMISSED**. No pronouncements as to costs.^[16]

On appeal, the Court of Appeals in CA-G.R. SP No. 78672 reversed the Decision rendered by the Olongapo RTC and reinstated the Judgment rendered by the Olongapo MTCC. The appellate court adjudged that the respondent adequately proved that he possessed the property in the concept of an owner, and that the petitioner failed to refute this by contrary proof. Moreover, it stated that the DENR's Decision to affirm the decision of the Bureau of Lands granting the respondent's Miscellaneous Sales Application was conclusive upon the courts as to who should be granted the subject property, which was formerly a public lot. It further ruled that petitioner occupied the subject property merely as the respondent's lessee. Since the petitioner continually refused to pay rent, she should be ejected from the property and pay rentals in arrears. However, it clarified the Judgment rendered by the MTCC by setting the monthly rental payable to respondent at P1,000.00. The appellate court, in its Decision in CA-G.R. SP No. 78672, declared that:

WHEREFORE, judgment is hereby rendered, reinstating the decision dated 24 February 2003 of the Municipal Trial Court, Branch 4, Olongapo, in Civil Case No. 5031, with the following modification: respondent Herminia Estrella is ordered to pay petitioner Gregorio Robles, Jr. the amount of P1,000.00 per month from September 1996 until said respondent vacates the building at No. 19 Otero Avenue, Mabayan, Olongapo.^[17]

Petitioner filed a Motion for Reconsideration of the Decision of the Court of Appeals wherein she presented for the first time a copy of a Miscellaneous Sales Application which was supposedly filed on 14 December 1971. The said motion was denied in a Resolution dated 13 January 2006.^[18]

Hence, in the present Petition, petitioner relies on the following grounds^[19]:

I

THE COURT OF APPEALS GROSSLY ERRED IN MAKING THE FINDINGS OF FACTS IN ITS ASSAILED DECISION WARRANTING A REVIEW OF THE SAME BY THIS HONORABLE COURT

II

THE COURT OF APPEALS GROSSLY ERRED IN GIVING DUE CREDENCE TO THE FINDINGS OF FACTS OF THE DENR.

III

THE COURT OF APPEALS GROSSLY ERRED IN HOLDING THAT THE CLAIM OF OWNERSHIP AND POSSESSION BY THE PETITIONER OF THE SUBJECT PROPERTY SINCE 1969 IS NOT SUPPORTED BY CREDIBLE EVIDENCE.

IV

THE COURT OF APPEALS GROSSLY ERRED IN FINDING THAT THE RESPONDENT HAS PROVEN HIS OWNERSHIP OF THE SUBJECT PROPERTY

V

THE COURT OF APPEALS GROSSLY ERRED IN FINDING THAT THE PETITIONER IS A LESSEE OF THE RESPONDENT IN THE SUBJECT PROPERTY

VI

THE COURT OF APPEALS GROSSLY ERRED IN NOT (sic) HOLDING THAT THE RESPONDENT HAS A BETTER RIGHT TO POSSESS THE SUBJECT PROPERTY.

First off, it must be stated that the power to resolve conflicts of possession is recognized to be within the legal competence of the civil courts and its purpose is to extend protection to the actual possessors and occupants with a view to quell social unrest. A judgment of the court ordering restitution of the possession of a parcel of land to the actual occupant, who has been deprived thereof by another through the use of force or in any other illegal manner, should never be construed as an interference with the disposition and alienation of public lands.^[20]

The Bureau of Lands determines the respective rights of rival claimants to public lands, but it does not have the wherewithal to police public lands. Neither does it have the means to prevent disorders or breaches of peace among the occupants. Its power is clearly limited to disposition and alienation and any power to decide disputes over possession is but in aid of making the proper awards.^[21]

We now proceed to the core issues raised by the petitioner.

Petitioner stubbornly insists that she, not the respondent, is in actual possession of the subject property.

In a case for unlawful detainer, the possession is unlawfully withheld after the expiration or termination of the right to hold possession under any contract, express or implied.^[22] The only elements that need to be proved are the fact of the lease, the pertinent contract in this case, and the expiration of its terms.^[23]

In *Barba v. Court of Appeals*,^[24] this Court categorically ruled that:

Where the cause of action is unlawful detainer, prior possession is not always a condition *sine qua non*. A complaint for unlawful detainer should

be distinguished from that of forcible entry. In forcible entry, the plaintiff has prior possession of the property and he is deprived thereof by the defendant through force, intimidation, threat, strategy or stealth. In an unlawful detainer, the defendant unlawfully withholds possession of the property after the expiration or termination of his right thereto under any contract, express or implied; hence, prior physical possession is not required. x x x. In ejectment cases, therefore, possession of land does not only mean actual or physical possession or occupation but also includes the subjection of the thing to the action of one's will or by the proper acts and legal formalities established for acquiring such right, such as the execution of a deed of sale over a property.

In an unlawful detainer case, the defendant's possession was originally lawful but ceased to be so by the expiration of his right to possess. Hence the phrase *unlawful withholding* has been held to imply possession on the part of the defendant, which was legal from the beginning, having no other source than a contract, express or implied, and which later expired as a right and is being withheld by defendant.^[25] The issue of *rightful* possession is the one decisive, for in such action, the defendant is the party in actual possession and the plaintiff's cause of action is the termination of the defendant's right to continue in possession.^[26] Possession in the eyes of the law does not mean that a man has to have his feet on every square meter of the ground before he is deemed in possession. Nor does the law require one in possession of a house to reside in the house to maintain his possession.^[27] As lessor of the subject property, respondent is legally considered as being in possession thereof. Hence, the fact of actual possession becomes a non-issue.

Next, petitioner denies the existence of any lease agreement between petitioner and respondent. She maintains that she was in possession of the subject property as early as 1969.

To bolster her contentions, petitioner presented before the Court of Appeals and this Court a Miscellaneous Sales Application different from that which she presented before the Olongapo MTCC. The Miscellaneous Sales Application presented before the Court of Appeals in the Motion for Reconsideration was supposedly filed on 14 December 1971, as marked in the application itself.^[28] The Miscellaneous Sales Application presented before the Olongapo MTCC was supposedly filed on 11 December 1997.^[29] No mention was made of the 1971 Miscellaneous Sales Application in the protest before the DENR, which only took notice of the 1997 application.

In the 1971 Miscellaneous Sales Application, petitioner alleged that she was in actual possession of the subject property as early as 1969.^[30] But in the 1997 application, petitioner claimed that she took possession of the subject property only in 1972.^[31] Even assuming that the petitioner actually filed two Miscellaneous Sales Applications, it is highly incomprehensible that the petitioner would state that she occupied the land in 1972 in the 1997 application, when she had already filed one on an earlier date in 1971, when she allegedly took possession of the land in 1969.

There seems to be an attempt to mislead this Court as to when the petitioner filed a Miscellaneous Sales Application. No mention was made of the 1997 application in