

FIRST DIVISION

[G.R. No. 146364, June 03, 2004]

**COLITO T. PAJUYO, PETITIONER, VS. COURT OF APPEALS AND
EDDIE GUEVARRA, RESPONDENTS.**

D E C I S I O N

CARPIO, J.:

The Case

Before us is a petition for review^[1] of the 21 June 2000 Decision^[2] and 14 December 2000 Resolution of the Court of Appeals in CA-G.R. SP No. 43129. The Court of Appeals set aside the 11 November 1996 decision^[3] of the Regional Trial Court of Quezon City, Branch 81,^[4] affirming the 15 December 1995 decision^[5] of the Metropolitan Trial Court of Quezon City, Branch 31.^[6]

The Antecedents

In June 1979, petitioner Colito T. Pajuyo ("Pajuyo") paid P400 to a certain Pedro Perez for the rights over a 250-square meter lot in Barrio Payatas, Quezon City. Pajuyo then constructed a house made of light materials on the lot. Pajuyo and his family lived in the house from 1979 to 7 December 1985.

On 8 December 1985, Pajuyo and private respondent Eddie Guevarra ("Guevarra") executed a *Kasunduan* or agreement. Pajuyo, as owner of the house, allowed Guevarra to live in the house for free provided Guevarra would maintain the cleanliness and orderliness of the house. Guevarra promised that he would voluntarily vacate the premises on Pajuyo's demand.

In September 1994, Pajuyo informed Guevarra of his need of the house and demanded that Guevarra vacate the house. Guevarra refused.

Pajuyo filed an ejectment case against Guevarra with the Metropolitan Trial Court of Quezon City, Branch 31 ("MTC").

In his Answer, Guevarra claimed that Pajuyo had no valid title or right of possession over the lot where the house stands because the lot is within the 150 hectares set aside by Proclamation No. 137 for socialized housing. Guevarra pointed out that from December 1985 to September 1994, Pajuyo did not show up or communicate with him. Guevarra insisted that neither he nor Pajuyo has valid title to the lot.

On 15 December 1995, the MTC rendered its decision in favor of Pajuyo. The dispositive portion of the MTC decision reads:

WHEREFORE, premises considered, judgment is hereby rendered for the plaintiff and against defendant, ordering the latter to:

- A) vacate the house and lot occupied by the defendant or any other person or persons claiming any right under him;
- B) pay unto plaintiff the sum of THREE HUNDRED PESOS (P300.00) monthly as reasonable compensation for the use of the premises starting from the last demand;
- C) pay plaintiff the sum of P3,000.00 as and by way of attorney's fees; and
- D) pay the cost of suit.

SO ORDERED.^[7]

Aggrieved, Guevarra appealed to the Regional Trial Court of Quezon City, Branch 81 ("RTC").

On 11 November 1996, the RTC affirmed the MTC decision. The dispositive portion of the RTC decision reads:

WHEREFORE, premises considered, the Court finds no reversible error in the decision appealed from, being in accord with the law and evidence presented, and the same is hereby affirmed en toto.

SO ORDERED.^[8]

Guevarra received the RTC decision on 29 November 1996. Guevarra had only until 14 December 1996 to file his appeal with the Court of Appeals. Instead of filing his appeal with the Court of Appeals, Guevarra filed with the Supreme Court a "Motion for Extension of Time to File Appeal by Certiorari Based on Rule 42" ("motion for extension"). Guevarra theorized that his appeal raised pure questions of law. The Receiving Clerk of the Supreme Court received the motion for extension on 13 December 1996 or one day before the right to appeal expired.

On 3 January 1997, Guevarra filed his petition for review with the Supreme Court.

On 8 January 1997, the First Division of the Supreme Court issued a Resolution^[9] referring the motion for extension to the Court of Appeals which has concurrent jurisdiction over the case. The case presented no special and important matter for the Supreme Court to take cognizance of at the first instance.

On 28 January 1997, the Thirteenth Division of the Court of Appeals issued a Resolution^[10] granting the motion for extension conditioned on the timeliness of the filing of the motion.

On 27 February 1997, the Court of Appeals ordered Pajuyo to comment on Guevara's petition for review. On 11 April 1997, Pajuyo filed his Comment.

On 21 June 2000, the Court of Appeals issued its decision reversing the RTC decision. The dispositive portion of the decision reads:

WHEREFORE, premises considered, the assailed Decision of the court *a quo* in Civil Case No. Q-96-26943 is **REVERSED** and **SET ASIDE**; and it is hereby declared that the ejectment case filed against defendant-appellant is without factual and legal basis.

SO ORDERED.^[11]

Pajuyo filed a motion for reconsideration of the decision. Pajuyo pointed out that the Court of Appeals should have dismissed outright Guevarra's petition for review because it was filed out of time. Moreover, it was Guevarra's counsel and not Guevarra who signed the certification against forum-shopping.

On 14 December 2000, the Court of Appeals issued a resolution denying Pajuyo's motion for reconsideration. The dispositive portion of the resolution reads:

WHEREFORE, for lack of merit, the motion for reconsideration is hereby **DENIED**. No costs.

SO ORDERED.^[12]

The Ruling of the MTC

The MTC ruled that the subject of the agreement between Pajuyo and Guevarra is the house and not the lot. Pajuyo is the owner of the house, and he allowed Guevarra to use the house only by tolerance. Thus, Guevarra's refusal to vacate the house on Pajuyo's demand made Guevarra's continued possession of the house illegal.

The Ruling of the RTC

The RTC upheld the *Kasunduan*, which established the landlord and tenant relationship between Pajuyo and Guevarra. The terms of the *Kasunduan* bound Guevarra to return possession of the house on demand.

The RTC rejected Guevarra's claim of a better right under Proclamation No. 137, the Revised National Government Center Housing Project Code of Policies and other pertinent laws. In an ejectment suit, the RTC has no power to decide Guevarra's rights under these laws. The RTC declared that in an ejectment case, the only issue for resolution is material or physical possession, not ownership.

The Ruling of the Court of Appeals

The Court of Appeals declared that Pajuyo and Guevarra are squatters. Pajuyo and Guevarra illegally occupied the contested lot which the government owned.

Perez, the person from whom Pajuyo acquired his rights, was also a squatter. Perez had no right or title over the lot because it is public land. The assignment of rights between Perez and Pajuyo, and the *Kasunduan* between Pajuyo and Guevarra, did not have any legal effect. Pajuyo and Guevarra are in *pari delicto* or in equal fault. The court will leave them where they are.

The Court of Appeals reversed the MTC and RTC rulings, which held that the *Kasunduan* between Pajuyo and Guevarra created a legal tie akin to that of a landlord and tenant relationship. The Court of Appeals ruled that the *Kasunduan* is not a lease contract but a *commodatum* because the agreement is not for a price certain.

Since Pajuyo admitted that he resurfaced only in 1994 to claim the property, the appellate court held that Guevarra has a better right over the property under Proclamation No. 137. President Corazon C. Aquino ("President Aquino") issued Proclamation No. 137 on 7 September 1987. At that time, Guevarra was in physical possession of the property. Under Article VI of the Code of Policies Beneficiary Selection and Disposition of Homelots and Structures in the National Housing Project ("the Code"), the actual occupant or caretaker of the lot shall have first priority as beneficiary of the project. The Court of Appeals concluded that Guevarra is first in the hierarchy of priority.

In denying Pajuyo's motion for reconsideration, the appellate court debunked Pajuyo's claim that Guevarra filed his motion for extension beyond the period to appeal.

The Court of Appeals pointed out that Guevarra's motion for extension filed before the Supreme Court was stamped "13 December 1996 at 4:09 PM" by the Supreme Court's Receiving Clerk. The Court of Appeals concluded that the motion for extension bore a date, contrary to Pajuyo's claim that the motion for extension was undated. Guevarra filed the motion for extension on time on 13 December 1996 since he filed the motion one day before the expiration of the reglementary period on 14 December 1996. Thus, the motion for extension properly complied with the condition imposed by the Court of Appeals in its 28 January 1997 Resolution. The Court of Appeals explained that the thirty-day extension to file the petition for review was deemed granted because of such compliance.

The Court of Appeals rejected Pajuyo's argument that the appellate court should have dismissed the petition for review because it was Guevarra's counsel and not Guevarra who signed the certification against forum-shopping. The Court of Appeals pointed out that Pajuyo did not raise this issue in his Comment. The Court of Appeals held that Pajuyo could not now seek the dismissal of the case after he had extensively argued on the merits of the case. This technicality, the appellate court opined, was clearly an afterthought.

The Issues

Pajuyo raises the following issues for resolution:

WHETHER THE COURT OF APPEALS ERRED OR ABUSED ITS AUTHORITY AND DISCRETION TANTAMOUNT TO LACK OF JURISDICTION:

- 1) in GRANTING, instead of denying, Private Respondent's Motion for an Extension of thirty days to file petition for review at the time when there was no more period to extend as the decision of the Regional Trial Court had already become final and executory.

- 2) in giving due course, instead of dismissing, private respondent's Petition for Review even though the certification against forum-shopping was signed only by counsel instead of by petitioner himself.
- 3) in ruling that the *Kasunduan* voluntarily entered into by the parties was in fact a *commodatum*, instead of a Contract of Lease as found by the Metropolitan Trial Court and in holding that "the ejectment case filed against defendant-appellant is without legal and factual basis".
- 4) in reversing and setting aside the Decision of the Regional Trial Court in Civil Case No. Q-96-26943 and in holding that the parties are in *pari delicto* being both squatters, therefore, illegal occupants of the contested parcel of land.
- 5) in deciding the unlawful detainer case based on the so-called Code of Policies of the National Government Center Housing Project instead of deciding the same under the *Kasunduan* voluntarily executed by the parties, the terms and conditions of which are the laws between themselves.

[13]

The Ruling of the Court

The procedural issues Pajuyo is raising are baseless. However, we find merit in the substantive issues Pajuyo is submitting for resolution.

Procedural Issues

Pajuyo insists that the Court of Appeals should have dismissed outright Guevarra's petition for review because the RTC decision had already become final and executory when the appellate court acted on Guevarra's motion for extension to file the petition. Pajuyo points out that Guevarra had only one day before the expiry of his period to appeal the RTC decision. Instead of filing the petition for review with the Court of Appeals, Guevarra filed with this Court an undated motion for extension of 30 days to file a petition for review. This Court merely referred the motion to the Court of Appeals. Pajuyo believes that the filing of the motion for extension with this Court did not toll the running of the period to perfect the appeal. Hence, when the Court of Appeals received the motion, the period to appeal had already expired.

We are not persuaded.

Decisions of the regional trial courts in the exercise of their appellate jurisdiction are appealable to the Court of Appeals by petition for review in cases involving questions of fact or mixed questions of fact and law.^[14] Decisions of the regional trial courts involving pure questions of law are appealable directly to this Court by petition for review.^[15] These modes of appeal are now embodied in Section 2, Rule 41 of the 1997 Rules of Civil Procedure.