

## THIRD DIVISION

[ G.R. No. 148126, November 10, 2003 ]

**GEORGE T. VILLENA, CARLOS N. VILLENA, AURORA M. BONDOC AND RONNIE C. FERNANDEZ, AND THEIR RESPECTIVE SPOUSES, PETITIONERS, VS. SPOUSES ANTONIO C. CHAVEZ AND NOEMI MARCOS-CHAVEZ AND CARLITA C. CHAVEZ, RESPONDENTS.**

### 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<sup>[1]</sup> under Rule 45 of the Rules of Court, assailing the May 9, 2001 Decision<sup>[2]</sup> 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."<sup>[3]</sup>

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

#### 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.<sup>[8]</sup>

### **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."<sup>[9]</sup>

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 of the subject premises was not by mere tolerance of respondents.

In the Complaint<sup>[10]</sup> 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: