

FIRST DIVISION

[G.R. No. 127465, October 25, 2001]

SPOUSES NICETAS DELOS SANTOS, TIMOTEO ANTOLIN, AURORA PEGOLLO, AND BENJAMIN MARIANO, PETITIONERS, VS. COURT OF APPEALS, 12TH DIVISION, AND MAUNLAD HOMES, INC., RESPONDENTS.

D E C I S I O N

PARDO, J.:

The Case

The case is an appeal *via certiorari* from the decision of the Court of Appeals^[1] affirming that of the trial court finding that petitioners were not *bona fide* lessees of the land but usurpers or deforciant, neither legitimate tenants nor residents who had legally occupied the land by contract, hence, they could not avail themselves of P. D. No. 1517 (Section 6) giving legitimate tenants the right of first refusal.

The Facts

The facts, as found by the Court of Appeals, are as follows:

"On April 13, 1989, Maunlad Homes, Inc. (Maunlad) filed a complaint for recovery of possession against Timoteo Antolin, Ellen dela Cruz and Nicetas delos Santos (Antolin, et al.) docketed as Civil Case No. 206-M-89. Maunlad alleged that it is the registered owner, under TCT No. T-244595, of a parcel of land known as Lot No. 2637-B, situated in Guinhawa, Malolos, Bulacan. Through tolerance, Antolin, et al. have occupied portions of the property where they have erected their respective houses. Despite repeated demands by Maunlad, Antolin, et al. have refused without any valid reason, to vacate the premises. Consequently, Maunlad filed the action for recovery of possession.

"In their answer, Antolin, et al. alleged that their occupation of the property was not an account of Maunlad's tolerance but as lessees of the brothers Rogelio and Teodoro Sandiko, former owners thereof. The conveyance of the property to Maunlad did not terminate the lease by virtue of B. P. Blg. 877, as amended by R. A. No. 6643, and Article 1687 of the Civil Code. They were not informed of the intended sale nor given the opportunity to buy the land before the same was sold by the Sandiko's to Maunlad in violation of their "right of first refusal" under P. D. No. 1517.

"Antolin, et al. further alleged that Timoteo Antolin received a letter from

Teodoro Sandiko dated October 25, 1986 which contained an offer for him to buy the portion of the property he is occupying. However while the negotiations regarding said offer were in progress, the property in dispute was sold to Maunlad. They set up a counterclaim for damages.

"Meantime, on April 19, 1989, Nicetas delos Santos and Timoteo Antolin (defendants in Civil Case No. 206-M-89), together with Aurora Pegolio and Benjamin Mariano (delos Santos, et al.) filed a complaint against Maunlad (plaintiff in Civil Case No. 206-M-89), impleading likewise the brothers Rogelio Sandiko and Teodoro Sandiko, and praying for the annulment of the sale to Maunlad, and for damages. In their complaint, docketed as Civil Case No. 222-M-89, delos Santos, et al. reiterated the same allegations embodied in their answer in Civil Case No. 206-M-89, except that it additionally prayed for the issuance of a preliminary injunction to stop Maunlad from bulldozing the property in question.

"Maunlad, as defendant in Civil Case No. 222-M-89, filed its answer, and asserted a counterclaim which substantially reiterated the allegations in its complaint in Civil Case No. 206-M-89.

"Teodoro Sandiko, who had died in the meantime, was substituted by his wife, Celia Sandiko, while Rogelio Sandiko, who also died, was substituted by his son, David Sandiko.

"Following the amendment of the complaint in Civil Case No. 222-M-89, the two cases were consolidated. On July 8, 1991, the court a quo rendered its decision subject of this appeal."^[2]

After due proceedings, on August 27, 1996, the Court of Appeals promulgated a decision, the dispositive portion of which reads as follows:

"WHEREFORE, the decision appealed from is hereby AFFIRMED. No Costs.

"SO ORDERED."^[3]

Hence, this appeal.^[4]

The Issues

The issues to be resolved are as follows:

- 1) Whether or not P. D. No. 1517 and B. P. Blg. 877 are applicable to this case, and
- 2) Whether or not there was a perfected contract of sale between petitioners and the Sandikos.^[5]