

FOURTEENTH DIVISION

[CA-G.R. SP NO. 82121, August 31, 2006]

**SPOUSES JOAL TALAUE & MARIBETH TALAUE, PETITIONERS, VS.
IRENE GALOLO, RESPONDENT.**

D E C I S I O N

DIMARANAN-VIDAL, J.:

Before Us is a Petition^[1] for Review seeking to set aside the Decision^[2] dated 15 January 2004 of the Regional Trial Court of Pasay City, Branch 108 in Civil Case No. 03-0480-CFM. The fallo of the challenged Decision reads:

"WHEREFORE, IN VIEW OF THE FOREGOING, finding no error in the appealed decision, the same is hereby AFFIRMED in toto.SO ORDERED."^[3]

THE FACTS

As synthesized in the Decision^[4] of the Metropolitan Trial Court(MTC), of the National Capital Judicial Region Branch 47, Pasay City:

"This is an ejectment case filed by Irene Galolo, hereinafter referred to as plaintiff, against Sps. Joal Talaue and Maribeth Talaue, herein designated as defendants.

Plaintiffs aver that she is the owner of a house located at 98 St. Claire St., Maricaban, Pasay City. Plaintiffs and Defendants entered into a verbal contract of lease over said house. The parties agreed that defendants would be paying a monthly lease rental of P2,000.00. Defendants have been renting the premises for several years. Initially, defendants Sps. Joal Talaue and Maribeth Talaue paid the monthly rentals. However starting October, 2001 up to January, 2003, defendants failed and refused to pay the lease rentals in the total amount of P32,000. reckoned from the period from October, 2001 up to January, 2003. Defendants continued to stay at the leased premises without paying the monthly rentals.

Plaintiff was constrained to file a complaint with the barangay for conciliation. During the barangay conciliation, the parties failed to arrive at any settlement. Despite formal demands made upon defendants to vacate and surrender possession of the leased premises and to pay the rentals in arrears, they failed to do so. Plaintiff was constrained to file the present action for ejectment."

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After due trial and hearing the Metropolitan Trial Court rendered its Decision *supra* disposing as follows:

"WHEREFORE, PREMISES CONSIDERED, after studying the issues and evidence presented by the parties, this Court hereby orders, to wit:

1. That defendants Sps. Joal Talaue, their heirs, assigns and predecessors-in-interest immediately VACATE, SURRENDER AND CEDE possession of the leased premises located at 98 St. Claire Street, Maricaban, Pasay City, to plaintiff Irene Galolo;
2. That defendants Sps. Joal Talaue and Maribeth Talaue pay the amount of PESOS: THIRTY TWO AND 00/100 (P32,000.00), Philippine Currency, representing unpaid monthly rentals computed from October, 2001 up to January, 2003;
3. That defendants pay PESOS: TWELVE THOUSAND AND 00/ 100 (P12,000.00), Philippine Currency, representing unpaid monthly rentals from February, 2003 to July 2003 and P2,000.00 every month thereafter until defendants actually vacate and leased premises;
4. That defendants pay to the plaintiff the amount of P10,000.00 as attorney's fees and the amount of P5,000.00 representing the reasonable amount for expenses incurred in litigation;
5. That defendants' counterclaim is dismissed for lack of merit;
6. That defendants pay the cost of suit."^[6]

Aggrieved by the above-quoted decision, defendants Spouses JOAL TALAUE and MARIBETH TALAUE (hereinafter Petitioners) interposed an appeal before the court a quo which rendered the assailed Decision, *supra*.

Thus, Petitioners come now before us assigning the lone error upon the court a quo, to wit:

THE REGIONAL TRIAL COURT (RTC) ERRED IN NOT FINDING THAT THE VALIDITY OF CONTACT OF LEASE IS THE MATERIAL ISSUE IN THIS INSTANT EJECTMENT CASE^[7]

The Petition is unimpressed with merit.

Petitioners principally argue that the contract of lease between them and the Respondent is not enforceable as the occupancy and building of houses on the subject property is illegal and prohibited by law^[8]. Petitioners insist that Respondent is a professional squatter and member of a squatting syndicate who does not own the subject land on which she built the structure being leased out to Petitioners.^[9] The latter allege that the subject land is a government owned property^[10], hence, they contend that their lease contract is void citing Section 3^[11], pars. m and s in relation to Section 27 of R. A 7279 which provide:

"Section 3.

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(m) Professional squatters refers to individuals or groups who occupy lands without the express consent of the landowner and who have sufficient income for legitimate housing. The term shall also apply to persons who have previously been awarded homelot or housing units by the Government but who sold, leased or transferred the same to settle illegally in the same place or in other urban area, and non-bona fide occupants and intruders of land reserved for socialized housing. The term shall not apply to individuals or groups who simply rent land and housing from professional squatters or squatting syndicates;

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(s) squatting syndicates refers to groups of persons engaged in the business squatter housing for profit or gain.

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Section 27. Action Against Professional Squatters and Squatting Syndicates.- The local government units, in cooperation with Philippine National Police, The Presidential Commission for the Urban Poor(PCUP), and the PCUP accredited urban poor organization in the area, shall adopt measures to identify and effectively curtail the nefarious and illegal activities of professional squatters and squatting syndicates, as herein defined.

Any person or group identified as such shall be summarily evicted and their dwelling or structures demolished, and shall be disqualified to avail of the benefits of the Program. A public officila who tolerates or abets the commission of the above-mentioned acts shall be dealt with accordance with existing laws.

For purposes of this Act, professional squatters or members of squatting syndicates shall be imposed the penalty of six (6) years of imprisonment or fine not less than Sixty Thousand Pesos (P60,000.00) but not more than One Hundred Thousand Pesos (P100,000.00) or both, at the discretion of the court."

Petitioners argument is specious.

As borne out by the evidentiary records, Petitioners voluntarily entered into a verbal contract of lease with the Respondent involving the property in question. Unquestionably, the Petitioners had been initially paying the agreed monthly rentals of P2,000.00 for the leased premises. But it was only later, starting October 2001, when they refused to pay the rentals despite repeated demands by the Respondent arguing that the latter is a mere squatter in the government owned land where the leased premises stands.