



Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

PURIFICACION ESTANISLAO G.R. No. 173166
and RUPERTO ESTANISLAO,
Petitioners, Present:

- versus -

LEONARDO-DE CASTRO,*
PERALTA, J., Acting Chairperson,**
ABAD,
MENDOZA, and
LEONEN, JJ.

SPOUSES NORMA GUDITO Promulgated:
and DAMIANO GUDITO,
Respondents. March 13, 2013

X-----X

DECISION

PERALTA, J.:

Before us is a Petition for Review on *Certiorari* under Rule 45 of the Rules of Court which seeks the reversal of the Decision¹ dated October 25, 2005, and Resolution² dated June 16, 2006 of the Court of Appeals (CA) in CA-G.R. SP No. 46323.

The factual antecedents are as follows:

Respondents are the owners of a residential lot being leased by petitioners on a month-to-month basis. Petitioners had been renting and occupying the subject lot since 1934 and were the ones who built the house on the subject lot in accordance with their lease agreement with one Gaspar Vasquez. When Gaspar Vasquez died, the portion of the lot on which

* Designated Acting Member in lieu of Associate Justice Presbitero J. Velasco, Jr., per Special Order No. 1430 dated March 12, 2013.

** Per Special Order No. 1429 dated March 12, 2013.

¹ Penned by Associate Justice Danilo B. Pine, with Associate Justices Marina L. Buzon and Aurora Santiago-Lagman, concurring; *rollo*, pp. 44-55.

² *Rollo*, pp. 57-58.

petitioners' house was erected was inherited by his son Victorino Vasquez, married to Ester Vasquez (*Vasquez couple*).

In the 1980's, the Vasquez couple wanted the Estanislao family and the other tenants to vacate the said property, but the tenants refused because of laws allegedly prohibiting their ejectment therefrom. Resultantly, the Vasquez couple refused to accept their rental payments. Thus, petitioner Purificacion Estanislao, with due notice to Ester Vasquez, deposited the amount of her monthly rentals at Allied Banking Corporation under a savings account in the name of Ester Vasquez as lessor.

In the interim, a Deed of Donation was executed by the Vasquez couple in favor of respondent Norma Vasquez Gudito. Hence, in October 1994, respondents notified petitioners to remove their house and vacate the premises within three months or up to January 31, 1995, because of their urgent need of the residential lot. In a letter dated March 5, 1995, respondents reiterated the demand and gave petitioners another three months or up to June 30, 1995, within which to remove their house, vacate the subject lot and pay the rental arrearages. However, petitioners failed to comply.

Accordingly, on November 10, 1995, respondents filed a Complaint for Unlawful Detainer/Ejectment against petitioners before the Metropolitan Trial Court (*MeTC*) of Manila.

On March 6, 1996, the MeTC of Manila rendered a Decision³ in favor of respondents, the dispositive portion of which reads:

WHEREFORE, judgment is hereby rendered in favor of the plaintiffs and against the defendants ordering:

- (1) The defendants and all persons claiming rights under them to immediately vacate the subject premises known as 2351 Pasig Line, Sta. Ana, Manila, and surrender its peaceful possession to the plaintiffs;
- (2) The defendants to pay reasonable compensation for the use and occupancy of the subject premises in the amount of ₱500.00 a month beginning October 1985 and every month thereafter until they shall have finally and actually vacated the subject premises;
- (3) To pay the plaintiffs the sum of ₱5,000.00 for and as attorney's fees;

³*Id.* at 78-81.

(4) To pay the costs of suit.

SO ORDERED.⁴

Thereafter, petitioners elevated the case before the Regional Trial Court (RTC) of Manila.

On November 28, 1997, the RTC of Manila rendered a Decision⁵ reversing the MeTC's decision. The *fallo* states:

WHEREFORE, premises considered, the Decision dated March 6, 1996 rendered by the court *a quo* is hereby REVERSED and SET ASIDE and a new judgment is hereby rendered as follows:

- (1) The instant complaint filed by the Guditos is hereby DISMISSED;
- (2) The "Guditos" are hereby enjoined to respect the lease agreement as well as the possession of the "Estanislao" over the leased premises. Should the "Guditos" decide to sell or otherwise dispose of the same property to third parties, the "Estanislao" are given the right of first refusal pursuant to PDs 1517 and 2018 or; should the "Guditos" need the same property for residential purposes, they can avail of the remaining 205.50 square meters of the same lot wherein they can build their house.
- (3) The present monthly rental is hereby fixed at ₱500 per month;
- (4) Attorney's fees at ₱20,000 plus the cost of suit; and
- (5) Other claims and counter-claims are hereby dismissed for lack of merit.

SO ORDERED.⁶

Dissatisfied, respondents interposed an appeal before the CA.

In a Decision⁷ dated October 25, 2005, the CA annulled and set aside the RTC's decision and reinstated the MeTC's decision. It held as follows:

WHEREFORE, the Decision of Branch 47 of the Regional Trial Court of Manila, in Civil Case No. 96-77804 dated November 28, 1998 is hereby **ANNULLED** and **SET ASIDE**. Consequently, the Decision of Branch 11 of the Metropolitan Trial Court of Manila in Civil Case No.

⁴ *Id.* at 80-81.

⁵ *Id.* at 82-91.

⁶ *Id.* at 90-91.

⁷ *Id.* at 44-55.

149805-CV dated March 6, 1996 is hereby **REINSTATED** with the **MODIFICATION** that the respondents are ordered to pay reasonable compensation for the use and occupancy of the subject premises in the amount of Five Hundred Pesos a month beginning November 1995, and every month thereafter until they have finally vacated the subject premises.

SO ORDERED.⁸

Hence, petitioners filed the instant petition raising the following issues for our resolution:

1. Whether or not the assailed decision of the Court of Appeals violates Presidential Decree No. 2016, in relation to Presidential Decree No. 1517, expressly prohibiting the eviction of legitimate tenants from land proclaimed as Areas for Priority Development or as Urban Land Reform Zones.
2. Whether or not Batas Pambansa Blg. 877, relied upon by the Court of Appeals in its decision, can prevail over P.D. 2016, in relation to P.D. No. 1517, a special law and a later enactment, considering that P.D. No. 2016 expressly repeals, amends or modifies accordingly any law inconsistent with it.
3. Whether or not a legitimate tenant covered by P.D. Nos. 1517 and 2016 can be evicted if the owner of the leased land does not intend to sell his property as affirmatively held by the Court of Appeals.
4. Whether or not respondents as lessors can adequately use the leased lot for the alleged personal need without ejecting petitioners who occupy only a very small portion thereof.
5. Whether or not the donation of the leased lot to respondents can defeat petitioners' protected right under P.D. Nos. 1517 and 2016.⁹

The pertinent issue in this case is who has the better right of possession over the subject property.

Petitioners strongly argue that respondents cannot evict them from the subject property pursuant to Presidential Decree (P.D.) 1517, in relation to P.D. 2016, as the subject property is allegedly within one of the 245 Proclaimed Area for Priority Development and/or Urban Land Reform No. 1967, as amended by Presidential Proclamation No. 2284. Petitioners further contend that they were not aware that the subject property had been acquired by respondents *via* a Deed of Donation executed by the Vasquez couple. Thus, they assail that said donation was merely simulated in order to deprive them of their right of first refusal to buy the subject property.

⁸ *Id.* at 54-55. (Emphasis in the original)

⁹ *Id.* at 126-127.

Conversely, respondents maintain P.D. 1517 cannot be appropriately applied to the present case, since the same applies only to a case where the owners intend to sell the property to a third party. They argue that in the instant case they are seeking the eviction of petitioners solely on the ground that they need the property for residential purposes. Lastly, they assert that they have sufficiently established a better right of possession over the disputed property than the petitioners.

We deny the petition.

To begin with, the only question that the courts must resolve in an unlawful detainer or ejectment suit is – who between the parties is entitled to the physical or material possession of the property in dispute.¹⁰

In the case under review, respondents have overwhelmingly established their right of possession by virtue of the Deed of Donation made in their favor. Moreover, they have complied with the provisions of the law in order for them to legally eject the petitioners. Section 5 (c) of *Batas Pambansa Blg. 25* states:

Sec. 5. *Grounds for judicial ejectment.* – Ejectment shall be allowed on the following grounds:

x x x x

(c) Legitimate need of owner/ lessor to repossess his property for his own use or for the use of any immediate member of his family as a residential unit, such owner or immediate member not being the owner of any other available residential unit within the same city or municipality: Provided, however, that the lease for a definite period has expired: Provided, further, that the lessor has given the lessee formal notice within three (3) months in advance of the lessor's intention to repossess the property: Provided, finally, that the owner/ lessor is prohibited from leasing the residential unit or allowing its use by a third party for at least one year.

Here, it is undisputed that respondents do not own any other lot or real property except the herein subject lot. They have urgent need of the same to build their own house to be used as their residence. Also, petitioners had already been asked to leave the premises as early as 1982, but sternly refused, hence, its former owners refused to accept their rental payments. When the same property was donated to respondents, petitioners were allowed to continue occupying the subject lot since respondents did not as

¹⁰ *Pajuyo v. Court of Appeals*, G.R. No. 146364, June 3, 2004, 430 SCRA 492, 510-511.

yet have the money to build a house of their own. But now that respondents have sufficient money to build their own house, petitioners still rebuff respondents' demand to vacate the premises and to remove or demolish their house. Clearly, since respondents have complied with the requirements of the law, their right to possess the subject property for their own use as family residence cannot be denied.

It is also worthy to note that petitioners have failed to prove that the transfer of the subject property was merely a ploy designed to defeat and circumvent their right of first refusal under the law. As emphasized by the CA, the Deed of Donation executed in favor of respondents was signed by the parties and their witnesses, and was even notarized by a notary public.

Veritably, it is a settled rule in our jurisdiction that a notarized document has in its favor the presumption of regularity and it carries the evidentiary weight conferred upon it with respect to its due execution. It is admissible in evidence and is entitled to full faith and credit upon its face.¹¹ Having been prepared and acknowledged before a notary public, the said Deed is vested with public interest, the sanctity of which deserves to be upheld unless overwhelmed by clear and convincing evidence.¹² Thus, the donation made by the Vasquez couple is a valid exercise of their right as owners of the subject property and respondents are legally entitled to the said property as donees.

By the same token, this Court is not persuaded with petitioners' insistence that they cannot be evicted in view of Section 6 of P.D. 1517, which states –

SECTION 6. *Land Tenancy in Urban Land Reform Areas.* – Within the Urban Zones legitimate tenants who have resided on the land for ten years or more who have built their homes on the land and residents who have legally occupied the lands by contract, continuously for the last ten years shall not be dispossessed of the land and **shall be allowed the right of first refusal to purchase the same within a reasonable time** and at reasonable prices, under terms and conditions to be determined by the Urban Zone Expropriation and Land Management Committee created by Section 8 of this Decree. (Emphasis and underscoring supplied)

As can be gleaned from the foregoing, petitioners cannot use P.D. 1517 as a shield to deny respondents of their inherent right to possess the subject property. The CA correctly opined that “under P.D. 1517, in relation to P.D. 2016, the lessee is given the right of first refusal over the land they

¹¹ *Ilao-Quianay v. Mapile*, G.R. No. 154087, October 25, 2005, 474 SCRA 246, 255; 510 Phil. 736, 747 (2005).

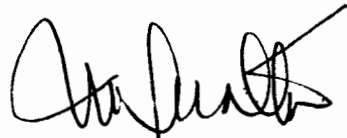
¹² *Rollo*, p. 50.

have leased and occupied for more than ten years and on which they constructed their houses. But the right of first refusal applies only to a case where the owner of the property intends to sell it to a third party. If the owner of the leased premises do not intend to sell the property in question but seeks to eject the tenant on the ground that the former needs the premises for residential purposes, the tenant cannot invoke the land reform law.”¹³

Clearly, the circumstances required for the application of P.D. 1517 are lacking in this case, since respondents had no intention of selling the subject property to third parties, but seek the eviction of petitioners on the valid ground that they need the property for residential purposes.

WHEREFORE, premises considered, the Decision dated October 25, 2005, and Resolution dated June 16, 2006 of the Court of Appeals in CA-G.R. SP No. 46323 are hereby **AFFIRMED**.


SO ORDERED.



DIOSDADO M. PERALTA
Associate Justice

WE CONCUR:


TERESITA J. LEONARDO-DE CASTRO
Associate Justice


ROBERTO A. ABAD
Associate Justice


JOSE CATRAL MENDOZA
Associate Justice


MARVIC MARIO VICTOR F. LEONEN
Associate Justice

ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


**DIOSDADO M. PERALTA**

Associate Justice

Acting Chairperson, Third Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Acting Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

**MARIA LOURDES P. A. SERENO**

Chief Justice