



Republic of the Philippines  
Supreme Court  
Manila

SECOND DIVISION

SPOUSES MICHELLE M.  
NOYNAY and NOEL S.  
NOYNAY,

Petitioners,

- versus -

CITIHMES BUILDER  
AND DEVELOPMENT, INC.,  
Respondent.

G.R. No. 204160

Present:

CARPIO, J., Chairperson,  
BRION,  
DEL CASTILLO,  
MENDOZA, and  
LEONEN, JJ.

Promulgated:

SEP 22 2014 *Handwritten signature*

X ----- X

DECISION

MENDOZA, J.:

In this petition for review on *certiorari*<sup>1</sup> under Rule 45 of the Rules of Court, Spouses Noel and Michelle Noynay (*Spouses Noynay*) assail the July 16, 2012 Decision<sup>2</sup> of the Court of Appeals (*CA*) and October 15, 2012 Resolution,<sup>3</sup> which *affirmed with modification* the September 17, 2010 Decision<sup>4</sup> of the Regional Trial Court, Branch 21, Malolos, Bulacan (*RTC*). Earlier, the RTC *reversed* the March 26, 2010 Decision<sup>5</sup> of the Municipal Trial Court for Cities, San Jose Del Monte, Bulacan (*MTCC*), which dismissed the complaint<sup>6</sup> for unlawful detainer filed by Citihomes Builder

<sup>1</sup> *Rollo*, pp. 9-21.

<sup>2</sup> *Id.* at 215-237. Penned by Associate Justice Socorro B. Inting, with Associate Justices Jose C. Reyes and Mario V. Lopez, concurring.

<sup>3</sup> *Id.* at 248-249. Penned by Associate Justice Socorro B. Inting, with Associate Justices Jose C. Reyes and Mario V. Lopez, concurring.

<sup>4</sup> *Id.* at 169-175. Penned by Judge Jaime V. Samonte.

<sup>5</sup> *Id.* at 94-102. Penned by Judge Pelagia J. Dalmacio-Joaquin.

<sup>6</sup> *Id.* at 44-49.

and Development, Inc. (*Citihomes*) against Spouses Noynay for lack of cause of action.

***The Facts:***

On December 29, 2004, Citihomes and Spouses Noynay executed a contract to sell<sup>7</sup> covering the sale of a house and lot located in San Jose Del Monte, Bulacan, and covered by Transfer Certificate of Title (*TCT*) No. T-43469. Under the terms of the contract, the price of the property was fixed at ₱915,895.00, with a downpayment of ₱183,179.00, and the remaining balance to be paid in 120 equal monthly installments with an annual interest rate of 21% commencing on February 8, 2005 and every 8th day of the month thereafter.

Subsequently, on May 12, 2005, Citihomes executed the Deed of Assignment of Claims and Accounts<sup>8</sup> (*Assignment*) in favor of United Coconut Planters Bank (*UCPB*) on May 12, 2005. Under the said agreement, UCPB purchased from Citihomes various accounts, including the account of Spouses Noynay, for a consideration of ₱100,000,000.00. In turn, Citihomes assigned its rights, titles, interests, and participation in various contracts to sell with its buyers to UCPB.

In February of 2007, Spouses Noynay allegedly started to default in their payments. Months later, Citihomes decided to declare Spouses Noynay delinquent and to cancel the contract considering that nine months of agreed amortizations were left unpaid. On December 8, 2007, the notarized Notice of Delinquency and Cancellation of the Contract To Sell,<sup>9</sup> dated November 21, 2007, was received by Spouses Noynay. They were given 30 days within which to pay the arrears and failure to do so would authorize Citihomes to consider the contract as cancelled.

On June 15, 2009, Citihomes sent its final demand letter asking Spouses Noynay to vacate the premises due to their continued failure to pay the arrears. Spouses Noynay did not heed the demand, forcing Citihomes to file the complaint for unlawful detainer before the MTCC on July 29, 2009.

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<sup>7</sup> Id. at 52-53.

<sup>8</sup> Id. at 81-83.

<sup>9</sup> Id. at 57.

In the said complaint, Citihomes alleged that as per Statement of Account as of March 18, 2009, Spouses Noynay had a total arrears in the amount of ₱272,477.00, inclusive of penalties. Thus, Citihomes prayed that Spouses Noynay be ordered to vacate the subject property and pay the amount of ₱8,715.97 a month as a reasonable compensation for the use and occupancy to commence from January 8, 2007 until Spouses Noynay vacate the same.

In its March 26, 2010 Decision,<sup>10</sup> the MTCC dismissed the complaint. It considered the annotation in the certificate of title, which was dated prior to the filing of the complaint, which showed that Citihomes had executed the Assignment favor of UCPB, as having the legal effect of divesting Citihomes of its interest and right over the subject property. As far as the MTCC was concerned, Citihomes did not have a cause of action against Spouses Noynay.

The RTC, however, *reversed* the ruling of the MTCC. In its September 17, 2010 Decision,<sup>11</sup> the RTC stated that the MTCC erred in interpreting the deed of assignment as having the effect of relinquishing all of Citihomes' rights over the subject property. The RTC explained that the assignment was limited only to the installment accounts receivables due from Spouses Noynay and did not include the transfer of title or ownership over the property. It pointed out that Citihomes remained as the registered owner of the subject property, and so it had the right to ask for the eviction of Spouses Noynay. As to the issue of who had the better right of possession, the RTC ordered that the records be remanded to the MTCC for the proper determination.

Spouses Noynay then went to the CA. On July 16, 2012, the CA *affirmed* the conclusion of the RTC that Citihomes still had the right and interest over the property in its capacity as the registered owner. Moreover, the issue on who, between the parties had a better possessory right over the property, was resolved in favor of Citihomes.

In disposing the issue of possession, the CA primarily recognized the relevance of Republic Act (R.A.) No. 6552, otherwise known as the Realty Installment Buyer Act (*Maceda Law*), in determining the limits of the right to possess of Spouses Noynay in their capacity as defaulting buyers in a realty installment scheme. Under the said law, the cancellation of a contract would only follow if the requirements set forth therein had been complied

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<sup>10</sup> Id. at 94-102. Penned by Judge Pelagia J. Dalmacio-Joaquin.

<sup>11</sup> Id. at 169-175. Penned by Judge Jaime V. Samonte.

with, particularly the giving of a “notice of delinquency and cancellation of the contract” to the defaulting party and, in some cases, the payment to the buyer of the cash surrender value if at least two years of installments had been paid. The CA noted that Spouses Noynay failed to complete the minimum two (2) years of installment, despite the allegation that three (3) years of amortizations had already been paid. As an effect, the CA pronounced that the termination of the contract was validly effected by the expiration of the 30-day period from the time the notice of cancellation was received by Spouses Noynay. From that moment, the CA treated Spouses Noynay to have lost the right to possess the property. In addition, the CA made Spouses Noynay liable for the payment of monthly rentals from the time their possession became illegal.

Spouses Noynay moved for reconsideration, but the CA denied their motion.

Hence, this petition.

### **ISSUE**

The lone issue presented for resolution is whether Citihomes has a cause of action for ejectment against Spouses Noynay. In effect, Spouses Noynay would have this Court determine whether Citihomes may rightfully evict them.

#### *Position of Spouses Noynay*

Spouses Noynay insist that by virtue of the assignment of rights which Citihomes executed in favor of UCPB, Citihomes did not have a cause of action against them because it no longer had an interest over the subject property. Contrary to the findings of the CA, the monthly installments amounting to three years were already paid, by reason of which, Section 3(b) of the Maceda Law should apply. This means that for the cancellation to be effective, the cash surrender value should have been paid first to them by Citihomes; and that because no payment was made, it follows that no valid cancellation could also be effected. This allegedly strengthened their right to the possession of the property even to this day.

#### *Position of Citihomes*

Citihomes counters that it has the right to ask for the eviction of the petitioners in its capacity as the registered owner despite the assignment of

rights it made to UCPB. It believes that because Spouses Noynay failed to pay at least two (2) years of installments, the cancellation became effective upon the expiration of the 30-day period following the receipt of the notice of delinquency and cancellation notice and without the need for the payment of the cash surrender value under Section 3(b) of the Maceda Law.

### **Ruling of the Court**

Cause of action has been defined as an act or omission by which a party violates a right of another.<sup>12</sup> It requires the existence of a legal right on the part of the plaintiff, a correlative obligation of the defendant to respect such right, and an act or omission of such defendant in violation of the plaintiff's rights.<sup>13</sup> A complaint should not be dismissed for insufficiency of cause of action if it appears clearly from the complaint and its attachments that the plaintiff is entitled to relief.<sup>14</sup> The complaint, however, may be dismissed for lack of cause of action *later* after questions of fact have been resolved on the basis of stipulations, admissions or evidence presented.<sup>15</sup>

Relative thereto, a plaintiff in an unlawful detainer case which seeks recovery of the property must prove one's legal right to evict the defendant, a correlative obligation on the part of such defendant to respect the plaintiff's right to evict, and the defendant's act or omission in the form of refusal to vacate upon demand when his possession ultimately becomes illegal.

At first glance, the main thrust of the discussion in the lower courts is the issue on whether Citihomes had such right to evict Spouses Noynay. At its core is the ruling of the MTCC that the right to demand the eviction of Spouses Noynay was already transferred to UCPB from the moment the Assignment was executed by Citihomes, which was done prior to the institution of the unlawful detainer case. Thus, based on the evidence presented during the trial, the MTCC held that Citihomes did not have a cause of action against Spouses Noynay. The RTC held otherwise justifying that Citihomes may still be the right party to evict Spouses Noynay in its capacity as the registered owner of the property. The CA affirmed the RTC on this point.

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<sup>12</sup> Section 2, Rule 2, Rules of Court.

<sup>13</sup> *China Banking Corporation v. Court of Appeals*, 499Phil. 770, 775 (2005).

<sup>14</sup> *Fluor Daniel Inc. v. E.B. Villarosa Partners Co., Ltd.*, 555 Phil. 295, 301 (2007), citing *Alberto v. Court of Appeals*, 393 Phil. 253, 268 (2000).

<sup>15</sup> *Dabuco v. Court of Appeals*, 379 Phil. 939, 945 (2000).

The Court, however, agrees with the MTCC.

The determination of whether Citihomes has a right to ask for the eviction of Spouses Noynay entirely depends on the review of the Assignment of Claims and Accounts it executed in favor of UCPB. If it turns out that what was assigned merely covered the collectible amounts or receivables due from Spouses Noynay, Citihomes would necessarily have the right to demand the latter's eviction as only an aspect of the contract to sell passed on to UCPB. Simply put, because an assignment covered only credit dues, the relation between Citihomes as the seller and Spouses Noynay as the buyer under their Contract to Sell remained. If on the other hand, it appears that the assignment covered all of Citihomes' rights, obligations and benefits in favor of UCPB, the conclusion would certainly be different.

Under the provisions of the Assignment, it was stipulated that:

NOW, THEREFORE, for and in consideration of the foregoing premises, the ASSIGNOR hereby agrees as follows:

1. The ASSIGNOR hereby assigns, transfers and sets over unto the ASSIGNEE **all its rights, titles and interest in and to, excluding its obligations under the Contract/s to Sell** enumerated and described in the List of Assigned Receivables which is hereto attached and marked as Annex "A" hereof, including any and all sum of money due and payable to the ASSIGNOR, **the properties pertaining thereto**, all replacements, substitution, increases and accretion thereof and thereto which the ASSIGNOR has executed with the Buyers, as defined in the Agreement, and all moneys due, or which may grow upon the sales therein set forth.

2. For purposes of this ASSIGNMENT, the ASSIGNOR hereby delivers to the ASSIGNEE, which hereby acknowledges receipt of the following documents evidencing the ASSIGNOR's title, right, interest, participation and benefit in the assigned Installment Account Receivables listed in Annex "A" and made as integral part hereof.

- a) Original Contracts to Sell
- b) Transfer Certificates of Title

3. The ASSIGNOR, hereby irrevocably appoints the ASSIGNEE to be its true and lawful agent or representative for it and in its name and stead, but for such ASSIGNEE's own benefit: (1) to sell, assign, transfer, set over, pledge, compromise or discharge the whole, or any part, of said assignment; (2) to do all acts and things necessary, or proper, for any such purpose; (3) to ask, collect, receive and sue for the moneys due, or which may grow due, upon the said Assignment; and (4) to substitute one person, or more, with like powers; hereby ratifying and confirming all that said agent or representative, or his substitute, or substitutes, shall lawfully do, by virtue hereof.<sup>16</sup>

[Emphases supplied]

Clearly, the conclusion of the MTCC had factual and legal bases. Evident from the tenor of the agreement was the intent on the part of Citihomes, as assignor, to assign all of its rights and benefits in favor of UCPB. Specifically, what Citihomes did was an assignment or transfer of all contractual rights arising from various contracts to sell, including the subject contract to sell, with all the rights, obligations and benefits appurtenant thereto in favor of UCPB for a consideration of ₱100,000,000.00. Indeed, the intent was more than just an assignment of credit. This intent to assign all rights under the contract to sell was even fortified by the delivery of documents such as the pertinent contracts to sell and the TCTs. Had it been the intent of Citihomes to assign merely its interest in the receivables due from Spouses Noynay, the tenor of the deed of assignment would have been couched in very specific terms.

Included in those matters which were handed over to UCPB were the provisions outlined in Section 6 of the Contract to Sell. In the said provision, Citihomes, as the seller has been given the right to cancel the contract to sell in cases of continuing default by Spouses Noynay, to wit:

**SECTION 6.** If for any reason, whatsoever, the BUYER fails to pay three (3) consecutive monthly installments, the provision of RA No. 6552 shall apply.

Where the BUYER has paid less than two (2) years of installments and defaults in the payment of three (3) consecutive monthly installment, he shall be given a grace period of not less than sixty (60) days from the date the installment payments

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<sup>16</sup> *Rollo*, p. 81.

became due and payable within which to pay the installments and/or make payments in arrears together with the installments corresponding to the months of the grace period. In the event the BUYER continues to default in the payment of the installments within or at the expiration of the grace period herein provided, the SELLER shall have the right to cancel this agreement thirty (30) days from the BUYER's receipt of the notice of cancellation or demand for rescission by a notarial act. Thereafter, the SELLER may dispose of the residential house and lot subject of this agreement in favor of other persons as if this agreement had never been entered into.

WHERE the BUYER has paid at least two (2) years of installments and he defaults in the payment of three (3) consecutive monthly installments, the SELLER shall be entitled:

- a. To pay, without additional interest, the unpaid installment due within the total grace period earned by the BUYER which is fixed at the rate of one (1) month grace period for every one (1) year of installment payment made; Provided, that this right shall be exercised by the BUYER only once for every five (5) years of the life of this agreement.
- b. If this agreement is cancelled, the SELLER shall refund to the BUYER the cash surrender value of the payments equivalent to fifty percent thereof and, after five years of installments, an additional five percent (5%) for every year but not to exceed ninety (90%) of the total payments made; Provided, that the actual cancellation of this agreement shall take place after thirty (30) days from receipt by the BUYER of the notice of cancellation or demand for rescission by a notarial act and upon full payment of the cash surrender value to the BUYER.

xxx    xxx    xxx

The BUYER, at the termination of the contract, shall promptly surrender the said property to the SELLER, and should the former fail to comply with the provision, on top of the remedy provided for above, the BUYER hereby expressly appoints the SELLER as their duly authorized attorney-in-fact with power and authority to open, enter and take full possession of the property in the presence of any peace officer and to take an inventory of the equipment, furniture, merchandise and effect. In case the BUYER fails to claim the said equipment, furniture, merchandise and effects and/or liquidate their liabilities with the SELLER within thirty (30) days from the date of transfer of possession of the property to the latter, the SELLER is hereby given the right to dispose of said property in a private or public sale and to apply the proceeds to whatever expenses it may have incurred in line with the



warehousing of the equipment, furniture, merchandise and effects.<sup>17</sup>

The exercise of such right to cancel necessarily determines the existence of the right to evict Spouses Noynay. The existence of the right to evict is the first constitutive element of the cause of action in this unlawful detainer case. Considering, however, that the right to cancel was already assigned prior to the commencement of this controversy with the execution of the Assignment, its legal consequences cannot be avoided.

Well-established is the rule that the assignee is deemed subrogated to the rights as well as to the obligations of the seller/assignor. By virtue of the deed of assignment, the assignee is deemed subrogated to the rights and obligations of the assignor and is bound by exactly the same conditions as those which bound the assignor.<sup>18</sup> What can be inferred from here is the effect on the status of the assignor relative to the relations established by a contract which has been subsequently assigned; that is, the assignor becomes a complete stranger to all the matters that have been conferred to the assignee.

In this case, the execution of the Assignment in favor of UCPB relegated Citihomes to the status of a mere stranger to the jural relations established under the contract to sell. With UCPB as the assignee, it is clear that Citihomes has ceased to have any right to cancel the contract to sell with Spouses Noynay. Without this right, which has been vested in UCPB, Citihomes undoubtedly had no cause of action against Spouses Noynay.

This is not to say that Citihomes lost all interest over the property. To be clear, what were assigned covered only the rights in the Contract to Sell and not the property rights over the house and lot, which remained registered under Citihomes' name. Considering, however, that the unlawful detainer case involves mere physical or material possession of the property and is independent of any claim of ownership by any of the parties,<sup>19</sup> the invocation of ownership by Citihomes is immaterial in the just determination of the case.

Granting that the MTCC erred in ruling that Citihomes had no cause of action by reason of the Assignment it made in favor of UCPB, the Court still upholds the right of the Spouses Noynay to remain undisturbed in the

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<sup>17</sup> Id. at 54. Lifted from Republic Act No. 6552.

<sup>18</sup> *Henry Koa and Virginia Koa v. Court of Appeals*, G.R. No. 84847, March 5, 1993, 219 SCRA 541.

<sup>19</sup> *William Go v. Alberto Looyuko*, G.R. No. 196529, July 1, 2013, 700 SCRA 313, citing *Sps. Esmaquel v. Coprada*, G.R. No. 152423, December 15, 2010, 638 SCRA 428.

possession of the subject property. The reason is simple – Citihomes failed to comply with the procedures for the proper cancellation of the contract to sell as prescribed by Maceda Law.

In *Pagtalunan v. Manzano*,<sup>20</sup> the Court stressed the importance of complying with the provisions of the Maceda Law as to the cancellation of contracts to sell involving realty installment schemes. There it was held that the cancellation of the contract by the seller must be in accordance with Section 3 (b) of the Maceda Law, which requires the notarial act of rescission and the refund to the buyer of the full payment of the cash surrender value of the payments made on the property. The actual cancellation of the contract takes place after thirty (30) days from receipt by the buyer of the notice of cancellation or the demand for rescission of the contract by a notarial act and upon full payment of the cash surrender value to the buyer, to wit:

(b) **If the contract is cancelled, the seller shall refund to the buyer the cash surrender value of the payments on the property equivalent to fifty percent of the total payments made and, after five years of installments, an additional five percent every year but not to exceed ninety percent of the total payments made: *Provided*, That the actual cancellation of the contract shall take place after thirty days from receipt by the buyer of the notice of cancellation or the demand for rescission of the contract by a notarial act and upon full payment of the cash surrender value to the buyer.**

[Emphases supplied]

According to the lower courts, Spouses Noynay failed to complete the two-year minimum period of paid amortizations, thus, the cancellation of the contract to sell no longer required the payment of the cash surrender value. This conclusion rests on the allegation that the amortization payments commenced only on May 31, 2005. If indeed it were true that the payments started only on that date, Spouses Noynay would not have completed the required two-year period to be entitled to the payment of cash surrender value. Records, however, show otherwise. The Contract to Sell, dated December 29, 2004, was very particular on the matter. It stipulated as follows:

SECTION 1. NOW, THEREFORE, for and in consideration of the sume of NINE HUNDRED FIFTEEN THOUSAND EIGHT HUNDRED NINETY FIVE PESOS ONLY, (₱915,895.00) Philippine Currency, inclusive of miscellaneous charges hereunder set forth,

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<sup>20</sup> 559 Phil. 658 (2007).

and of the foregoing premises, the SELLER hereby agrees to sell, cede and convey to the BUYER, their heirs, administrators, and successors-in-interest, the aforescribed residential house and lot or lot only under the following terms and conditions:

a. The amount of ONE HUNDRED EIGHTY THREE THOUSAND ONE HUNDRED SEVENTY NINE PESOS ONLY (₱183,179.00), Philippine Currency, representing full downpayment shall be paid upon signing of this contract.

b. The balance of the total purchase price in the amount of SEVEN HUNDRED THIRTY TWO THOUSAND SEVEN HUNDRED SIXTEEN PESOS ONLY, (₱732,716.00), Philippine Currency shall be paid by the BUYER in 120 equal monthly installments in the amount of ₱14,649.31 per month with an interest of 21% per annum to commence on **02.08.05** and every 8<sup>th</sup> day of the month thereafter.<sup>21</sup>

CitiHomes claimed that the period of the payment of the amortizations started from May 31, 2005.<sup>22</sup> As can be gleaned from the contract to sell, however, it appears that the payment of the downpayment started from the signing thereof on December 29, 2004.

To this end, the factual admissions made by the parties during the preliminary conference would shed light on the matter. It must be remembered that these judicial admissions are legally binding on the party making the admissions. Similar to pre-trial admissions in a pre-trial order in ordinary civil cases, the contents of the record of a preliminary conference control the subsequent course of the action, thereby, defining and limiting the issues to be tried. A contrary ruling would render useless the proceedings during the preliminary conference and would, in fact, be antithetical to the very purpose of a preliminary conference, which is, among others, to allow the parties to admit and stipulate on a given set of facts and to simplify the issues involved.<sup>23</sup>

The fairly recent case of *Oscar Constantino v. Heirs of Oscar Constantino*,<sup>24</sup> is most instructive:

In *Bayas, et al. v. Sandiganbayan, et al.*, this Court emphasized that:

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<sup>21</sup> *Rollo*, p. 52.

<sup>22</sup> Alleged only in the Complaint. It was not admitted by the petitioners in their Answer. Thus, it is not “undisputed,” as stated by the RTC and the CA.

<sup>23</sup> *Claudio v. Quebral*, 553Phil. 603, 614 (2007).

<sup>24</sup> G.R. No. 181508, October 2, 2013, 706 SCRA 580.

Once the stipulations are reduced into writing and signed by the parties and their counsels, they become binding on the parties who made them. They become **judicial admissions** of the fact or facts stipulated. Even if placed at a disadvantageous position, a party may not be allowed to rescind them unilaterally, it must assume the consequences of the disadvantage. (citations omitted)

Moreover, in *Alfelor v. Halasan*, this Court declared that:

A party who judicially admits a fact cannot later challenge the fact as judicial admissions are a waiver of proof; production of evidence is dispensed with. A **judicial admission** also removes an admitted fact from the field of controversy. Consequently, an admission made in the pleadings cannot be controverted by the party making such admission and are conclusive as to such party, and all proofs to the contrary or inconsistent therewith should be ignored, whether objection is interposed by the party or not. The allegations, statements or admissions contained in a pleading are conclusive as against the pleader. A party cannot subsequently take a position contrary of or inconsistent with what was pleaded. (Citations omitted)

[Emphases supplied]

Here, Spouses Noynay proposed for stipulation the factual allegation that they had been paying Citihomes the monthly amortization of the property for more than three (3) years and only stopped payment by January 8, 2008. In the Preliminary Conference Order,<sup>25</sup> dated January 28, 2010, the MTCC noted the said fact as admitted, to wit:

The defendants proposed the following matters for stipulations:

1. That the defendants had already paid the plaintiff the total amount of Php 633,000.00 – Not Admitted
2. That the defendants have been paying the plaintiff the monthly amortization of the property for more than three years and only stopped payment by January 8, 2008 – Admitted.<sup>26</sup>

xxx    xxx    xxx    [Emphasis supplied]

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<sup>25</sup> *Rollo*, pp. 64-65.

<sup>26</sup> *Id.* at 64.

Moreover, based on the Statement of Account,<sup>27</sup> dated March 18, 2009, Spouses Noynay started defaulting from January 8, 2008. This shows that prior to that date, amortizations covering the 3-year period, which started with the downpayment, had been paid. This is consistent with the admission of CitiHomes during the preliminary conference. By its admission that Spouses Noynay had been paying the amortizations for three (3) years, there is no reason to doubt Spouses Noynay's compliance with the minimum requirement of two years payment of amortization, entitling them to the payment of the cash surrender value provided for by law and by the contract to sell. To reiterate, Section 3(b) of the Maceda Law requires that for an actual cancellation to take place, the notice of cancellation by notarial act and the full payment of the cash surrender value must be first received by the buyer. Clearly, no payment of the cash surrender value was made to Spouses Noynay. Necessarily, no cancellation of the contract to sell could be considered as validly effected.

Without the valid cancellation of the contract, there is no basis to treat the possession of the property by Spouses Noynay as illegal. In *AMOSUP-PTGWO-ITF v. Decena*,<sup>28</sup> the Court essentially held that such similar failure to validly cancel the contract, meant that the possessor therein, similar to Spouses Noynay in this case, remained entitled to the possession of the property. In the said case, the Court stated:

In the parallel case of *Pagtalunan v. Dela Cruz Vda. De Manzano*, which likewise originated as an action for unlawful detainer, we affirmed the finding of the appellate court that, since the contract to sell was not validly cancelled or rescinded under Section 3(b) of R.A. No. 6552, the respondent therein had the right to continue occupying unmolested the property subject thereof.

**WHEREFORE**, the petition is **GRANTED**. The July 16, 2012 Decision and October 15, 2012 Resolution of the Court of Appeals are hereby **REVERSED** and **SET ASIDE**. The March 26, 2010 Decision of the Municipal Trial Court for Cities is **REINSTATED**.

**SO ORDERED.**


  
**JOSE CATRAL MENDOZA**  
Associate Justice

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<sup>27</sup> Id. at 56.

<sup>28</sup> G.R. No. 178585, October 8, 2012, 682 SCRA 308.

WE CONCUR:



ANTONIO T. CARPIO

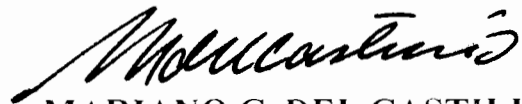
Associate Justice

Chairperson



ARTURO D. BRION

Associate Justice



MARIANO C. DEL CASTILLO

Associate Justice



MARVIC M.V.F. LEONEN

Associate Justice

## CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, 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.



ANTONIO T. CARPIO

Acting Chief Justice