

Title: Colito T. Pajuyo vs. Court of Appeals and Eddie Guevarra (2004)

Facts:

In June 1979, petitioner Colito T. Pajuyo paid Pedro Perez P400 for the rights over a 250-square meter lot in Payatas, Quezon City. Pajuyo constructed a house on the lot and lived there with his family until December 1985. On December 8, 1985, Pajuyo and respondent Eddie Guevarra executed a "Kasunduan," where Pajuyo allowed Guevarra to live in the house rent-free on the condition he maintain it and vacate upon Pajuyo's demand. In 1994, Pajuyo needed the house and requested Guevarra to vacate, but Guevarra refused.

Pajuyo filed an ejectment case against Guevarra. Guevarra claimed Pajuyo had no rights since the lot was for socialized housing and neither of them had title. The Metropolitan Trial Court (MTC) decided for Pajuyo, concluding that Guevarra's continued possession was illegal upon demand to vacate. Guevarra's appeal to the Regional Trial Court (RTC) was denied as the RTC found no reversible error and affirmed MTC's decision en toto.

Guevarra's subsequent appeal to the Court of Appeals (CA) was delayed but ultimately allowed, and the CA reversed RTC's decision, holding both Pajuyo and Guevarra as squatters, deciding the Kasunduan was a commodatum, not a lease.

Issues:

1. Whether the CA erred in granting Guevarra's motion for extension filed after the reglementary period.
2. Whether the certification against forum-shopping should have been dismissed for being signed by counsel, not Guevarra himself.
3. Whether the Kasunduan between Pajuyo and Guevarra is a lease or commodatum.
4. Whether both parties, as alleged squatters, possess legal standing in an ejectment case.
5. Whether the CA should have based its decision on the Code of Policies or on the terms of the Kasunduan itself.

Court's Decision:

The Supreme Court (SC) granted Pajuyo's petition, reversed the CA's decision, and reinstated the RTC ruling with modifications.

1. The SC held that CPA had the power to grant an extension and Guevarra's motion for extension was timely filed.
2. It was ruled that the issue regarding the certification against forum-shopping was an afterthought, as Pajuyo only argued this after receiving an adverse decision.

3. The Kasunduan, which required Guevarra to maintain the premises, entailed an obligation and rent, it was therefore a lease rather than a commodatum.
4. The principle of *pari delicto* does not apply to ejectment cases, even between squatters, as courts must still resolve the issue of physical possession.
5. The SC held that the CA should have resolved the issue of physical possession instead of embarking on the qualification for socialized housing.

Doctrine:

The SC reiterated the doctrine that even absent title, courts have jurisdiction over ejectment cases to determine the issue of physical possession and are not to apply the principle of *pari delicto* which would leave squatters on their own, potentially inviting lawlessness.

Class Notes:

The key elements central to the case are the concepts of unlawful detainer, the nature of possession, and the contractual obligations of the parties. The SC clarified that the mere absence of title over a contested lot does not divest courts of the jurisdiction to resolve issues of possession (*Pitargue v. Sorilla*). The underlying philosophy of ejectment suits is to prevent breaches of the peace and criminal disorder, prioritizing the maintenance of the rule of law over property ownership disputes. The key statutory provisions are found in Articles 1411 and 1412 of the Civil Code of the Philippines.

Historical Background:

The case arose at a time when the Philippines faced rapid urbanization and problems with squatting, particularly in Metro Manila. Proclamation No. 137 issued by President Corazon Aquino in 1987 reemphasized the need for government to regulate urban land and provide for socialized housing. It highlighted the complex interplay between informal settlers and the legal system in the Philippines as the government sought to manage the rapid growth of urban poor settlements while upholding the rule of law.