

REMEDIOS RAMOS, PETITIONER, VS. TESSIE PABAS, RESPONDENT.

G.R. NO. 154565. November 30, 2006

Ponente: AUSTRIA-MARTINEZ, J.

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AUSTRIA-MARTINEZ, J.:

This resolves the petition for review on certiorari seeking to set aside the Decision[1] of the Court of Appeals (CA) dated July 31, 2002.

The facts, as accurately set forth in the Decision of the Regional Trial Court (RTC) of Quezon City, Branch 93 dated December 12, 2000, are as follows:

[T]he plaintiff-appellee [herein petitioner] is an occupant of a parcel of land with some structures thereon located in Bagbag, Novaliches, Quezon City. She leased a portion of the property to the defendant-appellant [herein respondent] for a monthly fee of P400.00 beginning June 1998. Defendant-appellant at first paid the monthly rent but in January 1999, the defendant-appellant stopped paying. She found out that the plaintiff-appellee did not actually own the property, as it appeared to be government-owned. The plaintiff-appellee herself x x x admitted that the property was simply turned over to her by her father-in-law who was the caretaker of the property. In other words, plaintiff-appellee by her own account, was merely tolerated to stay in the property which she made use of by renting it out. Unable to get payment for her claimed rentals, plaintiff-appellee went to court.[2]

The Metropolitan Trial Court of Quezon City, Branch 36 (MeTC), before which Remedios Ramos (petitioner) filed her complaint for Unlawful Detainer with Damages, ruled in favor of petitioner, thus:

WHEREFORE, judgment is hereby rendered in favor of the plaintiff and against the defendant, as follows:

- ordering the defendant and all persons claiming right under her to vacate the subject premises and to pay the rental in arrears starting January 3, 1999 and every month thereafter until the defendant and all persons claiming right under her shall have actually vacated the premises in question and surrendered possession thereof to the plaintiff;
- ordering the defendant to pay the sum of P10,000.00 as and for attorney's fees; and,
- ordering the defendant to pay the costs of suit.

SO ORDERED.[3]

Tessie Pabas (respondent) appealed the case to the RTC, which reversed the MeTC Decision by dismissing petitioner's complaint. The RTC held that the verbal lease agreement between the parties is null and void as its object is inalienable public land, which is beyond the commerce of man. It was further ruled that herein petitioner had no possessory right over the disputed land; hence, she cannot demand the ejectment of respondent therefrom.

Petitioner elevated the matter to the CA via a petition for review. The CA affirmed the RTC Decision, ruling that no possessory right can be recognized in favor of squatters.[4]

Aggrieved by the CA Decision, petitioner filed herein Petition for Review on Certiorari where it is alleged that:

I — The Honorable Court of Appeals erred by failing to consider and resolved [sic] the issues raised in the petition before it.

II — The Honorable Court of Appeals erred in considering that petitioner belongs to "squatter syndicate" as its basis in finding that petitioner violated R.A. No. 7279.

III — The Honorable Court of Appeals committed reversible error in finding that when the contract of lease between petitioner and private respondent is xxx inexistent and void from the beginning, the petitioner's legal possession of the government's expropriated land and her property (building/improvement) constructed thereon even prior to said expropriation are considered lost to and in favor of private respondent, [sic] as lessee in the said contract. [5]

The Court finds the petition meritorious.

The facts of this case are closely akin to those in *Pajuyo v. Court of Appeals*,^[6] wherein the Court refused to subscribe to the reasoning that if the plaintiff is merely a squatter on the disputed land, then he does not have the right to demand the ejectment of another usurper. In *Pajuyo*, both parties were also squatters. *Pajuyo* bought the rights over a 250-square meter portion of public land from a person who had no title over said land, and then built a house thereon. Subsequently, *Pajuyo* entered into a *Kasunduan* with *Guevarra* wherein the former allowed the latter to occupy the house for free provided *Guevarra* maintains and cleans the house and upon *Pajuyo's* demand, *Guevarra* would voluntarily vacate said house. After the lapse of almost 10 years, *Pajuyo* demanded that *Guevarra* vacate the house, but the latter refused. *Pajuyo* then filed an ejectment case against *Guevarra*.

Resolving in favor of *Pajuyo*, the Court explained:

The only question that the courts must resolve in ejectment proceedings is – who is entitled to the physical possession of the premises, that is, to the possession *de facto* and not to the possession *de jure*. It does not even matter if a party's title to the property is questionable, or when both parties intruded into the public land and their applications to own the land have yet to be approved by the proper government agency. Regardless of the actual condition of the title to the property, the party in peaceable quiet possession shall not be thrown out by a strong hand, violence or terror. Neither is the unlawful withholding of property allowed. Courts will always uphold respect for prior possession.

x x x x

Courts must resolve the issue of possession even if the parties to the ejectment suits are squatters. The determination of priority and superiority of possession is a serious and urgent matter that cannot be left to the squatters to decide. To do so would make squatters receive better treatment under the law. x x x

x x x x

We are aware of our pronouncement in cases where we declared that "squatters and intruders who clandestinely enter into titled government property cannot, by such act, acquire any legal right to said property." We made this declaration because the person who had title or who had the right to legal possession over the disputed property was a party in the ejectment suit and that party instituted the case against squatters or usurpers. In this case, the owner of the land, which is the government, is not a party to the ejectment case. This case is between squatters. Had the government participated in the case, the courts could have evicted the contending squatters, *Pajuyo* and *Guevarra*.

Since the party that has title or a better right over the property is not impleaded in this case, we cannot evict on our own the parties. Such a ruling would discourage squatters from seeking the aid of the courts in settling the issue of physical possession. Stripping both the plaintiff and the defendant of possession just because they are

squatters would have the same dangerous implications as the application of the principle of *pari delicto*. Squatters would then rather settle the issue of physical possession among themselves than seek relief from the courts if the plaintiff and defendant in the ejectment case would both stand to lose possession of the disputed property. This would subvert the policy underlying actions for recovery of possession.[7] (Emphasis supplied)

From the foregoing, it is quite clear that even if herein petitioner has no title to the property in question, such fact should not affect the determination of who as between herein parties is entitled to physical possession of the contested property. Even the invalidity of the verbal lease agreement between petitioner and respondent does not automatically mean that petitioner had no right to demand the eviction of respondent. In *Pajuyo*, the Court held that the *Kasunduan*, or agreement allowing the defendant to stay in the house of the plaintiff, could not be considered void for purposes of ascertaining who between the contending parties has a right to physical possession of the property in dispute. The Court had this to say:

Guevarra should know that there must be honor even between squatters. Guevarra freely entered into the *Kasunduan*. Guevarra cannot now impugn the *Kasunduan* after he had benefited from it. The *Kasunduan* binds Guevarra.

The *Kasunduan* is not void for purposes of determining who between *Pajuyo* and Guevarra has a right to physical possession of the contested property. The *Kasunduan* is the undeniable evidence of Guevarra's recognition of *Pajuyo*'s better right of physical possession. Guevarra is clearly a possessor in bad faith. The absence of a contract would not yield a different result, as there would still be an implied promise to vacate.

x x x x

Pajuyo's withdrawal of his permission to Guevarra terminated the *Kasunduan*. Guevarra's transient right to possess the property ended as well. Moreover, it was *Pajuyo* who was in actual possession of the property because Guevarra had to seek *Pajuyo*'s permission to temporarily hold the property and Guevarra had to follow the conditions set by *Pajuyo* in the *Kasunduan*. Control over the property still rested with *Pajuyo* and this is evidence of actual possession.

Pajuyo's absence did not affect his actual possession of the disputed property. Possession in the eyes of the law does not mean that a man has to have his feet on every square meter of the ground before he is deemed in possession. One may acquire possession not only by physical occupation, but also by the fact that a thing is subject to the action of one's will. Actual or physical occupation is not always necessary.

x x x x

Since *Pajuyo* has in his favor priority in time in holding the property, he is entitled to remain on the property until a person who has title or a better right lawfully ejects him. x x x [8] (Emphasis and underscoring supplied)

The foregoing ruling of the Court applies squarely to the present case. Petitioner and respondent are both squatters on the public land involved. Respondent admitted that she entered into a verbal lease agreement with petitioner. The validity of such lease is of no moment in determining who has a better right to possess the disputed property, because such agreement is merely evidence of respondent's recognition of petitioner's superior right of physical possession. Thus, possession of the property in dispute rightfully belongs to petitioner.

The Court noted, however, that the MeTC Decision did not discuss any reason for its award of attorney's fees. In *Del Rosario v. Court of Appeals*, [9] the Court held that the court must explicitly state in the body of the decision, and not only in the dispositive portion thereof, the legal reason for the award of attorney's fees. The MeTC's award of attorney's fees not having been sufficiently explained, the same must be deleted.

IN VIEW OF THE FOREGOING, the petition is GRANTED. The Decision of the Metropolitan Trial Court of

Quezon City, Branch 36 dated August 18, 1999 in Civil Case No. 22334 is REINSTATED with the MODIFICATION that the award of attorney's fees is deleted.

SO ORDERED.

Panganiban, C.J., (Chairperson), Ynares-Santiago, Callejo, Sr., and Chico-Nazario, JJ., concur.

[1] Penned by Court of Appeals Associate Justice Bienvenido L. Reyes with Associate Justices Roberto A. Barrios and Edgardo F. Sundiam, concurring.

[2] Rollo, pp. 53-54.

[3] Id. at 51-52.

[4] Id. at 36.

[5] Id. at 23.

[6] G.R. No. 146364, June 3, 2004, 430 SCRA 492.

[7] Id. at 510 – 523.

[8] Id. at 521-523.

[9] 334 Phil. 812, 830 (1997).

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