

## THIRD DIVISION

[ G.R. NO. 165501, March 28, 2006 ]

**SPOUSES JESUS AND EVANGELINE PASCO, PETITIONERS, VS.  
PISON-ARCEO AGRICULTURAL AND DEVELOPMENT  
CORPORATION, RESPONDENT.**

### DECISION

**CARPIO MORALES, J.:**

From the Court of Appeals August 27, 2003 [1] decision which denied their petition for review of the decision of the Bacolod City Regional Trial Court (RTC) affirming with modification that of the June 30, 2000 of the Talisay City Municipal Trial Court in Cities (MTCC), Spouses Jesus and Evangeline Pasco (petitioners) brought the case to this Court on a Petition for Review on Certiorari.

Respondent, Pison-Arceo Agricultural and Development Corporation, is the registered owner of a parcel of land containing more than 100 hectares covered by Transfer Certificate of Title (TCT) No. T-88078 of the Register of Deeds of Negros Occidental.

Constructed on respondent's parcel of land are houses which are occupied by its workers.

Petitioners, among other workers, used to work for respondent until 1987. They having ceased to be employed by respondent, petitioners were asked to vacate the house they were occupying but they refused, hence, respondent filed a complaint for unlawful detainer against them before the MTCC in Talisay City.

In their Answer to the Complaint, [2] petitioners claimed that, *inter alia*, they built the house occupied by them at their own expense and their stay on the land was upon the tolerance of respondent.

In their Position Paper, [3] petitioners claimed that respondent constructed houses for its workers but the house they were occupying was destroyed by a typhoon, forcing them to build their house; respondent's demand was merely for them to vacate the house, as they had paid rentals thru salary/wage deductions; and their refusal to vacate the house is justified, they being the owners and actual possessors thereof.

By Decision of June 30, 2000, [4] the MTCC of Talisay rendered judgment in favor of respondent upon the following findings:

As adduced, it is explicitly clear that [respondent] provided housing facilities to every worker in its hacienda without a requiring payment of rentals, however, with an implied promise that the same be vacated upon

their cessation from work. . . .

On the issue that [petitioners] were responsible in building their own houses is devoid of merit. . . . However, [petitioners] made repairs on their houses when [the] same were destroyed by typhoon sometime in 1975. These are repairs badly needed at that time there being no however express authority from [respondent].

x x x x

As to the contention of [petitioners] in Civil Case No. 677, [respondent] is amenable to remove whatever improvements they have introduced thereto including the trees they planted. . . .

x x x x (Underscoring supplied) [5]

Accordingly, the MTCC disposed as follows:

WHEREFORE, judgment is hereby rendered for [respondent] and herein [petitioners in Civil Case No. 677], spouses Jesus Pasco and Evangeline Pasco . . .and those persons claiming under their names are hereby ordered:

1. To vacate the premises of [respondent's] Lot 707, Talisay Cadastre covered by Transfer Certificate of Title No. T-88078 and to remove whatever improvements they introduced thereon;
2. To pay [respondent] the sum of P50.00 a month as rental payment from the time of the filing of the herein complaint until they have vacated the premises; and
3. To pay the sum of P5,000.00 as attorney's fees.

SO ORDERED. [6] (Underscoring supplied)

After the promulgation on June 30, 2000 of the MTCC decision or on August 23, 2000, the Municipal Agrarian Reform Office (MARO) of Talisay City sent a Notice of Coverage and Field Investigation [7] (Notice of Coverage) advising respondent that its parcel of land is now covered under Republic Act 6657 otherwise known as the Comprehensive Agrarian Reform Law (CARL), and inviting the presence of a representative to a field investigation to be conducted on September 12, 2000 during which it (respondent) may pinpoint its retained area in accordance with Section 6 of the CARL.

In the meantime, as petitioners appealed the MTCC decision in the Unlawful Detainer Case to the RTC, they, on August 24, 2000, filed a Memorandum of Appeal [8] contending that the MTCC:

I. . . . ERRED IN FINDING THE [PETITIONERS] TO BE BUILDERS, PLANTERS OR SOWERS IN BAD FAITH.

II. . . . ERRED IN NOT FINDING [RESPONDENT] TO BE OWNERS IN BAD FAITH.

III. . . . ERRED IN APPLYING ARTICLES 449 TO 451 OF THE CIVIL CODE.

IV. . . . HAS NO JURISDICTION OVER THE COMPLAINT UNTIL [PETITIONERS] RIGHT OF RETENTION UNTIL ARTICLE 546 OF THE CIVIL CODE HAS EXPIRED.

x x x x [9]

In their Memorandum, petitioners argued that respondent's hacienda is covered by the CARL and they are qualified beneficiaries thereunder; whether they are qualified beneficiaries is material to the determination of whether they are planters or builders or sowers in bad faith; "upon knowledge that the land subject of the unlawful detainer case is a[n] hacienda, it is within the sound discretion of the judge to clarify from the parties whether or not the subject land is covered by [CARL] and whether or not the defendants are qualified agrarian reform beneficiaries"; "it is mandatory on the part of the courts to take judicial notice of agrarian laws"; and the unlawful detainer case, at all events, was prematurely filed as respondent's right to eject them would arise only after they are reimbursed of

their expenses in repairing the house and, therefore, the MTCC has no jurisdiction yet to order their ejectment.

By Decision of December 5, 2000, [10] the RTC of Bacolod City affirmed the June 30, 2000 decision of MTCC Talisay, with modification, disposing as follows:

WHEREFORE, the decision rendered by the Municipal Trial Court in Cities, dated June 30, 2000 is hereby modified as follows:

"WHEREFORE, judgment is hereby rendered for [respondent] . . . . against spouses Jesus Pasco and Evangeline Pasco and the persons claiming under their names are hereby ordered:

1. To vacate the premises of [respondent's] Lot 707, Talisay Cadastre covered by Transfer Certificate of Title No. T-88078 and to remove the house they constructed thereon;
2. To pay [respondent] the sum of P50.00 a month as rental payment from the time of the filing of the herein complaint until they have vacated the premises; and
3. To pay the sum of P5,000.00 as attorney's fees.

With costs against the [petitioners]. [11] (Underscoring supplied)

Petitioners moved to reconsider [12] the RTC decision, they contending that the MTCC had no jurisdiction over the complaint for unlawful detainer in view of the agrarian dispute between them and respondent; and by Order [13] of June 8, 2001, petitioners' motion for reconsideration was denied. Hence, they elevated the case to the Court of Appeals [14] before which they raised, in the main, the issues of:

I. . . .

A. Whether or not the Notice of Coverage issued by DAR and which was ADMITTED by [respondent's] sufficient evidence to prove that [respondent's] land is covered by CARP.

B. Whether or not [petitioners'] evidence to prove that they are potential agrarian reform beneficiaries has been existing at the time of the filing of the complaint for ejectment against them.

II. WHETHER OR NOT THERE IS AN AGRARIAN DISPUTE BETWEEN THE PARTIES IN CIVIL CASE NO. 677 SO AS TO NULLIFY THE PROCEEDINGS IN THE MUNICIPAL TRIAL COURT IN CITIES FOR LACK OF JURISDICTION.

x x x x

AND

WHETHER OR NOT THE APPELLATE COURT ERRED IN NOT DISMISSING RESPONDENT'S COMPLAINT FOR EJECTMENT, HAVING BEEN BROUGHT BY A PARTY WHO IS NOT THE REAL PARTY-IN-INTEREST. [15]  
(Underscoring supplied)

To their petition before the appellate court, petitioners attached a copy of the Notice of Coverage and Field Investigation sent by the MARO, Talisay City to respondent.

In the meantime, the MARO of Talisay City issued on August 24, 2004 a Certification [16] that herein petitioner Jesus Pasco is registered as potential Comprehensive Agrarian Reform Program (CARP) beneficiary in the land owned by respondent.

By the assailed Decision of August 27, 2003, [17] the appellate court denied petitioners' petition, ratiocinating as follows:

Well settled is the rule that the only issue in ejectment cases is the physical possession of the premises, independent of any claim of ownership by the parties, and this must be so because the issue of ownership cannot be definitely decided in an ejectment case. Considering that the petitioners were in possession of the subject property by sheer tolerance of its owners, they knew that their occupation of the premises may be terminated any time. Persons who occupy the land of another at the latter's tolerance or permission, without any contract between them is necessarily bound by an implied promise that they will vacate the same upon demand, failing in which a summary action for ejectment is the proper remedy against them. In the instant case, the petitioners admitted in their Answer almost all the allegations in the complaint. Since the petitioners occupy the subject land at the owner's tolerance, they are bound to vacate the same, failing which, an ejectment suit is the proper remedy against them.

We agree with the allegations of the respondent corporation that the petitioners' defenses: (1) that the subject land is covered by CARP; (2) that there is an agrarian dispute; and (3) that the case is not brought by a real party-in-interest are mere afterthoughts to muddle the case and