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TOLIBAS be remanded to the trial court so that judgment on his case can be rendered without further delay.

Costs against appellant.

SO ORDERED.

Bellosillo (Chairman), Mendoza, Buena, and *De Leon, Jr., JJ.,* concur.

SECOND DIVISION

[G.R. No. 108205. February 15, 2000]

BRIGIDA F. DEE, LYDIA VIDAL, EDUARDO TUAZON, PEPITO GEMILO, VICTOR ESGUERRA, ROMAN REYES, and ENRICO LIWANAGAN, *petitioners, vs.* **THE HON. COURT OF APPEALS, CESAR GATDULA, TEOFISTA CASTRO, and ALFREDO CASTRO,** *respondents.*

SYNOPSIS

Before the Supreme Court is a Petition for *Certiorari* under Rule 45 of the Rules of Court, seeking the review of the Decision of the Court of Appeals dated September 29, 1992 in two consolidated cases.

On September 9, 1990, petitioners filed a complaint against private respondent for the exercise of their preferential rights to purchase the subject realties under P.D. 1517. Petitioners are occupants of the lands that used to belong to Alejandro Castro. Upon Alejandro's death, his spouse Teofista and son Alfredo, herein private respondents, inherited the land and thereafter, sold the same to respondent Cesar Gatdula. On March 11, 1991, the trial court rendered a decision in favor of petitioners declaring the transfer of the subject lands by respondents Castros to Gatdula, null and void. Hence, private respondent filed a petition before the Court of Appeals where it was docketed as CA-G.R. CV No. 32074.

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Meanwhile, a petition for *certiorari* and *mandamus* was filed by private respondent Gatdula before the Court of Appeals docketed as CA-G.R. SP No. 25089 contending that the trial court acted with grave abuse of discretion when it suspended the proceedings in the ejectment case which he filed against one of the occupants, Agapito Gemilo, until the finality of the order canceling the scale of the lands to respondent Gatdula.

In CA-G.R. CV No. 32074, the Court of Appeals reversed and set aside the decision of the trial court and ordered the dismissal of the complaint against private respondents. In its decision, the appellate court concluded that petitioners did not have pre-emptive rights because they have not been paying rent since the death of Alejandro Castro in 1984 and because they failed to establish that they legally occupied the lands for at least ten years, they were illegal occupants. Hence, they could not avail of the benefits of P.D. 1517. The appellate court also held that respondent Gatdula was not a third party but a tenant who could buy the land. Hence, it ruled that the transfer of the disputed parcels of land by respondent Castro to respondent Gatdula was legal and valid.

In CA-G.R. SP No. 25089, the Court of Appeals granted the petitioner for *certiorari* and *mandamus*, annulled the Order of the trial court and ordered it to resolve the motion for execution pending appeal filed by respondent Gatdula.

Based on the records, the Castro heirs offered petitioners the chance to buy the land, which they respectively occupied. Respondent Gatdula, a tenant, as early as 1988, expressed his intention to buy the land provided he be given time to raise the funds. Petitioners stopped paying rent after the death of the elder Castro and that they offered no proof that they did pay. They also failed to show that they have resided on the land for ten years or more. Nor have they shown that they are residents who have legally occupied the land by contract continuously for the last ten years and were entitled to benefit from the generous provisions of P.D. 1517. With their failure to establish entitlement thereto, the offer and sale of the land to respondent Gatdula could not be said to be outside the pale of the decree. The respondent appellate court did not err in its conclusion that there was sufficient compliance with P.D. 1517. The assailed decision of the Court of Appeals was affirmed.

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SYLLABUS

1. **REMEDIAL LAW; EVIDENCE; SUPREME COURT IS CONSTRAINED TO DEFER TO TRIAL COURT'S FACTUAL CONCLUSIONS; REASON; EXCEPTIONS; CASE AT BAR.**— Whether or not petitioners are illegal tenants or *deforciants*, is a factual question. As a rule, the Court is constrained to defer to the factual findings of the trial court on the reasonable ground that it is in a better position to assess the evidence before it. However, we have recognized, exceptions to this rule, as when, "(5) the findings of facts of the Court of Appeals are contrary to those of the trial court," and, when "(8) said findings of fact are conclusions without citation of specific evidence on which they are based." Records of the proceedings during the trial show that the trial court insisted in limiting the issue to whether petitioners were given a chance to exercise their right of first refusal. It shove aside the prior question: Were petitioners entitled to an exercise of the right to first refusal? When the counsel of private respondent Gatdula attempted to lay the groundwork to establish that petitioners illegally occupied the disputed lands, and thus were not entitled to exercise the right to first refusal granted by the presidential decree, the trial court intervened. The trial court prevented private respondents from showing petitioners had not established their status as legitimate tenants covered by P.D. 1517 either by presenting rental receipts, lease contracts, tax declarations or other proofs in support of their claims. Under these circumstances, the lower court's conclusion that petitioners had a right to first refusal as tenants, fall under the exception that this Court may look into the trial court's factual conclusions.

2. **LABOR AND SOCIAL LEGISLATION; LAND TENANCY; PRESIDENTIAL DECREE 1517; RIGHT OF FIRST REFUSAL; PETITIONERS ENTITLEMENT THERETO NOT ESTABLISHED IN CASE AT BAR; FACTUAL DETERMINATION OF NON-PAYMENT OF RENT IS REQUIRED TO ESTABLISH PETITIONERS STATUS AS TENANTS.**— Our own review of the records, including the transcript of stenographic notes taken during the proceedings before the RTC, constrains us to affirm the findings of the Court of Appeals that aside from verbal, self-serving testimonies, petitioners offered no proof of rental payments, no contracts of leases, no tax declarations, nothing, to show that they were legitimate tenants entitled to the right of first refusal. Curiously, the caretaker of the

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Castros, Fernando Herrera to whom petitioners claim they paid rent, was not presented to testify in behalf of petitioners. The factual determination of non-payment of rent is needed to establish petitioners' status as tenants. The appellate court was correct in taking this fact into consideration.

3. **ID.; ID.; ID.; OFFER AND SALE OF LAND TO PRIVATE RESPONDENT ALONE, AMONG THE MANY TENANTS, CONSIDERED SUFFICIENT COMPLIANCE WITH THE LAW.**— As found on appeal, based on the records, the Castro heirs offered petitioners the chance to buy the land which they respectively occupied. This offer was not denied by petitioners. Gatdula, a tenant, as early as 1988, expressed his intention to buy the land provided he be given time to raise the funds. Petitioners stopped paying rent after the death of the elder Castro; and that they offered no proof that they did pay. They also failed to show that they have resided on the land for ten years or more. Nor have they shown that they are residents who have legally occupied the land by contract, continuously for the last ten years and were entitled to benefit from the generous provisions of P.D. 1517. With their failure to establish entitlement thereto, the offer and sale of the land to respondent Gatdula could not be said to be outside the pale of the decree. The respondent appellate court did not err in its conclusion that there was sufficient compliance with P.D. 1517.

APPEARANCES OF COUNSEL

Trinidad Reverente Makalintal and Cabrera Law Office for petitioners.

Aquino, Losbes & Associates for Gatdula.

DECISION

QUISUMBING, *J.*:

This petition for *certiorari*, under Rule 45 of the Rules of Court, seeks a review of the Decision of the Court of Appeals dated September 29, 1992, in two consolidated cases. In CA-G.R. CV No. 32074, the appellate court reversed and set aside the decision of Regional Trial Court of Pasay City, Branch 113, and ordered the dismissal of the complaint in Civil Case No. 7559. In CA-G.R. SP No. 25089, the appellate court granted the petition for *certiorari*

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and *mandamus*, annulled the Order of the Regional Trial Court of Pasay City, Branch 108, and ordered it to resolve the motion for execution pending appeal. The motions for reconsideration in both cases were likewise denied by the appellate court.

Both cases involve disputes over two parcels of land located in Pasay City. Petitioners are occupants of the lands that used to belong to Alejandro Castro. Upon Alejandro's death, his spouse Teofista and son Alfredo, herein private respondents, inherited the land. On March 23, 1990, they sold the land for five hundred (₱500.00) pesos per square meter to private respondent Cesar Gatdula. The sale was registered in the latter's name on April 17, 1990. Pending the transfer of the titles, Gatdula, in a *barangay* conciliation proceeding, offered to sell the disputed lots at three thousand (₱3,000.00) pesos per square meter to each of the petitioners. Petitioners did not buy at the price offered. They took the matter to the court.

Re: CA-G.R. CV No. 32074

On September 9, 1990, petitioners filed a complaint against private respondent for the exercise of their preferential rights to purchase the realties, under P.D. 1517. The RTC of Pasay City, Branch 113, heard the complaint.

On March 11, 1991, it rendered a decision as follows:

"WHEREFORE, judgment is hereby rendered in favor of the plaintiff and ordering the defendants as follows:

"1. The transfer or conveyance of the lands in controversy by defendants Teofista Castro and Alfredo Castro to defendant Cesar Gatdula (EXH. B; EXH. 2) is hereby declared null and void;

"2. The Transfer of Certificate of Title No. 129082 (129182) (EXH. B-3) and T.C.T. No. 129183 (EXH. B-4), both of the Register of Deeds of Pasay City are hereby cancelled;

"3. Defendant Cesar Gatdula has to reconvey the land in dispute to defendants Teofista Castro and Alfredo Castro and the Register of Deeds has to register accordingly. Thereafter, defendants Teofista Castro and Alfredo Castro shall offer to plaintiffs to buy their respective areas they are occupying within six (6) months from the date of offer to buy, and

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the Housing and Land Use Regulatory Board shall determine the reasonableness of the prices; and

"4. To pay plaintiffs the sum of TEN THOUSAND PESOS (₱10,000.00) by way of attorney's fees. With costs against the defendants.

"SO ORDERED."[1]

The decision was appealed to the Court of Appeals where it was docketed as CA-G.R. CV No. 32074.

In its decision, dated September 29, 1992, the appellate court concluded that petitioners did not have pre-emptive rights. It said that (a) because petitioners have not been paying rent since the death of Alejandro Castro, in 1984, and (b) because they failed to establish that they legally occupied the lands for at least the last ten years, by virtue of a contract or by any other mode, they were illegal occupants. They could not avail of the benefits of P.D. 1517, which grants pre-emptive right only to "legitimate tenants who have resided on the land for ten years or more" and "residents who have legally occupied the land by contract continuously for the last ten years."[2] The Court of Appeals also found respondent Gatdula was not a third party but a tenant who could buy the land. It ruled, thus:

"Consequently, from the foregoing, the transfer or conveyance of the disputed parcels of land by appellant CASTROs to appellant GATDULA is legal and valid."[3]

Re: CA G.R. No. SP No. 25089

As early as July 4, 1990, respondent Gatdula had initiated an ejectment case against one of the occupants, Agapito Gemilo, docketed as Civil Case No. 264-90 at the Metropolitan Trial Court of Pasay City, Branch 47. On December 13, 1990, the METC ruled in favor of Gatdula. It ordered Gemilo to vacate the land and pay Gatdula one thousand five hundred (₱1,500.00) pesos a month from April 16, 1990 until such time he vacates said land.[4] Gemilo

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[1] *Rollo*, p. 31.

[2] *Id.* at 35.

[3] *Ibid.*

[4] *Id.* at 32.

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appealed to the RTC of Pasay City, Branch 108; the appeal was docketed as Civil Case No. 7815. Gatdula filed a motion for execution pending appeal for failure of Gemilo to file a *supersedeas* bond.

On March 14, 1991, while the motion for execution was pending, Gemilo filed a manifestation praying for an order to maintain the *status quo ante*, in view of the decision rendered by the RTC, Branch 113, in Civil Case 7559 which, as earlier discussed, declared the sale of the land to Gatdula null and void. He also asked the RTC to defer action on the motion for execution. On March 25, 1991, Branch 108 ordered hearing on the case suspended until the finality of the order canceling the sale of the lands to Gatdula.

In an Omnibus Motion, Gatdula, questioned the propriety and legality of the order suspending the proceedings on the ejectment case in Branch 108. When the motion was denied and the order was not reconsidered, he filed a petition for *certiorari* and *mandamus* before the appellate court, contending that the RTC judge acted with grave abuse of discretion when she suspended the proceedings in Civil Case No. 7815. The petition was docketed as CA-G.R. SP No. 25089.

Since the Court of Appeals had ordered this case consolidated with CA-G.R. CV No. 32074, already discussed, it decided the petition by Gatdula on September 29, 1992 also.

The CA held there was no grave abuse of discretion on the part of the RTC judge because in an ejectment case, execution shall issue immediately unless the appeal was perfected with sufficient *supersedeas* bond. Filing this bond is mandatory. But in the instant case, Gemilo did not file a *supersedeas* bond.

The dispositive portion of the Decision on the consolidated cases reads:

"WHEREFORE, with respect to the appeal docketed as CA-G.R. CV NO. 32074, the appealed decision of the RTC Branch 113, dated March 11, 1991, is hereby REVERSED and SET ASIDE and a new judgment is hereby rendered DISMISSING the complaint in Civil Case No. 7559.

As regards the petition for *Certiorari* and *Mandamus* with Damages, docketed as CA-G.R. SP No. 25089, the same is hereby GRANTED,

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annulling the assailed Orders dated March 25, 1991 and May 14, 1991, and ordering the respondent RTC, Branch 108, to resolve the motion for execution pending appeal. Costs against private respondent.

SO ORDERED."

Petitioners now raise, before us, the following assignment of errors:

I. THE HONORABLE COURT OF APPEALS DEPARTED FROM THE ACCEPTED AND USUAL COURSE OF PROCEEDINGS IN CONSIDERING THE ISSUE OF NON-PAYMENT OF RENTALS RAISED FOR THE FIRST TIME ON APPEAL AS GROUND FOR CONCLUDING THAT THE PETITIONERS ARE NOT BONA FIDE TENANTS, WHICH FINDINGS ARE PATENTLY CONTRARY TO EVIDENCE OF RECORD.

II. THE HONORABLE COURT OF APPEALS SERIOUSLY ERRED IN INTERPRETING AND DECLARING THAT OFFER AND SALE TO ONLY ONE AMONG NUMEROUS TENANTS OF THE LAND IS COMPLIANCE WITH THE SPIRIT AND PROVISIONS OF PRESIDENTIAL DECREE NO. 1517 AND 2016.

III. THE HONORABLE COURT OF APPEALS SERIOUSLY ERRED IN REVERSING WITHOUT BASIS AND AGAINST THE PREPONDERANCE OF EVIDENCE TO THE CONTRARY, THE SOUND AND JUDICIOUS DECISION OF THE TRIAL COURT.

In essence, the issues for resolution are: Did respondent Court of Appeals err in finding petitioners *deforciants* (illegal tenants), hence without right of first refusal and disqualified under P.D. 1517? Did the respondent court also err in holding that the sale of the land to private respondent Gatdula valid and sufficient compliance with P.D. 1517?

The pertinent provisions concerned are Sec. 6 and Sec. 9 of P.D. 1517, which we quote:

Sec. 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 land by contract, continuously for the last ten years* shall not be dispossessed of the land and shall be allowed the *right*

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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 the Decree. [Italics supplied.]

Sec. 9. *Compulsory Declaration of Sale and Preemptive Rights.*— Upon the proclamation of the President of an area as an Urban Land Reform zone, all landowners, tenants and residents thereupon are required to declare to the Ministry any proposals to sell, lease or encumber lands and improvements thereon, including the proposed price, rent or value of encumbrances and secure approval of the said proposed transactions.

Petitioners anchor their claim to the right of first refusal on their being occupants and tenants of the land in question. Thus, first, petitioners must prove they are indeed legitimate occupants of the land. The trial court said they were. The Court of Appeals said otherwise.

Whether or not petitioners are illegal tenants or *deforciants*, is a factual question. As a rule, the Court is constrained to defer to the factual findings of the trial court on the reasonable ground that it is in a better position to assess the evidence before it.[5] However, we have recognized, exceptions to this rule, as when, "(5) the findings of facts of the Court of Appeals are contrary to those of the trial court," and, when "(8) said findings of fact are conclusions without citation of specific evidence on which they are based."[6]

Records of the proceedings during the trial show that the trial court insisted in limiting the issue to whether petitioners were given a chance to exercise their right of first refusal. It shove aside the prior question: Were petitioners entitled to an exercise of the right to first refusal? When the counsel of private respondent Gatdula attempted to lay the groundwork to establish that petitioners illegally occupied the disputed lands, and thus were not entitled to exercise the right to first refusal granted by the presidential decree, the trial court intervened, thus,

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[5] *People vs. Arnan,* 224 SCRA 37, 40-41 (1993).

[6] *National Steel Corporation vs. CA*, 283 SCRA 45, 66 (1997); *Policarpio vs. CA*, 269 SCRA 344, 353 (1997); *Limketkai Sons Milling Inc. vs. CA*, 255 SCRA 626, 646-647 (1996); *Quebral vs. CA*, 252 SCRA 353, 364 (1996); *Geagonia vs. CA*, 241 SCRA 152, 160 (1995).

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Q: When your house constructed (sic) do you have it declared for taxation purposes?

COURT: *It is not the issue that must be resolved by the Court. The issue here is that, was there offer before the property has been sold to Mr. Gatdula. That is the only issue.* You must go direct to the point.[7]

x x x x x x x x x

During the direct examination of Cesar Gatdula, the trial court again intervened:

ATTY. MAGSARILI: Objection, the complainant admits in the complaint that she is a resident of 2460, and also admitted in paragraph 1 that she is a resident of 2460, so there is estoppel, we object.

COURT: Sustained.

ATTY. TUGADE: Your honor, the address given here as complainant is . . .

COURT: *After all, it is not the essence of the complaint so let us not dwell on matters that is not important. What is important here, were they given the prior right to buy?*[8]

x x x x x x x x x

On cross examination of Gatdula, the trial court also intervened:

Q You made mention that you were paying rent, to whom did you pay rent?

A Narding Herrera

Q Who is Narding Herrera ? What is his relation to Alfred Castro?

A He is the collector of Mr. Castro.

Q Do you know if Mr. Alejandro Castro is still alive or if not when did he die?

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[7] TSN, December 5, 1990, p. 11.

[8] TSN, December 13, 1990, During the Direct Examination of Cesar Gatdula, pp. 5-6.

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A I can remember he died in 1985.

x x x x x x x x x

COURT: Incompetent

ATTY. BALDOS: After the death of Alejandro Castro, to whom . . .

COURT *Why do we have to go to that when the very essence of the complaint, did Castro inform these people, the plaintiffs here that he is going to sell this property and offered to them the prior right*?

ATTY. BALDOZ: Yes, Your honor. The point for the offer of the sale and purchase of the property was likewise made to him and other plaintiffs as tenants. That is why I would like to state that he was an occupant before the sale and that offer was made when he was still a tenant, Your Honor.[9]

Conspicuously, the trial court prevented private respondents from showing petitioners had not established their status as legitimate tenants covered by P.D. 1517 either by presenting rental receipts, lease contracts, tax declarations or other proofs in support of their claims.[10] Under these circumstances, the lower court's conclusion that petitioners had a right to first refusal as tenants, fall under the exception that this Court may look into the trial court's factual conclusions.

Our own review of the records, including the transcript of stenographic notes taken during the proceedings before the RTC, constrains us to affirm the findings of the Court of Appeals that aside from verbal, self-serving testimonies, petitioners offered no proof of rental payments, no contracts of leases, no tax declarations, nothing, to show that they were legitimate tenants entitled to the right of first refusal. Curiously, the caretaker of the Castros, Fernando Herrera to whom petitioners claim they paid rent, was not presented to testify in behalf of petitioners. The factual determination of non-payment of rent is needed to establish petitioners' status as tenants. The appellate court was correct in taking this fact into consideration.

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[9] *Id.* at 19.

[10] TSN, December 5, 1990.

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We now address the second error assigned by petitioners. Did the appellate court err in considering the sale to private respondent Gatdula alone, among the many tenants, sufficient compliance with P.D. 1517?

As found on appeal, based on the records, the Castro heirs offered petitioners the chance to buy the land which they respectively occupied. This offer was not denied by petitioners. Gatdula, a tenant, as early as 1988, expressed his intention to buy the land provided he be given time to raise the funds. Petitioners stopped paying rent after the death of the elder Castro; and that they offered no proof that they did pay. They also failed to show that they have resided on the land for ten years or more. Nor have they shown that they are residents who have legally occupied the land by contract, continuously for the last ten years and were entitled to benefit from the generous provisions of P.D. 1517. With their failure to establish entitlement thereto, the offer and sale of the land to respondent Gatdula could not be said to be outside the pale of the decree. The respondent appellate court did not err in its conclusion that there was sufficient compliance with P.D. 1517.

WHEREFORE, the instant petition is *DENIED*, for lack of merit, and the assailed decision of the Court of Appeals is *AFFIRMED*.

Costs against petitioners.

SO ORDERED.

Bellosillo (Chairman), Mendoza, Buena, and *De Leon, Jr., JJ.*, concur.