



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

REBECCA FULLIDO,
Petitioner,

G.R. No. 215014

Present:

- versus -

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

GINO GRILLI,
Respondent.

Promulgated:

29 FEB 2016

X ----- X

DECISION

MENDOZA, J.:

This is a petition for review on *certiorari* seeking to reverse and set aside the May 31, 2013 Decision¹ and the September 24, 2014² Resolution of the Court of Appeals (CA) in CA-G.R. CEB-SP No. 06946, which affirmed the April 26, 2012 Decision³ of the Regional Trial Court, Branch 47, Tagbilaran City (RTC) in Civil Case No. 7895, reversing the March 31, 2011 Decision⁴ of the Municipal Circuit Trial Court, Dausi, Bohol (MCTC) in Civil Case No. 244, a case for unlawful detainer filed by Gino Grilli (*Grilli*) against Rebecca Fullido (*Fullido*).

* On Leave

¹ Penned by Associate Justice Ramon Paul L. Hernando with Associate Justice Pampio A. Abarintos and Associate Justice Edgardo L. Delos Santos, concurring; *rollo*, pp. 31-49.

² *Id.* at 51-54.

³ Penned by Presiding Judge Suceso A. Arcamo; *id.* at 112-116.

⁴ Penned by Acting Presiding Judge Jorge D. Cabalit; *id.* at 106-111.

The Facts

Sometime in 1994, Grilli, an Italian national, met Fullido in Bohol and courted her. In 1995, Grilli decided to build a residential house where he and Fullido would to stay whenever he would be vacationing in the country.

Grilli financially assisted Fullido in procuring a lot located in Biking I, Daus, Bohol, from her parents which was registered in her name under Transfer Certificate of Title (*TCT*) No. 30626.⁵ On the said property, they constructed a house, which was funded by Grilli. Upon completion, they maintained a common-law relationship and lived there whenever Grilli was on vacation in the Philippines twice a year.

In 1998, Grilli and Fullido executed a contract of lease,⁶ a memorandum of agreement⁷ (*MOA*) and a special power of attorney⁸ (*SPA*), to define their respective rights over the house and lot.

The lease contract stipulated, among others, that Grilli as the lessee, would rent the lot, registered in the name of Fullido, for a period of fifty (50) years, to be automatically renewed for another fifty (50) years upon its expiration in the amount of **₱10,000.00** for the *whole term* of the lease contract; and that Fullido as the lessor, was prohibited from selling, donating, or encumbering the said lot without the written consent of Grilli. The pertinent provisions of the lease contract over the house and lot are as follows:

That for and in consideration of the total amount of rental in the amount of TEN THOUSAND (₱10,000.00) PESOS, Philippine Currency, paid by the LESSEE to the LESSOR, receipt of which is hereby acknowledged, the latter hereby leases to the LESSEE a house and lot, and all the furnishings found therein, land situated at Biking I, Daus, Bohol, Philippines, absolutely owned and belonging to the LESSOR and particularly described as follows, to wit:

XXXX

That the LESSOR and the LESSEE hereby agree as they have agreed to be bound by the following terms and conditions, to wit:

1. That the term of the lease shall be FIFTY (50) YEARS from August 16, 1998 to August 15, 2048, automatically renewed for the same term upon the expiration thereof;

xxx

⁵ Id. at 55-56.

⁶ Id. at 59-60.

⁷ Id. at 57-58.

⁸ Id. at 61-62.

7. That the LESSOR is strictly prohibited to sell, donate, encumber, or in any manner convey the property subject of this lease to any third person, without the written consent of the LESSEE.⁹

The said lease contract was duly registered in the Register of Deeds of Bohol.

The MOA, on the other hand, stated, among others, that Grilli paid for the purchase price of the house and lot; that ownership of the house and lot was to reside with him; and that should the common-law relationship be terminated, Fullido could only sell the house and lot to whomever Grilli so desired. Specifically, the pertinent terms of the MOA read:

NOW WHEREFORE, FOR AND IN CONSIDERATION of the foregoing premises, the parties hereto agree as they hereby covenant to agree that the FIRST PARTY (*Grilli*) shall permanently reside on the property as above-mentioned, subject to the following terms and conditions:

1. That ownership over the above-mentioned properties shall reside absolutely with herein FIRST PARTY, and the SECOND PARTY (*Fullido*) hereby acknowledges the same;

2. That the SECOND PARTY is expressly prohibited to sell the above-stated property, except if said sale is with the conformity of the FIRST PARTY;

3. That the SECOND PARTY hereby grants the FIRST PARTY, the absolute and irrevocable right, to reside in the residential building so constructed during his lifetime, or any time said FIRST PARTY may so desire;

4. That in the event the common-law relationship terminates, or when the SECOND PARTY marries another, or enters into another common-law relationship with another, said SECOND PARTY shall be obliged to execute a DEED OF ABSOLUTE SALE over the above-stated parcel of land and residential building, in favor of whomsoever the FIRST PARTY may so desire, and be further obliged to turn over the entire consideration of the said sale to the FIRST PARTY, or if the law shall allow, the FIRST PARTY shall retain ownership of the said land, as provided for in paragraph 7 below;

xxx

7. That if the cases referred to in paragraph 4 shall occur and in the event that a future law shall be passed allowing foreigners to own real properties in the Philippines, the ownership of the above-described real properties shall pertain to the FIRST PARTY, and the herein undersigned SECOND PARTY undertakes to execute all the necessary deeds, documents, and contracts to effect the transfer of title in favor of the FIRST PARTY;

⁹ Id. at 59-60.

xxx.¹⁰

Lastly, the SPA allowed Grilli to administer, manage, and transfer the house and lot on behalf of Fullido.

Initially, their relationship was harmonious, but it turned sour after 16 years of living together. Both charged each other with infidelity. They could not agree who should leave the common property, and Grilli sent formal letters to Fullido demanding that she vacate the property, but these were unheeded. On September 8, 2010, Grilli filed a complaint for unlawful detainer with prayer for issuance of preliminary injunction against Fullido before the MCTC, docketed as Civil Case No. 244.

Grilli's Position

The complaint stated that the common-law relationship between Grilli and Fullido began smoothly, until Grilli discovered that Fullido was pregnant when he arrived in the Philippines in 2002. At first, she told him that the child she was carrying was his. After the delivery of the child, however, it became apparent that the child was not his because of the discrepancy between the child's date of birth and his physical presence in the Philippines and the difference between the baby's physical features and those of Grilli. Later on, she admitted that the child was indeed sired by another man.

Grilli further claimed that he was so devastated that he decided to end their common-law relationship. Nevertheless, he allowed Fullido to live in his house out of liberality and generosity, but this time, using another room. He did not demand any rent from Fullido over the use of his property.

After a year, Fullido became more hostile and difficult to handle. Grilli had to make repairs with his house every time he arrived in the Philippines because she was not maintaining it in good condition. Fullido also let her two children, siblings and parents stay in his house, which caused damage to the property. He even lost his personal belongings inside his house on several occasions. Grilli verbally asked Fullido to move out of his house because they were not getting along anymore, but she refused. He could no longer tolerate the hostile attitude shown to him by Fullido and her family, thus, he filed the instant complaint.

Fullido's Position

Fullido countered that she met Grilli sometime in 1993 when she was still 17 years old working as a cashier in Alturas Supermarket. Grilli was then a tourist in Bohol who persistently courted her.

¹⁰ Id. at 57-58.

At first, Fullido was hesitant to the advances of Grilli because she could not yet enter into a valid marriage. When he assured her and her parents that they would eventually be married in three years, she eventually agreed to have a relationship with him and to live as common-law spouses. Sometime in 1995, Grilli offered to build a house for her on a parcel of land she exclusively owned which would become their conjugal abode. Fullido claimed that their relationship as common-law spouses lasted for more than 18 years until she discovered that Grilli had found a new and younger woman in his life. Grilli began to threaten and physically hurt her by knocking her head and choking her.

When Fullido refused to leave their house even after the unlawful detainer case was filed, Grilli again harassed, intimidated and threatened to hurt her and her children. Thus, she filed a petition for Temporary Protection Order (TPO) and Permanent Protection Order (PPO) against Grilli under Republic Act (R.A.) No. 9262 before the Regional Trial Court, Branch 3, Bohol (*RTC-Branch 3*). In an Order,¹¹ dated February 23, 2011, the RTC-Branch 3 granted the TPO in favor of Fullido and directed that Grilli must be excluded from their home.

Fullido finally asserted that, although it was Grilli who funded the construction of the house, she exclusively owned the lot and she contributed to the value of the house by supervising its construction and maintaining their household.

The MCTC Ruling

In its decision, dated March 31, 2011, the MCTC dismissed the case after finding that Fullido could not be ejected from their house and lot. The MCTC opined that she was a co-owner of the house as she contributed to it by supervising its construction. Moreover, the MCTC respected the TPO issued by RTC-Branch 3 which directed that Grilli be removed from Fullido's residence. The dispositive portion of the MCTC decision reads:

WHEREFORE, judgment is hereby rendered:

1. Dismissing the instant case;
2. Ordering the Plaintiff to pay to Defendant the amount of Fifty Thousand Pesos (P50,000.00) as moral damages, and Twenty Thousand Pesos (P20,000.00) as exemplary damages, and Twenty Thousand Pesos (P20,000.00) as Attorney's Fees; and
3. Denying the prayer for the issuance of Preliminary Mandatory Injunction.

SO ORDERED.¹²

¹¹ Id. at 90-91.

¹² *Rollo*, p. 111

Not in conformity, Grilli elevated the matter before the RTC.

The RTC Ruling

In its decision, dated April 26, 2012, the RTC reversed and set aside the MCTC decision. The RTC was of the view that Grilli had the exclusive right to use and possess the house and lot by virtue of the contract of lease executed by the parties. Since the period of lease had not yet expired, Fullido, as lessor, had the obligation to respect the peaceful and adequate enjoyment of the leased premises by Grilli as lessee. The RTC opined that absent a judicial declaration of nullity of the contract of lease, its terms and conditions were valid and binding. As to the TPO, the RTC held that the same had no bearing in the present case which merely involved the possession of the leased property.

Aggrieved, Fullido instituted an appeal before the CA alleging that her land was unlawfully transferred by Grilli to a certain Jacqueline Guibone (*Guibone*), his new girlfriend, by virtue of the SPA earlier executed by Fullido.

The CA Ruling

In its assailed decision, dated May 31, 2013, the CA upheld the decision of the RTC emphasizing that in an ejectment case, the only issue to be resolved would be the physical possession of the property. The CA was also of the view that as Fullido executed both the MOA and the contract of lease, which gave Grilli the possession and use of the house and lot, the same constituted as a judicial admission that it was Grilli who had the better right of physical possession. The CA stressed that, if Fullido would insist that the said documents were voidable as her consent was vitiated, then she must institute a separate action for annulment of contracts. Lastly, the CA stated that the TPO issued by the RTC-Branch 3 under Section 21 of R.A. No. 9262 was without prejudice to any other action that might be filed by the parties.

Fullido filed a motion for reconsideration,¹³ but she failed to attach the proofs of service of her motion. For said reason, it was denied by the CA in its assailed resolution, dated September 24, 2014.

Hence, this present petition raising the following:

¹³ Id. at 146-162.

ISSUES**I**

THE HONORABLE COURT OF APPEALS GRAVELY ERRED AND DEPARTED FROM ESTABLISHED LAW AND JURISPRUDENCE IN DENYING THE PETITION FOR REVIEW AND IN AFFIRMING THE DECISION OF RTC BOHOL BRANCH 47 EJECTING PETITIONER FROM THE SUBJECT PROPERTIES, WHICH EJECTMENT ORDER IS ANCHORED ON PATENTLY NULL AND VOID CONTRACTS.

II

THE HONORABLE COURT OF APPEALS GRAVELY ERRED AND DEPARTED FROM ESTABLISHED LAW IN AFFIRMING THE DECISION OF THE RTC BOHOL BRANCH 47 EJECTING PETITIONER FROM THEIR CONJUGAL ABODE WHERE RESPONDENT HAS BEEN EARLIER ORDERED TO VACATE BY VIRTUE OF A PERMANENT PROTECTION ORDER THUS EFFECTIVELY SETTING ASIDE, NEGATING AND/OR VIOLATING AN ORDER ISSUED BY A COURT OF CO-EQUAL JURISDICTION.

III

THE HONORABLE COURT OF APPEALS LIKewise ERRED AND DEPARTED FROM ESTABLISHED LAW AND JURISPRUDENCE IN DENYING THE PETITIONER'S MOTION FOR RECONSIDERATION, AMONG OTHERS, FOR NON-COMPLIANCE WITH SECTION 1 RULE 52 VIS-À-VIS SECTION 13, RULE 13 OF THE 1997 RULES OF CIVIL PROCEDURE.¹⁴

Fullido argues that she could not be ejected from her own lot based on the contract of lease and the MOA because those documents were null and void for being contrary to the Constitution, the law, public policy, morals and customs; that the MOA prevented her from disposing or selling her own land, while the contract of lease favoring Grilli, a foreigner, was contrary to the Constitution as it was a for a period of fifty (50) years, and, upon termination, was automatically renewable for another fifty (50) years; that the TPO, which became a PPO by virtue of the July 5, 2011 Decision¹⁵ of RTC-Branch 3, should not be defeated by the ejectment suit; and that the CA should have liberally applied its procedural rules and allowed her motion for reconsideration.

¹⁴ Id. at 11-12.

¹⁵ Penned by Presiding Judge Leo Moises Lison; id. at 92-105.

In his Comment,¹⁶ Grilli countered that he was the rightful owner of the house because a foreigner was not prohibited from owning residential buildings; that the lot was no longer registered in the name of Fullido as it was transferred to Guibone, covered by TCT No. 101-2011000335; that if Fullido wanted to assail the lease contract, she should have first filed a separate action for annulment of the said contract, which she did in Civil Case No. 8094, pending before the Regional Trial Court of Bohol; and that by signing the contracts, Fullido fully agreed with their terms and must abide by the same.

In her Reply,¹⁷ Fullido insisted that the contract of lease and the MOA were null and void, thus, these could not be the source of Grilli's *de facto* possession.

The Court's Ruling

The Court finds the petition meritorious.

Unlawful detainer is an action to recover possession of real property from one who unlawfully withholds possession thereof after the expiration or termination of his right to hold possession under any contract, express or implied. The possession of the defendant in unlawful detainer is originally legal but became illegal due to the expiration or termination of the right to possess. The only issue to be resolved in an unlawful detainer case is the physical or material possession of the property involved, independent of any claim of ownership by any of the parties.¹⁸

In this case, Fullido chiefly asserts that Grilli had no right to institute the action for unlawful detainer because the lease contract and the MOA, which allegedly gave him the right of possession over the lot, were null and void for violating the Constitution. Contrary to the findings of the CA, **Fullido was not only asserting that the said contracts were merely voidable, but she was consistently invoking that the same were completely void.**¹⁹ Grilli, on the other hand, contends that Fullido could not question the validity of the said contracts in the present ejectment suit unless she instituted a separate action for annulment of contracts. Thus, the Court is confronted with the issue of whether a contract could be declared void in a summary action of unlawful detainer.

Under the circumstances of the case, the Court answers in the affirmative.

¹⁶ Id. at 246-461.

¹⁷ Id. at 296-310.

¹⁸ *Piedad v. Spouses Gurieza*, G.R. No. 207525, June 18, 2014RA 71, 76.

¹⁹ *Rollo*, p. 138 and 207

A void contract cannot be the source of any right; it cannot be utilized in an ejectment suit

A void or inexistent contract may be defined as one which lacks, absolutely either in fact or in law, one or some of the elements which are essential for its validity.²⁰ It is one which has no force and effect from the very beginning, as if it had never been entered into; it produces no effect whatsoever either against or in favor of anyone.²¹ *Quod nullum est nullum producit effectum*. Article 1409 of the New Civil Code explicitly states that void contracts also cannot be ratified; neither can the right to set up the defense of illegality be waived.²² Accordingly, there is no need for an action to set aside a void or inexistent contract.²³

A review of the relevant jurisprudence reveals that the Court did not hesitate to set aside a void contract even in an action for unlawful detainer. In *Spouses Alcantara v. Nido*,²⁴ which involves an action for unlawful detainer, the petitioners therein raised a defense that the subject land was already sold to them by the agent of the owner. The Court rejected their defense and held that the contract of sale was void because the agent did not have the written authority of the owner to sell the subject land.

Similarly, in *Roberts v. Papio*,²⁵ a case of unlawful detainer, the Court declared that the defense of ownership by the respondent therein was untenable. The contract of sale invoked by the latter was void because the agent did not have the written authority of the owner. A void contract produces no effect either against or in favor of anyone.

In *Ballesteros v. Abion*,²⁶ which also involves an action for unlawful detainer, the Court disallowed the defense of ownership of the respondent therein because the seller in their contract of sale was not the owner of the subject property. For lacking an object, the said contract of sale was void *ab initio*.

Clearly, contracts may be declared void even in a summary action for unlawful detainer because, precisely, void contracts do not produce legal effect and cannot be the source of any rights. To emphasize, void contracts may not be invoked as a valid action or defense in any court proceeding, including an ejectment suit. The next issue that must be resolved by the Court is whether the assailed lease contract and MOA are null and void.

²⁰ Jurado, *Comments and Jurisprudence on Obligations and Contracts*, 2010 ed., p. 574, citing Manresa, 5th Ed., Bk. 2, p. 608.

²¹ *The Manila Banking Corp. v. Silverio*, 504 Phil. 17, 30 (2005).

²² Article 1409, New Civil Code.

²³ *Spouses Rongavilla v. Court of Appeals*, 355 Phil. 721, 739 (1998).

²⁴ 632 Phil. 343 (2010).

²⁵ 544 Phil. 280 (2007).

²⁶ 517 Phil 253 (2006).

The lease contract and the MOA circumvent the constitutional restraint against foreign ownership of lands.

Under Section 1 of Article XIII of the 1935 Constitution, natural resources shall not be alienated, except with respect to public agricultural lands and in such cases, the **alienation is limited to Filipino citizens**. Concomitantly, Section 5 thereof states that, save in cases of hereditary succession, no private agricultural land shall be transferred or assigned except to individuals, corporations, or associations qualified to acquire or hold lands of the public domain in the Philippines. The prohibition on the transfer of lands to aliens was adopted in the present 1987 Constitution, under Sections 2, 3 and 7 of Article XII thereof. Agricultural lands, whether public or private, include residential, commercial and industrial lands. The purpose of prohibiting the transfer of lands to foreigners is to uphold the conservation of our national patrimony and ensure that agricultural resources remain in the hands of Filipino citizens.²⁷

The prohibition, however, is not limited to the sale of lands to foreigners. It also covers leases of lands amounting to the transfer of all or substantially all the rights of dominion. In the landmark case of *Philippine Banking Corporation v. Lui She*,²⁸ the Court struck down a lease contract of a parcel of land in favor of a foreigner for a period of ninety-nine (99) years with an option to buy the land for fifty (50) years. Where a scheme to circumvent the Constitutional prohibition against the transfer of lands to aliens is readily revealed as the purpose for the contracts, then the illicit purpose becomes the illegal cause rendering the contracts void. Thus, **if an alien is given not only a lease of, but also an option to buy, a piece of land by virtue of which the Filipino owner cannot sell or otherwise dispose of his property, this to last for 50 years, then it becomes clear that the arrangement is a virtual transfer of ownership** whereby the owner divests himself in stages not only of the right to enjoy the land but also of the right to dispose of it — rights which constitute ownership. If this can be done, then the Constitutional ban against alien landholding in the Philippines, is indeed in grave peril.²⁹

In *Llantino v. Co Liong Chong*,³⁰ however, the Court clarified that a lease contract in favor of aliens for a reasonable period was valid as long as it did not have any scheme to circumvent the constitutional prohibition, such as depriving the lessors of their right to dispose of the land. The Court explained that “[a]liens are not completely excluded by the Constitution from use of lands for residential purposes. Since their residence in the

²⁷ *Krivenko vs. Register of Deeds*, 79 Phil. 461, 473 (1947).

²⁸ 128 Phil. 53 (1967).

²⁹ *Id.* at 67-68.

³⁰ 266 Phil. 645 (1990).

Philippines is temporary, they may be granted temporary rights such as a lease contract which is not forbidden by the Constitution. Should they desire to remain here forever and share our fortune and misfortune, Filipino citizenship is not impossible to acquire.”³¹ The lessee-foreigner therein eventually acquired Filipino citizenship.

Consequently, Presidential Decree (P.D.) No. 471 was enacted to regulate the lease of lands to aliens. It provides that the maximum period allowable for the duration of leases of private lands to aliens or alien-owned corporations, associations, or entities not qualified to acquire private lands in the Philippines shall be twenty-five (25) years, renewable for another period of twenty-five (25) years upon mutual agreement of both lessor and lessee.³² It also provides that **any contract or agreement made or executed in violation thereof shall be null and void *ab initio*.**³³

Based on the above-cited constitutional, legal and jurisprudential limitations, the Court finds that the lease contract and the MOA in the present case are null and void for virtually transferring the reigns of the land to a foreigner.

As can be gleaned from the contract, the lease in favor of Grilli was for a period of fifty (50) years, automatically extended for another fifty (50) years upon the expiration of the original period. Moreover, it strictly prohibited Fullido from selling, donating, or encumbering her land to anyone without the written consent of Grilli. For a measly consideration of ₱10,000.00, Grilli would be able to absolutely occupy the land of Fullido for 100 years, and she is powerless to dispose the same. The terms of lease practically deprived Fullido of her property rights and effectively transferred the same to Grilli.

Worse, the dominion of Grilli over the land had been firmly cemented by the terms of the MOA as it reinforced Grilli’s property rights over the land because, *first*, it brazenly dictated that ownership of the land and the residential building resided with him. *Second*, Fullido was expressly prohibited from transferring the same without Grilli’s conformity. *Third*, Grilli would permanently reside in the residential building. *Fourth*, Grilli

³¹ Id. at 651.

³² Section 1, P.D. No. 471.

³³ Section 2, P.D. No. 471; See also R.A. No 7652 or the Investors’ Lease Act which provides that a lease contract in favor of a foreign investor may be granted for a period of for a period exceeding fifty (50) years, renewable once for a period of not more than twenty-five (25) years. To be considered as a foreign investor, an alien must make an equity investment in the Philippines through actual remittance of foreign exchange or transfer of assets, whether in the form of capital goods, patents, formulae, or other technological rights or processes, upon registration with the Securities and Exchange Commission (*SEC*). Pursuant to such definition, Grilli cannot be considered as a foreign investor because it was neither shown that he made an equity investment in the country nor that he had registered the same with the SEC. Hence, R.A. No. 7652 cannot apply in his favor.

may capriciously dispose Fullido's property once their common-law relationship is terminated. This right was recently exercised when the land was transferred to Guibone. *Lastly*, Fullido shall be compelled to transfer the land to Grilli if a law would be passed allowing foreigners to own real properties in the Philippines.

Evidently, the lease contract and the MOA operated hand-in-hand to strip Fullido of any dignified right over her own property. The term of lease for 100 years was obviously in excess of the allowable periods under P.D. No. 471. Even Grilli admitted that "this is a case of an otherwise valid contract of lease that went beyond the period of what is legally permissible."³⁴ Grilli had been empowered to deprive Fullido of her land's possession, control, disposition and even its ownership. The *jus possidendi*, *jus utendi*, *jus fruendi*, *jus abutendi* and, more importantly, the *jus disponendi* – the sum of rights which composes ownership – of the property were effectively transferred to Grilli who would safely enjoy the same for over a century. The title of Fullido over the land became an empty and useless vessel, visible only in paper, and was only meant as a dummy to fulfill a foreigner's desire to own land within our soils.

It is disturbing how these documents were methodically formulated to circumvent the constitutional prohibition against land ownership by foreigners. The said contracts attempted to guise themselves as a lease, but a closer scrutiny of the same revealed that they were intended to transfer the dominion of a land to a foreigner in violation of Section 7, Article XII of the 1987 Constitution. Even if Fullido voluntarily executed the same, no amount of consent from the parties could legalize an unconstitutional agreement. The lease contract and the MOA do not deserve an iota of validity and must be rightfully struck down as null and void for being repugnant to the fundamental law. These void documents cannot be the source of rights and must be treated as mere scraps of paper.

*Grilli does not have a
cause of action for
unlawful detainer*

Ultimately, the complaint filed by Grilli was an action for unlawful detainer. Section 1 of Rule 70 of the Rules of Court lays down the requirements for filing a complaint for unlawful detainer, to wit:

Who may institute proceedings, and when. – Subject to the provision of the next succeeding section, a person deprived of the possession of any land or building by force, intimidation, threat,

³⁴ *Rollo*, p. 254.

strategy, or stealth, or a lessor, vendor, vendee, or other person against whom the possession of any land or building is unlawfully withheld after the expiration or termination of the right to hold possession, by virtue of any contract, express or implied, or the legal representatives or assigns of any such lessor, vendor, vendee, or other person, may, at any time within one (1) year after such unlawful deprivation or withholding of possession, bring an action in the proper Municipal Trial Court against the person or persons unlawfully withholding or depriving of possession, or any person or persons claiming under them, for the restitution of such possession, together with damages and costs.

[Emphasis Supplied]

A complaint sufficiently alleges a cause of action for unlawful detainer if it recites the following: (1) initially, possession of property by the defendant was by contract with or by tolerance of the plaintiff; (2) eventually, such possession became illegal upon notice by plaintiff to defendant of the termination of the latter's right of possession; (3) thereafter, the defendant remained in possession of the property and deprived the plaintiff of the enjoyment thereof; and (4) within one year from the last demand on defendant to vacate the property, the plaintiff instituted the complaint for ejectment.³⁵

The Court rules that Grilli has no cause of action for unlawful detainer against Fullido. As can be gleaned from the discussion above, the complainant must either be a lessor, vendor, vendee, or other person against whom the possession of any land or building is unlawfully withheld. In other words, the complainant in an unlawful detainer case must have some right of possession over the property.

In the case at bench, the lease contract and the MOA, from which Grilli purportedly drew his right of possession, were found to be null and void for being unconstitutional. A contract that violates the Constitution and the law is null and void *ab initio* and vests no rights and creates no obligations. It produces no legal effect at all.³⁶ Hence, as void contracts could not be the source of rights, Grilli had no possessory right over the subject land. A person who does not have any right over a property from the beginning cannot eject another person possessing the same. Consequently, Grilli's complaint for unlawful detainer must be dismissed for failure to prove his cause of action.

³⁵ *Zacarias v. Anacay*, G.R. No. 202354, September 24, 2014, 736 SCRA 508, 516.

³⁶ *Chavez v. PCGG*, 366 Phil. 863, 869 (1999).

*In Pari Delicto Doctrine
is not applicable*

On a final note, the Court deems it proper to discuss the doctrine of *in pari delicto*. Latin for "in equal fault," *in pari delicto* connotes that two or more people are at fault or are guilty of a crime. Neither courts of law nor equity will interpose to grant relief to the parties, when an illegal agreement has been made, and both parties stand *in pari delicto*.³⁷

The application of the doctrine of *in pari delicto* is not always rigid. An accepted exception arises when its application contravenes well-established public policy. In this jurisdiction, public policy has been defined as that principle of the law which holds that no subject or citizen can lawfully do that which has a tendency to be injurious to the public or against the public good.³⁸ Thus, whenever public policy is advanced by either party, they may be allowed to sue for relief against the transaction.³⁹

In the present case, both Grilli and Fullido were undoubtedly parties to a void contract. Fullido, however, was not barred from filing the present petition before the Court because the matters at hand involved an issue of public policy, specifically the Constitutional prohibition against land ownership by aliens. As pronounced in *Philippine Banking Corporation v. Lui She*, the said constitutional provision would be defeated and its continued violation sanctioned if the lands continue to remain in the hands of a foreigner.⁴⁰ Thus, the doctrine of *in pari delicto* shall not be applicable in this case.

WHEREFORE, the petition is **GRANTED**. The May 31, 2013 Decision of the Court of Appeals and its September 24, 2014 Resolution in CA-G.R. CEB-SP No. 06946 are hereby **REVERSED** and **SET ASIDE**. The complaint filed by Gino Grilli before the Municipal Circuit Trial Court, Daus-Panglao, Daus, Bohol, docketed as Civil Case No. 244, is **DISMISSED** for lack of cause of action.

SO ORDERED.


JOSE CATRAL MENDOZA
Associate Justice

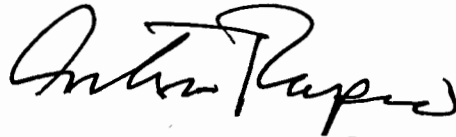
³⁷ *Constantino v. Heirs of Constantino, Jr.*, G.R. No. 181508, October 2, 2013, 706 SCRA 580, 589.

³⁸ *Maltos v. Heirs of Borromeo*, G.R. No. 172720, September 14, 2015.

³⁹ *De Los Santos v. Roman Catholic Church of Midsayap*, 94 Phil. 405 (1954).

⁴⁰ *Supra* note 26, at 69.

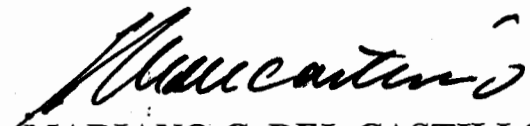
WE CONCUR:



ANTONIO T. CARPIO

Associate Justice
Chairperson

(On Leave)
ARTURO D. BRION
Associate Justice



MARIANO C. DEL CASTILLO

Associate Justice



MARVIC M.V.F. LEONEN

Associate Justice

ATTESTATION

I attest 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.

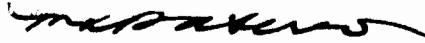


ANTONIO T. CARPIO

Associate Justice
Chairperson, Second Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, 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.



MARIA LOURDES P. A. SERENO
Chief Justice