

96 Phil. 153

[G.R. No. L-5944. November 26, 1954]

THE CITY OF NAGA, PETITIONER VS. THE COURT OF APPEALS AND MARTIN SALES, RESPONDENTS.

D E C I S I O N

PADILLA, J.:

This is a petition for a writ of *certiorari* to review a judgment rendered by the Court of Appeals which affirms that of the Court of First Instance of Camarines Sur in so far as it dismisses the complaint for detainer, because it allows the defendant to continue in possession of the stall in the market of the City of Naga referred to therein but orders him to pay to the City the sum of P800 for rentals thereof from June 1949 to March 1950, reverses it in so far as it dismisses the counter-claim for damages allegedly suffered by the defendant as lessee of the stall in the said market, and awards to the latter the sum of P8,185.50 as damages, with costs in both instances against the City of Naga.

As found by the Court of Appeals the respondent was the successful bidder of a stall in the market and was granted; the right to possess and was granted the right to possess and occupy it beginning 25 January 1949, for and in consideration of a monthly rental of P80, which he paid up to the month of May 1949 and thereafter refused to pay because of the City's failure to clear "the sidewalk and alley surrounding appellant's stall at the back corner of the pavilion" of vendors who had been driven from Zamora street, despite demands made upon the city treasurer, mayor and council to do so—a failure which had him damages amounting to P8,185.50, a sum less than that demanded in his counterclaim. After the sidewalk and alley had been cleared of vendors

on 28 March 1950 the respondent paid the monthly rentals.

As the City of Naga did not appeal from the judgment of Court of First Instance of Camarines Sur rendered on appeal dismissing the Complaint for detainer filed in the Municipal Court of the City of Naga, the only point submitted for review whether the judgment of the Court of Appeals ordering the City of Naga to pay to Martin Sales, then appellant, now respondent, the sum of P8,185.50 for damages, law.

The right of Martin Sales to possess and occupy the stall 1-B in the market pavillion M-1 of the City of Naga as a result of his successful bid began on 25 January 1949. The due and unpaid monthly rentals were from June 1949i to March 1950. The unrealized profits in his grocery and dry goods business a stall were for the same period. The new Civil Code (Rep. No. 386) was approved on 18 June 1949, published in the Official Gazette in the June issue of that year, and took effect one year thereafter. So the contract of lease between the City of Naga and the stall-holder must be governed by the provisions of the Civil Code of 1S69. The successful bidder and took possession of the stall could not be mere permittee or licensee, because that view might be correct if the stall where he was to display and sell is wares, merchandise and goods did not I belong to the City of Naga. We fail to see how the juridical Relation between the owner of the market stall and an occupant thereof, after a successful and approved bid, may be other than that of lessor and lessee.

Article 1554 of the old Civil Code provides:

It shall be the duty of the lessor.

1. To deliver to the lessee the thing which is the subject-matter of the contract;
2. To
make thereon, during the lease, all repairs necessary in order to keep
it in serviceable condition for the purpose for which it was intended;
3. To maintain the lessee in the peaceful enjoyment of the lease during the entire term of

the contract.

As lessor the City of Naga has fulfilled all the obligations imposed upon it by law. It delivered to of stall 1-B in the Market it was not required to make the successful bidder Pavillion M-1 of the necessary repairs therein to keep it in serviceable condition for the purpose which it was intended, because it was a newly constructed pavilion and the successful bidder undertook on his account put up the partition or walling in the stall; it maintained the tenant in the peaceful enjoyment of the stall from June 1949 to March 1950. The stall-holder claims, however, that during the said period he failed to realize profits which he would have, had not the City of Naga allowed vendors to ply their trade on the sidewalk and alley surrounding his stall. Does that fact constitute a breach of the lessor's obligation to maintain the lessee in the peaceful enjoyment of the stall leased? The lessee has not been disturbed, in his physical and material possession of the stall. The competition offered by the vendors is not a juridical disturbance (*perturbacion de derecho*) of the peaceful enjoyment of the stall leased^[1] but at most an act or mere trespass by third persons (*perturbacion de mero derecho*) and the prevention of such trespass is not included in the lessor's obligation or undertaking to maintain the lessee in the peaceful enjoyment of the stall leased to him. A contract of lease is no warranty by the lessor to the lessee that the latter will realize profits in his business venture. Even if the lessee should suffer losses he would still be bound to fulfill the terms of the contract. That is the hazard of any business venture. As found by the Court of Appeals, it appears that after approving the bid of the respondent Martin Sales the vendors in Zamora street fronting the pavilion were driven away by the city authorities. That was a compliance with the terms of the notice of bid. Thereafter, about ten of them stationed themselves around the respondent's stall. This was the subject of his complaint to the city treasurers, mayor and council, but to no avail. It is contended, however, that such vendors were given permit or tickets by the City Treasurer to continue peddling or selling their wares which competed with those of the respondent Sales. It does not appear that such permit or ticket authorized the holder thereof to occupy exactly or precisely

the sidewalk and alley surrounding the stall of the respondent. The very character of such vendors excludes the idea that they were authorized to occupy the sidewalk and alley surrounding the respondent's stall. It just happened that they were seen and found playing their trade around it. But granting that there was such an authority, still the act of the city treasurer, in violation of an ordinance or against the very nature of a sidewalk and alley which are not to be occupied but to be used for passage by the people going to the market to make their purchases, cannot be imputed to the City of Naga. The City Treasurer as agent of the City cannot bind the latter for acts beyond the scope of his authority. No breach of the lease contract having been committed by the City of Naga, the respondent's counterclaim is devoid of legal foundation.

The judgment of the Court of Appeals under review is reversed in so far as it awards damages to Martin Sales to be paid by the City of Naga, without pronouncement as to cost.

Paras, C.J., Pablo, Bengzon, Reyes A., Jugo, Bautista Angelo, Concepcion and Reyes, J.B.L., JJ. concur

^[1] Article 1560, old Civil Code.