

### Title:

Cetus Development, Inc. vs. Court of Appeals: A Case of Ejectment and Rental Arrears

### Facts:

The case revolves around the ownership and leasing arrangements of a property located at No. 512 Quezon Boulevard, Quiapo, Manila. Initially owned by Susana Realty, the premises were leased to private respondents (Ederlina Navalta, Ong Teng, Jose Liwanag, Leandro Canlas, Victoria Sudario, and Flora Nagbuya) on a month-to-month verbal agreement. In March 1984, Cetus Development, Inc. purchased the property and took over the collection of monthly rentals through April to June 1984. However, the subsequent three months saw private respondents unable to pay rent due to the absence of a collector from Cetus Development, Inc. A demand letter for vacating the premises and paying back rentals for July, August, and September 1984 was sent to each tenant by Cetus Development on October 9, 1984. The tenants complied immediately, paying the arrears, which Cetus Development accepted conditionally, without waiving their right to file an ejectment suit.

Following the tenants' refusal to vacate, Cetus Development filed complaints for ejectment against them at the Metropolitan Trial Court of Manila. The defense raised by respondents was the unusual absence of a payment collector, leading to confusion about payment protocols. All cases were consolidated and dismissed by the Metropolitan Trial Court, a decision upheld by the Regional Trial Court on appeal. Cetus Development's subsequent petition for review filed with the Court of Appeals also got dismissed, leading to the current appeal in the Supreme Court.

### Issues:

1. Whether Cetus Development, Inc.'s acceptance of rental arrears constitutes waiver of their cause for ejectment.
2. Whether the failure of the tenants to pay monthly rentals due to the absence of a rent collector from Cetus Development constitutes a valid defense against the ejectment complaint.
3. Whether the demand letters sent by Cetus Development to the tenants constituted a valid exercise of their right to rescind the contract of lease.

### Court's Decision:

The Supreme Court held that no cause of action for ejectment existed at the time of filing the complaints because the tenants immediately settled their arrears following the demand from Cetus Development, which was accepted by the latter. The requirement for ejectment

based on non-payment of rent includes both a failure to pay rent and a subsequent failure to comply with a demand to pay and to vacate. The Court determined the tenants were not in default of payment when Cetus Development issued the demand letters, as customarily, rent was collected by a collector sent to the premises, and the lack of such collector caused confusion among the tenants about where and how to make payments.

**### Doctrine:**

The case reaffirmed the doctrine that for an ejectment suit based on failure to pay rent, there must be both a failure to pay rent or comply with lease conditions and a subsequent failure to comply with a demand for payment and vacating made within specified periods. Acceptance of rental arrears after such a demand does not necessarily waive the lessor's right to eject, but in this case, no valid cause for ejectment existed as the payments were made upon demand.

**### Class Notes:**

- Ejectment suits require a clear cause of action, demonstrated by failure to comply with payment or lease conditions and a failure to respond to a demand to rectify such failures.
- Demand for rent and to vacate are jurisdictional prerequisites for filing an ejectment suit based on non-payment of rent.
- Acceptance of payment after demand for arrears does not waive the right to eject if the cause of action for ejectment is valid.
- The customs and practices between lessor and lessee regarding payment procedures can affect the validity of claims of default or delay in payments.

**### Historical Background:**

This case emphasizes the procedural dynamic and equitable considerations within landlord-tenant disputes. It reflects on the judicial discretion applied in ejectment cases and the reconciliation of technical legal rights with practical, human circumstances surrounding lease agreements.