

Title: Colegio Medico-Farmacaceutico De Filipinas, Inc. v. Lily Lim et al.

Facts:

1. **Initial Lease Agreement**: Colegio Medico-Farmacaceutico de Filipinas, Inc. (“Petitioner”) owned a building in Sampaloc, Manila, and entered into a Contract of Lease with Lily Lim (“Respondent”), representing St. John Berchman School of Manila Foundation (“St. John”), from June 2005 to May 2006.
2. **Subsequent Contract**: Petitioner sent another Contract of Lease for the period of June 2006 to May 2007, which Lim did not return.
3. **Non-Renewal Notification**: In a December 2007 board meeting, petitioner decided not to renew Lim’s lease.
4. **Demand Letter**: On March 5, 2008, Dr. Virgilio C. Del Castillo (“Del Castillo”), then-president of Petitioner, sent Lim a letter demanding back rentals and utility bills amounting to PHP 604,936.35, and requested her to vacate the property by March 16, 2008. Lim did not comply.
5. **Complaint Filed**: Petitioner filed a Complaint for Ejectment with Damages in the Metropolitan Trial Court (MeTC) of Manila (Civil Case No. 185161-CV).
6. **MeTC Decision**: The complaint was dismissed on June 1, 2009, due to the lack of a valid demand letter.
7. **RTC Appeal**:
 - Petitioner appealed to the Regional Trial Court (RTC) of Manila, which reversed the MeTC decision on May 13, 2010.
 - The RTC ruled that Del Castillo’s issuance of the demand letter was in the usual course of business and thus presumed valid.
8. **Writ of Execution**: Respondent’s motion to quash the writ was denied; respondent appealed to the Court of Appeals (CA).
9. **CA Decision**: On June 13, 2013, the CA reversed the RTC decision, stating that Petitioner’s failure to attach a copy of the Board Resolution dated May 13, 2008, to the Complaint was a fatal defect. Petitioner’s motion for reconsideration was denied on April 7, 2014.
10. **Supreme Court Petition**: Petitioner sought to reverse the CA’s decision.

Issues:

1. **Authority of the President**: Whether the president of a corporation can validly issue a demand letter for unpaid rentals and to vacate without a specific board resolution.
2. **Unlawful Detainer Requisites**: Whether all the essential requisites for unlawful detainer were present and duly established.

3. **Certification and Verification**: If the President of the corporation can sign the certification of non-forum shopping without a board resolution.
4. **Compensation Adjustment**: Whether the monthly rental compensation should be increased from PHP 50,000 to PHP 55,000 according to the contract.

Court's Decision:

1. **Authority of the President**:

- The Supreme Court ruled Del Castillo acted within his authority as president to issue the demand letter on behalf of the corporation. The president is presumed to have authority in the usual business operations unless there's evidence to the contrary.

2. **Unlawful Detainer Requisites**:

- The court confirmed that all requisites for unlawful detainer were met:
- Lease by express contract.
- Termination of possession rights.
- Respondent's withholding possession post-termination.
- Written demand for rent and vacancy.
- Filing within one year of the last demand.

3. **Certification and Verification**:

- It was held that corporate presidents are presumed knowledgeable to sign verification and certification of non-forum shopping. Therefore, lack of a board resolution was not a fatal defect.

4. **Compensation Adjustment**:

- The court ordered the monthly rental increased to PHP 55,000 as stipulated in the lease agreement.

Doctrine:

- **Presumption of Authority**: Corporate presidents are presumed to have authority within the domain of general business objectives and usual duties unless proven otherwise.
- **Board Resolutions**: Lack of an attached board resolution for verification does not necessitate dismissal if the president's knowledge and role were sufficient.
- **Unlawful Detainer Criteria**: The essential requisites for unlawful detainer actions include lease status, expiration or termination of possession, withholding possession, written demand, and timely filing.

Class Notes:

- **Key Elements of Unlawful Detainer**:
- **Lease Agreement**: Express or implied evidence.
- **Termination**: Clear end or breach of lease terms.
- **Withholding Possession**: Ongoing refusal to vacate post-termination.
- **Demand**: Written requirement to vacate and/or pay dues.
- **Timely Filing**: Within one year of the last demand.

Statutory Provision (Corporation Code Section 23):

- The corporate powers are exercised by the board unless otherwise specified.

Apparent Authority:

- Authority of a corporate officer can be implied from customary business practices or previous actions without objections from the board.

Historical Background:

- This decision clarifies the role and scope of corporate president authority, particularly in the context of litigations arising from lease disputes. It aligns with the developing judicial understanding that corporate officers have a broad, though not unlimited, scope of power in daily business activities.