

JOSE REYES, ET AL., PETITIONERS, VS. HON. FRANCISCO ARCA, ET AL., RESPONDENTS.*G.R. No. L-21447 (With Resolution of February 28, 1966). November 29, 1965*

Ponente: BENGZON, J.P., J.

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Feliciano and Pilar Basa, spouses, leased to Eusebio Millar on December 3, 1949 three parcels of registered land, with the improvements thereon, situated in Del Pan and Lavezares Streets, Manila. Among the terms of the lease agreement were: Period - five years, counted from October 1, 1949, renewable for another five years upon written notice; Rentals - P320.00 monthly, payable in advance during the first two days of each month; Option to buy - "Should the LESSORS dispose or sell the above-described property, the LESSEE is hereby given the first ten days each property. However, should it be sold to a third party, the terms and conditions of this agreement shall be respected by the buyer."

The properties subject matter of the lease were sold by Feliciano and Pilar Basa on August 28, 1953 for P42,000.00 to Jose Reyes, Soledad Reyes and Carmelita Reyes de Pastor. A transfer certificate of title over said properties was thereafter issued in the names of the buyers, pro indiviso. The purchasers respected the lease in favor of Eusebio Millar.

On March 16, 1954 Eusebio Miliar filed in the Court of it Instance of Manila, against Feliciano and Pilar Basa well as the buyers, Jose Reyes, Soledad Reyes and Carmelita Reyes de Pastor, an action to declare the sale null and void, to be allowed to exercise the option to purchase the properties, and to recover P10,000.00 as actual and moral damages and P3,000.00 as attorney's fees.

Plaintiff Eusebio Millar at the same time deposited with the aforesaid court the monthly rentals from September 1953 "to avoid confusion and further complication as to who is the proper party who is entitled to the rents, and due to the present litigation".

Defendants stated in their answer that Eusebio Millar had waived or renounced his option to buy in a letter dated March 19, 1951; and they counterclaimed for actual damages and attorney's fees.

By motion, of June 22, 1959 plaintiff Millar asked for withdrawal of the deposits upon the filing of a surety bond for the same amount. The deposits had reached P20,000.00 covering the period from September 1953 to December 1958. The trial court granted the motion on September 25, 1959. As a result, Millar withdrew the P20,000.00 cash deposit upon the filing on September 28, 1959 of an "Undertaking Covering Real Property" putting his property at Caloocan City with market value of P26,000.00 as security for the withdrawal of the amount deposited.

On February 2, 1963 defendants-purchasers, Jose Reyes, Soledad Reyes and Carmelita Reyes de Pastor, moved that plaintiff be required to deposit with the court the rentals after the withdrawal that is, from January 1959 up to December 1962, in the total amount of P15,360.00, and to deposit thereafter monthly rentals of P320.00. The

court, on March 20, 1963, after opposition, reply and rejoinder had been filed, denied the motion. On April 6, 1963 it denied a motion for reconsideration thereon.

Defendants-purchasers therefore filed on June 25, 1963 the petition herein, for certiorari and mandamus with preliminary injunction. Petitioners ask the setting aside of the order of March 20, 1963 and April 6, 1963. Furthermore, they seek to compel Eusebio Millar to deposit with the Court of First Instance the sum of P16,640.00 as rentals for his occupancy of the lots in question from January 1959 to April 1963.

First of all it is clear that respondent Eusebio Millar did not cease to be the lessee of the properties sold to petitioners herein. As stated, even after the sale, said lessee deposited monthly rentals in court for his use of the property, leaving it to said court to resolve as to who is the proper party who is entitled to the rents. Above all, his status as lessee was respected by the purchasers, and he continued to occupy the properties leased to him;

As such lessee, respondent Millar has the specific duty under the law to pay the rent. Article 1657 of the new Civil Code enjoins him to do so:

"ART. 1657. The lessee is obliged:

"(1) To pay the price of the lease according to the terms stipulated; * * *"

Furthermore, the law provides only two instances wherein the lessee may suspend payment of rent; namely, those mentioned in Article 1658 of the New Civil Code:

"ART. 1658. The lessee may suspend the payment of the rent in case the lessor fails to make the necessary repairs or to maintain the lessee in peaceful and adequate enjoyment of the property leased."

None of the instances above mentioned obtains in the present case. In its questioned orders, however, the trial court sustained and allowed suspension of payment of rentals by respondent Millar, notwithstanding the absence of any legal ground for the same. It thereby acted in grave abuse of discretion tantamount to excess of jurisdiction. Said court in effect sanctioned the unjust enjoyment of another's property without payment for the same. Such a course runs counter to the cardinal rule on human relations. "Every person must, in the exercise of his rights and in the performance of his duties, act with justice, give everyone his due, and observe honesty and good faith." (Art. 19, New Civil Code.)

Appeal from the orders of the trial court would not be a speedy and adequate remedy, since it could not be taken until after the case is decided by said court on the merits, and the parties agree that the trial is far from being finished. For this reason, the remedy of certiorari is available to set aside the above-stated orders (Sec. 1, Rule 65, Revised Rules of Court).

Wherefore, the petition for certiorari is granted, the orders dated March 20 and April 6, 1963 are set aside, and respondent Eusebio Millar is ordered to deposit with the trial court the sum of P16,640.00 for rentals from January 1959 to April 1963, and monthly rentals of P320.00 for every month thereafter. No costs. So ordered.

Bautista Angelo, Concepción, Reyes, J. B. L., Dizon, Makalintal, and Zaldivar, JJ., concur.

RESOLUTION

February 28, 1966

BENGZON, J. P., J.:

This is a motion for reconsideration of the decision of this Court herein promulgated on November 29, 1965. It raises points deserving of full discussion, particularly the reference to an alleged error in our statement of the facts. An extended resolution is therefore given herein.

In the decision we stated inter alia that on December 3, 1949 the spouses Feliciano and Pilar Basa leased to Eusebio Millar three parcels of registered land, with the improvements thereon, situated in Del Pan and Lavezares Streets, Manila. We further said that among the terms of the lease agreement was, as to period, five years, counted from October 1, 1949, renewable for another five years upon written notice.

It is now urged by that the foregoing is an incorrect finding of fact. For, according to movant, on the same day that lease agreement was executed - i.e., on December 3, 1949 - the parties thereto executed a supplemental lease agreement, under Which the period of the lease was changed to "ten (10) years from and after October 1, 1949, subject to renewal for a period net later than September 30, 1968, under the same terms and conditions herein stated, on the option of the LESSEE upon thirty days written notice to the LESSOR".

Anent this point it should first of all be emphasized that movant does not really dispute the facto stated in our decision, that the parties aforementioned entered into a lease agreement on December 3, 1949 providing among its terms a period of five (5) years renewable for another five (5) years. It is however sought to be added thereto the finding that on the same date a supplemental lease agreement was executed, containing a different stipulation regarding the period of the lease. Such a finding is not proper at this stage in the present suit.

The parties herein agree as to the lease agreement, its execution and its term. They do not agree as to the existence of the supplemental lease agreement, let alone its terms. Such disputed facts ought first to be threshed out in the trial court. Accordingly, the decision of this Court limited its statement of facts to those accepted by the parties.

Furthermore it may not be amiss to note by his own annexes to his present motion, movant has only succeeded in showing that the annotations of the lease at the back of petitioners' title certificates state the lease to be for a period of five years, renewable for another five years (Motion for Reconsideration, Annexes 8 and 9). Said annotation was first inscribed on December 9, 1959 (Ibid.), or after the alleged execution of a supplemental agreement Providing for a different period.

Regardless, however, of whether the lease was for five years or ten years, subject to renewal for the same period of five years or ten years, it remains the controlling fact herein that movant has continued and was allowed to continue possessing and enjoying the properties leased. In any event, therefore, he must still be deemed a lessee of the said properties, either by express agreement or by implied new lease under Article 1670 of the New Civil Code. For it should be stressed that until now the properties have not been sold to movant. It is precisely the reason of movant in filing the pending action in the lower court, to demand specific performance of the alleged obligation to sell the aforesaid leased properties to him. It follows, that for movant now to stop depositing payment for rentals on the pretense that he is already occupying the premises "in the concept of owner" would be to improperly assume as true the very point still in litigation. And for the lower court to allow the same would in effect be to render its decision before the trial is over.

Assuming, finally, that movant is right - a point we do not for the present decided - in saying that if the sale in favor of the Reyeses is declared null and void and the Basas are ordered to sell the properties to him, the sale in his favor would retroact to the filing of his suit in the lower court, still, until that uncertain eventuality happens, there is so far nothing that retroacts.

As stated in the decision, movant in depositing rentals in court pending the litigation, stated that he was doing it:

to avoid confusion and further complication as to who [between the Reyeses, and the Basa spouses] is the proper party who is entitled to the rents.[1] Clearly, therefore, he thereby recognized that, pending the outcome of the suit, he cannot be regarded as owner but only as lessee. Rentals, therefore, must continue to be deposited by him. Never can it be overemphasized that the rentals are not to be given now to any of the parties, but merely deposited in court, to be disposed of in accordance with the final judgment in the main litigation.

Anent movant's contention that the Reyeses were guilty of bad faith in purchasing the properties, in view of the annotations of the lease agreement and of the notice of lis pendens referring to his present suit for specific performance, all of which were allegedly recorded at the back of the title certificates at the time the Reyeses bought the properties, suffice it to state that the same has to do with the merits of the litigation pending in the lower court, not with the present incident herein. All that we have to resolve at present is whether movant can stop paying rentals although he continues staying on the properties leased by him and is not yet the owner of said properties. It was because of the obvious injustice in allowing the movant to do so that we referred to Article 19 of the New Civil Code. For such a course is repugnant to the cardinal rule of human relations therein stated.

Again, movant raises the argument that appeal and not the present special civil action is petitioners' remedy. For reasons already given in our decision, appeal, in this instance, is not an adequate remedy.

Wherefore, respondents' motion for reconsideration is denied for lack of merit. So ordered.

Bengzon, C. J., Bautista Angelo, Reyes J. B. L. Dizon, Regala, Zaldivar, and Sanchez, JJ., concur.

[1] See Order dated September 25, 1959, Petition, Annex B.

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