

TERESA REALTY, INC., PLAINTIFF-APPELLEE, VS. JOSE SISON, DEFENDANT-APPELLANT.*G.R. No. L-14716. April 23, 1962*

Ponente: DIZON, J.

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Teresa Realty, Inc. is a duly organized domestic corporation engaged in the business of selling and leasing real estate in the City of Manila, and Jose Sison is its tenant occupying the property known as Lot 12-1 covered by Transfer Certificate of Title No. 30062 of the Register of Deeds of said city, with an area of 800 square meters and an assessed value of P13,330.00. By virtue of a twenty-five year lease in his favor—expiring on December 31, 1953—Sison took possession of said lot and constructed a residential house thereon.

Prior to the expiration of the term of the lease, Teresa Realty, Inc. notified Sison in writing to vacate the property on December 31, 1953 or to pay an increased monthly rental of P133.30 (from an annual rental of P80.34) based on 12% of its assessed value. Upon Sison's refusal not only to pay the increased rent but also to vacate the premises, the lessor company filed the corresponding action for unlawful detainer against him on July 20, 1954 in the Municipal Court of Manila where, after trial, judgment was rendered in favor of the former.

Sison appealed to the Court of First Instance where he filed an answer alleging, by way of affirmative defense, that there was another action pending in the same Court of First Instance (Civil Case No. 21897) between the same parties, wherein (a) he sought judicial determination of the reasonable rent that he should pay to his lessor for the lot in question and (b) he invoked Republic Act No. 1162 which provides for the expropriation of landed estates in the City of Manila and the suspension of all ejectment proceedings against the tenants thereof.

After trial the Court rendered judgment ordering Sison to vacate the lot in question, to remove his house therefrom, and to pay the sum of P133.30 a month as reasonable rent for the use of the property from January 1, 1954 until he vacates the same, and to pay the costs of suit.

From the above decision Sison appealed to the Court of Appeals where on August 15, 1956, invoking the provisions of Section 5 of Republic Act No. 1599—which took effect on June 17, 1956—amending Section 5 of Republic Act No. 1162, he filed a motion for the suspension of further proceedings in the appeal. Appellee opposed said motion claiming that the suspension of ejectment proceedings even before the commencement of an action for expropriation of the property, as provided for in said section of Republic Act No. 1599, is unconstitutional. In view of this on October 8, 1956, the Court of Appeals certified the case to Us. We, however, ordered the case returned to said court on November 7, 1956 "for ascertainment of the facts that would determine whether Republic Act No. 1599 is applicable or not".

Pursuant to our resolution, the Court of Appeals appointed Deputy Clerk Espiridion Ventura as commissioner to ascertain the number of houses existing on the lands alleged to be subject to expropriation.

Meanwhile, on July 16, 1958, appellee filed with the Court of Appeals a motion to declare the expiration of the

period of suspension alleging that the period of suspension of ejectment proceedings provided for in Section 5 of Republic Act No. 1599 is limited to two years from its approval on June 17, 1956 and that no action for expropriation had been instituted until then (July 16, 1958), and praying that the Court declare Republic Act 1599 inapplicable and give due course to the present case. In opposing said motion, appellant contended that the two-year period of suspension shall commence to run from the date of the order of suspension of proceedings by the court; that inasmuch as no suspension had as yet been ordered, said period had not commenced to run. On September 26, 1958, the Court of Appeals resolved to withhold action on the motion until after action on the report of the Commissioner had been taken.

On August 5, 1958, after conducting an ocular inspection of the premises in question in the presence of the respective counsel of the parties, the commissioner submitted his report to the court stating therein that all the lots belonging to the appellee in the City of Manila were the 494 enumerated in Exhibit A, with their corresponding areas and Certificates of Title, of which 296 were official subdivision lots and the rest unofficial subdivision lots; that their total area was 165,109.93 square meters, 14,293.3 square meters of which were occupied by streets; that while some of the lots were for sale to the public, with preferential right to their occupants, others were not; that appellant is a tenant of Unofficial Subdivision Lot No. 12-1 covered by Transfer Certificate of Title No. 30062, which lot is not for sale; that the lots were originally covered by Original Certificate of Title No. 2863 of the Register of Deeds of Manila and were parts of the former Hacienda de Sta. Mesa. The report likewise stated that there were more than fifty houses of tenants on the premises and that fifty-three tenants, selected at random, had been leasing their respective lots for more than ten years previous to the approval of Republic Act No. 1599.

On November 7, 1958, the Court of Appeals resolved not to take any action on appellee's motion to declare the expiration of the period of suspension, without prejudice to the right of the parties to submit the same to the Supreme Court for resolution.

After the parties had filed their respective comments on the commissioner's report, the Court of Appeals approved it and, together with the records of the cases involved, elevated the same to Us in compliance with our resolution of November 7, 1956.

Appellee's motion to withdraw all the monthly rentals deposited by appellant with the Court of First Instance of Manila and the Court of Appeals was denied by Us on October 5, 1959.

Section 5 of Republic Act No. 1162, approved June 18, 1954, provides, inter alia, for the following:

"From the approval of this Act, and until the expropriation herein provided, no ejectment proceedings shall be instituted or prosecuted against any tenant or occupant of any landed estates or haciendas herein authorized to be expropriated "if he pays his current rentals x x x."

Apparently to cure the objection that by the indefinite period of suspension provided for in the law above cited the owner may be deprived indefinitely of his property without due process of law, Republic Act No., 1599 was enacted (with date of effectivity fixed on June 17, 1956) amending, among others, Section 5 of Republic Act No. 1162, so that it may read as follows:

"From the approval of this Act, and even before the commencement of the expropriation herein provided, ejectment proceedings against any tenant or occupant of any landed estates or haciendas or lands herein authorized to be expropriated, shall be suspended for a period of two years, upon motion of the defendant, if he pays his current rentals, and such suspension shall continue upon the filing of expropriation proceedings until the final determination of the latter x x x." (Italics supplied)

In view of the facts of this case, we deem it unnecessary to decide the question of constitutionality raised against the legal provisions mentioned heretofore, because even assuming that the objection is without merit, we find that

said legal provisions expressly provide that the suspension of ejectment proceedings shall be limited to a period of two years from the date of approval of the amendatory act, namely, June 17, 1956. Appellant's contention that because expropriation proceedings have not yet been commenced, the right to have ejectment proceedings suspended has not yet arisen, seems to be unreasonable and unjust, because its necessary implication would be that it would be enough for the Government to refrain from instituting the condemnation proceedings to tie the hands of the persons whose properties are affected by the Government's intention to expropriate them. That would, in effect, be depriving said landowners of their property without due process of law.

In connection with the first assignment of error, it appears that appellant does not deny that he is a mere tenant of appellee, and that the original lease in his favor has long expired. Upon the other hand, we find no reliable evidence in the record to support his contention that said lease has been extended. The mere fact that he was willing to pay what he claimed to be a reasonable rent—which was less than that demanded by his lessor—did not operate in any sense to extend said contract. We hold, therefore, that the first assignment of error is without merit.

In the second assignment of error appellant questions the reasonableness of the monthly rental of P133.30 demanded by appellee—which the lower court found to be reasonable. In this connection it is not denied that since the original contract of lease was entered into in the year 1928 the property leased to appellant had considerably increased in value. Upon the other hand, the increased rent demanded by appellee, namely, P133.30 monthly, represents only 12% of its assessed value. In view of these facts, we find no reason justifying reversal of the opinion of the lower court on the matter.

The last assignment of error needs no particular discussion in view of our conclusions in connection with the first and second.

WHEREFORE, the appealed judgment is affirmed, with costs.

Bengzon, C. J., Padilla, Bautista Angelo, Labrador, Concepcion, Reyes, J.B.L., and Paredes, JJ., concur.

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