

PEDRO PAMINTUAN AND RUPERTO D. TAN, PETITIONERS, VS. COURT OF APPEALS, LORENTE O. YARISANTOS AND LOURDES O. YARISANTOS, RESPONDENTS.*G.R. No. L-28367. November 29, 1971*

Ponente: FERNANDO, J.

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The question before respondent Court of Appeals, as before us, is the right of private respondents, the lessors Lorente O. Yarisantos and Lourdes O. Yarisantos, to rescind a contract of lease for nonpayment of rentals on time. The facts as found by respondent Court left no doubt that there was indeed such a failure to do so on the part of petitioners, Ruperto Tan and Pedro Pamintuan, respectively the lessees and sublessees. Article 1659 of the Civil Code, which grants the right to the lessor in the event of the failure on the part of the lessee to comply with his obligations, is thus applicable.[1] So it was held by respondent Court of Appeals. We cannot do otherwise. We affirm.

The complaint for rescission was filed by private respondents who succeeded to the rights of the previous lessor, Patrocinio A. Vda. de Gaerlan, from whom the disputed two lots situated in Sampaloc, Manila were purchased. The lease contract in favor of private petitioners Tan and Pamintuan provided for an agreed monthly rental of P15.00 payable promptly at the end of every month for each lot, or P30.00 for the two, the lease entered into on October 10, 1951 to expire at the discretion of the lessee after twenty years. There was another provision that failure on the part of the lessee to pay the rental for six consecutive months would automatically annul the contract.[2] The complaint for rescission filed by private respondents as plaintiffs against petitioners as defendants on November 12, 1959 alleged that with respect to the first lot, defendant, now petitioner, Ruperto Tan, was in arrears for a period of twelve months and, with respect to the second lot, for a period of eight months. The judgment was in favor of private respondents as plaintiffs, the contract of lease being rescinded by virtue of the above Civil Code provision.

An appeal was then taken to respondent Court of Appeals. It considered as "the one and only issue" whether defendants, now petitioners, had violated the provision in the contract of lease as to the monthly rental being promptly paid at the end of every month as claimed by plaintiffs, now private respondents. If they had not violated said provision, as claimed by them in their answer to said complaint, then private respondents have no right to ask for the rescission or annulment of the said contract of lease.[3]

This is how respondent Court resolved the issue: "While claiming to have committed no such violations, [petitioners] nevertheless admit that '[they] in their pleadings nor at any time during the trial, never claimed to have offered to pay the rental at the end of each month beginning the month of October, 1958. On the contrary, they impliedly admitted in their pleadings and they do now formally admit here, no such monthly payments were ever made' * * *. With [their] above admission that 'no such monthly payments were ever made' by them to [private respondents] it stands clear that they violated the aforequoted provision of paragraph 2 of the contract of

lease 'That the agreed monthly rental of [Fifteen Pesos] (P15.00), Philippine Currency, payable promptly at the end of every month for each lot or Thirty Pesos (P30.00), Philippine Currency for the two lots, shall be maintained, * * *.' [So] clearly, said violation of lessees' * * * obligation 'to pay the price of the lease according to the terms stipulated' (Article 1657 of the New Civil Code), entitles [private respondents] to rescind said contract of lease under Article 1659 of the same Code providing that 'If the lessor or the lessee should not comply with the obligations set forth in articles 1654 and 1657, the aggrieved party may ask for the rescission of the contract and indemnification for damages or only the latter, allowing the contract to remain in force.'"[4]

From the decision of respondent Court of Appeals of October 30, 1967 affirming the judgment of the lower court, a petition for review was filed with this Tribunal. A careful perusal of the records of the case and the legal grounds support of this petition yields the conclusion that no error of law could be imputed to respondent Court.

1. Much is made in the third error assigned of private respondents being bereft of the right to ask for rescission in view of their refusal to recognize the existence of the lease contract. Such an argument was raised and rejected by respondent Court of Appeals in these words: "Of course, we do not overlook ' * * * that the defense of the appellants (against such failure to pay every month) is that the appellees as early as May, 1958, refused to recognize the existence and/or binding effect of the lease contract, Exh. A and the appellees maintained this judicial stand until final decision was had in the ejectment case, Civil Case No. 63700, with the Municipal Court of Manila, in December, 1959 or a month after they filed their complaint in these proceedings.' * * * Refusal on plaintiffs' part to recognize the existence and/or binding effect of the said lease contract Exhibit A is only like saying that the latter would not accept payment of rentals thereunder. In such a situation, defendants' remedy is not to violate their own obligation under Exhibit A but to make tender of payment of such rentals and, if refused, to make consignment thereof in court. * * *.'"[5]

Nor is this all that was said by respondent Court of Appeals on the matter. Thus: "Defendants, however, take exception to the said remedy by rescission, contending that there is paragraph 3 of the said lease contract providing 'That failure on the part of the [lessee] to pay the rentals for six (6) consecutive months shall automatically annul this contract'. Defendants' argument at page 20 of their brief runs thus: 'What good is there to grant the lessees a six-month period of grace if the lessor can rescind the lease contract anyway, with but a month's failure to pay the same rentals?' The aforequoted argument was neatly answered by the lower court as follows: 'The right to rescind the contract pursuant to Article 1659 of the Civil Code is different from the automatic annulment of the same contract in accordance with the provision of paragraph 3 thereof. They arise from different causes and are based on different grounds. In making deposit of rentals at six-month intervals, the defendants prevent the automatic cancellation of the contract but did not deprive the owner to ask for the rescission of the contract for failure of the lessee to pay the stipulated rentals promptly at the end of every month. It was never contemplated that the rentals were to be payable every six months, otherwise, there would have been no necessity for the stipulation in paragraph 2 of the contract. Indeed, the intention that the lessee should pay rentals monthly is emphasized by the provision that such rentals should be paid 'promptly at the end of every month' * * *.'"[6]

2. It was likewise assigned as the second error that in view of a previous favorable decision by the Court of First Instance of Manila of a consignment case filed by private petitioner Tan against private respondents to compel the latter to accept the rentals at the rate of P15.00 monthly as well as another decision dismissing an ejectment suit filed by private respondents against such petitioner, the principle of res adjudicata would apply. This point was raised and decided adversely against petitioner by respondent Court of Appeals thus: "Another contention of defendants that the consignment and ejectment cases elsewhere referred to constitute res adjudicata or are a bar to the present action is also without merit because the subject-matter and causes of action in the said cases are

distinct from those in the instant case." [7] Such a defense was thus unavailing. It did not suffice to preclude the operation of Article 1659. An independent and separate clause of action had, as correctly stated by respondent Court, already come into being.

3. It would thus appear clear that the first error assigned to the effect that the contract of lease could not be rescinded is devoid of merit. Article 1659 speaks in categorical language. Private respondents, as the aggrieved parties, had the right to ask for rescission, there being a failure on the part of petitioners to comply with their obligations as lessee and sublessee, respectively. With the lessors having decided to avail themselves of such a right under the law, no court can validly stand in the way of the enforcement thereof. That was what the lower court, presided by the Honorable Judge Conrado Vasquez, and respondent Court of Appeals did. To impute what was done by them as error would be to disregard what the law so plainly commands.

An excerpt from an opinion in *Malicsi v. Carpizo*, [8] penned by Justice Barrera, is relevant. Thus: "And, Article 1659 of the same Code expressly provides, among others, that if the lessee should not comply with his obligation of paying the price (rental of the lease according to the terms stipulated), 'the aggrieved party may ask for the rescission of the contract and indemnification for damages, or only the latter, allowing the contract to remain in force'. In the instant case, appellant failed and refused to pay the monthly stipulated rental of the property subject matter of the aforementioned lease contract for the months of January and February, 1958. Consequently, appellee had the right under said provision of the Civil Code to bring, as he did, the present action for rescission of said Contract of Lease, and the trial court correctly declared the rescission thereof. Appellant claims that she had not defaulted in the payment of said rental as no demand to make payment was made on her by appellee. This is a question of fact which can not be raised here and the finding of the lower court to this effect is binding on us." [9]

That is all that need be said as to this petition for the review of the decision of respondent Court of Appeals complained of, the last error assigned being obviously untenable, as no recovery would lie against private respondents and in favor of petitioners on their counter-claim.

WHEREFORE, the decision of respondent Court of October 30, 1967 is affirmed. Costs against petitioners.

Concepcion, C.J., Makalintal, Zaldivar, Castro, Villamor and Makasiar, JJ., concur.

Reyes, J.B.L. and Barredo, JJ., concur in the result.

Teehankee, J., concurs in a separate opinion.

[1] Article 1659 of the Civil Code reads in full: "If the lessor or the lessee should not comply with the obligations set forth in articles 1654 and 1657, the aggrieved party may ask for the rescission of the contract and indemnification for damages, or only the latter, allowing the contract to remain in force."

[2] Decision of respondent Court of Appeals, Appendix to Brief of Petitioners, p. 49.

[3] *Ibid*, pp. 60-61.

[4] *Ibid*, pp. 61-62.

[5] *Ibid*, p. 62.

[6] *Ibid*, pp. 63-64.

[7] *Ibid*, p. 65.

[8] L-17493, June 30, 1962, 5 SCRA 507.

[9] Ibid, pp. 509-510.

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