

NG YOUNG, PETITIONER, VS. ANA VILLA, ET AL., RESPONDENTS.

G. R. No. L-5331. May 13, 1953

Ponente: MONTEMAYOR, J.

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MONTEMAYOR, J.:

This is an appeal by certiorari to review a decision of the Court of Appeals which modified a decision of the Court of First Instance of Manila and held the defendant Ng Young liable for damages. For the facts of this case we reproduce and adopt as our own the findings of said appellate tribunal.

"Ana Villa, Lorenzo M. Villanueva, Antonio Villa, and Oscar Villa were the registered owners pro indiviso of four contiguous parcels of land located at the corner of A. Mabini and P. Faura Streets, Ermita, Manila. They leased the property by virtue of a written contract (Exhibit A) to Benito Cosiquien on September 16, 1947. The lessee constructed a two-story building of strong materials on the premises, and on October 1, 1947, entered into a contract with Ng Young, appellee herein, leasing to the latter the entire second floor of the building, for a period of three years (until September, 1950), at a monthly rental of P1,200 (Exhibit 1). Ng Young paid the rentals up to January 31, 1949.

"On February 8, 1949, Benito Cosiquien sold and conveyed to the Villas the building he constructed on their property, and assigned to the vendees all existing contracts of lease entered into by him with the actual tenants of the premises, including the right to collect from its tenants all rentals, both those already due and unpaid and those to become due and payable thereafter. Cosiquien advised Ng Young of the sale of the building, further stating that the rental due for the month of February in the amount of P1,200 was to be paid directly to the Villas (Exhibit 2). On the following day, the vendees likewise wrote Ng Young, notifying him of the conveyance of the building to them, with the instruction that payment of rentals in the amount of P1,200 a month beginning February, 1949, should be made to them and to no other person.

"A week having elapsed from the conveyance without any payment from Ng Young, the vendees, through their lawyer, wrote once more to the former on February 15, reiterating the demand for the rental corresponding to the month of February in the amount of P1,200, and threatening him with court action for ejectment in case of nonpayment (Exhibit D). This letter was answered by the attorneys for Ng Young as follows:

* * * * *

"I wish to inform you, that before your client acquired possession over the premises by virtue of Cosiquien's assignment, Cosiquien had verbally agreed with my client Ng Young whereby the latter will pay the former the sum of seven hundred pesos (P700) as monthly rent for the premises beginning January, 1949, because the business is slow and Ng Young is losing a lot in the business.

I wish to inform the Villa Family, in your representation, that in view of the great losses suffered, my client Ng Young has decided to discontinue his business within the premises and to surrender the above-mentioned premises to the owners at the end of this month, February, 1949.

"In view of the foregoing, please be informed that my client, Ng Young is willing to pay only the sum of P700 as monthly rent for the month of February, 1949, and let this service, likewise, as a notice to the owners of my

client's decision to discontinue his business and to surrender the premises.'

(Exhibit E)

"In response to the above-quoted letter, the Villas, on February 22, rejected the statement that the rentals had been reduced, and in the following words refused the offer of Ng Young to surrender the premises:

* * * * *

'If Mr. Ng Young should remit to us the sum of P700 as a result of our demand for the payment of February, 1949 rental, we will accept the same. If he surrenders the leased premises by the end of the month, we will accept possession of the premises. It will not mean, however, that we will have thereby renounced our right to collect the balance of P500 still due from him on account of the February, 1949 rental, nor the right to insist that the full monthly rentals be paid up to and including September, 1950. The rentals for the unexpired period of the lease agreement must be paid in full unless we are able to lease the premises to a third party in which event credit will be given to Mr. Ng Young for the amount to be paid by the new tenant.

'My clients have carefully considered this matter and they have decided to abide by the terms of the contract of lease, there being no sufficient warrant for modifying the agreement. Mr. Ng Young is a businessman and should readily realize that alleged losses on the part of any contracting party will not justify the alteration of an existing agreement.'

(Exhibit F)

"Simultaneously with his letter Exhibit E, Ng Young filed, on February 15, civil case No. 7478 in the Court of First Instance of Manila to compel the Villas to accept P700 as rent for the month of February, and deposited the money in Court. On February 25, 1947, Ng Young informed the Villas of the filing of the action and of the surrender of the premises (Exhibit G), and through his attorney, returned the keys of the building to Mr. Villanueva, lawyer for the Villas. Finding the building vacant in the early part of March, civil case No. 7576 was filed on March 11, 1949 by the Villas against Ng Young to recover the unpaid rental of P1,200 for the month of February, and the additional amount of P22,800 as rentals for the unexpired period of the lease, i.e., from March 1, 1949 to September 30, 1950. The Villas also placed a 'For Rent' sign on the premises, advertised the same, and after rejecting several offers for long-period leases, finally rented it in June to the International Food Supply Co. for P400 a month, on condition that it would be vacated upon demand.

"The trial court jointly heard the two cases (Nos. 7478 and 7576) by agreement of the parties, and on January 17, 1950, rendered judgment dismissing civil case No. 7478 filed by Ng Young against the Villas, without any pronouncement as to costs, and condemning Ng Young in civil case No. 7576 to pay to the plaintiffs the sum of P1,200 as rent for February, 1949, with interest thereon until payment is made. The court declared the lease voluntarily rescinded as of March, 1949, and the lessee not liable for rentals from and after February. From this decision, the Villas appealed to this court.

"The basic issue in this appeal is whether the conduct of the Villas, in retaining the keys surrendered by Ng Young and in renting the premises to the International Food Supply Co., constitutes a voluntary rescission or cancellation on their part of the lease contract with Ng Young, and bars them from collecting future rents as damages for nonperformance by the lessee.

"The position of the appellee Ng Young, upheld by the court below, is that the Villas voluntarily accepted the surrender of the premises, and thereby ended the liability of the lessee for future rents, and that the situation was not altered by the reservation made by the Villas in their letter Exhibit F, that their acceptance of the surrender 'will not mean that we have renounced our right to * * * insist' upon payment of the rentals until the expiration of the lease in September of 1950."

The respondents Lorenzo M. Villanueva and the Villas question the jurisdiction of this court to entertain and

decide the appeal by certiorari on the ground that the issues involved are factual, and that according to Rule 46, section 2, of the Rules of Court, only questions of law may be raised in an appeal from a decision of the Court of Appeals. However, the evidence in this case is purely documentary, the authenticity of which is not questioned. In the case of *Cunanan vs. Lazatin* (74 Phil., 719), we held that where the issue is the construction or interpretation to be placed by the Court of Appeals upon documentary evidence, or where a case is submitted upon an agreed statement of facts, or where all the facts are stated in the judgment, and the issue is the correctness of the conclusion drawn therefrom, the question is one of law which may be reviewed by the Supreme Court. We therefore hold that under the circumstances, the decision of the Court of Appeals appealed from is reviewable by this Court.

In modifying the decision of the Court of First Instance of Manila the Court of appeals held that petitioner Ng Young having bound himself to lease the property until September, 1950, he could not unilaterally rescind the contract before its termination; that a contract having the force of law between the parties, neither party is free to disregard it unless the other party assents thereto; that the fact that Ng Young had suffered losses in his business did not justify his terminating the lease prematurely; that the contract of lease that was to subsist up to September, 1950 was binding upon both parties unless novated by a new contract declaring the lease contract no longer in force but that said novation must be clearly proved since its existence is not presumed (article 1204, Old Civil Code; article 1292, New Civil Code; *Martinez vs. Cavives*, 25 Phil., 581).

The Court of Appeals ruled that the letter of Ng Young offering to pay P700 for February, 1949, and seeking the cancellation of the lease thereafter can only be considered as a mere offer or proposal on his part inasmuch as he had no absolute right to abandon the lease without the assent of the new lessors, and that this proposal or offer was not accepted by the new lessors as shown by the letter of February 12, 1949 (Exhibit F), the law being that to produce a binding contract, an acceptance must be plain and unconditional, and in strict conformity with the offer. The Court of Appeals further held that the act of the Villas in advertising the building for rent after Ng Young had unlawfully abandoned and vacated it, did not constitute an acceptance of his original offer and that said action of the lessors was justified since as owners of the property they could not allow the same to depreciate in value by permitting it to be abandoned, and that furthermore, it was the lessors' obligation to minimize the resulting damages as much as possible through the exercise of due diligence (*De Castelvi vs. Compañia General de Tabacos*, 49 Phil., 998; *Lemoine vs. Alkan*, 33 Phil., 162).

On the basis of the facts of this case, particularly the contract of lease with Ng Young, his letter to the new lessors proposing the termination of the lease, and their answer together with their action in leasing the premises to the International Food Supply after Ng Young had abandoned it, we have carefully studied the decision appealed from, penned by Justice J.B.L. Reyes of the Court of Appeals and we find it to be well-considered and amply supported by the law. We also find its conclusions drawn from the evidence, particularly the letters written by both parties, to be warranted by their tenor. At first, the letter of the attorney for the Villas to Ng Young threatening him with ejectment proceedings sowed doubt in our mind because standing alone, that letter might indicate the attitude of the lessors, namely, that because of Ng Young's failure to pay the full amount of P1,200 as rent for the month of February, 1949, said lessors were decided to eject him from the premises and terminate the lease. However, the subsequent letter of the same lessors saying that they would accept the P700 as partial payment for the rent for February, 1949 and would also accept the delivery of the premises but that withal, they reserved the right to hold Ng Young liable under the original contract of lease, dissipated our doubt and made it clear that far from assenting to the proposal of Ng Young to rescind the contract of lease, they were holding him for its specific performance including damages, and that if they leased said premises later to the International Food Supply, it was only to comply with their obligation to minimize damages.

We deem it unnecessary to discuss the different errors assigned by petitioner. But we find that as computed by the respondents themselves, the damages assessed by the Court of Appeals should be decreased by P500 so that instead of P16,900 it should be P16,400. With this modification, the decision appealed from is hereby affirmed, with costs against petitioner.

Paras, C. J., Feria, Pablo, Bengzon, Tuason, Reyes, Jugo and Bautista Angelo JJ., concur.

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