

DOMINGO B, ACASIO, PETITIONER, VS. CORPORACION DE LOS PP. DOMINICOS DE FILIPINAS, RESPONDENT.

G.R. No. L-9428. December 21, 1956

Ponente: BENGZON, J.

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BENGZON, J.:

Review of the Court of Appeals' decision requiring Domingo R. Acasio to vacate certain premises belonging to the Corporacion de los PP. Dominicos de Filipinas.

The facts found by said Court, are the following:

"The plaintiff corporation is the owner of a house situated at No. 651-A Invernes, Sta. Ana, Manila, which was leased to a certain Esteban Garcia for a monthly rent of P75. Two of the rooms in the said house were in turn sub-leased by the lessee to the spouses Domingo' R. Acasio and Vicenta Tengco Acasio, who were paying therefor a monthly rent of P25. In 1950 Esteban Garcia gave notice to the sublessees to vacate the premises and upon their refusal to do so tiled an action for illegal detainer against them (Civil Case No. 11813, Court of First Instance of Manila). By reason of certain equitable facts and circumstances which the court found to have been established in that case, it dismissed the complaint for illegal detainer in its decision dated January 9, 1952 (Exhibit 6). Esteban Garcia left the premises at the end of that month and on the following February 5 Mrs. Acasio went to the office of Jose A. Francisco, Trust Officer of the Bank of the Philippine Islands, which was administering the properties of the plaintiff corporation, and asked that the house in question be leased to her. Informed that the rent would be increased to P100, she asked that she be given a few days within which to consult with her husband; but when Francisco said that unless the terms were immediately accepted the house might be given to somebody else, she paid the increased rent for February, although with a certain degree of reluctance (Exhibit C).

"Evidently the husband was not satisfied with the arrangement, for on the same day, February 5, 1952, he wrote a letter to the President of the Bank of the Philippine Islands, as administrator of the plaintiff's properties, protesting against the increase from P75 to P100 (Exhibit 3). The letter was received on February 11 and on February 19 a reply was sent to Mrs. Acasio, stating that the rent could not be reduced in view of the increase in the assessed value of the property and of the improvements which had been made thereon. Because of the subsequent refusal of the lessees to pay P100 and their insistence on paying only P75, the present action for ejectment was filed against Domingo R. Acasio in the Municipal Court of Manila on September 18, 1952 and later on appealed to the Court of First Instance, which rendered judgment on March 21, 1953, the dispositive portion of which is as follows:

'In view whereof, the Court renders judgment declaring that defendant shall have the right to continue the possession of th6 premises up to July 31, 1953, paying the rental of P75 each month; ordering the defendant to pay that amount of P75 each month to plaintiff; and authorizing plaintiff to collect the deposits made by defendant of the respective amounts previously due; condemning defendant further to pay P100 a month from July 31, 1953, and should defendant fail to do so, ordering him to leave the premises. The counterclaim is

dismissed. There shall be no pronouncement as to costs."

On appeal to it, the Court of Appeals held that Acasio's refusal to pay the rent of P100 violated the terms of the lease, and gave the corporation the right to eject. Wherefore it ordered him to vacate the premises and pay P100 monthly from March 1, 1952.

The court of first instance, it appears, found defendant and his wife to be "the occupants ever since the Japanese times of the property, and continued to be so up to 1952, and remained as such up to the present". And on that ground it allowed them to continue leasing the premises for more time, at a monthly rent of P75 in accordance with Article 1687 of the New Civil Code which provides.

"If the period of the lease has not been fixed, it is understood to be from year to year, if the rent agreed upon is annual; from month to month, if it is monthly; from week to week, if the rent is weekly; and from day to day, if the rent is to be paid daily. However, even though a monthly rent is paid, and no period for the lease has been set, the courts may fix a longer term for the lease after the lessee has occupied the premises for over one year. * * *." (Italics ours.)

However the Court of Appeals declared that even If the spouses had been the lessees before April 4, 1945, they ceased to be so on that date, when they were taken for detention by the Counter Intelligence Corps of the United States Army. "Since then, said the Court "it was Esteban Garcia who became the lessee and who paid the monthly rents until the end of January, 1952 (Exhibit E); and after the herein defendant and his wife were released from detention in October 1945 they became mere sub-lessees of two rooms in the house, paying a rental to the sub-lessor of F25 a month,"

This request for revision was entertained partly because Acasio insisted he was the lessee despite his detention in 1945, and partly because the controversy involved the innovation introduced by the New Civil Code in its article 1687 herein before quoted.

However, after full consideration of the matter upon the record and the briefs, we found no way to uphold petitioner's insistence on being the lessee, not only because the appellate court specifically declared that beginning April 1945 the lessee was Esteban Garcia, and that Acasio became the sub-lessee who subsequently paid rents as such to said Garcia¹, but also because if Acasio had been really the lessee, his wife would not have repaired to the office of the corporation, on February 5, 1952, to ask "that the house in question be leased to her".

We notice in this regard that Acasio does not question his wife's authority to bind him by her acts. He only argues that her payment of P100 as found by the Court of Appeals did not constitute an agreement (of lease) "for it was made under circumstances that certainly negated consent" referring, obviously, to her paying "with a certain degree of reluctance". Nevertheless, as pointed out in appellee's brief, such reluctance did not have the legal effect of preventing the formation of a contract.

"There must, then, be a distinction to be made between a case where a person gives his consent reluctantly and even against his good sense and judgment, and where he, in reality, gives no consent at all, as where he executes a contract or performs an act against his will under a pressure which he cannot resist. It is clear that one acts as voluntarily and independently in the eye of the law when he acts reluctantly and with hesitation as when he acts spontaneously and joyously. Legally speaking he acts as voluntarily and freely when he acts wholly against his better sense and judgment as when he acts in conformity with them. Between the two acts there is no difference in law." (Vales vs. Villa, 35 Phil. 789.)

Her conformity gave rise to a new contract of lease between the corporation and the Acasios—not a renewal of a previous lease. The latter, therefore, could not, after one month as lessees ask for a "longer term".

Appellant, enlarged on the proposition that his capacity as "occupant" since 1945—if not as lessee—entitled him to the benefits of article 1687, inasmuch as the purpose of said article is to protect the occupants "from loss of shelter" by the owner's arbitrary action. As we see it, the article refers to "lessee", i. e., one who has a contract of lease with the owner; it does not contemplate sub-lessees having no contractual relations with such owner, much less a mere occupant. Otherwise even "squatters" or deforciants may stand on the privilege of "extension", which obviously may not be granted, because there was never a term to be extended, and because the law should not be presumed to encourage bad faith.

In this connection, it should be observed, that under section 1687 the power of the courts to "fix a longer term for the lease" is protestative or discretionary,—“may” is the word—to be exercised or not in accordance with the particular circumstances of the case; a longer term to be granted where equities come into play demanding extension, to be denied where none appear, always with due deference to the parties' freedom to contract. Now then, supposing, for the sake of argument, the petitioner to be a "lessee" from 1945 to 1952, the Court of Appeals' decision amounted to a denial of extension. Was there abuse of discretion? No particulars are shown requiring or justifying extension, except the alleged unreasonableness of the increased rental charges, from P75 to P100. However, it appearing that the monthly rent of P75 had been paid since 1948 we do not think the owner could be criticized for demanding a higher compensation, bearing in mind the downward trend of the value of the local currency with consequent rising prices and the "increase in the assessed value of the property and of the improvements which had been made thereon"[2]

One final, and conclusive viewpoint If petitioner's theory be followed that he was the lessee all the time from 1945 to 1952, his lease would then be a contract entered into before the passage of the New Civil Code, when the right to extension of the lease did not exist. Hence petitioner may not plead it at this time so as to affect obligations previously contracted. Articles 2252 and 2255 of the same New Civil Code clearly so provide.

"Art. 2252,—Changes made and new provisions and rules laid down by this Code which may prejudice or impair vested or acquired rights in accordance with the old legislation shall have no retroactive effect. * * *

Art. 2255.—The former laws shall regulate acts and contracts with a condition or period, which were executed or entered into before the effectivity of this Code, even though the condition or period may still be pending at the time this body of laws goes into effect."

Wherefore, the decision under review is affirmed with costs against petitioner. So ordered.

Paras, C. J., Padilla, Montemayor, Bautista Angelo, Reyes, J. B. L., and Endencia, JJ., concur.

[1] Findings of fact are final.

[2] Some pertinent factors. Cf. *Umali vs. City of Naga*, 96 Phil., 379; Off. Gaz., [13] 4102.

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