

EDUARDA DUELLOME, PETITIONER AND APPELLANT, VS. BONIFACIO GOTICO, BERNARDINA GOTICO, ET AL., RESPONDENTS AND APPELLEES.

G. R. No. L-17846. April 29, 1963

Ponente: REGALA, J.

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REGALA, J.:

Appeal by certiorari from the decision of the Court of Appeals promulgated on August 27, 1960 and from the Resolution of the same court dated December 5, 1960 denying petitioner-appellant's motion for reconsideration of the said decision.

In November 1945, herein petitioner, Eduarda Duellome, entered into a lease contract with one Sixto Coronel. Under the said agreement, the petitioner agreed to lease a portion of her land situated in Tacloban City to Sixto Coronel at a rental of P10.00 per month and whereon the latter was to construct a residential house of mixed materials. Soon thereafter, the house was constructed with the express written consent of the petitioner.

In 1949, the respondents-appellees, spouses Bernardina Gotico and Bonifacio Gotico, daughter and son-in-law respectively, of Sixto, Coronel, went to live in the house above mentioned. About a year later, in 1950, Sixto Coronel and his wife Engracia Coronel transferred residence to Ormoc City leaving to their daughter and son-in-law, the appellees herein, sole occupancy of the house.

For that purpose, respondents-appellees agreed to pay a monthly rental of P20.00. The understanding between them and their parents was that half of the amount of P10.00 would be remitted to the petitioner herein as rental for the lot and balance of P10.00 to the Coronels. This was an arrangement faithfully observed until September 1955.

Around October 1955, however, Engracia Coronel advised the Goticos of her husband's illness. At the same time, she requested the respondents-appellees to remit to her the entire P20.00 monthly rental as she was then pressed for medical funds. Promptly thereafter, respondent spouses informed the petitioner herein of the request and thereupon discontinued the land rentals to the petitioner.

When, therefore, despite repeated demands the respondent spouses failed to pay the land rentals from October 1955 to September 1956, petitioner-appellant addressed a letter to the Superintendent of Public Schools, since the spouses Goticos were both public school teachers, and complained that Bonifacio Gotico was "renting one of my lands in Tacloban and for almost a year now did not pay the rent." The same communication requested the Superintendent to intervene towards making the respondents herein pay the accrued rentals "as soon as possible."

Taking action with dispatch, the Superintendent endorsed the letter-complaint to Bonifacio Gotico, referring the latter to the provisions of Section 619 of the Service Manual regarding immediate settlement of just debts. In reply to the endorsement, however, Bonifacio Gotico denied that he was "renting any of her lands." He asserted that "it is the house where we are residing now that we, are renting and the said house belongs to another person

to whom we are paying promptly the monthly rental."

Informed of the above reply, the petitioner-appellant filed on December 5, 1956 a complaint with the Municipal Court of Tacloban against the spouses Goticos, herein appellees. The complaint alleged that the herein defendants, herein respondents, have leased a portion of petitioner's land and have failed to pay the rentals for the months there in specified. It prayed to evict the defendants from the land leased, to pay the costs and attorney's fees.

On learning of the ejectment suit, Engracia Coronel sold the house immediately and paid the rentals due. As a result, the Municipal Court, on January 12, 1957, dismissed the complaint in an order worded thus:

"In the complaint the plaintiff is claiming P160.00 but after computing instead of said amount the defendants are only indebted to the plaintiff in the amount of P150.00 which was already paid on January 8, 1957 and on this ground the settlement was made.

"Wherefore, this case is hereby dismissed without special pronouncement of costs."

On January 5, 1957, respondents-appellees filed on action for damages against the herein petitioner in the Court of First Instance of Leyte. They charged that the suit in the Municipal Court was filed "with the malignant purpose of besmirching the good reputation of plaintiffs." that as a result, they had suffered a total of P66,000.00 in actual, moral and exemplary damages, lawyer's fees and costs.

In answer to the complaint, herein petitioner alleged that "plaintiffs (respondents-appellees) thru one Sixto Coronel, who is father-in-law and father of plaintiffs respectively, made arrangement with defendant for the rental of defendant's land where plaintiffs constructed a house." She specifically denied that malice prompted her to write the letter to the Superintendent of Public Schools and in filing the complaint for ejectment with the Municipal Court. Aside from praying for the dismissal of the case, therein defendant (petitioner herein) likewise asked by way of counterclaim P65,000.00 as moral damages, P5,000.00 as attorney's fees and costs.

On the foregoing considerations, the Court of First Instance decided against the defendant therein, herein petitioner, ordering him to pay respondents-appellees P2,000.00 as actual and moral damages, P200.00 for costs and P300.00 for lawyer's fees.

Dissatisfied with the aforesaid decision, herein petitioner elevated the same to the respondent peals contending that the trial court erred in condemning her to pay actual and moral damages, attorney's fees and costs. On August 27, 1960, however, the above named respondent court promulgated its own decision, the dispositive portion of which recited:

"Wherefore, modified in the sense that appellees are entitled only to moral damages in the amount of P200.00 and attorney's fees in the sum of P300.00 the appealed decision is affirmed in other respects, with costs against appellant.

IT IS SO ORDERED."

And so this appeal by certiorari.

Herein petitioner has assigned four errors to the decision of the Court of Appeals of August 27, 1960. Briefly stated, they were:

First: The Court of Appeals erred in holding that under the facts of the case, respondent-appellees were leasing the house alone and not the land on which it was built as well.

Second: The court of Appeals erred in declaring wrongful the acts of the herein petitioner-appellant in seeking to collect directly from the respondents-appellees the rentals due her which respondents' parents failed to pay;

in writing the letter-complaint to the Superintendent of Public Schools; and, in filling the complaint for ejectment in the Municipal Court of Tacloban.

Third: The Court of Appeals erred in ruling that the letter complaint to the Superintendent' of Public Schools was not privileged communication.

Fourth: The Court of Appeals erred in awarding moral damages and attorney's fees to the respondents-appellees.

In other words, the question of law addressed to this Court by thb appeal is whether the lease of a building necessarily includes the lease of the lot on which it is built.

The Court of Appeals answered the above query in the negative and declared that it was maliciously false of the herein petitioner to have written to the Superintendent of public Schools that appellee Bonifacio Gotico was "renting one of my lands." According to the same appel late tribunal, the truth was Bonifacio Gotico was renting merely the house which was constructed on the land of the petitioner and that this fact was known to her.

We cannot accept the conclusion of the respondent court. It is opposed to the doctrine consistently adopted by this Court that the lease of a building would naturally include the lease of the lot and that the rentals of the building include the rentals of the lot.—

"However, if the City of Manila is to receive the rentals of the building from September 9, 1954 when the edifice should have been delivered to it, then the City from that date would no longer have any right to the monthly rental on the lot, because the lease of the building would naturally include the lease of the lot. The City could not validly claim the lawful possession of the lot and the building and receive the rents therefor since September 9, 1954, and at the same time ask the defendant to continue paying the rental on the lot after said date. Consequently, the obligation of the defendant under the appealed decision to pay rental on the lot at the rate of P300.00 a month from January, 1953, should be up to September 8, 1954." (Italics ours. *City of Manila vs. Chan Kian*, G. R. No. L-10276, July 24, 1957.)

"The real issue, therefore, boils down to who, as between appellant and appellees, has the superior right to possess the premises in question and niayf therefore, exclude the other from its possession. In resolving this question, it is important to bear in mind that appellees occupy not only the land in question but also the building thereon. It should be noted, too, that appellees, both in their answers and in the stipulation of facts of the parties, admitted that they are in occupation of the building in question merely as sublessees of Zacarias de Guzman, who was in turn appellant's lessee. As possessors of the building and the land on which it stands based on a right derived from a mere sublessor appellees can invoke no right possession superior to that of their sublessor. (*Sipin vs. Court* 74 Phil. 649; *Madrigal vs. Ang Sam Ito*, 46 Off. Gaz., 2173), who in turn derives his right to possession from his lessor, appellant herein. As mere sublessees of appellant's lessee, therefore, appellees can have no right to the premises better than the original lessee, herein appellant." (Italics ours. *The Philippine Consolidated Freight Lines, Inc. vs. Emiliano Ajon, et al.*, 103 Phil., 318.)

"The view taken by appellees is untenable for several reasons. In the first place, appellees are, as already stated, occupying not only the land of the government, but the building of appellant as well. If appellees are in possession of the land, it is only because appellant's building stands thereon. Their possession of the land is, therefore, dependent on and cannot be dissociated from their possession of the building. * * * (Italics ours. *The Phil. Consolidated Freight Lines, Inc. vs. Emiliano Ajon, et al.*, *Supra.*)

Furthermore, under our Civil Code, the occupancy of a building or house, not only, suggests but implies the tenancy or possession in fact of the land on which they are constructed. This is not a new pronouncement. An extensive elaboration of this rule was discussed by this Court in the case of *Baquiran, et al. vs. Baquiran, et al.*, 53 Off Gaz., p. 1130, the relevant portion of which said:

"Appellant's house falls within the scope of the term 'useful expenses'. Since he built it in good faith, he has the right of retention pending reimbursement. This right extends to the land itself, because the right to retain the improvements while the indemnity is not paid implies the tenancy or possession in fact of the land on which they are built. It was so held by this Court in the case of Tufexis, et al. vs. Chunaco, 36 Off. Gaz., No. 114 p. 2454, wherein the following comment of Q. Mucius Scaevola is cited: 'Article 361 of the Code offers us also another case of the right of retention. It does not expressly appear in the statute books, but the basis of its application is deduced in an irrefutable way. The article referred to grants the owner of the land on which building, sowing, or planting has been done in good faith the right to appropriate, as his own the thing so built, sown, or planted, upon paying the indemnity provided for in Articles 453 and 454. The builder, the planter, and the sower have the natural possession of the land on which they built, planted, or sowed, because had they lacked this tenancy or possession in fact, the building, planting, or sowing would not have been possible. ***.)

"The right of a builder in good faith to retain both the improvements and the land on which they have been made until the necessary and useful expenses have been paid has been recognized by the Supreme Court In other cases (Martinez vs. Baganus, 28 Phil., 550; De Guzman vs. De la Fuente, 55 Phil., 501.)

Viewed in the light of the rules expressed in the above cited cases of Chian Kian and Baquiran, the Court of Appeals should have found the herein appellees lessees of the house, and for all legal purposes, of the lot on which it was built as well. The occupancy and tenancy of the first cannot be dissociated from the second. Consequently, We cannot hold the herein appellant to have made a false, much less a malicious declaration when she wrote that Bonifacio Gotico was "renting pne of my lands in Tacloban and for almost a year now did not pay the rant."

With the foregoing findings, the second, third and fourth assignments of errors must necessarily be sustained. They pertain to the conclusions arrived at by the Court of Appeals which were premised on the fact of falsehood of appellant's declaration in the letter-complaint to the Superintendent of Public Schools. Inasmuch as we have already demonstrated the fallacy of the premise, it follows that the1 various conclusions drawn there-from are themselves fallacious.

There is one aspect of the second assignment of errors however, which We believe merits further explanation. It was chargd that the Court of Appeals "erred in declaring wrongful the acts of the herein petitioner-appellant in seeking to collect directly from, the respondents-appellees the rentals due her which respondents' parents failed to pay." We believe this contention well and perfectly taken.

Article 1652 of the Civil Code provides:

"Art. 1652. The sublessee is subsidiarily liable to the lessor for any rent due from the lessee. However, the sublessee shall not be responsible beyond the amount of rent due'from him, in accordance with the terms of the sublease, at the time of the extra-judicial demand by the lessor.

Payments of rent in advance by the sublessee shall be deemed not to have been made, so far as the lessor's claim is concerned, unless said payments were effected in virtue of the custom of the place."

In the case of Sipin et al. vs. Court of First Instance of Manila, et al., 74 Phil. 649, We have explained that by virtue of the above provision, "the sublessee, therefore, can invoke no Tight superior to that of his sublessor, and the moment the latter is duly ousted from the premises the former has no leg to stand on. The sublessee's right, if any, is to demand reparation for damages from his sublessor, should the latter be at fault." And, in another case, We interpreted the same article to mean that "the ^a sublessees can only assert such right of possession as could have been granted them by their sublessors, their right of possession depending entirely upon that of the latter. (Madrigal vs. Ang Sam To, et al., 46 Off. Gaz., 2173).

Based on the above jurisprudence, the ultimate effect of the respondent Court's ruling that the herein petitioner should not have sought to collect directly from the herein appellees would be to confer upon their rights superior to that of their sublessor. Clearly, the sublessor in this instance, the spouses Coronel, had no right to resist or complain against any direct action for the collection of the unpaid rentals which the herein petitioner might have pursued against them. It cannot be denied that they were delinquent in their payment of the same. When, therefore, the herein petitioner directed that action not against the spouses Coronel because they were unavailable but against the herein appellees who were then the sole occupants of the house, the appellees had no legal justification to resent petitioner's conduct. Otherwise, they have been invested with rights superior to that of their sub-lessor."

As already intimated, We cannot agree with the Court of Appeals in its conclusions regarding the malice of the petitioner in causing the letter-complaint to be written, the non-privileged nature of the same, the award of moral and actual damages and finally, the award of attorney's fees to the respondents-appellees. They all resulted from the untenable premises that the narration contained in 854 the letter was false and that the petitioner has no right to address the same to the proper authorities.

In view of the foregoing, the decision appealed from is reversed and set aside and a new one is hereby entered dismissing respondent-appellees' complaint. Costs against appellees.

Bengzon, C. J., Padilla, Bautista Angelo, Labrador and Paredes, J.J., concur. Concepcion, Barrera, Dizon and Makalintal, JJ. concurs in the result.

Reyes, J. B. L., J.:

I concur on the ground that a sublessee is liable to the lessor upon default of the lessee sublessor. Decision is reversed.

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