

SPOUSES EDWIN AND LEONOR CORTEZ, PETITIONERS, VS. MANUEL Y. CHEUNG, RESPONDENT.

Ponente: LAMPAS PERALTA, J.

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LAMPAS PERALTA, J.:

Before the Court is a petition for review under Rule 42, 1997 Rules of Civil Procedure, assailing the Decision dated September 4, 2013[1] in Civil Case No. 150-0-12 of Branch 74, Regional Trial Court (RTC), Olongapo City which affirmed the Judgment dated August 29, 2012[2] of Branch 1, Municipal Trial Court in Cities (MTCC), Olongapo City ordering petitioners to vacate the subject premises and pay respondent P50,000.00 as reasonable rent, P20,000.00 as attorney's fees, and cost of suit.

THE ANTECEDENTS

Petitioners spouses Edwin and Leonor Cortez are lessees of a commercial space located at No. 1850 Rizal Avenue, East Bajac-Bajac, Olongapo City, per Contract of Lease dated October 18, 1999[3] signed by petitioners and Jose C. Cheung, father of respondent Manuel Y. Cheung.[4] The lease was for a period of three (3) years, or until October 18, 2002. After expiration of the lease contract, petitioners continued to rent the premises on a monthly basis.[5]

Jose C. Cheung passed away on October 23, 2004.[6] On May 25, 2005, respondent filed with the RTC a petition,[7] docketed as SP. Proc. No. 176-0-2005, for issuance of letters of administration of his father's intestate estate, including the subject commercial space occupied by petitioners. The issue of whether the rentals for the commercial space should be deposited to the RTC was brought to the Court of Appeals via petition for certiorari. In a Decision dated July 22, 2010,[8] the Court of Appeals ordered petitioners to deposit the monthly rentals to the RTC. Said Court of Appeals Decision became final on August 26, 2010.[9]

Meanwhile, in a Decision dated August 6, 2010[10] in the petition for issuance of letters of administration, the RTC held that only the commercial building, not the land, was included in Jose C. Cheung's estate. Respondent, as the most qualified, was given letters of administration of said commercial building.

Petitioners were notified of the aforementioned Court of Appeals Decision dated July 22, 2010 and the RTC Decision dated August 6, 2010. However, petitioners continued paying monthly rentals to Arthur Cheung, Alfredo Cheung and Edmund Cheung, brothers of respondent.[11]

In a letter dated April 26, 2011,[12] respondent acknowledged that petitioners had paid rent until September 1, 2011 to Arthur Cheung, Alfredo Cheung and Edmund Cheung, but respondent also notified petitioners that Arthur Cheung, Alfredo Cheung and Edmund Cheung were not authorized to collect rent from tenants of the commercial building and petitioners were only allowed to occupy the commercial space until September 1, 2011. However, petitioners continued to stay on the premises even after September 1, 2011 and refused to vacate the same.[13]

The issue was brought to the Office of the Lupong Tagapamayapa, but no agreement was reached. Thus, a Certification to File Action was issued by the Office of the Lupong Tagapamayapa.[14]

The salient facts were summarized in the Decision dated September 4, 2013 of the RTC as follows:

"Plaintiff-appellee (respondent) is one of the heirs of deceased Jose Capule Cheung who died on October 23, 2004 in Olongapo City. Defendants-appellants (petitioners) entered into a lease contract with deceased Jose C. Cheung on October 18, 1999 for three (3) years on a commercial space located #1850 Rizal Avenue, East Bajac-Bajac, Olongapo City. Even with the expiration of the lease contract, defendants-appellants continued to stay on the premises on a month-to-month basis, paying rentals to the heirs who accepted the rent. Sometime on May 15, 2005, plaintiff-appellee filed for the issuance of letters of administration for the intestate estate of decedent Jose C. Cheung. Part of the estate is the commercial space occupied by the defendants-appellants. An Entry of Judgment was issued by the Court of Appeals in its decision dated July 22, 2010 granting the petition of the plaintiff-appellee, ordering the spouses Cortez to deposit their monthly rental to RTC Branch 73, Olongapo City. The petition for issuance of letters of administration was decided on August 6, 2010 granting to the plaintiff-appellee letter of administration only insofar as the building is concerned. The decision became final. The defendants-appellants were informed of the said decision but instead of depositing the monthly rentals as ordered by the Court of Appeals, defendant continued to pay to the people who were not authorized to collect rentals. On April 26, 2011, counsel for the plaintiff-appellee wrote a letter to defendant-appellant Eleonor reminding her that she cannot stay beyond September 1, 2011 which was the end of the period she paid in advance rent to brothers Arthur, Alfredo and Edmund all surnamed Cheung." [15]

On November 11, 2011, respondent filed with the MTCC a complaint [16] against petitioners for "Ejectment" alleging, among others, that (i) petitioners' stay, although lawful at the start, became unlawful when they received a demand to vacate the premises four (4) months before the effective date of September 1, 2011; (ii) despite receipt of the demand to vacate, petitioners refused and continued to refuse the same; (iii) respondent filed the case in his capacity as one of the heirs of Jose C. Cheung and/or as administrator of the property; and, (iv) the reasonable rental for the use of the property is P50,000.00 which was the going rate along the area of the leased premises. Aside from payment of attorney's fees and cost of suit, respondent also prayed that petitioners be ordered to vacate the premises and pay P50,000.00 a month from September 1, 2011 until they vacate the same.

Petitioners filed answer [17] with compulsory counterclaim, alleging that (i) the property and building were owned by Graciano Espinoza, and Jose C. Cheung merely leased the same for 25 years; (ii) petitioners paid monthly rentals to Arthur Cheung, Alfredo Cheung and Edmund Cheung, with the knowledge and consent of Graciano Espinoza; (iii) petitioners did not receive the demand letter mentioned by respondent; (iv) respondent had no cause of action against petitioners because the payments they made to the co-owners of the property were valid; and, (v) petitioners were not aware of the Decisions of the RTC and the Court of Appeals. Petitioners prayed that the complaint be dismissed and respondent be ordered to pay moral and exemplary damages, and attorney's fees.

In a Judgment dated August 29, 2012, [18] the MTCC ordered petitioners to vacate the premises and to pay respondent P50,000.00 as reasonable rent, among others. Thus:

"WHEREFORE, foregoing considered, judgment is hereby rendered in favor of the plaintiff and against the defendant-spouses Edwin and Leonor Cortez ordering the:

- Defendant-spouses to vacate the commercial premises located at #1850 Rizal Avenue, East bajac-bajac, Olongapo City;
- Defendant-spouses to pay the plaintiff reasonable rental value for the use and occupation of the premises at the sum of Php50,000.00 computed from September 01, 2011 up to the time they vacate the premises.
- Defendants to pay attorney's fees of Php20,000.00; and
- To pay the cost of this suit.

SO DECIDED."

Petitioners filed an appeal[19] with the RTC which rendered a Decision dated September 4, 2013[20] affirming the MTCC Decision. Thereupon, petitioners filed the present petition for review which raises this issue:

"I.WHETHER OR NOT THE REGIONAL TRIAL COURT ERRED IN ORDERING THE PETITIONERS TO PAY THE RESPONDENT REASONABLE RENTAL VALUE FOR THE USE AND OCCUPATION OF THE PREMISES AT THE SUM OF Php50,000.00 COMPUTED FROM SEPTEMBER 01, 2011 UP TO THE TIME THEY VACATE THE PREMISES."[21]

THE ISSUE

Whether the RTC erred in affirming the MTCC Judgment, particularly the order for petitioners to pay respondent P50,000.00 per month as reasonable rent for the use and occupation of the subject premises.

THE COURT'S RULING

It must be stated at the outset that the only issue raised by petitioners is the propriety of the RTC ruling ordering petitioners to pay respondent reasonable rent in the amount of P50,000.00 per month computed from September 1, 2011 up to the time they vacate the commercial space, for the use and occupation of the same. Petitioners did not raise any issue with respect to the finding of unlawful detainer. In fact, petitioners only prayed in their petition for review that the MTCC Judgment "be reversed as to the amount of rentals adjudged to be paid by the petitioners." [22] Thus, they are bound by the RTC order for them to vacate the premises.

The Court will therefore not resolve issues not raised on appeal.[23] Section 8, Rule 51 of the 1997 Rules of Civil Procedure expressly provides for questions or errors that may be decided as follows:

"SECTION 8. Questions that may be decided. — No error which does not affect the jurisdiction over the subject matter or the validity of the judgment appealed from or the proceedings therein will be considered unless stated in the assignment of errors, or closely related to or dependent on an assigned error and properly argued in the brief, save as the court pass upon plain errors and clerical errors."

Petitioners argue that the "award of Php50,000.00 as reasonable rental for the use of the property subject matter of the case was without basis." Allegedly, the "monthly rental was only Php14,000" and although the Court of Appeals Decision dated July 22, 2010 in the petition for issuance of letters of administration ordered the deposit of rentals to the RTC, Olongapo City, "[i]t did not state that the rentals to be deposited is Php50,000.00." [24] Petitioners further posit that "actual damages should be proven which includes rental payment in unlawful detainer cases" and respondent merely prayed for the amount of P50,000.00 without presenting evidence to prove the same.[25]

For his part, respondent maintains that the "award of Php50,000.00 for reasonable monthly rental value is fully supported by facts in evidence" specifically, the amounts "regularly deposited x x x by other tenants/lessees of the subject commercial building in compliance with the court order." [26] Furthermore, the MTCC did not abuse its discretion in the determination of "the reasonable rate of monthly rental over the subject leased property." [27]

The petition is devoid of merit.

Petitioners were ordered by the MTCC to pay respondent the amount of P50,000.00 per month computed from September 1, 2011 until petitioners vacate the premises, as reasonable rent for the use and occupation of the same.[28] This amount was affirmed by the RTC in its Decision dated September 4, 2013.[29]

Hornbook is the doctrine that the plaintiff in an ejectment case is entitled to damages by his loss of the use and possession of the premises. The term "damages" is limited to "rent" or fair rental value or the reasonable

compensation for the use and occupation of the property.[30]

Section 17, Rule 70 of the 1997 Rules of Civil Procedure, as amended, provides for judgment in ejectment cases as follows:

"Section 17. Judgment. — If after trial the court finds that the allegations of the complaint are true, it shall render judgment in favor of the plaintiff for the restitution of the premises, the sum justly due as arrears of rent or as reasonable compensation for the use and occupation of the premises, attorney's fees and costs. x x x"

Based on the foregoing rule, it is settled that the trial court has the authority to fix the reasonable value for the continued use and occupancy of the leased premises.[31] It is also basic that the burden of proof to show that the rental demanded is unconscionable or exorbitant rests upon the lessee.[32] Thus, it was incumbent upon petitioners, as lessees, to prove their claims that the rental fee of P50,000.00 per month was without basis and that they should be made to pay a monthly rental of only P14,000.00. This, petitioners failed to do.

On the contrary, records bear that respondent presented a copy of an official receipt dated July 19, 2012[33] issued by the Office of the Clerk of Court, RTC, Olongapo City representing the deposit of rental fee in the amount of P55,000.00 made by another lessee of a commercial space in the same building where petitioners themselves had occupied a separate commercial space, in compliance with the Court of Appeals Decision dated July 22, 2010. The amount of P55,000.00 corresponded to the "rental for June 2012." [34]

Petitioners' contention that they should only pay P14,000.00 per month, which was the amount stipulated in the Contract of Lease dated October 18, 1999, is misplaced. It bears stressing that the trial court is not bound by the stipulated rental in the contract of lease since it is equally settled that upon termination or expiration of the contract of lease, the rental stipulated therein may no longer be the reasonable value for the use and occupation of the premises as a result or by reason of the change or rise in values.[35] As held:

"x x x Trial courts are authorized to fix the reasonable value for the continued use and occupancy of the leased premises after the termination of the lease contract; and they are not bound by the stipulated rental in the contract of lease, since it is equally settled that upon termination or expiration of said contract, the rental stipulated therein may no longer be the reasonable value for the use and occupation of the premises as a result or by reason of the change or rise in values. As to what amount would constitute a reasonable rent of Unit 1682, the same is a question of fact on which the determination of the CA binds the Court, unless the latter finds reason to reverse it. x x x Petitioner has not adduced evidence in refutation of the factual findings of the CA." [36]

Thus, the RTC was correct in affirming the MTCC Judgment which fixed the reasonable rental fee at P50,000.00. Said the RTC:

"Now with respect to the award of Fifty Thousand Pesos (Php50,000.00) a month as rental fee for the occupied commercial space, the Court finds that the same is reasonable. The plaintiff-appellee submitted an official receipt in the amount of Fifty Five Thousand Pesos (Php55,000.00) issued by the Office of the Clerk of Court, Regional Trial Court, Olongapo City for deposit made by a tenant in connection with SP. Proc. No. 176-0-2005 over another space also within the same subject building to show the prevailing monthly rental rate within the area and the Court finds the same to be equitable and reasonable." [37]

In sum, the Court finds no cogent reason to disturb the unanimous findings of the MTCC and RTC which are in accordance with law and settled jurisprudence.[38]

WHEREFORE, the petition is dismissed for lack of merit. Accordingly, the Decision dated September 4, 2013 of the Regional Trial Court is affirmed.

SO ORDERED.

Acosta, and Garcia-Fernandez, JJ., concur.

[1] pp. 28-31, Rollo

[2] pp. 24-27, Ibid.

[3] pp. 38-39, Ibid.

[4] p. 33, Ibid.

[5] p. 32, Ibid.

[6] p. 37, Ibid.

[7] pp. 40-43, Ibid.

[8] p. 50, Ibid.

[9] p. 49, Ibid.

[10] pp. 51-56, Ibid.

[11] pp. 33-34, Ibid.

[12] p. 57, Ibid.

[13] p. 34, Ibid.

[14] p. 58, Ibid.

[15] pp. 29-30, Ibid.

[16] pp. 32-36, Ibid.

[17] pp. 60-63, Ibid.

[18] pp. 24-27, Ibid.

[19] pp. 195-217, Ibid.

[20] pp. 28-31, Ibid.

[21] p. 16, Ibid.

[22] p. 19, Ibid.

[23] Philippine National Bank vs. Spouses Francisco and Merced Rabat, 344 SCRA 706, November 15, 2000

[24] p. 17, Rollo

[25] pp. 18, 17, Ibid.

[26] p. 119, Ibid.

[27] p. 118, Ibid.

[28] p. 27, Ibid.

[29] p. 31, Ibid.

[30] Hualam Construction and Development Corporation vs. Court of Appeals, 214 SCRA 612, October 16, 1992

[31] Spouses Ernesto and Mina Catungal vs. Doris Hao, 355 SCRA 29, March 22, 2001

[32] Henry L. Sia vs. Court of Appeals, et al., 272 SCRA 141, May 5, 1997

[33] p. 74, Rollo

[34] p. 75, Ibid.

[35] Manila Bay Club Corporation vs. Court of Appeals, 245 SCRA 715, July 11, 1995

[36] Victoria Fernando vs. Spouses Reginaldo Lim and Asuncion Lim, 563 SCRA 147, August 22, 2008

[37] p. 31, Rollo

[38] Spouses Antonio and Genoveva Balanon-Anicete, et. al. vs. Pedro Balanon, 402 SCRA 514, April 30, 2003

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