

MANUEL S. CAMUS, PETITIONER, VS. PRICE, INC., RESPONDENT,

G. R. Nos. L-17858-59, July 18, 1962

Ponente: BARRERA, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/a335e7eeb761/>

BARRERA, J.:

On March 30, 1951, Manuel S. Camus and Price, Inc. entered into a contract of lease, the pertinent terms of which read:

"1. That said party of the first part/Lessor (Manuel S. Camus) hereby grants, demise and let unto the said party of the second part/Lessee (Price, Inc.), for lawful business purposes, all that certain strong material building with the lot and parcel of land, Nos. 15 and 16, Block No. 1, Tambobong Estate, Psd-11759 of with an area of 1,700 square meters, situated, lying, and being at No. 60 C. Arellano Street, Malabon, Rizal, covered as Lots the Rural Progress Administration, to have and to hold the same for the full term of ten (10) years from April 1, 1951 to March 31, 1960, inclusive, at the monthly rental of P300.00, Philippine Currency, for the above-mentioned building, to be paid without the necessity of express demand therefor on the 1st. five (5) days of each ensuing month at the residence of the first part/Lessor at Malabon, Rizal; and also at the monthly rental of One Hundred Pesos (P100.00) Philippine Currency, for the use of the leased premises, payable beginning when the construction of the factory is already finished, and likewise payable at the time and place aforementioned;

"2. That the party of the second part/Lessee, shall have or cause to erect, build or construct a Factory building and Warehouse of strong materials appropriate to or in furtherance of the business of the party of the second part/Lessee, on the said lot, the plan as to the form and size and other specifications thereof being subject to the joint approval of both parties concerned, at the expense of the party of the second part/Lessee; and that the buildings thereon constructed shall be insured with a competent Insurance Company by the party of the second part/Lessee, in an amount equal to the insurable interest of the party of the first part/Lessor, in the sum of at least Fifty Thousand Pesos (P50,000.00) Philippine Currency, for himself, his heirs and/or administrators as his beneficiary; and that the insured buildings (Factory building and Warehouse) herein before mentioned shall automatically become, without cost, the property of the first part/Lessor, immediately upon the termination of this contract;

* * * * *

"5. That the party of the first part/Lessor likewise covenants and agrees to cause or make the necessary filling, at his sole expense, within a year from the signing of this contract, the vacant portion of the lot along the river with an area of about 500 square meters to increase its elevation and enable the party of the second part/Lessee, to facilitate or make use of the whole lot; as well as to construct, building or cause to erect the necessary concrete stone walls provided with barbed wires on top thereof and all expenses incurred or to be incurred incident to the filling as well as to the construction, building and erection of the stone walls, one (1) meter high, with barbed wire to be borne solely by the party of the first part/Lessor;

* * * * *

"14. Provided, always, that in case of a breach of any of the covenants on the part of the party of the second

part/Lessee, herein contained, the party of the first part/Lessor, may, while the default shall continue, and notwithstanding any waiver of any prior breach of conditions, without notice or demand, enter upon the premises, and thereby terminate this lease and may thereupon expel and remove the party of the second part/Lessee;

"15. That it is still furthermore agreed that, in case of court litigation by virtue of non-payment of the agreed rents or any other breach of this contract on the part of the party of the second part/Lessee, the party of the first part/Lessor, shall be entitled to collect P1,000.00 as liquidated damages and P500.00 as attorney's fees, exclusive of costs legally taxable." * * * (Italics supplied.)

On January 19, 1954, the lessee instituted Civil Case No. 2582 of the Court of First Instance of Rizal against the lessor, for specific performance, damages and extension of the period of the lease, allegedly due to the latter's failure to comply with the aforequoted provisions of paragraph 5 of the contract. Three days later, or on January 22, 1964, the Lessor, in turn filed in the Justice of the Peace Court of Malabon an action for unlawful detainer (ejectment) against the Lessee (Civil Case No. 1159), allegedly by reason of said defendant's non-payment of rentals since February 16, 1953.

On February 10, 1954, the Justice of the Peace Court rendered a decision in the ejectment case, in favor of the Lessor, ordering the Lessee to vacate the premises and pay the plaintiff Lessor rentals in arrears amounting to P4,600.00 and the sum of P400.00 a month until it finally delivers possession of the property to the Lessor; liquidated damages in the sum of P1,000.00; attorney's fees for P500.00, and costs.

The Lessee appealed to the Court of First Instance of Rizal, filing therein a cash bond to cover the amounts adjudged by the Justice of the Peace Court, as well as the current rentals. The Lessor then filed a motion for execution of the decision appealed from, which was opposed by the Lessee. As the Court of First Instance granted said motion for execution, the Lessee instituted certiorari proceedings in this Court (G. R. No. L-8253).

In issuing the writ of certiorari prayed for therein,[1] on the ground that the CFI Judge committed a grave abuse of discretion in issuing an order for the execution of the decision of the Justice of the Peace Court despite the "strong equities in favor of Price (Lessee) and the dubious legality or propriety of the decision of the justice of the peace court", this Court said:

"In their answer, respondents (Camus, et al.) admit some of the allegations of the petition and deny other allegations thereof. Among other things, they, moreover, allege that the obligations of Camus, under the contract of lease, are independent of those of Price; that the filling and construction provided in said contract, have 'already been totally' completed; and that the order of July 24, 1954, and the writ of execution were duly issued, for Price had failed, either to pay, or to deposit, the amount of the rentals for April, May and June, 1954.

"At the outset, it should be noted that the very pictures submitted by respondents, as Annexes 9 and 10 to their answer, dated October 11, 1954, show that the stone wall constructed by Camus is of 'adobe', and has no barbed wire fence, whereas the contract of lease provides for 'concrete stone walls * * * with barbed wire.' Furthermore, although the portion of the leased property reproduced in Annex 9 appears to have been filled, there is evidence (which has not been contradicted) to the effect that the elevation of said portion is lower by 40 centimeters than the average elevation of said property (see Annex L). Moreover, the pictures Annexes M, N, and O, taken on February 16, 1954, reveal that said portion was then unfilled and even under water. Anyhow, it is not even claimed that said filling and construction had been completed within the year, which expired on March 20, 1952, stipulated in the contract of lease. In fact, the answer filed by respondents before this Court impliedly admits the failure of Camus to make the filling and construction within said period. * * *.

"At any rate, there is prima facie, if not strong evidence that Camus had not complied with some of his

obligations under the contract of lease, and that this breach of contract dates back to March 20, 1952, or about eleven (11) months prior to the alleged default of Price in the payment of rentals (or from February 16, 1953).

* * *."

It was then held that the obligations of the parties in the contract being reciprocal, the Lessee did not incur in delay until the Lessor complies with what was incumbent upon him, applying Article 1169 of the Civil Code.

After the case was remanded to the lower court for further proceedings, the 2 cases—Civil Cases Nos. 2582 (for specific performance filed by Price, Inc.) and 2650 (for unlawful detainer, by Camus) were tried jointly, during which the parties adduced evidence in support of their respective allegations. Later, the trial court rendered judgment ordering (1) the cancellation and return of the bond to the Lessee (Price, Inc.); (2) said Lessee to insure the factory building and warehouse for P50,000.00 within 1 month; and (3) the Lessor Camus to fill up the low portion of the leased premises and enclose the from compliance by the Lessor of his aforementioned obligation.

Only the lessor, Manuel Camus, appealed to the Court of Appeals.

The case.—

In its decision of September 14, 1960, the court of Appeals, passing upon the respective obligations of the parties under the contract stated:

"* * *, it was proved that the lot along (he Malabon River, obviously an accretion of lots Nos. 15 and 16, was declared for tax purposes by Ricardo, now represented by his widow, Rosario Sevilla Vda. de Camus, on March 12, 1951 (Tax Declaration No. 10202), and he had been paying taxes therefore as follows: for 1948, 1949, 1950 and 1951 paid on March 15, 1951, for 1952 on March 26, 1952, for 1953 on March 30, 1953, for 1954 on March 17, 1954, and for 1955 on March 30, 1955 (Exh. 14-B). This shows that prior to March 20, 1951, when the contract of lease was executed and prior to the filing of civil case No. 2582 by appellee (Price Inc.) against appellant (Camus), Ricardo had already been claiming the possession, if not the ownership, of the lot bordering the river, which had accumulated by gradual accretion a total area of 1,425 square meters, the same having been determined even prior to the execution of the contract of lease as shown in the tax declaration issued on March 12, 1951. * * *

"* * *. Nevertheless, we cannot sustain appellant's contention that the 500 square meters which he obligated himself to fill up and construct a fence should be inside the boundaries of lots Nos. 16 and 16, irrespective of the vacant space therein, because paragraph 5 of the contract of lease is clear that said portion of 500 square meters is along the Malabon River. This portion is separate and distinct from the 1,700 (should be 1,761) square meters of land leased under paragraph 1 of said contract. Still, it is unreasonable to conclude that appellant intended to include the entire area of 1,425 square meters along the river, nor that he only miscalculated the exact area thereof, as the land he leased to appellee. Under the stated facts, we, therefore, hold that appellant, with the apparent conformity of Sy Suan, referred in paragraph 5 of the contract of lease to only a portion of 500 square meters of the entire area containing 1,425 square meters, and that he bound himself to fill up said portion at his expense and to enclose with a one-meter high stone wall and barbed wire on top within a period of one year from March 20, 1951.

"To require appellant, as the lower court held, to finish filling up the entire area bordering the Malabon River and to surround it with a concrete wall throughout the river bank, would seem unfair to said appellant and contrary to the true intention of the parties in the contract of lease, the principal reason being that the entire area of the lot along the river is undisputedly 1,425 square meters, and not only 500 square meters as stipulated in paragraph 5 of the contract. Besides, it is illogical to allow appellee to utilize more than 500 square meters. Neither would it be just to compel appellant to incur expenses in filling up and building a fence for more than 500 square meters, even if appellee allegedly planned to build a 'hot-room' and 'cool-room'. However, in failing to fill up 500 square meters of the vacant lot along the Malabon River, appellant just the same violated the

contract.

"* * *. Although we subscribe to the view that reciprocal obligations are embodied in the contract of lease, yet, we cannot see our way clear that it was appellant who first committed the breach thereof. Undoubtedly, appellee did not insure the factory building and warehouse. Sy Suan's testimony on this point that he tried to insure but the premiums charged were too high on account of the absence of a stone wall along the river bank, is unmeritorious. When asked, he could not even mention the name of the insurance company he approached, much less the amount of premiums allegedly charged.

"Moreover, upon failure of appellee to pay rentals, appellant wrote it a letter on January 4, 1954. The question of filling up the vacant lot along the river in accordance with paragraph 5 of the contract of lease was brought up by appellee only in its letter of reply dated January 11, 1954. As things stand, in so far as the third issue is concerned, we cannot really determine who between the parties was actually the first who violated the contract. What we see is, that the parties are in pari delicto. * * *."

Based on the foregoing findings, the Court of Appeals declared the contract extinguished, but the parties were made to bear their own losses. (Art. 1192, Civil Code). However, as the Lessee was found to be in continued possession of the properties and in operation of its business during the pendency of the case, it was ordered to compensate the Lessor in the sum of P200.00 a month from February 16, 1953 until it vacated the premises. Furthermore, the lifetime of the contract, having expired on March 31, 1960, the factory building and the warehouse were declared to have automatically become the properties of the Lessor.

From said decision, both parties appealed to this Court. The Lessor, as appellant (in Nos. L-17858-59), contends that the Court of Appeals erred in not finding the Lessee Price, Inc. as the first violator of the contract, and in requiring the latter to pay him only the amount of P200.00 a month for the use and occupation of the properties from February 16, 1953 until the same are finally vacated.

In its appeal (Nos. L-17865-66), the Lessee, on the other hand, maintains that the Court of Appeals erred in not declaring the Lessor as the first to have committed the breach of the agreement; in requiring said lessee to compensate Camus in the amount of P200.00 a month notwithstanding its finding that the parties are in part delicto, and must suffer their own damages; and holding the lease to have terminated as of March 31, 1960.

From the factual findings of the Court of Appeals heretofore quoted, which we are not here to review, it appears that the strip of land, with an area of 1,425 square meters, was not originally part of lots 15 and 16 subject of the contract; that the Lessor actually started the filling in and fencing of a portion of 500 square meters thereof, as undertaken by him, but did not completely comply therewith, the fence being only of adobe stones without barbed wires, and the filling being 46 centimeters lower than the elevation of the lot under lease; that, on the other hand, notwithstanding the completion of the factory building and warehouse, the Lessee, in his turn, failed to secure insurance therefor as stipulated; that the Lessee, likewise, defaulted in the payment of the rentals as of February 16, 1953; and that the Lessor's failure to comply with its obligation could not be the cause of the Lessee's non-fulfillment of its commitments under the contract. With these established facts, the conclusion reached by the Court of Appeals, that the parties were in pari delicto is not without foundation or justification.

Although in the incidental case G. R. No. L-8253, this Court in effect declared the Lessor Camus prima facie to be the first to commit a breach of the agreement, it may be pointed out that in making such pronouncement, only the matter of the Lessee's default in the payment of rentals was considered. Upon the continuation of the proceedings, however, it was established, as so found by the Court of Appeals, that the Lessee also failed to cover the buildings in September, 1951, with insurance in violation of the specific terms of the contract. As a matter of fact, until the instant cases were filed, no such insurance was drawn on the aforesaid factory building and warehouse.

Upon the other hand, while it may be true that the duty imposed on the Lessor under the contract, to increase the elevation of the low portion of the lot and erect thereon a concrete stone wall topped with barbed wire was provided only to "facilitate or make use (by the Lessee) of the whole lot"—allegedly a subordinate and collateral condition of the contract—it is not herein denied that such condition was not complied with by the Lessor. And this obligation matured in March, 1952. Even assuming, therefore, that the Lessee's obligation to insure the building arose after the completion of the construction of the buildings in September, 1951, as the Lessor also defaulted in the performance of his corresponding duty, it can not really be determined with definiteness who of the parties committed the first infraction of the terms of the contract. Under the circumstances, the conclusion reached by the Court of Appeals, that the parties are actually in *pari delicto*, must be sustained, and the contract deemed extinguished, with the parties suffering their respective losses.

Considering, however, that the Lessee was (and must still be) in continuous occupancy of the premises during the pendency of the case, conducting and operating its business therein as usual and profiting thereby, whereas the Lessor was not only deprived of the possession of his property but also of the rentals therefor since February 16, 1953, said Lessee must be required to compensate the Lessor for such occupancy. The Lessor, on the other hand, as a result of the termination of the lease, will acquire the buildings of the Lessee which were constructed on the leased premises. Under the circumstances of the case, we find the decision of the Court of Appeals directing the payment by Price, Inc. of the sum of P200.00 per month from February 16, 1953, until it vacates the premises, to be in accord with justice.

Wherefore, the decision of the Court of Appeals appealed from is hereby affirmed in all respects, without costs. So ordered.

Bengzon, C. J., Padilla, Labrador, Paredes, Dizon, Regala and Makalintal, JJ., concur.

[1] Price, Inc. vs. Camus, et al., G. R. No. L-8253, May 25, 1955.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.