

VICTORIA FERNANDO AND ALL PERSONS FOUND IN THE PREMISES AND CLAIMING RIGHTS UNDER HER, PETITIONER, VS. SPOUSES REGINALDO LIM AND ASUNCION LIM, RESPONDENTS.

Ponente: REYES, J.

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REYES, J.:

Before us is a petition for review under Rule 42 of the 1997 Rules of Court, which seeks to annul and set aside, the decision dated 16 December 2005 of the Regional Trial Court of Manila, Branch 20, (RTC) which affirmed with modification the decision dated 07 June 2005 of the Metropolitan Trial Court of Manila, Branch 16, (MTC) in Civil Case No. 05-113099, entitled Sps. Reginaldo Lim and Asuncion Lim, plaintiff-appellees vs. Victoria Fernando, defendant-appellant.

The antecedent facts of the case as aptly adopted by the RTC from the MTC's appealed decision and for which we likewise adopt as our own, viz:

“x x x

In their complaint, plaintiffs alleged, that: they are the absolute and registered owners of a land including improvements therein as evidenced by Transfer Certificate of Title No. 264835 of the Registry of Deeds of the City of Manila (Annex “A”); the aforesaid property was previously a part of a larger lot covered by TCT No. 263331, which was subdivided into four separate lots.

Plaintiff Reginaldo Lim, as a stockholder of Lim Kieh Tong and Sons, Inc. a corporation under dissolution, acquired the property described under TCT 263331 as his liquidating dividends as shown by the Deed of Assignment executed in his favor (Annex “B”). Erected in the said lot is a six unit commercial type building, the first unit designated as 1682 Blumetritt (sic) Street, Sta. Cruz Manila which is covered by TCT No. 268435 in the name of plaintiffs and was transferred in their name as of April 2, 2004 and at present is still being occupied by herein defendant Victoria Fernando by virtue of her lease contract with Lim Keih Tong and Sons, Inc. which is on month to month basis; plaintiffs, upon transfer of the subject property in their name, informed the occupants of the subject premises including herein defendant that they have no plans of having the subject premises leased; plaintiffs appealed and talked to the occupants to voluntarily vacate the premises and peacefully surrender possession thereof. Defendant instead of heeding their request refused and stubbornly remained in the premises forcing plaintiffs, in order to protect their rights, to secure services of counsel for a fee who in turn wrote the defendant a letter informing her that her lease of the subject premises which is on a month-to-month basis ends on April 30, 2004 and will no longer be renewed (Annex “C”); notwithstanding oral and written demands to vacate the subject premises made by plaintiffs, defendant failed and refused and still fails and refuses without justifiable reason to vacate the subject premises and surrender possession thereof to plaintiffs.

On account of defendant's unjustified, unlawful and obstinate refusal to vacate the subject premises plaintiffs were constrained to secured (sic) services of counsel for a fee and prays that the same be adjudged against the defendant in the amount of P100,000.00 as attorney's fees and P3,000.00 as appearance fee.

Plaintiffs pray that the amount of P25,000.00 be adjudged against defendant as reasonable monthly rental computed from the time this instant suit was filed up to the time the subject premises is completely vacated.

By way of Special and Affirmative Defenses, defendant alleged that: the demand attached to plaintiffs' complaint is only a demand to vacate which does not conform to the jurisdictional requirement necessary in instituting an ejectment suit- in short plaintiff's demand is defective; there is no showing that plaintiffs had referred the matter to the Barangay for conciliation prior to the filing of this instant action which is a condition precedent hence, the instant case should be dismissed without prejudice and may be revived only upon compliance with such requirement.

Defendant further argued that an action for annulment of transfer of title filed before the Regional Trial Court of Manila wherein the defendant invoked her right of first refusal which was violated when Lim Kieh Tong offered for sale the subject premises without first offering the same to her, and the institution of such action abates the ejectment; the lease in this case is covered by the Rent Control Law.

By way of Counterclaim, defendant posited that the undue filing of the instant suit defendant was constrained to secure the services of counsel to protect her right and interest for a fee in the amount of P20,000.00 as attorney's fees and P3,000.00 as court appearance." (Rollo, pp. 29 to 31)

After the submission of both parties' position papers, affidavits of witnesses and other pertinent documents and exhibits, the MTC rendered a decision dated 07 June 2005, which ruled, among others, that the respondents (plaintiff-appellees below) are entitled to the possession of the disputed property. The dispositive portion of the said decision, reads:

"WHEREFORE, premises considered, judgment is hereby rendered in favor of the plaintiff and against the defendant:

- Ordering the defendant and all persons claiming right under her to vacate the subject premises and peacefully surrender possession of the property located at 1682 Blumentritt Sta. Cruz, Manila to herein plaintiffs;
- Ordering the defendant to pay a reasonable monthly rental of P25,000.00 to plaintiffs computed from the time the instant action was filed up to the time the subject premises is completely vacated and surrendered to plaintiffs;
- Ordering the defendant to pay plaintiff the sum of P20,000.00 as attorney's fees.
- Without costs.

SO ORDERED." (Rollo, p. 126)

On appeal to the RTC, the latter in its decision dated 16 December 2005, which is the subject of this petition, affirmed with modification the appealed decision of the MTC, the decretal text of which:

"WHEREFORE, the assailed Decision dated June 7, 2005 of the Metropolitan Trial Court Branch 20 is hereby MODIFIED as follows:

- Ordering the defendant and all persons claiming right under her to vacate the subject premises and peacefully surrender possession of the property located 1682 Blumentritt, Sta. Cruz, Manila to herein plaintiffs;
- Ordering the defendant to pay a reasonable monthly rental of P15,000 to plaintiffs computed from the time the instant action was filed up to the time the subject premises is completely vacated and surrendered to plaintiff;
- Ordering the defendant to pay plaintiff the sum of P20,000.00 as attorney's fees.
- Without cost.

SO ORDERED.” (Rollo, pp. 35 to 36)

Upon the petitioner’s (defendant-appellant below) motion for reconsideration to the RTC’s decision dated 16 December 2005 (Rollo, pp. 38 to 54), the RTC issued an Order dated 20 January 2006, which denied the petitioner’s motion for reconsideration. The decretal text thereof reads:

“When defendant’s Motion for Reconsideration was called for hearing today at 8:30 o’clock in the morning, neither the defendant nor her counsel appeared despite the fact that the Motion for Reconsideration was requested to be heard today at 8:30 o’clock in the morning.

In view thereof, defendant’s Motion for Reconsideration is hereby DENIED.

SO ORDERED.” (Rollo, p. 37)

Defeated but still unfazed, the petitioner seeks succor before us via this petition for review, on the following assignment of errors, viz:

(A) Both the appellate court and the trial court a quo erred in finding that the latter has jurisdiction over the complaint.

(B) Both the appellate court and the trial court a quo erred in finding that plaintiffs-appellees have a cause of action for ejectment against the defendant-appellant.

(C) Both the appellate court and trial court a quo erred in awarding monthly rental to the plaintiffs-appellees in such amount more than the last agreed monthly rental thereof between the defendant-appellant as lessee and LKTSI as lessor.

(D) Both the appellate court and the trial court a quo erred in awarding attorney’s fees in favor of the plaintiffs-appellees without justifying the same in the text of the Decision. (Rollo, p. 9)

Based on the petitioner’s assignment of errors and the various pleadings and documents on hand, the crux of the present controversy may be summed up with the question of jurisdiction or lack of it, on the part of the lower courts when they assumed jurisdiction over the instant case. Along this point, it is the submission of the petitioner that the unlawful detainer case should have been dismissed in the first instance, due to the following grounds or reasons: Firstly: the respondents are not the proper parties-in-interest because the lease contract over the subject premises was between the previous registered owner, Lim Kieh Tong and the petitioner and, therefore, both, the lower courts had no authority to assume jurisdiction thereto; Secondly: the respondents have no cause of action for ejectment against the petitioners because the former’s demand for the latter to vacate the leased premises did not include the demand to pay rent; Thirdly: Assuming that the lower courts had acquired jurisdiction over the subject and nature of the action, still they should have suspended the proceedings because of the pendency of an action for annulment of transfer of title of the subject property, filed by the petitioner against the respondents and the previous registered owner thereof, Lim Kieh Tong & Sons, Inc., which constitutes “litis pendencia” or at least poses a prejudicial question.

We are poised to deny the petition.

We are most certain that respondents Spouses Lim are the proper parties-in-interest who rightfully instituted the instant complaint for unlawful detainer against the petitioner. As the assignee-registered owners of the leased premises, they stand to enjoy all the attributes of ownership, including the right to possession thereof. Thus, when the lessee or possessor of the questioned property refused to vacate the subject premises upon a valid demand from the new registered owners thereof, as what happened in the instant case, the latter should be considered as the proper parties-in-interest to institute the action for ejectment. Rule 70, Section 1 of the 1997 Rules of Court

expressly provides, that:

“Who may institute proceedings, and when – Subject to the provisions of the next succeeding section, a person deprived of the possession of any land or building by force x x x x, or a lessor x x x x against whom the possession of any land or building as unlawfully withheld after the expiration or termination of the right to hold possession, by virtue of any contract, express or implied, or, the legal representatives, or assigns of any such lessor x x x x, at any time within one (1) year after such unlawful deprivation or withholding of possession, bring an action in the proper Municipal Trial Court against the person or persons unlawfully withholding or depriving of such possession x x x x (underscoring supplied)

In the case at bench, we have no qualms that at its inception, the lease relationship involving the subject property was between LKTSI and the petitioner. However, when LKTSI assigned and transferred ownership of the subject property in favor of the respondents in April 2004, by virtue of a contract denominated as Deed of Assignment of Real Property (Annex “F”, Rollo, pp. 59 to 60), the latter stepped into the shoes of LKTSI. So much so, the respondents who became the owners of the subject property are considered now the lessors thereof. As there was no written lease agreement between the petitioner and the previous owner of the leased property, LKTSI, but the former was paying her monthly rental, it is considered on a month-to-month basis, and the same expires after the last day of any given thirty day period upon proper demand and notice to vacate. Rightfully so, the respondents who are now the registered owners of the subject property opted to terminate the month-to-month lease contract with the petitioner. For this purpose, a demand letter dated 29 April 2004 addressed to the petitioner was sent by respondent Reginaldo Lim through counsel, directing the former to vacate the leased premises within fifteen (15) days from receipt of the said letter (Annex “C”, p. 61, id.)

Evidently, when the respondents filed the complaint for ejectment in November 2004 (Annex “I”, pp. 64 to 71, id.), it was well within the one (1) year period from the time the petitioner received the respondents’ demand letter dated 29 April 2004, which gave only fifteen (15) days from receipt of the said letter to vacate the subject premises. Considering that the petitioner failed and refused to vacate the leased premises, she is now considered as a deforciant lessee whose continued occupation of the premises had thus become unlawful. Thus, being the registered owners thereof, the respondents have the right to possess the property and eject the petitioner.

Petitioner is harping on the issue that the notice of termination of the lease sent to her by the respondents was ineffectual. Foremost, the senders thereof, who are the respondents have no legal personality to represent the lessor LKTSI; and secondly, the demand letter was merely to vacate the leased premises and did not include the demand to pay the rent.

We have extensively discussed that the respondents being the registered owners of the questioned property, are the proper parties-in-interest who can terminate the month-to-month contract with the petitioner. As such, they are the parties who could demand, as they did, from the petitioner to vacate the property. The fact that the demand letter covered only the notice to vacate and did not contain the demand to pay rent, would not divest the MTC the jurisdiction to hear and decide this unlawful detainer case. It is a settled rule that a demand is a pre-requisite to an action for unlawful detainer, when the action is based on failure to pay rent due or to comply with the conditions of the lease, but not where the action to terminate the lease because of the expiration of its term (Cesar Lanuza and Asteric Lanuza vs. Ma. Consuelo Muñoz, 429 SCRA 562). In the instant case, the records would indubitably show that the lease was on a month-to-month basis and, therefore, terminable after the last day of every thirty (30) day period.

The petitioner argues that the respondent courts should have dismissed or suspended the ejectment proceedings, in the light of the case for annulment of transfer of title he filed against its previous registered owner Lim Kieh Tong and Sons, Inc. before the Regional Trial Courts in the City of Manila. In that case, the petitioner claimed that

under the law, she has the right of first refusal over the property in question. In the event that a favorable judgment is rendered thereon, the transfer of title from Lim Kieh Tong and Sons, Inc. and the respondents, including the subdivisions and issuance of new title upon the subject premises will be cancelled and annulled, thereby making an ejectment case an anticipatory action.

We are not convinced.

It is a hornbook doctrine in our jurisdiction that the only issue in ejectment cases is the question of who is entitled to the physical or material possession of the property in dispute. This is independent of any claim of ownership set forth by any of the parties (*Gener vs. De Leon*, 419 Phil. 920; 367 SCRA 631). Ejectment cases are summary proceedings intended to provide an expeditious means of protecting actual possession or right of possession of property. (*Go, Jr. vs. Court of Appeals*, 415 Phil. 172; 362 SCRA 755). In fine, a judgment in a forcible entry or detainer case disposes of no other issue than possession and establishes only who has the right of possession, but by no means constitutes a bar to an action for determination of who has the right or title of ownership (*Custodio vs. Corrado*, 435 SCRA 500).

Petitioner further argues that the RTC has no legal basis to award payment of rental other than the last actual amount of rental agreed upon between her and previous lessor, LKTSI. This is so, because there was no demand for her to pay an increased rental either by LKTSI or by the respondents. Thus, she should not be adjudged to pay rental more than P10,932.60, inclusive of VAT less withholding tax, which was the last monthly rental payment she made to LKSTI.

The argument is flawed.

It is worth stressing that the trial court and the appellate court (RTC) had the authority to fix the reasonable value for the continued use and occupancy of the leased premises after the termination of the lease contract, and that they were 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 reasonable for the use and occupation of the premises as a result or by reason of the change or rise in values (*Henry L. Sia vs. Court of Appeals and Torre de Oro Development Corporation*, G.R. No. 108222, May 5, 1997).

Invoking the aforesaid judicial precedent, the RTC did not commit any error in imposing a rental rate of P15,000 per month after the termination of the lease contract. On the contrary, the RTC tapered the MTC's award of monthly rental amounting to P25,000.00. To the mind of this court, the fixing thereof was quite reasonable taking into consideration the lost opportunity income they ought to derive from a San Miguel Food shop business in the subject property (Annex "C", Rollo, pp. 219 to 220)

On the matter of attorney's fees awarded to the respondents, we are poised to delete it. It is a well-settled rule that where attorney's fees are granted, the court must explicitly state in the body of the decision, and not only in the dispositive portion thereof, the legal reason for the award. (*Del Rosario vs. Court of Appeals, et al.*, 267 SCRA 158). In the instant case, nothing in the body of both decisions of RTC and MTC that explicitly stated the reasons for the award of attorney's fees.

WHEREFORE, in consideration of the foregoing, the instant petition is perforce denied. Accordingly, we affirmed with modification the assailed decision dated 16 December 2005 of the respondent court, in that the award of attorney's fees in the amount of P20,000.000 is hereby deleted.

SO ORDERED.

Lampas Peralta and Dimaranan Vidal, JJ., concur.

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