

MAURA INDUCTIVO, PETITIONER, VS. THE HON. COURT OF APPEALS AND VICKY DIMAPILIS, RESPONDENTS.

G.R. No. 108196. January 19, 1994

Ponente: VITUG, J.

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VITUG, J.:

In a lease on a "month to month" basis, would there be significant consequential differences between a situation where the said "month to month" term is contractually stipulated and a case where that period is merely implicit from the provisions of Article 1687, in relation to Article 1670, of the Civil Code? Where the lessor refuses to accept the payment of lease rentals, would a deposit of said rentals with a bank, instead of consigning the same with a court, avoid an incurrence of default on the part of the lessee under the provisions of B. P. Blg. 25, as amended? These questions are the basic issues in this Petition for Review on Certiorari.

The findings of the appellate court on the essential facts are not disputed. Said court has narrated, thus -

"x x x Petitioner Vicky Dimapilis is the lessee of apartment No. 104-D at Clara St., Grace Park, Kalookan City, which private respondent Maura Inductivo owns. The lease was originally covered by a contract which the parties executed on February 1, 1976 (Exh. A-1), to be effective for one year but after its expiration on January 31, 1977, petitioner remained in the premises, paying private respondent a monthly rental of P850.00.

"In a letter dated December 20, 1989, private respondent, through her lawyer, informed petitioner of her desire to repossess the apartment occupied by petitioner and, for this reason, gave notice that she was terminating the lease effective December 31, 1989. At the same time she demanded that petitioner vacate and surrender the premises within five (5) days from notice. (Annex A, p. 14, records)

"In her reply letter, petitioner denied the right of respondent to repossess the apartment, pointing out that she was a spinster and was living in her house and, therefore, could not possibly need the apartment for her use. She likewise said that the five-day period given to her was short. (Annex B, p. 15, records) Petitioner, therefore, refused the respondent's demand. But so did respondent Maura Inductivo refuse to accept payment of rents from petitioner.

"On March 20, 1990, private respondent wrote to petitioner claiming that the latter had not paid the rents from January to March 1990 and demanding payment and the return of the premises. As petitioner refused to vacate the apartment, private respondent filed on June 28, 1990 a complaint for unlawful detainer with the Metropolitan Trial Court of Caloocan City.

"In her complaint, private respondent alleged that petitioner had failed and refused to pay the monthly rent of P850.00 for the months of January to March 1990 in the total amount of P2,550.00 and that despite demands petitioner refused to pay and to vacate the apartment.

"On the other hand petitioner denied that she had defaulted in the payment of the rents. She claimed that she had tendered payment of the rents but private respondent had refused the payment and for this reason she was forced to deposit the amount in the bank (Annex A, B, B-1, B-2, C, C-1, D, D-1, D-2, E, E-1, E-2)."

After the case was submitted for decision, following the presentation by the parties of their respective position papers and affidavits of witnesses, the Metropolitan Trial Court rendered judgment in favor of the plaintiff (herein petitioner), viz:

"WHEREFORE, by preponderance of evidence, judgment is hereby rendered in favor of the plaintiff Maura Inductivo and against the defendant Victoria Dimapilis, ordering the latter as follows:

"1. Ordering the ejectment of defendant and all members of her family and household and all persons claiming rights under her from the apartment door located at 104-D, Maria Clara Street, Grace Park, Kalookan City;

"2. Ordering the defendant to pay the plaintiff her remaining unpaid rentals corresponding to six (6) consecutive months from January to June 1990, equivalent to the sum of P5,100.00 and until she has completely vacated and surrendered the possession of the premises in question;

"3. Ordering the defendant to pay plaintiff the sum of P5,000.00 as attorney's fees, and to pay the cost of suit."

The decision was appealed by the defendant to the Regional Trial Court ("RTC") which, among other things, held, in turn, as follows:

"The lower court in its decision dated August 13, 1991, ruled that defendant failed to pay the arrears in rentals for three (3) consecutive months and subsequent rentals and that there was no evidence on record which shows that defendant consigned his rentals with the court or with any bank. This Court however rules that the non-payment of rentals as a cause in ejecting the defendant appellant is without merit. There was valid tender of payments made by the defendant. There was sufficient evidence presented by the defendant to prove this. In fact, the Court is convinced that defendant had exhausted all the legal means, if only to show that she had every intention to pay the rentals (pages 61 to 66, records).

"Anent the second issue raised in this appeal, the Court agrees with the findings of the Court a quo that the lease contract between the plaintiff and defendant is on a month-to-month basis and that this is one with a definite term and the lessor may judicially eject his tenant upon expiration of the term or at the end of the month. On this point, this Court rules that since the lease can be terminated at the end of each month, the lessor has the legal right to eject the occupant. The above findings are borne out by the records. Thus, no reason exists why the Court should not reaffirm the same on this point.

"xxx xxx xxx

"WHEREFORE, above premises considered, judgment appealed from is AFFIRMED with modification on paragraph 2 of the dispositive portion of the decision appealed from since this Court rules that the payment for rentals for the use of the premises in question was validly consigned with the Philippine Savings Bank, Central Market Branch to which amount rightly belonged to the plaintiff as due and demandable rentals."

From the above holding, the plaintiff appealed to the Court of Appeals, which reversed the RTC's decision, thus -

"WHEREFORE, the decision of the Regional Trial Court is REVERSED, in so far as it rules that private respondent (herein petitioner) can judicially eject petitioner (herein private respondent) on the ground that the lease agreement between them already expired, and the complaint against petitioner is DISMISSED."

Hence, the instant petition.

The lease here involved is concededly covered by the provision of the Rent Control Law (Batas Pambansa ["B.P."] 25, as amended). Under this law, the lessor is prohibited from ejecting the lessee except in those cases expressly provided by it. Among such cases when ejectment can be so demanded are (a) when the lessee has been in arrears in the payment of rentals for a total of three (3) months, or (b) when the lease is for a definite period which has expired.

The petitioner contends that the private respondent has, for not less than three (3) months, been in arrears in the payment of rentals. The Regional Trial Court, sustained by the Court of Appeals, has expressed otherwise. We agree. It appears that following the petitioner's repeated refusal to accept private respondent's tender of monthly rentals, the private respondent did deposit the amounts instead with the Philippine Savings Bank, Central Market Branch, in the name of, and with notice to, the petitioner under account no. 13-0055695-8. Section 5 (b) of Batas Pambansa Blg. 25, as amended, expressly sanctions such method of payment as a sufficient and valid alternative to judicial consignment.

The second proposition proffered by the petitioner, i.e., that the lease, since it is on a "month to month" basis, can be validly terminated by the lessor at the end of any given month upon prior notice to that effect made on the lessee, finds support in previous decisions of this Court (*Madriaga vs. Court of Appeals*, G.R. No. 76294, 14 July 1988; *Limpan vs. Lim*, 159 SCRA 484; *Cruz vs. Pano*, 120 SCRA 497). On a factual setting similar to the case at bench, the Court, in *Heirs of Fausta Dimaculangan vs. Intermediate Appellate Court* (170 SCRA 393), has ruled that when rentals are paid monthly, a lease is deemed to be for a definite period, "expiring at the end of every monthly period". The lessor is thus granted the right to eject the lessee, being an excepted case under the Rental Control Law, after prior notice of such termination and demand to vacate the leased premises.

In the present case, the lease contract initially contained a one-year term that expired on 31 January 1977 but the lessee, with the acquiescence of the lessor, continued in the possession and enjoyment of the property for several years thereafter. This situation gave rise to an implied new lease, not for the period of the original contract but for the time established in Article 1687 (see *Fermin vs. Court of Appeals*, 196 SCRA 723).

"ART. 1670. If at the end of the contract the lessee should continue enjoying the thing leased for fifteen days with the acquiescence of the lessor, and unless a notice to the contrary either party has previously been given, it is understood that there is an implied new lease, not for the period of the original contract, but for the time established in articles 1682 and 1687. The other terms of the original contract shall be revived. (1566a)"

"ART. 1687. If the period for 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 lease has occupied the premises for over one year. If the rent is weekly, the courts may likewise determine a longer period after the lessee has been in possession for over six months. On case of daily rent, the courts may also fix a longer period after the lessee has stayed in the place for over one month. (1581a)"

Accordingly, following the *Dimaculangan* case, the appellate court erred in not upholding the right of the petitioner to eject the private respondent from the leased premises.

In retrospect, the view adopted by the appellate court, it might be stated, has likewise heretofore been shared by the assigned writer of this Court's decision. A contract of lease, being impermanent, can only be either for a definite or for an indefinite period. It is definite where the contract itself specifies its duration. A lease contract, expressly providing that it is "on a month to month" basis, or the like, is certainly for a definite period. When no such duration is contractually stipulated or specified, it should instead be deemed to be for an indefinite term, and it is in this instance when Article 1687 of the Civil Code can precisely find pertinence not so much for the periods therein expressed as the potestative authority it grants to the courts in fixing a longer period. The periods set by Article 1687 must be understood to be no more than transitory in nature. Thus construed Article 1687 would be consistent with the rule stated in Article 1197 of the Civil Code to the effect that when the parties to an obligation do not fix a period, but from the circumstances it can be inferred that a period has been intended, the courts, on the assumption that the parties are unable to come to an agreement thereon, may fix the duration thereof.

But more primordial than one's personal inclination is the stability and respect that we must accord to settled rules heretofore considered and pronounced with finality by this Court.

WHEREFORE, the decision appealed from is REVERSED and that of the Regional Trial Court is AFFIRMED. No costs.

SO ORDERED.

Feliciano, Bidin, Romero, and Melo, JJ., concur.

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