

SPOUSES NAZARIO P. PENAS, JR. REPRESENTED BY ELPIDIO R. VIERNES, ATTORNEY-IN-FACT, PETITIONERS, VS. COURT OF APPEALS AND LUPO CALAYCAY, RESPONDENTS.

G.R. No. 112734. July 07, 1994

Ponente: PADILLA, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-112734/>

PADILLA, J.:

The only issue to be resolved in this ejectment case is whether or not the Metropolitan Trial Court had jurisdiction over the complaint filed by herein petitioner-spouses represented by their attorney-in-fact Elpidio R. Viernes.

The undisputed facts of the case as summed up by the trial court and adopted by respondent Court of Appeals are as follows:

"Subject of this controversy [are the] premises identified as 24-B Scout Santiago Street, Barangay Laging Handa, Quezon City, also identified as 26-B [South] D Street, Quezon City. It was the object of a written lease contract executed by the late Nazario Penas in favor of [private respondent] Lupo Calaycay on June 26, 1964, at an agreed monthly rental of One Hundred Ten (P110.00) Pesos, Philippine Currency. The written lease contract was on a month to month basis. Nazario Penas, Sr. died on February 5, 1976 and, thereafter, on June 15, 1976, an extra-judicial settlement of his estate was executed by his surviving heirs, one of whom is his son, Nazario Penas, Jr. Likewise, after the death of plaintiff's mother Concepcion P. Penas on March 2, 1985, her children including [petitioner] Nazario Penas, Jr. executed an extra judicial settlement of her estate. As time [went] on, the monthly rental on the subject premises had been gradually increased by the [petitioners], the latest of which was Six Hundred Ninety One and 20/100 (P691.20) Pesos, Philippine Currency.

In a letter of January 18, 1990, [petitioner]-spouses Penas, through counsel notified the [private respondent] that effective March 1990, they were terminating the written month to month lease contract as they were no longer interested to renew the same and demanded from the latter to vacate the premises in question on or before February 28, 1990. In the same letter, [petitioners] opted to allow the defendant to continue occupying the leased premises provided he will agree to execute a new lease contract for a period of one (1) year at an increased monthly rental of Two Thousand Five Hundred Pesos (P2,500.00) Pesos, Philippine Currency, plus two (2) months deposit and, further, gave the [private respondent] up to February 28, 1990 to decide, otherwise judicial action for unlawful detainer against the [private respondent] shall ensue. [Petitioners] later finally reduced the monthly rental to Two Thousand (P2,000.00) Pesos, Philippine Currency, only.

[Private respondent] failed to abide by the demand of the [petitioners]. However, he continued staying on the leased premises and effective March 1990, he deposited the monthly rentals in the subject premises with the PNB in his name ITF (in trust for) spouses Lucila and Nazario Penas, Jr. under Account No. 688930. Prior to such deposit, [private respondent] together with others, in a letter of March 26, 1990, informed the [petitioners], inter alia, that since [petitioners'] representative refused to accept the rentals, he will deposit the same with a reputable bank and he will [hold] the same intact for the [petitioners]. There was no instance that [petitioners] manifested any desire to withdraw the same deposit in the bank.

On August 10, 1992, plaintiffs through counsel sent another letter to the defendant to vacate the subject

premises and to pay back rental arrearages in the sum of Two Thousand (P2,000.00) Pesos, Philippine Currency, per month from March 1990 in the total sum of Sixty Thousand (P60,000.00) Pesos, Philippine Currency, which defendant failed to satisfy.

Accordingly, on September 25, 1992, after the corresponding Certification to File Action was issued by Barangay Laging Handa, Quezon City, [petitioners] filed the present suit for unlawful detainer on the grounds of termination of the month to month lease contract and failure of the defendant to execute a new lease agreement with increased rentals. [Petitioners] tried to impress the Court that after they [had] agreed [to] a new monthly rental of Two Thousand (P2,000.00) Pesos, Philippine Currency, [private respondent] refused to enter into a new contract and insisted in paying at a lower rate; that they gave defendant allowance of more than one (1) year within which to sign a new contract of lease but still he refused to do so; that even if conciliation before the barangay is unnecessary as [petitioners] reside abroad, their attorney-in-fact referred the case to the barangay level." (reference to Annexes omitted)[1]

The parties were required to submit their respective position papers after which the Metropolitan Trial Court, Branch 33 of Quezon City rendered a decision dated 16 March 1993 dismissing herein petitioners' complaint for lack of jurisdiction. The trial court based its decision on the finding that the complaint was filed more than one (1) year after private respondent began unlawfully occupying the premises.

On appeal to the Regional Trial Court, the trial court decision was upheld, the RTC ruling that herein petitioners' remedy was converted from an *actio de mero hecho* to an *accion publiciana* since more than one (1) year had elapsed from the demand upon defendants to vacate. The Regional Trial Court concluded that herein petitioners could initiate a proper complaint with the Regional Trial Court.

Respondent Court of Appeals in a decision* in CA G.R. SP No. 31480 dated 19 November 1993 upheld the RTC. The Court of Appeals ruled that since herein petitioners were not collecting the rentals being deposited by private respondent, there no longer was any lease contract between the parties for two (2) years since the first letter of petitioners to private respondent. The Court of Appeals thus agreed that the proper remedy of petitioners is to file an action for recovery of possession in the Regional Trial Court.

We do not agree with the decision of the Court of Appeals, and hence set it aside.

Petitioners correctly cite our ruling in *Sy Oh v. Garcia*[2] upholding the established rule that the one (1) year period provided for in section 1, Rule 70 of the Rules of Court within which a complaint for unlawful detainer can be filed should be counted from the LAST letter of demand to vacate, the reason being that the lessor has the right to waive his right of action based on previous demands and let the lessee remain meanwhile in the premises.[3]

In the present case, it is of note that the first demand letter addressed by petitioners to private respondent gave the latter the option to either vacate the premises on or before 28 February 1990 or agree to execute a new lease contract for one (1) year at an increased rental rate of P2,500 per month. In *Vda. de Murga v. Chan*[4] we held that:

"The notice giving the lessee the alternative either to pay the increased rental or otherwise vacate the land is not the demand contemplated by the Rules of Court in unlawful detainer cases. When after such notice, the lessee elects to stay, he thereby merely assumes the new rental and cannot be ejected until he defaults in said obligation and necessary demand is first made."

The facts of this case do not warrant a departure from said settled doctrine. It should be noted that even if the private respondent was depositing rentals in trust for the petitioners, what was being deposited were rentals at the old rate, which petitioners were not bound to accept or withdraw. When private respondent elected to remain in the premises after petitioners had sent him the letter of 18 January 1990 giving him the option to vacate by 28

February 1990 or to sign a new lease contract for one (1) year at an increased rental rate of P2,500.00 (later reduced to P2,000.00) a month, he assumed the new rental rate and could be ejected from the premises only upon default and by a proper demand from the petitioners. The demand was made on 10 August 1992, followed by the action for unlawful detainer on 25 September 1992.

WHEREFORE, based on the foregoing, the decision of the Court of Appeals in CA G.R. SP No. 31480 is hereby SET ASIDE and a new decision rendered:

1. Ordering private respondent Lupo Calaycay to immediately vacate the premises located at 24-B Scout Santiago Street, Barangay Laging Handa, Quezon City.
2. Ordering private respondent Lupo Calaycay to pay back rentals in the amount of Two Thousand (P2,000.00) Pesos per month from March 1990 until he finally vacates the leased premises.
3. Ordering private respondent to pay Ten Thousand (P10,000.00) Pesos as attorney's fees.

Costs against private respondent.

SO ORDERED.

Narvasa, C.J., (Chairman), Regalado, and Puno, JJ., concur.
Mendoza, J., no part.

[1] Rollo, pp. 29-32.

* Penned by Justice Lourdes K. Tayao-Jaguros with Justices Vicente V. Mendoza and Jesus M. Elbinias concurring.

[2] G.R. No. L-29328, 30 June 1969, 28 SCRA 735.

[3] Racaza v. Susana Realty, Inc., G.R. No. L-20330, 22 December 1966, 18 SCRA 1172.

[4] G.R. No. L - 24680, 7 October 1968, 25 SCRA 441.

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.