

MELQUIADES D. AZCUNA, JR., PETITIONER, VS. COURT OF APPEALS, ET AL., RESPONDENTS.

G.R. No. 116665. March 20, 1996

Ponente: FRANCISCO, J.

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FRANCISCO, J.:

Under a one (1) year lease contract commencing on July 1, 1992 and ending on June 30, 1993 but renewable upon agreement, herein petitioner Azcuna, Jr., as lessee, occupied three (3) units (C, E and F) of the building owned by private respondent Barcelona's family. Came expiration date of the lease without an agreed renewal thereof and coupled by petitioner's failure to surrender the leased units despite private respondent's demands, private respondent filed before the Municipal Trial Court an ejectment case against petitioner. Judgment of that inferior court, affirmed in its entirety by the Regional Trial Court and herein public respondent Court of Appeals on subsequent appeals taken by petitioner, favored private respondent, the decretal portion of which reads:

"PREMISES CONSIDERED, judgment is hereby rendered in favor of the plaintiff, Ernesto E. Barcelona, ordering the defendant Melquiades D. Azcuna, Jr., and all persons claiming rights under him to vacate the premises known as Units C, E and F, in the building owned by plaintiff's family located along Congressional Avenue, Quezon City. Defendant is likewise ordered to pay the following:

"1. The sum of P25,000.00 monthly as rental for continued use by defendant of the three (3) units of leased premises in question starting July 1, 1993 less the amount that have been deposited or given by the defendant to the plaintiff up to such time the defendant and all persons claiming rights under him finally vacate the aforesaid premises;

"2. The further sum of P3,000.00 per day, by way of damages for his failure to turn over peacefully the three (3) commercial spaces to the plaintiff from July 1, 1993 until such time the defendant and all persons claiming rights under him vacate the premises;

"3. The further sum of P5,000.00 by way of attorney's fees; and,

"4. The cost of this suit.

"The counter-claim of the defendant is hereby Dismissed, for lack of merit.

"SO ORDERED."

Petitioner now comes to the Court via the instant petition not to contest his ouster from the leased premises nor the amount of monthly rental he was adjudged to pay until he vacates the same, but only to take particular exception to respondent CA's decision insofar as it affirmed the municipal trial court's award of P3,000.00 per day as damages (sub-paragraph 2 of the dispositive portion just quoted). It is petitioner's claim that such award, in addition to the fair rental value or reasonable compensation for the use and occupation of the premises (sub-paragraph 1), is improper in the light of the doctrine enunciated in the cases of "*Felesilda v. Villanueva*,"[1] "*Shoemart, Inc. v. CA*"[2] and "*Hualam Construction and Development Corp. v. CA*"[3] cited by petitioner, that

"the only damages that can be recovered in an ejectment suit are the fair rental value or the reasonable compensation for the use and occupation of the real property. Other damages must be claimed in an ordinary action."

Petitioner's reliance on such doctrine is misplaced, inasmuch as the "Felesilda," "Shoemart" and "Hualam" cases dealt with additional damages and charges other than liquidated damages, defined as "x x x those agreed upon by the parties to a contract, to be paid in case of breach thereof".[4] Here, the municipal trial court, in making the "P3,000.00 per day" award, was merely enforcing what was stipulated upon in black and white by private respondent-lessor and petitioner-lessee appearing in paragraph 10 of the lease contract which reads:

"That after the termination of the lease, the LESSEE shall peaceably deliver to the LESSOR the leased premises vacant and unencumbered and in good tenantable conditions minus the ordinary wear and tear. In case the LESSEE's failure or inability to do so, LESSOR has the right to charge the LESSEE P1,000.00 per day as damages without prejudice to other remedies which LESSOR is entitled in the premise." (Italics supplied)

This is clearly an agreement for liquidated damages - entitling private respondent to claim a stipulated amount by way of damages (correctly totalling P3,000.00 per day as there were three [3] units being leased by petitioner) over and above other damages still legally due him, i.e., the fair rental value for the use and occupation of the property as provided for in Section 8, Rule 70 of the Rules of Court. The freedom of the contracting parties to make stipulations in their contract provided they are not contrary to law, morals, good customs, public order or public policy is so settled, and the Court finds nothing immoral or illegal with the indemnity/ penalty clause of the lease contract (paragraph 10) which does not appear to have been forced upon or fraudulently foisted on petitioner. Petitioner cannot now evade further liability for liquidated damages, for "after entering into such an agreement, petitioner cannot thereafter turn his back on his word with a plea that on him was inflicted a penalty shocking to the conscience and impressed with iniquity as to call for the relief sought on the part of a judicial tribunal."[5]

The controlling case here is, as correctly invoked by private respondent, "Gozon v. Vda. de Barrameda"[6] which involved similar facts and the same issue raised by herein petitioner. There, the then Court of First Instance of Rizal affirmed the judgment of the then justice of the peace court of Caloocan in a detainer case ordering defendant-appellant Barrameda to pay complainant Gozon the sum of P 1,622.43 as rentals due up to July 3, 1958 plus P5,000.00 as liquidated damages, and costs. Appellant Barrameda likewise assailed the propriety of the P5,000.00 award in addition to the rentals. The Court upheld the then CFI's affirmatory decision by disposing of appellant Barrameda's protestation in this wise:

"This Court has often stated that inferior courts have exclusive jurisdiction over cases of forcible entry and detainer regardless of the value of damages demanded. It has also ruled that the damages that may be recovered in actions for ejectment are those equivalent to a reasonable compensation for the use and occupation of the premises by defendant. Nonetheless, this latter legal proposition is not pertinent to the issue raised in the instant case because here, the damage sought to be recovered had previously been agreed to by lessee (in the contract of lease) and imposed by lessor by way of damages. Besides, nobody can affirm that the liquidated amount of damages stipulated in the lease contract was not due to occupation or loss of possession of the premises and non-compliance with the contract." (Italics supplied)

WHEREFORE, the instant petition for review by way of certiorari is hereby DENIED.

SO ORDERED.

Narvasa, C.J. (Chairman), Davide, Jr., Melo, and Panganiban, JJ., concur.

[1] 39 SCRA 431.

[2] 190 SCRA 189.

[3] 214 SCRA 612.

[4] Article 2226, New Civil Code.

[5] *Limjoco v. CA and Robert Tan*, 37 SCRA 663,671.

[6] 11 SCRA 376.

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