

**LEGAR MANAGEMENT & REALTY CORPORATION, PETITIONER,
VS. COURT OF APPEALS, HON. JUAN O. ENRIQUEZ, JR., FELIPE
PASCUAL, AND DIONISIO ANCHETA, RESPONDENTS.**

G.R. No. 117423. January 24, 1996

Ponente: PUNO, J.

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PUNO, J.:

This is an appeal from the Decision, dated July 6, 1994, of the Court of Appeals[1], affirming the reversal by the Regional Trial Court of Quezon City, Branch 92, of the Decision[2] of the Metropolitan Trial Court of Quezon City, Branch 31, the dispositive portion of which reads, as follows:

"In view of the foregoing, this Court finds the plaintiff's (herein petitioner's) claim to have been duly established against defendants (herein private respondents) Felipe Pascual and Dionisio Ancheta, and therefore renders judgment against (them), ordering said defendants (private respondents), as follows:

1. Ordering the defendants (private respondents) and all persons claiming rights under them to vacate the premises at No. 318-T E. Rodriguez, Sr. Blvd., Quezon City and surrender possession thereof to plaintiff (petitioner);
2. Ordering the defendants (private respondents) to pay the sum of TWO THOUSAND PESOS (P2,000.00) as and for, attorney's fees; and
3. Ordering the defendants (private respondents) to pay the costs of suit.

"SO ORDERED." [3]

The facts are undisputed.

Spouses Augusto and Celia Legasto owned an apartment building located along E. Rodriguez, Sr. Boulevard in Quezon City. They entered into a written contract of lease with no definite period with private respondents Pascual and Ancheta, covering unit 318-T of the building. Sometime in 1987, the Legasto spouses and their children organized petitioner Legar Management & Realty Corporation, and transferred and assigned thereto all their rights, interests, and privileges over certain properties, including the subject apartment building.

Thereafter, petitioner allowed private respondents to continue occupying their apartment unit by virtue of a verbal contract of lease which was renewable on a month-to-month basis. Pursuant to their verbal lease agreement, private respondents were to pay petitioner a monthly rental of One Thousand Five Hundred Forty-Five Pesos (P1,545.00).

On April 21, 1992, petitioner wrote private respondent Pascual a formal notice of termination, requesting him to vacate unit 318-T by the end of May, 1992. A similar formal notice was sent to -private respondent Ancheta on June 4, 1992, demanding vacation of the same unit by the end of June, 1992. Both refused to heed petitioner's demand and did not vacate the subject premises.

Petitioner instituted an ejectment case against private respondents with the Metropolitan Trial Court of Quezon City. The case was docketed as Civil Case No. 6011, and raffled to Branch 31 of the court.[4]

At the end of trial, the MTC found for petitioner and held that the verbal lease contract between the parties, being on a month-to-month basis, is for a definite period, and may be terminated at the end of any month. On appeal, the Regional Trial Court of Quezon City, Branch 92,[5]reversed the MTC Decision, holding that "the mere expiration of the month-to-month lease period in accordance with Article 1687 of the New Civil Code does not automatically give rise to an ejectment in cases governed by the Rent Control Law, in view of Section 6 of Batas Pambansa Blg. 877, as amended. There is need for existence of other grounds enumerated under Section 5 of B.P. Blg. 877, as amended, in order to eject a lessee."

The RTC Decision was upheld by the Court of Appeals which ruled, *inter alia*, that:

"As held in *Rivera vs. Florendo xxx*, reiterated in *Miranda vs. Ortiz xxx*, independently of the grounds for ejectment enumerated in Batas Pambansa Blg. 25 (now Batas Pambansa Blg. 877, extended by Republic Act Nos. 6643 and 6828), the owner/lessor cannot eject the tenant by reason of the expiration of the period of lease as fixed or determined under Article 1687 of the Civil Code. Even if in the instant case the month-to-month period is deemed to have expired at the end of the month after notice of demand to vacate xxx, (private) respondents' eviction cannot be allowed without regard to the grounds for ejectment enumerated in Section 5 of Batas Pambansa Blg. 877." [6] (Citation omitted.)

Petitioner now impugns the Decision of the Court of Appeals as against existing law and jurisprudence.

The petition is meritorious.

The issue is whether the lessee of a residential property covered by the Rent Control Law can be ejected on the basis alone of the expiration of the verbal lease contract under which rentals are paid monthly. We resolved this issue in the affirmative- in the case of *Acab vs. Court of Appeals*, G.R. No. 112285, February 21, 1995, 241 SCRA 546.

We held:

"Section 6 of Batas Pambansa Blg. 877, which is exactly the same as Section 6 of Batas Pambansa Blg. 25, provides that:

'Sec. 6: Application of the Civil Code and Rules of Court of the Philippines. - Except when the lease is for a definite period, the provisions of paragraph (1) of Article 1673 of the Civil Code of the Philippines, insofar as they refer to residential units covered by this Act, shall be suspended during the effectivity of this Act, but other provisions of the Civil Code and the Rules of Court on lease contracts, insofar as they are not in conflict with the provisions of the Act shall apply.'

In a long line of cases, xxx beginning with *Rivera v. Florendo*, 143 SCRA 278 (1986), this Court has held that said provision does not suspend the effects of Article 1687 of the New Civil Code which provides as follows:

'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 it 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 lessee 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. In case of daily rent, the courts may fix a longer period after the lessee has stayed in the place for over one month.'

Thus, we have held that lease agreements with no specified period, but in which rentals are paid monthly, are

considered to be on a month-to-month basis. xxx They are for a definite period and expire after the last day of any given thirty-day period, upon proper demand and notice by the lessor, to vacate. xxx

"In the case at bench, it was found by all three lower courts that the lease over the subject property was on a month-to-month basis, and that there was proper notice of non-renewal of contract and demand for vacation of premises made by petitioners on private respondent. Unquestionably, therefore, the verbal lease agreement entered into by private respondent and petitioners' father and predecessor-in-interest has been validly terminated, in which case there is sufficient cause for ejectment under Section 5(f) of Batas Pambansa Blg. 877 which reads:

'Sec. 5: Grounds for Judicial Eject-ment. -Ejectment shall be allowed on the following grounds:

'xxx xxx xxx

(f) Expiration of the period of the lease contract.'

This is in line with Our holding in the case of *Palanca v. Intermediate Appellate Court*, 180 SCRA 119 (1989), that:

'In the recently decided case of *Uy Hoo and Sons Realty Development Corporation v. Court of Appeals and Thomas Kuan*,^[7] xxx, this Court ruled that a month to month lease under Article 1687 is a lease with a definite period, the expiration of which upon previous demand by the lessor to vacate, can justify ejectment.

"The Court noted that notwithstanding the fact that the *Miranda*^[8] case and the *Rivera*^[9] case quoted therein involved a need for the lessor to re-possess the leased premises for his own use, (which fact is not present in this case), the Court applied the ruling therein on the ground that:

'xxx the thrust of the decision in said cases appears to be that 'the determination of the period of a lease agreement can still be made in accordance with said Article 1687, and that in a month to month lease situation, when peti-tioners (lessor) gave private respondent (lessee) notice to vacate the premises in question, the contract of lease is deemed to have expired as of the end of the month.'"

IN VIEW WHEREOF, the petition is GRANTED. The Decisions of the Court of Appeals in CA-G.R. SP No. 32152, dated July 6, 1994, and of the Regional Trial Court of Quezon City, Branch 92 in Civil Case No. Q-93-15330, dated August 26, 1993, are REVERSED AND SET ASIDE. The Decision, dated February 2, 1993, of the Metropolitan Trial Court of Quezon City, Branch 31, is REINSTATED. No costs.

SO ORDERED.

Regalado, (Chairman), Romero, and Mendoza, JJ., concur.

[1] Eighth Division, composed of Justices Pedro A. Ramirez (ponente), Cancio C. Garcia, and Hector L. Hofilena.

[2] Dated February 2, 1993.

[3] Rollo, p. 37.

[4] Presided over by Judge Mariano M. Singzon, Jr.

[5] Presided over by respondent Judge Juan Q. Enrique, Jr.

[6] Rollo, p. 33.

[7] 174 SCRA 100 (1989).

[8] Referring to *Miranda v. Ortiz*, 156 SCRA 10(1987).

[9] Referring to *Rivera v. Florendo*, *op cit*.

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