

FELIXBERTO BULAHAN, ET AL., PLAINTIFFS AND APPELLANTS, VS. JUAN E. TUASON, ET AL., DEFENDANTS AND APPELLEES.*G.R. No. 12020. August 31, 1960*

Ponente: GUTIERREZ DAVID, J.

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This is an action filed by. plaintiffs Felixberto Bulahan, Angel Eguaras, Juana T. de la Vina, Jesusa Vda. de Pickett, Marcela Vda. de Cassalla, and Maria Orense de Casas with the Court of First Instance of Manila "to fix a reasonable rental and a reasonable duration for the lease of the lots" respectively occupied by them and belonging to defendants Juan E. Tuason and Consuelo T. Casas.

The pertinent facts are not disputed. It appears that plaintiffs were lessees of various lots in the City of Manila, belonging to defendants, which formed part of what was formerly known as the Hacienda de Sta. Mesa y Diliman. The lease contracts were for a definite period and expired on December 31, 1953. As early as January of that year, defendants sent letters to plaintiffs informing them of the expiry date of their lease contracts and offering to renew the same for one year at an increased yearly rental of 12 per cent of the annual assessment value of the leased property. Plaintiffs, however, rejected or ignored the proposed terms for the renewal of the lease contracts, and after the expiration thereof, they not only refused to pay the new rents fixed by defendants, but also continued to occupy the premises. Fearing that defendants would bring an action of illegal detainer to eject them, plaintiffs on February 13, 1954 filed the present action, depositing in court the rentals for one whole year in the amounts respectively stipulated by them in the lease contracts that have already expired.

In their answer, defendants alleged, among other things, that plaintiffs are possessors in bad faith since their lease contracts have already expired. Their answer also contains a counterclaim for damages, alleging that plaintiffs are illegally in possession of the lots involved and praying that they be ordered to vacate and return possession thereof to defendants, to remove their buildings thereon, and to pay the new rents with legal interests, plus the annual real taxes thereon.

Upon a stipulation of facts and after the submission by the parties of their respective memorandum, the lower court, on August 29, 1956, rendered a decision, holding that it "has no authority to renew the contract that had already expired nor to fix the duration thereof, as well as the amount of rentals that occupants should pay on their respective lots." Before the decision could become final, defendants moved to amend it so as to make it conform with the findings therein. Acting upon that motion, the lower court, on September 29, 1956, rendered a "supplementary decision" ordering plaintiffs to vacate the lots, remove their building thereon and return the possession of the said lots to defendants. Plaintiffs were likewise ordered to pay to defendants various sums representing the just and reasonable rental of the lots respectively occupied by them, with legal interest, plus the real estate taxes thereon.

Reconsideration of the main as well as the supplementary decision having been denied, plaintiffs appealed to this Court.[1]

It is plaintiffs' contention that the court below has authority to fix a reasonable rental for, as well as the duration of, their continued occupation of the lots in question. The contention cannot be sustained. The rule is settled that the owner of the land leased has the right not only to terminate the lease at the expiration of the term, but also to demand a new rate of rent. The tenant or lessee has the option either to accept the new rent or vacate the premises. (*Iturralde vs. Alfonso*, 7 Phil., 576; *Iturralde vs. Evangelista*, 7 Phil., 588; *Iturralde vs. Magcaluas*, 9 Phil., 599; *Cortez vs. Ramos*, 46 Phil., 189). As plaintiffs, after the termination of their lease, refused either to pay the new rent or to vacate the lots after the termination of their lease, they have evidently become deforciants, and can be ousted judicially without the need of a demand. (*Co Tiamco vs. Diaz*, 75 Phil., 672; Art. 1669, new Civil Code).

This case is similar to the case of *Lim Si vs. Lira*, 98 Phil., 868; 53 Off. Gaz., (4) 1098. In that case, the plaintiff-lessee refused to pay the increased rentals fixed by the defendant-lessor, and instead filed an action against the latter, praying that a reasonable rental be fixed by the court. Speaking through Mr. Justice Alejo Labrador, this Court said:

"The plaintiff has no cause of action against defendant, because there neither has been a violation of a right belonging to the plaintiff nor a breach of duty or obligation on the part of the defendant. * * * As defendant disagreed with the rents fixed by the lessor and owner, his duty is to get out of the premises; he has absolutely no right to have the court fix the rents and continue occupying the premises pending judicial determination of the said rents. But as he continues occupying the premises and at the same time refuses to pay the rents fixed by the owner, it is the defendant-lessor who has a cause of action against him for his illegal occupancy. Only the owner has the right to fix the rents. The court cannot determine the rents and compel the lessor or owner to conform thereto and allow the lessee to occupy the premises on the basis of the rents fixed by it."

The case of *Archbishop of Manila vs. Ver* (73 Phil., 363) cited by plaintiffs is not in point. That case is an ejectment proceeding instituted by the lessor against the lessee, where the determination of the reasonableness of the rentals and the right of the lessee to stay on the property properly belong. (See *Ching Pue vs. Gonzales*, 87 Phil., 81; 47 Off. Gaz., [12fch Sapp.] 282).

Plaintiffs also invoke Republic Act No. 1162, as amended, which provides, among other things, for the expropriation of landed estates in Manila, and for the suspension, from the approval of the Act (on June 18, 1954) and even before the commencement of the expropriation, of ejectment proceedings against the tenants thereof for a period of 2 years, upon motion of the defendants, such suspension to continue upon the filing of the expropriation proceeding until its final determination. The Act, likewise, authorizes the courts to fix, during the period that ejectment proceedings are suspended a reasonable rental not exceeding 12% (reduced to 8% by Republic Act No. 1599, approved June 17, 1956) of the assessed value of the land. This Court, however, has already held that said Republic Act No. 1162 applies only when expropriation has actually been commenced, for, otherwise, the mere allegation that the Government may someday undertake to expropriate the property would prevent the landowner from protecting his interest, and place him at the mercy of an unscrupulous tenant. (*Teresa Realty vs. State Construction & Supply*, 105 Phil., 353; *San Jose vs. Lucero*, G. R. No. L-9062, July 31, 1956). In the present case, there is no showing that the Government has taken any step relative to the expropriation of the property involved, nor is there even the least indication that one will ever be instituted.

Plaintiffs also contend that the lower court had no authority to render the "supplementary decision" ejecting them from the premises and ordering the removal of the buildings and the payment of rental with interest, plus real estate taxes. That decision, however, was rendered before the judgment of August 29, 1956, which it amends, became final, and the relief granted therein was expressly prayed for in defendants' counterclaim. Of course, defendants' counterclaim, which is in the nature of an action for unlawful detainer, was filed on March 3, 1954, or only more than two months after the termination of the lease, and the rule is that an action for unlawful detainer filed within one year from the expiration or termination of the right to hold possession falls within the exclusive

jurisdiction of the inferior courts. It will be observed, however, that the case was finally disposed of by the court below in 1956, or about three years after the termination of the lease. Apparently, the relief prayed for by defendants in their counterclaim was granted by the court below in order to avoid multiplicity of suits and to administer practical and speedy justice, it appearing from the pleadings, stipulation of facts, and its findings in the decision of August 29, 1956 that plaintiffs have no right to legitimately continue in the use and enjoyment of the premises and consequently can be ousted judicially. Under the circumstances, we do not think the lower court committed any reversible error in ordering plaintiffs to vacate the lands in question, remove their buildings thereon, and to pay to defendants the just and reasonable rentals for the use and occupation thereof.

In view of the foregoing, the main and supplementary decisions appealed from are hereby affirmed, with costs against plaintiffs-appellants.

Paras, C. J., Bengzon, Bautista Angelo, Concepcion, Reyes, J. B. L., and Barrera, JJ., concur.

Padilla, J., took no part.

[1] Plaintiff Felixberto Bulahan, however, filed a motion to dismiss his appeal, it being alleged that he had already vacated the lot occupied by him and sold the building to defendant Tuason. Plaintiff Angel Eguaras also filed a similar motion on the ground that the lot occupied by him had already been bought by his sister. Both plaintiffs likewise alleged that they had paid in full all back rentals as well as the real estate taxes beginning January 1, 1954. There being no objection on the part of defendant Tuason, the owner of the lots, this Court resolved to grant their motions.

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