

JACOBO DIVINO, PLAINTIFF AND APPELLEE, VS. RAMONA FABIE DE MARCOS AND VENTURA MARCOS, DEFENDANTS AND APPELLANTS.*G.R. No. 13924. January 31, 1962*

Ponente: PAREDES, J.

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The parties agreed that judgment be rendered on the pleadings.

According to the complaint: The defendant Ramona Fabie de Marcos is the owner of a big parcel of land called Hacienda Fabie, in the districts of Paco and Sta. Ana, Manila, being administered by defendant Ventura Marcos; that on May 7, 1936, plaintiff purchased from one Antonio Castro, the house located at 2633 Herran, a lot pertaining to the Hacienda, which was built thereon years before the date of the purchase; that before buying the house, plaintiff was assured by the owner of the house and the rental collector, that it will remain thereon as long as rental is paid for; that in 1953, to show that he meant the assurance well, Marcos reduced the rental from P24.00 to P22.00 a month; that on August 23, 1955, defendants herein filed a complaint for Ejectment with the Municipal Court of Manila against the herein plaintiff for having failed to pay the rentals from February 1954 to May, 1955 at the rate of P22.00 a month and to compel him to pay an increased rental at P40.00 a month beginning August 1, 1955, which the municipal court dismissed on September 1, 1955, ordering the plaintiffs therein (defendants herein) to pay defendant therein (plaintiff herein) P200.00 as damages; that on appeal, the CFI affirmed the said judgment; that thereafter, defendants informed the plaintiff that the contract of lease would be terminated on April 30, 1956; that there was no written agreement between the parties as to the manner the rentals would be paid; that although they were usually paid monthly, on several occasions, however, the defendants had allowed the plaintiff to pay the rentals beyond one month; that if the intention of defendants was to increase the rentals from P22.00 to P40.00 monthly, plaintiff was willing to pay not more than P30.00 monthly; that because of the ejectment case, plaintiff had suffered P1,000.00 as damages, P500.00 for attorney's fees and P60.00 each day of trial; that because of the assurances aforesaid, plaintiff made improvements, repairs and additions to his house in the sum of about P3,000.00; and that due to the filing of the present complaint, plaintiff was compelled to hire counsel for P500.00 and suffered damages in the sum of about P500.00.

The Answer denied the giving of assurances, alleging that the persons who supposedly made them had no legal capacity or personality to bind the defendants; that the ejectment case was dismissed by agreement of the parties; that defendants had notified the plaintiff that the lease contract was deemed terminated on April 30, 1956; that in the instances of failure to pay the rentals on time, the defendants just permitted the payment at later dates, as act of grace; that the termination of the lease contract was "por pura conveniencia de sus intereses y no por motivos ulteriores" that the P30.00 monthly rental offered by the plaintiff was completely inadequate, considering that the lot/consisting of 221 square meters is now valued at P15,000.00. As special defenses, the defendants claim that the allegations of the complaint did not state a cause of action; that the ejectment case constitutes res judicata to the present action and the court lacks jurisdiction to take cognizance of the same. As counter-claim, defendants alleged that because of the unlawful detention of the lot, they were entitled for the use of the same, in the sum of

P10.00 daily from May 1, 1956, until its delivery and that defendants had to employ the services of counsel for P2,000.00.

On November 16, 1956, the trial court rendered the following decision:

"When plaintiff's petition was called for hearing, the parties agreed that judgment be rendered on the pleadings in connection with such petition. According to the pleadings, there is no controversy that plaintiff has been occupying the lot in question since May 7, 1936, when he purchased from one Antonio Castro the house constructed thereon. It also appears that plaintiff was assured by the defendants that the house bought would remain thereon as long as plaintiff continues paying his rents. It further appears that on March 19, 1947, plaintiff constructed an addition to the house with the knowledge and consent of the defendants. Said addition cost the plaintiff the amount of P20,000.00.

There is no written agreement as to the duration of the lease between plaintiff and defendants. The fact remains that plaintiff entered the premises with the knowledge and consent of the defendants and with the assurance of the latter that the plaintiff could remain occupying the lot as long as he pays the corresponding rents.

It seems that Art. 1687 of the new Civil Code is applicable. The question, therefore, is what period may the Court allow the plaintiff to remain, in the premises in question. To determine the period, the Court must take into consideration the circumstances surrounding the case. The plaintiff in this case is an intelligent man. He being a lawyer, it is presumed that he knows the law. The Court is, therefore, inclined to believe that plaintiff entered the premises and introduced improvements thereon with the knowledge and consent of the defendants. Plaintiff, aside from the purchase price of the house, also introduced improvements in the amount of P20,000.00.

Plaintiff's contention that Republic Act No. 1599 is applicable in the instant case, is untenable.

In view of the foregoing, judgment is hereby rendered ordering the defendants to execute a contract of lease in favor of the Plaintiff for a period of two years. Defendants' counterclaim is hereby dismissed. No pronouncement as to costs".

The motions for reconsideration filed by both parties were denied, but only the defendants had appealed. The Court of Appeals certified the case to this Court, as the issues presented are purely legal in character.

In this appeal, the defendants-appellants submit two dominant propositions: (1) The trial court had no authority or jurisdiction to order them (defendants-appellants) to execute a lease contract in favor of the plaintiff-appellee for a period of 2 years, when the lease contract between them was already terminated; and (2) The trial court erred in (a) not fixing the date of rentals to be paid for the occupation of the lot, as well as attorney's fees, and (c) not ordering the automatic delivery or return of the possession of the lot to the defendants, upon the expiration of the period of two years, without further proceedings ("sin tramites ulteriores").

(1) We are of the opinion that the trial court was correct in applying Article 1687, in connection with Article 1197 of the new Civil Code, in this case. Article 1687 states:—

"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 lessee has occupied the premises for over one year. If the rent is weekly, the Court may likewise determine a longer period after the lessee has been in possession for over six months. In case of daily rent, the court may also fix a longer period after the lessee has stayed in the place for over one month."

Commenting on the quoted article, this Court has said:—

"* * * the power of the courts to 'fix a longer term for lease' is potestative or discretionary,—'may' is the word—to be exercised or not in accordance with the particular circumstances of the case; a longer term to be granted where equities come into play demanding extension, to be denied where none appear, always with due deference to the parties' freedom to contract * * *" (Acasio vs. Corp. de los PP Dominicos de Filipinas, 100 Phil., 523; 53 Off. Gaz., 8066).

The lot in question has been rented to the petitioner for about 20 years and his predecessor in interest for more. Even though rentals had been paid monthly, still no period for the duration of the lease had been set. The lease had been consistently and tacitly renewed ("tacita reconduccion") until the ejectment case was filed (Co Tiam vs. Diaz, 75 Phil, 672; Villanueva vs. Canlas. 77 Phil, 381; Art. 1670 N.C.C.; Art. 1566 Old Civil Code). Having made substantial or additional improvements on the lot, and considering the difficulty of looking for another place to which petitioner could transfer such improvements, and the length of his occupancy of the lot (since 1936) and the impression acquired by him that he could stay on the premises, as long as he could pay the rentals, it would seem that there exists just grounds for granting the extension of lease and that the extension of two years granted by the trial court, is both fair and equitable.

2. To obviate difficulty or impossibility for the parties to reach an agreement as to the date the period of two years would start to run, we hold that the period should commence from February 19, 1957, the date of the denial of the motion for reconsideration, filed by the plaintiff. As far as the plaintiff is concerned, the decision became final on said date, for his failure to appeal.

The rental of the lot which should be paid during the period of extension is P22.60 monthly. That was the rental plaintiff was paying, when the ejectment proceeding was initiated. But the appellee himself offered in his pleadings the sum of P30.00 which we deem reasonable, under the circumstances then obtaining. We, therefore, hold that plaintiff should pay P30.00 monthly rental, during the period of extension.

With respect to the automatic delivery of possession, without ulterior proceedings, we are of the opinion that the parties should be left to take such action as they deem proper under the law, when the occasion arises.

The execution of a new contract of lease between the parties, seems unnecessary, because the decision of this Court, final and definitive, will more than serve the purpose. It appearing that the respective contentions of the parties are not altogether unfounded, the trial court did not commit error in not providing attorney's fees, for either of them (Art. 2208, Civil Code).

Plaintiffs-appellees' contention that Republic Act No. 1599, is applicable in the instant case, was correctly held untenable by the trial court. As late as May 29, 1961, the parties were directed to show cause why the case at bar should not be dismissed for being moot, in view of the information that the Republic of the Philippines had already expropriated the property known as Fabie Estate in Paco, Manila, involved in the present case and that the Land Tenure Administration had assumed administration of said Estate (Republic vs. Vda. de Caliwan, 112 Phil., 492). From the manifestation and pleadings of the parties, however, it appears that the Estate in question has not been the object of expropriation proceedings under Act No. 1159.

Modified, in the manner indicated above, the judgment appealed from is hereby affirmed in all other respects, with costs against plaintiff-appellee Jacobo Divino.

Bengzon, C. J., Baustista Angelo, Labrador, Concepcion, Reyes, J. B. L., Barrera, Dizon, and De Leon, JJ., concur.

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