

**DATALIFT MOVERS, INC. AND/OR JAIME B. AQUINO, PETITIONERS,
VS. BELGRAVIA REALTY & DEVELOPMENT CORPORATION AND
SAMPAGUITA BROKERAGE, INC. RESPONDENTS.***G.R. NO. 144268. August 30, 2006*

Ponente: GARCIA, J.

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In an action for ejectment filed by Sampaguita Brokerage, Inc. and its sister company, Belgravia Realty & Development Corporation, against the herein petitioners Datalift Movers, Inc. and/or Jaime B. Aquino, the Metropolitan Trial Court (MeTC), of Manila, Branch 3, later the Regional Trial Court (RTC) of Manila, Branch 36, and eventually the Court of Appeals (CA) in CA-G.R. SP No. 52189 are one in ordering the petitioners' ejectment from the premises involved in the suit and their payment of unpaid rentals, attorney's fees and costs. Undaunted, the petitioners have come to this Court via this petition for review with application for a temporary restraining order and/or preliminary injunction to seek the reversal of the affirmatory decision of the CA, including those of the courts below it.

We likewise AFFIRM, but first the facts:

The premises involved in this case is a warehouse (bodega) used by petitioner Datalift Movers, Inc. (Datalift for short) for its cargoes in connection with its brokerage business. The warehouse stands on a 3,967.70 squaremeter lot owned by the Philippine National Railways (PNR) and located at No. 883 Santibañez Street corner Cristobal Street, Pandacan, Manila.

Sometime in 1987, PNR leased out the lot to Sampaguita Brokerage, Inc. (Sampaguita, hereafter), pursuant to a written contract commencing on July 1, 1987 and terminating on June 30, 1990 for a monthly rental of P6,282.49, subject to a ten (10%) percent increase every year.

Sampaguita thereafter entered into a special arrangement with its sister company, Belgravia Realty & Development Corporation (Belgravia for short) whereby the latter would put up on the lot a warehouse for its own use. True enough, Belgravia did put up a warehouse occupying an area of about 3,000 squaremeters of the lot. However, instead of using the said warehouse for itself, Belgravia sublet it to petitioner Datalift, represented by its president Jaime B. Aquino, pursuant to a 1-year written contract of lease^[1] dated October 2, 1990, commencing on October 5, 1990 and ending on October 5, 1991, subject to extension upon mutual agreement by the parties. By the terms of lease, Datalift shall pay Belgravia a monthly rental of P40,000.00 payable on or before the 15th day of each month, provided an advance rental for two (2) months is paid upon execution of the contract.

After the one year contract period expired, lessee Datalift continued in possession and enjoyment of the leased warehouse, evidently by acquiescence of lessor Belgravia or by verbal understanding of the parties. Subsequently, Belgravia unilaterally increased the monthly rental to P60,000.00 starting June 1994 to October 1994. Monthly rental was again increased from P60,000.00 to P130,000.00 beginning November 1994 onwards, allegedly in view of the increased rental demanded by PNR on Sampaguita for the latter's lease of the former's lot whereon the

warehouse in question stands. Because of the rental increase made by Belgravia, Datalift stopped paying its monthly rental for the warehouse. Thereafter, Sampaguita addressed demand letters to Datalift asking the latter to pay its rental in arrears in the amount of P4,120,000.00 and to vacate and surrender the warehouse in dispute. The demands having proved futile, Belgravia and/or Sampaguita filed with the MeTC of Manila their complaint[2] for ejectment against Datalift and/or its controlling stockholder, Jaime B. Aquino.

In their Answer with Counterclaim,[3] the defendants interposed the following defenses:

- 1) Sampaguita has no cause of action against them, not being a party nor privy to the Datalift-Belgravia contract of lease;
- 2) Under the PNR-Sampaguita contract of lease over the PNR lot, Sampaguita is prohibited from subleasing the property;
- 3) The same PNR-Sampaguita contract had allegedly expired;
- 4) Lessor Belgravia likewise has no cause of action because it was neither the owner nor lessee of the lot whereon the warehouse stands.

By way of counterclaim, defendants Datalift and Aquino prayed for the refund by Belgravia of the rentals they paid during the entire period of their lease of the warehouse, plus exemplary damages and litigation expenses.

In a decision[4] dated October 16, 1997, the MeTC of Manila, Branch 3, rendered judgment for plaintiffs Sampaguita and Belgravia but reduced the amount of rental arrearages to a reasonable level of P80,000.00 a month, saying:

Upon the other hand, this Court is not persuaded or inclined to favor the very substantial increase in the amount demanded by Sampaguita and/or Belgravia upon Datalift, from P60,000.00 to P130,000.00 per month. Such increase is arbitrary, highly unconscionable and beyond the ambit of equity and justice considering that the original agreed rental on the premises in 1990 was only P45,000.00 per month, the latter increase to P60,000.00 per month. The unilateral increase of P70,000.00 making the monthly rental P130,000.00 effective June, 1994, is, as earlier said, beyond the conscience of man. Belgravia would be guilty likewise, of unjust enrichment.

The increase in rental for P60,000.00 per month to P80,000.00 per month, following the trend in the amount of increase during the previous years would, to the mind of the Court be reasonable and justified. Thus, the rental in arrears due and demandable upon defendants would be P20,000.00 per month from June, 1994 to October, 1994, defendants having paid already P60,000.00 per month during the five (5) months period, the P80,000.00 per month from November, 1994 to the present.

In the same decision, the MeTC rejected the defendants' challenge against Belgravia's title over the PNR lot occupied by the subject warehouse.

More particularly, the MeTC decision dispositively reads:

WHEREFORE, premises considered, the Court finds and so hold that plaintiffs have proven their case against defendants by preponderance of evidence sufficient to grant what is prayed for in their Complaint with certain modification and hereby renders judgment:

- 1) Ordering defendants and all persons, natural or juridical, claiming rights, interest or title under them, to vacate and surrender peacefully to plaintiffs that warehouse and the area/premises occupied by them located at No. 883 Santibañez Street corner Cristobal Street, Pandacan, City of Manila;
- 2) Ordering defendants to pay plaintiff Belgravia the difference of P20,000.00 from what had been already

paid of P60,000.00 per month for the months of June, 1994 to October, 1994 or a total of P100,000.00; and the unpaid rentals at P80,000.00 per month from November, 1994 to the present and until defendants vacate and surrender the warehouse and premises subject of this litigation;

3) Ordering defendants to pay plaintiff P30,000.00 for and as attorney's fees and expenses of litigation, and

4) To pay the cost of suit.

SO ORDERED.

Obviously dissatisfied, both parties appealed to the RTC whereat the appeal was raffled to Branch 36 thereof. In their appeal, Datalift and its co-defendant Jaime B. Aquino questioned the MeTC's finding that there was an implied new lease between PNR and Sampaguita on the lot on which the warehouse in question stands, and accordingly fault the same court for ordering them to vacate the same warehouse and to pay rentals as well as attorney's fees and litigation expenses.

For their part, Sampaguita and Belgravia assailed the MeTC decision for not ordering Datalift and Aquino to pay the increase rental of P130,000.00 a month beginning June 1994, and for not ruling that both defendants are jointly and subsidiary liable for the amounts awarded to them.

In a decision[5] dated March 11, 1999, the RTC, reechoing the MeTC's ruling on the authority of Sampaguita and Belgravia to institute the complaint for ejectment as well as the same court's finding as to the reasonable amount of rental in arrears due Belgravia, affirmed in toto the assailed MeTC decision, thus:

In the light of the foregoing, the assailed decision of MeTC of Manila, Branch 3 is affirmed in toto.

SO ORDERED.

This time, only Datalift and its co-petitioner Jaime B. Aquino elevated the case to the CA in CA-G.R. SP No. 52189.

Again, in a decision[6] dated August 4, 2000, the CA dismissed the petitioners' recourse thereto and affirmed with slight modification the challenged affirmatory decision of the RTC, to wit:

WHEREFORE, the petition is DISMISSED and the decision of the Regional Trial Court, Branch 36, Manila, dated March 11, 1999, affirming in toto the decision of the Metropolitan Trial Court, Branch 3, is hereby AFFIRMED, except that the award of P30,000.00 as attorney's fees is DELETED.

SO ORDERED.

Still unable to accept the adverse decisions of the three (3) courts below, the petitioners are now with this Court via this petition for review on their submission that the CA erred:

XXX IN HOLDING THAT AN IMPLIED NEW LEASE WAS CREATED BETWEEN PNR AND RESPONDENTS (i.e. SAMPAGUITA and BELGRAVIA) WHEN THE FORMER DID NOT TAKE POSITIVE ACTION TO EJECT THE LATTER FROM THE SUBJECT PREMISES.

XXX IN HOLDING THAT PETITIONERS HAVE NO PERSONALITY TO QUESTION WHETHER AN IMPLIED NEW LEASE WAS CREATED BETWEEN PNR AND THE RESPONDENTS.

The petition lacks merit.

Petitioners first fault the CA for affirming the RTC and the MeTC which ruled that the subject warehouse and the land and area which it occupies rightfully belong to respondent Belgravia, not Datalift, for an implied new lease was created between PNR, the acknowledged owner of the lot, and Sampaguita, Belgravia's sister company,

which, by virtue of a special arrangement, Sampaguita allowed Belgravia to construct a warehouse on the leased lot and sub-leased the same to Datalift.

At first glance, the petitioners' argument may appear to have some merit, but it is still insufficient to warrant a reversal of the CA decision.

Relative to the first argument, the CA decision pertinently reads:

There is no definite showing that the lease contract between PNR and Sampaguita Brokerage, Inc. had been effectively terminated. As held by the court a quo: "(B)y PNR not taking a positive action to eject Sampaguita from the leased premises up to the present, again, there is a tacit renewal of the lease contract between PNR and Sampaguita.(Emphasis in the original.)

The Rules of Court already sufficiently shields respondent Belgravia, as lessor, from being questioned by the petitioners as lessees, regarding its title or better right of possession as lessor because having admitted the existence of a lessor-lessee relationship, the petitioners are barred from assailing Belgravia's title of better right of possession as their lessor.

Section 2, Rule 131, of the Rules of Court provides:

SEC. 2. Conclusive presumptions. -- The following are instances of conclusive presumptions:

(a) Whenever a party has, by his own declaration, act, or omission, intentionally and deliberately led another to believe a particular thing true, and to act upon such belief, he cannot, in any litigation arising out of such declaration, act or omission, be permitted to falsify it;

(b) The tenant is not permitted to deny the title of his landlord at the time of the commencement of the relation of landlord and tenant between them. (Underscoring ours.)

Conclusive presumptions have been defined as "inferences which the law makes so peremptory that it will not allow them to be overturned by any contrary proof however strong."^[7] As long as the lessor-lessee relationship between the petitioners and Belgravia exists as in this case, the former, as lessees, cannot by any proof, however strong, overturn the conclusive presumption that Belgravia has valid title to or better right of possession to the subject leased premises than they have.

It was superfluous on the part of the MeTC to rule on the source or validity of Belgravia's title or right of possession over the leased premises as against the petitioners as lessees in this case. If at all, Belgravia's title or right of possession should only be taken cognizance of in a proper case between PNR and Belgravia, but not in the present case. Any ruling which the court may render on this issue will, at the very least, be an obiter dictum, if not outrightly ultra vires.

The apparent error made by the MeTC will, however, not affect the result of the judgment rendered in this case. In fact, the application of the rule on conclusive presumption under the afore-quoted Section 2, Rule 131 strengthens the position of the MeTC that the petitioners may be validly ordered to vacate the leased premises for nonpayment of rentals. Likewise, the logical consequence of the operation of this conclusive presumption against the petitioners is that they will never have the personality to question whether an implied new lease was created between PNR and the respondents, because so long as there is no showing that the lessor-lessee relationship has terminated, the lessor's title or better right of possession as against the lessee will eternally be a non-issue in any proceeding before any court.

Additionally, as correctly pointed out by the CA, being non-privies to the contract of lease between PNR and respondent Sampaguita, the petitioners have no personality to raise any factual or legal issue relating thereto.

Despite non-merit of petitioners' arguments, and notwithstanding the petitioners' failure to assail the accuracy of the dates when the increase of rental from P60,000.00 to P130,000.00 was effected, in the interest of justice, the Court shall correct this plain error, and adjust the rental due in accordance with the facts as borne by the evidence on record. The Court readily noticed that the MeTC decision erroneously reckoned the effective date of the increased rental of P130,000.00 from June 1994 instead of the correct date of November 1994, which shall cause an overpayment of P100,000.00 by the petitioners. It is clear from the records that the rental due and demandable, and which the petitioners already paid to respondent Belgravia from June 1994 to October 1994 was only P60,000.00. It was only when Belgravia drastically increased the monthly rental from P60,000.00 to P130,000.00, effective November 1994, that the petitioners altogether stopped paying rentals. Thus, the order to pay unpaid rentals in the adjusted amount of P80,000.00 should be reckoned only from November 1994 until the time that the petitioners finally vacate the premises. There are no unpaid differentials of P20,000.00/month due from June 1994 to October 1994.

WHEREFORE, the assailed Decision of the CA is hereby **AFFIRMED** with the **MODIFICATION** that the petitioners are ordered to pay only the unpaid rentals from November 1994 in the amount of P80,000.00 until they vacate the leased premises.

No pronouncement as to costs.

SO ORDERED.

Puno, (Chairperson), Sandoval-Gutierrez and Azcuna, JJ., concur. Corona, J., on leave.

[1] Rollo, pp. 195-196.

[2] Id. at 167-169.

[3] Id. at 171-177.

[4] Id. at 160-165.

[5] Id. at 120-130.

[6] Penned by then (now ret.) Associate Justice Oswaldo D. Agcaoili; with then (now a member of this Court) Associate Justice Angelina S. Gutierrez and with then (now ret.) Associate Justice Mercedes Gozo-Dadole, concurring; Id. at 33-42.

[7] Mercado vs. Santos, 66 Phil. 215, 222 (1938).

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