

MANILA INTERNATIONAL AIRPORT AUTHORITY, PETITIONER, VS. THE HON. HENRICK F. GINGOYON, PRESIDING JUDGE, REGIONAL TRIAL COURT, PASAY CITY, BRANCH 117 AND MORELAND REALTY, INC., RE...*G.R. NO. 155879. December 02, 2005*

Ponente: QUISUMBING, J.

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For review is the Decision[1] dated May 30, 2002, of the Court of Appeals in CA-G.R. SP No. 69764, which dismissed petitioner Manila International Airport Authority's (MIAA) special civil action for certiorari. Petitioner filed CA-G.R. SP No. 69764 to annul the Orders dated March 9, 2001, and January 9, 2002 of public respondent Judge Henrick F. Gingoyn, Regional Trial Court, Branch 117, Pasay City, in Civil Case No. 97-1448, on the ground that said orders amended, modified and altered an existing contract between the parties. Also assailed is the appellate court's Resolution[2] dated October 24, 2002, denying the motion for reconsideration.

Petitioner MIAA manages the country's international and domestic airports and airport facilities.[3] It is the owner of a 1,064-square meter land at the corner of Merville Avenue and South Luzon Expressway West Service Road, Pasay City.

Petitioner filed an ejectment suit before the Metropolitan Trial Court of Pasay City, Branch 46 against private respondent, Moreland Realty, Inc., occupant of the aforecited land. Petitioner alleged that private respondent deprived it of said land by force, intimidation, strategy or stealth.[4] On September 5, 1997, said court rendered its decision ordering private respondent to vacate the disputed land.[5]

Private respondent appealed the decision to the Regional Trial Court of Pasay City. Petitioner, for its part, filed a motion for execution pending appeal which was granted on December 4, 1997, subject to the posting of a supersedeas bond of P2,000,000.[6]

Meanwhile, private respondent filed Civil Case No. 97-1448 at Branch 117 of the Regional Trial Court of Pasay City for removal of cloud from the title of the subject premises with prayer for injunctive relief.

Later, to avoid a protracted litigation, petitioner and private respondent entered into a compromise agreement where they agreed to execute a lease contract within 30 days from approval of the compromise agreement. They agreed to adopt the rental rates stated in MIAA Administrative Order No. 1, Series of 1993, stipulating P39.60/sqm. monthly rental. This rental rate was subject to automatic adjustment as follows:

- ...Any subsequent amendment to Administrative Order No. 1, Series of 1993 which increases or escalates the monthly rentals or imposes new and additional fees and charges, shall be deemed incorporated herein and shall automatically amend this contract as to effect an upward adjustment of the monthly rentals, fees and charges.[7]

On April 17, 1998, respondent judge approved the agreement and rendered judgment in Civil Case No. 97-1448

enjoining the parties to comply with its provisions. Meanwhile, petitioner had promulgated MIAA Administrative Order No. 1, Series of 1998 on April 2, 1998 increasing the rent to P72.56/sqm. As the amendatory administrative order was scheduled to take effect on June 1, 1998, the same day as the lease contract then being negotiated, Atty. Cecilio Bautista, petitioner's Business Development and Concessions Department Manager, wrote private respondent on May 19, 1998, about the new rates. It does not appear that private respondent replied.

On May 29, 1998, petitioner, with the assistance of the Office of the Government Corporate Counsel, entered into a lease contract with private respondent.

The first whereas clause stated that the lease contract was being entered into in pursuance of the compromise judgment and that said judgment was being made an integral part of the contract. Despite this clause, however, the body of the contract contained noteworthy changes as regards the rental rates and increases. The parties no longer included automatic adjustment of rates, but instead made the following stipulations:

2.01 Pursuant to the provisions of Administrative Order No. 1, Series of 1993, the monthly rental shall be Pesos: THIRTY NINE and 60/100 (P39.60) per square meter per month....

...

2.04 ...The monthly rental and other applicable charges herein provided shall be subject to reasonable adjustments/increases as may be provided in any subsequent Administrative Orders, which are deemed incorporated herein insofar as the monthly rental is concerned, provided however that, the LESSEE shall be given actual notice thirty (30) days prior to such adjustment.[8]

It was further agreed upon that the contract may be modified or altered only by written agreement of the parties or by an administrative order duly issued or promulgated after the contract was signed. Paragraph 7.17 of the contract provided as follows:

7.17 This Contract supersedes and renders void any and all agreements and understanding, oral and/or written previously entered between the parties covering the property herein leased and this Contract may not hereafter be modified or altered except by an instrument in writing duly signed by the parties hereto and/or by administrative order, duly issued/promulgated hereafter.[9] [Emphasis supplied.]

The lease contract maintained the stipulation that all permanent improvements on the land, including private respondent's building, shall automatically become the absolute property of petitioner upon the expiration or cancellation of the lease, without need to reimburse private respondent for the cost or value of said improvements.[10]

Upon effectivity of the contract, private respondent gave petitioner P126,403.20 representing deposit for three months and paid the rent for June 1998 using the old rates in A.O. No. 1, Series of 1993. Petitioner accepted the payments. Later, on June 30, 1998, petitioner had a change of administration. The new administration sent private respondent a bill dated July 6, 1998, demanding rent based on the increased rates in A.O. No. 1, Series of 1998.

Private respondent refused, explaining that paragraph 7.17 above prohibited any amendment of the rental rates based on A.O. No. 1, Series of 1993 except by their written agreement or by administrative orders promulgated or issued after May 29, 1998. Since A.O. No. 1, Series of 1998 was issued on April 2, 1998, it was an amendatory administrative order not within the provisions of the contract, said private respondent. Petitioner insisted on its demand and threatened to cancel the contract. Thus, on September 22, 2000, private respondent filed with the Pasay City RTC an urgent verified motion[11] praying that petitioner be directed to respect the April 17, 1998 decision and the lease contract executed pursuant to said decision.

Petitioner opposed the motion, maintaining that the increases were fully justified and that its demand for increased

rentals was precisely to give effect to the clear provisions of both the compromise judgment and the contract. A.O. No. 1, Series of 1998, petitioner said, was well within the ambit of the phrase "any subsequent amendment to Administrative Order No. 1, Series of 1993" in the compromise agreement and the phrase "any subsequent Administrative Orders" [12] in the lease contract that they agreed would effect an amendment to the rental rates. As such, the applicable rental rates were those provided in the new administrative order, argued petitioner.

On March 9, 2001, respondent judge granted the motion as follows:

WHEREFORE, plaintiff's motion is GRANTED.

Accordingly, defendant is hereby directed to collect from plaintiff a monthly rental of THIRTY-NINE PESOS [and 60/100] (P39.60) per square meter, in accordance with paragraph 2.01, Article II of the Contract of Lease, until the said rate is adjusted/increased by a subsequent Administrative Order.

SO ORDERED.[13]

Petitioner moved for reconsideration of the order but its motion was denied on January 9, 2002. Petitioner then went to the Court of Appeals on a petition for certiorari. On May 30, 2002, the appellate court dismissed the petition for lack of merit, saying that the appropriate remedy was appeal. Petitioner's motion for reconsideration was denied by the Court of Appeals on October 24, 2002. Hence, the instant petition for review.

Petitioner now assigns as error the following:

THE COURT OF APPEALS ERRED WHEN IT DISMISSED PETITIONER'S PETITION FOR CERTIORARI AND UPHeld THE TRIAL COURT'S ORDERS DATED MARCH 9, 2001 AND JANUARY 9, 2002. THE TRIAL COURT IN SAID ORDERS WHICH PETITIONER IS NOW ASSAILING AS HIGHLY ERRONEOUS AND ISSUED WITH GRAVE ABUSE OF DISCRETION, INTERPRETED THE STATE OF THE MIND OF THE PARTIES IN DRAFTING THE LEASE CONTRACT WHERE THE TERMS OF THE SAID CONTRACT HAS BEEN CLEARLY AGREED UPON AND EMBODIED IN THE COMPROMISE AGREEMENT SUBMITTED BY THE PARTIES AND APPROVED BY THE TRIAL COURT, THUS, LEAVING NO ROOM FOR INTERPRETATION.[14]

Essentially, we are asked to resolve whether the appellate court erred in dismissing the petition for certiorari.

In dismissing the petition for certiorari filed before it, the Court of Appeals held that the proper remedy was appeal. The Court of Appeals should have noted, however, that what was being assailed was an order of execution. When private respondent perceived that petitioner was violating the provisions of the lease contract executed in pursuance to the final and executory compromise judgment, private respondent sought an order from the trial court to compel petitioner to honor the provisions of said contract. Section 1, paragraph (f) of Rule 41 of the Rules of Court provides that no appeal may be taken from an order of execution. The aggrieved party may instead file a special civil action for certiorari under Rule 65 if proper. Therefore, in our view, petitioner availed of the right remedy to question the trial court's March 9, 2001 order of execution and it was error for the Court of Appeals to dismiss the petition on the ground that the proper remedy was appeal.

Nonetheless, despite the availment of the right remedy, we sustain the dismissal of the petition for certiorari by the appellate court, considering that the facts of this case show the trial court did not commit any abuse of discretion, much less grave abuse of discretion, in ascertaining the parties' intent behind the provisions of the lease contract.

Petitioner MIAA contends that paragraph 2.04 of the contract is clear and expressly allows the adjustment of rental rates by any administrative order subsequent to A.O. No. 1, Series of 1993. Petitioner argues that the ruling of the trial court that the parties did not consider A.O. No. 1, Series of 1998 a subsequent amendment to A.O. No.

1, Series of 1993 within the purview of the lease contract is a clear showing of grave abuse of discretion as said interpretation goes against the clear wording of paragraph 2.04 and creates a new contract for the parties. Petitioner insists that the parties did not intend to adopt the old rates, but instead intended to adopt the new rates as shown by the plain language of paragraph 2.04, which states that "The monthly rental...provided shall be subject to reasonable adjustments/increases as may be provided in any subsequent Administrative Orders, which are deemed incorporated herein insofar as the monthly rental is concerned...."[15]

Considering the circumstances in this case, as well as the provisions of the lease contract, we are unable to agree with petitioner's contention.

In interpreting a contract, its provisions should be read not in isolation but in relation to each other and in their entirety so as to render them effective, having in mind the intention of the parties and the purpose to be achieved. The various stipulations of a contract are to be interpreted together, attributing to the doubtful ones that sense which may result from all of them taken jointly.[16] Thus, in this case, the phrase "any subsequent administrative orders" in paragraph 2.04 should not be read in isolation, as what petitioner has erroneously done, but should be read together with the provisions of paragraph 7.17. Said paragraph provides that the lease contract "may not ... be modified or altered except by an instrument in writing duly signed by the parties hereto and/or by administrative order duly issued/promulgated hereafter", that is, after May 29, 1998, the date the parties signed the lease contract. Accordingly, for an administrative order to be incorporated into the contract and thereby effect an adjustment of the monthly rental, it is necessary that the administrative order amending the rates be issued or promulgated after May 29, 1998. Such is not the case of A.O. No. 1, Series of 1998, which was issued much earlier on April 2, 1998.

We note that the parties would not have stipulated in paragraph 2.01 that the monthly rental shall be based on the old provisions of A.O. No. 1, Series of 1993 if they intended that upon the effectivity of the lease, A.O. No. 1, Series of 1998 was to apply instead. That they did not stipulate in paragraph 2.01 that rental rates in the latter administrative order shall apply even though said order was already existent during the negotiations, and even though they knew that the order was to take effect on the same day as the lease, proves that they really intended to be bound by the rates in A.O. No. 1, Series of 1993.

Indeed, there appears to be an obvious intent to revert to the old rates. The compromise judgment was incorporated into the contract by virtue of the first whereas clause. Under the provisions of the compromise, the rental rates had already been automatically adjusted to the new rates upon the issuance of the new administrative order on April 2, 1998, although its effectivity might have been postponed. Yet, as stated above, the parties opted to provide explicitly in paragraph 2.01 that the rental rates shall be those provided in A.O. No. 1, Series of 1993. Further, they provided in paragraph 7.17 that once the contract was signed, the contract, including the stipulated lease rental rates, can only be amended or modified by the written agreement of the parties or by an administrative order issued after May 29, 1998.

Petitioner offered no explanation why paragraph 2.01 explicitly adopted the old rates. All that petitioner offered was a supposition that it was merely coincidental that paragraph 2.01 so provided.[17] In contrast, private respondent repeatedly asserted, and petitioner never denied, that the old rates were agreed upon since petitioner shall automatically acquire absolute ownership of all permanent improvements on the land upon the expiration or cancellation of the lease, without need to reimburse private respondent of the cost or value of said improvements.

In view of the foregoing, we hold that the trial court did not commit grave abuse of discretion in ordering petitioner to collect rentals at the old rates stated in A.O. No. 1, Series of 1993, that is, at P39.60/sqm. monthly. It is clear that the parties by mutual covenant intended to be bound by the monthly rates in A.O. No. 1, Series of

1993, subject to adjustments by any subsequent administrative orders issued after May 29, 1998.

WHEREFORE, the instant petition is DENIED for lack of merit. The decision dated May 30, 2002, of the Court of Appeals in CA-G.R. SP No. 69764, and its Resolution dated October 24, 2002, are AFFIRMED. The Orders dated March 9, 2001, and January 9, 2002 of public respondent Judge Henrick F. Gingoyon, Regional Trial Court, Branch 117, Pasay City, in Civil Case No. 97-1448 are UPHELD.

SO ORDERED.

Davide, Jr., C.J., (Chairman), Ynares-Santiago, Carpio, and Azcuna. JJ., concur.

[1] Rollo, pp. 45-51. Penned by Associate Justice Martin S. Villarama, Jr., with Associate Justices Conchita Carpio Morales (now a Member of this Court), and Mariano C. Del Castillo concurring.

[2] Id. at 54.

[3] Id. at 19.

[4] CA Rollo, p. 4.

[5] Ibid.

[6] Id. at 4-5.

[7] Records, p. 93.

[8] Id. at 148.

[9] Id. at 155.

[10] Id. at 152.

[11] Id. at 126-137.

[12] Id. at 169-170.

[13] Id. at 211.

[14] Rollo, p. 26.

[15] Emphasis supplied.

[16] *Bangko Sentral ng Pilipinas v. Santamaria*, G.R. No. 139885, 13 January 2003, 395 SCRA 84, 93.

[17] Rollo, p. 32.

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