

BONIFACIO NAKPIL, PETITIONER, VS. MANILA TOWERS DEVELOPMENT CORPORATION, RESPONDENT.

G.R. NO. 160867. September 20, 2006

Ponente: CALLEJO, SR., J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-160867/>

CALLEJO, SR., J.:

This is a consolidation of two Petitions for Review, assailing the Decision[1] of the Court of Appeals (CA) in CA-G.R. CV No. 72289 dated August 25, 2003 and the Resolution dated November 19, 2003 denying the motion for reconsideration thereof.

The Antecedents

A 14-storey high rise building was constructed at 777 Ongpin St., Sta. Cruz, Manila. Sometime in 1964, its owner, Cheong Kiao Ang, leased the building to about 200 Filipino Chinese tenants who used the same for either residential or commercial purposes. One of these tenants was Atty. Bonifacio Nakpil who leased Room 204 in the mezzanine floor. He used the unit as his law office.[2] The tenants of the building later formed the House International Building Tenants Association, Inc. (HIBTAI).

The property was mortgaged with the Government Service Insurance System (GSIS) as security for a loan Ang had earlier obtained. Upon failure to pay the loan, the GSIS had the real estate mortgage foreclosed and the property sold at public auction, with GSIS as the winning bidder. The latter, in turn, sold the property to the Centertown Marketing Corporation (CMC) which assigned all its rights to its sister-corporation, the Manila Tower Development Corporation (MTDC) for P21,000,000.00. The HIBTAI protested, claiming that its members had the priority to buy the property.[3] The tenants refused to pay their rentals and instead remitted them to HIBTAI.

On June 29, 1981, the City Engineer wrote the MTDC, through Luis Javellana, requesting that the defects of the building be corrected. The City Engineer warned the MTDC that the defects were serious and would endanger the lives of the tenants if not immediately corrected. The City Engineer reiterated his request in a letter dated July 10, 1981 to MTDC urging that the building be immediately repaired. However, before the MTDC could make the necessary repairs, the HIBTAI, on October 2, 1982, filed a complaint against the GSIS for injunction and damages in the Court of First Instance (CFI) of Manila.

On January 31, 1983, the court rendered judgment dismissing the complaint. However, on February 23, 1983, HIBTAI filed another complaint for annulment of contract and damages in the CFI of Manila, docketed as Civil Case No. 83-15875, against the CMC, MTDC and GSIS. It averred that under Presidential Decree (P.D.) No. 1517, the tenants had the priority right to purchase the property. The court rendered judgment dismissing the complaint, prompting HIBTAI to appeal the decision to the appellate court. The ruling of the trial court was later affirmed on February 4, 1986. HIBTAI assailed the ruling in this Court via petition for review. On June 30, 1987, this Court rendered judgment affirming the decision of the CA.[4] According to the Court, the tenants of the

building, not the HIBTAI, were the real parties-in-interest as parties-plaintiffs.

About eight (8) years later, on October 12, 1995, Atty. Samuel S. Samuela, the building administrator, wrote Architect Juan A. Maravillas, Jr., then Officer-in-Charge (OIC), Office of the Building Official, City of Manila, requesting for an immediate ocular inspection of the building to determine its safety. The letter mentioned that, as far back as 1981, the City Engineer and Building Official had ordered the building condemned after inspection. Atty. Samuela stated that when the MTDC was about to initiate the repairs on the building, the tenants filed several suits against it; this prevented MTDC from complying with the said order. During the pendency of these cases, the tenants likewise took control of the building and even illegally put up structures in the building without MTDC's consent. He pleaded to the Building Official to give priority to his request to prevent undue injuries and protect the lives of the tenants.[5]

The City Building Official granted the request and scheduled an ocular inspection of the building at 2:00 p.m. on October 24, 1995.[6]

With prior notices to the tenants and in the presence of a representative of HIBTAI, Amado Ramoneda, the representatives of the Office of the Building Official conducted an ocular inspection of the building.[7] On November 3, 1995, they submitted a Building Inspection Report with the following findings:

I. STRUCTURAL ASPECT (Sec. 3.1 Rule VII-IRR)

1. Cracks on the exterior interior walls are prominent which manifest earthquake movement and decrease in seismic resistance. Damages to beams and columns are feasible.

II. ELECTRICAL ASPECT (Sec. 3.3 Rule VII-IRR)

2. Wiring system are already old, obsolete and not properly maintained;
3. Some junction boxes are not properly covered thus exposing the wiring connections;
4. Usage of dangling extension cords and octopus wiring connections were likewise observed.

III. SANITARY/PLUMBING ASPECT (Sec. 3.5 Rule VII-IRR)

5. Defective sanitary/plumbing installations;
6. Poor drainage system that caused the stagnation of waste water within the back part (Ground Floor) of the building;
7. All sanitary/plumbing fixtures on vacated 9th, 10th & 11th floors, due to lack of proper maintenance has los[t] their trap seals, this allowed the escape of toxicating sewer gas from the system.

IV. ARCHITECTURAL ASPECT (Sec. 3.6 Rule VII-IRR).

8. Steel frames and roofings at deck are rusted/corroded and inadequately maintained;
9. Broken window glass panes and rusted steel casement;
10. Inadequate light and ventilation resulting from illegal constructions at the required open space areas;
11. Illegal use of 14th floor as sauna bath parlor which is non-conforming to City Ordinance.

OTHERS

12. Non-compliance with the provisions of BP 344, the Law to Enhance Mobility of Disabled Persons;
13. Illegal construction at the estero easement area and at the required open spaces in violations of Section 3.8

Rule VII-IRR.[8] (Underscoring supplied)

The City Building Official recommended that the windows glass/frames be repaired and the illegally appended structures removed. It was also recommended that the use of the sauna bath be discontinued and the old electrical wiring system and fixtures be replaced. He also stated that the structural integrity of the building was questionable, and that structural testing was needed.[9]

Consequently, on November 10, 1995, the City Building Official wrote a letter to the building administrator, ordering him to cause the tenants to vacate the building and undertake the necessary repairs and rehabilitation of the building. The following warning was also issued:

Failure to comply herewith shall constrain this Office to impose further administrative sanctions in accordance with the provisions of the National Building Code PD. 1096, as well as the other existing laws and ordinances. This is without prejudice to further legal action that may be taken under the provisions of Articles 482 and 694 to 707 of the Civil Code of the Philippines.[10]

However, the MTDC did not respond to the letter. On January 24, 1996, the City Building Official issued a Closure Order to the MTDC and ordered the building administrator to cause the tenants to vacate the building within fifteen (15) days from notice and to commence its repair. He also directed MTDC to file an application for the necessary permits before the start of the actual repairs, together with a certification on structural stability from the building's structural designer and to attach thereto the results of the structural testing as well as the recommendation/evaluation reports, scope of project activities, repair/renovation plans and retrofitting plans. The order would only be lifted after the defects or deficiencies of the subject building or structure shall have been corrected or substantially complied with in accordance with Section 21, Rule VIII-IRR, P.D. No. 1096, without prejudice to further action that may be taken under the provisions of Articles 482, and 694 to 707 of the Civil Code, as well as other existing laws and ordinances.[11]

The City Building Official conducted a reinspection of the building and, on March 26, 1996, made the following recommendation:

It is recommended that because of:

- 1) the adamant refusal of the owners of the building to correct the serious defects noted by this Office as early as 1981 up to the present, notwithstanding notices to this effect;
- 2) the directive of national as well as local leaders to intensify the campaign against buildings which are dangerous to life and limb as exemplified in the tragic Ozone case in Quezon City; and
- 3) the possibility of City officials incurring criminal as well as administrative liabilities for failure to take positive steps to protect the lives of the people against ruinous or dangerous buildings.

The persistence of the owners of the building in not undertaking the required urgent repairs allegedly because of suits filed against them, gives this Office no better alternative but to recommend that the City Engineer be authorized and directed to make the necessary repairs and all expenses thereto be shouldered by the owners of the building and also to order the occupants of the building to immediately vacate the premises to give way to the repair and to ensure the protection of their lives and property.

Approval of this request is urgently needed.[12]

The City Mayor approved the recommendation and directed the repairs of the building by the City Building Official with the expenses therefor to be charged against the account of MTDC.[13]

On June 28, 1996, notices were sent to the tenants, giving them fifteen (15) days within which to vacate the

building to give way to its general repair.[14] However, at the time, Atty. Nakpil was in the United States for medical treatment, and his secretary was left behind to take care of the law office.

Felix Ong, one of the tenants in the building and the President of the HIBTAI, filed a petition for prohibition with a plea for a writ of preliminary injunction and/or a temporary restraining order (TRO) with damages against the MTDC, City Engineer and Police Major Franklin Gacutan, docketed as Civil Case No. 96-79267. Ong prayed that a TRO be issued to enjoin respondents from conducting repair and rehabilitation work within the building, which the court granted.

Clemente Sy, who claimed to be the Barangay Captain of Barangay No. 297, Zone 29 where the building was located and the incumbent President of the House International Building Tenants Association, filed a similar petition against the same respondents, including MTDC.[15]

At about 4:00 p.m. on July 19, 1996, a group of men led by Engr. Melvin Balagot, the Chief Slum Clearance and Demolition Services of the Office of the City Building Official, entered the building and, in compliance with the order of the City Mayor as recommended by the City Building Official, commenced the repairs and tore down some of the structures. However, the repair works were temporarily suspended on July 22, 1996 as a result of the TRO issued by the court in favor of Ong in Civil Case No. 96-79267.

On July 23, 1996, Engr. Balagot submitted the following Report:

- That all the occupants thereat already vacated the premises to give way for the repair work of the subject structure except for the unit occupied by the security guards at the ground floor;
- That most of the interior walls were already dismantled by this Office to give way for immediate replacement.
- It is likewise reported that the said building is not safe for occupancy for the meantime.

For your information and further instruction.

(SGD)

MELVIN Q. BALAGOT

Engineer V

Chief, Slum Clearance and

Demolition Services.[16]

Upon his arrival in the Philippines, Atty. Nakpil filed, on November 5, 1996, a complaint in the Regional Trial Court (RTC) of Manila against the MTDC, seeking for actual, moral, and exemplary damages, attorney's fees, litigation expenses, costs of suit and other reliefs. The case was docketed as Civil Case No. 65980. He alleged that the MTDC, through its agents and representatives and the policemen who accompanied the demolition team, forced the guard to open the gate to the building, and, thereafter, 200 people armed with hammer and crowbars started destroying the mezzanine floor of the building on July 19, 1996. His room was destroyed, the walls and partitions were completely hammered down, and the electricity was cut off. His personal belongings were either scattered, thrown away, or stolen. He pointed out that he had been renting the premises and complying with the conditions of the lease since 1965. The MTDC violated his right as lessee to the possession of the premises, unlawfully depriving him of said possession without any lawful authority or court order.[17]

Atty. Nakpil prayed that MTDC be ordered to pay the following:

- a) P100,000 for actual damages, representing the value of the personal belongings and important papers which were lost and/or stolen by the representatives of the defendant during the actual demo[li]tion and tearing or hammering down of the walls and partitions of the room of the plaintiff;
- b) The sum of P500,000.00 as moral damages;
- c) The sum of P100,000.00 as exemplary damages;
- d) The sum equivalent to 20% of the amount due to the plaintiff as attorney's fees; and
- e) The sum of P50,000 as litigation expenses, plus costs of suit.

Plaintiff prays for such other relief and remedies he is entitled to in the premises.[18]

Meantime, the trial court dismissed the complaint of Ong in Civil Case No. 96-79267. In view of this development, the Office of the Mayor sent a letter dated March 6, 1998 to the President and officers of the MTDC, and the owners of the building, directing them to undertake immediate repairs within three (3) days from receipt thereof, otherwise, it will undertake the repair and all expenses shall be charged against them.[19] The Office of the Mayor made it clear that the order became necessary to protect the people from any injury as a consequence of the dilapidated and serious deterioration of the building. The MTDC forthwith applied for a demolition permit with the Office of the Building Official which was granted on March 30, 1998.[20] The MTDC later had the building demolished.

In due course, the complaint and summons were served on MTDC on April 14, 1998 in Civil Case No. 65980.[21] In its answer to the complaint, MTDC alleged that it was the City of Manila which caused the repair of the building, following the tragic Ozone fire incident in Quezon City. Consequently, it was not liable for Atty. Nakpil's claims.

Atty. Nakpil testified that he had been a lessee of Room 204 and used the room as a law office; on July 19, 1996, he was in the United States for treatment when his daughter informed him, through phone, that his place was being demolished. He rushed back home and arrived in Manila on July 30, 1996, and discovered that he had no more office to speak of. The demolition team (the sheriff, policemen and laborers), armed with crowbars, looted the room and destroyed the pipes and cabinets and scattered his things.[22] He lost some of his books, a tanguile table, three paintings, two manual typewriters, all valued at P100,000.00. He averred that he had been in the law practice for 30 years, all spent in Room 204; because of the demolition of his office, he could not resume his law practice.

For his part, Joseph Villanueva declared that, since 1973, he had leased a portion of the mezzanine floor, Room 200, which he used as his clinic. At around 3:00 p.m. on July 19, 1996, a group of employees of the City Engineer's Office, accompanied by policemen and sheriffs, gained entry into the building, cut the electric current, and destroyed the pipes with the use of heavy equipments and crowbars. They demolished the mezzanine and upper floors and other parts of the building. Around 20 members of the demolition crew entered the office of Atty. Nakpil. Some members of the demolition crew looted the room and took everything they could carry. He stated that what he and the tenants received were notices to repair and not notice of demolition.

Atty. Nakpil presented Engr. Guillermo de Leon who testified that he was requested to conduct an ocular inspection of the building. As per his report dated August 9, 1990, he assessed the building to be safe, sound and stable. The building was not destroyed by the earthquake on July 6, 1990. He found hairline cracks, caused probably by temperature. He never used any instrument to determine the structural stability because there was no danger. He stated that upon inspection, he found no hairline cracks and that the building could be saved by plastering; in fact, it could withstand any earthquake.

Carmelita Tan, a member of the HIBTAI, testified that she owned a grocery store in the ground floor and in the mezzanine. At about 4:00 p.m. on July 19, 1996, 100 persons, carrying hammers and crowbars and long irons, gained entry into the building. She rushed to the mezzanine and saw that ten of them were in the law office of Atty. Nakpil and that the door and partitions were damaged. The lights were off at the time.

MTDC adduced testimonial and documentary evidence that the Office of the City Engineer, through Engr. Melvin Balagot, Jr., commenced the repairs of the building on July 19, 1996, with the assistance of the employees of the City Engineer's Office, laborers and policemen who were tasked to check the flow of traffic. They removed the cracked interior walls of the building with crowbars, hammers and other instruments, and some portions of the ceiling which needed to be replaced.[23] However, they did not remove the walls and partitions in the mezzanine floor.[24] They started the work on the 9th and 10th floors of the building,[25] but had to stop due to the temporary restraining order from the RTC of Manila on the complaint of Felix Ong. During the ocular inspection of the building on August 8, 1996 conducted by the Clerk of Court in connection with Civil Case No. 96-79267, the Office of Atty. Nakpil was unoccupied.[26]

On May 20, 2001, the court rendered judgment in favor of MTDC and ordered the dismissal of the complaint. The trial court declared that Atty. Nakpil failed to prove that the building was demolished on July 30, 1996 and failed to link MTDC to the incident on July 19, 1996 and the loss of the personal properties of Atty. Nakpil. As admitted by one of his witnesses (Villanueva), the employees of the City Engineer's office were the ones who demolished the building, while Carmelita Tan declared that she did not know who those people were.[27]

Atty. Nakpil appealed to the CA. On August 25, 2003, the CA rendered judgment granting the appeal and reversing the decision of the RTC. The fallo of the decision reads:

WHEREFORE premises considered, the appealed decision of the Regional Trial Court, Branch 152 in Civil Case No. is hereby REVERSED and SET ASIDE. A new one is hereby rendered ordering defendant-appellee, Manila Towers to pay herein plaintiff-appellant Bonifacio Nakpil the amount of P50,000.00 as nominal damages.

SO ORDERED.[28]

The CA held that MTDC was remiss in its duty as lessor under Article 1654, that is, to make the necessary repairs on the building. This led to the demolition of the leased premises, thereby disturbing the peaceful and adequate enjoyment of the lessee. Thus, the failure of MTDC to fulfill such obligation entitled Atty. Nakpil to damages. The appellate court cited *Goldstein v. Roces*. [29] However, the CA also ruled that no actual damages could be awarded to Atty. Nakpil since he failed to present competent evidence to prove the actual damages sustained. Neither can moral damages be awarded to him since he likewise failed to prove bad faith or any fraudulent act on the part of MTDC. Thus, no exemplary damages could likewise be awarded, and, consequently, he was not entitled to attorney's fees. According to the CA, the most that could be adjudged in his favor was nominal damages for violation of his right.[30]

The parties filed their respective motions for reconsideration of the decision, which the CA denied in its Resolution dated November 19, 2003.[31]

The parties filed their respective petitions for review on certiorari in this Court, seeking to reverse the decision and resolution of the appellate court.

In G.R. No. 160867, Nakpil, petitioner therein, contends that, while actual damages must be proven as a general rule and the amount of damages must possess at least a degree of certainty, it is not necessary to prove exactly how much the loss was; it is enough that loss is proven. He insists that he has presented proof that he suffered

losses when his office was demolished and the value he gave was a fair and reasonable assessment thereof. He maintains that as of June 1995, there were already 245 volumes of the Supreme Court Reports Annotated (SCRA). In 1998, the value of each volume of the SCRA was P520.00; hence, the value of 245 volumes would be P127,400.00, a matter which the court can take judicial notice of. Assuming that the evidence he presented is not sufficient to entitle him to an award of actual damages, the P50,000.00 nominal damages awarded to him is too minimal. He maintains that he is entitled to moral damages because the MTDC had the building demolished to have him evicted from his office; he suffered mental anguish and was embarrassed by his eviction; he had his law office for more than 30 years and considered it his second home.

On the other hand, in G.R. No. 160886, MTDC, petitioner therein, avers that it cannot be made liable for actual, moral and exemplary damages because it had not been remiss in its duty to make the necessary repairs; it was prohibited from taking possession of the property by the tenants who had filed several suits against it.[32] It alleged that it acquired the building from the GSIS in 1981, and it was the HIBTAI that had been managing the affairs of the said building and collected the rentals from the tenants. It pointed out that in CA-G.R. No. 04393, the CA ruled that the HIBTAI had no right to collect the rentals. Moreover, HIBTAI did not use the rentals to make the necessary repairs but used it instead to pay its accounts and obligations. By their own actions, the tenants of the subject building prevented MTDC from performing its duty to maintain them in their peaceful possession and enjoyment of the property. Moreover, Nakpil failed to prove that it had anything to do with the demolition/repairs and the loss of his personal property.

Nakpil counters that while MTDC may have failed to make the necessary repairs because it was prevented by the tenants' association from doing so, there is no showing that it failed to maintain him in the peaceful and adequate possession of the leased premises for the same reason. He contends that MTDC allowed the city to demolish the building even when the order was only for its repair. He posits that the MTDC is liable for damages because the MTDC, not a third person, deprived him of his possession of the leased premises.[33]

The threshold issues are: (1) whether or not the MTDC is liable for actual, moral and exemplary damages to Nakpil; and (2) whether the award of P50,000.00 for nominal damages has factual and legal basis.

The Ruling of the Court

The petition of the MTDC in G.R. No. 160886 is meritorious. The petition of Nakpil in G.R. No. 160867 is denied for lack of merit.

Article 1654 of the Civil Code enumerates the obligations of the lessor:

- (1) To deliver the thing which is the object of the contract in such a condition as to render it fit for the use intended;
- (2) To make on the same during the lease all the necessary repairs in order to keep it suitable for the use for which it has been devoted, unless there is a stipulation to the contrary;
- (3) To maintain the lessee in the peaceful and adequate enjoyment of the lease for the entire duration of the contract.

Failure of the lessor to fulfill any of these obligations will render the lessor liable for damages.[34] In contracts, the obligor (lessor) who acted in good faith is liable for damages that are the material and probable consequence of the breach of the obligation and which the parties have foreseen or could have reasonably foreseen at the time the obligation was contracted. In case of fraud, bad faith, malice or wanton attitude, he shall be responsible for all damages which may be reasonably attributed to the non-performance of the obligation.[35]

We do not agree with the ruling of the CA that the MTDC committed a breach of its lease contract with Nakpil when it failed to comply with its obligation as lessor, and that the MTDC is liable for nominal damages. Breach of contract is the failure without legal reason to comply with the terms of a contract. It is also defined as the failure, without legal excuse, to perform any promise which forms the whole or part of the contract.[36] There is no factual and legal basis for any award for damages to respondent.

The duty to maintain the lessee in the peaceful and adequate enjoyment of the lease for the duration of the contract is merely a warranty that the lessee shall not be disturbed in his legal, and not physical, possession.[37] In the early case of *Goldstein v. Roces*,[38] the Court, citing the commentaries of Manresa, pointed out that the obligation to maintain the lessee in the peaceful and adequate enjoyment of the leased property seeks to protect the lessee not only from acts of third persons but also from the acts of the lessor, thus:

The lessor must see that the enjoyment is not interrupted or disturbed, either by others' acts [save in the case provided for in the article 1560 (now Article 1664)], or by his own. By his own acts, because, being the person principally obligated by the contract, he would openly violate it if, in going back on his agreement, he should attempt to render ineffective in practice the right in the thing he had granted to the lessee; and by others' acts, because he must guarantee the right he created, for he is obliged to give warranty in the manner we have set forth in our commentary on article 1553, and, in this sense, it is incumbent upon him to protect the lessee in the latter's peaceful enjoyment.[39]

When the act of trespass is done by third persons, it must be distinguished whether it is trespass in fact or in law because the lessor is not liable for a trespass in fact or a mere act of trespass by a third person.[40] In the *Goldstein* case, trespass in fact was distinguished from legal trespass, thus: "if the act of trespass is not accompanied or preceded by anything which reveals a juridic intention on the part of the trespasser, in such wise that the lessee can only distinguish the material fact, stripped of all legal form or reasons, we understand it to be trespass in fact only (*de mero hecho*)."[41] Further, the obligation under Article 1654(3) arises only when acts, termed as legal trespass (*perturbacion de derecho*), disturb, dispute, object to, or place difficulties in the way of the lessee's peaceful enjoyment of the premises that in some manner cast doubt upon the right of the lessor by virtue of which the lessor himself executed the lease.[42]

What is evident in the present case is that the disturbance on the leased premises on July 19, 1996 was actually done by the employees under the City Engineer of Manila and the City Building Official on orders of the City Mayor without the participation of the MTDC. It bears stressing that the City Building Official is authorized and mandated under Section 214 of the National Building Code to order the repair, maintenance or demolition of the building found or declared to be dangerous or ruinous, depending upon the degree of danger to life, health, safety and/or well-being of the general public and its occupants as provided in Section 215 thereof. This is without prejudice to the provisions of Articles 482, 694 and 707 of the New Civil Code. Sections 214 and 215 of the National Building Code read:

SECTION 214. Dangerous and Ruinous Buildings or Structures

Dangerous buildings are those which are herein declared as such or are structurally unsafe or not provided with safe egress, or which constitute a fire hazard, or are otherwise dangerous to human life, or which in relation to existing use, constitute a hazard to safety or health or public welfare because of inadequate maintenance, dilapidation, obsolescence, or abandonment; or which otherwise contribute to the pollution of the site or the community to an intolerable degree.

SECTION 215. Abatement of Dangerous Buildings

When any building or structure is found or declared to be dangerous or ruinous, the Building Official shall order its repair, vacation or demolition depending upon the degree of danger to life, health, or safety. This is

without prejudice to further action that may be taken under the provisions of Articles 482 and 694 to 707 of the Civil Code of the Philippines.

When the personnel of the City Building Official/City Engineer in coordination with the Philippine National Police undertook the repair/rehabilitation of the building, they did so in the lawful performance of their duties, independently of and separate from the obligation of the MTDC to effect the required immediate repair/rehabilitation of the building.

Admittedly, the MTDC requested the City Building Official for the inspection of the building to determine its safety, conformably with its obligation under Article 1654 of the New Civil Code to maintain peaceful and adequate enjoyment of the tenants of the leased premises, and to insure the personal safety of the tenants and their properties. At the time, the Ozone Bar and Grill in Quezon City had just been burned down, and many lives were lost.

There is no question that the possession by respondent of the leased premises had been disturbed by the attempt of the personnel of the City Building Official to repair and rehabilitate the building due to MTDC's failure to undertake the same. Any act or omission by the lessor which causes a substantial interference with the actual possession of the lessee will constitute a breach of the obligation of quiet enjoyment. In some jurisdictions, the lessor's failure to make repairs or alterations to the leased premises as required by public authorities, particularly those that are substantial and structural in nature, constitutes constructive eviction, which makes the lessor liable for damages.[43] Such conclusion is grounded on the fact that the lessors, in those cases, were obliged to make structural and substantial repairs on the leased property. The same doctrine could very well be applied in our jurisdiction considering that, under our laws, the lessor is likewise obliged to make the necessary repairs on the leased premises which would undoubtedly include those that are structural and substantial in nature. In fact, there may be a constructive eviction if the landlord does a wrongful act or is guilty of any default or neglect whereby the leased premises are rendered unsafe, unfit, or unsuitable for occupancy, in whole, or in substantial part, for the purposes for which they were leased.[44]

It bears stressing, however, that two factors must exist before there can be a constructive eviction: (1) an act or omission by the landlord, or someone acting under his authority, which permanently interferes with the tenant's beneficial enjoyment or use of the leased premises; and (2) an abandonment of possession by the lessee within a reasonable time.[45]

Nakpil failed to establish any of the foregoing factors. The City Building Official was tasked merely to repair/rehabilitate the building and not to demolish the same and cause the placement eviction of the tenants. Neither did respondent abandon the leased premises. Admittedly, the MTDC failed to make the necessary repairs in the building despite requests of the City Building Official as early as June 29, 1981 and July 10, 1981. However, the MTDC cannot be faulted for such failure. No less than the HIBTAI or its members prevented MTDC from instituting the necessary repairs. Even Villanueva, Nakpil's witness, admitted that HIBTAI objected to the orders of the City Building Official for the repair of the building.[46]

Moreover, a complaint for injunction and damages was filed by the HIBTAI on October 2, 1982 against the MTDC. Even after the dismissal of the complaint, on January 31, 1983, the HIBTAI filed a complaint against the GSIS, CMC and MTDC with the RTC of Manila for the nullification of the deed of conditional sale between the GSIS and the CMC and the deed of assignment executed by the defendant CMC and the MTDC over the property. Plaintiff alleged therein that its members, presumably including Nakpil, the tenants in the building had the priority right under P.D. No. 1517 to purchase the property; that the CMC was not qualified to purchase the property from the GSIS under its Articles of Information and, hence, the deed of conditional sale was ultra vires; consequently, the deed of assignment executed by the CMC and its sister corporation was null and void. The tenants in the

building, including Nakpil, refused to pay rentals and remitted the same to the HIBTAI which used the money partly to finance its suits against the MTDC, thus depriving the latter from generating funds for the repair of the building. In fine, the tenants, through the HIBTAI, already controlled the premises. The RTC dismissed the complaint of HIBTAI. The Intermediate Appellate Court affirmed the dismissal on February 4, 1986. The HIBTAI filed a petition for review in this Court and, on June 30, 1987, the petition was denied for lack of merit.[47] The Court ruled that the HIBTAI had no personality to assail the contracts and to invoke P.D. No. 1517 for its members, including Nakpil. Shortly, thereafter, in 1988, a complaint was filed against the GSIS by one of the tenants entitled *Dy v. Government Service Insurance System*.[48] In 1994, a similar complaint was filed against the GSIS by another tenant entitled *Cruz v. GSIS*.[49]

Even Nakpil admitted that the MTDC was prevented by the HIBTAI and its members from undertaking any repairs in the building. The only recourse of the MTDC was for the repair/rehabilitation of the building through the Office of the City Engineer/City Building Official. Thus, in 1995, it requested for an immediate ocular inspection of the building to determine the condition and safety of the building under Sections 214 and 215 of the National Building Code. The MTDC had no involvement in the actual repairs/rehabilitation of the building, nor in the selection, supervision and control of the laborers to initially repair/rehabilitate the building.

Moreover, Atty. Nakpil failed to present preponderance of evidence to prove that any of the laborers under the Office of the City Building Official/City Engineer carried away his books, table, painting, and typewriter. Villanueva merely testified that the laborers carried away "things they could carry." The evidence of Nakpil shows that the mezzanine floor was dark, as the lights had been turned off to prevent a conflagration. If at all the laborers had taken any of the materials from any of the rooms in the building, these were building materials which they were authorized to carry away under Section 10, Rule II of the Implementing Rules of the National Building Code which reads:

10. The building/structure as repaired or in case of demolition, the building materials gathered after the demolition thereof shall be held by the OBO until full reimbursement of the cost of repair, renovation, demolition and removal is made by the owner which, in no case, shall extend beyond thirty (30) days from the date of completion of the repair, renovation, demolition and removal. After such period, said building materials of the building thus repaired, renovated or removed shall be sold at public auction to satisfy the claim of the OBO. Any amount in excess of the claim of the government realized from the sale of the building and/or building materials shall be delivered to the owner.

Assuming that Atty. Nakpil lost any of his personal properties, at the very least, he should have inquired from the office of the City Engineer/City Building Official and requested that they be returned to him.

WHEREFORE, premises considered, the petition in G.R. No 160867 is DENIED. The petition in G.R. No. 160886 is GRANTED. The Decision of the Court of Appeals is REVERSED AND SET ASIDE. The decision of the Regional Trial Court is AFFIRMED. No costs.

SO ORDERED.

Panganiban, C. J., (Chairperson), Ynares-Santiago, Austria-Martinez, and Chico-Nazario, JJ., concur.

[1] Penned by Associate Justice Rodrigo V. Cosico, with Associate Justices Sergio L. Pestaño and Rosalinda Asuncion-Vicente, concurring; rollo (G.R. No. 160886), pp. 22-23; rollo (G.R. No. 160867), pp. 136-144.

[2] TSN, April 14, 1999, pp. 30-32.

[3] *Id.* at 34.

- [4] House International Building Tenants Association v. Intermediate Appellate Court, No. L-75287, June 30, 1987, 151 SCRA 702.
- [5] Exhibit "1," records, p. 151.
- [6] Exhibit "2," id. at 152.
- [7] Exhibit "3," id. at 154.
- [8] Exhibit "4," id. at 156-157.
- [9] Id. at 157.
- [10] Exhibit "3," id. at 155.
- [11] Exhibit "5," id. at 160.
- [12] Exhibit "6," id. at 162.
- [13] Exhibit "7," id. at 163.
- [14] Exhibit "8," id. at 164.
- [15] Exhibit "10-A," id. at 167.
- [16] Exhibit "9," id. at 165.
- [17] Records, pp. 1-3.
- [18] Id. at 4.
- [19] Exhibit "13," id. at 185.
- [20] Exhibit "14-A," id. at 187.
- [21] Records, p. 32.
- [22] TSN, April 14, 1999, pp. 3-42.
- [23] TSN, October 28, 1999, pp. 9-10.
- [24] Id. at 17.
- [25] Id. at 23.
- [26] Exhibit "15," records, p. 189.
- [27] Records, p. 289.
- [28] Id. at 145.
- [29] 34 Phil. 562 (1916).
- [30] Rollo (G.R. No. 160867), pp. 141-144.
- [31] Id. at 158.
- [32] The cases cited by MTDC are as follows: a) HIBTAI v. Intermediate Appellate Court, *supra* note 4; b) Dy v. GSIS, Civil Case No. 88-44543, CA-G.R. No. 44063 and G.R. No. 122659; and c) Cruz v. GSIS, Civil Case No. 94-69621, RTC Manila.

- [33] Rollo (G.R. No. 160886), p. 58.
- [34] Article 1659, New Civil Code.
- [35] Article 2201, New Civil Code.
- [36] Cathay Pacific Airways, Ltd. v. Vazquez, 447 Phil. 306, 320 (2003).
- [37] Chua Tee Dee v. Court of Appeals, G.R. No. 135721, May 27, 2004, 429 SCRA 418, 435.
- [38] Supra note 29.
- [39] Id. at 564.
- [40] Article 1664, New Civil Code.
- [41] Goldstein v. Roces, supra, at 566-567.
- [42] Liwayway Publications, Inc. v. Permanent Concrete Workers Union, 195 Phil. 51, 64 (1981).
- [43] Scott v. Prazma, 555 P.2d 571 (1976); Dennison v. Marlowe, 106 N.M. 433, 744 P.2d 906 (1987).
- [44] Berwick Corporation v. Kleinginna Investment Corporation, 143 So.2d 684 (1962).
- [45] Sewell v. Hukill, 138 Mont. 242, 356 P.2d 39 (1960)
- [46] TSN, March 10, 1996, pp. 22-26.
- [47] House International Building Tenants Association, Inc. v. Intermediate Appellate Court, supra note 4.
- [48] Civil Case No. 88-44543.
- [49] Civil Case No. 94-69621.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.