

VIEGELY SAMELO, REPRESENTED BY ATTORNEY-IN-FACT CRISTINA SAMELO, PETITIONER, VS. MANOTOK SERVICES, INC., ALLEGEDLY REPRESENTED BY PERPETUA BOCANEGRA (DECEASED), RESPONDENT.

G.R. No. 170509. June 27, 2012

Ponente: BRION, J.

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BRION, J.:

Before us is the petition for review on certiorari[1] filed by Viegely Samelo (petitioner), represented by her attorney-in-fact Cristina Samelo, to challenge the decision dated June 21, 2005[2] and the resolution dated November 10, 2005[3] of the Court of Appeals (CA) in CA-G.R. SP No. 85664.

Background Facts

Manotok Services, Inc. (respondent) alleged that it is the administrator of a parcel of land known as Lot 9-A, Block 2913, situated at 2882 Dagupan Extension, Tondo, Manila. On January 31, 1997, the respondent entered into a contract with the petitioner for the lease of a portion of Lot 9-A, Block 2913, described as Lot 4, Block 15 (subject premises). The lease contract was for a period of one (1) year, with a monthly rental of P3,960.00. After the expiration of the lease contract on December 31, 1997, the petitioner continued occupying the subject premises without paying the rent.[4] On August 5, 1998, the respondent, thru its President Rosa Manotok, sent a letter to the petitioner demanding that she vacate the subject premises and pay compensation for its use and occupancy.[5] The petitioner, however, refused to heed these demands.

On November 18, 1998, the respondent filed a complaint for unlawful detainer against the petitioner before the Metropolitan Trial Court (MeTC), Branch 3, Manila.[6] The case was docketed as Civil Case No. 161588-CV. The respondent prayed, among others, that the petitioner and those claiming rights under her be ordered to vacate the subject premises, and to pay compensation for its use and occupancy.

In her answer, the petitioner alleged that the respondent had no right to collect rentals because the subject premises are located inside the property of the Philippine National Railways (PNR). She also added that the respondent had no certificate of title over the subject premises. The petitioner further claimed that her signature in the contract of lease was obtained through the respondent's misrepresentation. She likewise maintained that she is now the owner of the subject premises as she had been in possession since 1944.[7]

The MeTC Ruling

The MeTC, in its judgment[8] of March 28, 2002, decided in favor of the respondent, and ordered the petitioner to vacate the subject premises and to deliver their peaceful possession to the respondent. The MeTC held that the only issue to be resolved in an unlawful detainer case is physical possession or possession de facto, and that the respondent had established its right of possession over the subject premises. It added that the petitioner's right under the lease contract already ceased upon the expiration of the said contract. It further ruled that the petitioner

is already estopped from questioning the right of the respondent over the subject premises when she entered into a contract of lease with the respondent. The dispositive portion of the MeTC judgment reads:

WHEREFORE, premises considered, judgment is hereby rendered for the plaintiff and against defendant, ordering the latter and all persons claiming rights under her:

- To vacate the premises located at 2882 Dagupan Extension, Tondo, Manila, and deliver the peaceful possession thereof to the plaintiff[;]
- To pay plaintiff the sum of P40,075.20 as compensation for the use and occupancy of the premises from January 1, 1998 to August 30, 1998, plus P4,554.00 a month starting September 1, 1998, until defendant and all person[s] claiming rights under her to finally vacate the premises[;]
- To pay plaintiff the sum of P5,000.00 for and as attorney's fees; and
- To pay the cost of suit.[9]

The RTC Decision

The petitioner filed an appeal[10] with the Regional Trial Court (RTC), Branch 50, Manila. The RTC, in its decision[11] of July 1, 2004, set aside the MeTC's decision, and dismissed the complaint for unlawful detainer. The RTC held, among others, that the respondent had no right to collect rentals as it failed to show that it had authority to administer the subject premises and to enter into a contract of lease with the petitioner. It also ruled that the subject premises, which were formerly owned by the PNR, are now owned by the petitioner by virtue of her possession and stay in the premises since 1944.

The CA Decision

Aggrieved by the reversal, the respondent filed a petition for review with the CA, docketed as CA-G.R. SP No. 85664.[12] The CA, in its decision of June 21, 2005, reversed and set aside the RTC decision, and reinstated the MeTC judgment. The CA held that the petitioner is now estopped from questioning the right of the respondent over the subject property. It explained that in an action involving the possession of the subject premises, a tenant cannot controvert the title of his landlord or assert any rights adverse to that title, without first delivering to the landlord the premises acquired by virtue of the agreement between themselves. The appellate court added that the petitioner cannot claim that she repudiated the lease contract, in the absence of any unequivocal acts of repudiation.

The CA further held that the only issue in an ejectment suit is physical or material possession, although the trial courts may provisionally resolve the issue of ownership for the sole purpose of determining the issue of possession. It explained that the issue of ownership is not required to determine the issue of possession since the petitioner tacitly admitted that she is a lessee of the subject premises.[13]

The petitioner moved to reconsider this decision, but the CA denied her motion in its resolution dated November 10, 2005.[14]

In presenting her case before this Court, the petitioner argued that the CA erred in ruling that a tenant is not permitted to deny the title of his landlord. She maintained that the respondent is not the owner or administrator of the subject premises, and insisted that she had been in possession of the land in question since 1944. She further added that she repudiated the lease contract by filing a case for fraudulent misrepresentation, intimidation, annulment of lease contract, and quieting of title with injunction before another court.[15]

The Court's Ruling

We find the petition unmeritorious.

Respondent has a better right of possession over the subject premises

“An action for unlawful detainer exists when a person unlawfully withholds possession of any land or building against or from a lessor, vendor, vendee or other persons, after the expiration or termination of the right to hold possession, by virtue of any contract, express or implied.”[16] “The only issue to be resolved in an unlawful detainer case is physical or material possession of the property involved, independent of any claim of ownership by any of the parties involved.”[17] “Thus, when the relationship of lessor and lessee is established in an unlawful detainer case, any attempt of the parties to inject the question of ownership into the case is futile, except insofar as it might throw light on the right of possession.”[18]

In the present case, it is undisputed that the petitioner and the respondent entered into a contract of lease. We note in this regard that in her answer with affirmative defenses and counterclaim before the MeTC, the petitioner did not deny that she signed the lease contract (although she maintained that her signature was obtained through the respondent’s misrepresentations). Under the lease contract, the petitioner obligated herself to pay a monthly rental to the respondent in the amount of P3,960.00. The lease period was for one year, commencing on January 1, 1997 and expiring on December 31, 1997. It bears emphasis that the respondent did not give the petitioner a notice to vacate upon the expiration of the lease contract in December 1997 (the notice to vacate was sent only on August 5, 1998), and the latter continued enjoying the subject premises for more than 15 days, without objection from the respondent. By the inaction of the respondent as lessor, there can be no inference that it intended to discontinue the lease contract.[19] An implied new lease was therefore created pursuant to Article 1670 of the Civil Code, which expressly provides:

Article 1670. If at the end of the contract the lessee should continue enjoying the thing leased for fifteen days with the acquiescence of the lessor, and unless a notice to the contrary by either party has previously been given, it is understood that there is an implied new lease, not for the period of the original contract, but for the time established in Articles 1682 and 1687. The other terms of the original contract shall be revived.

“An implied new lease or tacita reconduccion will set in when the following requisites are found to exist: a) the term of the original contract of lease has expired; b) the lessor has not given the lessee a notice to vacate; and c) the lessee continued enjoying the thing leased for fifteen days with the acquiescence of the lessor.”[20] As earlier discussed, all these requisites have been fulfilled in the present case.

Article 1687 of the Civil Code on implied new lease provides:

Article 1687. 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.

Since the rent was paid on a monthly basis, the period of lease is considered to be from month to month, in accordance with Article 1687 of the Civil Code. “[A] lease from month to month is considered to be one with a definite period which expires at the end of each month upon a demand to vacate by the lessor.”[21] When the respondent sent a notice to vacate to the petitioner on August 5, 1998, the tacita reconduccion was aborted, and the contract is deemed to have expired at the end of that month. “[A] notice to vacate constitutes an express act on the part of the lessor that it no longer consents to the continued occupation by the lessee of its property.”[22] After such notice, the lessee’s right to continue in possession ceases and her possession becomes one of detainer.[23]

Estoppel of tenant

We find no merit in the petitioner's allegation that the respondent had no authority to lease the subject premises because the latter failed to prove that it is its owner or administrator.

The Rules of Court protects the respondent, as lessor, from being questioned by the petitioner, as lessee, regarding its title or better right of possession over the subject premises. Section 2(b), Rule 131 of the Rules of Court states that 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. Article 1436 of the Civil Code likewise states that a lessee or a bailee is estopped from asserting title to the thing leased or received, as against the lessor or bailor.

These provisions bar the petitioner from contesting the respondent's title over the subject premises. "The juridical relationship between x x x [a] lessor and x x x [a lessee] carries with it a recognition of the lessor's title. As [lessee, the petitioner is] estopped [from denying the] landlord's title, or to assert a better title not only in [herself], but also in some third person while [she remains] in possession of the subject premises and until [she surrenders] possession to the landlord. This estoppel applies even though the lessor had no title at the time the relation of [the] lessor and [the] lessee was created, and may be asserted not only by the original lessor, but also by those who succeed to his title." [24] Once a contract of lease is shown to exist between the parties, the lessee cannot by any proof, however strong, overturn the conclusive presumption that the lessor has a valid title to or a better right of possession to the subject premises than the lessee.

The Court thus explained in *Tamio v. Ticson*: [25]

Indeed, the relation of lessor and lessee does not depend on the former's title but on the agreement between the parties, followed by the possession of the premises by the lessee under such agreement. As long as the latter remains in undisturbed possession, it is immaterial whether the lessor has a valid title – or any title at all – at the time the relationship was entered into. [citations omitted]

The issue of ownership

We are likewise unpersuaded by the petitioner's claim that she has "acquired possessory rights leading to ownership" [26] over the subject premises, having been in possession thereof since 1944. We emphasize that aside from her self-serving allegation, the petitioner did not present any documentary evidence to substantiate her claim that she stayed on the subject premises since 1944. That the petitioner presented certificates of title of the Manila Railroad Company over certain properties in Tondo, Manila, which allegedly cover the subject premises, is of no moment. One cannot recognize the right of another, and at the same time claim adverse possession which can ripen to ownership, thru acquisitive prescription. "For prescription to set in, the possession must be adverse, continuous, public, and to the exclusion of [others]." [27] Significantly, the RTC decision failed to state its basis for concluding that the petitioner stayed in the subject premises since 1944.

At any rate, we hold that no need exists to resolve the issue of ownership in this case, since it is not required to determine the issue of possession; the execution of the lease contract between the petitioner, as lessee, and the respondent, as lessor, belies the former's claim of ownership. We reiterate that the fact of the lease and the expiration of its term are the only elements in an action for unlawful detainer. "The defense of ownership does not change the summary nature of [this] action. x x x. Although a wrongful possessor may at times be upheld by the courts, this is merely temporary and solely for the maintenance of public order. The question of ownership is to be settled in the proper court and in a proper action." [28]

Interest on rentals due

Additionally, the petitioner is liable to pay interest by way of damages for her failure to pay the rentals due for the use of the subject premises. [29] We reiterate that the respondent's extrajudicial demand on the petitioner was

made on August 5, 1998. Thus, from this date, the rentals due from the petitioner shall earn interest at 6% per annum, until the judgment in this case becomes final and executory. After the finality of judgment, and until full payment of the rentals and interests due, the legal rate of interest to be imposed shall be 12%.

WHEREFORE, in light of all the foregoing, we DENY the petition. The decision and the resolution of the Court of Appeals dated June 21, 2005 and November 10, 2005, respectively, in CA-G.R. SP No. 85664 are AFFIRMED with the MODIFICATION that the unpaid rentals shall earn a corresponding interest of six percent (6%) per annum, to be computed from August 5, 1998 until the finality of this decision. After this decision becomes final and executory, the rate of legal interest shall be computed at twelve percent (12%) per annum from such finality until its satisfaction.

SO ORDERED.

Carpio, (Chairperson), Perez, Sereno, and Reyes, JJ., concur.

[1] Under Rule 45 of the Revised Rules of Court; rollo, pp. 11-19.

[2] Id. at 24-32; penned by Associate Justice Rosmari D. Carandang, and concurred in by Associate Justices Remedios A. Salazar-Fernando and Monina Arevalo-Zenarosa.

[3] Id. at 34-37.

[4] Id. at 53-55.

[5] Id. at 60.

[6] Supra note 4.

[7] Rollo, pp. 61-63.

[8] Dated March 28, 2002; id. at 50-52.

[9] Id. at 52.

[10] Docketed as Civil Case No. 02-103656.

[11] Rollo, pp. 44-49.

[12] Id. at 187-203.

[13] Supra note 2.

[14] Supra note 3.

[15] Supra note 1, at 15.

[16] *Racaza v. Gozum*, 523 Phil. 694, 707 (2006).

[17] *Mendoza v. Court of Appeals*, 492 Phil. 261, 265 (2005).

[18] *Eastern Shipping Lines, Inc. v. Court of Appeals*, 424 Phil. 544, 554 (2002).

[19] See *Bowe v. Court of Appeals*, G.R. No. 95771, March 19, 1993, 220 SCRA 158, 166. In this case, the Court also ruled that an express notice to vacate must be made within the statutory 15-day period.

[20] *Paterno v. Court of Appeals*, 339 Phil. 154, 160-161 (1997).

- [21] *Arquelada v. Philippine Veterans Bank*, 385 Phil. 1200, 1219 (2000).
- [22] *Tagbilaran Integrated Settlers Assoc. (TISA) Inc. v. Court of Appeals*, 486 Phil. 386, 394 (2004).
- [23] See *Lim v. Court of Appeals*, G.R. Nos. 84154-55, July 28, 1990, 188 SCRA 23, 36.
- [24] *Century Savings Bank v. Samonte*, G.R. No. 176212, October 20, 2010, 634 SCRA 261, 277.
- [25] 485 Phil. 434, 444 (2004).
- [26] *Rollo*, p. 61.
- [27] *Corpuz v. Padilla*, Nos. L-18099 and L-18136, July 31, 1962, 5 SCRA 814, 820.
- [28] *Ocampo v. Tirona*, 495 Phil. 55, 66-67 (2005).
- [29] See *Eastern Shipping Lines, Inc. v. Court of Appeals*, G.R. No. 97412, July 12, 1994, 234 SCRA 78.

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