

HERNANIA “LANI” LOPEZ, PETITIONER, VS. GLORIA UMALE-COSME, RESPONDENT.

G.R. No. 171891. February 24, 2009

Ponente: PUNO, C.J.

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PUNO, C.J.:

Before us is a petition for review on certiorari under Rule 45 seeking a review of the Decision[1] and Resolution[2] of the Court of Appeals (CA) in CA G.R. SP No. 82808 reversing the decision[3] of the Regional Trial Court (RTC), Branch 218, Quezon City.

Respondent Gloria Umale-Cosme is the owner of an apartment building at 15 Sibuyan Street, Sta. Mesa Heights, Quezon City, while the petitioner is a lessee of one of the units therein. She was paying a monthly rent of P1,340.00 as of 1999.

On April 19, 1999, respondent filed a complaint for unlawful detainer against petitioner before Branch 43 of the Metropolitan Trial Court (MeTC) of Quezon City on the grounds of expiration of contract of lease and nonpayment of rentals from December 1998. In her answer, petitioner denied that she defaulted in the payment of her monthly rentals, claiming that respondent did not collect the rentals as they fell due in order to make it appear that she was in arrears. Petitioner also alleged that she had been depositing her monthly rentals in a bank in trust for respondent since February 1999.

On March 19, 2003, the MeTC, Branch 43, rendered judgment in favor of respondent, the dispositive portion of which reads:

WHEREFORE, premises considered, the Court finds for the plaintiff and the defendant Hernania "Lani" B. Lopez and all persons claiming rights under her or instructions are hereby ordered:

- to vacate the leased premises located at 15-1, Sibuyan Street, Sta. Mesa Heights, Quezon City Quezon City (sic), Metro Manila;
- to pay the plaintiff monthly rent in the amount of P1,340.00 starting December, 1998 up to the time that they shall have vacated and surrendered the leased premises to the plaintiff;
- to pay the plaintiff the amount of P20,000.00 as and be (sic) way of attorney's fees; and
- costs of suit.[4]

On appeal, the RTC reversed the decision of the MeTC and ruled that the contract of lease between respondent and petitioner lacked a definite period. According to the RTC, the lessee may not be ejected on the ground of termination of the period until the judicial authorities have fixed such period. It ratiocinated:

Under the law, there is a noticeable change on the grounds for judicial ejectment as to expiration of the period. Paragraph (f) of Section 5, only speaks of expiration of the period of lease contract, deleting the phrase "of a written lease contract." However, under its Sec. 6, it provides:

SECTION 6. Application of the Civil Code and Rules of Court of the Philippines. - Except when the lease is for a definite period, the provisions of paragraph (1) of Article 1673 of the Civil Code of the Philippines, insofar as they refer to residential units covered by this Act, shall be suspended during the effectivity of this Act, but other provisions of the Civil Code and the Rules of Court on lease contracts, insofar as they are not in conflict with the provisions of this Act shall apply.

BP Blg. 877 was extended by RA No. 6643, RA No. 6828, RA No. 7644, and RA No. 8437 approved 22 December 1997 extending the law up to 31 December 2001, without changed (sic) in the provision of the law except as to the period of maximum increase allowable.

The condition about the expiration of the period as provided for under Act 877 was never change (sic) despite the several extensionary (sic) laws to it.

The law is so perspicuous to allow other (sic) interpretation. It suspends the provisions of the first paragraph of Article 1673 of the Civil Code, except when the lease is for a definite period. Thus, if the lease has no period but to be fixed yet by the judicial authorities, the lessee may not be ejected on ground of termination of the period.

This particular provision compliments the very purpose of the law prohibiting increase in rentals more than the rates provided therefor.

If they could be ejected with ease just the same by simply interpreting that if a lessee is paying his rentals monthly, the lease is considered month to month, and month to month lease contract is with a definite period, then what part of Article 1673 was suspended?

The amendatory provisions of the Rent Control Law, which the lawmakers had deemed proper to extend everytime (sic) it is about to expire, is nothing but illusory!

In light of the above reasoning, plaintiff-appellee's ground based on the expiration of the lease contract must fail. BP Blg. 877 as amended suspends the ejectment of lessees based on the expiration of lease contract where there was no agreement as to a definite lease period.

Finally, the plaintiff has, in effect, abandoned her other ground of non-payment of rental having stipulated on the consignment by defendant of the back rental from December 1998 to September 2002 during the pre-trial.

WHEREFORE, premises considered, the assailed decision is REVERSED and SET ASIDE. The case is DISMISSED.

SO ORDERED.[5]

Respondent's motion for reconsideration was denied by the RTC in a Resolution dated February 2, 2004.

Aggrieved, respondent repaired to the CA, which found merit in her appeal, thus:

It is worthy to note that in her answer, respondent admitted the allegations in paragraph 5 of the complaint that the apartment unit was leased to her by petitioner on a month to month basis.

Article 1673 (1) of the Civil Code provides that the lessor may judicially eject the lessee when the period agreed upon, or that which is fixed for the duration of leases under articles 1682 and 1687, has expired. Article 1687 of the same Code provides that 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.

On the other hand, Section 6 of Batas Pambansa Bilang 877 reads:

Sec. 6: Application of the Civil Code and Rules of Court of the Philippines. - Except when the lease is for a definite period, the provisions of paragraph (1) of Article 1673 of the Civil Code of the Philippines, insofar as

they refer to residential units covered by this Act, shall be suspended during the effectivity of this Act, but other provisions of the Civil Code and the Rules of Court on lease contracts, insofar as they are not in conflict with the provisions of the Act shall apply.

In *Acab v. Court of Appeals*, it was held that Section 6 of B.P. Blg. 877 does not suspend the effects of Article 1687 of the Civil Code. Lease agreements with no specified period, but in which rentals are paid monthly, are considered to be on a month-to-month basis. They are for a definite period and expire after the last day of any given thirty-day period, upon proper demand and notice by the lessor to vacate. In the case at bench, petitioner had shown that written notices of termination of lease and to vacate were sent by her to respondent, but the latter refused to acknowledge receipt thereof. In view thereof, he caused the posting of said notice on the leased premises in the presence of the barangay security officers on March 1, 1999.[6]

The CA denied petitioner's Motion for Reconsideration in a resolution dated March 13, 2006. As a consequence, petitioner filed the instant petition for review, where she argues that the CA gravely erred when it ruled that she may be ejected on the ground of termination of lease contract.

The petition is utterly bereft of merit.

It is well settled that where a contract of lease is verbal and on a monthly basis, the lease is one with a definite period which expires after the last day of any given thirty-day period.[7] In the recent case of *Leo Wee v. De Castro* where the lease contract between the parties did not stipulate a fixed period,[8] we ruled:

The rentals being paid monthly, the period of such lease is deemed terminated at the end of each month. Thus, respondents have every right to demand the ejectment of petitioners at the end of each month, the contract having expired by operation of law. Without a lease contract, petitioner has no right of possession to the subject property and must vacate the same. Respondents, thus, should be allowed to resort to an action for ejectment before the MTC to recover possession of the subject property from petitioner.

Corollarily, petitioner's ejectment, in this case, is only the reasonable consequence of his unrelenting refusal to comply with the respondents' demand for the payment of rental increase agreed upon by both parties. Verily, the lessor's right to rescind the contract of lease for non-payment of the demanded increased rental was recognized by this Court in *Chua v. Victorio*:

The right of rescission is statutorily recognized in reciprocal obligations, such as contracts of lease. x x x under Article 1659 of the Civil Code, the aggrieved party may, at his option, ask for (1) the rescission of the contract; (2) rescission and indemnification for damages; or (3) only indemnification for damages, allowing the contract to remain in force. Payment of the rent is one of a lessee's statutory obligations, and, upon non-payment by petitioners of the increased rental in September 1994, the lessor acquired the right to avail of any of the three remedies outlined above. (citations omitted)

In the case at bar, it has been sufficiently established that no written contract existed between the parties and that rent was being paid by petitioner to respondent on a month-to-month basis. As the CA noted, petitioner admitted the lack of such written contract in her complaint.[9] Moreover, in the instant petition for review, petitioner herself alleged that she has been occupying the leased premises and paying the monthly rentals without fail since 1975.[10] Hence, petitioner's argument that the contract of lease between her and respondent lacked a definite period-and that corollarily, she may not be ejected on the ground of termination of period-does not hold water. Petitioner was merely grasping at straws when she imputed grave error upon the CA's decision to eject her from the leased premises.

IN VIEW WHEREOF, the instant petition is DENIED. The decision of the Court of Appeals is AFFIRMED.

SO ORDERED.

Carpio, Corona, Leonardo-De Castro, and Brion, JJ., concur.

[1] Promulgated on December 23, 2005.

[2] Dated March 13, 2006.

[3] Dated December 15, 2003.

[4] Rollo, p. 209.

[5] Rollo, pp. 166-167.

[6] Rollo, pp. 20-29.

[7] *Leo Wee v. De Castro*, G.R. No. 176405, August 20, 2008, pp. 11-12; *Dula v. Maravilla*, G.R. No. 134267, May 9, 2005, 458 SCRA 249, 258-262; *La Jolla, Inc. v. Court of Appeals*, G.R. No. 115851, June 20, 2001, 359 SCRA 102, 110; *De Vera v. CA*, G.R. No. 110297, August 7, 1996, 260 SCRA 396, 400; *Legar Management v. CA*, G.R. No. 117423, January 24, 1996, 252 SCRA 335, 338-340; *Acab v. CA*, G.R. No. 112285, February 21, 1995, 241 SCRA 546, 550-551; *Palanca v. IAC*, G.R. No. 71566, December 15, 1989, 180 SCRA 119, 127-129; *Uy Hoo v. CA*, G.R. No. 83263, June 14, 1989, 174 SCRA 100, 103-107; *Rivera v. Florendo*, L-60066, July 31, 1986, 143 SCRA 278, 286-287; *Baens v. Court of Appeals*, No. L-57091, November 23, 1983, 125 SCRA 634, 644.

[8] *Supra*, see note 7.

[9] Rollo, p. 28.

[10] Rollo, p. 19.

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