

**MANILA INTERNATIONAL AIRPORT AUTHORITY, PETITIONER, VS.
AVIA FILIPINAS INTERNATIONAL, INC., RESPONDENT.***G.R. No. 180168. February 27, 2012*

Ponente: PERALTA, J.

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Before the Court is a petition for review on certiorari under Rule 45 of the Rules of Court, seeking the reversal and setting aside of the June 19, 2007 Decision[1] and the October 11, 2007 Resolution[2] of the Court of Appeals (CA) in CA-G.R. CV No. 79325. The assailed CA Decision affirmed with modification the Decision[3] dated March 21, 2003 of the Regional Trial Court (RTC) of Quezon City, Branch 224, in Civil Case No. Q-98-34395, while the CA Resolution denied petitioner's Motion for Reconsideration.

The factual and procedural antecedents are as follows:

In September 1990, herein petitioner Manila International Airport Authority (MIAA) entered into a contract of lease with herein respondent Avia Filipinas International Corporation (AFIC), wherein MIAA allowed AFIC to use specific portions of land as well as facilities within the Ninoy Aquino International Airport exclusively for the latter's aircraft repair station and chartering operations. The contract was for one (1) year, beginning September 1, 1990 until August 31, 1991, with a monthly rental of P6,580.00.

In December 1990, MIAA issued Administrative Order No. 1, Series of 1990, which revised the rates of dues, charges, fees or assessments for the use of its properties, facilities and services within the airport complex. The Administrative Order was made effective on December 1, 1990. As a consequence, the monthly rentals due from AFIC was increased to P15,996.50. Nonetheless, MIAA did not require AFIC to pay the new rental fee. Thus, it continued to pay the original fee of P6,580.00.

After the expiration of the contract, AFIC continued to use and occupy the leased premises giving rise to an implied lease contract on a monthly basis. AFIC kept on paying the original rental fee without protest on the part of MIAA.

Three years after the expiration of the original contract of lease, MIAA informed AFIC, through a billing statement dated October 6, 1994, that the monthly rental over the subject premises was increased to P15,966.50 beginning September 1, 1991, which is the date immediately following the expiration of the original contract of lease. MIAA sought recovery of the difference between the increased rental rate and the original rental fee amounting to a total of P347,300.50 covering thirty-seven (37) months between September 1, 1991 and September 31, 1994. Beginning October 1994, AFIC paid the increased rental fee. However, it refused to pay the lump sum of P347,300.50 sought to be recovered by MIAA. For the continued refusal of AFIC to pay the said lump sum, its employees were denied access to the leased premises from July 1, 1997 until March 11, 1998. This, notwithstanding, AFIC continued paying its rentals. Subsequently, AFIC was granted temporary access to the leased premises.

AFIC then filed with the RTC of Quezon City a Complaint for damages with injunction against MIAA and its General Manager seeking uninterrupted access to the leased premises, recovery of actual and exemplary damages, refund of its monthly rentals with interest at the time that it was denied access to the area being rented as well as attorney's fees.

In its Answer with Counterclaim, MIAA contended that under its lease contract with AFIC, MIAA is allowed to either increase or decrease the monthly rental; AFIC has rental arrears in the amount of P347,300.50; AFIC was wrong in claiming that MIAA took the law into its own hands in denying AFIC and its employees access to the leased premises, because under the lease contract, in case of failure on the part of AFIC to pay rentals for at least two (2) months, the contract shall become automatically terminated and canceled without need of judicial action or process and it shall be lawful for MIAA or any person or persons duly authorized on its behalf to take possession of the property either by padlocking the premises or posting its guards to prevent the entry of any person. MIAA prayed for the award of exemplary damages as well as attorney's fees and litigation expenses.

On March 21, 2003, the RTC rendered its Decision, the dispositive portion of which reads as follows:

WHEREFORE, in view of the foregoing, judgment is hereby rendered in favor of the plaintiff [AFIC] and as against the defendants [MIAA] ordering the latter to pay plaintiff the following:

- a) the amount of P2,000,000.00 as actual damages;
- b) the amount of P200,000.00 as exemplary damages;
- c) to refund the monthly rental payments beginning July 1, 1997 up [to] March 11, 1998 with interest at twelve (12%) percent;
- d) the amount of P100,000.00 as attorney's fees;
- e) cost of suit.

IT IS SO ORDERED.[4]

MIAA filed an appeal with the CA contending that the RTC erred in: (1) finding that MIAA is not entitled to apply the increase in rentals as against AFIC; (2) finding that MIAA is not entitled to padlock the leased premises or post guards to prevent entry of AFIC therein; and (3) awarding actual and exemplary damages and attorney's fees.

On June 19, 2007, the CA rendered its assailed Decision, the dispositive portion of which reads, thus:

WHEREFORE, premises considered, the decision of the Regional Trial Court of Quezon City in Civil Case No. Q-98-34395 is hereby AFFIRMED with MODIFICATION. The awards of actual/compensatory damages and exemplary damages are deleted. The refund of monthly rental payments from July 1, 1997 to March 11, 1998 shall earn interest of six percent (6%) per annum from the date of the filing of the complaint until the finality of this decision. An interest of twelve percent (12%) per annum shall be imposed upon any unpaid balance from such finality until the judgment amount is fully satisfied.

The award of attorney's fees stands.

SO ORDERED.[5]

MIAA filed a Motion for Reconsideration, but the CA denied it via its Resolution dated October 11, 2007.

Hence, the present petition for review on certiorari raising the following issues:

WHETHER THE HONORABLE COURT OF APPEALS CORRECTLY INTERPRETED THE PROVISIONS OF THE LEASE CONTRACT IN LINE WITH THE PROVISIONS OF THE CIVIL CODE AND EXISTING JURISPRUDENCE ON CONTRACTS.

WHETHER THE PRINCIPLE OF UNJUST ENRICHMENT IS APPLICABLE TO THE INSTANT CASE.

WHETHER RESPONDENT IS ENTITLED TO ATTORNEY'S FEES.[6]

Petitioner MIAA contends that, as an administrative agency possessed of quasi-legislative and quasi-judicial powers as provided for in its charter, it is empowered to make rules and regulations and to levy fees and charges; that its issuance of Administrative Order No. 1, Series of 1990 is pursuant to the exercise of the abovementioned powers; that by signing the lease contract, respondent AFIC already agreed and gave its consent to any further increase in rental rates; as such, the provisions of the lease contract being cited by the CA which provides that “any amendment, alteration or modification [of the lease contract] shall not be valid and binding, unless and until made in writing and signed by the parties thereto” is deemed complied with because respondent already consented to having any subsequent amendments to Administrative Order No. 1 automatically incorporated in the lease contract; that the above-quoted provisions should not also be interpreted as having the effect of limiting the authority of MIAA to impose new rental rates in accordance with its authority under its charter.

Petitioner also argues that it is not guilty of unjust enrichment when it denied respondent access to the leased premises, because there is nothing unlawful in its act of imposing sanctions against respondent for the latter's failure to pay the increased rental.

Lastly, petitioner avers that respondent is not entitled to attorney's fees, considering that it was not compelled to litigate and incur expenses to protect its interest by reason of any unjustified act on the part of petitioner. Petitioner reiterates that it was merely exercising its right as the owner and administrator of the leased property and, as such, its acts may not be deemed unwarranted.

The petition lacks merit.

Article 1306 of the Civil Code provides that “[t]he contracting parties may establish such stipulations, clauses, terms and conditions as they may deem convenient, provided they are not contrary to law, morals, good customs, public order, or public policy.”

Moreover, Article 1374 of the Civil Code clearly provides that “[t]he various stipulations of a contract shall be interpreted together, attributing to the doubtful ones that sense which may result from all of them taken jointly.” Indeed, in construing a contract, the provisions thereof should not be read 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.[7] In other words, the stipulations in a contract and other contract documents should be interpreted together with the end in view of giving effect to all.[8]

In the present case, the Court finds nothing repugnant to law with respect to the questioned provisions of the contract of lease between petitioner and respondent. It is true that Article II, Paragraph 2.04 of the Contract of Lease states that “[a]ny subsequent amendment to Administrative Order No. 4, Series of 1982, which will effect a decrease or escalation of the monthly rental or impose new and additional fees and charges, including but not limited to government/MIAA circulars, rules and regulation to this effect, shall be deemed incorporated herein and shall automatically amend this Contract insofar as the monthly rental is concerned.”[9] However, the Court agrees with the CA that the abovequoted provision of the lease contract should not be read in isolation. Rather, it should be read together with the provisions of Article VIII, Paragraph 8.13, which provide that “[a]ny amendment, alteration or modification of th[e] Contract shall not be valid and binding, unless and until made in writing and signed by the parties thereto.”[10] It is clear from the foregoing that the intention of the parties is to subject such amendment to the conformity of both petitioner and respondent. In the instant case, there is no showing that respondent gave his acquiescence to the said amendment or modification of the contract.

The situation is different with respect to the payments of the increased rental fee made by respondent beginning October 1994 because by then the amendment to the contract was made in writing through a bill sent by petitioner to respondent.[11] The fact that respondent subsequently settled the said bill proves that he acceded to the increase in rental fee. The same may not be said with respect to the questioned rental fees sought to be recovered by petitioner between September 1991 and September 1994 because no bill was made and forwarded to respondent on the basis of which it could have given or withheld its conformity thereto.

It may not be amiss to point out that during the abovementioned period, respondent continued to pay and petitioner kept on receiving the original rental fee of P6,580.00 without any reservations or protests from the latter.[12] Neither did petitioner indicate in the official receipts it issued that the payments made by respondent constitute only partial fulfillment of the latter's obligations. Article 1235 of the Civil Code clearly states that "[w]hen the obligee accepts the performance knowing its incompleteness or irregularity, and without expressing any protest or objection, the obligation is deemed fully complied with." For failing to make any protest or objection, petitioner is already estopped from seeking recovery of the amount claimed.

Anent the second issue, since it has been established that petitioner has no legal basis in requiring respondent to pay additional rental fees from September 1, 1991 to September 30, 1994, it, thus, follows that petitioner's act of denying respondent and its employees access to the leased premises from July 1, 1997 until March 11, 1998, by reason of respondent's non-payment of the said additional fees, is likewise unjustified.

Under Paragraph 3, Article 1654 of the Civil Code, the lessor is obliged "[t]o maintain the lessee in the peaceful and adequate enjoyment of the lease for the entire duration of the contract."

Moreover, Article 1658 of the same Code provides that "[t]he lessee may suspend the payment of the rent in case the lessor fails to make the necessary repairs or to maintain the lessee in peaceful and adequate enjoyment of the property leased."

Furthermore, as correctly cited by the RTC, Article 19 of the Civil Code provides that "[e]very person must, in the exercise of his rights and in the performance of his duties, act with justice, give everyone his due, and observe honesty and good faith."

Article 22 of the same Code also states that "[e]very person who through an act of performance by another, or any other means, acquires or comes into possession of something at the expense of the latter without just or legal ground, shall return the same to him." In accordance with jurisprudence, there is unjust enrichment when a person unjustly retains a benefit to the loss of another, or when a person retains money or property of another against the fundamental principles of justice, equity and good conscience.[13] The principle of unjust enrichment essentially contemplates payment when there is no duty to pay, and the person who receives the payment has no right to receive it.[14]

In the instant case, it is clear that petitioner failed to maintain respondent in the peaceful and adequate enjoyment of the leased premises by unjustifiably preventing the latter access thereto. Consequently, in accordance with Article 1658 of the Civil Code, respondent had no duty to make rent payments. Despite that, respondent still continued to pay the rental fees agreed upon in the original contract. Thus, it would be the height of inequity and injustice as well as unjust enrichment on the part of petitioner if the rental fees paid by respondent during the time that it was denied access to and prevented from using the leased premises be not returned to it.

With respect to attorney's fees, the Court finds no error on the part of the CA in sustaining such award on the ground that petitioner's act of denying respondent and its employees access to the leased premises has compelled respondent to litigate and incur expenses to protect its interest.[15] The Court likewise agrees with the CA that,

under the circumstances prevailing in the present case, attorney's fees may be granted on grounds of justice and equity.[16]

Finally, the Court deems it proper to reiterate the provisions of Supreme Court Administrative Circular No. 10-2000 which enjoins all judges of lower courts to observe utmost caution, prudence and judiciousness in the issuance of writs of execution to satisfy money judgments against government agencies and local government units.

WHEREFORE, the petition is DENIED. The June 19, 2007 Decision and October 11, 2007 Resolution of the Court of Appeals in CA-G.R. CV No. 79325 are AFFIRMED. The Regional Trial Court of Quezon City, Branch 224 is ORDERED to comply with the directives of Supreme Court Administrative Circular No. 10-2000.

SO ORDERED.

Velasco, Jr., (Chairperson), Abad, Mendoza, and Perlas-Bernabe, JJ., concur.

[1] Penned by Associate Justice Arcangelita M. Romilla-Lontok, with Associate Justices Mariano C. del Castillo (now a member of this Court) and Romeo F. Barza, concurring; Annex "A" to Petition, rollo, pp. 34-44.

[2] Annex "B" to Petition, id. at 45-46.

[3] Penned by Judge Emilio L. Leachon, Jr.; id. at 111-115.

[4] Records, p. 178.

[5] Rollo, pp. 43-44.

[6] Id. at 22-23.

[7] Hanjin Heavy Industries and Construction Co., Ltd. v. Dynamic Planners and Construction Corp., G.R. Nos. 169408 & 170144, April 30, 2008, 553 SCRA 541, 559.

[8] Id.

[9] Exhibit "A," folder of exhibits for the plaintiff, p. 2.

[10] Id. at 6.

[11] See Exhibit "C," folder of exhibits for the plaintiff, p. 100.

[12] See Exhibits "B-12"- "B-45," id. at 22-57.

[13] Arturo Sarte Flores v. Spouses Enrico L. Lindo, Jr. and Edna C. Lindo, G.R. No. 183984, April 13, 2011; Development Bank of the Philippines v. Medrano, G.R. No. 167004, February 7, 2011, 641 SCRA 559, 569; Car Cool Philippines, Inc. v. Ushio Realty and Development Corporation, G.R. No. 138088, January 23, 2006, 479 SCRA 404, 412; Reyes v. Lim, G.R. No. 134241, August 11, 2003, 408 SCRA 560, 570.

[14] Land Bank of the Philippines v. Ong, G.R. No. 190755, November 24, 2010, 636 SCRA 266, 279.

[15] Civil Code, Art. 2208.

[16] Id.

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