

GILBERT T. DE LA PAZ, PETITIONER, VS. MARIKINA FOOTWEAR DEVELOPMENT COOPERATIVE, INC. (MAFODECO), REPRESENTED BY ITS CHAIRMAN RODOLFO DE GUZMAN, RESPONDENT.

G.R. No. 183232. April 30, 2009

Ponente: CARPIO MORALES, J.

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CARPIO MORALES, J.:

Gilbert T. de la Paz (petitioner), operator of a water-refilling station, entered in May 7, 1998 into a contract of lease^[1] with respondent Marikina Footwear Development Cooperative, Inc. (MAFODECO), represented by its chairman Rodolfo de Guzman (de Guzman), over a commercial space described as MAFODECO Store, Stall No. 25, located at the New Marikina Trade Fair Building, Sta. Elena, Marikina City, for a period of one (1) year or from May 9, 1998 until May 9, 1999 at a monthly rental of P8,000.

It appears that Bayani Vergara (Bayani), owner of the leased property, allowed MAFODECO to use the property as its office for free; and that upon Bayani's demise on October 16, 1993,^[2] the ownership of the leased property was transferred to his spouse Severina. And petitioner, MAFODECO's chairman de Guzman, and Severina executed an "Agreement on Advance Rental"^[3] under which petitioner agreed to pay Severina's real estate taxes of P28,000 and MAFODECO's outstanding association dues with the Marikina New Trade Fair Association (the Association) in the amount of P18,000, which amounts were to be deducted from his (petitioner's) rental payments. De Guzman in fact, by a document entitled "History of Payments,"^[4] acknowledged the settlement of those amounts by petitioner.

Severina eventually agreed to split the rental payments of petitioner between her and MAFODECO starting May, 1998.

Petitioner and MAFODECO renewed the lease contract for another year beginning May 9, 1999 until May 9, 2000.^[5] Upon the expiration of this lease contract, Severina advised petitioner that she opted to exercise her right as owner of the property and decided to discontinue the split rental arrangement.

Petitioner and Severina soon executed a lease contract^[6] for the period January 1, 2001 to December 31, 2001, renewable every year at the option of both parties, at a monthly rental of P12,000.

MAFODECO later asked petitioner, by letter^[7] dated October 12, 2001, "to pay the amount of at least Seventy Eight Thousand (P78,000) Pesos (rent from August 2000 to July 2001)" and to vacate the property within five (5) days from notice.

Petitioner refused to heed the demand, prompting MAFODECO to file on February 11, 2002 a complaint^[8] for unlawful detainer against him before the Metropolitan Trial Court (MeTC) of Marikina City, docketed as Civil Case No. 02-7304.

In its complaint, MAFODECO alleged, in the main, that it "is the OWNER and LESSOR" of the property "under a verbal lease," with a monthly rental of P8,000; and that petitioner "ha[d] not paid the rents for the leased

premises since August 2000 up to the present, thereby leaving arrears in the amount of at least P156,000." [9]

Denying the material allegations of the complaint, petitioner, in his Answer with Counterclaim, [10] proffered that, among other things, MAFODECO, which has neither juridical nor physical possession of the property, has no cause of action against him since his possession thereof is anchored on the existing lease contract between him and Severina.

By Decision of June 25, 2002, [11] Marikina MeTC Branch 76 rendered judgment in favor of MAFODECO and against petitioner, ordering the latter to: (a) vacate the leased premises and surrender possession thereof to MAFODECO; (b) pay MAFODECO P8,000 per month beginning September 2000 until the property shall have been fully vacated; and (c) pay P10,000 attorney's fees, plus P1,500 per court appearance, and costs.

In finding for MAFODECO, the MeTC held that although Severina is the owner of the property, "she has not recovered possession [thereof] from MAFODECO; hence, she lacks the capacity to enter into a lease contract [with petitioner]"; that Severina should have filed "the proper accion publiciana against MAFODECO"; and that "all rental payments made [by petitioner] to Severina could not be considered as payment to MAFODECO." [12]

Branch 273 of the Regional Trial Court (RTC) of Marikina, by Decision of January 7, 2003, [13] affirmed the MeTC decision.

On petitioner's Petition for Review, the Court of Appeals, by Decision of August 31, 2007, [14] affirmed the RTC decision. His motion for reconsideration having been denied by Resolution of June 2, 2008, petitioner filed the present Petition for Review on Certiorari, faulting the Court of Appeals

(a) . . . in affirming the RTC Decision despite the undisputed fact that "respondent MAFODECO was aware that Bayani, Severina's husband, from whom it claims a right over the property in question, had long died; yet, MAFODECO proceeded to lease the property to petitioner without even obtaining Severina's consent as the new owner." [15]

(b) . . . in requiring him to pay MAFODECO rent from September 2000 until he vacates the same, despite the undisputed fact that "he had religiously and fully paid rent to Severina beginning September 2000 and that his contract of lease with MAFODECO had expired in May 2000." [16] (Underscoring supplied)

The Court finds for petitioner.

Respondent, in misrepresenting in its complaint for unlawful detainer that it is "the OWNER" of the property, attached a document entitled "Pahintulot Sa Paghahanap-buhay," which document, as the title itself says, is simply a permit or authority to engage in business. Apparently, respondent made such false declaration of ownership to make it appear that it had the right to lease the property to petitioner.

When respondent filed on February 11, 2002 the complaint for unlawful detainer against petitioner, it could not also have anchored its right to lease the property on the "tolerance" of its previous owner Bayani who had died more than 11 years earlier or on October 16, 1993. Bayani's act of tolerance in favor of respondent had automatically ceased with his demise.

In any event, when on January 1, 2001, Severina, the registered owner of the property since July 29, 1999, herself entered into a lease contract with petitioner, she severed the authority she may have previously given MAFODECO to lease the property to petitioner and to split the rentals therefor between her and MAFODECO.

To allow petitioner, under the circumstances, to vacate the property and pay respondent rentals until the property shall have been vacated, as ordered by the MeTC and affirmed by both the RTC and Court of Appeals, petitioner's existing lease contract with Severina notwithstanding, would constitute unjust enrichment in favor of respondent

and cause unjust poverty to petitioner.

WHEREFORE, the Petition is GRANTED and the assailed Decision and Resolution of the Court of Appeals are SET ASIDE. Respondent MAFODECO's Complaint for unlawful detainer, docketed before the Metropolitan Trial Court of Marikina City as Civil Case No. 02-7304, is DISMISSED.

SO ORDERED.

Tinga, Velasco, Jr., Leonardo-De Castro*, and Brion, JJ., concur.

[*] Additional member in lieu of Justice Leonardo A. Quisumbing who is on official leave.

[1] Contract of Lease, rollo, pp. 29-30.

[2] Petitioner's Appeal Memorandum filed before the Regional Trial Court of Marikina City, Branch 273, id at 300.

[3] Id. at 31.

[4] Id. at 32.

[5] Id. at 62-63.

[6] Id. at 83-85.

[7] Id. at 86.

[8] Id. at 97-99.

[9] Id at 97, par. 5.

[10] Id. at 104-115.

[11] Id. at 271-287.

[12] Id. at pp. 285-286.

[13] Id. at 371-377.

[14] Id. at 426-440. Penned by Associate Justice Enrico A. Lanzas with the concurrence of Associate Justices Remedios Salazar-Fernando and Rosalinda Asuncion-Vicente.

[15] Petition, rollo, p. 23.

[16] Id. at 24.

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