

IN RE CONSIGNATION IN FAVOR OF BENITO GONZALES. CHING PUE ET AL., PETITIONERS AND APPELLANTS, VS. BENITO GONZALES, RESPONDENT AND APPELLEE.*G.R. No. 2554-64. July 21, 1950*

Ponente: MONTEMAYOR, J.

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These are eleven cases appealed jointly, corresponding to as many separate cases of petition for consignation, Civil Cases Nos. 2127 to 2137 of the Court of First Instance of Manila, considered and heard jointly by that court and determined and disposed of in one single decision.

Respondent-appellee Benito Gonzales is the owner of the building and the premises occupied by the eleven petitioners in these consignation cases. The premises are situated at Muelle de Binondo, San Nicolas and Fundidor streets, district of Binondo, Manila, about 150 meters away from the Divisoria Market. Said petitioners were all tenants of respondent, occupying separate and distinct lots. With the exception of petitioner Pablo Ong alias Ong Kim Pan who began leasing his premises from respondent in 1945, all the rest was tenants or lessees of long standing, even before the war, Gonzales claims that the premises are commercial properties and are used as such by his tenants while the latter, not flatly denying the commercial nature of the property therein occupied, affirm that they are using them essentially for residential purposes. In none of these eleven leases has there been any written contract of lease, much less, for any long period of tenancy. The rentals were paid monthly and so, according to law it is to be understood that the leases were from month to month. The assessed value of the premises was P36,500.00 in the year 1941. Effective 1947, however, it has been raised by the City to P150,000.

In February, 1947, the owner Benito Gonzales notified each and everyone of the eleven tenant-petitioners that effective that month, they were to pay the Increased rents specified by him, presumably, deemed by him to be reasonable and commensurate with the increase in the assessment of his property and the corresponding taxes. The notice included a warning and advice that if they did not agree or were unwilling to pay the increased rentals, they (tenants) should vacate their respective premises. Despite the notice and the warning, all the eleven tenant-petitioners refused to vacate their places; they also refused to pay the new schedule of rents. So, on April 12, 1947, Gonzales filed in the Municipal Court of Manila ejectment proceedings, Civil Cases Nos. 3172 and 3173 against two of the tenants, Pablo Ong alias Ong Kim Pan and Ong Wa, presumably to serve as test cases, alleging that he (Gonzales) had terminated their leases, and asking that the said two defendants be ordered to vacate the premises and that they be directed to pay the increased rents fixed by the owner, effective April 1, 1947, until they left the places leased by them.

The eleven tenants, including the two defendants in the ejectment cases, quite alert if not clever, however, must have foreseen and anticipated the legal steps that the owner would or was bound to take in view of their adamant refusal to either vacate the premises they were occupying or pay the new rentals fixed and demanded of them, and using a familiar expression, they, as it were, beat him to the draw by filing in the lower court on March 31, 1947,

that is, about twelve days before the filing of the ejectment cases, these eleven separate petitions for consignment, one for each tenant. Each petition alleged that the tenant-petitioner had made a formal tender of the rentals at the old rate observed previous to February, 1947, that is, rentals for the months of February and March of that year, but that the owner Gonzales without valid reason refused to accept tender and so each tenant-petitioner after having duly notified Gonzales, deposited in court the said rentals for two months by way of consignment, at the same time asking the court to allow him to continue depositing the monthly rental as they fall due, which he would appear to have done up to the time when the decision of the lower court was rendered.

Then, on April 10, 1947, two days before Gonzales filed his ejectment cases, the eleven tenant-petitioners in the eleven cases of consignment jointly filed Civil Case No. 2224 in the Court of First Instance of Manila for declaratory relief, seeking the interpretation and application of the rental law with reference to the premises rented and occupied by them. Said case, however, was dismissed by Judge Ocampo who was then presiding over branch V in a decision dated May 12, 1948. He held that the only question involved in the case was whether or not the premises were commercial or residential, and that this point could not be decided in the declaratory relief case. The plaintiffs in that case appealed to the Court of Appeals, CA-G.R. No. 3556-R, in which court we understand, the case is still pending.

Going back to the consignment cases, after hearing, and after considering the stipulation of facts entered into by both parties, on August 14, 1948, the lower court rendered judgment dismissing all the eleven cases, holding that Benito Gonzales cannot be compelled to accept the rents tendered by the petitioners; neither can the court determine the reasonable amount of monthly rent to be paid by each of the petitioners. The trial court ordered the return to the petitioners of the amounts deposited by them. From that judgment all the petitioners appealed to this Court and have filed a single brief.

Counsel for the appellants contends that the trial court erred in holding that Benito Gonzales could not be compelled to accept the rents deposited in court by the petitioners. Appellants advance the theory that being tenants of respondent Gonzales on verbal contracts of lease for the occupation of the premises in question, they are debtors to their common landlord, as regards payment of the monthly rent in arrears and also of the current rents after they fall due from time to time, and that as such debtors, they are under obligation to pay their debts; hence the tender of the rentals due. And because of the refusal said to be without any valid reason on the part of Gonzales to receive said payments, the judicial consignment made by the appellants was justified.

We agree with the lower court that the respondent-appellee may not be compelled to accept the monthly rents tendered by his tenants. According to the very argument and citation of authority adduced by appellants in their brief, when tender of payment is made by a debtor, the creditor may accept it only under the terms which accompanied the tender, not under conditions imposed by the payee or creditor. For instance, if an amount is tendered as a full satisfaction or payment of a debt, the creditor may not accept it as a mere partial payment and reserve the right to demand and collect the balance of what he believes to be the entire obligation, (See case of Vidal Araneta & Co. vs. Vicente Uy Teck, CA-G.R. No. 5096, August 14, 1940, 40 Off.Gaz., No. 15, p, 29) He should as the common saying goes, "take it or leave it." When the tender of payment was made to Gonzales he could either accept the amounts of the old rentals offered as full payment of the rents and obligations of his tenants, thereby forfeiting his right to demand the increased rentals he had fixed; or could reject the tender which he did. He cannot very well be blamed for his decision and action.

Article 1176 of the Civil Code provides that a debtor may relieve himself of liability by consignment of the thing due if the creditor to whom tender of payment has been made refuses without reason to accept it. In the present case Gonzales had his reason and a good one for refusing to receive the payment of the rentals under the old scale. The assessment of his property having been increased substantially, he felt that he should also raise his rentals,

which he did. We are not now called upon to decide whether said new rentals are reasonable or not. That question will be decided in an appropriate ejectment case, but from the viewpoint of respondent Gonzales, he could not very well accept said rentals because if he did, he was precluded from claiming and demanding the payment of the increased rentals. He was therefore not without reason in declining to accept the rents tendered which were far below the amounts fixed by him in February, 1947. Article 1176 of the Civil Code is, therefore, not applicable.

Another question to be considered is the relation between the petitioners and respondent. As already stated, the former claim that they are debtors of Gonzales and as such they made tender of payment of the rentals, and when tender was refused, they made the deposits in court. Up to February, 1947, when the landlord (Gonzales) notified his tenants to either pay the increased rents or vacate the premises, the petitioners as regards the old rentals due might be regarded as debtors of their landlord; but after that time when they refused to pay the increased rents, as a result of which the landlord decided to terminate the leases which according to him, he had right to do because the leases were from month to month, such relation of debtor and creditor ceased. From respondent landlord's point of view, the petitioners may no longer be considered as debtors who may relieve themselves of liability by tendering payment of the old rentals, and if refused, consigning them in court, but they may be viewed as squatters or trespassers who were occupying the premises not only without any agreement or contract with the owner but against his will. So, from that point of view, their case may not come under the provisions of article 1176 of the Civil Code.

Consignation in Court under article 1176 of the Civil Code, is not the proper proceedings to determine the relation between landlord and tenant, the period or life of the lease or tenancy, the reasonableness of the rental, the right of the tenant to keep the premises against the will of the landlord, etc. These questions should be decided in a case of ejectment or detainer like those two cases brought by Gonzales against two of the petitioners under the provisions of Rule 72 of the Rules of Court. In a case of ejectment, the landlord claims either that the lease has ended or been terminated or that the lessee has forfeited his right as such because of his failure to pay the rents as agreed upon or because he failed or refused to pay the new rentals fixed and demanded by the lessor. The lessee in his turn may put up the defense that according to law, the rental demanded of him is unreasonable, exorbitant and illegal, or that the period of the lease has not yet expired, or that if the rental law (Commonwealth Act No. 689, as amended by Republic Act No. 66) is applicable, and that the premises are destined solely for dwelling, he may not be ousted therefrom because the owner does not need them for his own use, etc. We repeat that all these questions should be submitted and decided in a case of ejectment and cannot be decided in a case of consignation.

Now, for a little digression, it may be here stated that the trial of the two ejectment cases, Civil Cases Nos. 3172 and 3173 was held in abeyance by order of the Municipal Court pending decision Civil Case No. 2224 for declaratory relief. After this case and the eleven cases for consignation, Civil Cases Nos. 2127-2137 were dismissed by the Court of First Instance, the Municipal Court sought to resume the hearing of the ejectment cases, but the two tenant-defendants therein who are two of the eleven plaintiffs in the declaratory relief case as well as petitioners in the consignation cases immediately instituted prohibition proceedings Civil Case No. 6447 in the Court of First Instance of Manila, intended to stay the hand of the Municipal Court and suspend the hearing of the ejectment cases. Said prohibition case was dismissed, the trial court holding that the Municipal Court had the right to hear and adjudge the ejectment cases. From that decision of dismissal the petitioners appealed to this Court G. R. No. L-2850, On December 29, 1949, this Tribunal thru Mr. Justice Reyes sustained the trial court saying:

"It should also be borne in mind that the practice of allowing a stay in one action pending the outcome of another is not of universal application. In every case the court will consider whether justice will be done by granting the stay, always mindful of the possibility that it may work damage to someone else. (53 Am. Jur. 36.) In the present case, the suspension of proceedings in the ejectment cases would work injustice to the land-lord with the paralization of his summary remedy for the ouster of tenants who insist on occupying his property

against his will beyond the period of their lease,

"As we see it, the whole controversy between landlord and tenant in the present case may be resolved in the actions for desahucio so that if any stay should be granted at all it should be in the consignation and declaratory relief cases. A contrary ruling would allow a circumvention of the Rules by frustrating the purpose of desahucio as a summary remedy. Such a result should be avoided.

"We are, therefore, of the opinion that the respondent judge made a good use of his discretion in denying the suspension of trial of the desahucio cases, so that the petition for prohibition was properly denied by the Court of First Instance."

In conclusion, we find that the trial court acted correctly in dismissing these eleven cases of consignation for the reason that article 1176 of the Civil Code on the basis of which they were filed is not applicable, and because the questions involved in said cases properly belong to a case of ejectment where the relation between landlord and tenant, the nature of the leased premises involved, the reasonableness of the rentals demanded, the right or lack of right of tenant to continue occupying the premises against the will of the landlord, the applicability of the rental law, etc, will be determined.

In going over the history not only of these eleven cases of consignation but also of the cases of declaratory relief, ejectment, and prohibition, one gets the impression and the feeling that these eleven tenants of respondent-appellee Gonzales wanted and were determined to keep the premises as long as possible without paying the new rentals fixed and demanded by their landlord and without giving him an opportunity to prove in court the reasonableness of said new rentals and his right to recover possession of his property. It seems that the tenants did not wish to have the ejectment cases heard in the municipal court when, in those very cases their right to continue occupying the premises should and may properly be determined.

Instead of waiting until the landlord presented in court the corresponding case of ouster or ejectment so that the court may decide whether said tenants may continue as lessees paying the old rentals, they tried to forestall said action for ejectment by filing these eleven cases of consignation which we now find to be improper. Then, almost immediately, they filed the case for declaratory relief which was promptly dismissed by the trial court. During all this time, they said to it that hearing on the ejectment cases was suspended. And when the municipal court in view of the dismissal of the consignation cases and declaratory relief case in the trial court, was set to hear the ejectment cases, the two tenants who were defendants in the ejectment cases by means of prohibition proceedings sought to stay the hand of the Municipal Court and succeeded in obtaining a writ of preliminary injunction against the trial court. When that prohibition case was dismissed, they appealed to this Court as already stated. Because the writ of preliminary injunction continued in force pending the appeal to this Court, upon motion of counsel for respondent landlord, we dissolved said injunction by resolution of this Court of June 27, 1949, which we quote below:

"In L-2850, Ong Kim Pan etc. vs. Hon. Francisco Geronimo et al., acting upon the motion to dissolve the writ of preliminary injunction issued during the pendency of this prohibition case in the Court of First Instance of Manila, and considering the reasons therein given in support of said motion as well as those adduced in support of the opposition to the same, and considering that in the decision appealed from, the trial court found that the Municipal Court had the right to hear and adjudge the ejectment cases involved, and believing further that the interests of justice require that the hearing of said ejectment cases which had been suspended for about two (2) years be no longer delayed, the motion for the dissolution of the writ of preliminary injunction is hereby granted."

This action and attitude of the tenants which resulted in substantial prejudice and damage to the landlord who could neither recover possession of his property nor receive rentals therefor is far from commendable and cannot

be viewed with favor by this Tribunal. For over two years, by court actions and proceedings which one might set in the category of dilatory tactics, the landlord and owner of property was prevented from obtaining redress from the courts by proving his right to recover possession of the premises detained by his tenants who refused to pay the rentals fixed by him and who at the same time equally refused to vacate the premises, or at least have their right to continue occupying the premises determined in a proper case of ejectment.

On June 24, 1949, this Court passed a resolution which is self-explanatory and which we quote below:

"Acting upon the motion 'for payment of deposited rents' filed by counsel for respondent- appellee in case G. R, Nos. L-2554-2564, Ching Pue, et al. vs. Benito Gonzales; whereas there is complete agreement that these amounts repre sent accrued rents, long over due, upon the building of respondent-appellee, the sole disagreement between the latter and the petitioners being that respondent-appellee is demanding greater amount; whereas there is no conceivable possibility that respondent-appellee's title to these amounts by some turn of circumstances might be altered or lost; whereas the payment of said amounts over to respondent-appellee cannot in any manner or form prejudice the rights of the petitioners in their various suits against respondent-appellee or in the possessory action for unlawful detainer instituted against them; and whereas the law and the Rules of Court abhor hairsplitting technicality that defeats justice, protects no right, and violates no policy;

"Wherefore, let the motion be, and it hereby is, granted."

On December 13, 1949, counsel for respondent-appellee filed another motion asking that the deposits made by the petitioners-appellants from June, 1949 until the date of the motion, be turned over to him (respondent) without prejudice to his claim for higher rents. Said motion was denied by resolution of this Court of January 9, 1950. On April 28, 1950 counsel for the respondent-appellee again filed a motion asking among other things that the money deposited by the appellants now in the hands of the Clerk of Court of this Court be turned over to respondent without prejudice to the latter's claim for a higher rent, thereby reiterating the request made in his previous motion. After considering the written opposition of counsel for the appellants and the reply thereto of counsel for respondent-appellee, we believe that the ends of justice will be better served by granting said motion; and, for the same reasons contained in our resolution of June 24, 1949, it is hereby ordered that the Clerk of Court turn over to respondent-appellee all monies deposited by the appellants in court pending appeal.

In view of all the foregoing, the decisions in these eleven cases of consignment appealed from, is hereby affirmed, with costs.

Ozaeta, Pablo, Bengzon, Tuason, and Reyes, JJ., concur.

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