

## PAZ S. BAENS, PETITIONER, VS. THE COURT OF APPEALS AND CHUA SENG, RESPONDENTS.

*G.R. No. 57091. November 23, 1983*

Ponente: GUTIERREZ, JR., J.

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### GUTIERREZ, JR., J.:

This is a petition for certiorari seeking to review that portion of the decision of respondent Court of Appeals which merely reduced the award of damages in favor of private respondent Chua Seng instead of eliminating them entirely as well as that portion affirming the decision of the Court of First Instance of Manila dismissing petitioner's complaint for unlawful detainer.

The Court of Appeals' resolution dated May 26, 1981 denying the motion for reconsideration is like-wise sought to be reviewed.

The uncontroverted facts of the case are summarized by the respondent Court of Appeals as follows:

"Chua Seng and Dra. Paz Baens are lessee and lessor, respectively, bound by oral contract of lease over the premises subject of the controversy. Chua began his tenure as lessee since 1952. On October 5, 1975 Chua left the premises to be treated by a hilot in Valenzuela, Bulacan. He brought with him his clothes and other belongings but left in the premises the paraphernalia of his store, his appliances, furnitures, kitchen utensils, tools, and memorabilia like picture frames, diplomas and certificate of merit and his credentials as guerilla veteran. Before he left, he padlocked the steel door of the premises. Next day, October 6, 1975, Chua Seng and his brother-in-law, Ong Hai, returned to the premises. They found that in addition to the padlock of Chua placed, other padlocks were placed at the door of the premises at the instance of Dra. Baens. Chua Seng learned that Dra. Baens caused the padlocking of the premises because when he inquired from his neighbor Mrs. Asuncion Lim, the latter gave him a note (Exhibit 'E') sent by Dra. Baens to Mrs. Asuncion Lim, asking the latter to padlock the premises to prevent loss or damage to the things inside the premises. Chua Seng, Ong Hai and their spouses sought the audience of Dra. Baens at St. Paul Hospital; in that meet-ing, Dra. Baens refused to remove the padlocks on the premises. They also went to Dra. Baens' lawyer; but still the premises were not opened. Subsequently, Chua Seng thru Atty. Mariano, wrote a letter dated November 17, 1975 to Dra. Baens (Exhibit 'A'), tendering the rentals for October and November, 1975 by means of a check and requesting the removal of the Dra. Baens' padlocks from the premises. To this letter, Atty. Guillermo Ilagan, the lawyer of Dra. Baens, replied on November 20, 1975 (Exhibit 'B'). In such reply, the check tendered by Chua Seng was returned with the following request:

"We would appreciate if you could advise your client to remove whatever belonging he has on the premises in question within ten (10) days from receipt of this letter; otherwise, we shall be constrained to have it opened because he has absolutely no right to deprive my client of the use of the property'.

Atty. Mariano in turn, replied on November 25, 1975 (Exhibit 'C'), requesting that the padlock placed by Dra. Baens be removed; otherwise, legal measures shall be taken. Since nothing happened after this exchange of communications, the controversy was brought to Court.' (Annex H, pp. 5-7)."

Chua Seng filed Civil Case No. 007466-CV for forcible entry with the City Court of Manila against Dra. Baens. Chua Seng alleged that Dra. Baens' refusal to remove the padlocks was a breach of the contract of lease consisting in the deprivation of plaintiff's right to occupy and use the leased premises.

On February 10, 1976, lessor Dra. Baens (herein petitioner) expressed her assent to restore Chua Seng to the possession of the disputed premises.

On February 12, 1976, petitioner Baens filed her answer to the complaint for forcible entry alleging inter alia that Chua Seng's right to occupy said premises had long expired and that the respondent failed to pay the rentals due and had voluntarily vacated the premises.

On February 18, 1976, the petitioner filed with the City Court of Manila her own complaint for unlawful detainer against lessee Chua Seng, alleging the same facts raised in her answer to Chua Seng's complaint for forcible entry.

On March 10, 1976, private respondent Chua Seng filed his answer to the petitioner's complaint for unlawful detainer setting forth the same allegations averred in his own complaint for forcible entry.

The two cases were assigned to the same branch of the City Court of Manila which conducted a joint trial and rendered a consolidated decision, the dispositive portion of which reads:

"WHEREFORE, judgment is hereby rendered in favor of Chua Seng, ordering Dra. Baens to restore him to the possession and enjoyment of the leased premises at No. 2441 Oroquieta Street, Manila, and to pay him attorney's fees in the sum of P1,000.00.

"For lack of merit, the complaint in Civil Case No. 008378-CV is hereby DISMISSED, along with all other claims and counterclaims between the parties in both cases."

Both parties appealed to the Court of First Instance of Manila with the petitioner assailing in toto the decision while the private respondent questioned only that portion which denied his claim for damages against petitioner.

On November 5, 1979, the Court of First Instance of Manila rendered a decision affirming the City Court's decision relative to the restoration of Chua Seng to possession of the premises and dismissing petitioner's complaint for unlawful detainer, but reversing the decision insofar as it only awarded said private respondent the sum of P1,000.00 for attorney's fees and dismissed his other claim for damages. The dispositive portion of the decision reads:

"WHEREFORE, judgment is hereby rendered:

"1. Affirming the decision of the City Court dated October 19, 1978 insofar as it restores Chua Seng to the possession and enjoyment of the leased premises at No. 2441 Oroquieta Street, Manila and insofar as it dismisses the complaint for ejectment (Civil Case No. 008378-CV) filed by Dra. Paz Baens;

"2. Reversing said decision insofar as it awards attorney's fees in the sum of P1,000.00 and dismisses all other claims and counterclaims between the parties in both cases. Instead, judgment is rendered ordering Dra. Paz Baens to pay Chua Seng the following:

"a. The sum of P1,000.00 as actual damages per month from October 6, 1975 up to the time Chua Seng is restored to the possession of the premises;

"b. The sum of P100,000.00 as moral damages;

"c. The sum of P100,000.00 as exemplary damages;

"d. The sum of P20,000.00 as and for attorney's fees and

"e. The costs of suit."

On November 20, 1979, the private respondent filed a motion for immediate execution pending appeal which was granted in an order dated December 10, 1979.

The petitioner appealed the above-mentioned decision of the Court of First Instance of Manila as well as the order granting the issuance of a writ for immediate execution to the Court of Appeals.

On March 31, 1981, the respondent Court of Appeals rendered its decision annulling the order of the Court of First Instance granting immediate execution and modifying the appealed decision as follows:

"WHEREFORE, with the only modification above set forth, reducing the award of moral damages to P3,000, exemplary damages to P2,000, and the attorney's fees to P3,000, the judgment under review is hereby affirmed in all other respects. The order granting execution pending appeal (Annex M) is hereby annulled and set aside. No pronouncement as to costs."

A motion for reconsideration was denied for lack of merit in a resolution dated May 26, 1981.

Not satisfied with the decision of the Court of Appeals, the petitioner now comes to this court through this petition for review on certiorari raising the following grounds:

### I

Respondent Court of Appeals committed a grave error of law in merely reducing, instead of eliminating the award for alleged moral and exemplary damages to private respondent Chua Seng and in not applying to petitioner, the decision of this Honorable Court in the case of *Reyes vs. Court of Appeals*, 38 SCRA 138, which limited the kind of damages recoverable in actions for forcible entry and detainer to such damages caused by the loss of the use and occupation of the property.

### II

Respondent Court of Appeals committed a grave error of law in affirming the decision of the Court of First Instance awarding private respondent Chua Seng the sum of P1,000.00 as actual damages from October 5, 1975 up to the time said private respondent is restored in possession and in not applying the decision of this Honorable Court in the case of *Torres vs. Ocampo*, 80 Phil. 36, in resolving the propriety of said award.

### III

Respondent Court of Appeals committed a grave error of law when it affirmed the decision of the Court of First Instance dismissing petitioner's complaint for unlawful detainer on a misapplication of Presidential Decree No. 20.

The petitioner submits that damages which the plaintiff may claim in an action for forcible entry and detainer are only those which he may have sustained as a mere possessor and are limited only to such damages as are caused by his loss of the use and occupation of the property, but not those which he may suffer having no direct relation to such use and occupation.

On the other hand, private respondent Chua Seng anchors his claim for moral and exemplary damages on Art. 32 of the Civil Code of the Philippines which provides:

"Art. 32. Any public officer or employee, or any private individual, who directly or indirectly obstructs, defeats, violates or in any manner impedes or impairs any of the following rights and liberties of another

person shall be liable to the latter for damages:

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"(10) The liberty of abode and changing the same;

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"The indemnity shall include moral damages. Exemplary damages may also be adjudicated."

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We agree with the petitioner.

Sec. 1 of Rule 70 of the Rules of Court pro-vides:

SECTION 1. Who may institute proceedings, and when. -Subject to the provisions of the next succeeding section, a person deprived of the possession of any land or build-ing by force, intimidation, threat, strategy, or stealth, or a landlord, vendor, vendee, or other person against whom the possession of any land or building is unlawfully withheld after the expiration or termination of the right to hold possession, by virtue of any contract, express or implied, or the legal representatives or assigns of any such landlord, vendor, vendee, or other person, may, at any time within one (1) year after such unlawful deprivation or withholding of possession, bring an action in the proper inferior court against the person or persons unlawfully with-holding or depriving of possession, or any person or persons claiming under them, for the restitution of such possession, together with damages and costs. The complaint must be verified." (Emphasis supplied)

Reyes v. Court of Appeals (38 SCRA 138), interprets the scope of damages that may be recovered in an action for forcible entry. It states:

"On the last issue of whether temperate damages may be awarded in favor of respondent landlord, it has been held that while damages may be adjudged in forcible entry and detainer cases, these 'damages' mean 'rents' or 'the reasonable compensation for the use and occupation of the premises,' (Mitschiener v. Barrios, 76 Phil. 55, cited in Garcia v. Peña, 77 Phil. 1011) or 'fair rental value of the property.' (Sparrevohn v. Fisher, 2 Phil. 676; Mitschiener v. Barrios, supra; Castueras v. Bayona, 106 Phil. 340). Profits which the plaintiff might have received were it not for the forcible entry or detainer do not represent a fair rental value. (Sparrevhon v. Fisher, 2 Phil. 676; supra; Igama v. Soria, 42 Phil. 11)"

Although Section 1 of Rule 70 uses the word "damages", the authors of the Rules of Court, in drafting Section 6 of Rule 70 on the judgment to be pronounced, eliminated the word "damages", placing in lieu thereof, the words "reasonable compensation for the use and occupation of the premises."

We also had occasion to explain the meaning of damages in Ramirez v. Sy Chit, (21 SCRA 1364) where we held:

"The trial court held defendant liable 'to pay plaintiff the sum of P25,00 a day for every day of delay as damages until he finally vacates the premises, in addition to the agreed current rental that may accrue.' This is an error, The damages recoverable by the plaintiff under section 1, Rule 70 (formerly Rule 72) are those which correspond to the reasonable value of the use and occupation of the property, which in this case is the agreed monthly rental of P230.00. The award, therefore, of P25.00 as damages for every day of delay in addition to the agreed monthly rentals is without basis in law."

The damages which a plaintiff expects to obtain from his business to be located in the premises, or for material injury caused to the premises cannot also be claimed in connection with or as incidental to an action of illegal detainer or forcible entry. (Torres v. Ocampo, 80 Phil. 36)

Since moral, exemplary, and actual damages are neither "rents" nor "reasonable compensation for the use and

occupation of the premises", nor "fair rental value" as abovestated, we are constrained to deny the P3,000.00 moral damages and P2,000.00 exemplary damages awarded by the respondent Court of Appeals and the P1,000.00 actual damages awarded by the City Court of Manila.

The private respondent's reliance on Art. 32 of the Civil Code is inappropriate. The personal freedoms protected by that provision refer to the right to transfer from one place to another and to choose one's residence. It is a recognition of the freedom of a person to have his home in a place chosen by him and, thereafter, to change it without interference from Government except upon lawful order of the court, or when necessary in the interest of national security, public safety, or public health.

The other issue raised by the petitioner is pre-dicated on her contention that the lease contract between her and Chua Seng had expired. The contract of lease was verbal. It had no fixed terms and rentals were paid every month. Applying Article 1687 of the Civil Code, petitioner Baens states that since the rentals agreed upon were paid monthly, then the term of the lease should be understood to be on a month to month basis. The petitioner contends that Presidential Decree No. 20 covers only leases of dwelling units where the rental is P300.00 or less a month and, therefore, does not apply to this case where the rental is P390.00 a month.

Presidential Decree No. 20 basically covers two distinct matters. First is the prohibition against the increase of the monthly rental agreed upon between the lessor and the lessee when said rental does not exceed P300.00 a month and second is the suspension of Paragraph I, Article 1673 of the Civil Code insofar as it refers to dwelling units or land on which another's dwelling is located. Paragraph I of Article 1673 of the Civil Code governs the termination of contracts of lease which are on a year to year, month to month, week to week, or day to day basis.

In *Rantael v. Court of Appeals, et al* (97 SCRA 453), although the lease was on a month to month basis, we ordered the surrender of the premises to the lessor because the duration of the lease was fixed in a written agreement between the parties. However, even if the month to month arrangement is on a verbal basis, if it is shown that the lessor needs the property for his own use or for the use of an immediate member of the family or for any of the other statutory grounds to eject under Section 5 of *Batas Pambansa Blg. 25*, which happens to be applicable, then the lease is considered terminated as of the end of the month, after proper notice or demand to vacate has been given. (See *Crisostomo v. Court of Appeals*, 116 SCRA 199).

The provision of law suspending the application of Paragraph I, Article 1673 of the Civil Code is now Section 6 of *Batas Pambansa Blg. 25* which provides:

"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 this Act, shall apply."

As to whether or not the leased premises with a monthly rental of P390.00 are covered by Section 6 of *Batas Pambansa Blg. 25*, we note that the abovesited section is applicable to "residential units covered by this Act." "Residential unit" is defined under Section 2 as:

SEC. 2. Definition of Terms. - Unless otherwise indicated wherever in this Act, the following terms shall have the following meaning:

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"b. A residential unit-refers to an apartment, house and/or land on which another's dwelling is located used for residential purposes and shall include not only buildings, parts or units thereof used solely as dwelling places,

except motels, motel rooms, hotels, hotel rooms, boarding houses, dormitories, rooms and bed spaces for rent, but also those used for home industries, retail stores or other business purposes if the owner thereof and his family actually live therein and use it principally for dwelling purposes: Provided, That in the case of a retail store, home industry or business, the capitalization thereof shall not exceed five thousand pesos (P5,000.00): and Provided, further, That in the operation of the store, industry or business, the owner thereof shall not require the services of any person other than the immediate members of his family."

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The definition does not provide a rental ceiling beyond which the law no longer applies. Are all residential units as defined above covered by the suspension of Paragraph I, Article 1673 of the Civil Code irregardless of how much are the monthly rentals of the units?

We answer this question in the negative. The title of Batas Pambansa Blg. 25 – An Act Regulating Rentals Of Dwelling Units Or Of Land On Which Another's Dwelling Is Located And For Other Purposes – shows that the subject matter of the law is the regulation of rentals. The definition must, therefore, be related to the subject matter as stated in the title.

Moreover, Sections 1 and 7 of Batas Pambansa Blg. 25 provide:

"SECTION 1. Authority to Increase Rentals. – Upon the effectivity of this Act and for a duration of five years thereafter the monthly rentals of all residential units not exceeding three hundred pesos shall notice increased, for anyone year period, by more than ten percent (10%) of the monthly rentals existing at the time of the approval of this Act.

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"SECTION 7. Coverage of the Act. – All residential units the total monthly rental of which does not exceed three hundred pesos (P300.00) as of the effective date of this Act shall be covered by this Act and shall continue to be so covered notwithstanding that the monthly rental shall have already exceeded the three hundred peso-limit as a result of the application of section one hereof: Provided, however, That this Act shall not be applicable to new residential units constructed during its effectivity."

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which again, clearly show that the law is intended only for dwelling units with specified monthly rentals and constructed before the law became effective.

The suspension under Section 6 of the law shall last for five years from and after the effectivity of Batas Pambansa Blg. 25. The statute became effective April 10, 1979.

WHEREFORE, the judgment of the Court of Appeals is hereby modified by deleting therefrom the award of moral damages, exemplary damages, and actual damages. The decision is affirmed insofar as it restores respondent Chua Seng to the possession and enjoyment of the leased premises and sets aside the order allowing execution pending appeal. Civil Case No. 008378-CV, the complaint for unlawful detainer filed by petitioner Paz S. Baens, shall be given due course and the case is remanded to the court a quo for further proceedings in said Civil Case No. 008378-CV.

### **SO ORDERED.**

Teehankee, (Chairman), Melencio-Herrera, Plana, and Relova, JJ., concur.

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