

GUEVARA REALTY, INC., PETITIONER, VS. THE HONORABLE COURT OF APPEALS, REPRESENTED BY HON. JUSTICES EDGARDO L. PARAS, VENICIO ESCOLIN, AND MARIANO A. ZOSA; DOMINADOR CACPAL, SHER...

G.R. No. 57469. April 15, 1988

Ponente: GUTIERREZ, JR., J.

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GUTIERREZ, JR., J.:

The issue in this petition is whether or not sub-lessees are bound by the judgment rendered against the lessee in the ejectment case even if the sub-lessees had not been made parties thereto.

On July 27, 1981, we issued a Resolution, to wit:

"The city court of Manila in its decision of December 1, 1980 ordered Ma Kong to vacate the building located at 1104-6 Misericordia Street, corner Zurbaran Street, Sta. Cruz, Manila and to pay Guevara Realty, Inc. the sum of P6,000 as monthly rental from September, 1976 up to the time the said building is vacated.

"That decision became final and executory. A writ of execution was issued on April 1, 1981. On April 18, 1981, the occupants of the said building, sublessees of Ma Kong, filed in the Court of First Instance of Manila a prohibition action against the city court and the sheriff to enjoin the execution of the judgment in the ejectment case. After hearing, Judge Alfredo M. Lazaro dismissed the petition in his order of July 15, 1981. The sheriff ejected the occupants of the building on July 18, 1981.

"Instead of appealing from Judge Lazaro's dismissal order, the sublessees filed in the Court of Appeals on July 18, 1981, a petition for certiorari wherein they prayed that the enforcement of the city court's writ of execution be enjoined. While the said petitioners assailed Judge Lazaro's order of dismissal, they did not pray that it be set aside. The petition for certiorari is, in effect, a revival of the petition for prohibition.

"As that petition for certiorari is primarily directed against the writ of execution issued by the city court, the Court of Appeals has no jurisdiction to entertain that petition, since the decision of the city court in the ejectment is not appealable to the Court of Appeals and the Court of Appeals can issue the writ of certiorari only in aid of its appellate jurisdiction.

"Acting on that petition, the Court of Appeals in its resolution of July 20, 1981, restrained the enforcement of 'the ejectment order and the denial of the Petition for Prohibition and the writ of preliminary injunction of July 15, 1981.' (Vargas v. Lazaro, CA-G.R. No. SP-12728.

"On July 23, 1981, Guevara Realty, Inc. filed in this Court a petition for certiorari and prohibition praying that the Court of Appeals be restrained from enforcing its resolution of July 20, 1981.

"After deliberating on the petition, the Court Resolved (1) to require the respondents to COMMENT on the petition within ten (10) days from notice (not to file a motion to dismiss) and (2) to ISSUE a RESTRAINING ORDER.'" (Rollo, pp. 105-106)

In view of the restraining order, the Court of Appeals was enjoined from further proceeding with the petition of the private respondents (SP Proc. 12728) and from enforcing the resolution dated July 20, 1981, issued in the aforesaid case.

Going over the "Petition", the "Comments" filed by the private respondents and the "Reply" filed by the petitioner, the remaining issue, is as we stated earlier, whether or not the sub-lessees of Ma Kong are bound by the judgment rendered against Ma Kong, in the ejectment case although they were not made parties to the ejectment case.

We rule in the affirmative. This issue was first raised by the parties in the petition for prohibition filed by the private respondents with the then Court of First Instance of Manila (Civil Case No. 139370). The trial court said:

"Petitioners' contention that the writ of execution issued by respondent Judge of the City Court of Manila in Civil Case No. 039494, cannot be enforced against them, on the ground that they are not parties to the ejectment case, is without merit.

"To paraphrase the wordings of the ruling by the Supreme court in the case of *Cunanan v. Aguilar*, 85 SCRA 47, for although petitioners are not parties-defendants in said case, they are, by their own admission and as the records clearly show - tenants and/or lessees of Ma Kong who was the defendant in Civil Case No. 039494 and who, per the judgment in said case rendered on December 1, 1980, which has become final and executory - was ordered to vacate the property and surrender the same to the plaintiff therein, now private respondent, Guevara Realty, Inc. The decision in said case and the writ of execution are, therefore, clearly enforceable and may be executed as against petitioners. For petitioners derive their alleged right to the occupancy of the premises in question from one who has lost his right to the same. To hold otherwise is to permit a situation where Ma Kong or his privies can defeat the judgment, by the mere device of constituting petitioners as alleged tenants and/or lessees over the premises from which he has been ejected by final and executory judgment. More so in the instant case, where Ma Kong has already relinquished all his rights to the leased premises, considering that he has lost the case filed against him by the owner, and, thus, the only remaining link of petitioners to their alleged right to continue in the occupancy of the premises was thereby severed and totally cut off. Petitioners must perforce be likewise ousted from the premises - 'for the river cannot rise higher than its source.'

"In any case, the evidence submitted to the Court clearly and undoubtedly shows that petitioners are sublessees. Even the contract of lease (Exh. "A") adduced in evidence by petitioners themselves, unmistakably states that the lessee therein, Liu Fook, father of Ma Kong, was allowed to sublet any part or portion of the premises for any period not to extend beyond the date of the termination of the lease; and since under paragraph 5 of said contract the lessee was obligated to construct a building on the leased premises within three (3) months from the start of the lease, the contract of lease, therefore, clearly contemplates the sublease by the lessee of the building. Thus, when the petitioners, or a majority of them entered into the occupancy of the said building since it was newly constructed, as they claim in their joint affidavit (Exh. "B"), it must, as it should, be by virtue of the sublease which the lessee, Liu Fook, was allowed to do.

"Whatever doubt could have existed as to the nature of the occupancy of herein petitioners - that of being sublessees, is erased by the evidence on record. Three of herein petitioners, namely, Ben Pua, Bonifacio Hwan, and Leh Tian Cheng, executed sworn statements (Exhs. "5", "9" "9-A" and "10"), in the nature of admissions or declarations against interest, to the effect that they are fully aware and duly informed that the true owner of the said building and premises is Guevara Realty, Inc.; that Mr. Ma Kong is only leasing the said building and premises from Guevara Realty, Inc., while Mr. Ma Kong is sub-leasing the same to the tenants thereof; that they are aware and duly informed that sometime in November, 1978, the owner, Guevara Realty, Inc. filed ejectment proceedings against Mr. Ma Kong for non-payment of rentals; and that on or about May 21, 1979, they, together with the other tenants of the said building and premises authorized Atty. Jose G. Paler to file in their behalf an intervention therein, which was denied by the Court. These sworn statements of the

aforementioned three petitioners are sufficiently corroborated by the answer with compulsory counterclaim of respondent-defendant Ma Kong filed in the instant case (Exhs. "8", "8-A", "8-B", "8-C" and "8-D").

"It results from all of the foregoing that petitioners are sublessees, and, consequently, are equally bound by the judgment rendered against Ma Kong in the ejectment case, even if they had not been made parties thereto, in strict adherence to the doctrine, well-imbedded and repeatedly held in a long line of decisions, to wit:

“A Judgment of eviction against a lessee affects his sublessees, even if the latter are not sued in the ejectment case. This is so, because a sublessee can invoke no right superior to that of his sublessor, and the moment the latter is duly ousted from the premises, the former has no leg to stand on. The sublessees's right, if any, is to demand reparation for damages from his sublessor, should the latter be at fault. The sublessees can only assert such right of possession as could have been granted them by their sublessor, their right of possession depending entirely upon that of the latter' (Tolentino, Civil Code of the Philippines, Vol. 5, pp. 194-195, citing the cases of *Ng Sui Tan v. Amparo*, 80 Phil. 921; *Go King v. Geronimo*, 81 Phil. 445; *Sipin v. Court of First Instance of Manila*, 74 Phil. 650; *Madrigal v. Ang Sam To, et al.*, 46 Off. Gas. 2173). (Rollo, pp. 40-44).

Presidential Decree No. 20 and Batas Pambansa No. 25 are not applicable in the instant case. This issue was also raised and resolved in the ejectment case as well as the Petition for Prohibition filed by the private respondents with the then Court of First Instance of Manila. The court in the prohibition case rightly stated:

"As to the effectivity of P.D. 20 and B.P. 25 - Inasmuch as the City Court of Manila had already rendered its decision (Exh. "12", Page 2) on the matter, ruling that the lease to Ma Kong - being for commercial purpose, is therefore not covered by P.D. No. 20 nor by B.P. No. 25, and since, as above stated that said lease is not altered by the sublease to petitioners, this Court cannot, in the absence of any allegation, much less showing, that the City Court of Manila lacked jurisdiction, disturb the findings and conclusions of the said Court, but, on the contrary, must respect the same." (Rollo, pp. 45-46)

WHEREFORE, the instant Petition is hereby GRANTED. The questioned Resolution of the Court of Appeals is SET ASIDE. The Restraining Order earlier issued in this case is made permanent.

SO ORDERED.

Fernan (Chairman), Feliciano, Bidin, and Cortes, JJ., concur.

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