

**SPOUSES CRESENCIANO DONIO AND JOSEFA DONIO, PETITIONERS,
VS. HONORABLE INTERMEDIATE APPELLATE COURT AND IMELDA
C. BARRIOS, RESPONDENTS.***G.R. No. 63698. January 12, 1987*

Ponente: NARVASA, J.

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Petitioners, the spouses Cresenciano Dionio and Josefa Dionio pray this Court to reverse and set aside the Decision of the Intermediate Appellate Court dismissing for lack of merit their petition for review of a judgment of the Court of First Instance of Aklan, Branch III, rendered in Civil Case No. 3133. Said judgment had, in turn, affirmed a decision of the Municipal Court of Kalibo, Aklan, ordering the ejectment of the petitioners from the building of the private respondent, Imelda C. Barrios, and sentencing said petitioners to pay Barrios the sum of P300.00 monthly beginning March 1977 until they vacated the premises, P1,000.00 as attorney's fees, P80.00 which Barrios had paid to NAWASA, and the costs.

The record shows that respondent Barrios had leased to the petitioners her building located at XIX Martyr's Street in the poblacion of Kalibo, Aklan, under a contract stipulating a term of five (5) years from September 1969 at a monthly rental of P300.00; that upon the expiration of the five-year period in September 1974, the private respondent had verbally agreed to allow the petitioners to continue in occupancy on a month-to-month basis, terminable by the former upon giving the latter thirty days' written notice, at an increased rental of P500.00 monthly; that at an unspecified time afterwards, the lease was modified to cover only a portion ("two doors") of the ground floor of the building at a reduced rental of P300.00 monthly; that in September 1976 the private respondent formally advised the petitioners to vacate the premises within thirty days on the ground that the building would be remodelled, but the latter refused to comply; and that written notice to vacate the premises within thirty days was given by the private respondent's counsel in a letter dated March 4, 1977, received by the petitioners on March 8, 1977, which the latter also disregarded.[1]

Thereafter, under date of May 16, 1977, the private respondent filed with the Municipal Court of Kalibo, Aklan a complaint seeking the ejectment of the petitioners, to which the latter filed an answer dated May 28, 1977, which was later amended on July 7, 1979. The record before the Court does not disclose the reason for the two-year time gap between the original and the amended answers. The amended answer raised various defenses, among them: (a) that the leased premises were residential in character, hence covered by the provisions of Presidential Decree No. 20, the rental being only P300.00 monthly; (b) that said Decree had been violated when the private respondent had raised the rental from P300.00 to P500.00 monthly in October 1974; and (c) that the demand to vacate was illegal because, the petitioners having paid rentals on a monthly basis following the expiration of the original lease in September 1974, only the court could fix the period of the lease under Article 1687 of the Civil Code. A counterclaim for damages, including alleged excess rentals, expenses for necessary repairs advanced by the petitioners attorney's fees and litigation expenses was also set up.[2]

Upon the issues thus raised, the Municipal Court rendered judgment in the terms already adverted to, holding that the leased premises were commercial in character, hence not covered by Presidential Decree No. 20, and affirming the private respondent's right to terminate the lease by giving thirty days' written notice to vacate.

On appeal, the Court of First Instance of Aklan affirmed, ruling that while the leased premises were to be deemed residential in character, Presidential Decree No. 20 could not, even in that event, apply to prevent the petitioners' ejectment because the oral lease entered into by the parties following the expiration of their written contract in September 1974 was one with a definite period and was, therefore, excluded from the suspensive effect of Section 4 of the Decree on expiration of the lease period as a ground for judicial ejectment provided in paragraph (1) of Article 1673, Civil Code .[3] The petitioners thereafter sought review by the Intermediate Appellate Court, with the result already stated.

The grounds for judicial ejectment of a lessee under the Civil Code are set forth in Article 1673, which reads:

"ART. 1673. The lessor may judicially eject the lessee for any of the following causes:

- (1) When the period agreed upon, or that which is fixed for the duration of the lease under articles 1682 and 1687 has expired;
- (2) Lack of payment of the price stipulated;
- (3) Violation of any of the conditions agreed upon in the contract;
- (4) When the lessee devotes the thing leased to any use or service not stipulated which causes the deterioration thereof; or if he does not observe the requirements in No. 2 of article 1657, as regards the use thereof.

The ejectment of tenants of agricultural lands is governed by special laws (1569a)"

Section 4 Presidential Decree No. 20, issued on October 12, 1972, suspended "**** until otherwise provided ****" paragraph (1) of the aforecited Article 1673, insofar as concerns leases of dwelling units or land on which another's dwelling is located, except when the lease is for a definite period. Said Section reads:

SEC. 4. 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 dwelling unit or land on which another's dwelling is located shall be suspended until otherwise provided; but other provisions of the Civil Code and the Rules of Court of the Philippines on lease contracts, insofar as they are not in conflict with the provisions of this Act, shall apply."

The suspension thus imposed (which was reenacted almost verbatim in Section 6 of Batas Pambansa Blg. 25, effected April 10, 1979) clearly operated on leases for which no definite period had been stipulated by the parties and as to which the law (Civil Code) steps in to prescribe periods as follows:

"ART. 1687. If the period for the lease has not been fixed, it is understood to be from year to year, if the rent agreed upon is annual; from month to month, if it is monthly; from week to week, if the rent is to be paid weekly and from day to day, if the rent is to be paid daily. However, even though a monthly rent is paid, and no period for the lease has been set, the courts may fix a longer term for the lease after the lessee has occupied the premises for over one year. If the rent is weekly, the courts may likewise determine a longer period after the lessee has been in possession for over six months. In case of daily rent, the courts may also fix a longer period after the lessee has stayed in the place for over one month. (1581a)",

as well as to leases which come into existence by "tacita reconduccion," or by implied renewal, as contemplated by Article 1670 of the Civil Code, reading:

ART. 1670, If at the end of the contract the lessee should continue enjoying the thing leased for fifteen days

with the acquiescence of the lessor, and unless a notice to the contrary by either party has previously been given, it is understood that there is an implied new lease, not for the period of the original contract, but for the time established in articles 1682 and 1687. The other terms of the original contract shall be revived. (1566a)"

Leases for a definite term were expressly excluded from the suspension, and could be the subject of the ejectment proceedings against the lessor upon the expiration of their term, unless thereafter impliedly renewed by the concurrence of the circumstances provided for in Article 1670.

It is also clear that the oral lease between private respondent and the petitioners which had its inception following the expiration of the five-year term of their written contract in September 1974 was one with a fixed or definite period. Paragraph 4 of the complaint in the original ejectment action alleged:

"4. That upon the expiration of the written lease agreement on September, 1974, plaintiff verbally agreed with defendants to extend the lease on a month to month basis subject to the condition that plaintiff shall have the absolute right to terminate the lease upon thirty (30) days written notice of termination sent to defendants;

Said allegation was admitted in paragraph 4 of the Amended Answer, viz:

"4. That the defendants admit the allegations contained in paragraph 4 of the complaint that after the termination of the written contract of lease they were allowed to remain in the premises, provided they are to pay the increased rental from P300.00 originally agreed in the written Contract of Lease to P500.00 per month, to which the defendant agreed with heavy hearts, defendants reminding plaintiff that said increase is against Presidential Decree No. 20, and they have no other suitable place to transfer, nevertheless, said plaintiff did not mind it;"

True, said paragraph 4 of the amended answer, while admitting the agreement for extension of the lease, does not expressly admit that the extension was on a month-to-month basis and terminable on thirty days' notice. There is, however, no denial, either express or implied, of these alleged terms anywhere else in said pleading.

A lease stipulated to be on a month-to-month basis is one with a definite or specific period. It has been so held in *Rantael vs. Court of Appeals*,^[4] where this Court ruled:

"In the case at bar, the lease entered into between petitioner Rantael and respondent Llave commenced, in accordance with the provisions of the Agreement on Occupancy of Apartment, on August 1, 1974, the date of execution of the said Agreement, considering that the parties employed the phrase 'beginning today' with reference to the starting point of the period during which petitioner Rantael would have use and occupancy of the premises of unit 51-A. As to the duration and termination of the aforementioned contractual relations, the parties used the phrase "on a month to month basis" in the Agreement with reference to the length of time during which petitioner Rantael would have use and occupancy of the leased premises. And Month here should be construed, in like manner as in the interpretation of laws pursuant to the provisions of Article 12 of the Civil Code of the Philippines, there being no reason to deviate therefrom, as a period composed of thirty days. The contractual relations between petitioner Rantael and respondent Llave ceased after the expiration of the first thirty days reckoned from August 1, 1974 but continued for the next thirty-day period and expired after the last day thereof, repeating the same cycle for the succeeding thirty-day periods, until the said respondent Llave exercised her prerogative under the agreement to terminate the same.

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However, by express exception of P.D. No. 20, judicial ejectment lies 'when the lease is for a definite period' or when the fixed or definite period agreed upon has expired. The lease in the case at bar having a definite

period, it indubitably follows that the exception, rather than the general rule, applies and, therefore, respondent Llave's right to judicially eject petitioner Rantael from the premises may be duly enforced. ***."

Later cases like *Cruz vs. Puno*[5] and *Lesaca vs. Cuevas*[6] reaffirm the view that a lease on a month-to-month basis is one with a fixed term which terminates at the end of each month.

Petitioners, however, having seemingly abandoned an earlier contrary posture and conceded that ejectment would lie under Presidential Decree No. 20, now anchor their case on the sole proposition that Batas Pambansa No. 25, which superseded Presidential Decree No. 20, in its Section 5(f) limits ejectment on the ground of expiration of period only to written leases, and that it was error to decree their ejectment, the lease invoked by private respondent being admittedly an oral one.

What this contention either overlooks or would conveniently ignore is the fact that the private respondent's cause of action to evict petitioners — which arose when the thirty-day period fixed in her notice to vacate expired without petitioners' quitting the premises — accrued, and the complaint on the basis thereof was filed, while Presidential Decree No. 20 was in effect, and Batas Pambansa Blg. 25 still lay two years in the future.

In exempting from suspension ejectments on the ground of expiration of the lease period, Section 4 of Presidential Decree No. 20 made no distinction between oral and written lease contracts and no distinction may, therefore, be inferred. Consequently, at the time of filing her action, the private respondent had a clear and indubitable right to eject the petitioners, the period of the latter's lease expiring at the end of every monthly period, as held in the cases already cited, and the stipulated notice to quit having been given, and ignored until it lapsed and even afterwards, as already stated. Such right is not affected, much less abrogated, by the mere supervention, before the action can be heard and decided, of a law limiting permissible ejectment on the ground of expiration of period to written contracts of lease. This, even supposing that Batas Pambansa Blg. 25 can in no way be construed except in that sense, a question into which it is not necessary to inquire at this time.

An analogous situation was presented in *Cruz vs. Puno, Jr.*, *supra*, which involved a month-to-month lease terminable by either party by means of written notice served upon the other at least thirty days prior to the date of termination. After affirming the rule that a month-to-month lease is one with a fixed period, hence excluded from the suspension imposed in Section 4 of Presidential Decree No. 20, this Court went on to hold that:

"At all events, the fact remains that the parties agreed, under the stipulation of the lease contract as quoted above, that either one of them may, on a thirty-day notice, terminate the lease. This agreement is, at the time it was entered into, a perfectly valid undertaking. Not being against the law, public policy or custom, it is the law between the parties, as all valid contracts are, and the obligations thereof may not be impaired by law, as ordained by the constitution.

It seems all too clear that to hold, under the authority of Presidential Decree No. 20, that the lessor may not anymore exercise the right under the agreement and subject the lessee to the corresponding obligation, or the other way around, as the right to terminate the lease may be exercised also by the lessee, would be to lend to the decree a legal infirmity arising from the provision of the Constitution that no law impairing the obligation of contract shall be passed. The decree, with all its manifest social justice intent, could not have meant to ignore any constitutional injunction. It means only to regulate, or perhaps even restrict, the exercise of proprietary right for a higher purpose than just protecting private interest, which is that of advancing general welfare by giving direly needed benefits to the poor and the underprivileged under conditions of economic crisis, but not at the cost of the sanctity of contracts, the obligations arising from which being shielded by the constitution from impairment.

The decree, therefore, in order that it would not be tainted with constitutional repugnancy, must be construed as only restricting the freedom of the parties to contract, but only in a prospective manner. ***."

It is also worth noting that the rent control law now in force, Batas Pambansa Blg. 877,[7] has erased the distinction invoked by the petitioners between oral and written leases insofar as expiration of the lease period as a ground for judicial ejectment in leases covered by said law is concerned. Whereas, Batas Pambansa Blg. 25 provided that ejectment shall be allowed on the ground (among others) of "(E)xpiration of the period of a written lease contract,"[8] the corresponding provision in Batas Pambansa Blg. 877 reads simply, "(E)xpiration of the period of the lease contract." [9]

Crisostomo vs. Court of Appeals[10] relied upon by petitioners does not alter the express and implicit conclusions reached herein. It merely affirmed the obvious proposition that the suspension imposed in Section 4 of Presidential Decree No. 20, as well as in Section 6 of Batas Pambansa Blg. 25, operates upon a lease without a fixed period.

WHEREFORE, the petition for review is dismissed for lack of merit, with costs against the petitioners.

SO ORDERED.

Yap, (Chairman), Cruz, and Feliciano, JJ., concur.

Melencio-Herrera, J., concur upon the finding that there was an express verbal agreement between the parties that the lease was on a month-to-month basis.

[1] Rollo, pp. 24-25

[2] Id., pp. 34-40

[3] Infra

[4] 97 SCRA 453

[5] 120 SCRA 497

[6] 125 SCRA 384

[7] Batas Pambansa Blg. 25 not only, by its terms, lapsed five (5) years after its approval on April 10, 1979; it was also expressly repealed by Batas Pambansa Blg. 877, approved on June 12, 1985.

[8] Section 5(f), B.P. Blg. 25

[9] Section 5(f), B.P. Blg. 877

[10] 116 SCRA 199

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