

HEIRS OF FAUSTA DIMACULANGAN, PETITIONERS, VS. THE HONORABLE INTERMEDIATE APPELLATE COURT AND FELIMON UY, RESPONDENTS.

G.R. No. 68021. February 20, 1989

Ponente: FERNAN, C.J.

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FERNAN, C.J.:

This is a petition for review on certiorari of the July 2, 1984 decision of the third Special Cases Division, Intermediate Appellate Court, in AC-G.R. SP No. 01230, entitled “Heirs of Fausta Dimaculangan v. Hon. Baltazar R. Dizon, et al.” dismissing for lack of merit the petition for review of the Orders dated June 6, 1983 and July 13, 1983, issued by the Regional Trial Court of Pasay City, Branch CXIII in Civil Case 8865-P which is turn affirmed on appeal the October 16, 1980 decision of Hon. Mariano A. Lacsamana, then presiding judge, Pasay City Court, Branch II, in Civil Case No. 13591, entitled “Felimon Uy v. Fausta Dimaculangan, for Ejectment”.

Fausta Dimaculangan and her children, petitioners herein, occupy by lease an apartment located at No. 2490 E. Zamora St., Pasay City, at a monthly rental of P250.00. They have been living in said premises since 1961. To augment its income, the family maintains therein a sari-sari store and bakes hot pan de sal to sell to the general public. The capital investment involved is claimed to be P3,200.00 only.

On July 5, 1978, private respondent Felimon Uy sent Fausta Dimaculangan a registered letter informing her that the property which she has been occupying has been sold to him and should she desire to continue occupying the same, she should sign a contract of lease for a period of two (2) years at a monthly rental of P1,500.00. Receiving no reply to his letter, the private respondent sent a second one, demanding payment of P750.00 covering unpaid rentals for the months of August, September and October, 1978 but still he received no answer to his demand. Thus, he filed with the City Court of Pasay City a complaint for ejectment^[1] praying, among others, that said court render judgment ordering Fausta Dimaculangan and all persons claiming rights under her to vacate the leased premises.

In her answer with compulsory counterclaim,^[2] Fausta Dimaculangan admitted that she received plaintiff's letter of July 5, 1978 but claimed that she sent plaintiff a reply which was however returned undelivered because plaintiff distorted his address. She denied having been in default in her monthly rentals to the plaintiff, and alleged that she has never been in default during the entire period of her occupancy of the premises since 1961 up to the present. In fact she tried to pay the plaintiff who did not want to collect the monthly rentals, even in the form of money orders which were however, returned unclaimed. She countered that the filing of the complaint was just a scheme to compel her to agree to the capricious and whimsical demand for an unconscionable increase in the monthly rental from P250.00 to P1,500.00, in clear violation of the provisions of P.D. No. 20, as amended. She further alleged that when she received the plaintiff's letter of October 3, 1978, she caused the payment of the rentals for August, September and October, 1978. Defendant Fausta Dimaculangan prayed to the trial court that the complaint be dismissed and a favorable judgment be rendered in her favor.

Pending trial of the case, Fausta Dimaculangan died. She was substituted by her children as defendants.

After trial, the presiding judge of the City Court of Pasay found that the premises in question is partly residential and partly commercial; that defendant has no arrears and that the latter replied to plaintiff's demand letter and paid way of money orders her rentals which were however, returned unclaimed.

On October 16, 1980, the aforementioned court rendered a decision increasing the monthly rentals and fixing a definite period for the term of the lease, the dispositive portion of which reads:

"WHEREFORE, AND IN VIEW OF THE FOREGOING, the defendant is hereby ordered to pay the plaintiff the amount of P500.00 per month, as monthly rental from August 1978 to August 1980; defendant shall be granted a Contract of Lease for two (2) years from August 1980 to August 1982 of which the defendant shall pay the plaintiff a monthly rental of P750.00; the party-litigants are ordered to pay the amount of P1,500.00 to their respective counsels by way of attorney's fees; and the party-litigates (sic) shall equally pay the costs of suit.

"SO ORDERED."[3]

On Appeal, the Regional Trial Court, Branch CXIII, Pasay City, affirmed the aforesaid decision of the City Court and denied petitioner's motion for reconsideration.[4]

On review by certiorari, the Intermediate Appellate Court, new Court of Appeals, dismissed the petition for lack of merit.[5]

Hence, the instant petition for review, raising the following issues for the resolution of this Court:

1. May the trial court in a complaint for ejectment increase the rental agreed upon by the parties, and in the instant case, from the agreed P250.00 to P500.00, and then to P750.00, without violating the provisions of existing laws;
2. May the trial court alter the agreement of the parties by shortening the period of the lease from an indefinite period within the purview of Presidential Decree No. 20, the law in force at the time, and of the amendatory Batas Pambansa Blg. 25, to a fixed two (2) years;
3. In dismissing the petition for review, and in effect, affirming the judgments of the Metropolitan Trial Court, and the Regional Trial Court, has the Honorable Intermediate Appellate Court committed a grave abuse of discretion amounting to lack or absence of jurisdiction, or at least a grave reversible error of a question of law, and/or of fact and law, correctible by the instant petition?[6]

It has been established that petitioners have been occupying the leased premises on a verbal contract since 1961 at a monthly rent of P250.00, and that although no fixed period for the duration of the lease has been agreed upon the original lessor and lessee, the rentals were paid monthly.

Under the circumstances, there appears to be no dispute that subject contract of lease is covered by P.D. 20 and later by B.P. No. 25.

The decisive issue therefore, in this case, is whether or not subject contract of lease is for an indefinite period, for the purpose of applying Presidential Decree No. 20.

The pertinent provision of P.D. No. 20 reads:

"SEC. 4. - Except when the lease is for a definite period, the provisions of paragraph (1) of Article 1678 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 contrast, insofar as they are not in conflict with the provision of this act, shall

apply."

To exempt the lease from the application of P.D. No. 20, it must be one with a definite period.

It will be recalled that the agreement between the original lessor and lessee was unwritten, so that it is difficult to determine with certainty the terms and conditions agreed upon.

Be that as it may, it is undisputed that the rentals are paid monthly. This Court had already ruled that leases as deemed on a "month-to-month basis", if rentals therefore are paid monthly.[7]

Similarly, it is well settled that a lease contract "on a month-to-month basis" provides for a definite period and may be terminated at the end of any month.[8] 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.[9]

Even more recently, this Court clarified that "(I)n exempting from suspension ejectments on the ground of the 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 clear and indubitable right to eject the petitioners, the period of the latter's lease expiring at the end of every monthly period x x x." [10] The Court further pointed out that the Rent Control Law now in force, Batas Pambansa Blg. 877, has erased the distinction between oral and written leases insofar as expiration of the lease period as a ground for judicial ejectment in lease covered by said law, is concerned.[11]

In view of the foregoing, there appears to be no necessity to discuss the other issues in this case; more specifically whether or not the trial court may increase the rental and/or alter the period of the lease from an indefinite period to a definite period; both issues having become moot and academic.

Citing the case of Mabalot v. Madala, Jr., [12] the Court of Appeals ruled that the petition has been rendered moot and academic by the death of the lessee Fausta Dimaculangan, which terminated the lease in her favor. It will be noted however, that in the aforecited case, those seeking to continue in possession of the premises were not the heirs of the lessee but merely members of the lessee's household, which does not apply in the case at bar, where petitioner are the lessee's children. Authorities are of the view that lease is not essentially personal in character, thus the right is transmissible to the heirs.[13]

At any rate, the period fixed by respondent Judge which appears acceptable to the lessor has expired in 1982 and has therefore become moot and academic, aside from the fact that with private respondent's conformity, it has become the latter's term which is well within his authority; that is, to terminate the contract and enter into a new one.

WHEREFORE, the petition is hereby dismissed for lack of merit, with costs against the petitioner.

SO ORDERED.

Feliciano, Bidin, and Cortes, JJ., concur.

Gutierrez, Jr., J., in the result.

[1] Rollo, p. 27

[2] Rollo, p. 29

[3] Rollo, pp. 39-40

[4] Rollo, pp. 41-42; 49

[5] Rollo, p. 68

[6] Rollo, p. 16

[7] *Nejorada v. Municipal Council of Dipolog*, 52 SCRA 453 (1973)

[8] *Rantael v. CA*, 97 SCRA 453 (1980); *Cruz v. Puno, Jr.*, 120 SCRA 497 (1983); *Lesaca v. Cuevas*, 125 SCRA 388 (1983)

[9] *Ibid*

[10] *Dionisio v. IAC*, 147 SCRA 250 (1987)

[11] *ibid*

[12] 121 SCRA 347 (1983)

[13] *Paras*, Civil Code of the Philippines, p. 262, Eleventh Edition, 1986; Annotations Atty. Florimond C. Rous, 93 SCRA 430 (1979)

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