

RAMON FRANCISCO AND CRISTINA MANALO, PETITIONERS, VS. INTERMEDIATE APPELLATE COURT, HON. BERNARDO P. PARDO, PRESIDING JUDGE, REGIONAL TRIAL COURT, NATIONAL CAPITAL JUDICIAL REGI...

G.R. No. 75909. February 05, 1990

Ponente: FERNAN, C.J.

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FERNAN, C.J.:

Respondents' denying due course to their petition, thereby affirming their ejectment from the subject premises as decreed by both the Metropolitan Trial Court (MTC) and the Regional Trial Court (RTC) of Manila.

Petitioners spouses Ramon Francisco and Cristina Manalo seek a review of the decision dated August 29, 1986 of the then Intermediate Appellate Court (IAC), now Court of Appeals, in CA-G.R. SP No. 06866, entitled "Ramon Francisco, et al., Petitioners vs. Hon. Bernardo Pardo, etc., et al.,

The facts as found by the RTC and adopted by the IAC are as follows:

"The premises in question located at 1512 Antipolo St., Sta. Cruz, Manila, consist of a lot and a two-storey building owned by Antonio Chua. Defendant (herein petitioner) Ramon Francisco leased the ground floor and a room in the second floor of the said building since 1961, (and) used (the same) as an auto spare parts store and residence x x x. (T)he latest rental as of June, 1982 was P1,500.00 duly paid to Antonio Chua.

"In 1978, the plaintiffs (herein private respondents) acquired the ownership of the premises by purchase from the former owner Antonio Chua but it was agreed between the plaintiffs and the former owner that the tenant defendant Ramon Francisco would continue to pay to the former owner the monthly rental of P1,000.00 until the end of 1978 and that thereafter the rentals shall accrue to the plaintiffs. Nonetheless, starting January, 1979, plaintiffs received the monthly rentals not from defendants but from the former owner Antonio Chua who agreed to assume responsibility in paying the rental on behalf of Ramon Francisco. Because Antonio Chua failed to remit the rental to the plaintiffs, since September, 1979 and effective January, 1981 at the increased rate of P1,500.00 a month, on February 3, 1982, plaintiffs wrote former owner Antonio Chua to pay the unpaid rentals then amounting to P35,000.00. Parenthetically on July 3, 1982, plaintiff's counsel sent a letter of demand to the defendant Ramon Francisco by registered mail but the latter was returned unclaimed.

Another letter dated January 24, 1983 was addressed to defendant Cristina Manalo but was also returned unclaimed.

In fact, however, defendants were paid up to the month of June, 1982 and defendants stopped paying rentals when they received a copy of the letter of plaintiffs to the former owner Antonio Chua."^[1]

On March 7, 1983, private respondents Benjamin and Emiliana Bangayan filed before the MTC of Manila a complaint for ejectment against the petitioners on the following grounds: a) non-payment of the agreed monthly rental of P2,000.00; and b) subleasing of the premises in violation of the condition of the lease.

Petitioners denied the existence of the grounds for ejectment. They asserted that Antonio Chua, the previous owner of the leased property assumed the responsibility of paying the rentals. They further stated that there was no existing sublease but only a change of name of their auto parts business from Impala Auto Supply to Starlet Supply Center. They likewise denied knowledge of the transfer of ownership of the property involved from Antonio Chua, the previous owner, to the private respondents.

The MTC, after due hearing, rendered judgment declaring petitioners to have defaulted in the payment of the rent. The dispositive portion of the decision reads:

"Accordingly, judgment is hereby rendered ordering the defendants Ramon Francisco and Cristina Manalo and all persons claiming rights under them to immediately vacate the premises x x x and to restore possession thereof to plaintiffs; and for the said defendants to pay jointly and severally the herein plaintiffs the amount of P1,500.00 as monthly rentals of the premises from August 1982 and every month thereafter (less any amount they have paid to the plaintiffs) until they have actually vacated the premises and the costs of the suit." [2]

On appeal to the RTC, the lower court's decision was affirmed with modification. The RTC pronounced:

"WHEREFORE, the court affirms the decision subject of the appeal with modification so as to make the decision definite and certain because in the appealed decision, the lower court authorized deduction of any amount they have paid the plaintiffs which being undetermined, makes the decision uncertain and void (Cf. del Rosario vs. Villegas, 49 Phil. 634). Defendants and all persons claiming rights under them are ordered to immediately vacate the premises x x x and to restore possession thereof to plaintiffs, to pay plaintiffs the sum of P1,500.00 a month as rental for the premises from July, 1982 and every month thereafter until they actually vacate the premises, and costs.

"SO ORDERED." [3]

As earlier intimated, the Court of Appeals also denied due course to petitioners' petition for review. Hence, this recourse, petitioners contending that the appellate court committed the following errors in its decision:

I

PUBLIC RESPONDENT ERRED IN NOT HOLDING THAT THERE WAS NO CONTRACT OF LEASE BETWEEN THE PARTIES;

II

RESPONDENT COURT ERRED IN HOLDING THAT PRIVATE RESPONDENTS MERELY STEPPED INTO THE SHOES OF THE PREVIOUS OWNER;

III

RESPONDENT COURT ERRED IN HOLDING THAT THE NON-PAYMENT OF RENTALS FROM JULY, 1982 UP TO JANUARY, 1983 WAS SUFFICIENT GROUND TO EJECT PETITIONERS;

IV

RESPONDENT COURT ERRED IN HOLDING THAT THE DEMAND ALLEGEDLY GIVEN BY THE PRIVATE RESPONDENTS PRODUCED THE EFFECT OF NOTIFICATION;

V

RESPONDENT COURT ERRED IN HOLDING THAT THE LOWER COURT DID NOT EXERCISE ABUSE OF DISCRETION IN NOT FIXING A LONGER PERIOD OF LEASE. [4]

Petitioners allege that when private respondents finally disclosed to them in July, 1982 that they, private respondents, were the new owners and lessors of the leased premises, a confrontation occurred because of the disagreement regarding the rate of rental. Since no agreement as to the rate of rental was arrived at, no contract of lease was created. This being the case, petitioners aver that they could not have violated the lease contract as there was no contract to speak of in the first place.

Such contention is clearly fallacious. The property subject of the controversy was sold by the former owner Antonio Chua to private respondents while the lease was subsisting. Under Article 1676 of the New Civil Code.

"The purchaser of a piece of land which is under a lease that is not recorded in the Registry of Property may terminate the lease, save when there is a stipulation to the contrary in the contract of sale, or when the purchaser knows of the existence of the lease.

In the case at bar, private respondents chose to allow the lease to continue. Despite the change of ownership then, the contract of lease subsisted. As aptly held by the appellate court:

"As buyers of the premises, private respondents merely stepped into the shoes of the previous owner. The change of ownership did not affect the contract of lease between the petitioners and previous owner. Petitioners still had the same obligations, including the payment of rentals under the contract without the necessity of entering into another agreement with the new owners."[5]

Having shown the existence of the lease, all the other issues can be easily resolved.

No error was committed by the appellate court in ruling that the failure of petitioners to pay the rentals from July, 1982 to January, 1983 was sufficient ground to eject them. It is a basic tenet that if the lessor raises the rent at the expiration of the lease, the tenant has to leave if he does not pay the new rental.[6]

As held in the case of *Vda. de Roxas vs. Court of Appeals*, 63 SCRA 302, it is the owner's prerogative to fix the rental for which he wishes to lease his property and the occupant has the option of accepting the rent as fixed or negotiating with the owner and in the event of failure to come to an agreement, to leave the property so as not to be liable for the rental fixed and demanded by the owner.

The rent in this case was being paid monthly. The lease was therefore on a month-to-month basis, which expires at the end of each month and at which time, either party may opt to terminate or continue the lease under the same or under new terms and conditions.

Private respondents having opted to increase the rate of rentals, petitioners either have to accept the new rate or leave the premises if no agreement is reached. But they cannot excuse themselves from paying rentals altogether just because the negotiation as to such increase failed to materialize. For the fact is that they still occupy the leased property. They derive benefit from such occupation. *NEMO CUM ALTERIUS DETRIMENTO LOCUPLETARI POTEST*. No one shall enrich himself at the expense of another.

Petitioners' argument that no demand to vacate was given them deserves scant consideration. As found by the Court of Appeals, private respondents' counsel sent petitioners two (2) letters of demand, one addressed to Ramon Francisco and the other to Cristina Manalo. These letters were returned unclaimed despite the fact that they were properly addressed to the petitioners and despite notice given to the addressees of the letters. In the case of *Gaspay vs. Hon. Sangco, et al.*, L-27826, December 18, 1967, we held that therein petitioners' claim that they were not served with notice is belied by proof that they had refused to receive the same. No person is entitled to profit from his wrong act of commission or omission.

As to the issue of whether the appellate court erred in not fixing a longer period of lease, we find no cogent reason

to depart from the aforesaid court ruling. Article 1687 of the New Civil Code empowers the courts to fix the period of lease. Such prerogative is addressed to the court's sound judgment.[7] And such discretion was certainly judiciously exercised in the case at bar for, again, as observed by the appellate court:

"x x x. Certainly, the default of petitioners in the payment of the rentals could not have inspired the court to extend any further their stay in the premises as this would have imposed more unjustifiable burden on the part of the owners."[8]

WHEREFORE, the petition is DENIED. Costs against petitioners.

SO ORDERED.

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

[1] pp. 20-21, Rollo.

[2] p. 25, Rollo.

[3] pp. 21-22, Rollo.

[4] p. 5, Petition, p. 7, Rollo.

[5] p. 28, Rollo.

[6] 46 Phil. 184.

[7] F.S. Divinagracia Agro Commercial, Inc. vs. Court of Appeals, 104 SCRA 180.

[8] p. 29, Rollo.

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