

COMMANDER REALTY, INC., PETITIONER, VS. THE COURT OF APPEALS AND RUDY VELAYO, INC., RESPONDENTS.

G.R. No. 77227. May 09, 1988

Ponente: MELENCIO-HERRERA, J.

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MELENCIO-HERRERA, J.:

This Petition seeks the review of certiorari of the Decision, promulgated on October 23, 1986 by respondent Court of Appeals in CA-G.R. S.P. No. 08542 as well as its Resolution, dated January 23, 1987, denying petitioner's Motion for Reconsideration of said Decision.

The facts follow:

On September 4, 1975, respondent Rudy Velayo, Inc., (Velayo, for short) leased from Francisco M. Villanueva (briefly, Villanueva) a portion of a building located at 878-F Aurora Boulevard, Cubao, Quezon City, for a period of five (5) years, renewable for another like term at the option of the lessee at a rental of P10,000.00 per month. Subsequently, petitioner Commander Realty, Inc. (Commander, for brevity), apparently a Villanueva family business, acquired the entire premises. Velayo was notified of such change of ownership.

On August 9, 1980, Velayo wrote Villanueva seeking renewal of the lease contract. On August 14, 1980, Villanueva replied that he could not renew the lease as the property rights over the building already be leased, to Commander.

On September 8, 1980, Velayo wrote Commander confirming the exercise of his option to renew the lease. In reply, Commander reiterated that the contract between Velayo and Villanueva expired on September 4, 1980, without possible renewal since the object of the lease was no longer the property of Villanueva and should Velayo so desire, a new contract with Commander would be "imperative."

On April 26, 1981, Velayo filed a complaint (henceforth, the Consignation Case), for consignation and registration of lease contract before the Regional Trial Court of Quezon City, Branch 84. On April 4, 1984, said Court rendered a Decision with the following decretal portion:

"1. The Contract of Lease (Exh. 'A'. "1") is declared renewed for another period of five (5) years beginning September 4, 1980:

"2. The plaintiff is ordered to pay a monthly rental of P15,000.00 from September 4, 1980 to September 4, 1981; P20,000.00 from September 4, 1981 to September 4, 1982; P25,000.00 from September 4, 1982 to September 4, 1983; P30,000.00 from September 4, 1983 to September 4, 1984; and P35,000.00 from September 4, 1984 to September 4, 1985;

"Without pronouncement as to costs or attorney's fees."

Velayo sought reconsideration of the Decision only insofar as it ordered a graduated increase in rental, but to no avail.

Velayo appealed to the then Intermediate Appellate Court which, on October 15, 1986, rendered judgment[1] deleting that portion of the Trial Court judgment providing for a graduated annual increase in rental and reverting to the original rent of P10,000.00 for the reasons hereunder reproduced:

"Nonetheless, the stipulated P10,000 monthly rental in the lease contract (Exhibit A) is not really a bad bargain for the appellee. For, according to the appellant he had to put up a concrete partition from the ground floor to the third floor of the building to separate the portion occupied by him from that occupied by Commander Drug Store; set up a big display window; provide for double walling from the interior of the ground floor to the third floor; build a stairs at the back of the building for the second and third floors; install steel doors at the front and back of the building and four air-conditioners; and provide for separate wiring for electricity and telephone, spending about P800,000 for the purpose. The appellee has not at all denied the appellant's testimony in that regard. We are, therefore, persuaded that, indeed, the appellant has put up those improvements in the leased premises which has redounded to the appellee's benefit as well."

In the interim, on November 7, 1985, before the Regional Trial Court of Quezon City,[2] Commander filed a complaint (Civil Case No. 46451) for damages of at least P65,000.00 a month from September 4, 1985, against Velayo, for the latter's alleged wrongful usurpation and deprivation of its property (hereinafter, the Usurpation Case). Commander further prayed for moral and exemplary damages, attorney's fees, and a Writ of Injunction restraining Velayo from further usurping the leased premises.

Velayo traversed with a Motion to Dismiss on the ground of lack of jurisdiction of the Regional Trial Court over the nature of the suit contending that Commander should have instituted, instead, an action for Illegal Detainer before the Metropolitan Trial Court, which has exclusive jurisdiction over this kind of action.

Resolving the issue, on January 16, 1986 and February 14, 1986, the Trial Court denied Velayo's Motion to Dismiss and granted Commander's prayer requiring Velayo to pay or deposit P65,000.00 rental per month from September 4, 1985 for the use and enjoyment of the latter's property or in the alternative, "to deposit in Court said amount beginning September 1985 and every month thereafter, until the matter is finally resolved by the Court."

Velayo challenged said Orders in a Petition for Certiorari and Prohibition before the Court of Appeals which, in a Decision promulgated on October 23, 1986, declared the aforesaid Orders null and void.[3] The ratiocination given was the lack of jurisdiction of the Regional Trial Court since Commander's cause of action in its Complaint was one for Ejectment brought within one (1) year after unlawful usurpation, and thus cognizable by an inferior Court; that even assuming that the Trial Court had jurisdiction, the award of P65,000.00 as damages or rental per month was exorbitant; and that even following the "Trial Court's formula for gradually increasing the rental every year for the occupancy of the leased property from September 4, 1985 to September 4, 1986 in that Civil Case earlier instituted by petitioner for consignment and registration of lease contract the rental would be P40,000.00 only."

Reconsideration sought by Commander was denied by the Appellate Court, hence, this Petition for Review filed by it on February 9, 1987 impugning said Court's Decision and praying that the case be remanded to the Regional Trial Court for further proceedings.

On September 23, 1987, we gave due course to the Petition and required the parties to submit their respective Memoranda simultaneously. Both parties have complied.

Commander marshals its arguments in support of its Petition, thus:

"In the face of Velayo's motion to dismiss petitioner's complaint below, its allegations, and only said allegations, must determine petitioner's cause of action.

"An action for damages before the Regional Trial Court that is deemed by the injured party as affording adequate relief is not foreclosed by an action for unlawful detainer that cannot be deemed to afford such adequate relief.

"The measure of damages does not determine the nature or damages sought.

"Having filed a motion to dismiss the complaint for abusive and oppressive conduct, tort or quasi-delict, private respondent must be deemed to have admitted its wrongful act and is not entitled to equitable remedy and relief.

On December 7, 1987, Commander submitted a Manifestation stating that on December 1, 1987, Velayo had surrendered the keys to the leased premises and reiterating that it is "entitled to actual damages (equivalent to lost earnings at P65,000.00 per month from the time private respondent illegally usurped the premises until they were actually turned over to petitioner."

Asked to submit his Comment, Velayo confirmed that he had surrendered full possession of the leased premises to Villanueva, the "true and actual lessor" on December 4, 1987, but vehemently took exception to Commander's claim of actual damages in the sum of P-65,000.00 monthly.

Upon the facts and the evidence, we uphold the ruling of respondent Appellate Court that Commander's cause of action is actually one for Detainer. "An unlawful detainer is the act of unlawfully withholding the possession of the land or building against or from a landlord, vendor or vendee or other person after the expiration or termination of the detainer's right to hold possession by virtue of a contract express or implied (Section 1, Rule 70, Rules of Court; *Pharma Industries, Inc., vs. Pajarillaga*, L-53788, October 17, 1980, 100 SCRA 339). The right of a lessee to occupy the land leased as against the demand of the lessor should be decided in a case of Ejectment or Detainer under Rule 70 of the Rules of Court (*Ching Pue vs. Gonzales*, 87 Phil. 81 [1950]; *Lim Si vs. Lim*, 98 Phil. 868 [1956]; *Teodoro vs. Mirasol*, 99 Phil. 150 [1956]; *Pardo de Tavera vs. Encarnacion, et al.*, 22 SCRA 632 [1968].

In the case at bar, notwithstanding contentions to the contrary, the basic issue is the right or lack of right of Velayo to the continued possession of the leased premises. Commander charges it with "wrongful usurpation and deprivation of the use by plaintiffs of its property." These are core issues in an Unlawful Detainer Suit. The damages of P65,000.00 monthly demanded by Commander actually represent rentals, the reasonableness of which is also properly cognizable in a Detainer action.

The amount of damages of P65,000.00 per month demanded is not determinative of jurisdiction. In ejectment, it is not the amount of rentals or damages for occupancy that confers jurisdiction on the inferior Court but the nature of the action. Where the question relates to the relation between landlord and tenant, the nature of the leased premises involved, the reasonableness of the rentals demanded, the right or lack of right of the tenant to continue occupying the premises against the will of the landlord, the applicability of the rental law, etc., a case for ejectment is proper (*Ching Pue vs. Gonzales, supra*).

Be that as it may, a remand of the case to the lower Court for further proceedings will not serve the ends of substantial justice besides the fact that it will only result in multiplicity of suits. Furthermore, Velayo has surrendered the leased premises and, technically, there is no longer any detainer. It is to the interest of all concerned, therefore, to settle the controversy here and now.

The original contract between lessor and lessee in 1975 stipulated a rental of only P10,000.00 a month. In the Consignation Case, the Regional Trial Court increased the rental at P5,000.00 a month for every succeeding year from September 4, 1980, which would have reached P35,000.00 from September 4, 1984 to September 4, 1985.

On appeal, the Appellate Court, in the same Consignation Case, rejected the graduated increase and retained the P10,000.00 per month rental from September 4, 1980 to September 4, 1985. In the Usurpation Case, Commander demanded damages of P65,000.00 monthly. On appeal, respondent Appellant Court found the amount exorbitant stating that even applying the formula of graduated increase in rental, the figure would be P40,000.00 for the period September 4, 1985 to September 4, 1986. We note, too, the contention of Commander in the Consignation Case that the prevailing rental in the surrounding area for similar buildings in 1983 was P32,805.00 a month (Decision, CA-G.R. CV No. 06545, p. 7).

Taking all these into consideration, give and take, we find that the reasonable compensation for the use and occupation of the leased premises is as follows: P15,000.00 a month from September 4, 1980 to September 4, 1983; P20,000.00 monthly from September 4, 1983 to September 1985; and P25,000.00 per month from September 4, 1985 to November 30, 1987, Velayo having vacated the property on December 1, 1987.

WHEREFORE, Rudy Velayo, Inc., is hereby ordered to pay a monthly rental of P15,000.00 from September 4, 1980 to September 4, 1983; P20,000.00 from September 4, 1983 to September 4, 1985, and P25,000.00 from September 4, 1985 to November 30, 1987.

SO ORDERED.

Yap, C.J., Paras, Padilla, and Sarmiento, JJ., concur.

[1] Penned by Justice Pedro A. Ramirez and concurred in by Justices Rodolfo A. Nocon and Fidel P. Purisima.

[2] Presided over by JUDGE Willelmo Fortun.

[3] Per Justices Carolina C. Grifio-Aquino, Leonor Ines Luciano (ponente) and Emeterio C. Cui.

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