

CRESENCIO LIMCAY, PETITIONER, VS. HONORABLE COURT OF APPEALS AND MALAYAN REALTY INC., RESPONDENTS.

G.R. No. 78161. October 21, 1992

Ponente: DAVIDE, JR., J.

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DAVIDE, JR., J.:

This is a petition for review under Rule 45 of the Rules of Court to set aside the decision of public respondent Court of Appeals of 16 January 1987 in C.A.-G.R. SP No. 09707[1] affirming the decision of Branch 2 of the Regional Trial Court (RTC) of Manila in Civil Case No. 86-34821 which in turn reversed the ruling of the Metropolitan Trial Court (MTC) of Manila in Civil Case No. 105035-CV; the MTC dismissed a complaint for ejectment filed by the private respondent.

After the private respondent filed its Comment and the petitioner his Reply thereto, this Court gave due course to the petition and required the parties to submit their respective memoranda.

The procedural and factual antecedents in this case are summarized by the public respondent as follows:

“Petitioner Cresencio Limcay is the lessee of an apartment unit known as 3013 Interior 6, Nagtahan Street, Sampaloc, Manila owned by private respondent Malayan Realty, Inc., under a lease contract executed on March 1, 1969. On March 18, 1985, private respondent, as plaintiff, instituted an action for ejectment against petitioner as defendant on grounds of expiry of lease, the need for necessary repairs on the unit which is in an advanced state of deterioration, and failure to pay rentals.

In his answer with counterclaim filed on April 3, 1985, defendant raised the affirmative defenses of lack of cause of action and alleged that the lease is for an indefinite period.

After summary proceedings, the Metropolitan Trial Court rendered judgment on December 2, 1985 dismissing the complaint.

On appeal, the Regional Trial Court rendered a decision dated June 3, 1986 with the following dispositive portion:

‘WHEREFORE, judgment is hereby rendered reversing the decision of the court a quo dated December 2, 1985, and entering a new one as follows:

- (a) Declaring that the written lease contract entered into by the parties (Exhibit B) has already expired;
- (b) Ordering the defendant and all persons claiming right under him to vacate the premises at No. 3013 Interior 6, Nagtahan St., Sampaloc, Manila;
- (c) Ordering the defendant to pay the plaintiff the amount of P353 per month beginning June 1, 1984 as reasonable compensation for the use and occupancy of the premises until he vacates the same and surrenders possession thereof to the plaintiff; and
- (d) Ordering defendant to pay the costs in this instance.

There shall be no pronouncement as to the costs in the lower court and as to the liability of one party for damages and attorney's fees in favor of the other party considering that there is really no evidence of bad faith on the part of the parties in either prosecuting the complaint or in defending his position from the same.

SO ORDERED.'

Hence, the present petition.

The only issue raised by petitioner is whether or not the lease contract which commenced on March 1, 1969 is one with a definite period that has expired. (Page 12, Petition, p. 15, Rollo.)

The pertinent provisions of the lease contract read as follows:

'1. This lease takes effect beginning on the month of March 1, 1969 on a monthly basis;

x x x

14. If the LESSOR decides to erect a permanent edifice on the land, or to demolish the building/apartment leased, it shall have the right to cancel this contract upon thirty (30) days notice to the LESSEE who shall vacate the same within the said period, without prejudice to the collection of rental in arrears still outstanding;

15. In case the LESSEE desires to vacate the leased premises, he shall give a notice to this effect to the LESSOR, at least thirty (30) days before vacating, and in case of the failure to give this notice and the premises has not been leased for a period of at least one (1) month, the LESSEE vacates the same, the LESSEE shall be liable for damages in an amount of not less than one month's rental. (pp. 81, 83, Record).'

Interpreting the above stipulations, respondent court made the following observations:

'(1) The contract is terminable after the end of each month, and renewable monthly in the absence of a new expressed desire to the contrary on the part of either or both of the parties;

(2) That par. 14 applies to a special situation wherein the lessor 'desires to erect a permanent edifice on the land or to demolish the building/apartment leased' without prejudice to the collection of rental in arrears still outstanding, whereas par. 15 contemplates the procedure to be followed by the lessee should it be his desire to terminate the lease contract or to exercise the option of no longer renewing the monthly lease agreement.

By means of a formal letter dated May 4, 1984 (Exhibit J), the original thereof was received by defendant on May 7, 1984 (Exhibit J--1), the plaintiff/lessor opted to terminate the lease by May 31, 1984. Despite said letter and a subsequent one dated February 12, 1985 (Exhibit K), defendant's obstinate refusal to vacate subject premises was tolerated until plaintiff filed its action on March 18, 1985 only, or almost ten (10) months from the termination of the lease contract.'"[2]

Public respondent's affirmance of the RTC's decision is anchored upon its findings that (a) the above observations of the RTC on the lease contract are in accord with the clear provisions thereof, (b) the contract is for a definite period and pursuant to the demand letter, the lease had already expired and (c) petitioner's claim that the contract is one of adhesion and should, therefore, be interpreted in his favor, has no basis as no irregularity or illegality attended its execution; besides, this issue was not raised as an affirmative defense in the petitioner's answer.

Petitioner now imputes upon the public respondent the commission of the following errors:

"[1]

x x x IN NOT RESOLVING FIRST THE ISSUE RAISED BY THE PETITIONERS (sic) THAT THE COMPLAINT FOR EJECTMENT WAS PREMATURELY FILED, HENCE A GROUNDLESS SUIT.[3]

x x x

[2]

x x x IN NOT RESOLVING WHETHER OR NOT THERE IS SUFFICIENT GROUND FOR JUDICIAL EJECTMENT UNDER SECTION 5(e) OF BATAS PAMBANSA BILANG 25 OR NOT AS THE CAUSE OF ACTION RAISED IN THE COMPLAINT, AND INSTEAD DECLARING THAT THE CONTRACT OF LEASE IS FOR A DEFINITE PERIOD WHICH IS NOT THE CAUSE OF ACTION UNDER THE COMPLAINT.[4]

x x x

[3]

x x x IN APPLYING THE DOCTRINE LAID DOWN IN THE CASE OF RANTEL VS. COURT OF APPEALS (97 SCRA 454) x x x AND IN NOT SUSTAINING THE PETITIONER THAT THE CONTRACT OF LEASE WAS AN ADHESION CONTRACT BEING USED FOR HARASSMENT AGAINST THE PETITIONER.[5]

x x x

[4]

THERE IS NO FACTUAL OR LEGAL BASIS UPON WHICH THE PETITIONER SHOULD BE ORDERED TO PAY A RENTAL IN THE SUM OF P353.00 A MONTH BEGINNING JUNE 1, 1984.”[6]

The petition is wanting in merit.

As to the first two (2) assigned errors, petitioner attempts to convince this Court that the complaint for ejectment is based solely on the ground provided for in Section 5(e) of Batas Pambansa Blg. 25,[7] i.e., the need of the lessor (private respondent) to make the necessary repairs on the leased premises. Such conclusion is grossly inaccurate and the attempt, nothing more than a calculated move to mislead this Court. Such behavior is certainly reprehensible when viewed in the light of petitioner's failure to attach to his petition a copy of the complaint, thereby making verification of the basis of his conclusion difficult. Fortunately, the decisions of both the MTC and RTC, attached by the petitioner to the petition,[8] belie his claim. The former makes express reference to the allegations in the complaint “that plaintiff informed the defendant in a letter dated May 4, 1984 that his lease will expire on May 31, 1984 and will no longer be renewed as the premises is (sic) no longer safe to live in and should be vacated on or before May 31, 1984 to enable plaintiff to ‘tear down the said apartment’; that a final demand to vacate the premises and to pay the reasonable compensation of P353 per month was made in a letter dated February 12, 1985; that notwithstanding demands, defendant failed and still fails and refuses to vacate the premises and to pay the reasonable compensation for the use and occupation of the premises at P353.00 per month, x x x;”[9] and extensively discusses[10] the two (2) grounds for ejectment under paragraphs (e) and (f), Section 5 of Batas Pambansa Blg. 25.

The opening paragraph of the RTC decision likewise reveals that the ejectment case is likewise anchored on paragraphs (e) and (f), Section 5 of Batas Pambansa Blg. 25. Thus:

“In the court below, plaintiff filed a suit for ejectment, covering an apartment located at 3013 Interior 6, Nagtahan St., Sampaloc, Manila, against defendant based on grounds under paragraphs (e) and (f) of Section 5 of Batas Pambansa 25, to wit:

‘SEC. 5. Grounds for Judicial Ejectment. -- Ejectment shall be allowed on the following grounds:

x x x

e. Need of the lessor to make the (sic) necessary repairs of the leased premises which is the subject of an existing order of condemnation by appropriate administrative authorities concerned in order to make the said premises safe and habitable: Provided, That after said repair, the lessee ejected shall have the right of first refusal of the lease of the same premises.

f. Expiration of the period of a written lease contract.”[11]

The trial court then proceeded to discuss, inter alia, paragraph 1 of the contract of lease, which reads:

“1. This lease takes effect beginning on the Month of March 1, 1969 on a monthly basis.”

and concluded that the lease was on a month-to-month basis.

Accordingly, the claim that the filing of the case was premature because of the pendency of administrative proceedings before the Ministry of Public Works and Highways on the issue of the building's condemnation, is entirely irrelevant.

The third assigned error deserves scant consideration. While it is true that the contract was prepared entirely by the private respondent and the petitioner merely affixed his signature thereon, thereby making it a contract of adhesion, the questioned provisions therein relative to the issue of whether or not the lease is for a definite period, are not equivocal, ambiguous or vague. Even if such provision should be construed strictly against the private respondent in line with the rule that the terms and conditions of a contract of adhesion (like an insurance contract) are to be construed strictly against the party which prepared it,[12] the fact remains that indeed, by its express terms -- and not because the rentals were to be paid monthly -- it is a contract of lease on a month-to-month basis. Besides, as correctly held by the public respondent, this issue was never raised as an affirmative defense in the petitioner's answer. Under Section 5, Rule 5 of the Rules of Court, which applies in this case since the action originated from the MTC, all affirmative defenses not pleaded in the answer shall be deemed waived and the same may not be raised for the first time on appeal in the Regional Trial Court, much less before the public respondent.

Anent the last assigned error, the records disclose that the contract of lease provided for a monthly rental of P185.00 which was gradually increased to P321.00. The latter was the prevailing rate when the initial demand to vacate was made on 4 May 1984. The gradual increases may have been made pursuant to Section 1 of Batas Pambansa Blg. 25 which allowed a yearly increase of not more than ten percent (10%) of the monthly rentals existing at the time of its approval.

The amount of P353.00 surfaced for the first time in the private respondent's final demand to vacate dated 12 February 1985, which it considered as reasonable compensation for the use and occupation of the premises.[13] The complaint was filed on 18 March 1985.[14] The RTC ordered the payment of P353.00 per month beginning 1 June 1984 until petitioner shall have vacated the premises and surrendered the possession thereof to private respondent “as reasonable compensation for the use and occupancy of the premises.” Significantly, this amount represents the last rate of rental (P321.00) plus an increase thereof of ten percent (10%), less ten centavos (10¢). In short, the RTC must have taken into account Section 1 of Batas Pambansa Blg. 25 in determining the reasonable value for the use and occupancy of the property after the expiration of the contract of lease. This is not at all an unfair and unjust determination for if the contract remained in full force and effect, private respondent could have justifiably increased the rental by ten percent (10%). In any event, the RTC had the authority to fix the reasonable value for such use and occupancy from the expiration of the contract of lease until the petitioner shall have vacated the premises and surrendered its possession to the private respondent. It was not bound by the stipulated rental in the contract of lease because it is settled that “the rental stipulated in the contract of lease that has expired or terminated may no longer be the reasonable value for the use and occupation of the premises as a

result or by reason of the change or rise in values.”[15]

WHEREFORE, for lack of merit, the instant petition is DENIED with costs against petitioner.

SO ORDERED.

Gutierrez, Jr., (Chairman), Bidin, Romero, and Melo, JJ., concur.

[1] Rollo, 24-29; per Associate Justice Hector C. Fule, concurred in by Associate Justices Santiago M. Kapunan and Josue N. Bellosillo.

[2] Rollo, 24-27.

[3] Rollo, 15-A.

[4] Id., between pp. 17 and 18.

[5] Id., 19.

[6] Rollo, 20.

[7] An Act Regulating Rentals of Dwelling Units or of Land on Which Another's Dwelling is Located and For Other Purposes.

[8] Annexes "C" and "D"; Rollo, op. cit., 42-46; 50-56, respectively.

[9] Rollo 42.

[10] Id., 44-46.

[11] Id., 50.

[12] Qua Chee Gan vs. Law Union and Rock Insurance Co., Ltd., 98 Phil. 85 [1955]; Landicho vs. Government Service Insurance System, 44 SCRA 7 [1972]; Western Guaranty Corp. vs. Court of Appeals, 187 SCRA 652 [1990].

[13] Rollo, 42.

[14] Id., 52.

[15] Aylon vs. Jugo, 78 Phil. 816, 818 [1947].

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