

BELLA S.D. UY, ASSISTED BY HER HUSBAND BENJAMIN REYES, UY, SR., PETITIONER, VS. HONORABLE COURT OF APPEALS AND NICANOR PADILLA, RESPONDENTS.

G.R. No. 78538. October 25, 1989

Ponente: PARAS, J.

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PARAS, J.:

This is a petition to review on certiorari the decision of the Court of Appeals* dated November 20, 1986, affirming with modification, the decision of the Regional Trial Court, National Capital Region, Branch XXVII, and the resolution dated May 8, 1987 denying the motion for reconsideration filed thereon.

The factual background of this case is as follows:

On October 12, 1979, the private respondent, as owner of the building consisting of 14 doors, filed a complaint for ejectment against petitioner Bella S. D. Uy in the then City Court of Manila, alleging that the latter failed to pay her monthly rental of P150.00 from September 5, 1978.

On November 19, 1979, the petitioner filed her answer denying the material allegations stated in the complaint and by way of affirmative allegations alleged, among others, that sometime in the early part of 1961 the private respondent entered into a verbal contract of lease with the petitioner covering one (1) door (down) of the building otherwise known as No. 1782-B Alvarez Street, Sta. Cruz, Manila, owned by the private respondent, at the agreed monthly rental of P60.00, which was subsequently increased to P65.00, then to P70.00 and finally to P80.00 rental a month; that sometime in the first week of September 1978, the petitioner tendered to private respondent's collector the sum of P80.00 by way of payment of the rental for the month of September, 1978, but the latter refused to accept the same claiming that the monthly rental has already been increased to P150.00 a month; that all the proffered payments made by the petitioner for the months of October 1978, November 1978, December 1978, January 1979, February 1979, March 1979, April 1979 and May 1979 were refused by the private respondent's collector based on the same ground that the sum of P80.00 as payment for the monthly rental cannot be accepted because the same was already increased to P150.00 a month. (Rollo, p. 30)

On May 16, 1980, the City Court of Manila rendered a decision** in favor of the private respondent and against the petitioner, the dispositive portion of which reads:

“WHEREFORE, plaintiff having satisfactorily established his case for unlawful detainer, judgment is hereby rendered ordering the defendant and all persons claiming under her to vacate door No. 1782-B located at Alvarez Street, Sta. Cruz, Manila, subject of this action, and restore immediately possession thereof to the plaintiff, and to pay the latter: (1) The sum of P560.00 representing under payments of rentals in arrears from September 5, 1978 to May 4, 1979, with interests at the legal rate from the filing of the complaint until fully paid; (2) the sum of P900.00 representing rentals in arrears from May 5, 1979 to October 5, 1979, likewise with interest at the legal rate from the filing of the complaint until fully paid; (3) the sum of P300.00 a month, from October 6, 1979 and every month thereafter until said premises are actually vacated and possession

thereof restored to plain-tiff, as reasonable compensation for the continued unlawful occupation and use of said premises; (4) the sum of P2,000.00 as attorney's fees; and (5) the costs of the suit.” (Rollo, pp. 38-39)

Petitioner Bella S.D. Uy appealed from the decision of the City Court of Manila to the then Court of First Instance of Manila (now Regional Trial Court) which on December 28, 1984, rendered a decision*** affirming the decision of the City Court of Manila. (Rollo, p. 43)

On February 22, 1984, the petitioners filed with the Court of Appeals a Petition for Review.

On November 20, 1986, the appellate court rendered a decision affirming with modification the judgment of the Regional Trial Court, the dispositive portion of which reads:

“WHEREFORE, We find no merit in the petition for review.

"We modify, however, the decision by eliminating the part thereof ordering the petitioners to pay P560 to the private respondent.

“The decision is affirmed in all other respects.

“Costs against the petitioners.

“SO ORDERED.” (Rollo, pp. 52-53)

Their motion for reconsideration having been denied, the petitioners filed the instant petition.

From the memoranda submitted by the parties, it is clear that the main issue in this case is whether or not the petitioner incurred arrears in payment of rent which fault is one of the grounds for judicial ejectment.

It is the contention of the petitioners that PD No. 20, the law applicable when the private respondent increased the monthly rental of the premises from P80.00 to P150.00 in April 1978, prohibits the lessor of a dwelling unit to increase the monthly rental agreed upon between the lessor and the lessee as of the effect-ivity of the Act when said monthly rental does not exceed three hundred (300.00) pesos and the unilateral act of increasing the rent already constitutes a violation thereof and it is no longer relevant whether the tenant agrees or objects to the increase.

It is further argued by the petitioners that the right of the lessor to eject a lessee upon the termination of the lease in accordance with Art. 1687 of the Civil Code has been suspended by the express mandate of Section 4 of BP Blg. 25, hence, the ejectment of a lessee may not be judicially decreed on the ground alone that the lessor had given the lessee notice or demand to vacate to render the lessee liable for eviction under Art. 1673 (1) of the Civil Code. (Rollo, pp. 124-126)

Furthermore, the petitioners stress that their refusal to pay the increased rental of P150.00 a month from September 5, 1978 to May 4, 1979 cannot be considered as a valid ground for ejecting them. The petitioners offered to pay in cash the stipulated rental of P80 a month but this offer was rejected because the private respondent wanted them to pay the increased rental of P150.00. When the lawyers of the private respondent demanded the payment of the stipulated rental of P80 a month from September 5, 1978 to May 4, 1979, the petitioners immediately paid the same in check for P800 which payment was received as the check was encashed by the private respondent. The acceptance of rental by private respondent converts the petitioners' possession of the premises from illegal to legal, assuming, that their possession of the premises had become illegal in the meantime for alleged non-payment of rentals. When the private respondent again refused to accept the proffered rental payment at the old rate of P80 a month, petitioner Bella S.D. Uy had to resort to the expediency of depositing the money covering the stipulated rentals with the Far East Bank and Trust Company includ-ing

interest as of January 7, 1984, as evidenced by passbook No. 5322, with notice to private respondent by registered mail which was received by the private respondent on November 22, 1980. (Rollo, p. 129)

On the other hand, the private respondent maintains that petitioner Bella S.D. Uy was in arrears in the payment of her rental of P150.00 from September 5, 1978 to May 4, 1979, as evidenced by a check in the amount of P800.00 issued by her brother-in-law as payment for her rental for ten (10) months which was still incomplete if the new monthly rate is to be included, hence, her ejectment from the premises is proper.

It is also argued by the private respondent that the oral lease from month to month was for a definite period and Presidential Decree No. 20 did not apply as ruled by this Court in *Rantael vs. Court of Appeals*, 97 SCRA 453, and *Bulacanag vs. Francisco*, 122 SCRA 498. (Rollo, pp. 114-115)

The petition is without merit.

The City Court of Manila found that the petitioner was eight (8) months in arrears (September 5, 1978 to May 4, 1979) in the total amount of P800.00 when the private respondent's lawyer demanded on May 15, 1979, that the petitioner vacate the leased premises and pay her rent in arrears for said period. The Regional Trial Court of Manila and the Court of Appeals have similar findings.

One of the grounds for judicial ejectment under B.P. Blg. 25, Section 5 (b), is -

"Arrears in payment of rent for three (3) months at any one time: Provided, That in case of refusal by the Lessor to accept payment of the rental agreed upon, the lessee shall either deposit, by way of consignment, the amount in court, or in a bank in the name of and with notice to the lessor."

It cannot be denied that the petitioner in this case incurred arrears in payment of rentals for eight (8) months. If private respondent's collector refused to accept the proffered payments, as claimed by her, she should have deposited the amount, by way of consigna-tion, in court, or in a bank in the name of and with notice to the private respondent.

The petitioner contends that since there is no fixed term for the duration of the lease and the rent agreed upon is paid monthly, the expiration thereof is governed by Art. 1687 of the Civil Code which has been suspended by express mandate of Section 4 of PD No. 20 and Section 6 of BP Blg. 25. The rental being payable monthly, the lease is one without a definite period, hence the Rental Laws (not Art. 1687 of the Civil Code) apply.

The records reveal that the new rentals demanded since 1979 (P150.00 per month) exceed that allowed by law so refusal on the part of the lessor to accept was justified. However, what the lessee should have done was to deposit in 1979 the previous rent. This deposit in the Bank was made only in 1984 indicating a delay of more than four years.

From the foregoing facts, it is clear that the lessor was correct in asking for the ejectment of the delinquent lessee. Moreover, he should be granted not only the current rentals but also all the rentals in arrears. This is so even if the lessor himself did not appeal because as ruled by this Court, there have been instances when substantial justice demands the giving of the proper reliefs. (*Anuncia-cion del Castillo vs. Miguel del Castillo and the Hon. Court of Appeals*, G.R. No. L-33186, June 27, 1988); (*Higina Alba vs. Daniel Santander*, G.R. No. L-28409, April 15, 1988); (*De Lima et al. vs. Tayabas Co. et al.*, G.R. No. L-35697-99 April 15, 1988).

WHEREFORE, the judgment of the CA ordering ejectment, with the modification that both rentals in arrears and current rentals should be given to the lessor, is hereby AFFIRMED.

SO ORDERED.

Melencio-Herrera, (Chairman), Sarmiento, and Regalado, JJ., concur.
Padilla, J., no part, related to private respondent.

* CA, Fourth Division, Justice Jorge R. Coquia penned the decision with the concurrence of Justices Leonor Ines Luciano and Emeterio C. Cui.

** Written by Judge J. Cezar Sangco.

*** Written by Judge Ricardo Diaz.

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