

TEODULO GARCIA, PETITIONER, VS. THE HONORABLE COURT OF APPEALS AND SANTOS GUTIERREZ, RESPONDENTS.*G.R. No. 88632. March 22, 1993*

Ponente: CAMPOS, JR., J.

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Petitioner, Teodulo Garcia, bought a parcel of land situated at No. 2372 Granate St., San Andres Bukid, Manila. The same land which is the subject matter of the instant petition was registered under petitioner's name on September 25, 1979, with the Register of Deeds of Manila.

Before the said lot was purchased by herein petitioner, it was covered by a lease agreement, executed sometime in February 1964, by and between the former owner, Elvira Diguangco and herein private respondent, Santos Gutierrez. The lease contract[1] contained the following provisions:

"2. Ang Ikalawang Panig ay aalis at aalisin din niya ang nasabing bahay sa lupa ng Unang Panig pagkatapos abisuhan ang Ikalawang Panig na kailangan na ng Unang Panig ang nabanggit na lupa;

x x x x x

8. Ang kasulatang ito ay walang takda ng tagal o panahon at aasa lamang sa pangangailangan ng Unang Panig sa nasabing lupa."

As authorized in the lease agreement, private respondent constructed a house on the lot and had been occupying the same since 1964.

The trial court also found, as borne out by the pleadings and evidence on record, that even before petitioner purchased the lot, private respondent had executed a letter[2] dated November 19, 1978, promising to vacate said land and to remove the improvements thereon, within ninety days from date of writing. Private respondent, however, did not comply with his promise and remained on the lot even after the lapse of ninety (90) days. Right after the purchase by petitioner, he talked to private respondent demanding compliance with the latter's undertaking to vacate the premises. Private respondent nevertheless continued to remain in the premises and refused to leave.

On August 7, 1982, petitioner once more, demanded that private respondent vacate the premises. Again, private respondent did not heed said request. Petitioner then filed his complaint with the Barangay Chairman who subsequently issued a summons on September 19, 1982, which was again ignored by private respondent. Having no other recourse, petitioner then filed a civil case for ejectment before the Metropolitan Trial Court (MTC) of Manila on December 7, 1982, the cause of action of which was petitioner's need to repossess the property for his own use.

Private respondent, then defendant, opposed the action based on non-compliance with Section 5(c) of Batas Pambansa Blg. 25[3] (B.P. Blg. 25, for brevity), allegedly due to the failure of petitioner to give private respondent three (3) months' notice in advance of such intent to repossess.

After trial on the merits, a judgment[4] was rendered in favor of petitioner and against private respondent. The MTC ordered the latter and any person claiming under him, to vacate the premises and to pay herein petitioner the sum of P2,000.00 and the costs. Private respondent's counterclaim was dismissed for lack of merit.

Dissatisfied with the decision, private respondent appealed to the Regional Trial Court of Manila, Branch 36 (RTC, for brevity) on the ground that the MTC committed a grave error amounting to lack or excess of jurisdiction in finding that there is no need for compliance with B.P. Blg. 25, relying upon the lease agreement and the purported undertaking. Moreover, he challenged said decision, maintaining the view that the lessor or his successor-in-interest is not entitled to eject the lessee upon the ground that the leased premises had been sold and transferred to a third person.

The RTC, finding no reversible error committed by the court a quo affirmed the challenged decision, with costs against private respondent.[5] After a motion for reconsideration was denied, private respondent, on January 9, 1989, filed with the respondent Court of Appeals a Petition for Review, docketed as CA-G.R. SP No. 16530, anchored on the same errors raised with the RTC. Petitioner then filed his comment on March 9, 1989 arguing that said petition for review was interposed manifestly to unduly delay the termination of the case.

The respondent Court of Appeals ruled that there was no three-month advance notice given to private respondent herein as required by Section 5(c) of B.P. Blg. 25.[6] Said Court in effect ruled that since the new owner of subject lot (petitioner herein) was not the one who entered into the lease agreement with private respondent, said petitioner should himself have given the required notice. It further declared that the RTC is more competent to resolve questions concerning the effects of the sale on the leased premises and on the house and improvements made thereon by the lessee, occupying the same prior to the sale to a third person. Thus, on May 30, 1989, respondent Court rendered a decision, the dispositive portion of which reads:

"WHEREFORE, on jurisdictional grounds, the judgment of the respondent Regional Trial Court in Civil Case No. 86-36612 and the Decision of the Metropolitan Trial Court in Civil Case No. 081666-CV are set aside and the complaint and counterclaim therein are dismissed. No pronouncement as to costs.

SO ORDERED."[7]

Petitioner, coming before this Court for a review of the abovesited decision of the respondent Court, maintains that private respondent continued his occupancy by mere tolerance on the part of petitioner, as the lease agreement had long been terminated.

At the time this case was originally filed, the statute which governed the right of a lessor to eject his lessee was B.P. Blg. 25.[8] Section 5 thereof specified the grounds for judicial ejectment. The pertinent parts thereof provide as follows:

"x x x Ejectment shall be allowed on the following grounds:

x x x x x x

c. Need of owner/lessor to repossess his property for his own use or for the use of any immediate member of his family as a residential unit, such owner or immediate member not being the owner of any other available residential unit: Provided, however, That the period of lease has expired: Provided, further, That the lessor has given the lessee notice three months in advance of the lessor's intention to repossess the property: and Provided, finally, That the owner/lessor or immediate member stays in the residential unit for at least one year, except for justifiable cause.

xxx x x x

f. Expiration of the period of a written lease contract.

In no case shall the lessor or his successor-in-interest be entitled to eject the lessee upon the ground that the leased premises has been sold or mortgaged to a third person."

A perusal of the above provisions reveals that certain requirements have to be met before a lessee can be validly ejected by the lessor under Section 5(c). Private respondent herein, however, questions only whether there was compliance with the notice requirement. Consequently, it would be futile to discuss further the other three requirements as private respondent does not dispute compliance with the same.

Under paragraph (f) of the above-quoted provision, expiration of the period of a written contract is a ground for ejectment separate from and independent of paragraph (c), which requires the three-month notice. There is an apparent inconsistency between the two paragraphs because paragraph (f) makes expiration of the period, without any other condition, a ground for ejectment. Thus, regardless of the lessor's reason for wanting to repossess the leased premises, as long as the lease has expired, there is a legal ground for ejectment. Not so with paragraph (c). Under the latter paragraph, where the reason for ejectment is because the lessor needs it for his own use, the lease period must not only have expired. There should be a three-month notice to vacate as well. For reasons which will be shown hereunder, there is no need for Us to dwell on this apparent conflict in order to decide the case before Us.

The lease contract in this case was written and although no definite period is specified, there was just the same a term for the lease -- only until such time when the lessor should need the premises for his own use. This Court has previously held that where the agreement is that the lessee would vacate the premises when the lessor should need the same for his own use, the period of the lease is fixed, as the parties are fully aware that when that time comes, the lease is terminated.[9] When the lessor (the former owner) informed private respondent herein on November 19, 1978 to vacate the lot leased because he needed it, private respondent signed a written promise to vacate the premises within three months from said date, i.e., on or before February 19, 1979. On this date, however, private respondent failed to leave despite the demands of the lessor. In Our opinion, even assuming that the lease fixed no term, the aforesaid written promise had the effect of amending the original lease contract by stipulating for a definite period when the lease would terminate, i.e., three months from November 19, 1978. Thus, upon the expiration of said period, the written contract of lease would expire, giving rise to the lessor's right to file an action for ejectment against private respondent. From another angle, said written promise can also be considered as an admission that a three-month notice to vacate had been given by the lessor to the lessee. In either case, a legal ground for ejectment would exist, the first under paragraph (f) of Section 5, and the second under paragraph (c) of the same section.

Although private respondent claims that the written promise was secured through misrepresentation, this allegation was not given credence by the trial court, which based its decision mainly on said written promise. Obviously also, the trial court did not find it necessary to discuss the other requirements of paragraph (c) because private respondent merely questioned the lack of due notice. Nevertheless, We note that the evidence shows that petitioner was merely renting an apartment at that time, which means that he owns no property on which a residential house can be built other than the lot occupied by private respondent and which he has adamantly refused to vacate despite the fact that his lease had already expired. In any case, petitioner's case need not rest on paragraph (c), and is meritorious under paragraph (f) alone. Whatever rights the former owner-lessor had under Section 5 devolved upon petitioner herein when he bought the property. Therefore, the right of the former owner to eject private respondent due to expiration of the lease passed on to petitioner. And the last paragraph of said Section 5 to the effect that in no case can the lessor or his successor-in-interest be entitled to eject the lessee on the ground that the leased premises has been sold, cannot help private respondent because the lease had already

expired before the sale. This last provision applies only when the attempted ejectment is made while the lease period has not yet expired. In other words, the owner's successor-in-interest must respect an existing contract of lease. Where the lease period is still running any attempt to eject the lessee would constitute a breach of contract. But where the lease has expired, there is no more contract to breach.

We do not agree with the Court of Appeals' decision that a three-month notice should have been sent by petitioner on his own behalf because he was not a party to the lease contract. As We stated earlier, petitioner was subrogated to all the rights of his predecessor-in-interest. The latter gave the three-month notice which was accepted by private respondent, and who in fact signed a written promise to vacate within three months. When the latter period expired and the lessee failed to move out, the lessor's right to judicial ejectment arose. This right was transferred to petitioner when he bought the property and therefore there was no need for him to give another notice. The mere fact that private respondent continued in the premises despite repeated demands on him to vacate, does not change the fact that the lease had ended. Private respondent's continued possession was merely tolerated by petitioner and his predecessor-in-interest.

However, even assuming *arguendo* that the appellate court's premise is correct, petitioner did give notice on his own behalf. The trial court found that soon after the sale of the property to petitioner, or on October 10, 1979, the latter wrote to private respondent that he vacate the premises. After this and other subsequent demands were ignored, he again made a demand on August 7, 1982 informing private respondent that he wished to build his house on the property. After this last demand was again ignored, he brought the matter before the Barangay Chairman who, on September 19, 1982, sent a summons to private respondent, who, not only ignored it but in addition, refused to accept it when served upon him.[10] Petitioner finally filed an ejectment suit before the MTC on December 7, 1982, or four months after his verbal demand on August 7, 1982. Thus, even disregarding the previous demands soon after the sale, petitioner had complied with the requirement of three-month notice.

It is clear therefore that whichever basis We use in this case, whether Section 5(c) or Section 5(f) of B.P. Blg. 25, petitioner has a legal right to eject private respondent.

A final point to consider is the Court of Appeals' conclusion that the MTC had no "jurisdiction nor competence to pass upon the controversy at bar" and that the RTC is "more competent to resolve questions concerning the effects of the sale on the leased premises. We agree with petitioner that this is an erroneous opinion. The complaint filed with the MTC clearly shows that this is a simple ejectment case, where no issue nor allegation is made involving any other question but the right of petitioner to oust private respondent from the premises based on the expiration of the contract and on the repeated demands made on the latter to vacate the property. This Court has held that what determine the nature of an action and the Court which has jurisdiction over it, are the allegations made in the complaint.[11] Petitioner bought the property because he needed a lot on which to build his house. Private respondent, despite repeated demands, refused to vacate the premises. In the meantime, petitioner was renting an apartment while private respondent was making use of his property.

There is no doubt that B.P. Blg. 25, better known as the Rent Control Law, was enacted primarily to protect tenants, especially those belonging to the low income group. However, this same law, as is clearly manifested by Section 5(c), did not ignore the interests of small landowners or lessors. The policy of the law is not to be interpreted or implemented in such a way as to oppress the lessor when he needs the leased premises for his own use because he has no other property, or when the tenant fails to pay the rentals for an unreasonable length of time. In such cases, fairness and justice demand that the lessor be given the right to resort to the courts to aid him in asserting his constitutional right to abode.[12]

In view of the foregoing, the petition is GRANTED. The decision of the Court of Appeals dated May 30, 1989 is

REVERSED and SET ASIDE, and that of the Regional Trial Court dated May 16, 1988, is hereby REINSTATED.
SO ORDERED.

Narvasa, C.J., (Chairman), Padilla, Regalado, and Nocon, JJ., concur.

[1] Records, pp. 54-55.

[2] Records, p. 104.

[3] Batas Pambansa Blg. 25, "An Act Regulating Rentals of Dwelling Units or of Land on which Another's Dwelling is Located and for other Purposes" (1979).

[4] Penned by Judge Bienvenido S. Salamanca, Rollo, pp. 29-30.

[5] Penned by Judge Maximo M. Japzon. Rollo, pp. 32-37.

[6] Penned by Associate Justice Fidel P. Purisima with Associate Justices Hector C. Fule and Regina G. Ordoñez-Benitez, concurring.

[7] Rollo, p. 18.

[8] B.P. Blg. 25 was replaced by B.P. Blg. 877 which took effect on January 1, 1988.

[9] *Lim v. Vda. de Prieto*, 101 Phil. 15 (1957).

[10] Rollo, p. 26.

[11] *Ching v. Malaya*, 153 SCRA 412 (1987).

[12] *Tan Tok Lee v. CFI of Kalookan City*, 121 SCRA 438 (1983).

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