

VICENTE J. SANTI, PETITIONER, VS. HON. COURT OF APPEALS, HEIRS OF AUGUSTO A. REYES, JR., REPRESENTED BY ALEXANDER REYES, RESPONDENTS.

G.R. No. 93625. November 08, 1993

Ponente: NOCON, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-93625/>

NOCON, J.:

The sole issue of the instant case is the interpretation specifically of paragraph 3 of the Contract of Lease^[1] executed between Esperanza Jose, predecessor-in-interest of herein petitioner and Augusto Reyes, Jr.

The undisputed facts of the case as summarized by the trial court are as follows:

"Esperanza Jose was in her lifetime the registered owner and in absolute possession of a parcel of land known as Lot 3, Block 89, situated in Cavite City, more particularly described in TCT No. 5508 (RT-3159) with an area of 1, 472 square meters; that sometime on July 12, 1957 she leased a portion of the property unto spouses Eugenio Vitan and Beatriz Francisco for a period of 20 years "automatically extended" for another 20 years but with a rental of P220.00 per month as per Lease Contract ratified before Notary Public Abraham F. Aguilar (Exhibit '8') and on which the lessees constructed a cinema house; that sometime in 1962, the lessees sold all their rights, interest and participation over the cinema house together with the leasehold rights on the lessor's property unto Augusto A. Reyes, Jr. and a new contract of lease was entered into between the new owner and Esperanza Jose (Exhibit 'A') for a period of 20 years from and after April 1, 1962 with a monthly rental of P180.00 payable in advance, said period of lease being 'extendable' for another period of 20 years with the monthly rental increased to P220.00 also payable in advance on or about the first day of each month (Exhibit '2-B'). In the interim, Esperanza Jose sold all her rights and participation over the parcel of land to Vicente J. Santi and TCT No. T-3968 of the Land Records of Cavite City was issued in his favor, on February 23, 1982 the lease having expired, plaintiff wrote Alexander Reyes as representative of Augusto Reyes, Jr., who had died, informing him of the termination of the lease on March 31, 1982 and demanding peaceful turn-over of possession, defendant refused on the ground that after consulting his lawyer, Atty. Gregorio R. Familiar the latter informed him that the lease was automatically extended for another 20 years at the rate of P220.00 a month and which amount he tendered unto the plaintiff who refused and by virtue thereof, religiously deposited the said amounts with the Clerk of Court of the Municipal Trial Court of Cavite City (Exhibits '5' and '6'). In view of defendant's refusal to vacate plaintiff filed a routine complaint against Alexander Reyes with the office of the Barangay Captain of Barangay 34, 'Lapu-lapu' of the City of Cavite; and no settlement having been reached the Barangay Captain issued a certification to file action (Exh. 'B').

During the pre-trial, the parties agreed that the only question to be resolved in this case is the interpretation of Par. 3 of the Contract of Lease, Exhibit 'A', of the plaintiff and Exhibit '2' for defendant which reads as follows:

"That this lease shall be for a period of twenty (20) years from and after the date of the execution of this document with a monthly rental of ONE HUNDRED EIGHTY PESOS (P180.00) payable in advance, said period of lease being extendable for another period of twenty (20) years with a monthly rental of TWO HUNDRED TWENTY PESOS (P220.00) also payable in advance on or before the 1st day of each month;" (pp. 73-75, orig. rec.),

Emphasis supplied.

The trial court rendered judgment for the petitioner, the dispositive portion of which reads:

"WHEREFORE, in view of the foregoing, the Court finds for plaintiff and orders defendant Alexander Reyes as representative of the heirs of Augusto Reyes, Jr., to turn over the possession of the property, Lot 3, Block 89 on which the cine house is erected unto plaintiff, to pay monthly rental of P1,000.00 commencing April 1, 1982 up to and until they shall have vacated and turned over the possession of the premises unto plaintiff, to pay the sum of P5,000.00 as attorney's fees, and to pay the costs.

SO ORDERED."[2]

It is the contention of herein petitioner that to extend the lease contract for another 20 years requires a subsequent agreement between the parties as the phrase "being extendable" meant "capable of being extended." [3]

On the other hand, private respondents argue that the terms of the lease contract are clear and that the same should be automatically extended upon the expiration of the first 20 years.

The court a quo however, gave merit to the contention of herein private respondents and said:

"To enter into new negotiations to extend the contract would, therefore, be superfluous and unnecessary, an idle ceremony, for the lease contract already contains all that is necessary for the extension thereof. "

x x x

"The suggestion to enter into new negotiations run counter to the lease contract for, as already said, everything necessary for its renewal or extension has been agreed upon. All that was left was to abide by the lease contract. x x x"[4]

We disagree.

Inasmuch as both the parties to the lease contract have already died, a resort to the terms and conditions of the lease contract is inevitable in order to ascertain the true intent of the parties.

In a wealth of cases and as provided for in Articles 1370 and 1372 of the Civil Code,[5] we have ruled that when the terms and stipulations embodied in a contract are clear and leave no room for doubt, such should be read in its literal sense and that there is absolutely no reason to construe the same in another meaning.[6]

Thus, the lease contract executed between Esperanza Jose and spouses Eugenio Vitan and Beatriz Francisco on July 12, 1957,[7] being clear and unambiguous, providing for an automatic extension of twenty (20) years from the expiration of the first twenty (20) years, there is no reason why said contract should not be interpreted in the way the contracting parties meant it to be, that is the automatic extension of the lease for another twenty (20) years. Thus, paragraph 3 of the contract reads:

"3. That the period of TWENTY YEARS (20) herein above provided shall be automatically extended for another TWENTY YEARS (20) but with the rental of TWO HUNDRED & TWENTY PESOS (P220.00) per month payable also in advance on or before the 1st day of each corresponding month, at the residence of the Party of the First part." [8] (Emphasis supplied).

The same could not be said in the case at bar. The phrase "automatically extended" did not appear and was not used in the lease contract subsequently entered into by Esperanza Jose and Augusto Reyes, Jr. for the simple reason that the lessor does not want to be bound by the stipulation of automatic extension as provided in the previous lease contract.

To our mind, the stipulation "said period of lease being extendable for another period of twenty (20) years x x " is

clear that the lessor's intention is not to automatically extend the lease contract but to give her time to ponder and think whether to extend the lease. If she decides to do so, then a new contract shall be entered into between the lessor and lessee for a term of another twenty years and at a monthly rental of P220.00. This must be so, for twenty (20) years is rather a long period of time and the lessor may have other plans for her property.

If the intention of the parties were to provide for an automatic extension of the lease contract, then they could have easily provided for a straight forty years contract instead of twenty.

We find the trial court's decision more in accord with the true intention of the parties except that portion wherein private respondents were ordered to pay a monthly rental of P1,000 starting from April 1, 1982 up to and until they shall have vacated and turned over the possession of the premises unto herein petitioner.[9] This is in error.

The law in point is Article 1670 of the Civil Code, which reads:

"If at the end of the contract the lessee should continue enjoying the thing leased for fifteen days with the acquiescence of the lessor, and unless a notice to the contrary by either party has previously been given, it is understood that there is an implied new lease, not for the period of the original contract, but for the time established in Articles 1682 and 1687. The other terms of the original contract shall be revived."

Article 1687 provides as follows:

"If the period for the lease has not been fixed, it is understood to be from year to year, if the rent agreed upon is annual; from month to month, if it is monthly; from week to week, if the rent is weekly, and from day to day, if the rent is to be paid daily. However, even though a monthly rent is paid, and no period for the lease has been set, the courts may fix a longer term for the lease after the lessee has occupied the premises for over one year. If the rent is weekly, the courts may likewise determine a longer period after the lessee has been in possession for over six months. In case of daily rent, the courts may also fix a longer period after the lessee has stayed in the place for over one month."

The law provides that if after the end of the lease contract, the parties continue to enjoy the thing leased, an implied lease is created for the period mentioned in Article 1687, hence, herein private respondents may continue to occupy the leased premises provided such is with the permission and consent of herein petitioner-lessor. Since the lease contract provided for a monthly rental of P220 to be paid by the lessee upon the expiration of the first twenty years, the latter shall be bound by such amount which shall be paid by herein private respondents to petitioner-lessor.

ACCORDINGLY, herein private respondent is hereby ordered to turn over the possession of the disputed property and to pay a monthly rental of P220 starting from April 1, 1982 up to and until they shall have vacated and turned over the possession of the premises to herein petitioner, and to pay the sum of P5,000 as attorney's fees.

WHEREFORE, the petition is hereby GRANTED, and the appealed decision REVERSED and SET ASIDE. The decision of the trial court is hereby REINSTATED and MODIFIED as provided for in the preceding paragraph. With costs.

SO ORDERED.

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

[1] Exhibit "A", Records, pp. 44-45.

[2] Records, p. 77.

[3] Rollo, p. 7, Petitioner's Petition, p. 6.

[4] Rollo, p. 30.

[5] Article 1370: If the terms of a contract are clear and leave no doubt upon the intention of the contracting parties, the literal meaning of its stipulations shall control.

If the words appear to be contrary to the evident intention of the parties, the latter shall prevail over the former.

Article 1372: However general the terms of a contract may be, they shall not be understood to comprehend things that are distinct and cases that are different from those upon which the parties intended to agree.

[6] Papa vs. Alonzo, 188 SCRA 564, G.R. No. 79318, June 27, 1991.

[7] Exhibit "8", Records, pp. 62-64.

[8] Id. at p. 63.

[9] Records, p. 77.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.