

Title: Florencia T. Huibonhoa vs. Court of Appeals, et al.

Facts: On June 8, 1983, Florencia T. Huibonhoa and the Gojoccos (Rufina, Severino, and Loreta) signed a memorandum of agreement wherein Huibonhoa would lease three commercial lots in Binondo, Manila. On June 30, 1983, they executed a lease contract for 15 years allowing Huibonhoa to construct a building on the lots. The lease specified that rent payments of P45,000 per month would commence upon the building's completion or within 8 months if not completed by then. Due to the construction materials crisis spurred by Benigno Aquino Jr.'s assassination, Huibonhoa was delayed and completed the building 7 months late. The Gojoccos demanded rent starting March 1984, which Huibonhoa failed to pay, prompting multiple demands from the Gojoccos. Huibonhoa filed a suit for reformation of contract on January 3, 1985, claiming mistakes and seeking to extend the lease term and adjust rent. The Gojoccos filed a separate action for ejectment in the Metropolitan Trial Court of Manila on January 14, 1985. The lower courts issued divergent decisions, which were appealed to the Court of Appeals. The latter upheld the RTCs' decisions dismissing Huibonhoa's complaint and determining the proper forum for the ejectment case.

Issues:

1. Did the Court of Appeals err in rejecting the reformation of the contract to reflect the supposed true intentions of the parties?
2. Is the assassination of Benigno Aquino Jr. a fortuitous event that would justify modifying the terms of the lease?
3. Was the lease contract effectively novated by agreements between Huibonhoa and some of the individual lessors?
4. Did the Metropolitan Trial Court have jurisdiction over the ejectment case filed by the Gojoccos?

Court's Decision:

1. Reformation of Contract:

- The Supreme Court confirmed that Huibonhoa did not present sufficient evidence to prove that the lease contract failed to express the parties' true intentions. The written lease contract's stipulation that rent would accrue after 8 months if construction was delayed was clear and binding.

2. Fortuitous Event:

- The Court ruled that Aquino's assassination, while a fortuitous event, did not directly cause the construction delay or justify modifying the lease terms. Economic difficulties

following the assassination were foreseeable, given ongoing inflation since the 1970s.

3. Novation of Contract:

- The agreements Huibonhoa entered into with Rufina and Severino were deemed ineffective to novate the original lease contract as not all lessors consented. Any novation required agreement from all three lessors. Without collective and explicit agreement to terminate the original contract, the novation could not stand.

4. Jurisdiction of Metropolitan Trial Court:

- The Supreme Court disagreed with the lower court's dismissal of the ejectment case for lack of jurisdiction, holding that the Metropolitan Trial Court properly took jurisdiction as the primary issue was unlawful detainer, warranting eviction of Huibonhoa for breaching the lease contract.

Doctrine:

1. Reformation of Contract - Requires clear evidence that a written agreement does not reflect the true intention due to mistake, fraud, inequitable conduct, or accident (Article 1359, Civil Code).
2. Fortuitous Events - To exempt liability, events must be unforeseeable or unavoidable, independent of the debtor's will, and cause the impossibility of fulfilling the obligation (Article 1174, Civil Code).
3. Novation - Requires explicit consent by all parties to replace or modify the obligations in an original contract (Article 1292, Civil Code).

Class Notes:

- ****Reformation of Contracts:**** Article 1359 - Accord evidence proving contract doesn't reflect real intention due to error/fraud.
- ****Fortuitous Event Doctrine:**** Article 1174 - Lists conditions for fortuitous events to exempt liability.
- ****Novation:**** Article 1292 - No novation without consent and new obliteration contract for original.

Historical Background:

This case occurred against a backdrop of political and economic turmoil following Benigno Aquino Jr.'s assassination, which led to hoarding and price surges in construction materials, influencing delayed project completion and subsequent legal disputes between lessors and lessee over financial responsibilities and reliefs.