

FIRST DIVISION

[G.R. No. 212034, July 02, 2018]

**COLEGIO MEDICO-FARMACEUTICO DE FILIPINAS, INC.,
PETITIONER, V. LILY LIM AND ALL PERSONS CLAIMING UNDER
HER, RESPONDENT.**

D E C I S I O N

DEL CASTILLO, J.:[*]

"In the absence of a charter or by[-]law provision to the contrary, the president is presumed to have the authority to act within the domain of the general objectives of its business and within the scope of his or her usual duties."^[1]

Before us is a Petition for Review on *Certiorari*^[2] filed under Rule 45 of the Rules of Court assailing the June 13, 2013 Decision^[3] and the April 7, 2014 Resolution^[4] of the Court of Appeals (CA) in CA-G.R SP No. 114856.

Factual Antecedents

Petitioner Colegio Medico Farmaceutico de Filipinas, Inc. (petitioner) is the registered owner of a building located in Sampaloc, Manila.^[5]

On June 19, 2008, petitioner filed before the Metropolitan Trial Court (MeTC) of Manila, Branch 24, a Complaint for Ejectment with Damages,^[6] docketed as Civil Case No. 185161-CV, against respondent Lily Lim (respondent), the President/Officer-in-charge of St. John Berchman School of Manila Foundation (St. John). Petitioner alleged, that in June 2005, it entered into a Contract of Lease^[7] for the period June 2005 to May 2006 with respondent; that after expiration of the lease period, petitioner, represented by its then President Dr. Virgilio C. Del Castillo (Del Castillo), sent respondent another Contract of Lease for the period June 2006 to May 2007 for her approval; that despite several follow-ups, respondent failed to return the Contract of Lease; that during a board meeting in December 2007, petitioner informed respondent of the decision of the Board of Directors (Board) not to renew the Contract of Lease; that on March 5, 2008, Del Castillo wrote a letter^[8] to respondent demanding the payment of her back rentals and utility bills in the total amount of P604,936.35, with a request to vacate the subject property on or before March 16, 2008; and that respondent refused to comply with the demand.

For her part, respondent alleged that in May 2003, St. John, represented by Jean Li Yao, entered into a 10-year Contract of Lease with petitioner; that on May 3, 2005, due to financial difficulties, the Board of Trustees of St. John assigned the rights and interest of the school in her favor; that the assignment of rights was with the knowledge and approval of petitioner; that to ensure advance payment of the rentals, petitioner persuaded her to execute a one-year Contract of Lease for the period of June 2005 to May 2006, with advance payment of rentals for the said

period; that the said contract was executed with no intention of amending, repealing, or shortening the original 10-year lease; that she occupied the subject property even after May 2006 without any objection from petitioner because, as agreed by the parties, the term of the lease would continue until the year 2013; that she sent several letters to petitioner for the immediate repairs of the library, the toilets of the school building, and the basketball court; and that she suspended the payment of the rentals due to the refusal of petitioner to act on all her letters.

The Ruling of the Metropolitan Trial Court

On June 1, 2009, the MeTC rendered a Decision^[9] dismissing the Complaint for lack of a valid demand letter. The MeTC considered the demand letter dated March 5, 2008 as legally non-existent for failure of petitioner to show that Del Castillo was duly authorized by the Board to issue the same. The MeTC stressed that a demand letter is a jurisdictional requirement the absence of which opens the case susceptible to dismissal.

Aggrieved, petitioner appealed the dismissal to the Regional Trial Court (RTC) of Manila, Branch 11.

The Ruling of the Regional Trial Court

On May 13, 2010, the RTC rendered a Decision^[10] reversing the MeTC Decision. The RTC ruled that the issuance of the demand letter dated March 5, 2008 was done by Del Castillo in the usual course of business and that the issuance of the same was ratified by petitioner when it passed the Board Resolution dated May 13, 2008 authorizing Del Castillo to file a case against respondent. Thus –

WHEREFORE, premises considered, the Decision of the Metropolitan Trial Court Branch 24, Manila in Civil Case No. 185161-CV dated June 1, 2009 is REVERSED and SET ASIDE and judgment is hereby rendered in favor of [petitioner] and against [respondent], as follows:

1. Ordering [respondent] and all persons claiming rights under her, to vacate the leased unit located at Building C, Colegio Compound, R Papa and S.H. Loyola Street, Sampaloc, Manila;
2. Ordering [respondent] to pay [petitioner] the amount of Six Hundred Four Thousand Nine Hundred Thirty-Six Pesos and Thirty-Five Centavos (Php604,936.35) representing unpaid utility bills as of February 2008;
3. Ordering [respondent] to pay [petitioner] the amount of Fifty Thousand Pesos (Php50,000.00) per month for and as the reasonable value for the use of the subject property, to be reckoned from March 28 up to the time the possession of the subject property is restored to [petitioner].
4. Ordering [respondent] to pay [petitioner] the amount of One Hundred Fifty Thousand Pesos (Php150,000.00) for and as attorney's fees, plus Four Thousand Pesos (Php4,000.00) for every appearance in court as well as the costs of suit.

SO ORDERED.^[11]

Petitioner moved for the issuance of a writ of execution while respondent moved for reconsideration.

On June 23, 2010, the RTC issued an Order granting the writ of execution. The RTC denied respondent's motion for reconsideration.

Respondent moved to quash the writ of execution but the same was unavailing.

This prompted respondent to elevate the matter to the Court of Appeals via a Petition for Review under Rule 42 of the Rules of Court.

The Ruling of the Court of Appeals

On June 13, 2013, the CA rendered the assailed Decision reversing the RTC Decision, and consequently, dismissing the Complaint. The CA opined that petitioner's failure to attach a copy of the Board Resolution dated May 13, 2008 to the Complaint was a fatal defect.^[12]

Petitioner moved for reconsideration but the CA denied the same in its April 7, 2014 Resolution for lack of merit.^[13]

Hence, petitioner filed the instant Petition for Review on Certiorari questioning the dismissal of its Complaint.

Petitioner's Arguments

Petitioner seeks the reversal of the CA Decision and the reinstatement of the RTC Decision ordering respondent to vacate the subject property and to pay actual damages and attorney's fees plus costs of suit. Petitioner maintains that its failure to attach a copy of the Board Resolution dated May 13, 2008 to the Complaint was not a fatal defect considering that, under prevailing jurisprudence, the president of a corporation is duly authorized to sign the verification and certification without need of a board resolution.^[14] As to the demand letter dated March 5, 2008 by Del Castillo, petitioner argues that it was validly issued as it was an authorized act done in the usual course of business.^[15] Thus, no board resolution was required.^[16] And even if it were unauthorized, the demand letter dated March 5, 2008 was not repudiated by the corporation but was even ratified when it issued the Board Resolution dated May 13, 2008 authorizing Del Castillo to file the instant case.^[17] In any case, petitioner contends that demand to vacate was not necessary as the case for unlawful detainer was based on the expiration of the lease contract.^[18] Lastly, petitioner prays that the monthly rental of P50,000.00 awarded by the RTC be increased to P55,000.00 as stipulated in the Contract of Lease and that it be awarded exemplary and moral damages.^[19]

Respondent's Arguments

Respondent, on the other hand, argues that the certification of non-forum shopping is a jurisdictional requirement and that the failure of petitioner to attach to the Complaint a copy of the Board Resolution dated May 13, 2008 authorizing Del Castillo to sign on behalf of petitioner was a fatal defect.^[20] Petitioner further argues that the demand letter dated March 5, 2008 was premature and without legal basis considering that it was issued by Del Castillo without an express authority from the Board in the form of a board resolution.^[21] As to the period of

lease, respondent insists that the Contract of Lease entered into by petitioner and St. John was for a period of 10 years or from June 1, 2003 to May 31, 2013.^[22] Respondent also puts in issue the fact that the instant case was filed against respondent, not against St. John, despite the fact that demand letter dated March 5, 2008 was addressed to St. John, through respondent.^[23]

Our Ruling

The Petition is meritorious.

The president of a corporation may sign the verification and certification of non-forum shopping.

A corporation exercises its powers and transacts its business through its board of directors or trustees.^[24] Accordingly, unless authorized by the board of directors or trustees, corporate officers and agents cannot exercise any corporate power pertaining to the corporation.^[25] A board resolution expressly authorizing the officers and agents is therefore required.^[26] However, in filing a suit, jurisprudence has allowed the president of a corporation to sign the verification and the certification of non-forum shopping even without a board resolution as said officer is presumed to have sufficient knowledge to swear to the truth of the allegations stated in the complaint or petition.^[27]

In view of the foregoing jurisprudential exception, the CA gravely erred in dismissing the Complaint on the mere failure of petitioner to present a copy of the Board Resolution dated May 13, 2008. With or without the said Board Resolution, Del Castillo, as the President of petitioner, was authorized to sign the verification and the certification of non-forum shopping.

All the essential requisites of an unlawful detainer are present.

Now, as to whether respondent may be validly ejected from the subject property, the Court rules in the affirmative.

To justify an action for unlawful detainer, the following essential requisites must concur:

- (1) the fact of lease by virtue of an implied or expressed contract;
- (2) the expiration or termination of the possessor's right to hold possession;
- (3) withholding of the possession of the land or building after the expiration or the termination of the right to possession by the lessee;
- (4) written demand upon lessee to pay the rental or comply with the terms of the lease and vacate the premises;
- (5) the action must be filed within one (1) year from date of last demand received by the lessee.^[28]

In this case, requisites 1, 2, 3, and 5 have been duly established. It is undisputed that a Contract of Lease was entered into by petitioner with St. John, which contract was later assigned to respondent; that respondent failed to pay the monthly rentals;