

THIRD DIVISION

[G.R. No. 180168, February 27, 2012]

**MANILA INTERNATIONAL AIRPORT AUTHORITY, PETITIONER,
VS. AVIA FILIPINAS INTERNATIONAL, INC., RESPONDENT.**

DECISION

PERALTA, J.:

Before the Court is a petition for review on *certiorari* under Rule 45 of the Rules of Court, seeking the reversal and setting aside of the June 19, 2007 Decision^[1] and the October 11, 2007 Resolution^[2] of the Court of Appeals (CA) in CA-G.R. CV No. 79325. The assailed CA Decision affirmed with modification the Decision^[3] dated March 21, 2003 of the Regional Trial Court (RTC) of Quezon City, Branch 224, in Civil Case No. Q-98-34395, while the CA Resolution denied petitioner's Motion for Reconsideration.

The factual and procedural antecedents are as follows:

In September 1990, herein petitioner Manila International Airport Authority (MIAA) entered into a contract of lease with herein respondent Avia Filipinas International Corporation (AFIC), wherein MIAA allowed AFIC to use specific portions of land as well as facilities within the Ninoy Aquino International Airport exclusively for the latter's aircraft repair station and chartering operations. The contract was for one (1) year, beginning September 1, 1990 until August 31, 1991, with a monthly rental of P6,580.00.

In December 1990, MIAA issued Administrative Order No. 1, Series of 1990, which revised the rates of dues, charges, fees or assessments for the use of its properties, facilities and services within the airport complex. The Administrative Order was made effective on December 1, 1990. As a consequence, the monthly rentals due from AFIC was increased to P15,996.50. Nonetheless, MIAA did not require AFIC to pay the new rental fee. Thus, it continued to pay the original fee of P6,580.00.

After the expiration of the contract, AFIC continued to use and occupy the leased premises giving rise to an implied lease contract on a monthly basis. AFIC kept on paying the original rental fee without protest on the part of MIAA.

Three years after the expiration of the original contract of lease, MIAA informed AFIC, through a billing statement dated October 6, 1994, that the monthly rental over the subject premises was increased to P15,966.50 beginning September 1, 1991, which is the date immediately following the expiration of the original contract of lease. MIAA sought recovery of the difference between the increased rental rate and the original rental fee amounting to a total of P347,300.50 covering thirty-seven (37) months between September 1, 1991 and September 31, 1994. Beginning October 1994, AFIC paid the increased rental fee. However, it refused to pay the

lump sum of P347,300.50 sought to be recovered by MIAA. For the continued refusal of AFIC to pay the said lump sum, its employees were denied access to the leased premises from July 1, 1997 until March 11, 1998. This, notwithstanding, AFIC continued paying its rentals. Subsequently, AFIC was granted temporary access to the leased premises.

AFIC then filed with the RTC of Quezon City a Complaint for damages with injunction against MIAA and its General Manager seeking uninterrupted access to the leased premises, recovery of actual and exemplary damages, refund of its monthly rentals with interest at the time that it was denied access to the area being rented as well as attorney's fees.

In its Answer with Counterclaim, MIAA contended that under its lease contract with AFIC, MIAA is allowed to either increase or decrease the monthly rental; AFIC has rental arrears in the amount of P347,300.50; AFIC was wrong in claiming that MIAA took the law into its own hands in denying AFIC and its employees access to the leased premises, because under the lease contract, in case of failure on the part of AFIC to pay rentals for at least two (2) months, the contract shall become automatically terminated and canceled without need of judicial action or process and it shall be lawful for MIAA or any person or persons duly authorized on its behalf to take possession of the property either by padlocking the premises or posting its guards to prevent the entry of any person. MIAA prayed for the award of exemplary damages as well as attorney's fees and litigation expenses.

On March 21, 2003, the RTC rendered its Decision, the dispositive portion of which reads as follows:

WHEREFORE, in view of the foregoing, judgment is hereby rendered in favor of the plaintiff [AFIC] and as against the defendants [MIAA] ordering the latter to pay plaintiff the following:

- a) the amount of P2,000,000.00 as actual damages;
- b) the amount of P200,000.00 as exemplary damages;
- c) to refund the monthly rental payments beginning July 1, 1997 up [to] March 11, 1998 with interest at twelve (12%) percent;
- d) the amount of P100,000.00 as attorney's fees;
- e) cost of suit.

IT IS SO ORDERED.^[4]

MIAA filed an appeal with the CA contending that the RTC erred in: (1) finding that MIAA is not entitled to apply the increase in rentals as against AFIC; (2) finding that MIAA is not entitled to padlock the leased premises or post guards to prevent entry of AFIC therein; and (3) awarding actual and exemplary damages and attorney's fees.

On June 19, 2007, the CA rendered its assailed Decision, the dispositive portion of which reads, thus:

WHEREFORE, premises considered, the decision of the Regional Trial Court of Quezon City in Civil Case No. Q-98-34395 is hereby AFFIRMED with MODIFICATION. The awards of actual/compensatory damages and exemplary damages are deleted. The refund of monthly rental payments from July 1, 1997 to March 11, 1998 shall earn interest of six percent (6%) *per annum* from the date of the filing of the complaint until the finality of this decision. An interest of twelve percent (12%) *per annum* shall be imposed upon any unpaid balance from such finality until the judgment amount is fully satisfied.

The award of attorney's fees stands.

SO ORDERED.^[5]

MIAA filed a Motion for Reconsideration, but the CA denied it via its Resolution dated October 11, 2007.

Hence, the present petition for review on *certiorari* raising the following issues:

WHETHER THE HONORABLE COURT OF APPEALS CORRECTLY INTERPRETED THE PROVISIONS OF THE LEASE CONTRACT IN LINE WITH THE PROVISIONS OF THE CIVIL CODE AND EXISTING JURISPRUDENCE ON CONTRACTS.

WHETHER THE PRINCIPLE OF UNJUST ENRICHMENT IS APPLICABLE TO THE INSTANT CASE.

WHETHER RESPONDENT IS ENTITLED TO ATTORNEY'S FEES.^[6]

Petitioner MIAA contends that, as an administrative agency possessed of quasi-legislative and quasi-judicial powers as provided for in its charter, it is empowered to make rules and regulations and to levy fees and charges; that its issuance of Administrative Order No. 1, Series of 1990 is pursuant to the exercise of the abovementioned powers; that by signing the lease contract, respondent AFIC already agreed and gave its consent to any further increase in rental rates; as such, the provisions of the lease contract being cited by the CA which provides that "any amendment, alteration or modification [of the lease contract] shall not be valid and binding, unless and until made in writing and signed by the parties thereto" is deemed complied with because respondent already consented to having any subsequent amendments to Administrative Order No. 1 automatically incorporated in the lease contract; that the above-quoted provisions should not also be interpreted as having the effect of limiting the authority of MIAA to impose new rental rates in accordance with its authority under its charter.

Petitioner also argues that it is not guilty of unjust enrichment when it denied respondent access to the leased premises, because there is nothing unlawful in its act of imposing sanctions against respondent for the latter's failure to pay the increased rental.