

## THIRD DIVISION

[ G.R. No. 155227-28, February 09, 2011 ]

**EMILIANA G. PEÑA, AMELIA C. MAR, AND CARMEN REYES,  
PETITIONERS, VS. SPOUSES ARMANDO TOLENTINO AND  
LETICIA TOLENTINO, RESPONDENTS.**

### D E C I S I O N

**BERSAMIN, J.:**

By petition for review on *certiorari*, the petitioners appeal the adverse decision promulgated by the Court of Appeals (CA) on March 31, 2000, <sup>[1]</sup> and the resolution issued on August 28, 2002 (denying their *motion for reconsideration*).<sup>[2]</sup>

#### **Antecedents**

The petitioners are lessees of three distinct and separate parcels of land owned by the respondents, located in the following addresses, to wit: Carmen Reyes, 1460 Velasquez, Tondo, Manila; for Amelia Mar, 479 Perla, Tondo, Manila; and for Emiliana Peña, 1461 Sta. Maria, Tondo, Manila.

Based on the parties' oral lease agreements, the petitioners agreed to pay monthly rents, pegged as of October 9, 1995 at the following rates, namely: for Carmen Reyes, P570.00; for Amelia Mar, P840.00; and for Emiliana Peña, P480.00.

On August 15, 1995, the respondents wrote a demand letter to each of the petitioners, informing that they were terminating the respective month-to-month lease contracts effective September 15, 1995; and demanding that the petitioners vacate and remove their houses from their respective premises, with warning that should they not heed the demand, the respondents would charge them P3,000.00/month each as reasonable compensation for the use and occupancy of the premises from October 1, 1995 until they would actually vacate.

After the petitioners refused to vacate within the period allowed, the respondents filed on October 9, 1995 three distinct complaints for ejectment against the petitioners in the Metropolitan Trial Court (MeTC) of Manila. The three cases were consolidated upon the respondents' motion.

In their respective answers, the petitioners uniformly contended that the respondents could not summarily eject them from their leased premises without circumventing Presidential Decree (P.D.) No. 20 and related laws.

During the preliminary conference, the parties agreed on the following issues:<sup>[3]</sup>

1. Whether or not each of the petitioners could be ejected on the ground that the verbal contract of lease had expired; and
2. Whether or not the reasonable compensation demanded by the respondents was exorbitant or unconscionable.

### **Ruling of the MeTC**

On May 17, 1996, the MeTC ruled in favor of the respondents,<sup>[4]</sup> viz:

WHEREFORE, judgment is rendered in favor of the plaintiff spouses:

1. Ordering defendant Emiliana Peña in Civil Case No. 149598-CV to immediately vacate the lot located at 1461 Sta. Maria, Tondo, Manila, and surrender the possession thereof to the plaintiff spouses; to pay the latter the amount of P2,000.00 a month as reasonable compensation for the use and occupancy of the premises from 1 October 1995 until the same is finally vacated; to pay the plaintiff spouses the amount of P5,000.00 as attorney's fees; and to pay the costs of suit;

2. Ordering the defendant Amelia Mar in Civil Case No. 149599-CV to immediately vacate the lot situated at 479 Perla St., Tondo, Manila, and surrender possession thereof to the plaintiff spouses; to pay the latter the amount of P2,500.00 per month as reasonable compensation for the use and occupancy of the premises from 1 October 1995 until the same is finally vacated; to pay the plaintiff spouses the amount of P5,000.00 as attorney's fees; and to pay the costs of suit; and

3. Ordering the defendant Carmen Reyes in Civil Case No. 149601-CV to immediately vacate the lot with address at 1460 Velasquez Street, Tondo, Manila, and surrender possession thereof to the plaintiff spouses; to pay the latter the amount of P2,0500.00 (sic) a month as reasonable compensation for the use and occupancy of the leased premises from 1 October 1995 until the same is finally vacated; to pay the plaintiff-spouses the amount of P5,000.00 as attorney's fees; and to pay the costs of suit; and

SO ORDERED.

The MeTC explained in its decision:

Defendants themselves categorically state that the rentals on the respective lots leased to them were paid every month. xxx Pertinent to the cases, thus, is the Supreme Court ruling in the case of Acab, et. al. vs Court of Appeals (G.R. No. 112285, 21 February 1995) that lease agreements with no specified period, but in which rentals are paid monthly, are considered to be on a month-to-month basis. They are for a definite period and expire after the last day of any given thirty day period of lease, upon proper demand and notice of lessor to vacate, and in which case, there is sufficient cause for ejectment under Sec. 5(f) of

Batas Pambansa 877, that is, the expiration of the period of the lease contract.

### **Ruling of the RTC**

On appeal, the Regional Trial Court (RTC) modified the MeTC's decision,<sup>[5]</sup> viz:

WHEREFORE, premises considered, judgment is hereby rendered modifying the decision appealed from as follows:

- a. Defendants having stayed in the leased premises for not less than thirty (30) years, instead of being on a month-to-month basis, the lease is fixed for a term of two (2) years reckoned from the date of this decision.
- b. Upon expiration of the term of the lease, defendants shall demolish their respective houses at their own expense and vacate the leased premises;
- c. The lease being covered by the Rent Control Law, defendants shall continue to pay the old monthly rental to be gradually increased in accordance with said law;
- d. Both parties shall pay their respective counsels the required attorney's fees; and
- e. To pay the costs of the suit.

SO ORDERED.

The RTC affirmed the MeTC's holding that the leases expired at the end of every month, upon demand to vacate by the respondents; but decreed based on the authority of the court under Article 1687 of the *Civil Code* to fix a longer term that the leases were for two years reckoned from the date of its decision, unless extended by the parties pursuant to the law and in keeping with equity and justice, considering that the respondents had allowed the petitioners to construct their own houses of good materials on the premises, and that the petitioners had been occupants for over 30 years.

### **Ruling of the CA**

Both parties appealed by petition for review.<sup>[6]</sup>

The petitioners' petition for review was docketed as C.A.-G.R. SP NO. 44172; that of the respondents' was docketed as C.A.-G.R. SP No. 44192. Nonetheless, the separate appeals were consolidated on November 20, 1997.<sup>[7]</sup>

On March 31, 2000, the CA promulgated its decision,<sup>[8]</sup> thus:

WHEREFORE, judgment is rendered SETTING ASIDE the decision of the RTC, Branch 26, Manila and REINSTATING the decision of the MTC, Branch 3, Manila with the modification that the defendants shall pay their respective agreed rentals which may be gradually increased in accordance with the Rent Control Law for the use and occupancy of the premises from 1 October 1995 until the same is finally vacated.

SO ORDERED.

The petitioners sought reconsideration, but the CA denied their *motion for reconsideration* on August 28, 2002, and granted the respondents' *motion for execution pending appeal* and ordered the MeTC to issue a *writ of execution* to enforce the judgment pending appeal.

### **Issues**

Hence, this appeal to the Court, whereby the petitioners urge the following grounds, [9] to wit:

- I. THE EJECTMENT OF HEREIN PETITIONERS FROM THE SAID LEASED PREMISES IS VIOLATIVE OF P.D. NO. 20
- II. HEREIN PETITIONER CANNOT BE EJECTED FROM THE SUBJECT LEASED PROPERTY WITHOUT CLEARLY VIOLATING THE URBAN LAND REFORM CODE (P.D. 1517) AND R.A. 3516.

### **Ruling of the Court**

The petition lacks merit.

#### **1.**

#### **Were the contracts of lease for an indefinite period?**

The petitioners contend that their lease contracts were covered by P.D. No. 20, [10] which suspended paragraph 1 of Article 1673, [11] *Civil Code*; that as a result, the expiration of the period of their leases was no longer a valid ground to eject them; and that their leases should be deemed to be for an indefinite period.

In refutation, the respondents argue that P.D. 20 suspended only Article 1673, not Article 1687, [12] *Civil Code*; that under Article 1687, a lease on a month-to-month basis was a lease with a definite period; and that the petitioners could be ejected from the leased premises upon the expiration of the definite period, particularly as a demand to that effect was made.

The petitioners' contention is erroneous.

First of all, the petitioners' reliance on P.D. 20 is futile and misplaced because that law had no application to their cause. They ignored that *Batas Pambansa Blg. 25*,

[13] approved on April 10, 1979 and effective immediately, had expressly repealed P.D. 20 pursuant to its Section 10.<sup>[14]</sup>

For the enlightenment of the petitioners in order to dispel their confusion, the following brief review of the rental laws that came after P.D. 20 and *B.P. Blg. 25* is helpful.

*B.P. Blg. 25* remained in force for five years, after which P.D. 1912<sup>[15]</sup> and *B.P. Blg. 867* were enacted to extend the effectivity of *B.P. Blg. 25* for eight months and six months, respectively. When the extension of *B.P. Blg. 25* ended on June 30, 1985, a new rental law, *B.P. Blg. 877*,<sup>[16]</sup> was enacted on July 1, 1985. *B.P. Blg. 877*, although initially effective only until December 31, 1987, came to be extended up to December 31, 1989 by Republic Act No. 6643.<sup>[17]</sup> Subsequently, Congress passed R.A. No. 7644<sup>[18]</sup> to further extend the effectivity of *B.P. Blg. 877* by three years. Finally, R.A. No. 8437<sup>[19]</sup> extended the rent control period provided in *B.P. Blg. 877* from January 1, 1998 up to December 31, 2001.

It is clear, therefore, that *B.P. Blg. 877* was the controlling rental law when the complaints against the petitioners were filed on October 9, 1995.

We note that on January 1, 2002, R.A. No. 9161<sup>[20]</sup> took effect. Its Section 7(e) provided that the expiration of the period of the lease contract was still one of the grounds for judicial ejectment. Also, its Section 10 provided for the suspension of paragraph 1 of Article 1673 of the *Civil Code*, which was similar to Section 6 of *B.P. Blg. 877*, quoted hereunder:

*Sec. 6 Application of the Civil Code and Rules of Court of the Philippines - Except when the lease is for a definite period, the provisions of paragraph (1) of Article 1673 of the Civil Code of the Philippines, insofar as they refer to residential units covered by this Act shall be suspended during the effectivity of this Act, but other provisions of the Civil Code and the Rules of Court on lease contracts, insofar as they are not in conflict with the provisions of the Act shall apply.*

In several rulings,<sup>[21]</sup> the Court held that Section 6 of *B.P. Blg. 877* did not suspend the effects of Article 1687 of the *Civil Code*; and that the only effect of the suspension of paragraph 1, Article 1673 of the *Civil Code* was that, independently of the grounds for ejectment enumerated in *B.P. Blg. 877*, the owner/lessor could not eject the tenant by reason of the expiration of the period of lease as fixed or determined under Article 1687 of the *Civil Code*. Consequently, the determination of the period of the lease could still be made in accordance with Article 1687.

Under Section 5 (f) of *B.P. Blg. 877*,<sup>[22]</sup> the expiration of the period of the lease is among the grounds for judicial ejectment of a lessee. In this case, because no definite period was agreed upon by the parties, their contracts of lease being oral, the leases were deemed to be for a definite period, considering that the rents agreed upon were being paid monthly, and terminated at the end of every month, pursuant to Article 1687.<sup>[23]</sup> In addition, the fact that the petitioners were notified