

SECOND DIVISION

[G.R. No. 163280, February 02, 2010]

**DORIS U. SUNBANUN, PETITIONER, VS. AURORA B. GO,
RESPONDENT.**

D E C I S I O N

CARPIO, J.:

The Case

This petition for review on certiorari^[1] assails the 30 September 2003 Decision^[2] and the 18 March 2004 Resolution^[3] of the Court of Appeals in CA-G.R. CV No. 67836.

The Facts

Petitioner Doris U. Sunbanun is the owner of a residential house located at No. 68-F Junquera Street, Cebu City. On 7 July 1995, respondent Aurora B. Go leased the entire ground floor of petitioner's residential house for one year which was to expire on 7 July 1996. As required under the lease contract, respondent paid a deposit of P16,000 to answer for damages and unpaid rent. To earn extra income, respondent accepted lodgers, mostly her relatives, from whom she received a monthly income of P15,000. Respondent paid the monthly rental until March 1996 when petitioner drove away respondent's lodgers by telling them that they could stay on the rented premises only until 15 April 1996 since she was terminating the lease. The lodgers left the rented premises by 15 April 1996, and petitioner then padlocked the rooms vacated by respondent's lodgers.

On 10 May 1996, respondent filed an action for damages against petitioner. Respondent alleged that she lost her income from her lodgers for the months of April, May, and June 1996 totaling P45,000. Respondent, who worked in Hongkong, also incurred expenses for plane fares and other travel expenses in coming to the Philippines and returning to Hongkong.

On the other hand, petitioner argued that respondent violated the lease contract when she subleased the rented premises. Besides, the lease contract was not renewed after its expiration on 7 July 1996; thus, respondent had no more right to stay in the rented premises. Petitioner also moved to dismiss the complaint in the trial court for failure to comply with prior barangay conciliation.

During the pre-trial, petitioner moved for the case to be submitted for judgment on the pleadings considering that the only disagreement between the parties was the correct interpretation of the lease contract. Respondent did not object to petitioner's motion. The trial court then directed the parties to submit their respective memoranda, after which the case would be considered submitted for decision.^[4]

In its decision dated 28 March 2000, the trial court held that the case is not covered by the barangay conciliation process since respondent is a resident of Hongkong. The trial court noted that petitioner did not controvert respondent's allegation that petitioner ejected respondent's lodgers sometime in March 1996 even if the contract of lease would expire only on 7 July 1996. The trial court found untenable petitioner's contention that subleasing the rented premises violated the lease contract. The trial court held that respondent's act of accepting lodgers was in accordance with the lease contract which allows the lessee "to use the premises as a dwelling or as lodging house." Thus, the trial court ordered petitioner to pay respondent actual damages of P45,000 for respondent's lost income from her lodgers for the months of April, May, and June 1996, and attorney's fees of P8,000.

Both parties appealed before the Court of Appeals. On 30 September 2003, the Court of Appeals rendered its decision in favor of respondent and modified the trial court's decision. Aside from actual damages and attorney's fees, the Court of Appeals also ordered petitioner to pay moral and exemplary damages and the cost of the suit. The dispositive portion of the Court of Appeals' decision reads:

WHEREFORE, premises considered, the assailed Decision of the trial court is hereby MODIFIED by ordering defendant-appellant [Doris U. Sunbanun] to pay plaintiff-appellant [Aurora B. Go] the following amounts:

1. P45,000.00 as compensation for actual damages;
2. P50,000.00 as moral damages;
3. P50,000.00 as exemplary damages;
4. P8,000.00 as Attorney's Fees;
5. Cost of the suit.

SO ORDERED.^[5]

The Court of Appeals' Ruling

The Court of Appeals held that petitioner's act of forcibly ejecting respondent's lodgers three months prior to the termination of the lease contract without valid reason constitutes breach of contract. Petitioner also violated Article 1654 of the Civil Code which states that "the lessor is obliged to maintain the lessee in the peaceful and adequate enjoyment of the lease for the duration of the contract." The Court of Appeals awarded P50,000 as moral damages to respondent for breach of contract and for petitioner's act of pre-terminating the lease contract without valid reason, which shows bad faith on the part of petitioner. The Court of Appeals also awarded respondent P50,000 as exemplary damages for petitioner's oppressive act.

The Issues

Petitioner raises the following issues:

- I. THE COURT OF APPEALS ERRED IN AFFIRMING THE AWARD OF ACTUAL DAMAGES BY THE TRIAL COURT.
- II. THE COURT OF APPEALS ERRED IN MODIFYING THE JUDGMENT OF THE TRIAL COURT AND AWARDING MORAL AND EXEMPLARY DAMAGES AND COSTS OF SUIT IN FAVOR OF RESPONDENT.
- III. THE COURT OF APPEALS ERRED IN AFFIRMING THE AWARD OF ATTORNEY'S FEES IN FAVOR OF RESPONDENT.^[6]

The Ruling of the Court

We find the petition without merit.

In this case, the trial court rendered a judgment on the pleadings. Section 1, Rule 34 of the Rules of Court reads:

SECTION 1. *Judgment on the pleadings.* - Where an answer fails to tender an issue, or otherwise admits the material allegations of the adverse party's pleading, the court may, on motion of that party, direct judgment on such pleading. However, in actions for declaration of nullity or annulment of marriage or for legal separation, the material facts alleged in the complaint shall always be proved.

The trial court has the discretion to grant a motion for judgment on the pleadings filed by a party if there is no controverted matter in the case after the answer is filed.^[7] A judgment on the pleadings is a judgment on the facts as pleaded,^[8] and is based exclusively upon the allegations appearing in the pleadings of the parties and the accompanying annexes.

This case is unusual because it was petitioner, and not the claimant respondent, who moved for a judgment on the pleadings during the pre-trial. This is clear from the trial court's Order^[9] dated 7 October 1997 which reads:

ORDER

When this case was called for pre-trial, parties appeared together with counsel. **Defendant [Doris U. Sunbanun] moved that considering that there is no dispute as far as the contract is concerned and the only disagreement between the parties is on the interpretation of the contract so that the issue boils down on to which of the parties are correct on their interpretation.** With the conformity of the plaintiff [Aurora B. Go], this case is therefore considered closed and submitted for judgment on the pleadings. x x x (Emphasis supplied)

Petitioner, in moving for a judgment on the pleadings without offering proof as to