

## THIRD DIVISION

[ G.R. No. 177809, October 16, 2009 ]

**SPOUSES OMAR AND MOSHIERA LATIP, PETITIONERS, VS.  
ROSALIE PALAÑA CHUA, RESPONDENT.**

### DECISION

**NACHURA, J.:**

Challenged in this petition for review on *certiorari* is the Court of Appeals (CA) Decision in CA-G.R. SP No. 89300:<sup>[1]</sup> (1) reversing the decision of the Regional Trial Court (RTC), Branch 274, Parañaque City in Civil Case No. 04-0052;<sup>[2]</sup> and (2) reinstating and affirming *in toto* the decision of the Metropolitan Trial Court (MeTC), Branch 78, of the same city in Civil Case No. 2001-315.<sup>[3]</sup>

First, we sift through the varying facts found by the different lower courts.

The facts parleyed by the MeTC show that respondent Rosalie Chua (Rosalie) is the owner of Roferxane Building, a commercial building, located at No. 158 Quirino Avenue corner Redemptorist Road, Barangay Baclaran, Parañaque City.

On July 6, 2001, Rosalie filed a complaint for unlawful detainer plus damages against petitioners, Spouses Omar and Moshiera Latip (Spouses Latip). Rosalie attached to the complaint a contract of lease over two cubicles in Roferxane Bldg., signed by Rosalie, as lessor, and by Spouses Latip, as lessees thereof.

The contract of lease reads:

#### **CONTRACT OF LEASE**

KNOW ALL MEN BY THESE PRESENTS:

This Contract of Lease is entered into by and between:

**ROSALIE PALAÑA CHUA**, Filipino, of legal age, married with office at 2/F JOFERXAN Building, F.B. Harrison St., Brgy. Baclaran, Parañaque City, and hereinafter referred to as the LESSOR,

- and -

**OMAR LATIEF** marriage to **MOSHIERA LATIEF**, also both Filipino, of legal age with address at 24 Anahan St. RGV Homes Parañaque City, and hereinafter referred to as the LESSEES.

**W I T N E S S E T H**

1. That the LESSOR is the owner of the commercial building erected at the lot of the Toribio G. Reyes Realty, Inc. situated at 158 Quirino Ave. corner Redemptorist Road, Barangay Baclaran in Parañaque Ctiy;

2. That LESSOR hereby leases two (2) cubicles located at the 1<sup>st</sup> & 2<sup>nd</sup> Floor, of said building with an area of 56 square meters under the following terms and conditions, to wit:

- a. That the monthly rental of the two (2) cubicles in PESOS, SIXTY THOUSAND (P60,000.00), Philippine Currency. However, due to unstable power of the peso LESSEES agrees to a yearly increase of ten (10%) percent of the monthly rental;
- b. That any rental in-arrears shall be paid before the expiration of the contract to the LESSOR;
- c. That LESSEES agree to pay their own water and electric consumptions in the said premises;
- d. That the LESSEES shall not sub-let or make any alteration in the cubicles without a written permission from the LESSOR. Provided, however, that at the termination of the Contract, the lessee shall return the two cubicles in its original conditions at their expenses;
- e. That the LESSEES agree to keep the cubicles in a safe and sanitary conditions, and shall not keep any kinds of flammable or combustible materials.
- f. That in case the LESSEES fail to pay the monthly rental every time it falls due or violate any of the above conditions shall be enough ground to terminate this Contract of Lease. Provided, further, that, if the LESSEES pre-terminate this Contract they shall pay the rentals for the unused month or period by way of liquidated damages in favor of the LESSOR.

3. That this Contract of Lease is for six (6) yrs. only starting from December \_\_\_\_\_, 1999 or up to December \_\_\_\_\_, 2005.

IN WITNESS WHEREOF, the parties have hereunto affixed their hands this \_\_\_th day of December, 1999 at City of Manila, Philippines.

(sgd.)

(sgd.)

**ROSALIE PALAÑA-CHUA  
LATIEF**

LESSOR  
SEE

**MOSHIERA**

LES

(sgd.)  
**OMAR LATIEF**  
L E S S E E

**SIGNED IN THE PRESENCE OF:**

(sgd.)  
**1. Daisy C. Ramos**

(sgd.)  
**2. Ferdinand C. Chua**

Republic of the Philippines)  
C i t y o f M a n i l a )s.s.

**A C K N O W L E D G M E N T**

BEFORE ME, a Notary Public for and in the City of Manila personally appeared the following persons:

Rosalie P. Chua with CTC No. 05769706 at Parañaque City on 2/1/99;  
Moshiera Latief with CTC No. 12885654 at Parañaque City on 11/11/99;  
Omar Latief with CTC No. 12885653 Parañaque City on Nov. 11, 1999.

known to me and to me known to be the same persons who executed this instrument consisting of two (2) pages duly signed by them and the two (2) instrumental witnesses and acknowledged to me that the same is their free and voluntarily acts and deeds.

IN FAITH AND TESTIMONY WHEREOF, I have hereunto affixed my hand and Notarial Seal this \_\_\_\_th day of December, 1999 at the City of Manila, Philippines.

Doc. No. \_\_\_\_\_  
*CALIXTRO B. RAMOS*

*ATTY.*

Page No. \_\_\_\_\_  
PUBLIC

NOTARY

Book No. LXV  
31, 2000

Until December

Series of 1999  
374145-1/11/99/-Mla.

PTR #

IBP # 00262-

Life Member<sup>[4]</sup>

A year after the commencement of the lease and with Spouses Latip already occupying the leased cubicles, Rosalie, through counsel, sent the spouses a letter demanding payment of back rentals and should they fail to do so, to vacate the leased cubicles. When Spouses Latip did not heed Rosalie's demand, she instituted the aforesaid complaint.

In their Answer, Spouses Latip refuted Rosalie's claims. They averred that the lease of the two (2) cubicles had already been paid in full as evidenced by receipts showing payment to Rosalie of the total amount of P2,570,000.00. The three (3)

receipts, in Rosalie's handwriting, read:

1. I received the amount of P2,000,000.00 (two million pesos) from [O]mar Latip & Moshi[e]ra Latip for the payment of 2 cubicles located at 158 Quirino Ave. corner Redemptorist Rd.[,] Baclaran P[arañ]aque City. ROFERLAND<sup>[5]</sup> Bldg. with the terms 6 yrs. Contract.

P2,000,000.00

\_\_\_\_\_ (sgd.) \_\_\_\_\_

CHECK # 3767924

Rosalie Chua

FAR EAST BANK

\_\_\_\_\_ (sgd.) \_\_\_\_\_

Ferdinand Chua

2. Received cash

P500,000.00

From Moshiera Latip

12/10/99 (sgd.)  
Rosalie Chua  
Received by

3. Received cash

P70,000.00 from

Moshiera Latip

12-11-99

\_\_\_\_\_ (sgd.) \_\_\_\_\_

Received by:<sup>[6]</sup>

Spouses Latip asseverated that sometime in October 1999, Rosalie offered for sale lease rights over two (2) cubicles in Roferxane Bldg. Having in mind the brisk sale of goods during the Christmas season, they readily accepted Rosalie's offer to purchase lease rights in Roferxane Bldg., which was still under construction at the time. According to Spouses Latip, the immediate payment of P2,570,000.00 would be used to finish construction of the building giving them first priority in the occupation of the finished cubicles.

Thereafter, in December 1999, as soon as two (2) cubicles were finished, Spouses Latip occupied them without waiting for the completion of five (5) other stalls. Spouses Latip averred that the contract of lease they signed had been novated by their purchase of lease rights of the subject cubicles. Thus, they were surprised to receive a demand letter from Rosalie's counsel and the subsequent filing of a complaint against them.

The MeTC ruled in favor of Rosalie, viz.:

WHEREFORE, premises considered, the [Spouses Latip] and all persons claiming rights under them are hereby ordered to VACATE the property subject of this case located at the 1<sup>st</sup> and 2<sup>nd</sup> floors of a Roferoxane Building situated at No. 158 Quirino Avenue corner Redemptorist Road, Barangay Baclaran, Parañaque City. The [Spouses Latip] are also ordered to PAY [Rosalie] the amount of SEVEN HUNDRED TWENTY THOUSAND PESOS (P720,000.00) as rent arrearages for the period of December 1999 to December 2000 and thereafter to PAY [Rosalie] the amount of SEVENTY TWO THOUSAND PESOS (P72,000.00) per month from January 2001 to December 2002, plus ten percent (10%) increase for each and every succeeding years thereafter as stipulated in paragraph 2(a) of the Contract of Lease x x x, until the [Spouses Latip] have completely vacated the leased premises subject of this lease. Finally[,] the [Spouses Latip] are hereby ordered to PAY [Rosalie] the amount of TWENTY THOUSAND PESOS (P20,000.00) as attorney's fees and TWO THOUSAND PESOS (P2,000.00) per [Rosalie's] appearance in Court as appearance fee and to PAY the cost of this suit.

[Spouses Latip's] counterclaim is hereby DISMISSED for lack of merit.

SO ORDERED.<sup>[7]</sup>

In stark contrast, the RTC reversed the MeTC and ruled in favor of Spouses Latip. The RTC did not give credence to the contract of lease, ruling that it was not notarized and, in all other substantial aspects, incomplete. Further on this point, the RTC noted that the contract of lease lacked: (1) the signature of Ferdinand Chua, Rosalie's husband; (2) the signatures of Spouses Latip on the first page thereof; (3) the specific dates for the term of the contract which only stated that the lease is for "six (6) y[ea]rs only starting from December 1999 or up to December 2005"; (4) the exact date of execution of the document, albeit the month of December and year 1999 are indicated therein; and (5) the provision for payment of deposit or advance rental which is supposedly uncommon in big commercial lease contracts.

The RTC believed the claim of Spouses Latip that the contract of lease was modified and supplemented; and the entire lease rentals for the two (2) cubicles for six (6) years had already been paid by Spouses Latip in the amount of P2,570,000.00. As to Rosalie's claim that her receipt of P2,570,000.00 was simply goodwill payment by prospective lessees to their lessor, and not payment for the purchase of lease rights, the RTC shot this down and pointed out that, apart from her bare allegations, Rosalie did not adduce evidence to substantiate this claim. On the whole, the RTC declared an existent lease between the parties for a period of six (6) years, and already fully paid for by Spouses Latip. Thus, Spouses Latip could not be ejected from the leased premises until expiration of the lease period.

The RTC disposed of the appeal, viz.: