

THIRD DIVISION

[G.R. No. 148411, November 29, 2005]

MARTHA R. HORRIGAN, PETITIONER, VS. TROIKA COMMERCIAL, INC., RESPONDENT.

DECISION

SANDOVAL-GUTIERREZ, J.:

Before us is a petition for review on *certiorari* seeking to reverse the Decision^[1] of the Court of Appeals dated May 31, 2001 in CA-G.R. CV No. 50330.

The facts of this case are not in dispute.

Troika Commercial, Inc., (Troika), herein respondent, is the lessee of the entire ground floor of a two-story building located at 53-A Annapolis St., San Juan, Metro Manila. Respondent then sub-let a portion of the ground floor to Martha Horrigan, petitioner, to be used for her restaurant *Tia Maria*. The contract of sub-lease dated April 20, 1983 between the parties was prepared by Martha's husband. It provides, among others, the following stipulations:

"2. In consideration thereof, Martha R. Horrigan undertakes, promises and guarantees payment to Troika of the following:

2.1. P12,500 monthly starting March 15, 1983 and every month thereafter until December 31, 1989 payable every ____day of the month.

2.2. In addition to the above (sub-par 2.1), P4,500 monthly starting August 1, 1983 and every month thereafter for seven (7) years until December 31, 1989 plus a guaranteed yearly increase equivalent to 10% thereof."

The instant case stemmed from the parties' different interpretations of the phrase "a guaranteed yearly increase equivalent to 10% thereof" in relation to sub-paragraphs 2.1 and 2.2 of their agreement.

Respondent construed the 10% guaranteed yearly increase to apply to both the original monthly rental of P12,500.00 under sub-paragraph 2.1 and the P4,500.00 additional rental under sub-paragraph 2.2. For her part, petitioner claimed that the 10% "guaranteed yearly increase" is applicable only to the additional P4,500.00 rental contained in sub-paragraph 2.2 of the sub-lease contract.

Respondent sent petitioner letters, together with its billing statements, explaining the application of the 10% yearly increase of rental rates. But petitioner ignored them. On May 3, 1991, respondent sent petitioner a final demand letter asking her to pay P318,489.00 corresponding to the unpaid rental adjustments.