

SEVENTH DIVISION

[CA-G.R. SP No. 129844, May 30, 2014]

**LYDIA J. VILA AND ALL PERSONS CLAIMING RIGHTS UNDER
HER, PETITIONER, VS. PURCEL DEVELOPMENT CORPORATION,
RESPONDENT.**

D E C I S I O N

REYES-CARPIO, A., J.:

This is a Petition for Review,^[1] filed under Rule 42 of the 1997 Rules of Civil Procedure, asking this Court to set aside the Decision,^[2] dated October 18, 2012, rendered by the Regional Trial Court of Antipolo City (RTC), Branch 95 in Special Civil Case No. 12-1183, entitled "Purcel Development Corporation vs. Lydia J. Vila and all persons claiming rights under her."

The instant case stemmed from a Complaint,^[3] dated February 5, 2010, filed by respondent Purcel Development Corporation (hereafter referred to as Purcel) against petitioner Lydia Vila.

Purcel alleged that it was the holder of leasehold rights over a commercial building, covered by Transfer Certificates of Title Nos. 127963, 127978 and 127908, located at Marcos corner Sumulong Highway, Barrio Mayamot, Antipolo City, known as the Masinag Market. The said property was divided into market stalls and Space No. V-32 was subject of a sublease between Purcel and petitioner Lydia Vila with a daily rental of P75.00. The same was reflected in a Contract of Sublease^[4] for a term of five (5) years, commencing on December 15, 2004 until December 14, 2009, unless sooner terminated.^[5]

In a Notice^[6] dated November 25, 2009, respondent informed petitioner that the sublease agreement was about to expire, to wit:

"Please be reminded that your sublease agreement shall expire on December 14, 2009. In accordance with section 19 of your lease agreement, you are required to vacate the leased premises and surrender possession thereof on or before December 14, 2009. Accordingly, please vacate the leased premises and surrender possession thereof on or before said date.

We wish to remind you that your continued stay at the leased premises after December 14, 2009 shall be construed as against our will, and, in such event, you shall be liable to pay 50% more than your rental rate as just compensation for your continued forced use of the same until you finally vacate the premises in accordance with section 20 of your lease agreement, without prejudice to our right to take over possession of your leased premises, extrajudicially, and/or to file the appropriate ejectment suit.

Demand is likewise made upon you to settle all your unpaid obligations under your lease agreement on or before the expiration of the term thereof.”^[7]

Despite such notice, petitioner failed to vacate the subject premises on December 14, 2009. Resultantly, respondent, through counsel, sent a Demand to Vacate and to Pay,^[8] dated December 15, 2009, the pertinent portion of which reads:

“x x x

Despite receipt of our client's letter dated November 25, 2009 reminding you of the expiration of your Contract of Sublease and requiring you to peacefully vacate the leased premises on or before December 14, 2009, you have failed and/or refused to do so without justifiable ground.

In view of the foregoing, we hereby give you this FINAL DEMAND TO VACATE the leased premises within FIVE (5) DAYS from receipt of this letter and to PAY all your outstanding obligations to the Sublessor within the same period of time. As of December 14, 2009, the amount due from you is **P15,309.00**, inclusive of VAT.

We hereby reiterate that should you fail to comply with these demands, your continued stay in the leased premises from December 15, 2009 and thereafter shall be treated as without our client's consent and you shall be held liable for the payment of just compensation for your continued use of the leased premises at an increased rate of 50% more than your latest monthly/daily rate under the expired Contract of Sublease, as well as Vat (sic) and any and all other amounts due from you for utilities consumed in the leased premises, without prejudice to the filing of the proper ejectment suit. Any amount collected or paid by you during your unauthorized hold over of the leased premises, which is less than the amount for just compensation mentioned herein, shall be considered merely as partial payment and shall not prejudice our client's right to collect the full amount of the stipulated just compensation due from you on account of your continued forced use of the leased premises. We reserve our client's right to take such other steps and/or to resort to such other remedies as it may be entitled in the premises.”^[9]

Despite such demand, petitioner still refused to surrender possession of the premises thus, respondent filed the ejectment complaint against her, seeking the following reliefs:

“WHEREFORE, premises considered, it is most respectfully prayed for before this Honorable Court that after hearing, judgment be rendered in favor of plaintiff Purcel Development Corporation and against defendant:

1. Ordering defendant and all persons claiming rights under her to vacate the leased premises known as **Space/Market Stall No. V-32** in Masinag Market, Antipolo City;
2. Ordering defendant to pay plaintiff the following amounts:
 - a) By way of **actual damages**, the amount of **P15,309.00** for the total amount/cost of the VAT from December 15, 2004 to

December, (sic) 14, 2009, plus interest charges thereon at the rate of 3% monthly computed from December 2004 until full payment thereof;

b) By way of **just compensation** which is equivalent to the latest monthly rental rate plus 50% thereof, on defendant's continuous use of the leased premises against the will of plaintiff, the amount of **P126.00 per day from December 15, 2009 until defendant and all persons claiming rights under her finally vacates the leased premises.**

c) By way of **penalty charges**, the amount equivalent to 2 months rental based on the latest monthly rental rate of P5,040.00.

d) By way of **attorney's fees**, 25% of the total amount due to the plaintiff or the amount of P50,000, whichever is higher,

e) **Costs of suit.**

Plaintiff prays for other reliefs legal, just and proper in the premises.”^[10] (Emphasis supplied)

In her Answer,^[11] petitioner admitted that she was a sublessee of the subject market space, and claimed that upon expiration of the Contract of Sublease, respondent had her sign a set of blank documents which were represented to her as copies of a new lease contract but she was never furnished a copy thereof.^[12] She also sought the dismissal of the Complaint for failure to state a cause of action and that the same was intended to harass petitioner.

Petitioner further claimed that sometime in October 2006, a group of tenants of the market stalls formed an organization called *Samahan ng Mga Vendors at Tenants sa Masinag, Inc.* (hereafter referred to as the Samahan), registered with the Securities and Exchange Commission on October 12, 2006.^[13] Thus, the organization notified respondent Purcel about its existence through a letter,^[14] dated January 2, 2007, the pertinent portion of which reads:

“x x x

Our association is now fully operational and its officers are now formulating policies, rules and regulations, plans and programs of the association.

At the start of the year, the association will process and assist the members in their renewal of business permits and licenses with the barangay and city government.

In view of this, we would like to seek your assistance if you could provide the association a small space in the Masinag Market to be use (sic) as our office. A liaison officer was hired by the association to coordinate with the officers the day to day operations and activities of the association.

We hope that this request will be given preferential action and looking forward to work hand and hand with you to maintain the orderliness,

cleanliness, beautification and cooperation among the stall owners and the market administration.”^[15]

It was further alleged that after the formation of the Samahan, respondent became hostile to the tenants, including petitioner, as reflected in a letter,^[16] dated January 5, 2007, *to wit*:

“x x x

We take this opportunity to remind you, once again, of our company's position regarding your Samahan Ng Mga Vendors at Tenants sa Masinag Market Inc. (hereinafter 'Samahan'). Since the start, our company has adhered to the policy of transacting with our tenants at Masinag Market on a strictly individual basis. This is the case since each tenant at Masinag Market has a distinct and separate contract with company. In line with this policy, we have declined, in all instances in the past, to deal, in any way, with any group, cooperative or association, purporting to represent tenants at Masinag Market. To this date, our policy on this matter has not changed. Accordingly, in as much as our company has no legal or contractual relations with you, we regret that we likewise cannot recognize or deal with you, with respect (sic) any matter pertaining to the leasehold rights and obligations of our tenants, individually or collectively, as well as in any matter relating to the management and operations of Masinag Market.

x x x

While we applaud the efforts of the members of the Samahan to render assistance to one another, we must emphasize that the management and operation of Masinag Market is the sole prerogative of our company and that our company has all the legal right to transact and deal with its tenants strictly on an individual basis. We trust that the Samahan shall in no way intrude or interfere with our proprietary functions as well as in our contractual relations with our individual tenants.

In view of the foregoing, we see no further need to hold a meeting with you as requested. We likewise regret that we cannot accede to your request for an office at Masinag Market. However, should there be an office space available, we shall be glad to process a lease application from you for an office space at Masinag Market, subject to such terms, conditions, and price as we usually offer our regular tenants. In the meantime, may we request you to refrain from using our property's address as your business address as we have not authorized the use thereof by you, and in order to avoid any misrepresentation to the general public.”^[17]

Petitioner also claimed that the amount of rentals were increased by Purcel for payment of value-added and withholding taxes as a result of the formation of the Samahan.

After weighing the arguments and evidence presented before the MTC, it rendered its Decision,^[18] dated January 11, 2012, in favor of respondent, ruling in this wise:

"WHEREFORE, on the basis of the foregoing, judgment is hereby rendered in favor of plaintiff Purcel Development Corporation and against defendant Lydia J. Vila.

Defendant and all other persons claiming rights under her are hereby ordered:

1. to vacate the leased premises known as Space/Market Stall No. V-32 in Masinag Market, Antipolo City;
2. to pay plaintiff the rental arrears covering the period from December 15, 2009 until such time defendant shall have finally vacated the subject premises, at the rate of daily rental plus cost of VAT in the amount of P (sic) P84.00 per day [P75.00 + P9.00];
3. to pay plaintiff the amount of P15, 309.00 representing the amount/cost of the VAT from December 15, 2004 up to December 14, 2009;
4. to pay plaintiff the amount of Ten Thousand (P10,000.00) Pesos representing attorney's fees; and
5. to pay the cost of suit.

SO ORDERED."^[19]

Aggrieved, petitioner appealed the case to the RTC, raising the following errors:

"1. THE TRIAL COURT GRAVELY ERRED IN RENDRING (sic) JUDGMENT FOR THE EJECTMENT OF THE DEFENDANT-APPELLANT WHEN IN FACT PLAINTIFF-APPELLEE HAS NO CAUSE OF ACTION.

2. THE TRIAL COURT GROSSLY ERRED IN ORDERING DEFENDANT TO PAY RENTAL ARREARS COVERING THE PERIOD FROM DECEMBER 15, 2009 UNTIL SUCH TIME DEFENDANT SHALL HAVE FINALLY VACATED THE SUBJECT PREMISES, AT THE RATE OF DAILY RENTAL PLUS COST OF VAT IN THE AMOUNT OF P84.00 PER DAY (P75.00 + P9.00);

3. THE TRIAL COURT GROSSLY ERRED IN ORDERING DEFENDANT TO PAY PLAINTIFF THE AMOUNT OF P15,309.00 REPRESENTING THE AMOUNT/COST OF THE VAT FROM DECEMBER 15, 2004 UP TO DECEMBER 14, 2009;

4. THE TRIAL COURT GROSSLY ERRED IN NOT FIXING THE TERM OF THE LEASE OF DEFENDANT.

5. THE TRIAL COURT GRAVELY ERRED IN AWARDING ATTORNEY'S FEES TO THE PLAINTIFF INSTEAD OF THE DEFENDANT."^[20]

Based on the arguments presented before the RTC, it rendered the assailed Decision,^[21] dated October 18, 2012, affirming the MTC's ruling with modifications, specifically:

"**WHEREFORE**, premises considered, the Decision dated January 11, 2012 of Branch 2, Municipal Trial Court in Cities of Antipolo City, is hereby