

## SEVENTH DIVISION

**[ CA-G.R. SP NO. 91110, September 18, 2006 ]**

**VIRGILIO C. AQUINO AND JULIANA D. AQUINO, PETITIONERS,  
VS. HON. REGIONAL TRIAL COURT, BRANCH 40, DAGUPAN CITY,  
PRESIDED BY HON. JUDGE EMMA TORIO FELIPE DE VENECIA  
AND LUISA A. DE VENECIA, RESPONDENTS.**

### DECISION

**BERSAMIN, L.P., J:**

By petition for review, defendants Spouses Virgilio and Juliana Aquino appeal the decision dated April 28, 2005 of the Regional Trial Court (RTC), Branch 40, in Dagupan City,<sup>1</sup> affirming the decision dated October 8, 2004 of the Municipal Trial Court (MTC), Branch 3, in Dagupan City.<sup>2</sup>

First, the essential antecedents.

On May 3, 2004, respondent Spouses Felipe and Luisa De Venecia commenced this action for unlawful detainer against the petitioners in the MTC, alleging that they were the registered owners of a 3-storey building erected on their land covered by their Transfer Certificate of Title No. 44865; that they leased the property to the petitioners at a monthly rental of P30,000.00, for 1 year from January 6, 2003 to January 6, 2004; that the lease expired on January 6, 2004 and was not renewed; and that despite oral demands made and despite the formal demand letter dated January 8, 2004, the petitioners failed and refused and still fail and refuse to vacate the leased premises to their damage and prejudice.

The petitioners filed their answer with counterclaim, contending that the respondents had no legal grounds to eject them from the premises because upon the expiration of the contract on January 2004, an implied new lease of the property ensued due to the respondents continuing to collect and receive monthly rentals from them; and that the respondents were estopped from cancelling the contract and from ejecting them from the premises.

The case was set for preliminary conference, at which the parties made some admissions, including the identity of the building as the premises involved in the case; the term of the contract of lease having expired on January 6, 2004; and the receipt of rentals even after the expiration of the contract of lease. Thereafter, the parties submitted their position papers.<sup>3</sup>

On October 8, 2004, the MTC rendered its decision, decreeing as follows:

WHEREFORE, judgment is hereby rendered in favor of the plaintiffs and against defendants Spouses Virgilio C. Aquino and Juliana D. Aquino, as

follows:

1.Ordering defendants, their assigns, agents or other persons acting for themselves to vacate the premises in question and to restore possession to the plaintiffs:

2.Ordering defendants to pay plaintiffs the sum of P10,000.00 as attorney's fees;

3.Ordering defendants to pay plaintiffs monthly rentals from October 2004 until they vacate the premises in question;

4.Ordering defendant to pay plaintiffs litigation expenses in the amount of P5,000.00 and to pay the cost of suit.

SO ORDERED.<sup>4</sup>

In their appeal, the petitioners, assigned the following errors <sup>5</sup> to wit:

A. THE HONORABLE MUNICIPAL TRIAL COURT COMMITTED GRAVE ERROR IN NOT DECLARING THAT THERE WAS IMPLIED RENEWAL OF LEASE.

B. THE HONORABLE MUNICIPAL TRIAL COURT ALSO COMMITTED GRAVE ERROR IN ORDERING THE EVICTION OF THE DEFENDANTS-APPELLANTS FROM THE LEASE PREMISES.

C. THE HONORABLE MUNICIPAL TRIAL COURT LIKEWISE COMMITTED GRAVE ERROR IN NOT HOLDING THE PLAINTIFFS-APPELLEES UNDER ESTOPPEL IN CAUSING THE EVICTION OF THE DEFENDANTS-APPELLANTS FROM THE LEASED PREMISES.

D. THE HONORABLE MUNICIPAL TRIAL COURT FURTHER COMMITTED GRAVE ERROR IN AWARDING DAMAGES AGAINST THE DEFENDANTS.<sup>6</sup>

On April 28, 2005, the RTC, finding no reversible error, affirmed the MTC.<sup>7</sup>

The petitioner sought reconsideration,<sup>8</sup> but the RTC denied their motion for reconsideration on June 19, 2005.<sup>9</sup>

Hence, this appeal, wherein the petitioners contend:<sup>10</sup>

## I

THE HONORABLE LOWER COURT A QUO COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR EXCESS OF JURISDICTION IN NOT DECLARING THAT THERE WAS IMPLIED RENEWAL OF LEASE

## II

THE HONORABLE LOWER COURT A QUO LIKEWISE COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR EXCESS OF JURISDICTION IN NOT HOLDING THE PRIVATE RESPONDENTS UNDER

ESTOPPEL IN CAUSING THE EVICTION OF THE PETITIONERS FROM THE  
LEASED PREMISES

III

THE HONORABLE LOWER COURT A QUO FURTHER COMMITTED GRAVE  
ABUSE OF DISCRETION AMOUNTING TO LACK OR IN EXCESS OF  
JURISDICTION IN AWARDING DAMAGES AGAINST THE PETITIONERS.

As we see it, the decisive issue concerns whether an implied new lease (*tacita reconduccion*) transpired between the parties.

Upon consideration of the submissions of the parties, we find that the appeal has no merit as far as the decisive issue is concerned. We declare that the RTC correctly affirmed the MTC on the absence of an implied new lease.

Art. 1670, *Civil Code*, which governs implied new lease, states:

Art. 1670. If at the end of the contract the lessee should continue enjoying the thing leased for fifteen days with the acquiescence of the lessor, and unless a notice to the contrary by either party has previously been given, it is understood that there is an implied new lease not for the period of the original contract, but for the time established in Articles 1682 and 1687. The other terms of the original contract shall be revived.

An implied new lease (*tacita reconduccion*) sets in, therefore, if it is shown that: (a) the term of the original contract of lease has expired; (b) the lessor has not given the lessee a notice to vacate; and (c) the lessee has continued enjoying the thing leased for 15 days with the acquiescence of the lessor.<sup>11</sup> The acquiescence may be inferred from the failure to serve a notice to quit.<sup>12</sup>

When the contract of lease ended on January 6, 2004, the respondents made oral demands to vacate upon the petitioners on January 7, 2004. Due to the petitioners' refusal to comply, the respondents issued them the written notice to vacate (through counsel) on January 8, 2004. Yet, despite the demands, the petitioner did not vacate but continued paying the monthly rentals. Hence, the respondents commenced this action for unlawful detainer.

The petitioners contend that the respondents allowed them to remain in the premises even after the expiration of the contract of lease and received their rental payments, the last being on August 3, 2005; that the respondents thereby recognized the continuation of their lessor-lessee relationship; that the respondents could not now legally eject them by virtue of an implied new lease having arisen; and that the respondents were estopped from demanding their ouster after having made them believe that the contract had been extended by their unconditional acceptance of the monthly rentals.

The petitioners' insistence on an implied new lease is baseless.

Firstly, the lease contract, being for a period of 1 year, from January 1, 2003 to January 1, 2004, was for a determinate time, and, as such, ceased by express