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REPORT OF CASES

DETERMINED IN THE

SUPREME COURT OF THE PHILIPPINES

SECOND DIVISION

[G.R. No. L-36797. May 3, 1979]

JOSE GUTIERREZ and ADELAIDA GUTIERREZ, *petitioners, vs.* **ARMANDO CANTADA, CARMELITA C. CANTADA, HON. SANTIAGO O. TAÑADA, Presiding Judge, Court of First Instance, Rizal Branch XXXIII, Caloocan City,** *respondents.*

SYLLABUS

1. **CIVIL LAW; LEASE; RENT CONTROL LAW; SUSPENDS ACTION FOR EJECTMENT.** — Under Section 4 of Republic Act No. 6359, the provision of the first paragraph of Article 1673 of the New Civil Code is suspended when the period of the lease has not been agreed upon but has been only fixed in accordance with Act. 1687 and said period has expired. The period of suspension of said provision is for 2 years from July 14, 1971, the date of the effectivity of the Act. This period was made indefinite by Presidential Decree No. 20.

2. **POLITICAL LAW; STATE; INHERENT POWERS; POLICE POWER; BEING REMEDIAL IN CHARACTER, IT COVERS EXISTING SITUATIONS.** — When the ejectment suit was filed, R.A. 6359 was in full force and effect. When the respondent Judge rendered the decision, Presidential Decree No. 20 had been enacted suspending actions for ejectment for an indefinite period. Inasmuch as it is a police power legislation, it was applicable to leases entered into prior to that date. The applicability thereof to existing contracts cannot be denied. From

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Pangasinan Transportation Co., v. Public Service Commission, 70 Phil. 321 (1940), such a doctrine has been repeatedly adhered to by this Court. As was held in *Onsiako v. Gamboa,* 86 Phil. 50, a police power measure being remedial in character covers existing situations; otherwise, it would be self-defeating.

3. CONSTITUTIONAL LAW; BILL OF RIGHTS; NON-IMPAIRMENT CLAUSE; LIMITED BY THE EXERCISE OF POLICE POWER. — The constitutional guaranty of non-impairment is limited by the exercise of police power to the state, in the interest of public health, safety, moral and general welfare.

4. ID.; ID.; EQUAL PROTECTION CLAUSE; NOT VIOLATED BY THE ENACTMENT OF RENT CONTROL LAW. — R.A. 6359 cannot be stigmatized as a class legislation. There was a clear need for such a statute. It was enacted to promote the public interest and the general welfare. The State is not compelled to stand idly by while a considerable segment of its citizens suffers from economic distress. In *Agustin v. Edu,* L-49112, Feb. 2, 1979, reference was made to the "broad and expansive scope of police power" citing Chief Justice Taney of the American Supreme Court in an 1847 decision as "nothing more or less than the power of government inherent in every sovereignty." Correctly was it characterized by Justice Malcolm as "that most essential, insistent and illimitable of powers." (*Smith Bell and Co. v. Natividad*, 40 Phil. 138, 147 (1919)

APPEARANCES OF COUNSEL

A.S. Bustos for petitioners
Maneja Valenzuela & Encarnacion for private respondents.

DECISION

FERNANDO, *Acting C.J.*:

The obstacle to the reversal of a decision of respondent Judge Santiago O. Tañada dismissing an ejectment suit against private respondents[1] in this petition far *certiorari* by way of review

[1] The private respondents are the lessees Armando Cantada and Carmelita C. Cantada.

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comes from police power legislation, the first Republic Act No. 6539, and thereafter, Presidential Decree No. 20. They had a common objective to remedy the plight of the lessees, Presidential Decree No. 20, moreover, having a constitutional sanction in that it is specifically referred to in the fundamental law as part of "the law of the land."[2] Under the former statute, actions for ejectment were "suspended from two years from the effectivity" thereof.[3] It took effect on July 14, 1971. The complaint for ejectment in this litigation was filed on April 22, 1972. Such a period was made indefinite by Presidential Decree No. 20 thus: "Except when the lease is for a definite period, the provisions of paragraph (1) of Article 1673 of the Civil Code of the Philippines insofar as they refer to dwelling unit or land on which another's dwelling is located shall be suspended until otherwise provided; but other provisions of the Civil Code and the Rules of Court of the Philippines on lease contracts, insofar as they are not in conflict with the provisions of this Act, shall apply."[4] Under paragraph (1) of Article 1673 of the Civil Code, one of the grounds for judicially ejecting the lessee is the expiration of the period fixed for the duration of the lease.[5]

Petitioners in this proceeding were the plaintiffs in Civil Case No. 8805 for ejectment filed with the City Court of Caloocan

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[2] Article XVII, Section 2, par. (2) of the Constitution, *insofar as pertinent*, reads: "All proclamations, orders, decrees, instructions, and acts promulgated, issued, or done by the incumbent President shall be part of the law of the land, ***."

[3] Section 4 of the Republic Act No. 6359 provides: "Except when the lease is for definite period, the provisions of paragraph (1) of Article 1673 of the Civil Code insofar as they refer to dwelling unit or land on which another's dwelling is located shall be suspended for two years from the effectivity of this Act; but other provisions of the Civil Code and the Rules of Court of the Philippines on lease contracts, insofar as they are not in conflict with the provisions of this Act, shall apply."

[4] *Ibid.*, Section 4.

[5] Article 1673, par. 1 reads as follows: "The lessor may judicially eject the lessee for any of the following causes: (1) When the period agreed upon, or that which is filed for the duration of leases under Articles 1682 and 1687, has expired."

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City on April 27, 1972, against a certain Benjamin Leyva. With leave of court, and within the reglementary period, respondent spouses filed on May 2, 1972 an answer in intervention to the complaint. In such pleading, they admitted that plaintiffs, now petitioners, are the owners of the land on which their house is built, including as an affirmative defense the fact that their life savings were spent for the purchase of that house, a transaction entered into only because they were given the assurance by petitioners as lessors that they would be allowed to remain for a substantial number of years. After trial duly had in the City Court of Caloocan City, a decision in said ejectment action, in favor of the petitioners and against respondent spouses was promulgated on September 21, 1972. Respondent spouses on the same day appealed to the Court of First Instance of Rizal, Caloocan City Branch XXXIII, presided over by respondent Judge. On February 14, 1973, respondent Judge rendered a decision on the case, reversing the City Court of Caloocan City, Branch II, dismissing the complaint for ejectment.

In such decision, respondent Judge stated the following: "From the evidence thus adduced, it is unmistakably clear that this case comes under the coverage of the rental law of 1971, Republic Act No. 6359. Here, the rental stipulated is only for ₱30.00 or ₱40.00 a month for the occupancy of defendant-intervenor on plaintiffs' property. The residential house of said intervenor is involved. There is an agreement as to use of the premises between the plaintiffs and the defendants-intervenors. It cannot be claimed that the plaintiffs were not informed nor that did they know about the occupancy of the intervenors on their property or intervenors' having purchased the house of their (plaintiffs') own collector. It is hard to believe that they did not know until after almost one and a half years from the purchase of the house that it is intervenor Armando Cantada; and not anymore Benjamin Leyva nor Jose Chaingan, who is actually paying rentals therefor. After all, a house with a value of ₱8,000.00 could not just be ignored, and more, no person would just part with ₱8,000.00 for a house standing on another's property without the assurance or at least the knowledge of the latter."[6]

[6] Petition, Annex F, 4-5.

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Respondent Judge also pointed out: "There is nothing in the complaint insinuating, or in the evidence which shows that the grounds for ejectment as enumerated in Article 1673 are present. In fact, the evidence shows that intervenors are up-to-date in their payment of their monthly rentals, at least before the filing of the complaint. There is no question, either, that the property leased from plaintiffs is used for the intervenors for residential purposes, as was tacitly agreed upon by the parties, or at least permitted by the plaintiffs. The only ground, therefore, apparently available to the plaintiffs to justify their action is the fact that the duration of the lease as fixed by Article 1687 has already expired, or expires each month and may be terminated at the end of said month. But this is excepted as ground for ejectment by Section 4 of Republic Act No. 6359. Under said section, the provision of the first paragraph of Article 1673 is suspended when the period of the lease has not been agreed upon but has been only fixed in accordance with Article 1687 and said period has expired. The period of the suspension of said provision is for 2 years from July 14, 1971, the date of the effectivity of the Act. This action was filed on April 27, 1972, well within the period of the suspension of the provision authorizing ejectment by judicial action."[7] After a motion for reconsideration failed, this petition for *certiorari* was filed. It should be noted that in the opposition to such motion, Presidential Decree No. 20 which suspended court actions for ejectment for leases covered by the same was relied upon by private respondents.[8]

As noted at the outset, the reliance of the decision sought to be reviewed was on the previous statute and subsequently Presidential Decree No. 20, both police power legislation intended to remedy the situation of the lessees. Hence the weakness of this petition. We find for private respondents.

1. On the facts as found by the lower court to which no objection could be raised by petitioners as they brought the *certiorari* proceeding directly to this Tribunal, the decision arrived

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[7] *Ibid*, 6-7.

[8] Petition, Annex F, 4-5.

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at is free from the taint of any infirmity. When the ejectment suit was filed on April 22, 1972, Republic Act No. 6359 was in full force and effect. As noted earlier, for a period of two years from July 14, 1971, the right of the lessees to remain could not be disputed for as found by the lower court the lease was not for a definite period. Hence the reversal of the decision of the City Court of Caloocan City by respondent Judge in his decision of February 14, 1973. As a matter of fact, as of that date, Presidential Decree No. 20 was in full force and effect. The suspension of actions for ejectment was for an indefinite period. Inasmuch as it is a police power legislation, it was applicable to leases entered into prior to that date. The applicability thereof to existing contracts cannot be denied. From *Pangasinan Transportation Co. v. Public Service Commission*,[9] such a doctrine has been repeatedly adhered to by this Court. As was held in *Ongsiako v. Gamboa*,[10] decided in 1950, a police power measure being remedial in character covers existing situations; otherwise, it would be self-defeating. In *Abe v. Foster Wheeler Corp.*,[11] Justice Barrera, speaking for the Court, took note of the contention "that as the contracts of employment were entered into at a time when there was no law granting the workers said right, the application as to them of the subsequent enactment restoring the same right constitutes an impairment of their contractual obligations." Then he made clear why the Court was of a contrary view as "the constitutional guaranty of non-impairment *** is limited by the exercise of the police power of the State, in the interest of public health, safety, morals and general welfare."[12] So it must be in this case.

2. The futility of this petition is thus apparent. A belated attempt by counsel for petitioners by raising a constitutional

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[9] 70 Phil. 221 (1940).

[10] 86 Phil. 50.

[11] 110 Phil. 198.

[12] *Ibid*, 203. Cf. *Philippine American Life Insurance Co. v. Auditor General*, L-19255, January 18, 1968, 22 SCRA 135.

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question is equally unavailing. He would have this Court declare that Republic Act No. 6539 is violative of the equal protection clause. The imputation that a police power measure of that character intended to remedy the deplorable situation of lessees[13] suffers from such infirmity, is far from persuasive. It cannot be stigmatized as class legislation. There was a clear need for such a statute. It was enacted to promote the public interest and the general welfare. The State is not compelled to stand idly by while a considerable segment of its citizens suffers from economic distress. Only recently, in *Agustin v. Edu*,[14] reference was made to the "broad and expansive scope of police power" citing Chief Justice Taney of the American Supreme Court in an 1847 decision as "nothing more or less than the powers of government inherent in every sovereignty."[15] Correctly was it characterized by Justice Malcolm as "that most essential, insistent, and illimitable of powers."[16] Moreover, there is a procedural objection to this last-ditch effort, the well-settled rule being that the constitutional question should be raised at the earliest opportunity.[17] Nor does this case falls within one of the exceptions mentioned in *People v. Vera*.[18] Even if success could have attended this maneuver, still there is the insuperable barrier posed by Presidential Decree No. 20 which was relied upon in the objection of private respondents to the motion for reconsideration. It was therefore within the cognizance of respondent Judge, as it ought to have been all the while. Petitioners apparently had nothing to say about this Presidential Decree. They ought not to have been surprised at its being applied being a part "of the law of the land." To repeat, petitioner had failed to make out a case for reversal.

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[13] Cf. *Block v. Hirsh*, 256 US 135 (1921).

[14] L-49112, February 2, 1979.

[15] License Cases, 5 How. 504, 583 (1847).

[16] *Smith, Bell and Co. v. Natividad*, 40 Phil. 136, 147 (1919).

[17] Cf. *Cadwallader-Gibson Lumber Co. v. Del Rosario*, 26 Phil. 192 (1913).

[18] 65 Phil. 56 (1937).

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3. At any rate, as of April 10, 1979, a new Rent Control Law, Batas Pambansa Blg. 25 was signed by the President and took effect immediately. Petitioners, if falling within the terms thereof, may avail themselves of the benefits of this new legislation.

WHEREFORE, the petition for *certiorari* is dismissed. Costs against petitioners.

Antonio (Acting Chairman), Aquino, Concepcion Jr., and *Santos, JJ.*, concur.

Abad Santos, J., took no part.

Barredo, J., on official leave.

SECOND DIVISION

[G.R. No. L-50150. May 3, 1979]

CENTRAL TEXTILE MILLS, INC., *petitioner, vs.* **NATIONAL LABOR RELATIONS COMMISSION and DANIEL CORPUZ,** *respondents.*

SYLLABUS

1. CONSTITUTIONAL LAW; BILL OF RIGHTS; DUE PROCESS; OBSERVED WHEN A PARTY WAS GIVEN ALL GIVEN ALL THE CHANCE TO PRESENT ITS EVIDENCE AND VENTILATE ITS ARGUMENTS BEFORE THE PUBLIC RESPONDENTS.— There is no violation of the due process clause where management's accusation of theft against private respondents was investigated and thereafter and found without basis by two Assistant Fiscals of Quezon City, and the case underwent conciliation and then compulsory arbitration where evidence was adduced by both parties after which the adverse decision rendered by the Labor Arbiter was appealed to the National