Supreme Court E-Library

same order they were questioning therein.[14] Thus, there appears a real possibility that the pernicious effect sought to be prevented by the rules requiring the Certification against Forum Shopping would arise. Accordingly, the complainants could be held liable for contempt of this Court.

WHEREFORE, the foregoing premises considered, the **MOTION FOR PARTIAL RECONSIDERATION** is *DENIED* for lack of merit. On the other hand, complainant-spouses **ARLEEN and LORNA OLIVEROS** are hereby directed to *SHOW CAUSE*, within **TEN (10) DAYS** from receipt of this Resolution, why they should not be cited for contempt for violation of Section 5, Rule 7 of the Revised Rules on Civil Procedure.

SO ORDERED.

Ynares-Santiago (Chairperson), Austria-Martinez, Chico-Nazario, and *Reyes, JJ.,* concur.

THIRD DIVISION

[G.R. No. 136409. March 14, 2008]

SUBHASH C. PASRICHA and JOSEPHINE A. PASRICHA, *petitioners, vs.* **DON LUIS DISON REALTY, INC.,** *respondent.*

SYLLABUS

1. MERCANTILE LAW; CORPORATION LAW; CORPORATION CODE; PRIVATE CORPORATIONS; REQUIREMENT OF PRIOR AUTHORITY TO ACT IN THE NAME OF THE CORPORATION; SUBSEQUENT AND SUBSTANTIAL COMPLIANCE THEREOF, ALLOWED. — A corporation has

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[14] *Rollo,* p. 129.

no powers except those expressly conferred on it by the Corporation Code and those that are implied from or are incidental to its existence. In turn, a corporation exercises said powers through its board of directors and/or its duly authorized officers and agents. Physical acts, like the signing of documents, can be performed only by natural persons duly authorized for the purpose by corporate by-laws or by a specific act of the board of directors. Thus, any person suing on behalf of the corporation should present proof of such authority. Although Ms. Bautista initially failed to show that she had the capacity to sign the verification and institute the ejectment case on behalf of the company, when confronted with such question, she immediately presented the Secretary's Certificate confirming her authority to represent the company. There is ample jurisprudence holding that subsequent and substantial compliance may call for the relaxation of the rules of procedure in the interest of justice. In *Novelty Phils., Inc. v. Court of Appeals*, the Court faulted the appellate court for dismissing a petition solely on petitioner's failure to timely submit proof of authority to sue on behalf of the corporation. In *Pfizer, Inc. v. Galan*, we upheld the sufficiency of a petition verified by an employment specialist despite the total absence of a board resolution authorizing her to act for and on behalf of the corporation. Lastly, in *China Banking Corporation v. Mondragon International Philippines, Inc*, we relaxed the rules of procedure because the corporation ratified the manager's status as an authorized signatory. In all of the above cases, we brushed aside technicalities in the interest of justice. This is not to say that we disregard the requirement of prior authority to act in the name of a corporation. The relaxation of the rules applies only to highly meritorious cases, and when there is substantial compliance. While it is true that rules of procedure are intended to promote rather than frustrate the ends of justice, and while the swift unclogging of court dockets is a laudable objective, we should not insist on strict adherence to the rules at the expense of substantial justice. Technical and procedural rules are intended to help secure, not suppress, the cause of justice; and a deviation from the rigid enforcement of the rules may be allowed to attain that prime objective, for, after all, the dispensation of justice is the core reason for the existence of courts.

Supreme Court E-Library

2. REMEDIAL LAW; CIVIL PROCEDURE; MOTION TO INHIBIT; SHALL BE DENIED IF FILED AFTER A MEMBER OF THE COURT HAD ALREADY GIVEN AN OPINION ON THE MERITS OF THE CASE. — It is settled that a motion to inhibit shall be denied if filed after a member of the court had already given an opinion on the merits of the case, the rationale being that "a litigant cannot be permitted to speculate on the action of the court x x x (only to) raise an objection of this sort after the decision has been rendered."

3. ID.; ID.; ID.; THE SUSPICION THAT A JUDGE IS PARTIAL TO ONE OF THE PARTIES SHOULD BE SUBSTANTIATED BY EVIDENCE. — [I]t is settled that mere suspicion that a judge is partial to one of the parties is not enough; there should be evidence to substantiate the suspicion. Bias and prejudice cannot be presumed, especially when weighed against a judge's sacred pledge under his oath of office to administer justice without regard for any person and to do right equally to the poor and the rich. There must be a showing of bias and prejudice stemming from an extrajudicial source, resulting in an opinion on the merits based on something other than what the judge learned from his participation in the case. We would like to reiterate, at this point, the policy of the Court not to tolerate acts of litigants who, for just about any conceivable reason, seek to disqualify a judge (or justice) for their own purpose, under a plea of bias, hostility, prejudice or prejudgment.

4. ID.; ID.; SPECIAL CIVIL ACTIONS; UNLAWFUL DETAINER; ELEMENTS. — Unlawful detainer cases are summary in nature. In such cases, the elements to be proved and resolved are the fact of lease and the expiration or violation of its terms. Specifically, the essential requisites of unlawful detainer are: 1) the fact of lease by virtue of a contract, express or implied; 2) the expiration or termination of the possessor's right to hold possession; 3) withholding by the lessee of possession of the land or building after the expiration or termination of the right to possess; 4) letter of demand upon lessee to pay the rental or comply with the terms of the lease and vacate the premises; and 5) the filing of the action within one year from the date of the last demand received by the defendant

5. ID.; APPEALS; CONCLUSIONS OF FACT OF THE TRIAL COURT, ESPECIALLY WHEN AFFIRMED BY THE COURT

OF APPEALS, ARE FINAL AND CONCLUSIVE, AND CANNOT BE REVIEWED ON APPEAL BY THE SUPREME COURT. — It is settled doctrine that in a civil case, the conclusions of fact of the trial court, especially when affirmed by the Court of Appeals, are final and conclusive, and cannot be reviewed on appeal by the Supreme Court. Albeit the rule admits of exceptions, not one of them obtains in this case.

6. CIVIL LAW; OBLIGATIONS AND CONTRACTS; EXTINGUISHMENT OF OBLIGATIONS; TENDER OF PAYMENT AND CONSIGNATION; EXPLAINED. — Article 1256 of the Civil Code provides: "Article 1256. If the creditor to whom tender of payment has been made refuses without just cause to accept it, the debtor shall be released from responsibility by the consignation of the thing or sum due. Consignation alone shall produce the same effect in the following cases: x x x (4) When two or more persons claim the same right to collect; x x x." Consignation shall be made by depositing the things due at the disposal of a judicial authority, before whom the tender of payment shall be proved in a proper case, and the announcement of the consignation in other cases. x x x The rationale for consignation is to avoid the performance of an obligation becoming more onerous to the debtor by reason of causes not imputable to him. x x x. Well-settled is the rule that tender of payment must be accompanied by consignation in order that the effects of payment may be produced.

7. REMEDIAL LAW; SPECIAL CIVIL ACTIONS; INTERPLEADER; WHEN PROPER. — Section 1, Rule 62 of the Rules of Court provides: "Section 1. *When interpleader proper*. – Whenever conflicting claims upon the same subject matter are or may be made against a person who claims no interest whatever in the subject matter, or an interest which in whole or in part is not disputed by the claimants, he may bring an action against the conflicting claimants to compel them to interplead and litigate their several claims among themselves." Otherwise stated, an action for interpleader is proper when the lessee does not know to whom payment of rentals should be made due to conflicting claims on the property (or on the right to collect). The remedy is afforded not to protect a person against double liability but to protect him against double vexation in respect of one liability.

Supreme Court E-Library

Notably, instead of availing of the above remedies, petitioners opted to refrain from making payments.

8. CIVIL LAW; SPECIAL CONTRACTS; LEASE; THE LESSOR HAS THE RIGHT TO JUDICIALLY EJECT THE LESSEE IN CASE OF NON-PAYMENT OF THE MONTHLY RENTALS. — Article 1673 of the Civil Code gives the lessor the right to judicially eject the lessees in case of non-payment of the monthly rentals. A contract of lease is a consensual, bilateral, onerous and commutative contract by which the owner temporarily grants the use of his property to another, who undertakes to pay the rent therefor.

APPEARANCES OF COUNSEL

Albert M. Rasalan for petitioners.
Feria Feria La'O Tantoco for Don Luis Dison Realty, Inc.

D E C I S I O N

NACHURA, *J.*:

This is a petition for review on *certiorari* under Rule 45 of the Rules of Court seeking the reversal of the Decision[1] of the Court of Appeals (CA) dated May 26, 1998 and its Resolution[2] dated December 10, 1998 in CA-G.R. SP No. 37739 dismissing the petition filed by petitioners Josephine and Subhash Pasricha.

The facts of the case, as culled from the records, are as follows:

Respondent Don Luis Dison Realty, Inc. and petitioners executed two Contracts of Lease[3] whereby the former, as lessor, agreed to lease to the latter Units 22, 24, 32, 33, 34, 35, 36, 37 and 38 of the San Luis Building, located at 1006 M.Y. Orosa

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[1] Penned by Associate Justice Ruben T. Reyes, with Associate Justices Quirino D. Abad Santos, Jr. and Eloy R. Bello, Jr., concurring; *rollo*, pp. 44-62.

[2] *Rollo*, pp. 63-72.

[3] The first Contract of Lease covers Rooms 32 and 35, *id*. at 1034-1042; the second Contract of Lease covers Rooms 22, 24, 33, 34, 36, 37 and 38, *id*. at 1043-1050.

Supreme Court E-Library

cor. T.M. Kalaw Streets, Ermita, Manila. Petitioners, in turn, agreed to pay monthly rentals, as follows:

For Rooms 32/35:
From March 1, 1991 to August 31, 1991 – ₱5,000.00/₱10,000.00
From September 1, 1991 to February 29, 1992 – ₱5,500.00/₱11,000.00
From March 1, 1992 to February 28, 1993 – ₱6,050.00/₱12,100.00
From March 1, 1993 to February 28, 1994 – ₱6,655.00/₱13,310.00
From March 1, 1994 to February 28, 1995 – ₱7,320.50/₱14,641.00
From March 1, 1995 to February 28, 1996 – ₱8,052.55/₱16,105.10
From March 1, 1996 to February 29, 1997 – ₱8,857.81/₱17,715.61
From March 1, 1997 to February 28, 1998 – ₱9,743.59/₱19,487.17
From March 1, 1998 to February 28, 1999 – ₱10,717.95/₱21,435.89
From March 1, 1999 to February 28, 2000 – ₱11,789.75/₱23,579.48[4]

For Rooms 22 and 24:
Effective July 1, 1992 – ₱10,000.00 with an increment of 10% every two years.[5]

For Rooms 33 and 34:
Effective April 1, 1992 – ₱5,000.00 with an increment of 10% every two years.[6]

For Rooms 36, 37 and 38:
Effective when tenants vacate said premises – ₱10,000.00 with an increment of 10% every two years.[7]

Petitioners were, likewise, required to pay for the cost of electric consumption, water bills and the use of telephone cables.[8]

The lease of Rooms 36, 37 and 38 did not materialize leaving only Rooms 22, 24, 32, 33, 34 and 35 as subjects of the lease contracts.[9] While the contracts were in effect, petitioners dealt with Francis Pacheco (Pacheco), then General Manager of private respondent. Thereafter, Pacheco was replaced by

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[4] *Rollo*, pp. 1034-1036.

[5] *Id.* at 1043-1044.

[6] *Id*.

[7] *Id*.

[8] *Id.* at 1037 and 1045.

[9] Records, p. 8.

Supreme Court E-Library

Roswinda Bautista (Ms. Bautista).[10] Petitioners religiously paid the monthly rentals until May 1992.[11] After that, however, despite repeated demands, petitioners continuously refused to pay the stipulated rent. Consequently, respondent was constrained to refer the matter to its lawyer who, in turn, made a final demand on petitioners for the payment of the accrued rentals amounting to ₱916,585.58.[12] Because petitioners still refused to comply, a complaint for ejectment was filed by private respondent through its representative, Ms. Bautista, before the Metropolitan Trial Court (MeTC) of Manila.[13] The case was raffled to Branch XIX and was docketed as Civil Case No. 143058-CV.

Petitioners admitted their failure to pay the stipulated rent for the leased premises starting July until November 1992, but claimed that such refusal was justified because of the internal squabble in respondent company as to the person authorized to receive payment.[14] To further justify their non-payment of rent, petitioners alleged that they were prevented from using the units (rooms) subject matter of the lease contract, except Room 35. Petitioners eventually paid their monthly rent for December 1992 in the amount of ₱30,000.00, and claimed that respondent waived its right to collect the rents for the months of July to November 1992 since petitioners were prevented from using Rooms 22, 24, 32, 33, and 34.[15] However, they again withheld payment of rents starting January 1993 because of respondent's refusal to turn over Rooms 36, 37 and 38.[16] To show good faith and willingness to pay the rents, petitioners alleged that they prepared the check vouchers for their monthly rentals from

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[10] *Rollo,* p. 901.

[11] Records, p. 3.

[12] Demand letter dated November 2, 1993, through private respondent's counsel Feria, Feria, Lugtu and Lao; records, p. 36.

[13] Records, pp. 2-5.

[14] *Id.* at 10.

[15] *Id.* at 11.

[16] *Id.* at 14.

Supreme Court E-Library

January 1993 to January 1994.[17] Petitioners further averred in their Amended Answer[18] that the complaint for ejectment was prematurely filed, as the controversy was not referred to the *barangay* for conciliation.

For failure of the parties to reach an amicable settlement, the pre-trial conference was terminated. Thereafter, they submitted their respective position papers.

On November 24, 1994, the MeTC rendered a Decision dismissing the complaint for ejectment.[19] It considered petitioners' non-payment of rentals as unjustified. The court held that mere willingness to pay the rent did not amount to payment of the obligation; petitioners should have deposited their payment in the name of respondent company. On the matter of possession of the subject premises, the court did not give credence to petitioners' claim that private respondent failed to turn over possession of the premises. The court, however, dismissed the complaint because of Ms. Bautista's alleged lack of authority to sue on behalf of the corporation.

Deciding the case on appeal, the Regional Trial Court (RTC) of Manila, Branch 1, in Civil Case No. 94-72515, reversed and set aside the MeTC Decision in this wise:

> WHEREFORE, the appealed decision is hereby reversed and set aside and another one is rendered ordering defendants-appellees and all persons claiming rights under them, as follows:
>
> (1) to vacate the leased premised (sic) and restore possession thereof to plaintiff-appellant;
>
> (2) to pay plaintiff-appellant the sum of ₱967,915.80 representing the accrued rents in arrears as of November 1993, and the rents on the leased premises for the succeeding months in the amounts stated in paragraph 5 of the complaint until fully paid; and

[17] *Id.* at 13.

[18] *Id.* at 110-117.

[19] Penned by Judge Ernesto A. Reyes; records, pp. 261-266.

Supreme Court E-Library

(3) to pay an additional sum equivalent to 25% of the rent accounts as and for attorney's fees plus the costs of this suit.

SO ORDERED.[20]

The court adopted the MeTC's finding on petitioners' unjustified refusal to pay the rent, which is a valid ground for ejectment. It, however, faulted the MeTC in dismissing the case on the ground of lack of capacity to sue. Instead, it upheld Ms. Bautista's authority to represent respondent notwithstanding the absence of a board resolution to that effect, since her authority was implied from her power as a general manager/treasurer of the company.[21]

Aggrieved, petitioners elevated the matter to the Court of Appeals in a petition for review on *certiorari*.[22] On March 18, 1998, petitioners filed an Omnibus Motion[23] to cite Ms. Bautista for contempt; to strike down the MeTC and RTC Decisions as legal nullities; and to conduct hearings and ocular inspections or delegate the reception of evidence. Without resolving the aforesaid motion, on May 26, 1998, the CA affirmed[24] the RTC Decision but deleted the award of attorney's fees.[25]

Petitioners moved for the reconsideration of the aforesaid decision.[26] Thereafter, they filed several motions asking the

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[20] *Rollo*, pp. 302-303.

[21] Record, p. 367.

[22] The petitioners adopted a wrong mode of appeal. Notwithstanding the procedural defect, the CA still took cognizance of the case and decided the same on the merits; CA *rollo*, pp. 1-42.

[23] *Rollo*, pp. 346-376.

[24] The *fallo* reads:

WHEREFORE, the **appealed decision** is hereby **AFFIRMED** with the **modification** that the **award of attorney's fees** is **deleted**.

SO ORDERED (*Rollo*, pp. 61-62).

[25] *Supra* note 1.

[26] *Rollo*, pp. 73-116

Supreme Court E-Library

Honorable Justice Ruben T. Reyes to inhibit from further proceeding with the case allegedly because of his close association with Ms. Bautista's uncle-in-law.[27]

In a Resolution[28] dated December 10, 1998, the CA denied the motions for lack of merit. The appellate court considered said motions as repetitive of their previous arguments, irrelevant and obviously dilatory.[29] As to the motion for inhibition of the Honorable Justice Reyes, the same was denied, as the appellate court justice stressed that the decision and the resolution were not affected by extraneous matters.[30] Lastly, the appellate court granted respondent's motion for execution and directed the RTC to issue a new writ of execution of its decision, with the exception of the award of attorney's fees which the CA deleted.[31]

Petitioners now come before this Court in this petition for review on *certiorari* raising the following issues:

I.

Whether this ejectment suit should be dismissed and whether petitioners are entitled to damages for the unauthorized and malicious filing by Rosario (sic) Bautista of this ejectment case, it being clear that [Roswinda] – whether as general manager or by virtue of her subsequent designation by the Board of Directors as the corporation's attorney-in-fact – had **no legal capacity to institute the ejectment suit**, independently

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[27] *Id.* at 377-386.

[28] *Id.* at 63-72. The *fallo* reads:

ACCORDINGLY, petitioners' motion for reconsideration, omnibus motions, motion to inhibit, motion for contempt and related motions are hereby DENIED for utter lack of merit.

Private respondents' motion for execution is GRANTED. In the interest of justice, the Regional Trial Court, Branch I, Manila is directed to issue a new writ of execution of its judgment which we affirmed, except as to attorney's fees which we deleted. For this purpose, the original records elevated to Us are ordered remanded to the RTC.

SO ORDERED.

[29] *Rollo,* p. 71.

[30] *Id.* at 70-71.

[31] *Id.* at 72.

Supreme Court E-Library

of whether Director Pacana's Order setting aside the SEC revocation Order is a mere scrap of paper.

II.

Whether the RTC's and the Honorable Court of Appeals' failure and refusal to resolve the most fundamental factual issues in the instant ejectment case render said decisions **void on their face by reason of the complete abdication** by the RTC and the Honorable Justice Ruben Reyes of their **constitutional duty not only to** clearly and distinctly state the facts and the law on which a decision is based **but also to** resolve the decisive factual issues in any given case.

III.

Whether the (1) failure and refusal of Honorable Justice Ruben Reyes to inhibit himself, despite his admission – by reason of his silence – of petitioners' accusation that the said Justice enjoyed a $7,000.00 scholarship grant courtesy of the uncle-in-law of respondent "corporation's" purported general manager and (2) worse, his act of ruling against the petitioners and in favor of the respondent "corporation" constitute an unconstitutional deprivation of petitioners' property without due process of law.[32]

In addition to Ms. Bautista's lack of capacity to sue, petitioners insist that respondent company has no standing to sue as a juridical person in view of the suspension and eventual revocation of its certificate of registration.[33] They likewise question the factual findings of the court on the bases of their ejectment from the subject premises. Specifically, they fault the appellate court for not finding that: 1) their non-payment of rentals was justified; 2) they were deprived of possession of all the units subject of the lease contract except Room 35; and 3) respondent violated the terms of the contract by its continued refusal to turn over possession of Rooms 36, 37 and 38. Petitioners further prayed that a Temporary Restraining Order (TRO) be issued enjoining the CA from enforcing its Resolution directing the issuance of a Writ of Execution. Thus, in a Resolution[34] dated

[32] *Id.* at 19-20.

[33] *Id.* at 978.

[34] *Id.* at 520-521.

January 18, 1999, this Court directed the parties to maintain the *status quo* effective immediately until further orders.

The petition lacks merit.

We uphold the capacity of respondent company to institute the ejectment case. Although the Securities and Exchange Commission (SEC) suspended and eventually revoked respondent's certificate of registration on February 16, 1995, records show that it instituted the action for ejectment on December 15, 1993. Accordingly, when the case was commenced, its registration was not yet revoked.[35] Besides, as correctly held by the appellate court, the SEC later set aside its earlier orders of suspension and revocation of respondent's certificate, rendering the issue moot and academic.[36]

We likewise affirm Ms. Bautista's capacity to sue on behalf of the company despite lack of proof of authority to so represent it. A corporation has no powers except those expressly conferred on it by the Corporation Code and those that are implied from or are incidental to its existence. In turn, a corporation exercises said powers through its board of directors and/or its duly authorized officers and agents. Physical acts, like the signing of documents, can be performed only by natural persons duly authorized for the purpose by corporate by-laws or by a specific act of the board of directors.[37] Thus, any person suing on behalf of the corporation should present proof of such authority. Although Ms. Bautista initially failed to show that she had the capacity to sign the verification and institute the ejectment case on behalf of the company, when confronted with such question, she immediately presented the Secretary's Certificate[38] confirming her authority to represent the company.

There is ample jurisprudence holding that subsequent and substantial compliance may call for the relaxation of the rules

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[35] *Id.* at 1358.

[36] *Id.* at 69.

[37] *BA Savings Bank v. Sia*, 391 Phil. 370, 377 (2000).

[38] Records, p. 100.

Supreme Court E-Library

of procedure in the interest of justice.[39] In *Novelty Phils., Inc. v. Court of Appeals*,[40] the Court faulted the appellate court for dismissing a petition solely on petitioner's failure to timely submit proof of authority to sue on behalf of the corporation. In *Pfizer, Inc. v. Galan*,[41] we upheld the sufficiency of a petition verified by an employment specialist despite the total absence of a board resolution authorizing her to act for and on behalf of the corporation. Lastly, in *China Banking Corporation v. Mondragon International Philippines, Inc*,[42] we relaxed the rules of procedure because the corporation ratified the manager's status as an authorized signatory. In all of the above cases, we brushed aside technicalities in the interest of justice. This is not to say that we disregard the requirement of prior authority to act in the name of a corporation. The relaxation of the rules applies only to highly meritorious cases, and when there is substantial compliance. While it is true that rules of procedure are intended to promote rather than frustrate the ends of justice, and while the swift unclogging of court dockets is a laudable objective, we should not insist on strict adherence to the rules at the expense of substantial justice.[43] Technical and procedural rules are intended to help secure, not suppress, the cause of justice; and a deviation from the rigid enforcement of the rules may be allowed to attain that prime objective, for, after all, the dispensation of justice is the core reason for the existence of courts.[44]

As to the denial of the motion to inhibit Justice Reyes, we find the same to be in order. *First,* the motion to inhibit came

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[39] *Wack Wack Golf and Country Club v. National Labor Relations Commission*, G.R. No. 149793, April 15, 2005, 456 SCRA 280, 294.

[40] 458 Phil. 36 (2003).

[41] 410 Phil. 483 (2001).

[42] G.R. No. 164798, November 17, 2005, 475 SCRA 332.

[43] *Wack Wack Golf and Country Club v. National Labor Relations Commission*, *supra* note 39, at 294.

[44] *General Milling Corp. v. National Labor Relations Commission*, 442 Phil. 425, 428 (2002).

Supreme Court E-Library

after the appellate court rendered the assailed decision, that is, after Justice Reyes had already rendered his opinion on the merits of the case. It is settled that a motion to inhibit shall be denied if filed after a member of the court had already given an opinion on the merits of the case, the rationale being that "a litigant cannot be permitted to speculate on the action of the court x x x (only to) raise an objection of this sort after the decision has been rendered."[45] *Second,* it is settled that mere suspicion that a judge is partial to one of the parties is not enough; there should be evidence to substantiate the suspicion. Bias and prejudice cannot be presumed, especially when weighed against a judge's sacred pledge under his oath of office to administer justice without regard for any person and to do right equally to the poor and the rich. There must be a showing of bias and prejudice stemming from an extrajudicial source, resulting in an opinion on the merits based on something other than what the judge learned from his participation in the case.[46] We would like to reiterate, at this point, the policy of the Court not to tolerate acts of litigants who, for just about any conceivable reason, seek to disqualify a judge (or justice) for their own purpose, under a plea of bias, hostility, prejudice or prejudgment.[47]

We now come to the more substantive issue of whether or not the petitioners may be validly ejected from the leased premises.

Unlawful detainer cases are summary in nature. In such cases, the elements to be proved and resolved are the fact of lease and the expiration or violation of its terms.[48] Specifically, the essential requisites of unlawful detainer are: 1) the fact of lease by virtue

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[45] *Chavez v. Public Estates Authority*, 451 Phil. 1, 41 (2003); *Limpin, Jr. v. Intermediate Appellate Court*, G.R. No. 70987, May 5, 1988, 161 SCRA 83, 97-98.

[46] *Soriano v. Judge Angeles*, 393 Phil. 769, 779 (2000); *People v. Court of Appeals*, 369 Phil. 150, 157 (1999).

[47] *People v. Serrano*, G.R. No. 44712, October 28, 1991, 203 SCRA 171, 186.

[48] *Ocampo v. Tirona*, G.R. No. 147812, April 6, 2005, 455 SCRA 62, 72; *Manuel v. Court of Appeals*, G.R. No. 95469, July 25, 1991, 199 SCRA 603, 608.

Supreme Court E-Library

of a contract, express or implied; 2) the expiration or termination of the possessor's right to hold possession; 3) withholding by the lessee of possession of the land or building after the expiration or termination of the right to possess; 4) letter of demand upon lessee to pay the rental or comply with the terms of the lease and vacate the premises; and 5) the filing of the action within one year from the date of the last demand received by the defendant.[49]

It is undisputed that petitioners and respondent entered into two separate contracts of lease involving nine (9) rooms of the San Luis Building. Records, likewise, show that respondent repeatedly demanded that petitioners vacate the premises, but the latter refused to heed the demand; thus, they remained in possession of the premises. The only contentious issue is whether there was indeed a violation of the terms of the contract: on the part of petitioners, whether they failed to pay the stipulated rent without justifiable cause; while on the part of respondent, whether it prevented petitioners from occupying the leased premises except Room 35.

This issue involves questions of fact, the resolution of which requires the evaluation of the evidence presented. The MeTC, the RTC and the CA all found that petitioners failed to perform their obligation to pay the stipulated rent. It is settled doctrine that in a civil case, the conclusions of fact of the trial court, especially when affirmed by the Court of Appeals, are final and conclusive, and cannot be reviewed on appeal by the Supreme Court.[50] Albeit the rule admits of exceptions, not one of them obtains in this case.[51]

To settle this issue once and for all, we deem it proper to assess the array of factual findings supporting the court's conclusion.

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[49] *Dela Cruz v. Court of Appeals*, G.R. No. 139442, December 6, 2006, 510 SCRA 103, 115-116.

[50] *Vda. de Gualberto v. Go*, G.R. No. 139843, July 21, 2005, 463 SCRA 671, 682; *Ocampo v. Ocampo*, G.R. No. 150707, April 14, 2004, 427 SCRA 545, 563; *Alvarez v. Court of Appeals*, 455 Phil. 864, 875 (2003).

[51] *Vda. De Gualberto v. Go, supra*, at 682.

Supreme Court E-Library

The evidence of petitioners' non-payment of the stipulated rent is overwhelming. Petitioners, however, claim that such non-payment is justified by the following: 1) the refusal of respondent to allow petitioners to use the leased properties, except room 35; 2) respondent's refusal to turn over Rooms 36, 37 and 38; and 3) respondent's refusal to accept payment tendered by petitioners.

Petitioners' justifications are belied by the evidence on record. As correctly held by the CA, petitioners' communications to respondent prior to the filing of the complaint never mentioned their alleged inability to use the rooms.[52] What they pointed out in their letters is that they did not know to whom payment should be made, whether to Ms. Bautista or to Pacheco.[53] In their July 26 and October 30, 1993 letters, petitioners only questioned the method of computing their electric billings without, however, raising a complaint about their failure to use the rooms.[54] Although petitioners stated in their December 30, 1993 letter that respondent failed to fulfill its part of the contract,[55] nowhere did they specifically refer to their inability to use the leased rooms. Besides, at that time, they were already in default on their rentals for more than a year.

If it were true that they were allowed to use only one of the nine (9) rooms subject of the contract of lease, and considering that the rooms were intended for a business purpose, we cannot understand why they did not specifically assert their right. If we believe petitioners' contention that they had been prevented from using the rooms for more than a year before the complaint for ejectment was filed, they should have demanded specific performance from the lessor and commenced an action in court. With the execution of the contract, petitioners were already in

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[52] *Rollo*, p. 54.

[53] *Id.* at 1051.

[54] *Id.* at 1053-1056.

[55] *Id.* at 1058.

Supreme Court E-Library

a position to exercise their right to the use and enjoyment of the property according to the terms of the lease contract.[56] As borne out by the records, the fact is that respondent turned over to petitioners the keys to the leased premises and petitioners, in fact, renovated the rooms. Thus, they were placed in possession of the premises and they had the right to the use and enjoyment of the same. They, likewise, had the right to resist any act of intrusion into their peaceful possession of the property, even as against the lessor itself. Yet, they did not lift a finger to protect their right if, indeed, there was a violation of the contract by the lessor.

What was, instead, clearly established by the evidence was petitioners' non-payment of rentals because ostensibly they did not know to whom payment should be made. However, this did not justify their failure to pay, because if such were the case, they were not without any remedy. They should have availed of the provisions of the Civil Code of the Philippines on the consignation of payment and of the Rules of Court on interpleader.

Article 1256 of the Civil Code provides:

> Article 1256. If the creditor to whom tender of payment has been made refuses without just cause to accept it, the debtor shall be released from responsibility by the consignation of the thing or sum due.
>
> Consignation alone shall produce the same effect in the following cases:
>
> x x x x x x x x x
>
> (4) When two or more persons claim the same right to collect;
>
> x x x x x x x x x.

Consignation shall be made by depositing the things due at the disposal of a judicial authority, before whom the tender of payment

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[56] *Aguilar v. Court of Appeals,* 390 Phil. 621, 641 (2000).

Supreme Court E-Library

shall be proved in a proper case, and the announcement of the consignation in other cases.[57]

In the instant case, consignation alone would have produced the effect of payment of the rentals. The rationale for consignation is to avoid the performance of an obligation becoming more onerous to the debtor by reason of causes not imputable to him.[58] Petitioners claim that they made a written tender of payment and actually prepared vouchers for their monthly rentals. But that was insufficient to constitute a valid tender of payment. Even assuming that it was valid tender, still, it would not constitute payment for want of consignation of the amount. Well-settled is the rule that tender of payment must be accompanied by consignation in order that the effects of payment may be produced.[59]

Moreover, Section 1, Rule 62 of the Rules of Court provides:

> Section 1. *When interpleader proper*. – Whenever conflicting claims upon the same subject matter are or may be made against a person who claims no interest whatever in the subject matter, or an interest which in whole or in part is not disputed by the claimants, he may bring an action against the conflicting claimants to compel them to interplead and litigate their several claims among themselves.

Otherwise stated, an action for interpleader is proper when the lessee does not know to whom payment of rentals should be made due to conflicting claims on the property (or on the right to collect).[60] The remedy is afforded not to protect a person against double liability but to protect him against double vexation in respect of one liability.[61]

Notably, instead of availing of the above remedies, petitioners opted to refrain from making payments.

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[57] Civil Code, Art. 1258.

[58] *Eternal Gardens Memorial Park Corp. v. Court of Appeals*, 347 Phil. 232, 264 (1997).

[59] *State Investment House, Inc. v. Court of Appeals*, G.R. No. 90676, June 19, 1991, 198 SCRA 390, 399.

[60] *Ocampo v. Tirona*, *supra* note 48, at 76.

[61] *Id*.

Supreme Court E-Library

Neither can petitioners validly invoke the non-delivery of Rooms 36, 37 and 38 as a justification for non-payment of rentals. Although the two contracts embraced the lease of nine (9) rooms, the terms of the contracts – with their particular reference to specific rooms and the monthly rental for each – easily raise the inference that the parties intended the lease of each room separate from that of the others. There is nothing in the contract which would lead to the conclusion that the lease of one or more rooms was to be made dependent upon the lease of all the nine (9) rooms. Accordingly, the use of each room by the lessee gave rise to the corresponding obligation to pay the monthly rental for the same. Notably, respondent demanded payment of rentals only for the rooms actually delivered to, and used by, petitioners.

It may also be mentioned that the contract specifically provides that the lease of Rooms 36, 37 and 38 was to take effect only when the tenants thereof would vacate the premises. Absent a clear showing that the previous tenants had vacated the premises, respondent had no obligation to deliver possession of the subject rooms to petitioners. Thus, petitioners cannot use the non-delivery of Rooms 36, 37 and 38 as an excuse for their failure to pay the rentals due on the other rooms they occupied.

In light of the foregoing disquisition, respondent has every right to exercise his right to eject the erring lessees. The parties' contracts of lease contain identical provisions, to wit:

> In case of default by the LESSEE in the payment of rental on the fifth (5th) day of each month, the amount owing shall as penalty bear interest at the rate of FOUR percent (4%) per month, to be paid, without prejudice to the right of the LESSOR to terminate his contract, enter the premises, and/or eject the LESSEE as hereinafter set forth;[62]

Moreover, Article 1673[63] of the Civil Code gives the lessor the right to judicially eject the lessees in case of non-payment

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[62] *Rollo*, pp. 1036 and 1044.

[63] The lessor may judicially eject the lessee for any of the following causes:

(1) When the period agreed upon, or that which is fixed for the duration of leases under Articles 1682 and 1687, has expired;

Supreme Court E-Library

of the monthly rentals. A contract of lease is a consensual, bilateral, onerous and commutative contract by which the owner temporarily grants the use of his property to another, who undertakes to pay the rent therefor.[64] For failure to pay the rent, petitioners have no right to remain in the leased premises.

WHEREFORE, premises considered, the petition is *DENIED* and the *Status Quo* Order dated January 18, 1999 is hereby *LIFTED*. The Decision of the Court of Appeals dated May 26, 1998 and its Resolution dated December 10, 1998 in CA-G.R. SP No. 37739 are *AFFIRMED*.

SO ORDERED.

Ynares-Santiago (Chairperson), Quisumbing, Austria-Martinez,* and *Chico-Nazario, JJ.,* concur.

EN BANC

[G.R. No. 145184. March 14, 2008]

PRESIDENTIAL *AD HOC* FACT-FINDING COMMITTEE ON BEHEST LOANS, represented by PRESIDENTIAL COMMISSION ON GOOD GOVERNMENT through ATTY. ORLANDO L. SALVADOR, *petitioner, vs.* **HON. ANIANO A.**

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(2) Lack of payment of the price stipulated;

(3) Violation of any of the conditions agreed upon in the contract;

(4) When the lessee devotes the thing leased to any use or service not stipulated which causes the deterioration thereof; or if he does not observe the requirement in No. 2 of Article 1657, as regards the use thereof.

The ejectment of tenants of agricultural lands is governed by special laws.

[64] *Aguilar v. Court of Appeals, supra* note 56, at 640.

* Additional member in lieu of Justice Reyes, who took no part.