

THIRD DIVISION

[G.R. No. 143263, January 29, 2004]

**TALA REALTY SERVICES CORPORATION, PETITIONER, VS.
BANCO FILIPINO SAVINGS AND MORTGAGE BANK,
RESPONDENT.**

D E C I S I O N

SANDOVAL-GUTIERREZ, J.:

At bar is a petition for review on certiorari challenging the Decision^[1] dated July 23, 1999 of the Court of Appeals and its Resolution^[2] dated May 16, 2000 in CA-G.R. SP No. 47943 which affirmed the Decision^[3] of the Regional Trial Court (RTC), Branch 272, Marikina City in SCA Case No. 95-56-Mk, entitled "*Tala Realty Services Corporation vs. Banco Filipino Savings and Mortgage Bank.*"

Sometime in 1979, Banco Filipino Savings and Mortgage Bank (Banco Filipino), respondent, had to unload some of its branch sites since it has reached its allowable limit under Section 25(a) and 34 of Republic Act 337, as amended, otherwise known as the General Banking Act. Under this law, a bank may purchase, hold and convey real estate as necessary for its accommodation in the transaction of its business, provided, that **the total investment in such real estate and improvements thereof, including bank equipment, shall not exceed 50% of its net worth.**

Thus, the major stockholders of Banco Filipino formed a corporation known as TALA Realty Services Corporation, herein petitioner. TALA stands for the names of Banco Filipino's four major stockholders, namely, Antonio Tiu, Tomas Aguirre, Nancy Lim and Pedro Aguirre. TALA then would purchase the existing bank sites of Banco Filipino and lease them back to the latter.

On August 25, 1981, respondent bank executed in favor of petitioner TALA eleven (11) deeds of sale transferring to the latter its branch sites in (1) Urdaneta, Pangasinan, (2) Malabon, (3) Plaza Cervantes, (4) Davao, (5) Iloilo, (6) La Union, (7) Cabanatuan, (8) Lucena, (9) Plaza Sta. Cruz, (10) Malolos, Bulacan, and (11) Marikina City, the subject of the instant suit. In turn, petitioner leased these branch sites to respondent through separate contracts of lease for a period of twenty (20) years, renewable for another twenty (20) years, at the option of respondent, with a monthly rental of P12,000.00. Each contract requires respondent bank to pay petitioner P602,500.00 as advance rentals.

On the same day, another lease contract was executed by the parties covering each branch site providing for a period of eleven (11) years, renewable for another nine (9) years at the option of respondent. This time, respondent bank was required to pay P602,500.00 as security deposit for its faithful performance of the terms and conditions of the contract.

In 1985, the Central Bank ordered the closure of respondent bank. After a long legal battle, this Court declared the closure illegal and ordered the reopening of the bank.

In August 1992, petitioner wrote respondent informing it of the expiration of the 11-year lease contract. Thereupon, they started to negotiate for its renewal, but they failed to reach an agreement. Thus, on April 14, 1994, petitioner notified respondent that the lease shall no longer be renewed and demanded that it vacate the premises and pay the rents in arrears amounting to P2,057,600.00. Respondent did not heed such demand, prompting petitioner to file with the Metropolitan Trial Court (MeTC), Branch 75, Marikina City, Civil Case No. 94-5786 for illegal detainer.

On January 24, 1995, the MeTC rendered judgment holding that the complaint for illegal detainer is premature since the 20-year lease contract has not yet expired. Thus, it dismissed the complaint without prejudice to its filing at the right time.^[4]

Both parties appealed. On December 12, 1995, the RTC rendered a Decision reversing the MeTC judgment and ordering the remand of the entire records to said court for further proceedings. The RTC held that there exists a proper case for illegal detainer based primarily on non-payment of rent.^[5]

Respondent elevated the matter to the Court of Appeals via a petition for review, docketed as CA-G.R. SP No. 41114. In a Decision dated July 16, 1997, the Court of Appeals reversed the Decision of the RTC and directed it to resolve the case based on the records.^[6]

On February 5, 1998, the RTC rendered its Decision^[7] dismissing petitioner's complaint, the dispositive portion of which reads:

"WHEREFORE, foregoing premises considered, the decision of the court *a quo* is hereby set aside and a new judgment is hereby rendered in favor of the defendant Banco Filipino Savings and Mortgage Bank and against the plaintiff TALA Realty Services Corporation dismissing the complaint for ejectment for lack of merit on the grounds aforecited thereof.

"Costs against the plaintiff TALA Realty Services Corporation.

"SO ORDERED."

On appeal *via* a petition for review, the Court of Appeals, on July 23, 1999, promulgated the challenged Decision dismissing the petition and upholding the 20-year lease contract between the parties. The Appellate Court held:

"All told, this Court rules and so holds that the Demaisip (20 year contract) contract is the real and authentic contract that should govern the relation of the parties and embody all the terms and conditions of the lease of the property in question. As such, their respective rights and obligations ought to be sourced therefrom. Hence, the allegation of non-payment of rent, goodwill money and deposit as a ground for ejectment, does not hold water in this case. The Demaisip contract merely provides for a P12,000.00 monthly rental and advance rental but not for payment of an adjusted rate, goodwill money and deposit. Those not being one of the terms and conditions included in the governing contract naturally

cannot be exacted from the lessee. Violation of any terms not specifically agreed upon by all the parties does not bind them, therefore, violation thereof also does not give rise to a cause of action.”

Petitioner filed a motion for reconsideration but was denied.

Hence, this petition raising the following assignments of error:

“I. THE HONORABLE COURT OF APPEALS GRIEVOUSLY ERRED IN NOT APPLYING THE PRINCIPLE OF THE LAW OF THE CASE IN THE CASE AT BENCH.

II. THE HONORABLE COURT OF APPEALS GRIEVOUSLY ERRED IN FINDING AS *OBITER DICTUM* THE RULING IN CA-G.R. SP NO. 41114 THAT IT IS THE ELEVEN (11) YEAR LEASE CONTRACT WHICH GOVERNS THE CONTRACTUAL RELATIONS OF THE PARTIES.

III. WITH DUE RESPECT, THE HONORABLE COURT OF APPEALS MISAPPRECIATED AND MISAPPREHENDED THE FACTS OF THE INSTANT CASE IN FINDING THAT IT IS THE TWENTY (20) YEAR LEASE CONTRACT WHICH GOVERNS THE CONTRACTUAL RELATIONS OF THE PARTIES.

IV. GRANTING THAT IT IS THE TWENTY YEAR LEASE CONTRACT THAT GOVERNS THE CONTRACTUAL RELATIONS OF THE PARTIES, THE HONORABLE COURT OF APPEALS ERRED IN NOT APPLYING THE RULING IN THE DECISION AND RESOLUTION IN CA-G.R. SP NO. 39104 DATED 30 AUGUST 1996 AND 17 DECEMBER 1996, RESPECTIVELY, WHICH DECISION AND RESOLUTION WAS AFFIRMED BY THIS HONORABLE COURT IN G.R. NO. 128565 WHEREBY THE NON-PAYMENT OF STIPULATED RENTALS BY RESPONDENT FROM APRIL 1994 WAS FOUND AND SO FOR SAID NON-PAYMENT, IT SHOULD BE EJECTED FROM THE LEASED PREMISES.”^[8]

Petitioner maintains that the Court of Appeals erred in holding that the lease contract between the parties is for a period of twenty (20) years. Even granting that the lease is for twenty (20) years, still respondent should have been ejected from the premises for non-payment of rent, following our ruling in G.R. No. 128565^[9] that respondent’s failure to pay the monthly rental constitutes sufficient basis for its ejection.

This is not the first time that we have passed upon the same controversy between the same parties. In G.R. No. 129887 (involving the Urdaneta property),^[10] we ruled that the twenty-year contract is the real and genuine contract between the parties. Applying the principle of *stare decisis*, this Court, in G.R. No. 137980 (Davao property),^[11] G.R. No. 132051 (Iloilo property),^[12] G.R. No. 147997 (Lucena property)^[13] and G.R. No. 137533 (Bulacan property),^[14] consistently upheld the 20-year lease contract and dismissed petitioner’s complaint for illegal detainer by reason of prematurity.

However, with respect to the issue of whether respondent may be ejected from the leased premises for non-payment of rent, our rulings vary. In G.R. Nos. 129887 and 147977, we held that under the contract of lease for twenty (20) years, respondent