

SECOND DIVISION

[G.R. No. 117423, January 24, 1996]

**LEGAR MANAGEMENT & REALTY CORPORATION, PETITIONER,
VS. COURT OF APPEALS, HON. JUAN O. ENRIQUEZ, JR., FELIPE
PASCUAL, AND DIONISIO ANCHETA, RESPONDENTS.**

D E C I S I O N

PUNO, J.:

This is an appeal from the Decision, dated July 6, 1994, of the Court of Appeals^[1], affirming the reversal by the Regional Trial Court of Quezon City, Branch 92, of the Decision^[2] of the Metropolitan Trial Court of Quezon City, Branch 31, the dispositive portion of which reads, as follows:

"In view of the foregoing, this Court finds the plaintiff's (herein petitioner's) claim to have been duly established against defendants (herein private respondents) Felipe Pascual and Dionisio Ancheta, and therefore renders judgment against (them), ordering said defendants (private respondents), as follows:

1. Ordering the defendants (private respondents) and all persons claiming rights under them to vacate the premises at No. 318-T E. Rodriguez, Sr. Blvd., Quezon City and surrender possession thereof to plaintiff (petitioner);
2. Ordering the defendants (private respondents) to pay the sum of TWO THOUSAND PESOS (P2,000.00) as and for, attorney's fees; and
3. Ordering the defendants (private respondents) to pay the costs of suit.

"SO ORDERED."^[3]

The facts are undisputed.

Spouses Augusto and Celia Legasto owned an apartment building located along E. Rodriguez, Sr. Boulevard in Quezon City. They entered into a written contract of lease with no definite period with private respondents Pascual and Ancheta, covering unit 318-T of the building. Sometime in 1987, the Legasto spouses and their children organized petitioner Legar Management & Realty Corporation, and transferred and assigned thereto all their rights, interests, and privileges over certain properties, including the subject apartment building.

Thereafter, petitioner allowed private respondents to continue occupying their apartment unit by virtue of a verbal contract of lease which was renewable on a month-to-month basis. Pursuant to their verbal lease agreement, private respondents were to pay petitioner a monthly rental of One Thousand Five Hundred Forty-Five Pesos (P1,545.00).

On April 21, 1992, petitioner wrote private respondent Pascual a formal notice of termination, requesting him to vacate unit 318-T by the end of May, 1992. A similar formal notice was sent to private respondent Ancheta on June 4, 1992, demanding vacation of the same unit by the end of June, 1992. Both refused to heed petitioner's demand and did not vacate the subject premises.

Petitioner instituted an ejectment case against private respondents with the Metropolitan Trial Court of Quezon City. The case was docketed as Civil Case No. 6011, and raffled to Branch 31 of the court.^[4]

At the end of trial, the MTC found for petitioner and held that the verbal lease contract between the parties, being on a month-to-month basis, is for a definite period, and may be terminated at the end of any month. On appeal, the Regional Trial Court of Quezon City, Branch 92,^[5] reversed the MTC Decision, holding that "the mere expiration of the month-to-month lease period in accordance with Article 1687 of the New Civil Code does not automatically give rise to an ejectment in cases governed by the Rent Control Law, in view of Section 6 of Batas Pambansa Blg. 877, as amended. There is need for existence of other grounds enumerated under Section 5 of B.P. Blg. 877, as amended, in order to eject a lessee."

The RTC Decision was upheld by the Court of Appeals which ruled, *inter alia*, that:

"As held in *Rivera vs. Florendo xxx*, reiterated in *Miranda vs. Ortiz xxx*, independently of the grounds for ejectment enumerated in Batas Pambansa Blg. 25 (now Batas Pambansa Blg. 877, extended by Republic Act Nos. 6643 and 6828), the owner/lessor cannot eject the tenant by reason of the expiration of the period of lease as fixed or determined under Article 1687 of the Civil Code. Even if in the instant case the month-to-month period is deemed to have expired at the end of the month after notice of demand to vacate xxx, (private) respondents' eviction cannot be allowed without regard to the grounds for ejectment enumerated in Section 5 of Batas Pambansa Blg. 877."^[6] (Citation omitted.)

Petitioner now impugns the Decision of the Court of Appeals as against existing law and jurisprudence.

The petition is meritorious.

The issue is whether the lessee of a residential property covered by the Rent Control Law can be ejected on the basis alone of the expiration of the verbal lease contract under which rentals are paid monthly. We resolved this issue in the affirmative- in the case of *Acab vs. Court of Appeals*, G.R. No. 112285, February 21, 1995, 241