

## **ELEVENTH DIVISION**

**[ CA-G.R. SP No. 125658, April 22, 2014 ]**

**FREDERICK CHAN BONA, PETITIONER, VS. ST. VINCENT  
DEVELOPMENT CORPORATION, RESPONDENT.**

### **D E C I S I O N**

**ANTONIO-VALENZUELA, J.:**

Frederick Chan Bona ("petitioner lessee Bona") files this Petition for Review<sup>[1]</sup> under Rule 42 of the Rules of Court, questioning the Decision dated 10 August 2011<sup>[2]</sup> ("assailed Decision"), and the Order dated 04 May 2012<sup>[3]</sup> ("assailed Order"), of the Regional Trial Court, Branch 222, Quezon City ("RTC"), which affirmed the Decision<sup>[4]</sup> dated 28 January 2009 ("MeTC Decision") of the Metropolitan Trial Court, Branch 33, Quezon City ("MeTC"), ruling in favor of St. Vincent Development Corporation ("respondent lessor Corporation"), and ordering the ejectment of petitioner lessee Bona on the ground that the month-to-month Contract of Lease had expired.<sup>[5]</sup>

### **THE FACTS**

On 18 November 2005, respondent lessor Corporation filed the Complaint<sup>[6]</sup> for ejectment against petitioner lessee Bona before the MeTC. The Complaint alleged: respondent lessor Corporation was the owner of the premises located in No. 131-A Kanlaon St., Quezon City ("subject property"); on 15 May 2001, respondent lessor Corporation and petitioner lessee Bona, executed the Contract of Lease, where respondent lessor Corporation agreed to lease the subject property to petitioner lessee Bona on a month to month basis, for Php16,000.00 per month; on 27 September 2005, respondent lessor Corporation made a written demand on petitioner lessee Bona to vacate the subject property by 15 October 2005 on the ground of expiration of the term of the Contract of Lease, and to pay Php32,000.00 as back rentals; as of 11 November 2005, petitioner lessee Bona had not paid rent in the total amount of Php48,500.00; due to petitioner lessee Bona's refusal to vacate the subject property despite expiration of the lease, and refusal to pay unpaid rent, respondent lessor Corporation was constrained to hire the services of a lawyer to protect and enforce its interests.

The Complaint prayed that the MeTC order petitioner lessee Bona: 1) to vacate the subject property because the Contract of Lease had expired; 2) to pay Php48,500.00, representing unpaid rent as of 15 October 2005; 3) to pay the amount Php20,000.00 per month, from November 2005, up to the time petitioner lessee Bona vacates the subject property, as reasonable compensation for the use and occupation of the subject property; 4) to pay the amount Php25,000.00, as attorney's fees, and Php2,000.00 for every court appearance of petitioner lessee Bona's legal counsel; and 5) to pay the cost of suit.

Petitioner lessee Bona filed the verified Answer,<sup>[7]</sup> and averred: petitioner lessee Bona had been leasing the subject property from respondent lessor Corporation since the 1990s; in 2005, due to the worsening economic condition of the country, petitioner lessee Bona asked respondent lessor Corporation for a discount in the rental rate (*i.e.*: 1) the rental rate of Php16,000.00 per month would be maintained for the entire period of the new lease agreement; 2) the term of the new lease agreement would be for the period of five years, to commence in August 2005, and ending in July 2010, which would be renewable, upon mutual agreement of both parties; 3) the mode of payment for the rent would be on an annual basis, payable not later than the last day of the year, and would be subject to a discount of fifteen percent (15%) if paid at the beginning of the year); the Contract of Lease attached to the Complaint, reflecting a month to month term of lease, had already been renewed pursuant to the compromise agreement of the parties; the rent for the period 2005 to July 2006 was not yet due; respondent lessor Corporation never made any written demand to petitioner lessee Bona to vacate the subject property, nor was there a demand to pay the back rentals.

By way of counterclaim, petitioner lessee Bona averred: petitioner lessee Bona was constrained to secure the services of a lawyer, and suffered sleepless nights, serious anxiety and besmirched reputation because of respondent lessor Corporation's baseless and umeritorious Complaint.

The Answer prayed that the MeTC dismiss the Complaint, and that the MeTC issue an order directing respondent lessor Corporation to pay petitioner lessee Bona: 1) Php200,000.00, as moral damages; 2) Php200,000.00, as exemplary damages; 3) Php50,000.00, as attorney's fees; 4) Php3,000.00 per appearance of petitioner lessee Bona's legal counsel; and 5) the cost of suit.

The MeTC conducted preliminary conference. Thereafter, petitioner lessee Bona and respondent lessor Corporation submitted their respective Position Papers.<sup>[8]</sup>

On 28 January 2009, the MeTC issued the Decision, which ruled in favor of respondent lessor Corporation.<sup>[9]</sup> The dispositive portion of the MeTC Decision reads:

**WHEREFORE**, as warranted by the facts above set forth and applying the afore-stated laws and jurisprudence, this Court hereby renders Judgment, as follows:

1. Ordering Defendant **FREDERICK CHAN BONA** and all persons claiming rights under him to vacate the subject premises particularly situated at No. 131-A Kanlaon Street, Quezon City and completely surrender possession thereof to the plaintiff;
2. Ordering defendant **FREDERICK CHAN BONA** to pay plaintiff reasonable rent for his continued use and occupation of the subject premises in the amount of **SIXTEEN THOUSAND PESOS** (Php16,000.00) per month computed from October 16, 2005 until the premises shall be fully vacated;
3. Ordering defendant **FREDERICK CHAN BONA** to pay the cost of suit.

SO ORDERED.

On 19 February 2009, petitioner lessee Bona appealed to the RTC.<sup>[10]</sup> Both parties submitted their respective memoranda before the RTC.<sup>[11]</sup>

On 10 August 2011, the RTC issued the assailed Decision, affirming *in toto* the MeTC Decision.<sup>[12]</sup>

Dissatisfied with the RTC's Decision, petitioner lessee Bona filed the Motion for Reconsideration,<sup>[13]</sup> and reiterated that respondent lessor Corporation did not make a demand to vacate the subject property, and thus the action for unlawful detainer was premature.

In its Comment,<sup>[14]</sup> respondent lessor Corporation argued that petitioner lessee Bona's Motion for Reconsideration should be dismissed since it was a pro-forma motion, the petitioner lessee Bona having merely rehashed and reiterated his previous arguments.

On 04 May 2012, the RTC issued the assailed Order, which denied petitioner lessee Bona's Motion for Reconsideration, and affirmed *in toto* the assailed Decision.<sup>[15]</sup>

Aggrieved, petitioner lessee Bona files this Petition for Review, and makes the following assignment of errors:

#### **ERRORS/ISSUES**

- I. The Regional Trial Court erred in affirming the Decision of the Metropolitan Trial Court in finding that there was no renewed lease contract between the parties;**
- II. The Honorable Regional Trial Court erred in stating that the action for unlawful detainer is based on the expiration of the lease contract;**
- III. The Honorable Regional Trial Court erred in finding that there was a complete service of the demand letter to Petitioner;**
- IV. The Honorable Regional Trial Court erred in applying Article 1670 of the New Civil Code in the instant case;**
- V. The Honorable Regional Trial Court erred in finding that Petitioner should have consigned the rent payment with either a court or a bank.**

The issues are: 1) whether respondent lessor Corporation had a cause of action for ejectment against petitioner lessee Bona; and 2) whether the RTC erred in finding that petitioner lessee Bona should have consigned the rental payments with the court or with the bank.

#### **PETITION FOR REVIEW**

With respect to the first issue, petitioner lessee Bona answers in the negative. Respondent lessor Corporation had no cause of action for ejectment against petitioner lessee Bona. The Petition for Review<sup>[16]</sup> thrusts: the Contract of Lease was not expired because the parties had renewed it; petitioner lessee Bona could not present in court the renewed contract of lease because respondent lessor Corporation did not give him a copy of it; respondent lessor Corporation did not submit any proof that petitioner lessee Bona actually received the demand letter to vacate the subject property, and to pay the rent arrears; Article 1670 of the New Civil Code is not applicable because there was a renewed contract of lease.

Anent the second issue, petitioner lessee Bona answers in the affirmative. The RTC erred in finding that petitioner lessee Bona should have consigned the rental payments with the court or with the bank. Petitioner lessee Bona, believing that the lease agreement had been renewed and that rentals were due at the end of the year, made two attempts to pay the yearly rent, but respondent lessor Corporation refused to accept payment. The Petition for Review thrusts that consignment was not necessary since petitioner lessee Bona was not yet in default in paying the monthly rent, pursuant to the renewed contract of lease.

### **COMMENT**

With respect to the first issue, respondent lessor Corporation answers in the affirmative. Respondent lessor Corporation had a cause of action for ejectment against petitioner lessee Bona. Respondent lessor Corporation's Comment<sup>[17]</sup> parries: the contract of lease between petitioner lessee Bona and respondent lessor Corporation had expired; petitioner lessee Bona was not able to prove that there was a renewed contract of lease; there was proper demand to vacate the subject property and to pay the rent arrears; petitioner lessee Bona never denied having received the notices of registered mail sent by the postmaster; in any event, the demand to vacate was not necessary because the action for ejectment was anchored on the expiration of the contract of lease.

Respondent lessor Corporation is silent anent the second issue.

### **THE COURT'S RULING**

With respect to the first issue, we rule in the affirmative. Respondent lessor Corporation had a cause of action for ejectment against petitioner lessee Bona.

It is elementary that the allegations in the complaint determine the cause of action.

Further, as in any civil case, the burden of proof lies with the complainant (the respondent lessor Corporation, in this case) who must establish his case with preponderance of evidence. As correctly found by the MeTC and the RTC, the respondent lessor Corporation was able to prove by a preponderance of evidence, its cause of action for ejectment, anchored on the expiration of the contract of lease, and the non-payment of rent, thus: 1) initially, petitioner lessee Bona was occupying the subject property pursuant to the Contract of Lease dated 01 October 2001, under a month-to-month term;<sup>[18]</sup> 2) petitioner lessee Bona's occupation of the subject property became illegal when he received respondent lessor Corporation's written demand requiring him to vacate the subject property on or before 15 October 2005, and informing petitioner lessee Bona that the contract of lease would no longer be extended;<sup>[19]</sup> 3) despite receipt of the written demand, petitioner