



Republic of the Philippines  
**Supreme Court**  
Manila

SECOND DIVISION

**ZOSIMA INCORPORATED,**  
Petitioner,

**G.R. No. 174376**

Present:

CARPIO, J.,  
Chairperson,  
BRION,  
DEL CASTILLO,  
PEREZ, and  
PERLAS-BERNABE, JJ.

- versus -

**LILIA SALIMBAGAT and all persons**  
claiming rights under her,  
Respondents.

Promulgated:

SEP 12 2012 *Al Meabala*

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**DECISION**

**BRION, J.:**

Before us is the petition for review on *certiorari*,<sup>1</sup> filed by Zosima Incorporated (*Zosima*) under Rule 45 of the Rules of Court, assailing the decision<sup>2</sup> dated June 26, 2006 of the Court of Appeals (CA) in CA-G.R. SP No. 92475. The CA reversed and set aside the decision<sup>3</sup> dated October 5, 2005 of the Regional Trial Court (RTC), Branch 20, Manila. The RTC affirmed the decision<sup>4</sup> dated May 4, 2005 of the Metropolitan Trial Court

<sup>1</sup> *Rollo*, pp. 10-24.

<sup>2</sup> Penned by Associate Justice Bienvenido L. Reyes (now a member of this Court), and concurred in by Associate Justices Lucas P. Bersamin (now a member of this Court) and Enrico A. Lanzas; *id.* at 25-35.

<sup>3</sup> Penned by Judge Marivic Balisi-Umali; *id.* at 38-43.

<sup>4</sup> Penned by Judge Ma. Theresa Dolores C. Gomez-Estoesta; *id.* at 44-49.

premises and to pay Zosima rental arrearages, attorney's fees and costs of suit.

### **The Antecedent Facts**

Zosima, a domestic corporation, has been the registered owner of an office building situated at 2414 Legarda Street, Sampaloc, Manila. Sometime in April 1993, Zosima entered into a contract with Salimbagat for the lease of the office building. The lease was on a yearly basis with the initial monthly rate of ₱8,000.00 that is subject to an annual increase. In 1999, the monthly rental fee reached ₱14,621.00. In March 2000, no monthly fee was paid because the contract of lease was allegedly not renewed.

On June 20, 2003, Zosima, through counsel, sent a formal letter of demand to Salimbagat, requiring her to pay her arrears within fifteen (15) days from receipt of the demand letter and to vacate the property. Despite the receipt of the demand letter, Salimbagat refused to vacate the property and to pay her alleged rental obligations.

On November 5, 2003, Zosima filed a case for unlawful detainer against Salimbagat. Zosima alleged that from April 2000 to October 2003, Salimbagat had accumulated arrears in her rental payments amounting to ₱628,703.00.

On March 26, 2004, Salimbagat filed her answer alleging that she was not occupying the property of Zosima. Salimbagat alleged that although she was occupying a property using the same address denominated as "2414 Legarda Street, Sampaloc, Manila," it was not the same office building that

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Zosima owned, but a warehouse on a dried *estero* located at the back of the office building. Salimbagat argued that the office building which belonged to Zosima was demolished to pave the way for the construction of the Light Rail Transit (*LRT*) Line II Project. She further alleged that she bought the warehouse for ₱300,000.00 as evidenced by a Deed of Conditional Sale, and she had declared the property for taxation purposes.

On July 6, 2004, after the submission of the parties' position papers, the MeTC set the case for clarificatory hearing. It sought to resolve the following factual issues:

1. Whether the office building subject of the expired contract of lease is still existing vis-à-vis Salimbagat's claim that it had already been demolished;
2. Presuming it still exists, whether Salimbagat is presently occupying the office building; and,
3. Whether the warehouse/factory erected on a dried *estero* that Salimbagat now claims to occupy is part and parcel of the land registered in the name of Zosima under Transfer Certificate of Title No. 262637.

Zosima filed a motion to reset the clarificatory hearing, prompting Salimbagat's counsel to submit the case for decision solely on the basis of the position papers that the parties had submitted.

On May 4, 2005, the MeTC rendered a decision whose dispositive portion reads:

WHEREFORE, judgment is hereby rendered ordering defendant Lilia Salimbagat and all other persons claiming rights under her:

- 1) To vacate the office building subject of the expired Contract of Lease located at No. 2414 Legarda Street,

Sampaloc, Manila covered by Transfer Certificate of Title No. 262637 and peacefully surrender possession thereof to the plaintiff;

- 2) To pay plaintiff rental arrearages in the amount of ₱14,621.00 per month counted from April 2000 until the time the office building was fully vacated by said defendant;
- 3) To pay attorney's fees fixed in the reasonable amount of ₱7,000.00; and
- 4) To pay the costs of suit.<sup>5</sup>

Salimbagat appealed the MeTC decision to the RTC. In its decision dated October 5, 2005, the RTC fully affirmed the MeTC decision.

Salimbagat elevated the case to the CA which reversed the RTC's decision on June 26, 2006, and dismissed the case for unlawful detainer.

The CA did not dispute the findings of both lower courts on the existence of a contractual relationship between the parties, nor that the lease had been annually renewed from April 1993 to March 1997. The CA also agreed that upon the termination of the lease contract in March 1997, an implied new lease or *tacita reconduccion* was created by operation of law between the parties,<sup>6</sup> and that from March 1997 to March 2000, Salimbagat continued to pay Zosima the monthly rentals. Notwithstanding this finding, the CA was not convinced that Salimbagat had unlawfully possessed the property from April 2000 to June 2003. According to the CA, the records do not support this conclusion and Zosima failed to introduce any evidence to prove its allegations.<sup>7</sup>

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<sup>5</sup> *Id.* at 28.

<sup>6</sup> *Id.* at 30.

<sup>7</sup> *Id.* at 33.

Zosima moved for reconsideration of the CA decision but the CA denied the motion in a resolution<sup>8</sup> dated August 25, 2006.

### **The Petition**

Zosima now questions the CA's ruling before us. Zosima posits that the CA erred in ruling on factual matters that were not part of the proceedings in the lower courts. Zosima also insists that the subject matter of the unlawful detainer complaint is the office building owned by Zosima, not the warehouse on the dried *estero*.

For her part, Salimbagat argues that the appellate court may review factual matters on appeal, to determine whether these factual findings are just and equitable in accordance with the aim of justice. Salimbagat further argues that Zosima has no cause of action to file the complaint for unlawful detainer, since the office building she had lease had already been demolished and she presently occupies a warehouse that does not belong to Zosima.

### **The Court's Ruling**

**We deny the petition for lack of merit.**

#### ***The complaint for unlawful detainer***

The present petition is an action for unlawful detainer governed by Section 1, Rule 70 of the Rules of Court.<sup>9</sup> As the principal issue in an

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<sup>8</sup> *Id.* at 36-37.

<sup>9</sup> Section 1. *Who may institute proceedings, and when.* — Subject to the provisions of the next succeeding section, a person deprived of the possession of any land or building by force, intimidation, threat, strategy, or stealth, or a lessor, vendor, vendee, or other person against whom the possession of any land or building is unlawfully withheld after the expiration or termination of the right to hold possession, by virtue of any contract, express or implied, or the legal representatives or assigns of any such lessor,

unlawful detainer case is the right to possess a real property, the subject matter must refer to a particular property. In an unlawful detainer, the defendant's possession of the plaintiff's property is based on the plaintiff's permission expressed through an express or implied contract between them. The defendant's possession becomes illegal only when the plaintiff demands the return of the property, either because of the expiration of the right to possess it or the termination of their contract, and the defendant refuses to heed the demand.<sup>10</sup>

Zosima's complaint for unlawful detainer referred to the office building located at "2414 Legarda Street, Sampaloc, Manila;" hence, we confine our ruling to the question of whether Salimbagat should be held liable for unlawfully occupying the office building that was the subject of their lease agreement.

It is not disputed that Salimbagat had been in possession of the leased property from April 1993 to March 1997 and had been diligently paying the monthly rentals. There is also no issue that at the time the lease contract expired in March 1997, no new contract of lease was executed between the parties for the period of March 1997 to March 2000. Salimbagat, however, continued to pay Zosima the monthly rentals during that period. Beginning April 2000, Salimbagat stopped the payment of monthly rentals, alleging that she was no longer in possession of the property. Despite this claim, Salimbagat still used the address of the property, alleging this time that she was occupying not the office building itself that she used to lease, but the warehouse on the dried *estero* behind the office building.

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vendor, vendee, or other person, may, at any time within one (1) year after such unlawful deprivation or withholding of possession, bring an action in the proper Municipal Trial Court against the person or persons unlawfully withholding or depriving of possession, or any person or persons claiming under them, for the restitution of such possession, together with damages and costs.

<sup>10</sup> *Sarmiento v. CA*, 320 Phil. 146, 153 (1995); and *Espiritu v. Court of Appeals*, 368 Phil. 669, 674-675 (1999).

The evidence on record does not contain any information supporting the allegation that Salimbagat has been in actual possession of Zosima's property from April 2000, but neither does it confirm Zosima's allegation that Salimbagat then occupied the office building. This was precisely the reason why the MeTC set the case for a clarificatory hearing. Unfortunately, the hearing was cancelled due to Zosima's failure to appear, and the case was submitted for decision solely on the basis of the parties' position papers. The CA decision in fact noted that:

These issues were not at all resolved due to the unavailability of the respondent's counsel despite due notice. **These matters are essential to establish its case by preponderance of evidence** for the burden of proof is on the respondent as plaintiff in the original action for the ejectment case. It leads [us] to conclude, therefore, that the respondent, as plaintiff in the unlawful detainer case, failed to prove its case by preponderance of evidence since the burden of proof rests on its side.<sup>11</sup> (emphasis and underscoring ours)

In civil cases, the rule is that the party carrying the burden of proof must establish his case by a preponderance of evidence,<sup>12</sup> *i.e.*, by evidence that is of greater weight, or more convincing, than that which is offered in opposition to it.<sup>13</sup>

In the present case, Zosima, as plaintiff, bears the burden of proving that Salimbagat has been in actual possession of the property between April 2000 and June 2003 when a demand to vacate was made. Zosima cannot reason out that Salimbagat was likewise not able to prove that she had not been in possession of the property as the burden of adducing proof arises only after Zosima, as plaintiff, had proven that Salimbagat had been in possession during the relevant time. Additionally, the party carrying the

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<sup>11</sup> *Rollo*, p. 32.

<sup>12</sup> RULES OF COURT, Rule 133, Section 1.

burden of proof must rely on the strength of his own evidence and not upon the weakness of the defendant's.<sup>14</sup> For us to justify a judgment in Zosima's favor, it must in the first place establish through preponderance of evidence the case it alleged – that Salimbagat possessed its property after Salimbagat's right of possession had lapsed or expired.

In this light, Zosima's contention – that although the lease contract had already expired, the principle of implied new lease or *tacita reconduccion* existed by operation of law between the periods of April 2000 and June 2003 – is not correct. An implied new lease will set in if it is shown that: (a) the term of the original contract of lease has expired; (b) the lessor has not given the lessee a notice to vacate; and (c) the lessee continued enjoying the thing leased for 15 days with the acquiescence of the lessor. This acquiescence may be inferred from the failure of the lessor to serve notice to vacate upon the lessee.<sup>15</sup> This principle is provided for under Article 1670 of the Civil Code:

Article 1670. If at the end of the contract the lessee should continue enjoying the thing leased for fifteen days with the acquiescence of the lessor, and unless a notice to the contrary by either party has previously been given, it is understood that there is an implied new lease, **not for the period of the original contract, but for the time established in Articles 1682 and 1687.** The other terms of the original contract shall be revived. [emphasis and underscoring ours]

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<sup>13</sup> *The New Testament Church of God v. CA*, 316 Phil. 330, 333 (1995); and *Republic v. Court of Appeals*, G.R. No. 84966, November 21, 1991, 204 SCRA 160, 168.

<sup>14</sup> *Davao Light & Power Co., Inc. v. Opeña*, 513 Phil. 160, 179 (2005), citing *Jison v. Court of Appeals*, G.R. No. 124853, February 24, 1998, 286 SCRA 495.

<sup>15</sup> *Arevalo Gomez Corporation v. Lao Hian Liong*, 232 Phil. 343, 348 (1987).



The cited Article 1687, on the other hand, provides:

Article 1687. If the period for the lease has not been fixed, it is understood to be from year to year, if the rent agreed upon is annual; from month to month, **if it is monthly**; from week to week, if the rent is weekly; and from day to day, if the rent is to be paid daily. However, even though a monthly rent is paid, and no period for the lease has been set, the courts may fix a longer term for the lease after the lessee has occupied the premises for over one year. If the rent is weekly, the courts may likewise determine a longer period after the lessee has been in possession for over six months. In case of daily rent, the courts may also fix a longer period after the lessee has stayed in the place for over one month. [emphasis ours]

Thus, after the expiration of the contract of lease, the implied new lease should have only been in a monthly basis. In this regard, we find it significant that it was only on June 20, 2003, or three (3) years after the last payment of the monthly rentals, that Zosima filed the complaint for unlawful detainer against Salimbagat. It does not help that Zosima failed to adduce any additional evidence to rebut the allegation that by April 2000, no office building stood to be leased because it had been demolished to pave way for the construction of the LRT Line II Project.<sup>16</sup>

We further note that Salimbagat was able to produce tax declarations and a copy of the Deed of Conditional Sale as proof of her right to possess the warehouse located on a dried *estero* and adjoining the demolished building she used to lease.<sup>17</sup> While tax receipts and declarations are not incontrovertible proof of ownership, they constitute, at least, proof that the holder has a claim of title over the property.<sup>18</sup> In practical terms under the circumstances of this case, we see it absurd for Salimbagat to be occupying a property and paying monthly rentals on it when she owns and occupies the property just behind it.

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<sup>16</sup> *Rollo*, p. 102.

<sup>17</sup> *Id.* at 57.

<sup>18</sup> *Republic of the Phils. v. Alconaba*, 471 Phil. 607, 621 (2004).

Under the existing evidentiary situation, we see no evidence supporting Zosima's allegations and, thus, cannot rule in its favor.

**WHEREFORE**, premises considered, we hereby **DENY** the petition for lack of merit. Accordingly, we **AFFIRM** the decision of the Court of Appeals in CA-G.R. SP No. 92475.

**SO ORDERED.**


  
**ARTURO D. BRION**  
Associate Justice

**WE CONCUR:**

  
**ANTONIO T. CARPIO**  
Associate Justice  
Chairperson

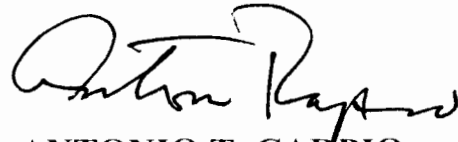
  
**MARIANO C. DEL CASTILLO**  
Associate Justice

  
**JOSE PORTUGAL PEREZ**  
Associate Justice

  
**ESTELA M. PERLAS-BERNABE**  
Associate Justice

## ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



**ANTONIO T. CARPIO**

Associate Justice

Chairperson, Second Division

## CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



**MARIA LOURDES P. A. SERENO**

Chief Justice