



Republic of the Philippines  
Supreme Court  
Manila

FIRST DIVISION

NOTICE

Sirs/Mesdames:

*Please take notice that the Court, First Division, issued a Resolution dated **October 5, 2020** which reads as follows:*

**“G.R. No. 237366 – JOYFOODS CORPORATION, petitioner, versus DELTA APPLIANCES, INC., respondent.**

In August 2005, Delta Appliances, Inc. (Delta Appliances) leased<sup>1</sup> to Joyfoods Corporation (Joyfoods) its building with a “total floor area of 515.6 square meters more or less, (257.8 square meters Ground Floor; 257.8 square meters Second Floor), at Php550/sqm for the Ground Floor and Php220/sqm for the Second Floor.”<sup>2</sup> Immediately, Joyfoods took possession of the property and constructed its Kentucky Fried Chicken (KFC) store on the leased premises. In May 2013 or after almost eight years, Joyfoods discovered that the total area it is actually occupying is only 370 square meters (sq m). Thus, Joyfoods refused to pay Delta Appliances and claimed that it is entitled to a refund and/or application of overpayments to future rentals. On the other hand, Delta Appliances filed an action for unlawful detainer against Joyfoods before the Metropolitan Trial Court (MeTC).<sup>3</sup> On November 10, 2015, the MeTC ordered Joyfoods to vacate the leased premises and to pay Delta Appliances reasonable rent,<sup>4</sup> viz.:

WHEREFORE, premises considered, judgment is hereby rendered in favor of plaintiff and against defendants as follows:

1. Ordering defendant JOYFOOD[S] CORPORATION, represented by its President and all persons claiming rights under it to vacate the premises located at No. 469 Rizal Avenue Extension, Monumento, Caloocan City

- over – five (5) pages ...

94-B

<sup>1</sup> *Rollo*, pp. 216-226

<sup>2</sup> *Id.* at 216.

<sup>3</sup> *Id.* at 97-102.

<sup>4</sup> *Id.* at 313-319.

and remove any and all improvements it introduced thereon;

2. Ordering defendant corporation to pay plaintiff reasonable compensation for the use and occupation of the property corresponding to the 370 square meters (185 square meters 1<sup>st</sup> floor and 185 square meters 2<sup>nd</sup> floor) actually occupied by it in the amount of **Two Hundred Eighteen Thousand One Hundred Sixteen and 85/100 Pesos (Php218,116.85) per month starting May 2013 and Two Hundred Twenty Nine Thousand Twenty Two and 69/100 Pesos (Php229,022.69) starting October 2013** until it finally vacated the subject leased premises;
3. To pay plaintiff the sum of Twenty Thousand Pesos (Php20,000.00) as and for reasonable attorney's fees; and
4. To pay the costs of suit.

Defendant's counter claims are denied and dismissed, for lack of merit.

SO ORDERED.<sup>5</sup> (Emphasis supplied.)

Joyfoods Corporation and Delta Appliances appealed to the Regional Trial Court (RTC). On July 29, 2016, the RTC affirmed the MeTC's findings with modifications as to the computation of reasonable rent,<sup>6</sup> thus:

**WHEREFORE**, premises considered, defendant-appellant's appeal is DISMISSED.

Meanwhile, plaintiff-appellee's appeal is **PARTLY GRANTED**.

The Decision dated November 10, 2015, par. 2 of Branch 61, Makati City is modified to wit:

2. Defendant is made liable to reasonable compensation for the use and occupation of the property corresponding to the 370 square meters (185 square meter 1<sup>st</sup> floor and 185 square meters 2<sup>nd</sup> floor) actually occupied by it in the amount of **Two Hundred Eighteen Thousand One Hundred Sixteen Pesos and 85/100 Centavos (Php218,116.85) per month starting May 2013 until**

- over -

94-B

<sup>5</sup> *Id.* at 318-319.

<sup>6</sup> *Id.* at 392-395.

**September 2013 and Two Hundred Thirty Five Thousand Five Hundred Sixty Six Pesos and 05/100 Centavos (Php235,566.05) starting October 2013 until it finally vacated the subject leased premises.**

The rest of the Decision is **AFFIRMED**.

**SO ORDERED.**<sup>7</sup> (Emphases supplied.)

Joyfoods moved for a reconsideration.<sup>8</sup> On January 3, 2017, the RTC reversed its Decision and held that Delta Appliances must refund to Joyfoods the rents corresponding to the unutilized area of the leased premises pursuant to the principle of unjust enrichment,<sup>9</sup> to wit:

**WHEREFORE**, premises considered, the Motion for Reconsideration is **PARTLY GRANTED**.

Plaintiff Delta Appliances Inc. is directed to return the overpayment made by Joyfoods Corporation in the amount of Eight Million Seven Hundred Eighteen Thousand and Seventeen Pesos (P8, 718, 017.00) less the back rentals awarded by this Court in its Decision dated July 29, 2016 as well as the attorney's fees and costs of suit.

The rest of the Decision is **AFFIRMED**.

**SO ORDERED.**<sup>10</sup> (Emphases in the original.)

Aggrieved, Delta Appliances elevated the case to the Court of Appeals (CA) arguing that the principle of unjust enrichment is inapplicable. Moreover, Joyfoods was given full possession of the leased premises and conducted its own inspection, survey and construction of the KFC store. Any mistake in the computation of the area is attributable to Joyfood's fault.

October 3, 2017, the CA held that Joyfoods is not entitled to a refund because there is no unjust enrichment and that its claim is barred by laches.<sup>11</sup> Nevertheless, equity dictates that the back rentals from May 2013 until the property was vacated should be computed based on the actual area that Joyfoods occupied, to wit:

**WHEREFORE**, the instant Petition for Certiorari is **GRANTED** and the assailed Order dated January 3, 2017 of the

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**94-B**

<sup>7</sup> *Id.* at 395.

<sup>8</sup> *Id.* at 396-408.

<sup>9</sup> *Id.* at 76-78.

<sup>10</sup> *Id.* at 78.

<sup>11</sup> *Id.* at 7-24; penned by Associate Justice Franchito N. Diamante, with the concurrence of Associate Justices Magdangal M. De Leon and Zenaida T. Galapate-Laguilles.

Makati City Regional Trial Court, Branch 148 in the case docketed as Civil Case No. 16-248 is hereby **REVERSED AND SET ASIDE**. Accordingly, the assailed Decision dated July 29, 2016 of the court *a quo* is hereby **AFFIRMED AND REINSTATED**.

**SO ORDERED.**<sup>12</sup> (Emphases and italics in the original.)

Unsuccessful at a reconsideration,<sup>13</sup> Joyfoods resorted to this petition for review on *certiorari* insisting that it is entitled to a refund.

### RULING

The petition is unmeritorious.

It is settled that no person may unjustly enrich himself at the expense of another.<sup>14</sup> Specifically, Article 22 of the New Civil Code provides that “*every person who through an act of performance by another, or any other means, acquires or comes into possession of something at the expense of the latter without just or legal ground, shall return the same to him.*” This provision requires two conditions: (1) that a person is benefited without a valid basis or justification, and (2) that such benefit is derived at another's expense or damage. Corollarily, there could be no unjust enrichment when the person benefited has a valid claim.<sup>15</sup>

Here, Delta Appliances has a clear legal right to the rentals as compensation for Joyfoods' occupation and use of the leased premises. The contract between the parties clearly states that the lease covers 515.60-sq m floor area of the building. Likewise, Joyfoods was given full control of the building and it was the one which delineated the boundaries of the leased premises during the construction of the store. As the CA aptly observed, even if Joyfoods committed a mistake, Delta Appliances' receipt of the rentals is not unjust enrichment because this benefit is based on a valid lease agreement that the parties voluntarily executed.

Lastly, Joyfoods' claim for refund is barred by laches, which is defined as the failure of or neglect for an unreasonable and unexplained length of time to do that which by exercising due diligence, could or should have been done earlier, or to assert a right within reasonable time, warranting a presumption that the party entitled thereto has either abandoned it or declined to assert it. This

- over -

94-B

<sup>12</sup> *Id.* at 23.

<sup>13</sup> *Id.* at 26-28.

<sup>14</sup> *Asentista v. JUPP & Company, Inc., et al.*, 824 Phil. 639, 649 (2018).

<sup>15</sup> *Car Cool Phils., Inc. v. Ushio Realty & Dev't Corp.*, 515 Phil. 376, 384 (2006).

doctrine presumes that the party guilty of negligence had the opportunity to do what should have been done but failed to do so. However, the principle is not concerned with the mere lapse of time, but on whether the party was afforded an opportunity to pursue his claim in order that the delay may sufficiently constitute laches.<sup>16</sup> In this case, Joyfoods never questioned the lease contract and religiously paid the rents. Notably, Joyfoods conducted a survey of the leased premises only after eight years despite ample opportunity to do so prior to the contract signing or, at least before the store construction. In these circumstances, Joyfoods' negligence, not to mention the explained delay in asserting its right, amounted to a stale demand.

**FOR THESE REASONS**, the petition is **DENIED**. The Court of Appeal's Decision dated October 3, 2017 in CA-G.R. SP No. 149352 is **AFFIRMED**.

**SO ORDERED."**

**By authority of the Court:**

**LIBRADA C. BUENA**  
Division Clerk of Court

by:



**MARIA TERESA B. SIBULO**  
Deputy Division Clerk of Court  
**94-B**

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The Hon. Presiding Judge  
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(Civil Case No. 16-248)

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1200 Makati City  
(Civil Case No. 109911)

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<sup>16</sup> *Placewell International Services Corp. v. Camote*, 525 Phil. 817, 824 (2006).

