

SECOND DIVISION

[G.R. No. 111324, July 05, 1996]

**ROMAN CATHOLIC ARCHBISHOP OF MANILA, PETITIONER, VS.
COURT OF APPEALS, SPS. ERNESTO REYES AND LORNA REYES,
RESPONDENTS.**

D E C I S I O N

ROMERO, J.:

In this petition for review, the Roman Catholic Archbishop of Manila elevates procedural issues for the Court's resolution. Does this case involve multiple appeals, where a record on appeal is necessary to perfect the appeal? Does the appeal embrace purely questions of law? Does the Court of Appeals have jurisdiction over an appeal from the Regional Trial Court raising only questions of law?

The case at bar springs from a lease agreement executed by petitioner-lessor, the Roman Catholic Archbishop of Manila, and private respondent-lessees, spouses Ernesto and Lorna Reyes on August 1, 1985 over a parcel of land located in Intramuros, Manila. The property has an area of 470.30 square meters and is covered by Original Certificate of Title No. 3764 of the Registry of Deeds of Manila. The lease contract provided for a ten-year lease, renewable for another ten years at the option of the lessor. The contract likewise provided for a graduated schedule of rental fees, starting with P4.50 per square meter on the first and second years, increasing up to P6.50 per square meter on the ninth and tenth years. Private respondent lessees were also given the right of pre-emption, with first priority to purchase the property if the owner, herein petitioner, offered it for sale.

Intending to have a fire wall constructed, private respondents allegedly had the property relocated. As a result, they discovered that the adjacent owner's concrete fence abutted on and encroached upon 30.96 square meters of the leased property. Private respondents requested petitioner to make adjustments in order to correct the encroachment problem. The spouses Reyes claim that despite repeated follow-up, petitioner has failed to take any action on their demand. Consequently, they decided to withhold rental payments as "leverage" against petitioner and to force the latter to make corrections or adjustments in the area of subject land.

On March 9, 1987, petitioner informed private respondents in a letter of its intention to sell the leased property. Although the Reyeses conveyed their interest in buying the property, no deal was finalized. In 1989, private respondents reiterated their desire to purchase the property in response to petitioner's demand for the payment of P68,000.00 in unpaid rentals for the period October 1986 to January 1989. In the same letter, private respondents countered that they intend to pay as soon as the proper correction with respect to the encroached area is made by petitioner.

In 1989, petitioner offered to sell the parcel of land on terms, at P2,127.45 per

square meter. Private respondents argued that the same lot should be sold to them at P1,600.00 per square meter, the prevailing price when the lot was first offered for sale in 1987.

No agreement was reached. Private respondent spouses filed an action for specific performance and damages before the Regional Trial Court of Manila.^[1] The correction or adjustment of the encroached portion of the property constituted their first cause of action. For their second cause of action, the spouses Reyes prayed that petitioner be compelled to sell the leased premises to them at P1,600.00 per square meter, claiming that there was already a contract of sale between the parties.

Petitioner's Motion to Dismiss was not immediately resolved by the trial court. It later filed its Answer with Counterclaim for rental payments owed by private respondents. Petitioner also filed a motion for judgment on the pleadings for unpaid rentals on 439.34 square meters of the 470 square meter leased property.

On October 17, 1990 the trial court issued an Order denying petitioner's (defendant below) motion to dismiss insofar as the first cause of action is concerned but granted it for the second cause of action.^[2] In effect, the case was allowed to proceed with respect to the first cause of action, the request for correction in the encroachment problem, but not with the second cause of action to compel petitioner to sell the property to the spouses Reyes. The Order reads in part:

"With respect to the first cause of action, this Court feels that the action cannot be dismissed as the matter treated therein has got to be ventilated in this proceeding in a trial on the merits. The pleadings of the parties really tendered issues regarding this particular point and the Court, at this point, cannot as of yet resolve the same without the evidence thereon by the parties sustaining their respective postures.

However, with respect to the second cause of action, the Court feels that the complaint, on this particular issue, should indeed be dismissed. It is underscored that the lease contract simply gives the plaintiffs a right of pre-emption over the leased premises. There was as yet no definite offer and acceptance as regards the sale of the property. The several communications submitted by the parties clearly established such fact. The parties are still in the process of negotiations; therefore, there is no contract, agreement or undertaking between the parties which can be enforced by this Court (See Article 1305 & 1319, Civil Code). In the absence of a definite offer and unconditional acceptance as to the sale of the property in dispute, as in this case, neither of the parties may sue for specific performance of a non-existent contract."^[3]

The following day, October 18, 1990, the trial court acted on petitioner's Motion for Judgment on the Pleadings Relative to Counterclaim for Rental^[4] and rendered a Partial Judgment in the case. The dispositive portion of the Partial Judgment reads:

"WHEREFORE, premises considered, partial judgment is hereby rendered in this case ordering the plaintiffs to pay to the defendant the total sum of P108,297.31 representing rental arrearages from October 1986 to the present, and the further amount of rentals accruing hereafter, computed in accordance with the ratio/schedule of the contract."^[5]

The lower court held that private respondent spouses were indeed obligated to pay rent after having admitted that they deliberately defaulted in payments. Moreover, the law grants the lessee the right to suspend payment of rentals only for the area of the leased property which is not delivered, in this case an area of 30.96 square meters. The trial court found that since there is "no issue as to the non-payment of the rentals as admitted by the plaintiffs themselves, at least on the occupied area of 30.96 (sic),^[6] from October 1986 up to the present time, partial judgment on the pleadings is indeed warranted."^[7] Rent was computed on a per-square-meter basis as provided for in the lease contract's schedule of rents.

Private respondent spouses filed a notice of appeal and elevated the case to the Court of Appeals.^[8] They raised three issues: the lawfulness of dismissing the second cause of action (to compel the sale of the lot); the propriety of holding that there was no contract of sale between the parties; and ordering the payment of rental arrearages from October 1986 without any hearing on the merits.^[9]

Petitioner moved to dismiss the appeal on the ground that the case raises only pure questions of law and that respondent appellate court had no jurisdiction over the same. The latter court denied petitioner's motion to dismiss and motion for reconsideration in a Resolution dated September 14, 1992.^[10] Respondent court ruled that private respondent spouses, appellants below, raised factual issues on the offer and acceptance regarding the sale of the lot in question and on the trial court's order to pay back rentals. "These factual issues revolt against the appellee's conclusion that the issues on appeal are purely questions of law." Respondent court likewise stated that the case before it is a single appeal and does not necessitate multiple appeals even if it involves an October 17, 1990 Order and a Partial Judgment rendered on October 18, 1990. Hence, even if only a notice of appeal was filed without a record on appeal, the appeal was effectively perfected.

In its decision promulgated on May 20, 1993, respondent appellate court affirmed the trial court's October 17, 1990 Order but reversed and set aside the October 18, 1990 Partial Judgment.^[11] The case was ordered remanded to the lower court for further proceedings on the merits to determine the exact amount of unpaid rentals. The Court of Appeals also declared that the insufficiency of private respondents' second cause of action (to compel the sale) is patent from the face of the complaint and that the trial court had no other recourse but to dismiss the same. On the issue of whether or not the trial court properly rendered partial judgment on the rental arrearages, the Court of Appeals ruled in the negative, saying that the averments and available evidence tendered a valid issue which could not be resolved merely on the pleadings.^[12]

The Court of Appeals also held that the jurisdictional issue raised by petitioner has

already been passed upon in its Resolution of September 14, 1992, rendering the said issue moot and academic.

On July 27, 1993, respondent court denied the motion for reconsideration filed by petitioner.

Petitioner, through counsel, filed this petition for review, not questioning the substantive aspects of the case but raising only the procedural issues which it had earlier presented before the Court of Appeals.

I

Petitioner insists that this case involves multiple appeals which, therefore, necessitates the filing of a record on appeal for the perfection of the appeal. It notes that while the motion to dismiss was granted for the second cause of action (to compel sale), the case was left to proceed in connection with the encroachment issue. With the filing of the notice of appeal, the entire records of the case were elevated to the Court of Appeals, leaving the trial court bereft of any record with which to continue trial. Petitioner adds that when a partial judgment is rendered in the case, the original record of the case should not be transmitted to the appellate court in case of an appeal from such partial judgment. Without the records of the case, trial on the unresolved issues cannot proceed - a situation "hardly conducive to the orderly and speedy discharge of judicial business."^[13] It further alleges that as more than one appeal is permitted in this case, a record on appeal is required and the period to appeal should be thirty days.^[14] In the instant case, private respondents failed to file the record on appeal, hence, their appeal should have been dismissed.

The Court finds no merit in the above arguments.

The case at bar is not one where multiple appeals can be taken or are necessary. Multiple appeals are allowed in special proceedings,^[15] in actions for recovery of property with accounting,^[16] in actions for partition of property with accounting,^[17] in the special civil actions of eminent domain^[18] and foreclosure of mortgage.^[19] The rationale behind allowing more than one appeal in the same case is to enable the rest of the case to proceed in the event that a separate and distinct issue is resolved by the court and held to be final.

The disputes in the case below for specific performance have arisen from the demand to make adjustments on the property where the adjacent owner is alleged to have usurped a part thereof, the exercise of the right of pre-emption and the payment of rental arrearages. A ruling on the issue of encroachment will perforce be determinative of the issue of unpaid rentals. These two points do not arise from two or more causes of action, but from the same cause of action. Hence, this suit does not require multiple appeals. There is no ground for the splitting of appeals in this case, even if it involves an Order granting (and denying) a motion to dismiss and a Partial Judgment granting a motion for judgment on the pleadings. The subject matter covered in the Order and in the Partial Judgment pertain to the same lessor-lessee relationship, lease contract and parcel of land. Splitting appeals in the instant case would, in effect, be violative of the rule against multiplicity of appeals.

The conclusion is irresistible that since a case has not been made out for multiple appeals, a record on appeal is unnecessary to perfect the appeal.

II

Petitioner also contends that the issues raised on appeal to respondent court are pure questions of law over which the Supreme Court has exclusive jurisdiction.

It further claims that since the Order and the Partial Judgment rendered by the trial court were based exclusively on the admissions and averments contained in the parties' pleadings, an appeal therefrom involves only pure questions of law. Citing the Court's pronouncement in *People v. Enguero*,^[20] petitioner maintains that involved herein is a purely legal question "where the statement of facts is admittedly correct and undisputed by the parties, and the only issue raised is the correct application of the law and jurisprudence on the matter."^[21] Having raised only pure questions of law, private respondents, it is alleged, should have elevated their appeal to this Court and not to the Court of Appeals.

Petitioner is correct in saying that decisions of the Regional Trial Court may be directly reviewed by the Supreme Court on petition for review only if pure questions of law are raised.

Article VIII, Section 5 (2) (e) of the 1987 Constitution provides:

"Sec. 5. The Supreme Court shall have the following powers:

xxx xxx xxx

(2) Review, revise, reverse, modify, or affirm on appeal or certiorari as the law or the Rules of Court may provide, final judgments and orders of lower courts in:

xxx xxx xxx

(e) All cases in which only an error or question of law is involved."

According to the aforequoted section, the Supreme Court may review decisions of a lower court, such as the Regional Trial Court where only errors or questions of law are raised, pursuant to law or the Rules of Court.

Section 9 of Batas Pambansa Bilang 129 (B.P. Blg. 129), otherwise known as the Judiciary Reorganization Act of 1980, states that the Court of Appeals (formerly the Intermediate Appellate Court) shall exercise: