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SECOND DIVISION

[G.R. No. 136421. November 23, 2000]

JOSE and ANITA LEE, *petitioners, vs.* **COURT OF APPEALS, HON. N.C. PERELLO, as Judge of RTC, Branch 276, Muntinlupa City and Heirs of the deceased SPOUSES MANUEL and CARMEN RECARIO,** *respondents.*

SYNOPSIS

Carmen Recario was the owner of a lot on which a building was being constructed. She entered into a contract with Anita Lee wherein the latter shall provide the amount for the completion of the building and thereafer shall become its (building) absolute owner for 7½ years. After 7½-years the buillding shall be co-owned by both Carmen and Anita for the remaining period of the lease contract. The duration of the agreement shall be for fifteen years after completion and delivery of the building. The parties agreed that only half of the monthly rental for the lot and/or both lot and building agreed upon shall be paid for the duration of the lease as reimbursement for the amount advanced by Anita for the construction of the building. The building was thereafter completed and occupied by Anita as absolute owner thereof. Carmen unfortunately died before the expiration of the 7½ year term expires. At the end of the 7½ year term, the heirs of Carmen demanded that now herein petitioners vacate half of the building on the ground that they needed the space for a dental clinic. Petitioners refused the demand on the ground that there was an existing lease over the building until year 2001. Thereafter, the heirs of Carmen (now private respondents) filed a case for unlawful detainer in the Metropolitan Trial Court of Muntinlupa City (MTC). The MTC dismissed the complaint for lack of cause of action. Private respondents appealed to the Regional Trial Court (RTC), which reversed the MTC decision. A motion for reconsideration was denied. Petitioners filed a petition for review in the Court of Appeals (CA). The CA dismissed the petition on the ground that certified true copies of the assailed issuance did not accompany it. The motion for reconsideration having been denied, private respondent filed this petition.

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The Supreme Court ruled that although the rules made no mention of the duplicate originals, it had been previously decided that duplicate originals of the decisions or resolutions of the Regional Trial Courts were considered sufficient to support petitions for review. The Court also ruled that the duration of the agreement between the parties was for 15 years, hence, even if the private respondents became part owners of the building gave them the right to remain in the premises until the year 2001. The decision of the CA was reversed and the decision of the MTC was reinstated.

SYLLABUS

1. REMEDIAL LAW; APPEAL TO THE COURT OF APPEALS; DUPLICATE ORIGINAL COPY OF A DISPUTED DECISION, JUDGMENT OR ORDER; SUFFICIENT TO SUPPORT PETITION FOR REVIEW; RATIONALE; CASE AT BAR. — The copies of the decision and resolution of the Regional Trial Court attached to the petition for review filed by petitioners in the Court of Appeals are duplicate originals. However, the Court of Appeals dismissed the petition for review of petitioners on the ground that copies of the decision and resolution of the Regional Trial Court must be certified true copies. The Court of Appeals based its action on Rule 42, §2 of the 1997 Rules of Civil Procedure, but this rule provides that petitions for review of decisions and resolutions of Regional Trial Courts must "be accompanied by clearly legible duplicate originals or true copies of judgments or final orders of both lower courts, certified correct by the clerk of court of the Regional Trial Court." It suffices, therefore, that a copy of a decision or resolution attached to a petition for review is a duplicate original. Actually, considering that the petition for review of petitioners was filed in October of 1996, the applicable rule was Rule 6, §3(b) of the Revised Internal Rules of the Court of Appeals which provides as follows: "*What Should be Filed.* — The petition shall be accompanied by a *certified true copy of the disputed decisions, judgments, or orders* of the lower courts, together with true copies of the pleadings and other material portions of the record as would support the allegations of the petition." However, although this rule makes no mention of duplicate originals, this Court, in *Tuazon v. Court of Appeals*, considered duplicate originals as sufficient to support petitions for review filed in

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the Court of Appeals of the decisions or resolutions of Regional Trial Courts. It was error, therefore, for the Court of Appeals to dismiss the petition for review filed by petitioners on the ground that it was not accompanied by certified true copies of the decision and resolution of the Regional Trial Court.

2. **CIVIL LAW; INTERPRETATION OF CONTRACT; STIPULATIONS SHALL BE INTERPRETED TOGETHER ATTRIBUTING TO THE DOUBTFUL ONES THAT SENSE WHICH MAY RESULT FROM ALL OF THEM TAKEN JOINTLY; APPLICATION IN CASE AT BAR.** — The phrase "on the lot and/or both lot and building" in the fourth paragraph of the agreement indicates that the lease covers both the land and the building. The duration of this agreement is 15 years as stated in the third paragraph. Hence, even if private respondents became co-owners of the building on March 1, 1994 after 7½ years, petitioners' lease over the land and the building gave them the right to remain in the premises until the year 2001. The monthly rental of ₱5,000.00 is for "the lot and/or both lot and building." Indeed, the parties to the agreement could have simply said "lot and building," but they did not. Instead, they said "lot and/or both lot and building," indicating thereby that during the first half (7½ years) of the agreement the lease would cover only the lot since during that period petitioners were the absolute owners of the entire building. After that period, however, *i.e.*, during the second half, the lease would cover both the lot and the building since the latter would by then be owned in common by private respondents and petitioners. This construction of the agreement is in line with Art. 1374 of the Civil Code that the various stipulations of a contract shall be interpreted together, attributing to the doubtful ones that sense which may result from all of them taken jointly. . . As co-owners, private respondents have the power to exercise rights of ownership over their undivided portion, subject to the lease of this portion of the building to petitioners. The purpose of the second paragraph is to give private respondents possession of any part of the building, because until the termination of the agreement in the year 2001, it is under lease to petitioners. Indeed, considering the small size of the lot (52 square meters), the use and occupancy of the lot would be impossible without the use and occupancy of the building built on it.

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APPEARANCES OF COUNSEL

Sinforoso R. Pagunsan for petitioners.
Francisco A. Tiongson for private respondents.

D E C I S I O N

MENDOZA, *J.*:

This is a petition for review of the resolution of the Court of Appeals[1] dismissing petitioners' appeal from a decision of the Regional Trial Court, Branch 276, Muntinlupa City, ordering petitioners to vacate a piece of land in Alabang, Muntinlupa and to pay rents and damages.

The undisputed facts are as follows.

On August 1, 1986, petitioner Anita Lee, nee Anita Rivero, entered into a contract with Carmen C. Recario with regard to the land in question which the latter owned. The contract reads:

AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

This Indenture, made and executed by and between:

CARMEN C. RECARIO, of legal age, Filipino, widow and a resident of 690 T. Sulit St., Int. 7, Aguho, Pateros, Metro Manila, for herself and as Attorney-in-Fact of her children, namely: Maribeth, Marites, Marivic, Mariveluza, Maridel, Brando, Maricarl and Renrickz, all surnamed RECARIO, as per Power of Attorney acknowledged on 15 July 1985 before Notary Public, Francisco Agustin, of the City of Manila, in whose Notarial Register, the same was entered as Doc. No. 642, Page No. 66, Book No. XI, Series of 1985, hereinafter referred to as the PARTY OF THE FIRST PART;

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[1] Per Justice Rodrigo V. Cosico and concurred in by Justices Artemon D. Luna and Delilah Vidallon-Magtolis.

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- and -

ANITA RIVERO, of legal age, Filipino, married, and a resident of 3344 Ibarra St., Makati, Metro Manila, hereinafter referred to as the PARTY OF THE SECOND PART;

WITNESSETH, THAT —

WHEREAS, the PARTY OF THE FIRST PART is the absolute owner of a parcel of commercial lot consisting of FIFTY-TWO (52) sq. ms., more or less, located at Rotonda, Alabang, Muntinlupa, M.M., embraced by TCT NO. 133710 of the Registry of Deeds for Makati, M.M., as per instrument denominated as "Extra-Judicial Settlement of the Estate of the Deceased Manuel E. Recario" acknowledged before Notary Public, Francisco Agustin, in whose Notarial Register, the same was entered as Doc. No. 641, Page No. 66, Book No. XI, Series of 1985;

WHEREAS, constructed on the said lot is an unfinished two-storey commercial building of mixed materials;

WHEREAS, the PARTY OF THE SECOND PART has proposed to reimburse and/or pay the PARTY OF THE FIRST PART the expenses incurred and still to be incurred in completing the construction of the said unfinished building and to rent/lease the lot on which the same is erected, and the latter has accepted and agreed to each proposal subject to the terms and conditions hereinafter setforth;

NOW, THEREFORE, for and in consideration of the foregoing and the covenants mutually entered into, the PARTY OF THE FIRST PART hereby lets and leases the above-referred parcel of land in favor of the PARTY OF THE SECOND PART subject to the terms and conditions hereinafter stipulated, to wit:

1. THE PARTY OF THE SECOND PART shall, upon execution of this agreement, pay as he does hereby pay the PARTY OF THE FIRST PART a sum of TWO HUNDRED SEVENTY-FIVE THOUSAND (₱275,000.00)PESOS, Philippine Currency, and the latter hereby acknowledges receipt of said amount from the former to her full satisfaction as and by way of reimbursement and/or payment for the total amount spent and still to be spent by the PARTY OF THE FIRST PART in the construction of the aforecited unfinished building and its completion; provided, that, among others, said party shall pursue with and continue the construction until the same is completely finished in accordance with the plan and specification, as approved,

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complete with electrical, lighting, water and other facilities, within a period of thirty (30) days from the execution hereof;

2. Immediately upon the completion of the construction, the PARTY OF THE FIRST PART shall deliver the said building to the PARTY OF THE SECOND PART, and the latter shall automatically become the exclusive owner thereof without the necessity of executing another instrument to effect the transfer of ownership of the referred building. However, after the lapse of seven and one-half (7½) years therefrom, the former shall, *ipso facto* become a co-owner of one-half (½) undivided portion of the building until the expiration of the term or duration of this agreement. After the term or duration of this agreement expires, the co-ownership shall automatically terminate and the PARTY OF THE FIRST PART shall become the exclusive owner of the referred building without need of executing any other instrument to consolidate and transfer absolute ownership of the building in favor of the PARTY OF THE FIRST PART;

3. This agreement shall have a term or duration of FIFTEEN (15) years from the completion and delivery of the building as above-contemplated, with a five-year extension, and renewable for such terms, conditions and duration as may be agreed upon by the parties hereto or their heirs, transfers, successors and assignee, for or against whom this agreement shall be binding;

4. The monthly rentals on the lot and/or both lot and building shall be FIVE THOUSAND (₱5,000.00) PESOS during the first ten (10) years and the same shall be increased to SIX THOUSAND (₱6,000.00) PESOS from the start of the 11th year up to the 15th year of this agreement. However, considering that the PARTY OF THE SECOND PART has paid and invested the corresponding amount of the construction or its costs, as cited heretofore, she shall pay only one-half of the agreed monthly rentals and the same shall be as they are hereby considered full satisfaction of the rentals. During the period of extension the rentals shall be subject to negotiation. Moreover, during the entire term or duration of this agreement, the monthly rentals shall be due and payable within the last five days of the month, starting from the month of the completion and delivery of the building;

5. In the event the PARTY OF THE FIRST PART shall desire to sell, alienate or encumber the lot within the first 7½ years of this agreement, or the lot and building during any time thereafter while this agreement is in force or while the PARTY OF THE SECOND PART

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occupies the building, possesses or co-owns the same, the latter is hereby given the first priority or opportunity to purchase the same and to exercise the said priority or opportunity within 90 days from receipt of written notice to such effect;

6. Insurance policy or benefit covering the building during the duration of the agreement after the first 7½ years shall be in favor of both parties hereto in equal share and the premium shall be equally borne by then;

7. The PARTY OF THE SECOND PART has absolute right and authority to transfer, sell, lease or in any manner encumber and alienate the building, or her rights and interests over the same under and by virtue of this agreement;

8. Expenses for electricity, water, gas, telephone and other facilities shall be for the account of the PARTY OF THE SECOND PART;[2]

The building was thereafter completed and petitioners occupied it as absolute owners thereof. Before the expiration of the 7½ year-term, however, Carmen C. Recario died.

On March 1, 1994, at the end of the 7½ year-term, the heirs of Carmen C. Recario, led by Marivic F. Recario, demanded that petitioners vacate one-half of the building on the ground that they needed the space for a dental clinic. Petitioners refused the demand on the ground that there was an existing lease over the building pursuant to the above agreement which would not expire until the year 2001. As several letters of demand sent by them had been ignored by petitioners, private respondents filed a case for unlawful detainer in the Metropolitan Trial Court of Muntinlupa City.

On October 17, 1995, the Metropolitan Trial Court, Branch 80, Muntinlupa City rendered a decision dismissing the complaint for lack of cause of action. It said:

Paragraph no. 2 of the agreement (Annex "C" of the complaint) states that "after the lapse of seven and one-half (7½) therefrom, the former (Carmen Recairo) shall *ipso facto,* become a co-owner of one-half (½) undivided portion of the building until the expiration

[2] *Rollo.* pp. 20-22

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of the term or duration of this agreement. However, it does not state that after the lapse of seven and one-half (7½) years of the lease agreement, defendant will surrender to the plaintiff (Carmen Recario) possession of the one-half (½) undivided portion of the building. Precisely because the premises is "under lease." This is exemplified by paragraph no. 3 and no. 4 of the same agreement which fixed the duration of the term of lease for fifteen (15) years covering both the lot and the building.

WHEREFORE, for lack of cause of action the complaint against the defendants are hereby DISMISSED. The counterclaims are likewise dismissed it appearing that the complaint was not filed in bad faith.[3]

Private respondents appealed to the Regional Trial Court, which reversed the decision of the Metropolitan Trial Court. The dispositive portion of the decision, dated May 21, 1996, of the Regional Trial Court, Branch 276, Muntinlupa City, stated:

Premises considered, this Court reverses on Appeal the DECISION by the Metropolitan Trial Court, Branch 80 of Muntinlupa City, and directs Defendants as follows:

1. To immediately vacate and remove themselves from the premises having violated the agreement which is now terminated;

2. To pay the unpaid rentals for the whole lot and the ½ undivided portion of the building from September 1, 1994 up to the time of the filing of the complaint in the sum of ₱2,500.00 per month or a total of ₱22,500.00;

3. To pay damages in the form of reasonable monthly rentals for the use of the remaining one half part of the building which Defendant continued to occupy from March 2, 1994 up to the time of the filing of the complaint in the sum of ₱10,000.00 per month or a total amount of ₱150,000.00;

4. To pay the attorneys fees of Plaintiff in the sum of ₱10,000.00;

5. and cost of litigation.[4]

In reversing the Metropolitan Trial Court, the Regional Trial Court said:

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[3] *Id.*, p. 17.

[4] *Id.*, pp. 24-25.

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Under these provisions this contract is for the lease of both the land and the improvement thereon consisting of a building, for a period of fifteen years with an option to renew for five years more. The building was initially constructed by the father of Plaintiff, but was finished by Defendant at a total sum of ₱275,000.00. The agreed rental was at ₱5,000.00 per month for the first ten (10) years and ₱6,000.00, in the succeeding five (5) years. It was also agreed that after 7½ years of occupancy, Plaintiff will become the owner of one half of the building. Further, even as the monthly rental is for ₱5,000.00, a month, Defendant will pay only ₱2,500.00 a month, the remaining half of the rental will be deducted as reimbursement to Defendant for the amount they spent to finish the building. Thus within ten (10) years, Plaintiff would have reimbursed Defendant ₱25,000.00 already of their investment in finishing the house, and in the next five (5) years more, ₱15,000.00 more, or a total of ₱40,000.00 for the fifteen (15) year-term of the lease. Evidently, defendant even as she continued to stay in the premises was being reimbursed of her investment by paying only ½ of the agreed monthly rental, while Plaintiffs who by their agreement should become the owner of the half portion of the building after 7½ years, was actually making installment paying for the same building by offsetting a part of the agreed rental, to reimburse Defendants investment in finishing the house. Under this arrangement, Plaintiffs are now the exclusive owners of ½ of the building, and a co-owner of the other half since they paid Defendant in installment thru rental deduction of ₱2,500.00 a month. Plaintiffs should now be the owner of 3/4 of the whole building, which was leased to defendant Anita Lee.[5]

Petitioners filed a motion for reconsideration, but their motion was denied.[6] They then filed a petition for review in the Court of Appeals. However, their petition was dismissed on the ground that it was not accompanied by certified true copies of the assailed issuances.

Petitioners filed a motion for reconsideration, pointing out that the copies of the decision and resolution of the Regional Trial Court attached to their petition for review were duplicate originals duly signed by Judge N.C. Perello. However, their motion was denied.

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[5] CA *Rollo*, pp. 22-23.

[6] *Id*, pp. 26-27.

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Hence this petition. Petitioners raise the following issues.

1. Whether or not the respondent Court of Appeals erred in dismissing the petition for review despite the fact that duplicate originals of the assailed issuances had been attached.
2. Whether or not the private respondents can lawfully eject petitioners from the subject premises.
3. Whether or not private respondents are entitled to damages in the amount of ₱10,000.00 per month and attorney's fees.[7]

We find the petition meritorious.

First. The copies of the decision and resolution of the Regional Trial Court attached to the petition for review filed by petitioners in the Court of Appeals are duplicate originals. However, the Court of Appeals dismissed the petition for review of petitioners on the ground that copies of the decision and resolution of the Regional Trial Court must be certified true copies.

The Court of Appeals based its action on Rule 42, §2 of the 1997 Rules of Civil Procedure, but this rule provides that petitions for review of decisions and resolutions of Regional Trial Courts must "be accompanied by clearly legible duplicate originals or true copies of judgments or final orders of both lower courts, certified correct by the clerk of court of the Regional Trial Court." It suffices, therefore, that a copy of a decision or resolution attached to a petition for review is a duplicate original.

Actually, considering that the petition for review of petitioners was filed in October of 1996, the applicable rule was Rule 6, §3(b) of the Revised Internal Rules of the Court of Appeals which provides as follows:

What Should be Filed. — The petition shall be accompanied by a *certified true copy of the disputed decisions, judgments, or orders* of the lower courts, together with true copies of the pleadings and other material portions of the record as would support the allegations of the petition.

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[7] *Rollo*, p. 11.

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However, although this rule makes no mention of duplicate originals, this Court, in *Tuazon v. Court of Appeals*,[8] considered duplicate originals as sufficient to support petitions for review filed in the Court of Appeals of the decisions or resolutions of Regional Trial Courts. It was error, therefore, for the Court of Appeals to dismiss the petition for review filed by petitioners on the ground that it was not accompanied by certified true copies of the decision and resolution of the Regional Trial Court.

Second. Petitioners contend that they cannot be ejected from the subject premises because after 7½ years they became lessees of the undivided one-half portion that became the property of private respondents. Hence, since there was an existing lease over the building they cannot be ejected by private respondents. On the other hand, private respondents say that the lease covers only the lot and not the building also and, therefore, as they had become co-owners of the building, they had the right over an undetermined half of the property.

The agreement provides in pertinent parts:

3) This agreement shall have a term or duration of FIFTEEN (15) years from the completion and delivery of the building as above-contemplated, with a five-year extension, and renewable for such terms, conditions and duration as may be agreed upon by the parties hereto or their heirs, transfers, successors and assignee, for or against whom this agreement shall be binding;

4) The monthly rentals *on the lot and/or both lot and building* shall be FIVE THOUSAND (₱5,000.00) PESOS during the first ten (10) years and the same shall be increased to SIX THOUSAND PESOS (₱6,000.00) from the start of the 11th year paid the 15th year of this agreement. However, considering that the PARTY OF THE SECOND PART has paid and invested the corresponding amount of the construction or its costs, as cited heretofore, she shall pay only one-half of the agreed monthly rentals and the same shall be as they are hereby considered full satisfaction of the rentals. During the period of extension, the rentals shall be subject to negotiation. Moreover, during the entire term or duration of this agreement, the monthly

[8] 234 SCRA 24 (1994) (italics supplied).

[9] *Rollo*, p. 21.

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rentals shall be due and payable within the last five days of the month, starting from the month of the completion and delivery of the building;[9]

The phrase "on the lot and/or both lot and building" in the fourth paragraph of the agreement indicates that the lease covers both the land and the building. The duration of this agreement is 15 years as stated in the third paragraph. Hence, even if private respondents became co-owners of the building on March 1, 1994 after 7½ years, petitioners' lease over the land and the building gave them the right to remain in the premises until the year 2001. The monthly rental of ₱5,000.00 is for "the lot and/or both lot and building."

Indeed, the parties to the agreement could have simply said "lot and building," but they did not. Instead, they said "lot and/or both lot and building," indicating thereby that during the first half (7½ years) of the agreement the lease would cover only the lot since during that period petitioners were the absolute owners of the entire building. After that period, however, *i.e.*, during the second half, the lease would cover both the lot and the building since the latter would by then be owned in common by private respondents and petitioners.

This construction of the agreement is in line with Art. 1374 of the Civil Code that the various stipulations of a contract shall be interpreted together, attributing to the doubtful ones that sense which may result from all of them taken jointly.

The second paragraph states:

2) Immediately upon the completion of the construction, the PARTY OF THE FIRST PART shall deliver the said building to the PARTY OF THE SECOND PART, and the latter shall automatically become the exclusive owner thereof without the necessity of executing another instrument to effect the transfer of ownership of the referred building. However, after the lapse of seven and one-half (7½) years therefrom, the former shall, *ipso facto,* become a co-owner of one-half undivided portion of the building until the expiration of the term or duration of this agreement. After the term or duration of this agreement expires, the co-ownership shall automatically terminate and the PARTY OF THE FIRST PART SHALL become the exclusive owner

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of the referred building without need of executing any other instrument to consolidate and transfer absolute ownership of the building in favor of the PART OF THE FIRST PART;

As co-owners, private respondents have the power to exercise rights of ownership over their undivided portion, subject to the lease of this portion of the building to petitioners. The purpose of the second paragraph is to give private respondents interest in the building after 7½ years thus qualifying the otherwise absolute right of petitioners under the seventh paragraph of the agreement to sell the building. But it was not the intention to give private respondents possession of any part of the building, because until the termination of the agreement in the year 2001, it is under lease to petitioners. Indeed, considering the small size of the lot (52 square meters), the use and occupancy of the lot would be impossible without the use and occupancy of the building built on it.

Third. Private respondents allege that in any event petitioners should be ejected from the lot and the building because of their alleged failure to pay rent. However, as both Metropolitan Trial Court and Regional Trial Court found, petitioners religiously paid to private respondents the amount of ₱2,500.00 every month except that from September, 1994 they decided to deposit this amount with Metrobank in the name of Marivic F. Recario after the latter had refused to accept the payment from petitioners.[10] In accordance with Art. 1256 of the Civil Code, petitioners were thereby released from responsibility for payment of rents.

WHEREFORE, the decision of the Court of Appeals is hereby REVERSED and that of the Metropolitan Trial Court is REINSTATED.

SO ORDERED.

Bellosillo (Chairman), Quisumbing, Buena, and *De Leon, Jr., JJ.,* concur.

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[10] CA *Rollo*, p. 15.