

THIRD DIVISION

[G.R. NO. 160805, November 24, 2006]

SPOUSES ADIEL DE LA CENA AND CARIDAD AREVALO DE LA CENA, PETITIONERS, VS. SPOUSES JOSE BRIONES AND HERMINIA LLEDO BRIONES, RESPONDENTS.

DECISION

QUISUMBING, J.:

For review on certiorari are the Decision^[1] dated November 25, 2002 of the Court of Appeals in CA-G.R. CV No. 43335, and its Resolution dated October 16, 2003, denying the motion for reconsideration. The appellate court reversed the decision dated July 27, 1993 of the Regional Trial Court of Legazpi City, Branch 6, in Civil Case No. 8248 for quieting of title, recovery of possession and damages.

The facts are as follows:

Involved in this case is a six-meter by nine-meter portion of a 1,011-square meter lot located at Bagumbayan, Daraga, Albay. The whole lot is now registered under Transfer Certificate of Title (TCT) No. T-54600 in the name of petitioners, spouses Adiel de la Cena and Caridad Arevalo de la Cena (the de la Cenas).^[2] It was previously owned by the spouses Antonio and Josefa Arevalo (the Arevalos), parents of petitioner Caridad Arevalo de la Cena.

Sometime in 1969, the respondents, spouses Jose and Herminia Briones (the Brioneses), rented from the Arevalos, a house constructed on the contested portion of the aforementioned lot. Five months later, respondents bought the house. Then on January 31, 1977, respondents also bought the contested portion of said lot from the Arevalos. They paid P1,260 as downpayment.^[3]

Unknown to the Brioneses, the whole lot had been mortgaged by the Arevalos to Albay Development Bank. On April 24, 1979, TCT No. T-54600 was issued to petitioners, who paid an unspecified amount to the Arevalos for the whole lot and P9,000 to the bank representing the balance of the loan obtained by the Arevalos.^[4]

Thereafter, petitioners de la Cenas demanded that respondents Brioneses vacate the contested portion. When respondents refused and after a *barangay* conciliation failed, petitioners filed before the Regional Trial Court of Legazpi City a complaint for quieting of title, recovery of possession, and damages against respondents.

The trial court decided in favor of petitioners de la Cenas, disposing of the case as follows:

WHEREFORE, premises considered, decision is hereby rendered:

1) Declaring the claim of ownership of defendants [respondents herein] upon the property in question based upon exhibit "1" as invalid and ineffec[t]ive and is prejudicial to the title of the plaintiffs [petitioners herein] and casting a cloud upon said title which cloud is hereby ordered removed and the plaintiffs' title hereby ordered quieted.

2) The plaintiffs are hereby ordered to pay the defendants P35,952.93 as reimbursement for the value of the expenses incurred by the defendants in renovating or repairs inuring to plaintiffs benefits.

3) Within thirty (30) days from the payment of the aforesaid P35,952.93 by the plaintiffs to the defendants, the defendants shall vacate the property in question leaving the house behind.

4) Costs against both plaintiffs and defendants.

SO ORDERED.^[5]

While the trial court found that there was a perfected contract of sale of the contested portion between respondents Brioneses and the Arevalos, it said that the sale did not bind petitioners de la Cenas because, (1) the acknowledgment receipt^[6] issued by the Arevalos of the downpayment of respondents was not a public document under Article 1358 (1)^[7] of the Civil Code; and (2) the sale was unregistered. The trial court further noted that petitioners de la Cenas were unaware of the previous sale of the contested portion to the Brioneses. Nonetheless, it faulted petitioners de la Cenas for not ascertaining the nature of respondents Brioneses' possession of the contested portion, since the former were aware that the Brioneses had purchased the house that stood thereon.

Upon respondents' appeal, the Court of Appeals reversed the trial court's decision. Thus,

WHEREFORE, the appeal is **GRANTED**. The assailed decision is **REVERSED** and **SET ASIDE**. The parties shall, at their expense share and share alike, cause a **SURVEY** to determine their respective portions of Lot No. 2 consistent with this decision. Thereafter, in accordance with the said survey, the Register of Deeds of Albay shall **ISSUE** a new transfer certificate of title to defendants-appellants [respondents herein] for the portion pertaining to them, while the remaining portion of Lot No. 2 shall continue to pertain to plaintiffs-appellees [petitioners herein] under their TCT No. T-54600.

SO ORDERED.^[8]

The appellate court similarly held that there was a perfected contract of sale of the contested portion based on the receipt acknowledging the downpayment.^[9] The appellate court found that the sale had been consummated and it took note of respondents' full payment of the purchase price of P6,000 on installment basis, as testified to by respondent Herminia Briones.^[10] The appellate court also concluded that petitioner Caridad Arevalo de la Cena had known of the sale of the house and the contested portion to respondents. Thus, the appellate court ruled that even if

petitioners were first to register the sale, their registration was tainted with bad faith.

The appellate court denied petitioners' motion for reconsideration.

Hence, the instant petition raising the following issues:

1. WHETHER OR NOT THERE EXISTED A PERFECTED CONTRACT OF SALE BETWEEN PETITIONERS' PREDECESSORS-IN-INTEREST, THE AREVALO SPOUSES AND THE RESPONDENTS; AND
2. ASSUMING THAT THERE WAS SUCH A PERFECTED CONTRACT OF SALE, WHETHER OR NOT THE PETITIONERS HAD KNOWLEDGE THEREOF PRIOR TO THE REGISTRATION OF THE PROPERTY IN THEIR NAMES.^[11]

We will resolve the issues in the order presented. Petitioners contend that the Court of Appeals erred in ruling that there was a perfected contract of sale based on the receipt acknowledging the downpayment. Petitioners also contend that the receipt neither stated the portion sold, nor the price, nor the buyer. They aver that there had yet been no meeting of the minds upon the object of the contract and the price.

Respondents counter that a contract of sale is perfected by mere agreement of the parties; even without the receipt acknowledging the downpayment, there could still be a perfected contract of sale.

At this juncture, we note that petitioners did not appeal the trial court's finding that there was a perfected contract of sale of the contested portion to respondents. By not appealing, petitioners are deemed to have accepted the trial court's factual findings and conclusions of law on this matter.^[12]

In addition, a contract of sale is perfected by mere consent, upon a meeting of the minds on the object of the contract and the price.^[13] When the Arevalos accepted the P1,260 as downpayment, they had agreed to the sale of the contested portion to respondents. In fact, the contract of sale had already been consummated. Hence, its enforcement cannot be barred by the Statute of Frauds, which applies only to an executory agreement.^[14]

We note that the Arevalos delivered the contested portion to respondents; the respondents had paid the P1,260 as downpayment; the downpayment was received; the respondents had paid on installment the balance of the full purchase price of P6,000;^[15] some installments were paid weekly as demanded by the Arevalos who did not issue receipts;^[16] P400 owed by the Arevalos to respondent Herminia Briones's mother, was also used to offset the price;^[17] respondents paid the last installment in 1980;^[18] and respondents continued their actual possession. Moreover, ownership of the thing sold was transferred to the buyer upon actual or constructive delivery.^[19]

Petitioners also contend that the Court of Appeals erred in concluding that they knew of the sale between the Arevalos and respondents. They insist that they had no knowledge of the sale of the contested portion to respondents. Hence, they claim they were buyers in good faith who had also in good faith first registered the sale.