

## FIRST DIVISION

[ G.R. No. 123905, June 09, 1997 ]

**MARIA CRISTINA FERTILIZER CORPORATION AND MARCELO STEEL CORPORATION, REPRESENTED BY MR. JOSE P. MARCELO, PETITIONERS, VS. THE HON. COURT OF APPEALS (TENTH DIVISION) AND CEFERINA ARGALLON-JOCSON ASSISTED BY HER HUSBAND MR. MARCELINO JOCSON, RESPONDENTS.**

### D E C I S I O N

**VITUG, J.:**

The case under review originated from an action for reconveyance filed by private respondent Ceferina Argallon-Jocson on 13 June 1986 against petitioners Maria Cristina Fertilizer Corp. ("MCFC") and Marcelo Steel Corp. ("MSC"), represented by Mr. Jose Marcelo, before the Regional Trial Court, Branch XXI, of Santiago, Isabela, and so docketed as Civil Case No. 0468. The trial court ruled in favor of private respondent Ceferina Argallon-Jocson and ordered petitioners MCFC and MSC to reconvey to her all the rights and interest on the disputed land (covered by various Transfer Certificates of Title).

Petitioners filed an appeal to the Court of Appeals, docketed CA-G.R. CV No. 44232, from the trial court's decision. In due time, the appellate court rendered its decision, dated 30 October 1995, penned by Mme. Justice Corona Ibay-Somera, affirming *in toto* the questioned decision of the trial court. The appellate court ratiocinated, in good part, as follows:

"Appellee's cause of action against appellant as alleged in her complaint is reconveyance of parcels of land covered by T-96670 x x x for the reason that appellants had failed to pay the balance of the purchase price, and after the latter failed to reconvey said parcels of land to the former after the appellants through Jose Marcelo acceded to reconvey them. This act of appellant in acceding to the demand of appellee to reconvey the parcels of land subject matter of controversy, after the former's failure to pay the balance of the purchase price, constitutes an agreement or contract. 'It is axiomatic that contracts may be entered into in any form orally or in writing or parol in part and written it being needful merely that the essential requisites for their validity be present.' (Deloso vs. Sandiganbayan, 217 SCRA 49). And 'obligations arising from contracts have the force of law between the contracting parties and should be complied with in good faith.' (Intestate Estate of the late Ricardo P. Presbiterio, Sr. vs. CA, 217 SCRA 372)."<sup>[1]</sup>

Parenthetically, it might be explained that the instant case is just one of other litigations between the parties involving identical issues but

covering different parcels of land. One such case was filed on 04 February 1985, before the Regional Trial Court, Branch XXI, of Santiago, Isabela, docketed Civil Case No. 0327, filed by Metraco Tele-Hygienic Services Corporation, likewise represented by Ceferina Argallon-Jocson, against MCFC. The trial court there ruled in favor of Metraco by decreeing the rescission of the questioned deed of transfer and ordering MCFC to reconvey all the rights and interest it acquired over the parcels of land covered by the contract. MCFC appealed the trial court's decision to the Court of Appeals which was docketed CA-G.R. CV No. 40958. In its decision of 08 December 1994, the appellate court, through Mr. Justice Jorge S. Imperial, set aside the questioned decision of the trial court. In concluding that the court below erred in ordering the rescission of the contract and in directing MCFC to reconvey all the rights and interest it acquired over the parcels of land described under the contract, the appellate court said:

"The question, then, arises: Was reconveyance the proper remedy under the undisputed circumstances? The answer to this pivotal question is found in a long line of decisions rendered by the Supreme Court on the matter. It has been consistently held that nonpayment of the price is a resolutory condition and the remedy of the vendor or transferor under Article 1191 of the New Civil Code is either to exact fulfillment or to rescind the contract. There being no other reason for coming to court but that the appellant corporation breached the contract by failing to pay the balance of the purchase price, appellee Metraco's only remedy, after earlier demands for payments were to no avail, would have been to rescind the contract.

"x x x      x x x      x x x

"Second, and more importantly, appellee Metraco had, by failing to act sooner, forfeited the right to rescind the contract. Under Article 1398, the action to claim rescission must be commenced within four (4) years. The record reveals that the Deed of Transfer was executed by the herein parties on April 21, 1976, while appellee Metraco brought the action on February 4, 1985 only, or some nine (9) years later. Clearly, by failing to act seasonably, appellee Metraco lost the right to ask for a rescission of the contract if it had wanted to. Thus, appellee Metraco sought to salvage the adverse effects of its own omission by filing an action for reconveyance instead, which prescribes in ten (10) years.

"The fact that rescission was the proper remedy and that the same was barred by prescription was brought to the attention of the lower court by the appellant corporation. Said court, however, chose to entertain the action for reconveyance, treating the same as also- an action for rescission. In this regard, the lower court erred in even ordering the rescission of the contract when appellee Metraco did not even seek such relief in its complaint. While the action was for reconveyance, the facts taken into consideration by the lower court, such as nonpayment of the purchase price, should have been threshed out in an action for rescission. Whatever cause of action appellee Metraco had been lost by prescription.

However, the judgment allowing rescission was made arising from an action for reconveyance.”<sup>[2]</sup>

Metraco, through Ceferina Argallon-Jocson, filed a petition for review before this Court, docketed G.R. No. 119994, assailing the above decision. This Court, in its resolution of 11 October 1995, denied the petition for “failure of the petitioners to sufficiently show that the respondent court had committed any reversible error in rendering the questioned judgment.”<sup>[3]</sup> The motion for reconsideration filed by Metraco was likewise denied with finality on 06 March 1996.

In another complaint, Ceferina Argallon-Jocson sought, on 29 September 1986, before the Regional Trial Court, Branch XXIV, of Echague, Isabela, a similar action for reconveyance of property. Here, the trial court likewise rendered judgment in favor of plaintiff Argallon-Jocson. It ordered MCFC and MSC to reconvey all the rights and interest over the several parcels of land there involved. MCFC and MSC appealed the decision to the Court of Appeals, docketed CA-G.R. CV No. 44150, where, on 10 January 1996, the appellate court, in this instance through Mr. Justice Eduardo G. Montenegro, likewise found the appeal meritorious and thus set aside the trial court’s decision and entered a new one dismissing the complaint. In arriving at his ponencia, Justice Montenegro took cognizance of the earlier decision of the Court of Appeals, penned by Justice Imperial, in CA-G.R. CV No. 40958, and said:

“With the decision in CA-G.R. CV No. 40958 as precedent, since from said decision plaintiff-appellee appealed to the Supreme Court through a petition for review on *certiorari*, docketed as G.R. No. 119994 which was denied by the First Division in a resolution dated October 11, 1995 for ‘failure of the petitioners to sufficiently show that the respondent court had committed any reversible error in rendering the questioned judgment,’ parenthetically in effect the Supreme Court affirmed the decision of the Eleventh Division of this Court, We are constrained to similarly set aside the decision appealed from.”<sup>[4]</sup>

Relying on the testimony of Argallon-Jocson that the bond certificates had not yet been released by the Land Bank when she filed her case, Justice Montenegro ruled that the complaint was prematurely filed and thus ordered its dismissal without prejudice.

Private respondent Argallon-Jocson questioned Justice Montenegro’s decision before this Court, docketed G.R. No. 124764, but the same was dismissed by the Third Division in a resolution, dated 26 June 1996, for non-compliance with requirement No. 3 of Circular 1-88 since the petition lacked a certified true copy of the questioned resolution of the appellate court denying Argallon-Jocson’s motion for reconsideration.

The motion for reconsideration of private respondent Argallon-Jocson (then petitioner) was likewise denied by this Court in its resolution of 02 September 1996.

Back to the instant petition, the questioned decision of Justice Ibay-Somera disposed the case by holding that the act of petitioners MCFC and MSC of acceding,