

## FIRST DIVISION

[ G.R. No. 235711, March 11, 2020 ]

**TERESITA E. PASCUAL, WIDOW OF THE LATE ROMULO PASCUAL, WHO WAS THE HEIR OF THE LATE CATALINA DELA CRUZ AND ATTORNEY-IN-FACT OF HER CHILDREN AND FOR HER OWN BEHALF, PETITIONER, V. ENCARNACION PANGYARIHAN-ANG, SPOUSES EMELITA ANG GAN AND VICENTE GAN, SPOUSES NILDA ANG-ROMAN AND ROBERTO ROMAN, SPOUSES ROSITA ANG-ESTRELLA AND LUNAUVER ESTRELLA, ERNEST ANG, ANTONIO ANG, SPOUSES RUBY ANG-TAN AND JULIO TAN, SPOUSES MA. VICTORIA ANG-SAN PEDRO AND AMADO SAN PEDRO, AND DANILO ANG, RESPONDENTS.**

### DECISION

**PERALTA, C.J.:**

Before Us is a petition for review on *certiorari* under Rule 45 of the Rules of Court assailing the Decision<sup>[1]</sup> dated July 4, 2017 and the Resolution<sup>[2]</sup> dated November 22, 2017 of the Court of Appeals (CA) in CA-G.R. CV No. 107299, which affirmed the Decision<sup>[3]</sup> of the Regional Trial Court, Malabon City, Branch 74, in favor of herein respondents.

The antecedent facts, as culled from the records, are as follows:

Sometime in January 1989, Romulo Pascual entered into a sale transaction with Encarnacion P. Ang, et al., through Antonio Ang, covering three parcels of land located in Navotas City. This was embodied in a document denominated as "*Pagpapatunay at Pananagutan*," which read:

#### PAGPAPATUNAY AT PANANAGUTAN

ALAMIN NG SINOMAN:

Na ako, si COL. ROMULO PASCUAL, Pilipino, may sapat na taong gulang, may asawa at naninirahan sa M. Naval St., Navotas, Metro Manila, sa pamamagitan ng kasulatang ito ay nagpapahayag, nagpapatunay at nananagutan ng [mga] sumusunod:

1. Na ako ang siyang may-ari at namamahala ng tatlong (3) parsela ng lupa na nasa Tangos, Navotas, Metro Manila, at ang nasabing mga lupa ay ang mga sumusunod:
  - a. Isang (1) parsela ng lupa na nasa Daang Buenaventura, Tangos at nasa pagitan ng mga lote na pag-aari o inookupahan ni Protacio Enriquez at Benjamin Dayao;
  - b. Isang (1) parsela ng lupa na nasa dulo ng Daang

- Buenaventura at Tangos at nasa pagitan ng mga loteng pag-aari nina Benjamin Domingo at Felix San Pedro;
- k. Isang (1) parsela ng lupa na nasa Tabing Ilong ng Tangos sa tabi ng mga lote nina Benjamin Domingo at Amadeo Cruz.
2. Na sa kasalukuyan ang nasabing mga lupa ay inuupahan at inookupahan ni GNG. ENCARNACION PANGYARIHAN ANG at ng kanyang mga anak;
  3. Na ako ay nakipagkasundo at pumayag na ipagbili ang lahat ng mga lupa kay ENCARNACION P. ANG at sa kanyang mga anak na sina ANTONIO, ERNESTO, ROSITA, RANILO, EMELITA, NILDA, RUBY AT VICTORIA, pawang may mga apelyidong ANG sa halagang P350.00 bawat isang (1) metro kuwadrado;
  4. Na ngayong araw na ito ay aking tinanggap mula kay GNG. ENCARNACION P. ANG at kanyang mga anak sa pamamagitan ni ANTONIO ANG, ang halagang P50,000.00 bilang paunang bayad sa kabuuang halaga ng mga nasabing lupa;
  5. Na ang natitirang halaga, depende sa kabuuang sukat ng mga lupa ay babayaran sa akin nina GNG. ENCARNACION P. ANG at ng kanyang mga anak sa sandali na maipaayos ko ang mga sukat, plano, papeles at titulo ng nasabing mga lupa.

SA KATUNAYAN NG LAHAT, ako ay lumagda ngayong ika-\_\_\_\_ ng Enero, 1989, dito sa Navotas, Metro Manila.

SUMASANG-AYON:

ENCARNACION P. ANG, ET AL.

(Nilagdaan)  
COL. ROMULO PASCUAL  
Nagpapatunay

BY: (Nilagdaan)  
ANTONIO ANG<sup>[4]</sup>

On October 28, 1993, the lot referred to in paragraph 1(a) of the "*Pagpapatunay at Pananagutan*" was registered in respondents' names under Original Certificate of Title No. 246. As to the two remaining lots, which were referred in paragraphs 1(b) and 1(k), petitioner claimed that the same were already surveyed and titles thereto were already issued under the name of her husband Romulo Pascual, and that respondents failed to pay in full their purchase price. This lead her in filing a complaint for the rescission of the "*Pagpapatunay at Pananagutan*" with claim for damages before the Regional Trial Court of Navotas City on March 2, 2006. Petitioner, likewise, claimed that the purchase price should be increased, considering the price of the subject properties are no longer the same, and also taking into consideration the depreciation of the Philippine peso from the time of the execution of the contract in 1989 up to present.

On the other hand, respondents admitted the sale transaction, but argued that their agreement would show that the title to the subject lots should first be registered

under their names, and not under the name of Romulo Pascual, before they pay the balance of the purchase price. They further argued that it was petitioner who breached their agreement as she intentionally refused to register the two lots under their names because she is asking for a much higher price, different from what was originally agreed upon.

### **Ruling of the RTC**

After trial on the merits, the trial court rendered judgment in favor of herein respondents. It ruled that while the provision in paragraph 5 of the "*Pagpapatunay at Pananagutan*" is ambiguous as it can be interpreted in two ways - the titles mentioned in the said provision is either in the name of Romulo Pascual and/or plaintiff, or in defendants' names - the evidence on records would show that the intention of the parties in the said paragraph 5 is that petitioner should secure first the titles of the subject properties in respondents' names before they pay the remaining balance of the purchase price of the subject properties.

The RTC also dismissed petitioner's argument that the purchase price must be increased. It ratiocinated that the amount agreed upon by the parties is at P350.00 per square meter, and that the contract is the law between the parties and courts have no choice but to enforce such contract so long as it is not contrary to law, morals, good customs, or public policy.

Aggrieved, petitioner filed an appeal before the Court of Appeals.

### **Ruling of the CA**

On appeal, petitioner averred that the subject first lot was registered in the names of the respondents only after they fully paid its purchase price. It is, therefore, clear that paragraph 5 of the "*Pagpapatunay at Pananagutan*" should be interpreted according to what transpired on the payment and registration of the aforementioned first lot. Thus, the trial court erred when it ruled that the titles of the contested three parcels of land must first be transferred in the names of the respondents before the latter will be duty-bound to pay the balance of the purchase price. According to petitioner, the RTC failed to consider the real intention of the parties based on their conduct, words, and deeds prior to, during, and immediately after executing the subject contract.

Respondents, on the other hand, argued that the action for rescission is a collateral attack against the title of the first subject lot, and that Torrens title cannot be attacked collaterally and the issue on its validity can be raised only in an action expressly instituted for that purpose. Moreover, petitioner prematurely instituted the complaint since they failed to comply with the condition precedent which is to cause the survey, documentation, and accomplishment of the necessary transfer documents of the two remaining lots in the names of the respondents. Moreover, the presentation before the RTC of the Transfers of Certificate of Title (TCTs) in the name of Romulo Pascual which allegedly cover the two subject lots cannot be considered as compliance with the terms of the contract, because these titles were registered only on March 14, 2006, or 12 days after the filing of the complaint on March 2, 2006.

In its Decision dated July 4, 2017, the CA denied petitioner's appeal and affirmed the ruling of the trial court. It noted that petitioner testified that respondents paid P50,000.00 as downpayment for the three lots, and respondents made several