

THIRD DIVISION

[G.R. No. 199431, August 31, 2016]

**STA. FE REALTY, INC. AND VICTORIA SANDEJAS FABREGAS,
PETITIONERS, VS. JESUS M. SISON, RESPONDENT.**

DECISION

REYES, J.:

Before the Court is a Petition for Review on *Certiorari*^[1] seeking to annul and set aside the Decision^[2] dated July 18, 2011 and the Resolution^[3] dated November 23, 2011 of the Court of Appeals (CA) in CA-G.R. CV No. 90855, which affirmed with modification the Decision^[4] dated August 8, 2006 of the Regional Trial Court (RTC) of Calamba City, Laguna, Branch 92, in Civil Case No. 2342-96-C.

The Facts and the Case

This case stemmed from a Complaint^[5] for reconveyance of property filed by Jesus M. Sison (Sison) against Sta. Fe Realty, Inc. (SFRI), Victoria Sandejas Fabregas (Fabregas) (collectively, the petitioners), Jose Orosa (Orosa) and Morninglow Realty, Inc. (MRI) (collectively, the defendants).

The subject of this petition is a parcel of land with an area of 15,598 square meters, designated as Lot 1-B-1 in the subdivision plan Psd-04-038233, located in Barrio Bagong Kalsada, Calamba City, Laguna. The said tract of land is a portion of the land covered by Transfer Certificate of Title (TCT) No. 61132, having a total area of 60,987 sq m originally owned by SFRI.^[6]

The records showed that SFRI agreed to sell to Sison the south eastern portion of the land covered by TCT No. 61132. On October 19, 1989, SFRI executed a Deed of Sale over the subject property to Fabregas for the amount of P10,918.00. Fabregas, then, executed another deed of sale in favor of Sison for the same amount. This sale was authorized by SFRI in a Board Resolution dated April 30, 1989, and was then adopted by its Board of Directors together with the corresponding Secretary's Certificate dated October 11, 1989.^[7]

Immediately thereafter, Sison caused the segregation of the corresponding 15,598 sq m from the whole 60,987-sq-m land and was designated as Lot 1-B-1 in the subdivision plan Psd-04-038233. He took possession of the subject property and introduced improvements thereon, such as fencing the property, putting a no trespassing sign, barbed wires and hedges of big tress. He also constructed a fishpond and a resort on the subject property.^[8]

However, Sison was not able to register the sale and secure a title in his name over the subject property because the petitioners refused to pay realty taxes and capital

gains tax, as well as to turn over the owner's copy of TCT No. 61132 and the subdivision plan. To protect his interest over the subject property, Sison was constrained to pay the said taxes from 1979 to 1990. Nevertheless, the defendants still refused to surrender the mother title and all other pertinent documents necessary to transfer the title of the subject property in Sison's name.^[9]

Meanwhile, on December 2, 1991, SFRI caused the subdivision of the entire property covered by TCT No. 61132 into four lots, designated as: Lot 1-B-1, Lot 1-B-2, Lot 1-B-3 and Lot 1-B-4 under subdivision plan Psd-04-05414. After that, Lot 1-B-3 was further subdivided into four lots designated as Lot 1-B-3-A, Lot 1-B-3-B, Lot 1-B-3-C, and Lot 1-B-3-D, under subdivision plan Psd-0434-05-056810. As a result of the subdivision of Lot 1-B into new lots, TCT No. 61132 was cancelled and TCT No. T-255466 covering Lot 1-B-3-C was issued in the name of SFRI with an area of 16,000 sq m and With an annotation of the right of first refusal in favor of MRI.^[10]

Subsequently, SFRI sold Lot 1-B-3-C to Orosa as evidenced by the Deed of Sale dated March 1, 1994. Orosa was able to transfer the property in his name; thus, TCT No. T-255466 was cancelled, and TCT No. T-297261 was issued in his name.^[11]

Sison claimed that Lot 1-B-3-C is practically one and the same with Lot 1-B-1 which was previously sold by SFRI to Fabregas, and which the latter sold to him except for the excess of 402 sq m. Accordingly, when Sison learned about the subsequent sale of the subject property that he bought, he tried to settle the matter amicably but the parties did not reach an agreement. Hence, he instituted an action for reconveyance of property against the defendants.^[12]

For their part, the petitioners denied that they agreed to sell the 15,598 sq m of TCT No. 61132 to Sison. They claimed that Sison was aware of the subdivision caused by SFRI and that Lot 1-B-3-C which is one of the several lots from the subdivision is not the same with Lot 1-B-1 which Sison is claiming.^[13] They averred that Sison persuaded Fabregas to sell to him a portion of Lot 1-B in exchange of P700,000.00 and Sison will be the one to shoulder the expenses for the capital gains tax. They contended that they merely accommodated Sison's request to sign another set of deeds of sale over the subject property with a reduced price of P10,918.00 so that the capital gains tax would be reduced.^[14] They also asserted that Sison did not pay the consideration agreed upon for the sale of the subject property; thus, Fabregas rescinded the sale by sending a notice to Sison who did not contest the rescission of the sale.^[15]

For his part, Orosa claimed that he is a buyer in good faith as there is nothing annotated in TCT No. T-255466 which would warn or alert him of any lien or encumbrance or adverse claim on the property except for the right of first refusal granted to MRI. He claimed that the lot he bought from SFRI was different from that which Sison was claiming.^[16]

On August 8, 2006, the RTC rendered its Decision^[17] in favor of Sison, thus:

WHEREFORE, judgment is hereby rendered in favor of [Sison], as follows:

1. Declaring [Sison] the absolute owner of the lot described hereunder, free from all liens and encumbrances, to wit:

x x x x

2. Ordering [Orosa] to reconvey the above-described lot to [Sison];
3. Ordering the Register of Deeds of Laguna, Calamba Branch to perform the following: (a) to cancel TCT No. T-297261 issued in the name of [Orosa] and all titles subsequent thereto, and (b) to cause the issuance of the corresponding [TCT] in the name of [Sison] covering the above-described property upon his submission of a duly approved subdivision plan and technical description, free from Entry No. 357529 annotated on TCT No. 297261 and all other liens and encumbrances;
4. Ordering [the petitioners] to pay [Sison], jointly and severally, the following amounts:
 - a. P10,946.91 as actual damages;
 - b. P200,000.00 as moral damages;
 - c. P50,000.00 as exemplary damages;
 - d. P200,000.00 as attorney's fees; and
 - e. costs of suit.

SO ORDERED.^[18]

On appeal, the CA affirmed the findings of the RTC but reduced the award of moral damages and attorney's fees to P50,000.00 and P100,000.00, respectively.^[19]

The petitioners filed a motion for reconsideration but it was denied.^[20] Hence, this petition.

The Issue Presented

WHETHER THE CA ERRED IN AFFIRMING THE DECISION OF THE RTC RECONVEYING THE SUBJECT PROPERTY TO SISON.

Ruling of the Court

The petition lacks merit.

The Court has time and again ruled that factual findings of the CA are conclusive on the parties and carry even more weight when the said court affirms the factual findings of the trial court.^[21] But even if the Court were to re-evaluate the evidence presented in this case, there is still no reason to depart from the lower courts' ruling that the reconveyance is proper.

Essentially, the issues raised center on the core question of whether Sison is entitled to reconveyance of the subject property. In resolving this issue, the pertinent point of inquiry is whether the deed of absolute sale by and between SFRI and Fabregas, as well as the deed of absolute sale between Fabregas and Sison are valid and enforceable.

Sison anchors his cause of action upon the two deeds of sale and his possession and occupation of the subject property.^[22] The petitioners, however, counter that: (1) the deeds of sale were simulated; (2) Fabregas had unilaterally rescinded the sale; and (3) the subject property is now registered in the hands of an innocent purchaser for value.

The petitioners mainly argues that the deeds of sale were simulated because of its alleged failure to reflect the true purchase price of the sale which is P700,000.00 plus the assignment by Sison and his wife of certain properties located in Lingayen and Urdaneta, Pangasinan in favor of the petitioners. According to the petitioners, these deeds were executed at the request of Sison in order to reduce the amount to be paid as capital gains tax. They contend that there is an apparent gross disproportion between the stipulated price and the value of the subject property which demonstrates that the deeds stated a false consideration.

The Court, however, concurs with the disquisition of the lower courts that the evidence on record established that the deeds of sale were executed freely and voluntarily. The RTC noted that the petitioners admitted their intention to sell the subject property to Sison, and they voluntarily executed the said deeds of sale which were duly acknowledged before a notary public. These admissions that the deeds of sale were signed and executed by them in due course bar them from questioning or denying their acts.

In this case, all the elements for a contract to be valid are present. A perfected contract of absolute sale exists between SFRI and Fabregas and then Fabregas and Sison. There was meeting of the minds between the parties when they agreed on the sale of a determinate subject matter, which is the south eastern portion of Lot 1-B with an area of 15,598 sq m, and the price is certain, without any condition or reservation of title on the part of the petitioners.

To bolster their claim that the deeds of sale were void, the petitioners argue that there is gross disproportion between the price and the value of the subject property. The Court, however, ruled that gross inadequacy of price by itself will not result in a void contract. Gross inadequacy of price does not even affect the validity of a contract of sale, unless it signifies a defect in the consent or that the parties actually intended a donation or some other contract. Inadequacy of cause will not invalidate a contract unless there has been fraud, mistake or undue influence.^[23]

The Court observed that the petitiOners are assailing the deeds of sale for being absolutely simulated and for inadequacy of the price. However, these two grounds are incompatible. If there exists an actual consideration for transfer evidenced by the alleged act of sale, no matter how inadequate it be, the transaction could not be a simulated sale.^[24]

Nonetheless, the fact remains that the petitioners have failed to prove that the