

FIRST DIVISION

[G.R. No. 146608, October 23, 2003]

**SPOUSES CONSTANTE FIRME AND AZUCENA E. FIRME,
PETITIONERS, VS. BUKAL ENTERPRISES AND DEVELOPMENT
CORPORATION, RESPONDENT.**

D E C I S I O N

CARPIO, J.:

The Case

This is a petition for review on *certiorari* of the Decision^[1] dated 3 January 2001 of the Court of Appeals in CA-G.R. CV No. 60747. The Court of Appeals reversed the Decision^[2] of the Regional Trial Court, Branch 223, Quezon City ("trial court"), which held that there was no perfected contract of sale since there was no consent on the part of the seller.

The Facts

Petitioner Spouses Constante and Azucena Firme ("Spouses Firme") are the registered owners of a parcel of land^[3] ("Property") located on Dahlia Avenue, Fairview Park, Quezon City. Renato de Castro ("De Castro"), the vice president of Bukal Enterprises and Development Corporation ("Bukal Enterprises") authorized his friend, Teodoro Aviles ("Aviles"), a broker, to negotiate with the Spouses Firme for the purchase of the Property.

On 28 March 1995, Bukal Enterprises filed a complaint for specific performance and damages with the trial court, alleging that the Spouses Firme reneged on their agreement to sell the Property. The complaint asked the trial court to order the Spouses Firme to execute the deed of sale and to deliver the title to the Property to Bukal Enterprises upon payment of the agreed purchase price.

During trial, Bukal Enterprises presented five witnesses, namely, Aviles, De Castro, Antonio Moreno, Jocelyn Napa and Antonio Ancheta.

Aviles testified that De Castro authorized him to negotiate on behalf of Bukal Enterprises for the purchase of the Property. According to Aviles, he met with the Spouses Firme on 23 January 1995 and he presented them with a draft deed of sale^[4] ("First Draft") dated February 1995. The First Draft of the deed of sale provides:

DEED OF ABSOLUTE SALE

KNOW ALL MEN BY THESE PRESENTS:

This DEED OF ABSOLUTE SALE made and executed by and between the Spouses CONSTANTE FIRME and AZUCENA E. FIRME, both of legal age, Filipino citizens and with postal address at No. 1450 Union, Paco, City of Manila, hereinafter called the VENDOR, and

BUKAL ENTERPRISES and DEVELOPMENT CORPORATION, a corporation duly organized and registered in accordance with Philippine Laws, with business address at Dahlia Avenue, Fairview Park, Quezon City, herein represented by its PRESIDENT, MRS. ZENAIDA A. DE CASTRO, hereinafter called the VENDEE.

WITNESSETH:

That the VENDOR is the absolute and registered owner of a certain parcel of land located at Fairview Park, Quezon City, and more particularly described as follows:

A parcel of land (Lot 4, Block 33 of the consolidation-subdivision plan (LRC) Pcs-8124, Sheet No. I, being a portion of the consolidation of Lots 41-B-2-A and 41-B-2-C, Psd-1136 and Lot (LRC) Pcs-2665, (LRC) GLRO) Record. No. 1037), situated in Quezon City, Island of Luzon. Bounded on the NE., points 2 to 5 by Road Lot 24, of the consolidation-subdivision plan. Beginning at a point marked "1" on plan, being S. 67 deg. 23'W., 9288.80 m. from BLLM I, Mp of Montalban, Rizal; thence N. 85 deg. 35'E., 17.39 m. to point 2; thence S. 54 deg. 22'E., 4.00 m. to point 3; thence S. 14 deg. 21'E., 17.87 m. to point 4; thence 3 deg. 56'E., 17.92 m. to point 5; thence N. 85 deg. 12' W., 23.38 m. to point 6; thence N. 4 deg. 55' W., 34.35 m. to the point of beginning; containing an area of EIGHT HUNDRED AND SIX (806) SQUARE METERS, more or less.

VENDOR'S title thereto being evidenced by Transfer Certificate of Title No. 264243 issued by the Register of Deeds of Quezon City;

That the VENDOR, for and in consideration of the sum of THREE MILLION TWO HUNDRED TWENTY FOUR THOUSAND PESOS (P3,224,000.00) Philippine Currency, to them in hand paid and receipt whereof is hereby acknowledged, do hereby SELL, TRANSFER and CONVEY unto the said VENDEE, its assigns, transferees and successors in interest the above described property, free from all liens and encumbrances whatsoever;

It is hereby mutually agreed that the VENDEE shall bear all the expenses for the capital gains tax, documentary stamps, documentation, notarization, removal and relocation of the squatters, registration, transfer tax and other fees as may be required by law;

That the VENDOR shall pay the real estate tax for the current year and back real estate taxes, charges and penalties if there are any.

IN WITNESS WHEREOF, we have hereunto affixed our signatures this _____ day of February, 1995, at Quezon City, Philippines.

CONSTANTE FIRME

BUKAL ENTERPRISES AND
DEVELOPMENT CORP.

BY:

AZUCENA E. FIRME
VENDOR

ZENAIDA A. DE CASTRO
President

x x x

The Spouses Firme rejected this First Draft because of several objectionable conditions, including the payment of capital gains and other government taxes by the seller and the relocation of the squatters at the seller's expense. During their second meeting, Aviles presented to the Spouses Firme another draft deed of sale^[5] ("Second Draft") dated March 1995. The Spouses Firme allegedly accepted the Second Draft in view of the deletion of the objectionable conditions contained in the First Draft. According to Aviles, the Spouses Firme were willing to sell the Property at P4,000 per square meter. They then agreed that payment would be made at the Far East Bank and Trust Company ("FEBTC"), Padre Faura Branch, Manila. However, the scheduled payment had to be postponed due to problems in the transfer of funds. The Spouses Firme later informed Aviles that they were no longer interested in selling the Property.^[6]

De Castro testified that he authorized Aviles to negotiate for Bukal Enterprises the purchase of the Property owned by the Spouses Firme. The Property was located beside the Dahlia Commercial Complex owned by Bukal Enterprises. Aviles informed him that the Spouses Firme agreed to sell the Property at P4,000 per square meter, payable in cash for a lump sum of P3,224,000. Furthermore, Bukal Enterprises agreed to pay the taxes due and to undertake the relocation of the squatters on the Property. For this purpose, Bukal Enterprises applied for a loan of P4,500,000 which FEBTC granted. Bukal Enterprises then relocated the four families squatting on the Property at a cost of P60,000 per family. After the squatters vacated the Property, Bukal Enterprises fenced the area, covered it with filling materials, and constructed posts and riprap. Bukal Enterprises spent approximately P300,000 for these improvements. In a letter^[7] dated 7 March 1995, Bukal Enterprises offered to pay the purchase price of P3,224,000 to the Spouses Firme upon execution of the transfer documents and delivery of the owner's duplicate copy of TCT No. 264243. The Spouses Firme did not accept this offer but instead sent Bukal Enterprises a letter demanding that its workers vacate the Property. Bukal Enterprises then filed a complaint for specific performance and damages.^[8]

Antonio Moreno, one of the alleged squatters on the Property, testified that he constructed his house on the Property sometime in 1982. On 26 February 1995, he was summoned together with the other squatters to a meeting with Aviles regarding their relocation. They agreed to relocate provided they would be given financial assistance of P60,000 per family. Thus, on 6 March 1995, the squatter families were each paid P60,000 in the presence of De Castro and Aviles. Thereafter, they voluntarily demolished their houses and vacated the Property.^[9]

Jocelyn Mapa, the manager of FEBTC, Padre Faura Branch, testified that Bukal Enterprises has been their client since 1994. According to her, Bukal Enterprises applied for a loan of P4,500,000 on the third week of February 1995 allegedly to buy a lot in Fairview. FEBTC approved the loan on the last week of February and released the proceeds on the first week of March.^[10]

Antonio Ancheta ("Ancheta"), barangay captain of Barangay Fairview, testified that he was present when one of the officers of Bukal Enterprises, a certain Renato, paid each of the four squatter families around P60,000 to P100,000. Ancheta informed Dr. Constante Firme that he told the squatters to leave considering that they already received payment for their relocation. According to Ancheta, Dr. Constante Firme must have misunderstood him and thought that the squatters left through Ancheta's own efforts.^[11]

On the other hand, Dr. Constante Firme ("Dr. Firme") was the sole witness for the defendant spouses.

Dr. Firme testified that on 30 January 1995, he and his wife met with Aviles at the Aristocrat Restaurant in Quezon City. Aviles arranged the meeting with the Spouses Firme involving their Property in Fairview. Aviles offered to buy the Property at P2,500 per square meter. The Spouses Firme did not accept the offer because they were reserving the Property for their children. On 6 February 1995, the Spouses Firme met again with Aviles upon the latter's insistence. Aviles showed the Spouses Firme a copy of a draft deed of sale^[12] ("Third Draft") which Aviles prepared. The Third Draft of the deed of sale provides:

CONTRACT OF SALE

KNOW ALL MEN BY THESE PRESENTS:

This AGREEMENT, executed this ____ day of February, 1995, by and between the Spouses CONSTANTE FIRME and AZUCENA E. FIRME, both of legal age, Filipino citizen and with postal address at _____, Quezon City, hereinafter referred to as the VENDORS, and BUKAL ENTERPRISES and DEVELOPMENT CORPORATION, a corporation duly organized and registered in accordance with Philippine Laws, with postal address at Fairview Park, Quezon City, herein represented by its President and Chief Executive Officer, hereinafter referred to as the VENDEE.

WITNESSETH:

That for and in consideration of the sum of THREE MILLION TWO HUNDRED TWENTY FOUR THOUSAND PESOS (P3,224,000.00), Philippine Currency, payable in the form hereinafter expressed, agreed to sell to the VENDEE and the VENDEE has agreed to buy from the VENDORS, a parcel of land situated at Dahlia Avenue corner Rolex Street, Fairview Park, Quezon City, containing an area of 806 Square Meters more or less, of which the VENDORS are the absolute registered owners in accordance with the Land Registration Act, as evidenced by Transfer Certificate of

Title No. 264243 issued by the Register of Deeds of Quezon City, more particularly described and bounded as follows:

(DESCRIPTION AND BOUNDARIES OF PROPERTY)

THE FURTHER TERMS AND CONDITIONS OF THE CONTRACT ARE AS FOLLOWS:

1. The VENDEE agrees to pay the VENDORS upon execution of this Contract the sum of ONE MILLION PESOS (P1,000,000.00), Philippine Currency, as downpayment and agrees to pay the balance of TWO MILLION TWO HUNDRED TWENTY FOUR THOUSAND PESOS (P2,224,000.00) at the post office address of the VENDORS in Quezon City, or such other place or Office as the VENDORS may designate within a period of sixty (60) days counted from the date of this Contract;
2. The VENDORS have hereunto authorized the VENDEE to mortgage the property and submit this Contract, together with a certified true copy of the TCT, Tax Declaration, Tax Clearance and Vicinity/Lot Plan, with their Lending Bank. The proceeds of the VENDEE'S Loan shall directly be paid and remitted by the Bank to the VENDORS;
3. The said parcel of land shall remain in the name of the VENDORS until the Lending Bank of the VENDEE shall have issued a Letter Guaranty Payment in favor of the VENDORS, at which time the VENDORS agree to execute a Deed of Absolute Sale in favor of the VENDEE and cause the issuance of the Certificate of Title in the name of the latter. The Capital Gains Tax and Documentary Stamps shall be charged from the VENDORS in accordance with law;
4. The payment of the balance of P2,224,000.00 by the VENDEE to the VENDORS shall be within a period of sixty (60) days effective from the date of this Contract. After the lapse of 60 days and the loan has not yet been released due to fortuitous events the VENDEE shall pay an interest of the balance a monthly interest based on existing bank rate until said fortuitous event is no longer present;
5. The VENDEE shall remove and relocate the Squatters, however, such actual, reasonable and necessary expenses shall be charged to the VENDORS upon presentation of receipts and documents to support the act;
6. The VENDEE shall be allowed for all legal purposes to take possession of the parcel of land after the execution of this Contract and payment of the downpayment;
7. The VENDEE shall shoulder all expenses like the documentation, registration, transfer tax and relocation of the property.

IN WITNESS WHEREOF, we have hereunto affixed our signatures this ____ day of February, 1995, at Quezon City, Philippines.