

SECOND DIVISION

[G.R. No. 133643, June 06, 2002]

RITA SARMIING, RUFINO SARMIING, MANUEL SARMIING, LEONORA VDA. DE LOY, ERLINDA DARMING, NICANDRA SARMIING, MANSUETA SARMIING, ARTURO CORSAME, FELY CORSAME, FEDERICO CORSAME, ISABELITA CORSAME, NORMA CORSAME, CESAR CORSAME, RUDY CORSAME, ROBERTA CORSAME, ARTEMIO CORSAME, ELPIDIO CORSAME, ENRIQUITA CORSAME, AND GUADALUPE CORSAME TAN, PETITIONERS, VS. CRESENCIO DY, LUDIVINA DY-CHAN, TRINIDAD FLORES, LUISA FLORES, SATURNINA ORGANISTA, REMEDIOS ORGANISTA, OFELIA ORGANISTA, LYDIA ORGANISTA, ZOSIMO ORGANISTA, DOMISIANO FLORES, FLORITA FLORES, EDUARDO FLORES, BENIGNA FLORES, ANGELINA FLORES, MARCIAL FLORES, AND MARIO FLORES, RESPONDENTS.

DECISION

QUISUMBING, J.:

This petition for review assails the decision^[1] dated September 23, 1997 of the Court of Appeals in CA-G.R. CV No. 39401, which affirmed the decision^[2] of the Regional Trial Court, Branch 41 in Negros Oriental, Dumaguete City and the resolution^[3] dated April 21, 1998 denying petitioners' motion for reconsideration.

The facts as culled from records are as follows:

Petitioners are the successors-in-interest of original defendant Silveria Flores, while respondents Cresencio Dy and Ludivina Dy-Chan are the successors-in-interest of the original plaintiff Alejandra Delfino, the buyer of one of the lots subject of this case. They were joined in this petition by the successors-in-interest of Isabel, Juan, Hilario, Ruperto, Tomasa, and Luisa and Trinidad themselves, all surnamed Flores, who were also the original plaintiffs in the lower court. They are the descendants of Venancio^[4] and Jose^[5], the brothers of the original defendant Silveria Flores.

In their complaint for reformation of instrument against Silveria Flores, the original plaintiffs alleged that they, with the exception of Alejandra Delfino, are the heirs of Valentina Unto Flores, who owned, among others, Lot 5734, covered by OCT 4918-A; and Lot 4163, covered by OCT 3129-A, both located at Dumaguete City.

After the death of Valentina Unto Flores, her three children, namely: Jose, Venancio, and Silveria, took possession of Lot 5734 with each occupying a one-third portion. Upon their death, their children and grandchildren took possession of their respective shares. The other parcel, Lot 4163 which is solely registered under the name of Silveria, was sub-divided between Silveria and Jose. Two rows of coconut trees planted in the middle of this lot serves as boundary line.

In January 1956, Luisa, Trinidad, Ruperto and Tomasa, grandchildren of Jose and now owners of one-half of Lot 4163, entered into a contract with plaintiff Alejandra Delfino, for the sale of one-half share of Lot 4163 after offering the same to their co-owner, Silveria, who declined for lack of money. Silveria did not object to the sale of said portion to Alejandra Delfino.

Before preparing the document of sale, the late Atty. Deogracias Pinili, Alejandra's lawyer, called Silveria and the heirs of Venancio to a conference where Silveria declared that she owned half of the lot while the other half belonged to the vendors; and that she was selling her three coconut trees found in the half portion offered to Alejandra Delfino for P15. When Pinili asked for the title of the land, Silveria Flores, through her daughter, Cristita Corsame, delivered Original Certificate of Title No. 4918-A, covering Lot No. 5734, and not the correct title covering Lot 4163. At that time, the parties knew the location of Lot 4163 but not the OCT Number corresponding to said lot.

Believing that OCT No. 4918-A was the correct title corresponding to Lot 4163, Pinili prepared a notarized Settlement of Estate and Sale (hereinafter "deed") duly signed by the parties on January 19, 1956. As a result, OCT No. 4918-A was cancelled and in lieu thereof, TCT No. 5078 was issued in the names of Silveria Flores and Alejandra Delfino, with one-half share each. Silveria Flores was present during the preparation and signing of the deed and she stated that the title presented covered Lot No. 4163.

Alejandra Delfino immediately took possession and introduced improvements on the purchased lot, which was actually one-half of Lot 4163 instead of Lot 5734 as designated in the deed.

Two years later, when Alejandra Delfino purchased the adjoining portion of the lot she had been occupying, she discovered that what was designated in the deed, Lot 5734, was the wrong lot. She sought the assistance of Pinili who approached Silveria and together they inquired from the Registry of Deeds about the status of Lot 4163. They found out that OCT No. 3129-A covering Lot 4163 was still on file. Alejandra Delfino paid the necessary fees so that the title to Lot 4163 could be released to Silveria Flores, who promised to turn it over to Pinili for the reformation of the deed of sale. However, despite repeated demands, Silveria did not do so, prompting Alejandra and the vendors to file a complaint against Silveria for reformation of the deed of sale with damages before the Regional Trial Court of Negros Oriental, Branch 41, docketed as Civil Case No. 3457.

In her answer, Silveria Flores claimed that she was the sole owner of Lot 4163 as shown by OCT No. 3129-A and consequently, respondents had no right to sell the lot. According to her, the contract of sale clearly stated that the property being sold was Lot 5734, not Lot 4163. She also claimed that respondents illegally took possession of one-half of Lot 4163. She thus prayed that she be declared the sole owner of Lot 4163 and be immediately placed in possession thereof. She also asked for compensatory, moral, and exemplary damages and attorney's fees.

The case lasted for several years in the trial court due to several substitutions of parties. The complaint was amended several times. Moreover, the records had to be reconstituted when the building where they were kept was razed by fire. But,

earnest efforts for the parties to amicably settle the matters among themselves were made by the trial court to no avail.

On September 29, 1992, the trial court found in favor of herein respondents, who were the plaintiffs below, decreeing as follows:

WHEREFORE, this Court finds the preponderance of evidence in favor of the plaintiffs and veritably against the defendants and, as such, renders judgment accordingly, thereby ORDERING the defendants, the heirs of the deceased-defendant SILVERIA FLORES and her successors-in-interest the following:

- 1) To enter into the reformation of the subject contract or execute a mutual conveyance of sale, by making the one-half (1/2) eastern portion of Lot 4163, the subject of the document of sale, in favor of plaintiff, the late Alejandra Delfino or her heirs and/or successors-in-interest;
- 2) To sign a document ceding to the heirs of the heirs of Maxima Flores and Venancio Flores the excess of her one-third (1/3) share; and further ordering the heirs of the late Alejandra Delfino to correspondingly sign a document for the return of the one-half (1/2) portion of Lot 5734 to the original registered owners, in exchange thereby;
- 3) To pay to the heirs of the late plaintiff Alejandra Delfino, the sum of P5,000.00 as actual damages and the sum of P10,000.00 as moral damages;
- 4) To pay P2,000.00 as attorney's fees plus the costs of this suit.

SO ORDERED.^[6]

According to the trial court, the claims of herein respondents were anchored on valid grounds. It noted that Alejandra had been occupying one-half portion of Lot 4163 since 1956 and it was the one pointed to her by the vendors. Citing the case of *Atilano vs. Atilano*^[7], it ruled that when one sells or buys real property, he sells or buys the said property as is shown to her and as he sees it, at its actual setting and by its physical metes and bounds, not by the mere lot number assigned to it in the certificate of title. Thus, it concluded that from the facts and circumstances of the case, it is clear that the object of the sale, as understood by the parties, was that portion "Y" of Lot 4163 and that its designation as Lot 5734 in the document of sale was a simple mistake in the drafting of the document, which mistake, however, did not vitiate the consent of the parties or affect the validity and the binding effect of the contract between them. Hence, the remedy of reformation of instrument is proper.^[8]

Petitioners appealed the decision to the Court of Appeals, which affirmed the ruling of the trial court as follows:

WHEREFORE, the appealed decision is hereby AFFIRMED. Costs against defendants-appellants.

SO ORDERED.^[9]

In affirming the decision of the trial court, the Court of Appeals agreed that the real intention of the parties was for the sale of Lot 4163 which Alejandra Delfino had been occupying, and the designation of Lot 5734 in the deed was a mistake in the preparation of the document. It noted that Silveria Flores did not object when Alejandra Delfino took possession of one-half portion of Lot 4163 immediately after the sale, considering that it was Silveria's son, Michael Corsame, who developed the area purchased by Alejandra.^[10]

Aggrieved but undeterred, the successors-in-interest of defendant Silveria Flores seasonably filed their petition for review under Rule 45 of the Rules of Court. They assail the decision of the Court of Appeals on the following grounds:

1. THE COURT OF APPEALS COMMITTED AN ERROR IN LAW WHEN IT FAILED TO ORDER THE DISMISSAL OF CIVIL CASE NO. 3457 FOR LACK OF CAUSE OF ACTION.
2. THE COURT OF APPEALS AND THE TRIAL COURT COMMITTED A REVERSIBLE ERROR IN LAW AND JURISPRUDENCE WHEN IT FAILED TO RULE THAT, BASED ON THE UNDISPUTED EVIDENCE ON RECORD AND THE SETTLEMENT OF ESTATE AND SALE ITSELF, THE PLAINTIFFS HAVE NO CAUSE OF ACTION AGAINST SILVERIA FLORES BECAUSE SHE DID NOT SELL HER LAND TO ALEJANDRA DELFINO. HENCE SILVERIA FLORES CANNOT BE BOUND NOR PREJUDICED BY THE CONTRACT OF SALE ENTERED BY ALEJANDRA DELFINO AND HER CO-PLAINTIFFS (*CAPITOL INSURANCE & SURETY CO INC. V. CENTRAL AZUCARERA DEL DAVAO*, 221 SCRA 98; *OZAETA V. CA*, 228 SCRA 350).
3. THE COURT OF APPEALS AND THE TRIAL COURT COMMITTED A REVERSIBLE ERROR WHEN IT FAILED TO PRONOUNCE THAT SILVERIA FLORES WHO IS NOT A PARTY TO THE CONTRACT OF SALE INVOLVING LOT NO. 5734 COVERED BY OCT NO. 4918-A CANNOT BE LEGALLY COMPELLED BY ALEJANDRA DELFINO THRU AN ACTION FOR REFORMATION OF CONTRACT TO EXECUTE A "CONVEYANCE OF SALE" INVOLVING LOT NO. 4163 COVERED BY OCT NO. 3129-A OWNED AND REGISTERED SOLELY IN THE NAME OF SILVERIA FLORES.
4. THE COURT OF APPEALS AND THE TRIAL COURT GROSSLY MISAPPREHENDED THE FACTS WHEN IT RULED THAT THE OBJECT OF THE CONTRACT OF SALE WAS LOT NO. 4163 COVERED BY OCT NO. 3129-A, DESPITE THE UNASSAILABLE FACT THAT THE OBJECT OF THE SETTLEMENT AND SUBJECT OF THE CONTRACT OF SALE WAS LOT NO. 5734 COVERED BY OCT NO. 4918-A.
5. THE COURT OF APPEALS AND THE TRIAL COURT GROSSLY MISAPPREHENDED THE FACTS IN NOT UPHOLDING THAT THERE WAS NO MISTAKE IN THE DRAFTING OF THE DOCUMENT AS WELL AS IN THE OBJECT OF THE SETTLEMENT OF ESTATE AND SALE BECAUSE THE DOCUMENT WAS PREPARED BY ATTY. DEOGRACIAS PINILI, THE LAWYER OF ALEJANDRA DELFINO.

6. THE COURT OF APPEALS AND THE TRIAL COURT GROSSLY MISAPPREHENDED THE FACTS WHEN IT RULED THAT THE GRANDCHILDREN OF JOSE FLORES ARE OWNERS AND COULD SELL THE ONE-HALF (1/2) PORTION OF LOT NO. 4163 TO ALEJANDRA DELFINO DESPITE THE INCONTROVERTIBLE EVIDENCE THAT LOT NO. 4163 COVERED BY OCT NO. 3129-A IS REGISTERED AND SOLELY OWNED BY SILVERIA FLORES WHO IS PAYING THE REAL PROPERTY TAXES.
7. THE COURT OF APPEALS AND THE TRIAL COURT COMMITTED A REVERSIBLE ERROR IN LAW WHEN IT DISREGARDED ARTICLE 1370 OF THE CIVIL CODE OF THE PHILIPPINES AND PERTINENT JURISPRUDENCE RELEVANT TO THIS CASE EVEN IF THE TERMS OF THE SETTLEMENT OF ESTATE AND SALE ARE CLEAR AND LEAVE NO DOUBT ON THE INTENTION OF THE CONTRACTING PARTIES.
8. THE COURT OF APPEALS AND THE TRIAL COURT GRAVELY ERRED IN DISREGARDING SETTLED JURISPRUDENCE THAT A PUBLIC DOCUMENT EXECUTED AND ATTESTED THROUGH THE INTERVENTION OF A NOTARY PUBLIC IS EVIDENCE OF THE FACTS IN CLEAR, UNEQUIVOCAL MANNER AND TO CONTRADICT IT THERE MUST BE CLEAR AND CONVINCING EVIDENCE NOT MERELY PREPONDERANT EVIDENCE (*GEVERO VS. INTERMEDIATE APPELLATE COURT, G.R. NO. 77029, AUGUST 30, 1990; ZAMBO V. COURT OF APPEALS, 224 SCRA 855; REBULDEDA V. IAC, 155 SCRA 520; CHILIANCHIN V. COQUINCO, 84 PHIL. 714; CENTENERA V. GARCIA PALICIO, 29 PHIL. 470*).
9. THE COURT OF APPEALS AND THE TRIAL COURT COMMITTED A REVERSIBLE ERROR WHEN IT SUBSTITUTED, REVISED AND MODIFIED THE AGREEMENT OF THE PARTIES DESPITE THE ABSENCE OF FRAUD, MISTAKE, INEQUITABLE CONDUCT OR ACCIDENT.
10. THE COURT OF APPEALS COMMITTED A REVERSIBLE ERROR IN LAW WHEN IT FAILED TO RULE ON THE ISSUE OF WHETHER THE TRIAL COURT GRAVELY ERRED IN ORDERING THE HEIRS OF SILVERIA FLORES TO PAY ACTUAL AND MORAL DAMAGES AS WELL AS ATTORNEY'S FEES TO THE HEIRS OF ALEJANDRA DELFINO.^[11]

After careful consideration, we find the following relevant issues for our resolution:

(1) whether or not there is a cause of action for reformation of instrument against Silveria Flores, and consequently the petitioners; (2) whether or not reformation of the subject deed is proper by reason of mistake in designating the correct lot number; and (3) whether or not the heirs of Alejandra Delfino are entitled to actual and moral damages including attorney's fees.

In seeking the reversal of the appellate court's decision, the heirs of Silveria Flores, herein petitioners, ascribe to the appellate court several errors: *first*, the Court of Appeals committed error in failing to appreciate that there is no cause of action against Silveria as she was never a party to the contract of sale; *second*, the appellate court erred in giving probative value to the biased testimony of Trinidad