

FIRST DIVISION

[G.R. No. 138042, February 28, 2001]

JOSEFINA AND MAMERTO R. PALON, PETITIONERS, VS. GIL AND FLOCERFIDA S. NINO BRILLANTE AND LORNA CALAMIGAN, ALFREDO IGNACIO CERVANTES AND LEONILA CERVANTES, RESPONDENTS.

D E C I S I O N

PARDO, J.:

The Case

The case before the Court is an appeal *via certiorari*^[1] assailing the decision of the Court of Appeals^[2] affirming that of the Regional Trial Court, Branch 85, Quezon City^[3] dismissing petitioner's appeal.

The Facts

Josefina Palon (hereafter Josefina) was the owner of a parcel of land situated in Talipapa, Quezon City with an area of two hundred (200 sq. m.) square meters, identified as Lot 105-B-2-A-1-B-2, covered by Transfer Certificate of Title No. 386243 of the Register of Deeds of Quezon City (hereafter "the lot").^[4]

On December 4, 1989, Josefina sold undivided portions of the lot to spouses Gil and Flocerida Nino (hereafter "the Ninos") and spouses Alfredo and Leonila Cervantes (hereafter "the Cervantes spouses"). Josefina executed two (2) separate agreements with the Ninos^[5] and the Cervantes spouses.^[6] Both agreements were titled "*Buod ng Kasunduan*". Josefina sold separate portions of the lot to both spouses, each with an area of fifty (50 sq. m.) square meters, for the price of forty thousand pesos (P40,000.00).

On March 5, 1990, Josefina executed a third "*Buod ng Kasunduan*" with spouses Lorna and Brillante Calamigan (hereafter "the Calamigans"). Josefina sold an undivided portion of the lot to the Calamigans, with an area of fifty (50 sq. m.) square meters for the amount of thirty seven thousand and five hundred pesos (P37,500.00).^[7]

Essentially, the three separate agreements ("*Buod ng Kasunduan*") contained the following provisos: First, all costs connected with the titling, registration and survey of the respective undivided portions sold, real property taxes for the year 1990 and all documents and papers necessary for such purposes shall be shouldered by the respective vendees.^[8] Second, the balance of the price of the undivided portions shall be paid in stated installments. The terms for installment differed among the three vendees thus:

For the Ninos: ^[9]

P10,000.00 on January 30, 1990.

P20,000.00 on February 28, 1990.

For the Cervantes Spouses: ^[10]

P10,000.00 on December 24, 1989.

P20,000.00 during the months of January to February 1990.

For the Calamigan Spouses: ^[11]

P30,000.00 on March 8, 1990.

P7,500.00 on May 15, 1990

Third, all the vendees were prohibited from constructing houses and fences on their respective undivided portions unless and until they have fully paid the stated prices pursuant to their individual agreements.^[12]

When the agreements were executed, Josefina exhibited her owner's copy of the original certificate of title over the lot, informing respondents that the original of the title was burned in a fire that razed the Quezon City Hall, where the office of the Registry of Deeds was located. However, she promised all respondents that she would secure the reconstitution of the title to the lot and then execute deeds of sale covering the undivided portions, so that separate transfer certificates of title could be issued in the names of respondents.^[13]

On different dates, all respondents fully settled the corresponding purchase prices of the portions of the lot they bought from Josefina. Thus, on March 30, 1990, Josefina executed in favor of the Ninos and the Cervantes spouses corresponding deeds, titled "Sale of Segregated Portion of Land."^[14]

On April 26, 1990, Josefina executed a similar deed in favor of the Calamigan spouses.^[15] Respondents were promised that they would be given separate titles to the portions of the lot they purchased after one month.^[16]

In the meantime, Josefina filed with the Land Registration Authority an application for the administrative reconstitution of the original of the title covering the lot.^[17]

In May 1990, Josefina engaged the services of Geodetic Engineer Dominador Cesar for the purpose of conducting a subdivision survey of the lot and prepare a subdivision plan to indicate the portions sold to private respondents.^[18]

On July 09, 1990, Engr. Cesar conducted a subdivision survey of the lot and prepared a corresponding subdivision plan, which Josefina signed. Under the plan, a perpetual right of way to the road was located on Lot 105-B-2-A-1-B-2-B (the portion sold to spouses Cervantes) and Lot 105-B-2-A-1-B-2-A.^[19]

On December 22 and 26, 1990, Josefina paid Engr. Cesar the total amount of one thousand eight hundred pesos (P1,800.00).^[20] However, the Bureau of Lands denied the plan.^[21]

In the early part of December 1990, the Land Registration Authority issued an order granting Josefina's application for administrative reconstitution of the original title covering the lot. On the basis of the order, the Register of Deeds of Quezon City issued Transfer Certificate of Title RT-19189 over the lot on March 1991.^[22]

When respondents discovered that Josefina was issued a reconstituted title, they demanded that Josefina surrender the title to the Register of Deeds for its cancellation and the issuance of separate titles to cover the portions bought by them.^[23]

Josefina, however, informed them that the Bureau of Lands disapproved the subdivision plan prepared by Engr. Cesar. As such, she authorized them to engage another Geodetic Engineer to conduct a second survey of the lot and prepare another subdivision plan. Respondents were informed at the Bureau of Lands that the first subdivision plan prepared by Engr. Cesar was not approved because there was no proper right of way.^[24]

Respondents then secured and paid for the services of Geodetic Engineer Reynaldo Lozano.^[25] Josefina executed a deed authorizing Engr. Lozano to conduct the survey.^[26]

Engr. Lozano conducted a second survey and prepared a consolidated subdivision survey plan covering subdivision Lot No. 105-A, covered by Transfer Certificate of Title No. 384242, and Lot No. 105-B-2-A-1-B-2, covered by Transfer Certificate of Title No. 286243. However, under the plan prepared by Engr. Lozano, the permanent right of way which was previously constituted under Engr. Cesar's plan on the portion of the lot owned by the Ninos, was now between Lot 105-A and Josefina's lot.^[27]

Respondents and Josefina agreed to proceed to the Bureau of Lands on June 4, 1991, for approval of the plan.^[28] However, on June 3, 1991, respondents received a letter from Josefina stating that she would not be able to accompany respondents to the Bureau of Lands as she had to appear before the Court in connection with a hearing. The letter also stated that she misplaced her files in connection with her title to the lot.^[29] Apparently, Josefina was not happy with the fact that a permanent right of way was provided for in the second subdivision plan which encroached on her portion of the lot.^[30]

Disgruntled, respondents proceeded to Josefina's office which happened to be the Administrative Services Division, Supreme Court, to complain to the Chief of the Division and to seek help for the issuance to them of separate titles over their portions of the lot. During the confrontation, Josefina insisted that her failure to deliver the titles was due to respondents' breach of their agreements ("*Buod ng Kasunduan*").^[31]

Respondents proceeded to the office of the Public Attorney and sought legal assistance to compel Josefina to issue the titles covering the portions of the lot sold to them.^[32] Respondents executed their respective "Affidavits of Adverse Claims" over Josefina's lot, annotating the claims on the dorsal of Josefina's reconstituted

title.^[33]

On June 04, 1991, Atty. Joy Agpaoa of the Public Attorney's Office sent an invitation to Josefina for them to meet in conference with respondents on June 18, 1991, at 2:00 in the afternoon.

Josefina did not attend the conference.^[34]

On June 27, 1991, the Ninos filed with the Regional Trial Court, Quezon City a complaint against Josefina.^[35] The complaint was designated as one for "Specific Performance and Damages", praying that Josefina produce her Owner's Duplicate Copy of Transfer Certificate No. 382643 RT-19189 and surrender the same to the Register of Deeds of Quezon City. The complaint also prayed for an award of moral and nominal damages.^[36]

On June 27, 1991, the Calamigan spouses likewise filed with the Regional Trial Court, Quezon City^[37] a similar complaint^[38] against Josefina.

On July 16, 1991, before Josefina could be served with summons and the complaint, she signed a letter addressed to Engr. Lozano withdrawing her previous authorization allowing him to survey the lot.^[39]

On August 26, 1991, upon motion, the trial court ordered the consolidation of the two cases.^[40]

On November 29, 1991, the Cervantes spouses filed with the Regional Trial Court, Quezon City^[41] a similar complaint for specific performance and damages^[42] against Josefina.

On January 27, 1992, the trial court ordered the three cases consolidated.^[43]

The Decision of the Trial Court

Ruling on the issues of whether private respondents complied with the conditions in the "*Buod ng Kasunduan*" and whether respondents could compel Josefina to deliver the reconstituted title to them, on February 28, 1995, the trial court held: First, there was no breach of the three deeds entitled "*Buod ng Kasunduan*". While respondents paid installments on the purchase price earlier than the dates indicated therein, the agreement contains no sanction for non-compliance with the schedule of payment. In fact, Josefina accepted such payments without question as evidenced by the corresponding deeds of sale subsequently issued by her. Further, while the deeds required respondents to pay real estate taxes for the year 1990, respondents paid for the years 1991 and 1992 as well. Likewise, Josefina's contention that the agreements were breached as respondents failed to pay the corresponding capital gains tax on the sales is untenable since the agreements do not contain a provision requiring them to do so. Second, Josefina's failure to surrender her certificate of title over the lot on the pretext that such was missing is unbelievable and was in bad faith. Hence, a grant of moral damages was justified.^[44] The "fallo" reads as follows:^[45]

"Wherefore, premises considered, by preponderance of evidence, the Court finds in favor of the plaintiffs and hereby orders the defendants as follows:

"I. In Civil Case No. Q-91-9313:

- "a) Defendants are ordered to produce their Owner's Duplicate Copy of Transfer Certificate Title No. 382643 RT-19189, issued in the name of Josefina Palon, married to Mamerto Palon and surrender the same to the Register of Deeds of Quezon as basis for the issuance of a title in the name of Spouses Gil D. Nino and Flocerfida S. Nino.
- "b) Defendants to pay, jointly and severally to the plaintiffs the amount of P20,000.00 as moral damages.
- "c) Costs of suit.

"II. In Civil Case No. Q-91-9319:

- "a) Defendants are ordered to produce their owner's duplicate copy of Transfer Certificate Title No. 382643 RT-19189 issued in the name of Josefina Palon, married to Mamerto Palon and surrender the same to the Register of Deeds of Quezon City as basis for the issuance of a title in the name of Spouses Brillante Calamigan and Lorna Calamigan.
- "b) Defendants to pay, jointly and severally to the plaintiffs the amount of P20,000.00 as moral damages.
- "c) Costs of suit.

"III. In Civil Case No. Q-91-10794:

- "a) Defendants are ordered to produce their owner's duplicate copy of Transfer Certificate Title No. 382643 RT-19189 issued in the name of Josefina Palon married to Memerto Palon and surrender the same to the Register of Deeds of Quezon City as basis for the issuance of a title in the name of Spouses Alfredo Ignacio Cervantes and Leonila I. Cervantes.
- "b) Costs of suit.

"SO ORDERED."

Aggrieved, on April 05, 1995, Josefina appealed to the Court of Appeals.^[46]