

Title

Sarming v. Dy | G.R. No. 135882 | Supreme Court of the Philippines | Decision, April 21, 2000

Facts

Initial Ownership and Passing of Property:

- Lot 5734 and Lot 4163 Background:** Valentina Unto Flores owned Lot 5734, covered by OCT 4918-A, and Lot 4163, covered by OCT 3129-A, located in Dumaguete City.
- Succession:** After Valentina's death, her children Jose, Venancio, and Silveria took possession of the lots. Upon their death, their descendants inherited their shares.
- Ownership Split:** Lot 4163 was registered solely under Silveria, but it was practically divided between Silveria and Jose's heirs.

Sale to Alejandra Delfino:

- 1956 Sale Agreement:** In January 1956, Luisa, Trinidad, Ruperto, and Tomasa, grandchildren of Jose, agreed to sell one-half of Lot 4163 to Alejandra Delfino.
- Response to Sale Offer:** Silveria Flores declined the offer due to financial constraints but did not object to Alejandra purchasing the lot.

Preparation of Sale Document:

- Wrong Title Delivered:** During the preparation of the sale document, Silveria gave OCT No. 4918-A (Lot 5734) instead of OCT No. 3129-A (Lot 4163). Parties knew the physical location but not the specific OCT number.
- Misdocumented Property:** The deed prepared designated Lot 5734 due to this mistaken title but covered Lot 4163.

Possession and Discovery of Error:

- Occupation and Improvements:** Alejandra Delfino took possession of and improved Lot 4163.
- Discovery of Mistake:** Two years later, Alejandra found out about the title mistake when preparing to purchase an adjoining lot.

Legal Proceedings:

- Request for Reformation:** Alejandra Delfino and vendors sought reformation of the deed when Silveria failed to deliver the correct title.

11. **Trial Court Complaint:** A complaint for reformation of the deed with damages was filed against Silveria in the Regional Trial Court of Negros Oriental.

12. **Silveria's Defense:** Silveria claimed she was the sole owner of Lot 4163 and wasn't bound by the erroneous sale of Lot 5734.

13. **Court of Appeals Decision:** The RTC ruled in favor of the respondents, ordering the reformation of the deed. The decision was affirmed by the Court of Appeals.

Subsequent Appeals:

14. **Appeal to Supreme Court:** Petitioners (heirs of Silveria) brought the case to the Supreme Court questioning the basis of reformation and their ownership of Lot 4163.

Issues

1. **Cause of Action for Reformation of the Instrument:** Did the respondents have a valid cause of action for reformation of the sale deed against Silveria Flores and her heirs?

2. **Propriety of Reformation:** Was reformation of the instrument appropriate due to the mistake in the designation of the lot number?

3. **Entitlement to Damages and Attorney's Fees:** Were the heirs of Alejandra Delfino entitled to actual and moral damages, and attorney's fees?

Court's Decision

Resolution of Issues:

1. **Cause of Action (Cause for Reformation):**

- **Meeting of the Minds:** The Court found that Silveria was a party to the correct contract of sale through her actions in delivering the incorrect title, suggesting compliance and thus justifying reformation.

- **Cause of action exists:** The true intention of selling Lot 4163 was clear, and the mistake in the title reference (Lot 5734) was due to miscommunication.

2. **Propriety of Reformation:**

- **Elements for Reformation:** All requisites were present. There was a meeting of the minds but a mistaken designation of the lot number, supporting the need to reform the instrument.

- **Intention and Possession Evidence:** Actions such as Alejandra occupying Lot 4163 and lack of objection from Silveria corroborated their intent about the sale. The heirs of Jose had part ownership and hence legal capacity to sell to Alejandra.

3. **Entitlement to Damages and Attorney's Fees:**

- **Actual Damages:** Lack of sufficient evidence led to the nullification of the P5,000 actual damages.
- **Moral Damages:** The award of P10,000 was reversed as there was no proof of bad faith or malice.
- **Attorney's Fees:** Award of P2,000 was affirmed due to unnecessary litigation caused by petitioners.

Final Order:

- **Document Reformation:** The original deed was to reflect Lot 4163 instead of Lot 5734, aligning the document with true intentions.
- **Modification of Awards:** Setting aside actual and moral damages but affirming attorney's fees.

Doctrine

- **Reformation of Instrument:** As per Article 1359 of the Civil Code, an instrument can be reformed if it does not reflect the true intention of the parties due to mistake, fraud, inequitable conduct, or accident, provided there's evidence of a meeting of the minds.

Class Notes

- **Key Elements for Reformation of Instrument:**
 - Meeting of the minds.
 - Instrument not reflecting true intention.
 - Failure due to mistake, fraud, inequitable conduct, or accident.

- **Civil Code Reference:**

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Art. 1359. When, there having been a meeting of the minds of the parties to a contract, their true intention is not expressed in the instrument purporting to embody the agreement by reason of mistake, fraud, inequitable conduct or accident, one of the parties may ask for the reformation of the instrument to the end that such true intention may be expressed.

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Historical Background

- **Context of Land Ownership:** The familial inheritance over agricultural lots was a

common practice during mid-20th century Philippines, often resulting in disputes over titles due to incomplete formalization processes.

- **Legal Reformation Doctrine:** Reflects equity's approach in Filipino jurisprudence to uphold the true intentions of contractual parties over strict formalism.