

GENEROSA AYSON-SIMON, PLAINTIFF-APPELLEE, VS. NICOLAS ADAMOS AND VICENTA FERIA, DEFENDANTS-APPELLANTS.

G.R. No. L-39378. August 28, 1984

Ponente: MELENCIO-HERRERA, J.

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MELENCIO-HERRERA, J.:

Originally, this was an appeal by defendants from the Decision of the then Court of First Instance of Manila, Branch XX, in Civil Case No. 73942, to the Court of Appeals (now Intermediate Appellate Court), which Tribunal, certified the case to us because the issue is a pure question of law.

On December 13, 1943, Nicolas Adamos and Vicente Feria, defendants-appellants herein, purchased two lots forming part of the Piedad Estate in Quezon City, with an area of approximately 56,395 square meters, from Juan Porciuncula. Sometime thereafter, the successors-in-interest of the latter filed Civil Case No. 174 in the then Court of First Instance of Quezon City for annulment of the sale and the cancellation of transfer Certificate of Title No. 69475, which had been issued to defendants-appellants by virtue of the disputed sale. On December 18, 1963, the Court rendered a Decision annulling the sale, cancelling TCT 69475, and authorizing the issuance of a new title in favor of Porciuncula's successors-in-interest. The said judgment was affirmed by the Appellate Court and had attained finality.

In the meantime, on May 29, 1946, during the pendency of the above-mentioned case, defendants-appellants sold to GENEROSA Ayson Simon, plaintiff-appellee herein, the two lots in question for P3,800.00 each, plus an additional P800.00 paid subsequently for the purpose of facilitating the issuance of new titles in GENEROSA's name. Due to the failure of defendants-appellants to comply with their commitment to have the subdivision plan of the lots approved and to deliver the titles and possession to GENEROSA, the latter filed suit for specific performance before the Court of First Instance of Quezon City on September 4, 1963 (Civil Case No. Q-7275). On January 20, 1964, said Court ordered:

"WHEREFORE, the plaintiff is declared entitled to a summary judgment and the defendants are hereby ordered to have the subdivision of Lot No. 6, Block No. 2, and Lot No. 11, Block No. 3, relocated and resurveyed and the subdivision plan approved and, if not possible for one reason or another, and in case of the absence or loss of said subdivision, to cause and effect the subdivision of the said lots and deliver the titles and possession thereof to the plaintiff. As to the claim and counterclaim for damages, let the hearing thereon be deferred until further move by the parties."[1]

However, since execution of the foregoing Order was rendered impossible because of the judgment in Civil Case No. 174, which earlier declared the sale of the lots in question by Juan Porciuncula to defendants-appellants to be null and void, GENEROSA filed, on August 16, 1968, another suit in the Court of First Instance of Manila (Civil Case No. 73942) for rescission of the sale with damages. On June 7, 1969, the Court rendered judgment, the dispositive portion of which reads:

"WHEREFORE, judgment is rendered in favor of the plaintiff and against defendants, ordering the latter,

jointly and severally, to pay the former the sum of P7,600.00, the total amount received by them from her as purchase price of the two lots, with legal rate of interest from May 29, 1946 until fully paid; another sum of P800.00, with legal rate of interest from August 1, 1966 until fully paid; the sum of P1,000.00 for attorney's fees; and the costs of this suit."[2]

Hence, the appeal before the Appellate Court on the ground that GENEROSA's action had prescribed, considering that she had only four years from May 29, 1946, the date of sale, within which to rescind said transaction, and that her complaint for specific performance may be deemed as a waiver of her right to rescission since the fulfillment and rescission of an obligation are alternative and not cumulative remedies.

The appeal is without merit. The Trial Court presided by then Judge, later Court of Appeals Associate Justice Luis B. Reyes, correctly resolved the issues, reiterated in the assignments of error on appeal, as follows:

"Defendants contend (1) that the fulfillment and the rescission of the obligation in reciprocal ones are alternative remedies, and plaintiff having chosen fulfillment in Civil Case No. Q-7525, she cannot now seek rescission; and (2) that even if plaintiff could seek re-scission the action to rescind the obligation has prescribed."

"The first contention is without merit. The rule that the injured party can only choose between fulfillment and rescission of the obligation, and cannot have both, applies when the obligation is possible of fulfillment. If, as in this case, the fulfillment has become impossible, Article 1191[3] allows the injured party to seek rescission even after he has chosen fulfillment.

"True it is that in Civil Case No. 7275 the Court already rendered a Decision in favor of plaintiff, but since defendants cannot fulfill their obligation to deliver the titles to and possession of the lots to plaintiff, the portion of the decision requiring them to fulfill their obligations is without force and effect. Only that portion relative to the payment of damages remains in the dispositive part of the decision, since in either case (fulfillment or rescission) defendants may be re-quired to pay damages.

"The next question to determine is whether the action to rescind the obligation has prescribed.

"Article 1191 of the Civil Code provides that the injured party may also seek rescission, if the fulfillment should become impossible. The cause of action to claim rescission arises when the fulfillment of the obligation became impossible when the Court of First Instance of Quezon City in Civil Case No. 174 declared the sale of the land to defendants by Juan Porciuncula a complete nullity and ordered the cancellation of Transfer Certificate of Title No. 69475 issued to them. Since the two lots sold to plaintiff by defendants form part of the land involved in Civil Case No. 174, it became impossible for defendants to secure and deliver the titles to and the possession of the lots to plaintiff. But plaintiff had to wait for the finality of the decision in Civil Case No. 174. According to the certification of the clerk of the Court of First Instance of Quezon City (Exhibit 'E-2'), the decision in Civil Case No. 174 became final and executory 'as per entry of Judgment dated May 3, 1967 of the Court of Appeals.' The action for rescission must be commenced within four years from that date, May 3, 1967. Since the complaint for rescission was filed on August 16, 1968, the four year period within which the action must be commenced had not expired.

"Defendants have the obligation to return to plaintiff the amount of P7,600.00 representing the purchase price of the two lots, and the amount of P800.00 which they received from plaintiff to expedite the issuance of titles but which they could not secure by reason of the decision in Civil Case No. 174. Defendant has to pay interest at the legal rate on the amount of P7,600.00 from May 29, 1946, when they received the amount upon the execution of the deeds of sale, and legal interest on the P800.00 from August 1, 1966, when they received the same from plaintiff."[4]

WHEREFORE, the appealed judgment of the former Court of First Instance of Manila, Branch XX, in Civil Case No. 73942, dated June 7, 1969, is hereby affirmed in toto. Costs against defendants-appellants. SO ORDERED.

Teehankee, Acting C.J., Plana, Relova, Gutierrez, Jr., and De La Fuente, JJ., concur.

[1] Record on Appeal, p. 38.

[2] Ibid., pp. 68-69.

[3] "Article 1191. x x x

"The injured party may choose between the fulfillment and the rescission of the obligation, with the payment of damages in either case. He may also seek rescission, even after he has chosen fulfillment, if the latter should become impossible.

x x x "

[4] Record on Appeal, pp. 66-68.

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