# LEONISA B. BACALTOS, ASSISTED BY HER HUSBAND RICARDO P. BACALTOS, PLAINTIFFS AND APPELLEES, VS. FRANCISCO ESTEBAN, JR., FRANCISCO ESTEBAN, SR. AND PAZ PAGSUMBUNGAN, DEFENDANTS A...

*G.R. No. L-9121. April 11, 1956*

Ponente: BAUTISTA ANGELO, J.

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**BAUTISTA ANGELO, J.:**

Plaintiffs brought this action before the Court of First Instance of Davao to rescind the sale of certain improvements on real estate and to recover the money advanced as partial payment of the purchase price, plus damages.

Defendants set up as a defense that the sale of the improvements was subject to the condition that the approval of the transfer of said improvements from their original owner by the Secretary of Agriculture and Natural Resources should be obtained and if such approval has not so far been obtained it was not due to their fault because all the papers relating to their transfer had already been submitted to the Bureau of Lands to obtain the requisite approval which was all they could do under the circumstances. They prayed that the complaint be dismissed and plaintiffs be ordered to pay the balance of the price, plus the interest due thereon and damages.

Instead of submitting their evidence as is the usual procedure to substantiate their factual allegations, the parties submitted memoranda wherein they made a restatement of the facts that are not controverted, and on the basis thereof they prayed for judgment on the merits. Accordingly, the court rendered decision (a) declaring the deed of sale rescinded; (b) ordering the defendants, jointly and severally, to return to plaintiffs the sum of P6,500 representing partial payment of the purchase price; (c) ordering defendants, jointly and severally, to reimburse to plaintiffs the sum of P669 representing the expenses incurred by said plaintiffs in maintaining and improving the property in question, and (d) ordering defendants to pay the sum of P1,000 as damages and attorney's fees. From this decision, defendants have appealed.

The sale in question refers to improvements made on lot 1027 and portions of lot 1017 and lot 1028 of cadastre No. 276 of the municipality of Panabo, Davao. Lot 1027 was originally applied for as homestead by Manuel Abejay [H. A. No. 193478 (E-100866)], portion of lot 1017 by Tomas Ambuyon [H. A. No. 151679 (E-6S9926)], and portion of lot 1028 by Pedro Partosa [H. A. No. 28185 (E-16515)].

Later, Abejay, Ambuyon and Partosa transferred their rights and improvements on said lots to Dionisio Bonilla, who subsequently filed his own application over said lots. Bonilla then sold his rights and improvements on the same lots to Francisco Esteban, Jr., and the latter in turn transferred the same rights and improvements to Leonisa Birondo Bacaltos. The later sale was for the sum of P10,000, of which P5,000 was to be paid upon the execution of the documents and the balance within three months thereafter. This was done, and sometime later the vendee made another partial payment of P1,500, leaving a balance of P3,500. It should be noted that this sale was made subject' to the condition that the approval of the transfer made by Manuel Abejay, Tomas Ambuyon and Pedro

Partoza of their rights and improvements to Dionisio Bonilla by the Secretary of Agriculture and Natural Resources would be obtained, and because this approval was never secured, the vendee instituted the present action to rescind the sale.

The pertinent clause of the sale which needs to be considered reads:

> "Wherefore, for and in consideration of the sum of ten thousand (P10,000) pesos is paid on the execution hereof, receipt of which is hereby acknowledged by the vendor, and the remaining five thousand (P5,000) pesos payable within three (3) months from and after the date hereof, the vendor hereby sells, transfers, and convey unto the vendee, her heirs or assigns, executors or administrators, all the former's rights, interests, participation over all the improvements located or existing over lot number 1027 and on portion of lot number 1017 and lot number 1028 cadastre 276, of the municipality of Panabo (formerly Tagum), Davao, subject to the approval of the transfer of rights from Manuel Abejay, Tomas Ambuyon, and Pedro Partosa to Dionisio Bonilla by the Secretary of Agriculture and Natural Resources, or his duly authorized representative." (Italics supplied.)

The issue to be determined hinges on who is in duty bound to secure the approval by the Secretary of Agriculture and Natural Resources of the transfer of the rights made by Manuel Abejay, Tomas Ambuyon and Pedro Partosa to Dionisio Bonilla as embodied in the clause above quoted of the deed of sale. The vendee contends that such duty evolves upon the vendor and the latter having failed to do so, she is entitled to rescind the sale because of the breach of that condition. The vendor contends the contrary and even if it were his duty to do so he had done all he could under the circumstances by submitting to the Bureau of Lands all the papers relative to the sale necessary for the granting of the requisite approval.

Whenever a contract is entered into in writing, as a rule, the contract itself is the best evidence of its terms and of the intention of the parties, but the difficulty arises when said terms are ambiguous or are not clear enough to show their real import. Such is the nature of the clause under consideration. It states that the sale is to be subject to the approval of the Secretary of Agriculture and Natural Resources but it failed to specify the party who should secure such approval. The ambiguity not¬withstanding, we are of the opinion that such duty devolves upon the vendor because it is he who should give to the vendee a clear title to the property he is conveying. He knew that under the law the improvements on certain lots applied for as homestead cannot be transferred, on pain of nullity, without the approval of. the Secretary of Agriculture and Natural Resources so much so that such approval was required by the vendee as a condition precedent to the validity of the sale (section 20, Commonwealth Act No. 141), and because of that requirement of the law it was his concern that that approval be obtained within a reasonable period of time. And it is for this reason that the vendee was not disposed to pay the whole balance of the price even if the three months period agreed upon had expired, and the vendee cannot be blamed for such an attitude because of the contingency that the approval may not after all be granted. At any rate, the law expressly requires that that approval be first secured before the sale may acquire validity and unless such is secured, the vendee is justified in asking for the rescission of the sale. This is more so in the instant case when more than one year had elapsed since the execution of the contract. In our opinion the vendor has had more than enough time to secure such approval and his failure to do so justifies the action taken by the vendee.

Wherefore, the decision appealed from is affirmed, with costs against appellants.

Paras C. J., Bengzon, Padilla, Montemayor, Reyes, A., Labrador, Jugo, Concepcion, Reyes, J. B. L. and Endencia JJ., concur.


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