

ENCARNACION VDA. DE VALENCIA, ET AL., PLAINTIFFS AND APPELLANTS, VS. PEDRO DEUDOR, ET AL., DEFENDANTS AND APPELLEES.

G.R. No. L-21598. May 19, 1966

Ponente: BENGZON, J.P., J.

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BENGZON, J.P., J.:

On February 4, 1949 Pedro Deudor sold to Andres Valencia a parcel of land—Lot 128—in Tatalon, Sta. Mesa Heights, Quezon City, 1,200 square meters in area, for P3,600. A down payment of P400 was made and the balance of P3,200 was payable, any time within ten years.[1] Andres Valencia died on May 9, 1952, leaving as heirs his surviving wife, Encarnacion Zafra Vda. de Valencia, and children Eduardo, Marcial, Jorge, Jaime, Zenaida, Socorro and Aurora, all surnamed Valencia.

The afore-stated land, however, formed part of a bigger land—206,581 square meters, covered by Transfer Certificate of Title No. 37686 of the Registry of Deeds of Rizal—and as such became subject of a litigation in the Court of First Instance of Rizal, Quezon City branch, Case No. QK135, "Pedro Deudor, et al. v. J. M. Tuason & Co., Inc., et al." Andres Valencia's heirs moved to intervene in said case No. Q-135 but were denied intervention and referred to separate proceedings to protect their alleged rights.

On April 10, 1953 a decision was rendered by the Court of First Instance in Case No. Q-135 on the basis of a Compromise Agreement dated March 16, 1953 between the Deudors and J. M. Tuason & Co., Inc. In the Annex to the Compromise Agreement, Andres Valencia was among the purchasers from the Deudors listed as having the right to continue, buying the lands sold to them by the Deudors.

Subsequently, Andres Valencia's heirs tendered the sum of P2,439.93 allegedly corresponding to the balance of the purchase price under the sale executed by Pedro Deudor on February 4, 1949. J. M. Tuason & Co., Inc. as well as the Deudors refused to accept said amount, upon the reasoning that pursuant to the Compromise Agreement aforementioned a new contract has to be entered into with J. M. Tuason & Co., Inc., in which a higher price would be demanded.

Andres Valencia's heirs thereupon filed on February 3, 1956 in the Court of First Instance of Rizal (Quezon City branch) a suit for specific performance with damages, against Pedro Deudor, Florencio Deudor, J. M. Tuason & Co., Inc., and Gregorio Araneta & Co., Inc. (as agent of J. M. Tuason & Co., Inc.).

The Deudors filed their answer with counterclaim on February 21, 1956. A reply thereto was filed on February 29, 1956. J. M. Tuason & Co., Inc. filed on March 7, 1956 a motion to dismiss the complaint as against it on the ground that the complaint stated no cause of action against J. M. Tuason & Co., Inc. After the same was denied by the court on March 28, 1956, defendant J. M. Tuason & Co., Inc. filed its answer on April 11, 1956.

Almost five years later, on March 4, 1961, the plaintiffs filed an urgent motion for the issuance of a writ of preliminary injunction and/or restraining order. It was alleged therein that the spouses Mr. and Mrs. Maximo

Sison, claiming to have derived title from J.M. Tuason & Co., Inc., wrested a portion of the land in question occupied by plaintiffs, removed the fence thereon and started constructing a stone fence through it. The, trial court on the same day issued an order for the issuance of a writ of preliminary injunction enjoining the. Sison spouses and/ or their agents or representatives, from demolishing the fence, and house of Encarnacion Zafra Vda. de Valencia, and to desist from constructing any fence affecting any portion of the lot occupied by her. After a bond of P1,000i was posted the writ was issued on March 6, 1961.

The afore-stated spouses—Maximo Sison[2] and Victoria Enriquez—filed on March 9, 1961 an ex-parte motion to dissolve the, writ of preliminary injunction. Plaintiffs replied thereto on April 7, 1961, asserting that the Sison spouses were acting in bad faith since they had prior knowledge of actual occupancy by other persons of the lot they allegedly purchased from J. M. Tuason & Co., Inc.

Plaintiffs on April 8, 1961 filed a motion to admit an amended complaint. Said amended complaint included as new defendants the. Sison spouses, upon the allegation:

"17. That the newly included defendants, tho spouses Maximo Sison and Victoria Enriquez, acting under claim and/or claiming to have a Contract of Sale, dated October 10, 1959, from the Gregorio Araneta, Inc., attorney-in-fact of the defendant J. M. Tuason & Co., Inc., taking the law unto their own hands and acting in evident bad faith, sought to despoil and dispossess the plaintiffs of a portion of the parcel of land already previously sold to them and/or their predecessor-in-interest, their late father Andres Valencia, as indicated in Annex 'D', on March 3 and 4, 1961;" (Record on Appeal, pp. 109-110, italics supplied)

It was prayed that the preliminary injunction against the Sison spouses be made permanent and mandatory in that they be required to restore possession of the occupied premises; and that damages be paid by them.

In its order of April 22, 1961 the trial court admitted the amended complaint. And in its order of April 29, 1961, it held in abeyance resolution of the motion to dissolve the preliminary injunction.

The, Sison spouses filed an answer on May 26, 1961, advancing as one of the affirmative defenses lack of cause of action against them. On March 20, 1962, they filed a motion to dismiss on the ground that the, amended complaint stated no cause of action against them. In support of the motion they argued that even granting plaintiffs had a preferential right to buy the lot in question by virtue of the Deudor-Tuason Compromise Agreement dated March 16, 1953, they still have, no cause of action for the reason that said Compromise Agreement has been rescinded and set aside, as ruled by the Supreme Court in *Deudor vs. Tuason*, L-13768, May 30, 1961 and *J. M. Tuason & Co., Inc., vs. Sanvictores*, L-16836, January 30, 1962.

Resolving the same, the trial court, on April 11, 1962 dismissed the amended complaint with respect to the spouses Maximo Sison and Victoria Enriquez, on the ground that with the rescission of the Deudor-Tuason Compromise Agreement, plaintiffs' preferential right to buy the land was lost so that they have no more cause of action.

Plaintiffs appealed therefrom to us on a question purely of law: Does the amended complaint state a cause of action against the spouses Sison and Enriquez?

For purposes of a motion to dismiss, allegations in the complaint are deemed admitted (*Alquigue vs. De Leon*, L-15059, March 30, 1963). In the complaint even as amended plaintiffs rely not solely on the Deudor-Tuason Compromise Agreement for their right to the land, but on the sale executed by Pedro Deudor in favor of Andres Valencia on February 4, 1949.

So even if the Compromise Agreement has been rescinded, there remains a cause of action for specific performance against Pedro Deudor and his successor-in-interest on the basis of the document of sale dated

February 4, 1949. As seen from the amended complaint, plaintiffs asserted rights over the land adverse to the claim of the spouses Sison and Enriquez as alleged purchasers of the same land from J.M. Tuason & Co., Inc.

Furthermore, it being alleged in the amended complaint, as heretofore quoted, that the Sison-Enriquez spouses acted in bad faith in seeking to despoil and dispossess plaintiffs of the land already previously sold to them or their predecessor-in-interest, it follows that, admitting the allegations in the amended complaint, a cause of action is stated therein against said spouses.

Wherefore, the order of the court a quo dated April 11, 1962 dismissing the amended complaint with respect to the, spouses Maximo Sison and Victoria Enriquez, is hereby reversed and set aside and this case is remanded to the said court a quo for further proceedings. No costs.

So ordered.

Bengzon, C.J., Bautista Angelo, Concepcion, Reyes, J.B.L., Dizon, Regala, Makalintal, Zaldivar and Sanchez, JJ., concur.

Order reversed and set aside, case remanded for further proceedings.

[1] See notarized document of sale, Annex A to Complaint, pp. 11—15, Record on Appeal.

[2] In the records also referred to as Maximino Sison.

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