

**RAFAEL S. ORTAÑEZ, PETITIONER, VS. THE COURT OF APPEALS,
OSCAR INOCENTES, AND ASUNCION LLANES INOCENTES,
RESPONDENTS.**

G.R. No. 107372. January 23, 1997

Ponente: FRANCISCO, J.

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FRANCISCO, J.:

On September 30, 1982, private respondents sold to petitioner two (2) parcels of registered land in Quezon City for a consideration of P35,000.00 and P20,000.00, respectively. The first deed of absolute sale covering Transfer Certificate of Title (TCT) No. 258628 provides in part:

"That for and in consideration of the sum of THIRTY FIVE THOUSAND (P35,000.00) PESOS, receipt of which in full is hereby acknowledged, we have sold, transferred and conveyed, as we hereby sell, transfer and convey, that subdivided portion of the property covered by TCT No. 258628 known as Lot No. 684-G-1-B-2 in favor of RAFAEL S. ORTANEZ, of legal age, Filipino, whose marriage is under a regime of complete separation of property, and a resident of 942 Aurora Blvd., Quezon City, his heirs or assigns." [1]

while the second deed of absolute sale covering TCT No. 243273 provides:

"That for and in consideration of the sum of TWENTY THOUSAND (P20,000.00) PESOS receipt of which in full is hereby acknowledged, we have sold, transferred and conveyed, as we hereby sell, transfer and convey, that consolidated-subdivided portion of the property covered by TCT No. 243273 known as Lot No. 5 in favor of RAFAEL S. ORTANEZ, of legal age, Filipino, whose marriage is under a regime of complete separation of property, and a resident of 942 Aurora Blvd., Cubao, Quezon City his heirs or assigns." [2]

Private respondents received the payments for the above-mentioned lots, but failed to deliver the titles to petitioner. On April 9, 1990 the latter demanded from the former the delivery of said titles. [3] Private respondents, however, refused on the ground that the title of the first lot is in the possession of another person, [4] and petitioner's acquisition of the title of the other lot is subject to certain conditions.

Offshoot, petitioner sued private respondents for specific performance before the RTC. In their answer with counterclaim private respondents merely alleged the existence of the following oral conditions [5] which were never reflected in the deeds of sale: [6]

"3.3.2 Title to the other property (TCT No. 243273) remains with the defendants (private respondents) until plaintiff (petitioner) shows proof that all the following requirements have been met:

- (i) Plaintiff will cause the segregation of his right of way amounting to 398 sq. m.;
- (ii) Plaintiff will submit to the defendants the approved plan for the segregation;
- (iii) Plaintiff will put up a strong wall between his property and that of defendants' lot to segregate his right of way;

(iv) Plaintiff will pay the capital gains tax and all other expenses that may be incurred by reason of sale. x x x."

During trial, private respondent Oscar Inocentes, a former judge, orally testified that the sale was subject to the above conditions,[7] although such conditions were not incorporated in the deeds of sale. Despite petitioner's timely objections on the ground that the introduction of said oral conditions was barred by the parol evidence rule, the lower court nonetheless, admitted them and eventually dismissed the complaint as well as the counterclaim. On appeal, the Court of Appeals (CA) affirmed the court a quo. Hence, this petition.

We are tasked to resolve the issue on the admissibility of parol evidence to establish the alleged oral conditions-precendent to a contract of sale, when the deeds of sale are silent on such conditions.

The parol evidence herein introduced is inadmissible. First, private respondents' oral testimony on the alleged conditions, coming from a party who has an interest in the outcome of the case, depending exclusively on human memory, is not as reliable as written or documentary evidence.[8] Spoken words could be notoriously unreliable unlike a written contract which speaks of a uniform language.[9] Thus, under the general rule in Section 9 of Rule 130[10] of the Rules of Court, when the terms of an agreement were reduced to writing, as in this case, it is deemed to contain all the terms agreed upon and no evidence of such terms can be admitted other than the contents thereof.[11] Considering that the written deeds of sale were the only repository of the truth, whatever is not found in said instruments must have been waived and abandoned by the parties.[12] Examining the deeds of sale, we cannot even make an inference that the sale was subject to any condition. As a contract, it is the law between the parties.[13]

Secondly, to buttress their argument, private respondents rely on the case of *Land Settlement Development, Co. vs. Garcia Plantation*[14] where the Court ruled that a condition precedent to a contract may be established by parol evidence. However, the material facts of that case are different from this case. In the former, the contract sought to be enforced[15] expressly stated that it is subject to an agreement containing the conditions-precendent which were proven through parol evidence. Whereas, the deeds of sale in this case, made no reference to any pre-conditions or other agreement. In fact, the sale is denominated as absolute in its own terms.

Third, the parol evidence herein sought to be introduced would vary, contradict or defeat the operation of a valid instrument,[16] hence, contrary to the rule that:

"The parol evidence rule forbids any addition to x x x the terms of a written instrument by testimony purporting to show that, at or before the signing of the document, other or different terms were orally agreed upon by the parties." [17]

Although parol evidence is admissible to explain the meaning of a contract, "it cannot serve the purpose of incorporating into the contract additional contemporaneous conditions which are not mentioned at all in the writing unless there has been fraud or mistake." [18] No such fraud or mistake exists in this case.

Fourth, we disagree with private respondents' argument that their parol evidence is admissible under the exceptions provided by the Rules, specifically, the alleged failure of the agreement to express the true intent of the parties. Such exception obtains only in the following instance:

"[W]here the written contract is so ambiguous or obscure in terms that the contractual intention of the parties cannot be understood from a mere reading of the instrument. In such a case, extrinsic evidence of the subject matter of the contract, of the relations of the parties to each other, and of the facts and circumstances surrounding them when they entered into the contract may be received to enable the court to make a proper interpretation of the instrument." [19]

In this case, the deeds of sale are clear, without any ambiguity, mistake or imperfection, much less obscurity or

doubt in the terms thereof.

Fifth, we are not persuaded by private respondents' contention that they "put in issue by the pleadings" the failure of the written agreement to express the true intent of the parties. Record shows[20] that private respondents did not expressly plead that the deeds of sale were incomplete or that it did not reflect the intention[21] of the buyer (petitioner) and the seller (private respondents). Such issue must be "squarely presented." [22] Private respondents merely alleged that the sale was subject to four (4) conditions which they tried to prove during trial by parol evidence.[23] Obviously, this cannot be done, because they did not plead any of the exceptions mentioned in the parol evidence rule.[24] Their case is covered by the general rule that the contents of the writing are the only repository of the terms of the agreement. Considering that private respondent Oscar Inocentes is a lawyer (and former judge) he was "supposed to be steeped in legal knowledge and practices" and was "expected to know the consequences"[25] of his signing a deed of absolute sale. Had he given an iota's attention to scrutinize the deeds, he would have incorporated important stipulations that the transfer of title to said lots were conditional.[26]

One last thing, assuming arguendo that the parol evidence is admissible, it should nonetheless be disbelieved as no other evidence appears from the record to sustain the existence of the alleged conditions. Not even the other seller, Asuncion Inocentes, was presented to testify on such conditions.

ACCORDINGLY, the appealed decision is REVERSED and the records of this case REMANDED to the trial court for proper disposition in accordance with this ruling.

SO ORDERED.

Narvasa, C.J., (Chairman), Davide, Jr., Melo, and Panganiban, JJ., concur.

[1] Annex "B", Records, p. 79; Rollo, pp. 27-28.

[2] Annex "A", p. 77; Rollo, p. 28.

[3] Rollo, p. 24; Records, p. 7.

[4] The title is with a certain Atty. Joson for the purpose of subdividing the said lot, which fact is allegedly known to petitioner.

[5] Records, p. 21.

[6] Rollo, p. 26.

[7] TSN, Oscar Inocentes, February 27, 1991, pp. 4, 5.

[8] *Abella vs. CA*, G.R. No. 107606, June 20, 1996.

[9] *De Leon vs. CA*, 204 SCRA 612.

[10] Formerly Sec. 7 of Rule 130.

[11] *Siasat v. IAC*, 139 SCRA 238; *Enriquez vs. Ramos*, 116 Phil. 525.

[12] *Cu vs. CA*, 195 SCRA 647, citing *Moran*, *Comments on the Rules of Court*, Vol. V, 1980 ed., p. 101.

[13] *Manila Bay Club Corp. vs. CA*, 245 SCRA 715; *Gaw vs. IAC*, 220 SCRA 405.

[14] 117 Phil. 761 (1963).

[15] Exhibit "L".

[16] *Tupue vs. Urgel*, 161 SCRA 417; *Continental Airlines vs. Santiago*, 172 SCRA 490; *Gerales vs. CA*, 218 SCRA 640.

[17] *Heirs of del Rosario vs. Santos*, 194 Phil. 671; 108 SCRA 43.

[18] *Pioneer Savings and Loan Bank vs. CA*, 226 SCRA 740, 744 (1993) citing *dela Rama vs. Ledesma*, 143 SCRA 1 and *Yu Tek vs. Gonzales*, 29 Phil. 384.

[19] *Heirs of del Rosario vs. Santos*, supra., (Phil.) at 687 citing Francisco, Vicente J.; *The Revised Rules of Court in the Philippines*, vol. VII, pp. 161-162 (1973) .

[20] Private respondents' answer with counterclaim filed before the lower court does not mention nor refer to the parol evidence rule and the exceptions therein. All that they pleaded were the alleged conditions for which petitioner must first comply.

[21] *Phil. National Railways vs. CIR of Albay*, Br. 1, 83 SCRA 569.

[22] *Tolentino vs. Gonzales*, 50 Phil. 558, 567 (1927).

[23] *Phil. National Railways vs. CIR of Albay*, Br. 1, supra.

[24] *Ibid.*

[25] See *Pioneer Savings and Loan Bank vs. CA*, supra. at 744.

[26] *Ibid.*, see also *dela Rama* and *Gaw* cases, supra.

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