

**VIRGINIA D. PAGCO AND GAUDENCIO PAGCO, PETITIONERS, VS.
THE HONORABLE COURT OF APPEALS AND PETER NG QUIMSON,
RESPONDENTS.**

G.R. No. 109236. March 18, 1994

Ponente: KAPUNAN, J.

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KAPUNAN, J.:

Petitioners seek to review the decision of the Court of Appeals dismissing their petition to reverse the decision^[1] of the Regional Trial Court of Manila, the dispositive portion of which reads:

“WHEREFORE, judgment is rendered:

“(a) Vacating and setting aside the appealed judgment of the lower court;

“(b) Ordering the defendants to vacate the premises under their respective occupation and surrender possession thereof to the plaintiff;

“(c) Ordering said defendants to pay to the plaintiff their rental in arrears computed from March 1987 and their current rentals until they vacate the premises leased to them at the following month rates:

NAMES

RENTAL

“(1) Francisco Merdeja

P 45.00

“(2) Angelina Villarin

53.40

“(3) Luz A. Mondejar

53.14

“(4) Ramon Mondejar

48.31

“(5) Virginia Pagco

62.76

“(6) Asuncion Bandung

45.00

“(7) Apolonia Vda. de Glory

53.14

“(8) Angelina Molina

43.92

“(9) Gaudencio Pagco

48.31

“(10) Benjamin Aguilar

45.00

“(11) Victor Maguad

45.00

“(d) Ordering the defendants to pay their proportionate shares in the costs.

“(e) Remand the records of this case to the court of origin for immediate execution.

“SO ORDERED.”[2]

Private respondent Peter Quimson is the owner of a parcel of land situated at San Isidro Street, Singalong, Manila, with an area of 1,000 square meters and covered by TCT No. 173114.

When private respondent acquired the property on March 17, 1987 through sale at public auction, eleven (11) occupants were in possession of the property with their respective residential houses built thereon, among whom are herein petitioners.

Private respondent had earlier negotiated with petitioners for the latter to buy the portions they occupy but petitioners backed off. Private respondent subsequently informed the lessees to pay their back rentals and to remove their houses because he needed the property for his own use and that of the immediate members of his family.

For failure of petitioners to heed private respondent's demand, a complaint for ejectment was filed against petitioners and the other occupants of the property in the Metropolitan Trial Court of Manila, Branch 6, docketed as Civil Case No. 125830.[3]

Petitioners and the other defendants filed their answer denying that there were negotiations for them to buy the property and alleging as affirmative defense that private respondent has no cause of action as the property is within the area for priority development, hence, eviction of the occupant families is prohibited under P.D. 2016.

During the trial of the case, only petitioners adduced their evidence. The other defendants waived their right to present evidence for failure to appear at the trial.

After trial, the Metropolitan Trial Court rendered judgment[4] dismissing the complaint for ejectment on the ground that there was a perfected sale over the property between private respondent and its occupants and, consequently, said court had no jurisdiction over the case because the rights of the parties should be governed not by the law on lease but by the law on sales, more specifically Article 1475 of the Civil Code.

Private respondent appealed the MTC's decision to the Regional Trial Court, Branch 35, where the case was docketed as Civil Case No. 91-58880. Thereafter, the RTC rendered its decision, reversing that of the

Metropolitan Trial Court.

Not satisfied with the RTC's decision, petitioners filed a petition for review with the Court of Appeals on the following grounds:

“I

“THE LOWER COURT ERRED WHEN IT DISREGARDED THE PERFECTED SALE BETWEEN THE PARTIES AND ORDERED THE EJECTMENT OF DEFENDANTS.

“II

“THE DECISION IS IN ERROR WHEN THE FATAL DEFECT OF MISJOINDER OF PARTIES WAS IGNORED.”

The Court of Appeals in dismissing the petition ratiocinated:

“A contract of sale is perfected from the time there exists an agreement upon the thing which is the object of the contract and upon the price (Article 1475, Civil Code).

“Here, the price fixed by respondent Quimson as alleged in paragraph 8 of the complaint is P970.000 per square meter, although respondent testified that the exact price is P980.00 per square meter (page 6, RTC decision). According to petitioners, however, all the defendants agreed to pay the price of P850.00 only per square meter (page 5, RTC decision). Clearly, therefore, there was no agreement reached between the parties as to the price of the lot in question. Consequently, as no price was agreed upon, there can be no perfected contract of sale within the contemplation of Article 1475 of the Civil Code. That there indeed was no perfected contract of sale is further bolstered by the letter of petitioners' lawyer to respondent Quimson dated June 24, 1988 (Exhibit 'C', also Exhibit '1', page 19, MRT record), the relevant portions of which state:

‘Our clients revealed to us that they have not consented much less entered into any agreement on a direct purchase from you of their respective occupied lots especially on the price you mentioned.’

“There is yet another factor that militates against petitioners' pretended perfected sale of the property. In their answer to the complaint, (page 45, MTC record), defendants (including the petitioners herein) never alleged that there was a perfected contract of sale of the portion they were occupying. Paragraphs 4 & 5 of defendants' answer aver:

‘4. The allegations contained in paragraphs 6, 7 and 8 are vehemently denied, the truth of the matter being, that plaintiff on several occasions demands exorbitant rentals or payments for the property and harrassed them with threats to eject them for their occupied spaces if they refuse to accept and oblige with his terms.

‘5. Paragraphs 9 and 10 of the complaint, are likewise denied on the ground that defendants never recognized plaintiff as the owner of the property in issue and most of all advised the latter that the same was covered by a proclamation placing it under Area priority development pursuant to the Urban Reform Law.’

“All these established facts debunk petitioners' claim of a perfected contract of sale between them and respondent Peter Quimson.

“On the second ground, petitioners vehemently assail the RTC decision which allegedly ignored the misjoinder of parties. Citing the case of *Flores vs. Mallare-Philipps*, 144 SCRA 377, petitioners contend that there is misjoinder of parties because the claim against the defendants are separate and distinct.

“The *Flores* decision, *supra*, finds no application in this case. The Supreme Court dismissed the complaint because the claim against Ignacio Binongcal for P11,643.00 on the first cause of action and the claim against

Fernando Calion for P10,212.00 on the second cause of action, are separate and distinct and neither of which falls within the original exclusive jurisdiction of the Regional Trial Court under Section 19(8) of B.P. 129 where the amount of the demand is more than P20,000.00.

“In the case at bar, the cause of action for the ejectment against all the defendants, including the petitioners, is for non-payment of rentals from 1987 to the present.

“The relief sought against all the defendants is the same, i.e., to vacate the premises and to pay the rentals in arrears.

“We thus agree with the trial court that -

‘Arrears in payment of rentals for a total of three months is a ground for judicial ejectment (Sec. 5-b, Batas Pambansa Blg. 877, as amended and extended by Rep. Act. No. 6828). In this case, the defendants admitted among others, during the pre-trial, the respective rates of rental they have been paying to the previous owners; that the title to the land in question has been transferred to the plaintiff in March 1987; that they have not been paying their rentals since June 1985; and that they received the letters of demand of the plaintiff (Record, p. 178). However, the plaintiff is entitled to recover the unpaid rentals only from March 1987 when he became the owner-lessor of the land in question.’

“This is a good example of how persons who have failed to adduce any legal grounds for their continued stay on property belonging to another have nonetheless managed to stave off eviction for more than four years although with respect to the other defendants in the case, writs of execution had already been issued against them.”[5]

In the instant recourse, petitioners assail the Court of Appeals’ decision alleging as their lone assigned error that -

“I

“THE LOWER COURT ERRED WHEN IT DID NOT CONSIDER AGAINST PLAINTIFF FATAL ALLEGATIONS IN THE COMPLAINT WHICH CLEARLY INDICATES LACK OF CAUSE OF ACTION BUT RATHER CURED THE SAME THROUGH DEFENDANTS ANSWER.”

The petition is devoid of merit.

As correctly found by both the Court of Appeals and the Regional Trial Court on the basis of the evidence, there was no meeting of the minds between the parties regarding the offer by private respondent to sell his property to the occupants. Private respondent wanted P980.00 per square meter, but the occupants were willing to pay only P850.00.

In arguing that there was a perfected contract of sale, petitioners wrongly capitalize on the allegations in the complaint, to wit:

“8. That this time, upon receipt of Annex ‘D’, defendants negotiated with the plaintiff and agreed to accept plaintiff’s offer to buy the area actually occupied by their houses at P970.00 a square meter on easy monthly installment for five (5) years.

“9. To consummate the agreement, plaintiff engaged the services of a Geodetic Engineer who prepared a subdivision plan delineating the boundaries of the areas to be assigned to each of the defendants.

“10. That however, after approving the proposed subdivision plan, the defendants suddenly and abruptly changed their minds and repudiated the agreement which is already a perfected contract, and deliberately and maliciously refused to continue negotiating with the plaintiff as expressed in the attached letter of their counsel marked as ANNEX ‘E’ and made an integral part hereof.”[6]

However, as the Court of Appeals had pointed out in its decision, petitioners categorically denied in paragraphs 4 and 5 of their answer whatever imputations there are in paragraphs 8 to 10 of the Complaint of the alleged existence of a perfected contract. In other words, petitioners in their answer never claimed ownership of the lot; they only put up the defense that the property is within one of the areas proclaimed for priority development and, therefore, their eviction is prohibited pursuant to P.D. 2016.

The phrase “perfected contract” in paragraph 10 of the complaint is used in its loose sense and does not connote that there was a meeting of the minds between the parties. Observe that after the statement in said paragraph that “after approving the proposed subdivision plan, the defendants suddenly and abruptly changed their minds and repudiated the agreement which is already a perfected contract,” there immediately follows the qualifying allegation that “[defendants] deliberately and maliciously refused to continue negotiating with the plaintiff as expressed in the attached letter of their counsel marked as Annex ‘E’ and made an integral part thereof.”

The words “refused to continue negotiating with the plaintiff” have no other meaning except that there was a negotiation regarding the offer to sell, but the negotiation fell through because of the refusal of petitioners and the other occupants to talk further as evidenced by the letter of their counsel, which is Annex “C” of the complaint.

The letter referred to, which is dated June 24, 1988, states in part:

“Our client revealed to us that they have not consented much less entered into by agreement on a direct purchase from you of their respective occupied lots especially on the price you mentioned.”[7]

Finally, even granting that there was a perfected contract of sale, it can be implied that there was subsequently a mutual withdrawal or “mutual backing out” from the contract.[8] This conclusion may be drawn from the fact of the filing by private respondent of the complaint for ejectment, in which he alleged ownership of the property in question and from the averments in petitioners’ answer wherein they never claimed ownership of the property by purchase from private respondent.

In *Aquino vs. Tañedo*,[9] involving a sale of land mutually cancelled by both contracting parties, this Court emphasized that the rescission of the contract between the plaintiff and the defendant was not originated by any of the causes specified in Arts. 1291 and 1292 (now Arts. 1381 and 1832 of the New Civil Code), nor is it a relief for the purposes sought by these articles; it is simply another contract for the dissolution of the previous one, and its effects, in relation to the contract so dissolved, should be determined by the agreement of the parties, or by the application of other legal provisions, not by Article 1295 (now Art. 1385 of the New Civil Code).

WHEREFORE, the petition is DENIED for lack of merit. No pronouncement as to costs.

SO ORDERED.

Cruz, (Chairman), Davide, Jr., Bellosillo, and Quiason, JJ., concur.

[1] Original Records, pp. 388-396

[2] *Ibid.*, pp. 395-396

[3] *id.*, pp. 1-6

[4] *id.*, pp. 279-283

[5] Rollo, pp. 23-25

[6] Records, p. 4

[7] Exhibit “C”, Records, p. 19

[8] Paras, Civil Code, Vol IV, p. 659, 1989 Ed.

[9] 39 Phil. 517

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