

RUDOLF LIETZ, INC., PETITIONER, VS. THE COURT OF APPEALS, AGAPITO BURIOL, TIZIANA TURATELLO & PAOLA SANI, RESPONDENTS.

G.R. NO. 122463. December 19, 2005

Ponente: TINGA, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-122463/>

TINGA, J.:

This is a petition for review on certiorari under Rule 45 of the Revised Rules of Court, praying for the annulment of the Decision[1] dated April 17, 1995 and the Resolution[2] dated October 25, 1995 of the Court of Appeals in CA-G.R. CV No. 38854. The Court of Appeals affirmed the Decision[3] in Civil Case No. 2164 of the Regional Trial Court (RTC), Branch 48, of Palawan and Puerto Princesa City with the modification that herein respondents Tiziana Turatello and Paola Sani are entitled to damages, attorney's fees, and litigation expenses.

The dispositive portion of the RTC Decision reads:

WHEREFORE, in view of the foregoing and as prayed for by the defendants, the instant complaint is hereby DISMISSED. Defendant's counterclaim is likewise DISMISSED. Plaintiff, however, is ordered to pay defendant Turatello and Sani's counsel the sum of P3,010.38 from August 9, 1990 until fully paid representing the expenses incurred by said counsel when the trial was cancelled due to the non-appearance of plaintiff's witnesses. With costs against the plaintiff.

SO ORDERED.[4]

As culled from the records, the following antecedents appear:

Respondent Agapito Buriol previously owned a parcel of unregistered land situated at Capsalay Island, Port Barton, San Vicente, Palawan. On August 15, 1986, respondent Buriol entered into a lease agreement with Flavia Turatello and respondents Turatello and Sani, all Italian citizens, involving one (1) hectare of respondent Buriol's property. The lease agreement was for a period of 25 years, renewable for another 25 years. The lessees took possession of the land after paying respondent Buriol a down payment of P10,000.00.[5] The lease agreement, however, was reduced into writing only in January 1987.

On November 17, 1986, respondent Buriol sold to petitioner Rudolf Lietz, Inc. the same parcel of land for the amount of P30,000.00. The Deed of Absolute Sale embodying the agreement described the land as follows:

A parcel of land, consisting of FIVE (5) hectares, more or less, a portion of that parcel of land declared in the name of Agapito Buriol, under Tax Declaration No. 0021, revised in the year 1985, together with all improvements thereon, situated at the Island of Capsalay, Barangay Port Barton, municipality of San Vicente, province of Palawan which segregated from the whole parcel described in said tax declaration, has the following superficial boundaries: NORTH, Sec. 01-017; and remaining property of the vendor; EAST, by Seashore; SOUTH, 01-020; and WEST, by 01-018 (now Elizabeth Lietz).[6]

Petitioner later discovered that respondent Buriol owned only four (4) hectares, and with one more hectare

covered by lease, only three (3) hectares were actually delivered to petitioner. Thus, petitioner instituted on April 3, 1989 a complaint for Annulment of Lease with Recovery of Possession with Injunction and Damages against respondents and Flavia Turatello before the RTC. The complaint alleged that with evident bad faith and malice, respondent Buriol sold to petitioner five (5) hectares of land when respondent Buriol knew for a fact that he owned only four (4) hectares and managed to lease one more hectare to Flavia Turatello and respondents Tiziana Turatello and Paola Sani. The complaint sought the issuance of a restraining order and a writ of preliminary injunction to prevent Flavia Turatello and respondents Turatello and Sani from introducing improvements on the property, the annulment of the lease agreement between respondents, and the restoration of the amount paid by petitioner in excess of the value of the property sold to him. Except for Flavia Turatello, respondents filed separate answers raising similar defenses of lack of cause of action and lack of jurisdiction over the action for recovery of possession. Respondents Turatello and Sani also prayed for the award of damages and attorney's fees.[7]

After trial on the merits, the trial court rendered judgment on May 27, 1992, dismissing both petitioner's complaint and respondents' counterclaim for damages. Petitioner and respondents Turatello and Sani separately appealed the RTC Decision to the Court of Appeals, which affirmed the dismissal of petitioner's complaint and awarded respondents Turatello and Sani damages and attorney's fees. The dispositive portion of the Court of Appeals Decision reads:

WHEREFORE, the decision appealed from is hereby AFFIRMED, with the following modification:

Plaintiff-appellant Rudolf Lietz, Inc. is hereby (1) ordered to pay defendants-appellants Turatello and Sani, the sum of P100,000.00 as moral damages; (2) P100,000.00 as exemplary damages; (3) P135,728.73 as attorney's fees; and (4) P10,000.00 as litigation expenses.

SO ORDERED.[8]

Petitioner brought to this Court the instant petition after the denial of its motion for reconsideration of the Court of Appeal Decision. The instant petition imputes the following errors to the Court of Appeals.

- IN DEFENDING AGAPITO BURIOL'S GOOD FAITH AND IN STATING THAT ASSUMING THAT HE (BURIOL) WAS IN BAD FAITH PETITIONER WAS SOLELY RESPONSIBLE FOR ITS INEXCUSABLE CREDULOUSNESS.
- IN ASSERTING THAT ARTICLES 1542 AND 1539 OF THE NEW CIVIL CODE ARE, RESPECTIVELY, APPLICABLE AND INAPPLICABLE IN THE CASE AT BAR.
- IN NOT GRANTING PETITIONER'S CLAIM FOR ACTUAL AND EXEMPLARY DAMAGES.
- IN GRANTING RESPONDENTS TIZIANA TURATELLO AND PAOLA SANI EXHORBITANT [sic] AMOUNTS AS DAMAGES WHICH ARE EVEN BEREFT OF EVIDENTIARY BASIS.[9]

Essentially, only two main issues confront this Court, namely: (i) whether or not petitioner is entitled to the delivery of the entire five hectares or its equivalent, and (ii) whether or not damages may be awarded to either party.

Petitioner contends that it is entitled to the corresponding reduction of the purchase price because the agreement was for the sale of five (5) hectares although respondent Buriol owned only four (4) hectares. As in its appeal to the Court of Appeals, petitioner anchors its argument on the second paragraph of Article 1539 of the Civil Code, which provides:

Art. 1539. The obligation to deliver the thing sold includes that of placing in the control of the vendee all that

is mentioned in the contract, in conformity with the following rules:

If the sale of real estate should be made with a statement of its area, at the rate of a certain price for a unit of measure or number, the vendor shall be obliged to deliver to the vendee, if the latter should demand it, all that may have been stated in the contract; but, should this be not possible, the vendee may choose between a proportional reduction of the price and the rescission of the contract, provided that, in the latter case, the lack in the area be not less than one-tenth of that stated.

....

The Court of Appeals Decision, however, declared as inapplicable the abovequoted provision and instead ruled that petitioner is no longer entitled to a reduction in price based on the provisions of Article 1542 of the Civil Code, which read:

Art. 1542. In the sale of real estate, made for a lump sum and not at the rate of a certain sum for a unit of measure or number, there shall be no increase or decrease of the price, although there be a greater or lesser area or number than that stated in the contract.

The same rule shall be applied when two or more immovables are sold for a single price; but if, besides mentioning the boundaries, which is indispensable in every conveyance of real estate, its area or number should be designated in the contract, the vendor shall be bound to deliver all that is included within said boundaries, even when it exceeds the area or number specified in the contract; and, should he not be able to do so, he shall suffer a reduction in the price, in proportion to what is lacking in the area or number, unless the contract is rescinded because the vendee does not accede to the failure to deliver what has been stipulated.

Article 1539 governs a sale of immovable by the unit, that is, at a stated rate per unit area. In a unit price contract, the statement of area of immovable is not conclusive and the price may be reduced or increased depending on the area actually delivered. If the vendor delivers less than the area agreed upon, the vendee may oblige the vendor to deliver all that may be stated in the contract or demand for the proportionate reduction of the purchase price if delivery is not possible. If the vendor delivers more than the area stated in the contract, the vendee has the option to accept only the amount agreed upon or to accept the whole area, provided he pays for the additional area at the contract rate.[10]

In some instances, a sale of an immovable may be made for a lump sum and not at a rate per unit. The parties agree on a stated purchase price for an immovable the area of which may be declared based on an estimate or where both the area and boundaries are stated.

In the case where the area of the immovable is stated in the contract based on an estimate, the actual area delivered may not measure up exactly with the area stated in the contract. According to Article 1542[11] of the Civil Code, in the sale of real estate, made for a lump sum and not at the rate of a certain sum for a unit of measure or number, there shall be no increase or decrease of the price although there be a greater or lesser area or number than that stated in the contract. However, the discrepancy must not be substantial. A vendee of land, when sold in gross or with the description "more or less" with reference to its area, does not thereby ipso facto take all risk of quantity in the land. The use of "more or less" or similar words in designating quantity covers only a reasonable excess or deficiency.[12]

Where both the area and the boundaries of the immovable are declared, the area covered within the boundaries of the immovable prevails over the stated area. In cases of conflict between areas and boundaries, it is the latter which should prevail. What really defines a piece of ground is not the area, calculated with more or less certainty, mentioned in its description, but the boundaries therein laid down, as enclosing the land and indicating its limits. In a contract of sale of land in a mass, it is well established that the specific boundaries stated in the contract must

control over any statement with respect to the area contained within its boundaries. It is not of vital consequence that a deed or contract of sale of land should disclose the area with mathematical accuracy. It is sufficient if its extent is objectively indicated with sufficient precision to enable one to identify it. An error as to the superficial area is immaterial.[13] Thus, the obligation of the vendor is to deliver everything within the boundaries, inasmuch as it is the entirety thereof that distinguishes the determinate object.[14]

As correctly noted by the trial court and the Court of Appeals, the sale between petitioner and respondent Buriol involving the latter's property is one made for a lump sum. The Deed of Absolute Sale shows that the parties agreed on the purchase price on a predetermined area of five hectares within the specified boundaries and not based on a particular rate per area. In accordance with Article 1542, there shall be no reduction in the purchase price even if the area delivered to petitioner is less than that stated in the contract. In the instant case, the area within the boundaries as stated in the contract shall control over the area agreed upon in the contract.

The Court rejects petitioner's contention that the property's boundaries as stated in the Deed of Absolute Sale are superficial and unintelligible and, therefore, cannot prevail over the area stated in the contract. First, as pointed out by the Court of Appeals, at an ocular inspection prior to the perfection of the contract of sale, respondent Buriol pointed to petitioner the boundaries of the property. Hence, petitioner gained a fair estimate of the area of the property sold to him. Second, petitioner cannot now assail the contents of the Deed of Absolute Sale, particularly the description of the boundaries of the property, because petitioner's subscription to the Deed of Absolute Sale indicates his assent to the correct description of the boundaries of the property.

Petitioner also asserts that respondent Buriol is guilty of misleading petitioner into believing that the latter was buying five hectares when he knew prior to the sale that he owned only four hectares. The review of the circumstances of the alleged misrepresentation is factual and, therefore, beyond the province of the Court. Besides, this issue had already been raised before and passed upon by the trial court and the Court of Appeals. The factual finding of the courts below that no sufficient evidence supports petitioner's allegation of misrepresentation is binding on the Court.

The Court of Appeals reversed the trial court's dismissal of respondents Turatello and Sani's counterclaim for moral and exemplary damages, attorney's fees and litigation expenses. In awarding moral damages in the amount of P100,000 in favor of Turatello and Sani, the Court of Appeals justified the award to alleviate the suffering caused by petitioner's unfounded civil action. The filing alone of a civil action should not be a ground for an award of moral damages in the same way that a clearly unfounded civil action is not among the grounds for moral damages.[15]

Exemplary or corrective damages are imposed, by way of example or correction for the public good, in addition to the moral, temperate, liquidated or compensatory damages.[16] With the deletion of the award for moral damages, there is no basis for the award of exemplary damages.

WHEREFORE, the instant petition for review on certiorari is GRANTED in PART. The Court of Appeals Decision in CA-G.R. CV No. 38854 is AFFIRMED with the MODIFICATION that the award of moral and exemplary damages is DELETED.

SO ORDERED.

Puno, (Chairman), Austria-Martinez, Callejo, Sr., and Chico-Nazario, JJ., concur.

[1] Penned by Associate Justice Consuelo Ynares-Santiago, now an Associate Justice of the Court, and concurred in by JJ. Antonio M. Martinez, Chairman, and Ruben T. Reyes; Rollo, pp. 58-69.

[2] Rollo, p. 70.

[3] Id. at 95-101.

[4] Id. at 101.

[5] Id. at 59.

[6] Ibid.

[7] RTC Decision, pp. 1-2; Rollo, pp. 95-96.

[8] Id. at 69.

[9] Id. at 23.

[10] Article 1540, Civil Code states in full: "If, in the case of the preceding article, there is a greater area or number in the immovable than that stated in the contract, the vendee may accept the area included in the contract and reject the rest. If he accepts the whole area, he must pay for the same at the contract rate."

[11] Supra.

[12] Roble, et al. v. Arbasa, et al., G.R. No. 130707, July 31, 2001, 362 SCRA 69.

[13] Dichoso v. Court of Appeals, G.R. No. 55613, December 10, 1990, 192 SCRA 169.

[14] See Article 1542, second paragraph, supra.

[15] Social Security System v. Court of Appeals, No. L-41299, February 21, 1983, 120 SCRA 707.

[16] Article 2229, Civil Code.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.