ANGEL BAUTISTA, PETITIONER, VS. COURT OF APPEALS, PEDRO ATIENZA (FOR HIMSELF AND AS ATTORNEY-IN-FACT OF JULITA ATIENZA, BENEDICTO DE LEON AND RIZALINO ATIENZA), AMELIA ATIENZA, ...

G.R. No. 123655. January 19, 2000

Ponente: PUNO, J.

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PUNO, J.:

This case arose from an action for specific performance and damages filed by Angel Bautista[1] (petitioner) against the Atienzas (respondents), namely, Pedro Atienza (for himself and as the Attorney-in-Fact of Julita Atienza, Benedicto De Leon and Rizalino Atienza), Amelia Atienza, Gregorio Atienza and Conrado Atienza, all compulsory heirs of spouses Artemio Atienza and Esperenza Trinidad.

The records show that on April 13, 1977, respondents sold to petitioner a parcel of land in Tagaytay City, with an area of approximately 158,386 square meters, for one million five hundred thousand pesos (P 1,500,000.00).[2] At the time of the sale, the lot was still registered in the names of the deceased parents of the respondents under TCT No. T-6744 of the Register of Deeds of Cavite. The Contract of Sale[3] provide, inter alia:

> "CONTRACT OF SALE
>
> "x x x
>
> "WHEREAS, the above named forced and/or compulsory heirs, herein referred to as the SELLERS, have agreed as they hereby agree, to enter into a Contract of Sale with the BUYER involving the property covered by TCT No. T-6744;
>
> "NOW, THEREFORE, for and in consideration of ONE MILLION FIVE HUNDRED THOUSAND PESOS (Pl,500,000.00) the SELLERS hereby cede, transfer and convey and sell, as by these presents, the SELLERS ceded, transfer(red), convey(ed) and sold, unto the BUYER, his heirs, successors in interest, assigns, executor or administrator, any and all their rights, title, interest, share or participation, in and over the property covered by TCT No. T-6744 under the following terms and conditions:
>
> "TERMS OF PAYMENT:
>
> "a)
>
> The sum of TEN THOUSAND PESOS (P10,000.00) shall be paid by the BUYER to the SELLERS upon the signing of this Contract of Sale;
>
> "b)
>
> The sum of NINETY THOUSAND PESOS (P90,000.00) shall be paid by the BUYER to the SELLERS upon presentation of the SELLERS to the BUYER of a new transfer certificate of title of the property subject of this sale, already registered under the names of the SELLERS herein. However, the BUYER may advance the

> necessary amount to the SELLERS for the payment of their back taxes, inheritance tax and other taxes which might be required by the Register of Deeds of Tagaytay City before transfer certificate of title from the registered owners to the sellers can be effected, but not exceeding NINETY THOUSAND PESOS (P90,000.00). Any and all cash advances shall be deducted from the second payment of NINETY THOUSAND PESOS (P90,000.00);
>
> "c)
>
> The sum of TWO HUNDRED SIXTY THOUSAND PESOS (P60,000.00) shall be paid by the BUYER to the SELLERS thirty (30) days after the Transfer Certificate of Title to the heirs and/or the SELLERS have been effected; and
>
> "d)
>
> The balance of ONE MILLION ONE HUNDRED FORTY THOUSAND PESOS (P1,140,000.00) shall be paid by the BUYER to the SELLERS within two (2) years from the date of the last payment of TWO HUNDRED SIXTY THOUSAND PESOS (P260,000.00).
>
> "x x x" (emphasis supplied)

Petitioner paid the down payment of ten thousand pesos (P10,000.00) on the date of the sale.[4]

In July 1977, respondent Pedro Atienza wrote a letter to petitioner, asking him for an additional sum of fifty thousand pesos (P50,000.00). The money was intended for the inheritance and realty taxes due on the subject property and other incidental expenses to facilitate the transfer of the title of the subject property in their names.[5]

Petitioner refused to give the additional money. In a letter dated August 25, 1977, he pointed out that under paragraph (b) of their Contract of Sale, the sum of ninety thousand pesos (P90,000.00) would be due only upon presentation by the respondents of the new TCT showing that the subject property was already registered in their names. Petitioner then asked respondent Pedro Atienza to turn over to him the documents required by the Register of Deeds, namely: the owner's duplicate copy of TCT No. T-6744, the original copies of the annexes of the Contract of Sale, the Petition for Extra-judicial Partition, the Certifiate of Publication of the Petition for Extra-judicial Partition, and the Affidavit that the property is not planted with rice or corn. Respondents did not comply.

Thereafter, respondent's counsel, Atty. Antonio Jose Cortes, sent a demand letter to petitioner, requiring him to pay the amount of ninety thousand pesos (P90,000.00) within three (3) days from receipt of the letter.[6] Petitioner insisted that paragraph (b) of the contract merely states that he "may" advance the necessary amount to the respondents for the settlement of their back taxes, hence, such payment would be discretionary on his part.[7]

On November 1, 1977, petitioner retained the services of Mariano Jumarang as overseer of the subject property for a monthly salary of P200.00 plus a 50% share in the net harvest of the crops to be planted on the subject property.[8] While awaiting the registration of the subject property in the names of the respondents, petitioner also prepared project studies and subdivision plans for the property.

In the same month of November 1977, petitioner met Nicanor Papa, Sr., then Chairman of the Board of Directors of Realty Baron Corporation (intervenor), through a broker named Ligaya Sangalang. They discussed the possible sale of the subject property in favor of Realty Baron Corporation. Petitioner showed Papa some of the plans for the Tagaytay property. He also gave Papa a copy of the Contract of Sale dated April 13, 1977, as proof of his ownership over the subject property.[9] Upon ocular inspection, however, Papa changed his mind and wanted to buy only the one-half western portion of the property, with an area of approximately 87,555 square meters. He

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found the other portion of the lot too steep and occupied by squatters. The sale did not push through.

In a letter dated January 8, 1978, petitioner again asked the respondents to deliver to him the certificate of title of the subject property and other documents needed by the Register of Deeds of Tagaytay City to effect the transfer of the title in his name.[10]

On January 31, 1978, Atty. Cortes executed a document called "Notarial Act for the Cancellation of Contract to Sell as Provided for in Article 1592 of the New Civil Code and Republic Act 6552."[11] A copy of the said document was sent by registered mail to petitioner. Respondent Pedro Atienza also returned the down payment and cash advances to petitioner through Philippine Trust Company Check no. 309276;[12] Petitioner, through his lawyer, returned the check to the respondents on March 1, 1978.[13]

Meanwhile, real estate agents persuaded the respondents to sell, the property to Realty Baron Corporation. Respondents agreed provided the corporation would advance the payment for the taxes due on the property, as well as the documentation and registration expenses related to the projected sale. Thus, Realty Baron Corporation advanced the amount of P 100,000.00 as down payment.

Eventually, respondents managed to have the subject property subdivided into two (2) lots. One lot was registered in their names under TCT No. 12107. The other lot, with an area of approximately eighty seven thousand five hundred fifty five (87,555) square meters, was covered by TCT No. 12106.[14]

On October 30, 1978,[15] the lot covered by TCT No. 12106 was sold by respondents to Realty Baron Corporation for eight hundred seventy five thousand five hundred fifty pesos (P 875,550.00). Accordingly, TCT No. T-12113 was issued in favor of Realty Baron Corporation.

On January 26, 1979, petitioner verified from the Register of Deeds of Tagaytay if respondents had already secured a new title for the property. He discovered that the property sold to him has been subdivided into two lots.[16] He also learned that the respondents sold to Realty Baron Corporation the property covered by TCT No. 12106 (now TCT No. 12113), the same area which Papa was planning to buy from him.[17]

On January 27, 1979, petitioner wrote a letter[18] to Felicito Papa, son of Nicanor Papa, Sr. and President of Realty Baron Corporation, reminding the latter that he is the owner of the property sold by the respondents.[19]

On Apri1 3, 1979, a Notice of Adverse Claim was registered by petitioner in the Register of Deeds of Tagaytay City, against TCT No. T-12107.[20] Petitioner also filed an adverse claim over the lot covered by TCT No. 12113. The adverse claims were cancelled after the lapse of the period provided by law.

On December 29, 1979, petitioner filed the present action for specific performance and damages, docketed as Civil Case No. 35608 before the Regional Trial Court of Pasig, to compel the respondents to comply with their obligation to deliver the title over the property.

Petitioner; also caused the annotation of a notice of lis pendens over TCT Nos. 12107 and 12113 before the Register of Deeds of Tagaytay City.[21] Thus, Realty Baron Corporation decided not to pay the balance of the contract price in the amount of P520,000.00.[22] It also intervened in the specific performance case.

Petitioner claimed that due to respondents' nonperformance of their obligations under the contract, he would need to spend more to develop the property. He also suffered sleepless nights and experienced serious anxieties.[23] Moreover, he was constrained to engage the services of a lawyer to file the complaint for specific performance against the respondents for a P20,000.00 legal fee.[24]

On September 17, 1986, the lower court rendered its decision,[25] declaring that there was a perfected contract to sell between petitioner and the respondents. It held that title over the subject lot did not pass to petitioner because

the sale was subject to the condition that petitioner would advance the necessary expenses for the registration of the property in the names of respondents. Further, it held that petitioner was the one who reneged on his obligation so he could not successfully demand for specific performance nor ask for damages. It ordered petitioner to pay P100,000.00 as actual damages and P50,000.00 as attorney's fees. Realty Baron Corporation was also directed to complete its payment of P500,000.00 to the respondents.

Petitioner's motion for reconsideration was denied. He appealed to the Court of Appeals.

On January 31, 1996, the Court of Appeals rendered its Decision in CA-G.R. CV No. 33213, affirming the lower court ruling. Hence, the present petition. Petitioner contends that the appellate court erred:

> "I
>
> "IN AFFIRMING THE TRIAL COURT'S DECISION NOTWITHSTANDING ITS FINDING THAT 'THERE WAS A PERFECTED CONTRACT OF SALE BETWEEN THE PARTIES';
> "II
>
> "IN CONCLUDING THAT PETITIONER 'AGREED AND ASSUMED THE OBLIGATION TO EXTEND CASH ADVANCES IN ORDER TO FACILITATE THE TRANSFER OF TITLE OF THE PROPERTY SUBJECT OF THE CONTRACT IN FAVOR OF (THE ATIENZAS)';
>
> "III
>
> "IN DECLARING THAT THE ATIENZAS HAD THE RIGHT TO RESCIND THE CONTRACT OF SALE BECAUSE OF PETITIONER'S REFUSAL TO ADVANCE THE PAYMENT INTENDED TO PAY FOR TAXES AND OTHER FEES;
>
> "IV
>
> "IN DECLARING THAT, IN THE CASE AT BENCH, PETITIONER WAS 'THE PARTY WHO DID NOT PERFORM THE UNDERTAKING WHICH HE IS BOUND BY THE TERMS OF THE AGREEMENT TO PERFORM, THUS, HE CANNOT INSIST ON THE PERFORMANCE OF THE CONTRACT BY (THE ATIENZAS) OR RECOVER DAMAGES BY REASON OF HIS OWN BREACH';
>
> "V
>
> "IN AFFIRMING THE TRIAL COURT'S CONCLUSION THAT 'THE GROUND FOR THE AWARD OF DAMAGES AND ATTORNEY'S FEES WAS BASED ON JUDICIOUS FINDINGS'; AND
> "VI
>
> "IN AFFIRMING THE TRIAL COURT'S DECISION DISMISSING PETITIONER'S COMPLAINT FOR SPECIFIC PERFORMANCE AND DAMAGES."

We grant the petition.

We agree with the initial ruling of the respondent court characterizing the contract in the case at bar as a contract of sale. We quote its pertinent ruling:

> "Construing the foregoing, it can be seen that defendants-appellees (Atienzas) agreed to sell and the plaintiff-appellant (petitioner) agreed to buy a definite object, that is 158,386 sq. m. lot covered by TCT No. 6744 registered in the name of deceased spouses Atienza. The parties also agreed on a definite price of One Million Five Hundred Thousand (P1,500,000.00) Pesos. The contract here is complete since the parties have already agreed not only on the thing and the price but also on who should bear the expenses with respect o the transfer of title of the property subject of the sale. Hence, it cannot be denied that there was a perfected contract of sale between the parties. Article 1475 of the Civil Code of the Philippines reads:

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> ‘Art. 1475. The contract of sale is perfected at the moment there is a meeting of minds upon the thing which is the object of the contract and upon the price.
>
> 'From that moment, the parties may reciprocally demand performance, subject to the provisions of law governing the form of contracts.’
>
> "From the moment the contract is perfected, the parties are bound not only to the fulfillment of what has been expressly stipulated but also to all consequences which according to their nature, may be in keeping with good faith, usage and law.
>
> "A perfected contract of sale, however, may either be absolute or conditional. Depending on whether the agreement is devoid of, or subject to, any condition imposed on the passing of the title of the thing to be conveyed or on the obligation of a party thereto. When ownership is retained until fulfillment of a positive condition the breach of the condition will simply prevent the duty to convey title from acquiring an obligatory force. If the condition is imposed on an obligation of a party which is not complied with, the other party may either refuse to proceed or waive said condition.
>
> "In this case, the contract entered into by the parties is subject to the following terms and conditions, to wit:
>
> - P10,000.00 upon signing of the contract;
>
> - P90,000.00 upon the defendants' (Atienzas) presentation to the plaintiff of a new certificate of title of the property subject of the sale, registered in their name. However, the plaintiff (buyer) may advance the necessary amount to the defendants (sellers) for payment of their back taxes, inheritance tax and other taxes which might be required by the Register of Deeds of Tagaytay City before the transfer certificate of title from the registered owners (parents of the defendants) to the defendants (sellers) can be effected but not exceeding P90,000.00 Any and all cash advances made by the plaintiff to the defendants shall be deducted from the second .payment of P90,000.00;
>
> "Thus, the foregoing provides a (sic) reciprocal obligations to be performed by the parties. Compliance by one party of the aforementioned undertaking would, in turn, demand performance of the reciprocal obligation of the other. There is no dispute that defendants-appellees upon execution of the contract forthwith received and acknowledged the initial payment of Ten Thousand (P10,000.00) Pesos, thus, the issue now is whether or not defendants-appellants (sic) can reject the binding effects of the contract."

We disagree, however, with the respondent court that under paragraph (b) of the above contract, "plaintiff-appellant (i.e., petitioner) agreed and (sic) assumed the obligation to extend cash advances in order to facilitate the transfer of title of the property subject of the contract in favor of the defendants (i.e., respondent Atienzas) and any amount extended to defendants (i.e., respondent Atienzas) is deductible from the amount of Ninety Thousand (P90,000.00) Pesos." On these bases, the respondent court held that the respondent Atienzas had a valid ground to rescind their contract and sell half of the subject lot to the respondent Baron Corporation.

The rule is that where the language of a contract is plain and unambiguous, its meaning should be determined without reference to extrinsic facts or aids. The intention of the parties must be gathered from that language, and from that language alone. Stated differently, where the language of a written contract is clear and unambiguous, the contract must be taken to mean that which, on its face, it purports to mean, unless some good reason can be assigned to show that the words used should be understood in a different sense. Courts cannot make for the parties better or more equitable agreements than they themselves have been satisfied to make, or rewrite contracts because they operate harshly or inequitably as to one of the parties, or alter them for the benefit of one party and to the detriment of the other, or by construction, relieve one of the parties from terms which he voluntarily consented to, or impose on him those which he did not.[26]

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In the case at bar, paragraph (b) of the Contract of Sale is plain and unambiguous. It provides that: (1) the petitioner as buyer shall pay to the respondent Atienzas as seller the sum of P90,000.00 upon presentation to the buyer of a new certificate of title already registered in the name of the sellers. At the time of the sale, the subject land was still in the name of the deceased parents of the sellers; (2) the petitioner as buyer MAY advance to the respondents as sellers the necessary amount (not exceeding P90,000.00) for the payment of such taxes as may be required before the transfer certificate of title in favor of the sellers can be effected, and (3) in the event such advances are made, they shall be deducted from the second payment of P90,000.00. The use of the word MAY is significant. It meant that petitioner has the discretion whether or not to advance the P90,000.00. He has no duty to do it. It is purely optional on his part. It is incomprehensible for the respondent court to construe it as mandatory. Needless to state, petitioner did not violate the contract when he refused to pay the advance money. Corollarily, the respondent Atienzas had no right to rescind said contract on that ground.

We now come to the validity of the sale by the respondent Atienzas to respondent Baron Corporation. We hold that it has no force and effect. As above-discussed, the respondent Atienzas had no right to rescind the sale of the subject lot to petitioner. Moreover, respondent Baron Corporation cannot pretend to be a buyer in good faith. In Uraca vs. Court of Appeals,[27] we held that " x x x knowledge gained by the second buyer of the first sale defeats his rights even if he is first to register the second sale, since such knowledge taints his prior registration with bad faith. This is the price exacted by Article 1544 of the Civil Code for the second buyer being able to displace the first buyer; that before the second buyer can obtain priority over the first, he must show that he acted in good faith throughout (i.e., in ignorance of the first sale and of the first buyer's rights)-from the time of acquisition until title is transferred to him by registration or failing registration, by delivery of possession." There is no dispute that respondent Baron Corporation knew that petitioner was the first buyer of the subject lot. Its initial plan was to buy the whole lot from the petitioner. It changed its plan only when it found squatters on the hilly portion of the property. Thus, it cannot claim the right of an innocent purchaser for value. We have held that:[28]

> "One who purchases real estate with knowledge of a defect or lack of title in his vendor cannot claim good faith as well as one who has knowledge of facts which should have put him upon such inquiry or investigation as might be necessary to acquaint him with the defects in the title of his vendor. . . His mere refusal to believe that such defect exist, or his willful closing of his eyes to the possibility of existence of a defect in the vendor's title, will not make him an innocent purchaser for value if it afterwards develop that title was in fact defective and it appears that he had such notice of defect as would have led to its discovery had he acted with that measure of precaution which may reasonably be required of a prudent man in a like situation."

On the other hand, we reject the petitioner's claim for damages. The court a quo held that "the records do not disclose that the plaintiff (i.e., petitioner) ever adduced evidence to prove damages."[29] This factual finding binds this Court.

IN VIEW WHEREOF, the questioned judgment of the Court of Appeals in CA-G.R. C.V. No. 33213 is REVERSED and SET ASIDE. Instead, we render the following judgment:

- The notarial rescission executed by Atty. Cortes on January 31, 1978, is declared null and void and without force and effect on the Contract of Sale, dated April 13, 1977, executed between petitioner and the respondents;

- The estate of petitioner Angel Bautista and/or his legal heirs are declared as the true and rightful owner of the subject parcel of land in Tagaytay City, formerly covered by TCT No. T-6744, with an area of approximately 158,386 square meters, pursuant to the Contract of Sale of April 13, 1977;

- The Deed of Sale with Mortgage, dated October 30, 1978 and TCT No. T-12113 issued in favor of respondent

Realty Baron Corporation is declared null and void;

- The administrator of petitioner's estate and/or the authorized representative of petitioner's legal heirs are ordered to pay the balance of the purchase price of the Contract of Sale of April 13, 1977, pursuant to the terms and conditions specified therein;

- Respondent Atienzas are ordered to deliver TCT No. 12107 to the authorized representative of the legal heirs of petitioner and/or the administrator of petitioner's estate and to execute all the necessary documents as may be required by the Register of Deeds of Tagaytay City to facilitate the issuance of the TCT in the names of petitioner's legal heirs;

- The Regional Trial Court of Pasig, Branch CLX, is ordered to cause the cancellation by the Register of Deeds of Tagaytay City of TCT No. T-12113 and TCT No. 12107 and the issuance, in lieu thereof, of the corresponding certificate of title in the names of petitioner's legal heirs.

No costs.

SO ORDERED.

Davide, Jr., C.J., (Chairman), Kapunan, Pardo, and Ynares-Santiago, JJ., concur.

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[1] Angel Bautlsta died on June 30, 1992, during the pendency of his appeal before the Court of Appeals. He was substituted by his legal heirs, represented by his son, Crisostomo, who died on June 23, 1998. Maria Veronica B. Bautista substituted Crisostomo as legal representative of the heirs of deceased petitioner Angel Bautista.

[2] Folder of Exhibits I, p. 1.

[3] Rollo, p. 54.

[4] Exhibits "J", "K" and "K-1", Folder of Exhibits I, pp. 19-a - 21.

[5] Exhibits "G", "G-1" to "G-5", Folder of Exhibits I, pp. 12-16.

[6] Exhibit "2", Folder of Exhibits II, p. 6.

[7] Exhibit "3", Folder of Exhibits II, p. 7.

[8] Exhibit "F", Folder of Exhibits I, p. 11.

[9] TSN, April 30, 1981, pp. 8-9.

[10] TSN, March 27, 1981, p. 6-8.

[11] Folder of Exhibits II, p. 8.

[12] Exhibit "6-a."

[13] TSN, January 22, 1982, pp. 35-39. Folder of Exhibits II, pp. 12-14 and 14-a.

[14] Rollo, pp.65-68.

[15] Deed of Sale with Mortgage, Rollo, pp. 58-64.

[16] TSN, March 27, 1981 pp. 8-10.

[17] Ibid., pp. 12-13.

[18] Ibid., pp. 14-16; Exhibit "L", Folder of Exhibits I, p. 22.

[19] Ibid., pp. 20-23.

[20] Exhibit "8", Folder of Exhibits II, p. 21.

[21] Exhibit "7", Folder of Exhibits III, p. 10.

[22] TSN, January 22, 1982, pp, 53-55.

[23] TSN, March 27, 1981, pp. 20-23.

[24] Ibid., pp. 23-24.

[25] Rollo, pp. 74-85.

[26] 17A Am. Jur. 2d 348-349.

[27] 278 SCRA 702 (1997).

[28] Leung Yee vs. F.L. Strong Machinery Co., 37 Phil. 644 (1918).

[29] Decision, September 17, 1986, Rollo, p.84.

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