HEIRS OF SEVERINA SAN MIGUEL, NAMELY: MAGNO LAPINA, PACENCIA LAPINA, MARCELO LAPINA, SEVERINO LAPINA, ROSARIO LAPINA, FRANCISCO LAPINA, CELIA LAPINA ASSISTED BY HUSBAND RODOLFO ...

G.R. No. 136054. September 05, 2001

Ponente: PARDO, J.

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PARDO, J.:

The Case

The case is a petition for review on certiorari[1] of the decision of the Court of Appeals,[2] affirming that of the Regional Trial Court, Cavite, Branch 19, Bacoor[3] ordering petitioners, Heirs of Severina San Miguel (hereafter, "Severina's heirs") to surrender to respondents Dominador San Miguel, et al. (hereafter, "Dominador, et al."), Transfer Certificate of Title No. 223511 and further directing Severina's heirs to pay for the capital gains and related expenses for the transfer of the two (2) lots to Dominador, et al.

The Facts

This case involves a parcel of land originally claimed by Severina San Miguel (petitioners' predecessor-in-interest, hereafter, "Severina"). The land is situated in Panapan, Bacoor, Cavite with an area of six hundred thirty two square meters (632 sq. m.), more or less.

Without Severina's knowledge, Dominador managed to cause the subdivision of the land into three (3) lots, to wit:[4]

> "LRC Psu -1312 - with an area of 108 square meters;
>
> "LRC Psu -1313 - Lot 1, with an area of 299 square meters;
>
> "LRC Psu -1313 - Lot 2, with an area of 225 square meters."

On September 25, 1974, Dominador, et al. filed a petition with the Court of First Instance, Cavite, as a land registration court, to issue title over Lots 1 and 2 of LRC Psu-1313, in their names.[5]

On July 19, 1977, the Land Registration Commission (hereafter "LRC") rendered a decision directing the issuance of Original Certificate of Title No. 0-1816 in the names of Dominador, et al.

On or about August 22, 1978, Severina filed with the Court of First Instance of Cavite a petition for review of the decision alleging that the land registration proceedings were fraudulently concealed by Dominador from her.[6]

On December 27, 1982, the court resolved to set aside the decision of July 19, 1977, and declared Original Certificate of Title No. 0-1816 as null and void.

On July 13, 1987, the Register of Deeds of Cavite issued Transfer Certificate of Title No. T-223511 in the names

of Severina and her heirs.[7]

On February 15, 1990, the trial court issued an order in favor of Severina's heirs, to wit:[8]

> "WHEREFORE, as prayed for, let the writ of possession previously issued in favor of petitioner Severina San Miguel be implemented."

However, the writ was returned unsatisfied.

On November 28, 1991, the trial court ordered:[9]

> "WHEREFORE, as prayed for, let an alias writ of demolition be issued in favor of petitioners, Severina San Miguel."

Again, the writ was not satisfied.

On August 6, 1993, Severina's heirs, decided not to pursue the writs of possession and demolition and entered into a compromise with Dominador, et al. According to the compromise, Severina's heirs were to sell the subject lots[10] to Dominador, et al. for one and a half million pesos (P1.5 M) with the delivery of Transfer Certificate of Title No. T-223511 (hereafter, "the certificate of title") conditioned upon the purchase of another lot[11] which was not yet titled at an additional sum of three hundred thousand pesos (P300,000.00). The salient features of the compromise (hereafter "kasunduan") are:[12]

> "5. Na ang Lot 1 at Lot 2, plano LRCPsu-1313 na binabanggit sa itaas na ipinagkasundo ng mga tagapagmana ni Severina San Miguel na kilala sa kasulatang ito sa taguring LAPINA (representing Severina's heirs), na ilipat sa pangalan nina SAN MIGUEL (representing Dominador's heirs) alang alang sa halagang ISANG MILYON AT LIMANG DAANG LIBONG PISO (P1,500,000.00) na babayaran nina SAN MIGUEL kina LAPINA;
>
> "6. Na si LAPINA at SAN MIGUEL ay nagkakasundo na ang lote na sakop ng plano LRC- Psu-1312, may sukat na 108 metro cuadrado ay ipagbibili na rin kina SAN MIGUEL sa halagang TATLONG DAANG LIBONG PISO (P300,000.00);
>
> "7. Na kinikilala ni SAN MIGUEL na ang tunay na may-ari ng nasabing lote na sakop ng plano LRC Psu-1312 ay sina LAPINA at sila na ang magpapatitulo nito at sina LAPINA ay walang pananagutan sa pagpapatitulo nito at sa paghahabol ng sino mang tao;
>
> "8. Na ang nasabing halaga na TATLONG DAANG LIBONG PISO (P300,000.00) ay babayaran nina SAN MIGUEL kina LAPINA sa loob ng dalawang (2) buwan mula sa petsa ng kasulatang ito at kung hindi mabayaran nina SAN MIGUEL ang nasabing halaga sa takdang panahon ay mawawalan ng kabuluhan ang kasulatang ito;
>
> "9. Na sina LAPINA at SAN MIGUEL ay nagkakadunso (sic) rin na ang owner's copy ng Transfer Certificate of Title No. T-223511 na sumasakop sa Lots 1 at 2, plano LRC Psu-1313 ay ilalagay lamang nina LAPINA kina SAN MIGUEL pagkatapos mabayaran ang nabanggit na P300,000.00"

On the same day, on August 6, 1993, pursuant to the kasunduan, Severina's heirs and Dominador, et al. executed a deed of sale designated as "kasulatan sa bilihan ng lupa."[13]

On November 16, 1993, Dominador, et al. filed with the trial court,[14] Branch 19, Bacoor, Cavite, a motion praying that Severina's heirs deliver the owner's copy of the certificate of title to them.[15]

In time, Severina's heirs opposed the motion stressing that under the kasunduan, the certificate of title would only be surrendered upon Dominador, et al.'s payment of the amount of three hundred thousand pesos (P300,000.00) within two months from August 6, 1993, which was not complied with.[16]

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Dominador, et al. admitted non-payment of three hundred thousand pesos (P300,000.00) for the reason that Severina's heirs have not presented any proof of ownership over the untitled parcel of land covered by LRC-Psu-1312. Apparently, the parcel of land is declared in the name of a third party, a certain Emiliano Eugenio.[17]

Dominador, et al. prayed that compliance with the kasunduan be deferred until such time that Severina's heirs could produce proof of ownership over the parcel of land.[18]

Severina's heirs countered that the arguments of Dominador, et al. were untenable in light of the provision in the kasunduan where Dominador, et al. admitted their ownership over the parcel of land, hence dispensing with the requirement that they produce actual proof of title over it.[19] Specifically, they called the trial court's attention to the following statement in the kasunduan:[20]

> "7. Na kinikilala ni SAN MIGUEL na ang tunay na may-ari ng nasabing lote na sakop ng plano LRC Psu-1312 ay sina LAPINA at sila na ang magpapatitulo nito at sina LAPINA ay walang pananagutan sa pagpapatitulo nito at sa paghahabol ng sino mang tao;"

According to Severina's heirs, since Dominador, et al. have not paid the amount of three hundred thousand pesos (P300,000.00), then they were justified in withholding release of the certificate of title.[21]

The trial court conducted no hearing and then rendered judgment based on the pleadings and memoranda submitted by the parties.

The Trial Court's Ruling

On June 27, 1994, the trial court issued an order to wit:[22]

> "WHEREFORE, finding the Motion to Order to be impressed with merit, the defendants-oppositors-vendors Heirs of Severina San Miguel are hereby ordered to surrender to the movant-plaintiffs-vendees-Heirs of Dominador San Miguel the Transfer Certificates of Title No. 223511 and for herein defendants-oppositors-vendors to pay for the capital gains and related expenses for the transfer of the two lots subject of the sale to herein movants-plaintiffs-vendees-Heirs of Dominador San Miguel."
>
> "SO ORDERED."

On July 25, 1994, Severina's heirs filed with the trial court a motion for reconsideration of the afore-quoted order.[23]

On January 23, 1995, the trial court denied the motion for reconsideration for lack of merit and further ordered:[24]

> "xxx...Considering that the Lots 1 and 2 covered by TCT No. T-223511 had already been paid since August 6, 1993 by the plaintiffs-vendees Dominador San Miguel, et al. (Vide, Kasulatan sa Bilihan ng Lupa, Rollo, pp. 174-176), herein defendants-vendors-Heirs of Severina San Miguel is hereby ordered (sic) to deliver the aforesaid title to the former (Dominador San Miguel, et al.) within thirty (30) days from receipt of this order. In case the defendants-vendors-Heirs of Severina San Miguel fail and refuse to do the same, then the Register of Deeds of Cavite is ordered to immediately cancel TCT No. T-223511 in the name of Severina San Miguel and issue another one in the name of plaintiffs Dominador San Miguel, et al.
>
> "Also send a copy of this Order to the Register of Deeds of the Province of Cavite, Trece Martires City, for her information and guidance.
>
> "SO ORDERED."

On February 7, 1995, Severina's heirs appealed the orders to the Court of Appeals.[25]

The Court of Appeals' Ruling

On June 29, 1998, the Court of Appeals promulgated a decision denying the appeal, and affirming the decision of the trial court. The Court of Appeals added that the other matters raised in the petition were "extraneous" to the kasunduan.[26] The Court of Appeals upheld the validity of the contract of sale and sustained the parties' freedom to contract. The Court of Appeals decided, thus:[27]

> "WHEREFORE, the decision appealed from is hereby AFFIRMED.
>
> "SO ORDERED."

On August 4, 1998, Severina's heirs filed with the Court of Appeals a motion for reconsideration of the above decision.[28]

On October 14, 1998, the Court of Appeals denied the motion for reconsideration for lack of merit.[29]

Hence, this appeal.[30]

The Issues

Severina's heirs submit that the Court of Appeals erred and committed grave abuse of discretion: First, when it held that the kasunduan had no effect on the "kasulatan sa bilihan ng lupa." Second, when it ordered them to surrender the certificate of title to Dominador, et al., despite non-compliance with their prior obligations stipulated under the kasunduan. Third, when it did not find that the kasunduan was null and void for having been entered into by Dominador, et al. fraudulently and in bad faith.[31]

We find the above issues raised by Severina's heirs to be factual. The question whether the prerequisites to justify release of the certificate of title to Dominador, et al. have been complied with is a question of fact.[32]

However, we sift through the arguments and identify the main legal issue, which is whether Dominador, et al. may be compelled to pay the three hundred thousand pesos (P300,000.00) as agreed upon in the kasunduan (as a pre-requisite for the release of the certificate of title), despite Severina's heirs' lack of evidence of ownership over the parcel of land covered by LRC Psu-1312.

The Court's Ruling

We resolve the issue in the negative, and find the petition without merit.

Severina's heirs anchor their claim on the kasunduan, stressing on their freedom to stipulate and the binding effect of contracts. This argument is misplaced.[33] The Civil Code provides:

> Article 1306. The contracting parties may establish such stipulations, clauses, terms and conditions as they may deem convenient provided they are not contrary to law, morals, good customs, public order or public policy (underscoring ours).

It is basic that the law is deemed written into every contract.[34] Although a contract is the law between the parties, the provisions of positive law which regulate contracts are deemed written therein and shall limit and govern the relations between the parties.[35] The Civil Code provisions on "sales" state:

> Article 1458. By the contract of sale one of the contracting parties obligates himself to transfer the ownership of and to deliver a determinate thing, and the other to pay a price certain in money or its equivalent. xxx
>
> Article 1459. The thing must be licit and the vendor must have a right to transfer the ownership thereof at the time it is delivered.

> Article 1495. The vendor is bound to transfer the ownership of and deliver, as well as warrant the thing which is the object of sale (underscoring ours).

True, in contracts of sale, the vendor need not possess title to the thing sold at the perfection of the contract.[36] However, the vendor must possess title and must be able to transfer title at the time of delivery. In a contract of sale, title only passes to the vendee upon full payment of the stipulated consideration, or upon delivery of the thing sold.[37]

Under the facts of the case, Severina's heirs are not in a position to transfer title. Without passing on the question of who actually owned the land covered by LRC Psu -1312, we note that there is no proof of ownership in favor of Severina's heirs. In fact, it is a certain Emiliano Eugenio, who holds a tax declaration over the said land in his name.[38] Though tax declarations do not prove ownership of the property of the declarant, tax declarations and receipts can be strong evidence of ownership of land when accompanied by possession for a period sufficient for prescription.[39] Severina's heirs have nothing to counter this document.

Therefore, to insist that Dominador, et al. pay the price under such circumstances would result in Severina's heirs' unjust enrichment.[40] Basic is the principle in law, "Niguno non deue enriquecerse tortizamente condano de otro."[41] The essence of a sale is the transfer of title or an agreement to transfer it for a price actually paid or promised.[42] In Nool v. Court of Appeals,[43] we held that if the sellers cannot deliver the object of the sale to the buyers, such contract may be deemed to be inoperative. By analogy, such a contract may fall under Article 1405, No. 5 of the Civil Code, to wit:

> Article 1405. The following contracts are inexistent and void from the beginning: xxx
>
> (5) Those which contemplate an impossible service.

Severina's heirs insist that delivery of the certificate of title is predicated on a condition - payment of three hundred thousand pesos (P300,000.00) to cover the sale of Lot 3 of LRO Psu 1312. We find this argument not meritorious. The condition cannot be honored for reasons afore-discussed. Article 1183 of the Civil Code provides that,

> "Impossible conditions, those contrary to good customs or public policy and those prohibited by law shall annul the obligation which depends upon them. If the obligation is divisible, that part thereof which is not affected by the impossible or unlawful condition shall be valid. xxx"

Hence, the non-payment of the three hundred thousand pesos (P300,000.00) is not a valid justification for refusal to deliver the certificate of title.

Besides, we note that the certificate of title covers Lots 1 and 2 of LRC Psu-1313, which were fully paid for by Dominador, et al. Therefore, Severina's heirs are bound to deliver the certificate of title covering the lots.

The Fallo

WHEREFORE, the petition is DENIED and the decision of the Court of Appeals in CA-G. R. CV No. 48430 is AFFIRMED in toto.

No costs.

SO ORDERED.

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

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[1] Under Rule 45 of the Revised Rules of Court.

[2] In CA-G. R. CV No. 48430, promulgated on June 29, 1998, Cui, J., ponente, Mabutas, Jr., and Aquino, JJ., concurring.

[3] In BCV 91-62, dated June 27, 1994, Judge Edelwina C. Pastoral, presiding.

[4] Petition for Review, Rollo, pp. 11-30, p. 18.

[5] The case was docketed as LRC Case No. B-15.

[6] As stated in the Complaint for Reconveyance and Damages filed by Dominador San Miguel, et al. with the Regional Trial Court, Br. XIX, Bacoor, Cavite on July 18, 1991, RTC Records, pp. 1-13, p. 6.

[7] CA Rollo, pp. 110-111.

[8] As quoted in the Alias Writ of Demolition, RTC Records, pp. 136-137.

[9] Alias Writ of Demolition, RTC Records, pp. 136-137.

[10] Lot 1 and 2 of LRC Psu-1313.

[11] With an area of 108 square meters (LRC- Psu-1312).

[12] Brief for Defendants-Appellants, Annex "A", Kasunduan, CA Rollo, pp. 37-39.

[13] Brief for Defendants-Appellants, Annex "B", Kasulatan sa Bilihan ng Lupa, CA Rollo, pp. 40-42.

[14] Designated as a "motion to order."

[15] Brief for Defendants-Appellants, Annex "C", Motion to Order, CA Rollo, pp. 43-45.

[16] Brief for Defendants-Appellants, Annex "D", Opposition to Motion to Order, CA Rollo, pp. 46-47.

[17] Declaration of Real Property, Tax Declaration No. 20233, CA Rollo, p. 118.

[18] Brief for Defendants-Appellants, Annex "E", Reply to the Opposition to Motion to Order, CA Rollo, pp. 48-49.

[19] Brief for Defendants-Appellants, Annex "F", Rejoinder to Reply, CA Rollo, pp. 50-51.

[20] Brief for Defendants-Appellants, Annex "A", Kasunduan, CA Rollo, p. 38.

[21] Supra, Note 13.

[22] Petition for Review, Annex "A", Order of the Regional Trial Court dated June 27, 1994, Rollo, pp. 32-36, pp. 35-36.

[23] Brief for Defendants-Appellants, Annex "K", Motion for Reconsideration, CA Rollo, pp. 72-73.

[24] Petition for Review, Annex "B", Order of the Regional Trial Court dated January 23, 1995, Rollo, pp. 37-39, p. 39.

[25] CA Rollo, p. 147.

[26] Petition for Review, Annex "C", Decision of the Court of Appeals, Rollo, pp. 40-44, p. 44.

[27] Petition for Review, Annex "C", Decision of the Court of Appeals, Rollo, pp. 40-44, p. 44.

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[28] CA Rollo, pp. 189-192.

[29] Petition for Review, Annex "D", Resolution of the Court of Appeals, Rollo, p. 46.

[30] Notice of Appeal was filed on November 11, 1998 (Petition for Extension of Time to File Petition for Review on Certiorari), CA Rollo, p. 202-203; On June 23, 1999, the Court resolved to give due course to the petition (Rollo, p. 58).

[31] Petition for Review, Rollo, pp. 11-31, pp. 20-21.

[32] A question of law exists when doubt or difference arises as to what is the pertaining law given a certain state of facts. On the other hand, there is a question of fact when doubt arises as to the truth or falsity of the alleged facts (Reyes v. Court of Appeals, 328 Phil. 171, 179 [1996]).

[33] Article 1306 of the Civil Code is one of the exceptions to the rule that contracts have the force of law between the contracting parties and must be complied with in good faith (Bustamante v. Rosel, 319 SCRA 413, [1999]).

[34] National Steel Corporation v. Regional Trial Court of Lanao del Norte, Br. 2., Iligan City, 304 SCRA 595 [1999].

[35] Asia World Recruitment, Inc. v. National Labor Relations Commission, 313 SCRA 1 [1999].

[36] In Pisuena v. Heirs of Petra Unating (313 SCRA 493 [1999]), "When a person who is not the owner of the thing sells or alienates or delivers it, and later, the seller or grantor acquires title thereto, such title passes by operation of law to the buyer or grantee."

[37] Valarao v. Court of Appeals, 363 Phil. 495 [1999]. See also Philippine National Bank v. Court of Appeals, 338 Phil. 795 [1997].

[38] Declaration of Real Property, Tax Declaration No. 20233, CA Rollo, p. 118.

[39] Serna v. Court of Appeals, 308 SCRA 527, 534-535 [1999].

[40] There is "unjust enrichment" when something is received when there is no right to demand it. In such a case, the person who received it is under an obligation to return it (Civil Code, Article 2154).

[41] No one shall unjustly enrich himself at the expense of another.

[42] Commissioner of Internal Revenue v. Court of Appeals, 271 SCRA 605 [1997].

[43] 276 SCRA 149 [1997]. In this case, the sellers were no longer able to deliver the object of the sale to the buyers as the buyers themselves have already acquired title and delivery thereof from the rightful owner.

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