

**ADELFA S. RIVERA, CYNTHIA S. RIVERA, AND JOSE S. RIVERA,
PETITIONERS, VS. FIDELA DEL ROSARIO (DECEASED AND
SUBSTITUTED BY HER CO-RESPONDENTS), AND HER CHILDREN,
OSCAR, ROSITA, V...**

G.R. No. 144934. January 15, 2004

Ponente: QUISUMBING, J.

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QUISUMBING, J.:

Before us is a petition for review on certiorari of the Court of Appeals' decision[1], dated November 29, 1999, in CA-G.R. CV No. 60552, which affirmed the judgment[2] of the Regional Trial Court (RTC) of Malolos, Bulacan, Branch 17, in Civil Case No. 151-M-93. The RTC granted respondents' complaint for nullity of contract of sale and annulment of the transfer certificates of title issued in favor of petitioners.

The facts, as found by the Court of Appeals, are as follows:

Respondents Fidela (now deceased), Oscar, Rosita, Violeta, Enrique Jr., Carlos, Juanito and Eloisa, all surnamed Del Rosario, were the registered owners of Lot No. 1083-C, a parcel of land situated at Lolombo, Bulacan. This lot spanned an area of 15,029 square meters and was covered by TCT No. T-50.668 (M) registered in the Registry of Deeds of Bulacan.

On May 16, 1983, Oscar, Rosita, Violeta, Enrique Jr., Juanito, and Eloisa, executed a Special Power of Attorney[3] in favor of their mother and co-respondent, Fidela, authorizing her to sell, lease, mortgage, transfer and convey their rights over Lot No. 1083-C.[4] Subsequently, Fidela borrowed P250,000 from Mariano Rivera in the early part of 1987. To secure the loan, she and Mariano Rivera agreed to execute a deed of real estate mortgage and an agreement to sell the land. Consequently, on March 9, 1987, Mariano went to his lawyer, Atty. Efren Barangan, to have three documents drafted: the Deed of Real Estate Mortgage[5], a Kasunduan (Agreement to Sell)[6], and a Deed of Absolute Sale.[7]

The Kasunduan provided that the children of Mariano Rivera, herein petitioners Adelfa, Cynthia and Jose, would purchase Lot No. 1083-C for a consideration of P2,141,622.50. This purchase price was to be paid in three installments: P250,000 upon the signing of the Kasunduan, P750,000 on August 31, 1987, and P1,141,622.50 on December 31, 1987.[8] It also provided that the Deed of Absolute Sale would be executed only after the second installment is paid and a postdated check for the last installment is deposited with Fidela.[9] As previously stated, however, Mariano had already caused the drafting of the Deed of Absolute Sale. But unlike the Kasunduan, the said deed stipulated a purchase price of only P601,160, and covered a certain Lot No. 1083-A in addition to Lot No. 1083-C.[10] This deed, as well as the Kasunduan and the Deed of Real Estate Mortgage[11], was signed by Mariano's children, petitioners Adelfa, Cynthia and Jose, as buyers and mortgagees, on March 9, 1987.[12]

The following day, Mariano Rivera returned to the office of Atty. Barangan, bringing with him the signed documents. He also brought with him Fidela and her son Oscar del Rosario, so that the latter two may sign the

mortgage and the Kasunduan there.

Although Fidela intended to sign only the Kasunduan and the Real Estate Mortgage, she inadvertently affixed her signature on all the three documents in the office of Atty. Barangan on the said day, March 10, 1987. Mariano then gave Fidela the amount of P250,000. On October 30, 1987, he also gave Fidela a check for P200,000. In the ensuing months, also, Mariano gave Oscar del Rosario several amounts totaling P67,800 upon the latter's demand for the payment of the balance despite Oscar's lack of authority to receive payments under the Kasunduan.[13] While Mariano was making payments to Oscar, Fidela entrusted the owner's copy of TCT No. T-50.668 (M) to Mariano to guarantee compliance with the Kasunduan.

When Mariano unreasonably refused to return the TCT,[14] one of the respondents, Carlos del Rosario, caused the annotation on TCT No. T-50.668 (M) of an Affidavit of Loss of the owner's duplicate copy of the title on September 7, 1992. This annotation was offset, however, when Mariano registered the Deed of Absolute Sale on October 13, 1992, and afterwards caused the annotation of an Affidavit of Recovery of Title on October 14, 1992. Thus, TCT No. T-50.668 (M) was cancelled, and in its place was issued TCT No. 158443 (M) in the name of petitioners Adelfa, Cynthia and Jose Rivera.[15]

Meanwhile, the Riveras, representing themselves to be the new owners of Lot No. 1083-C, were also negotiating with the tenant, Feliciano Nieto, to rid the land of the latter's tenurial right. When Nieto refused to relinquish his tenurial right over 9,000 sq. m. of the land, the Riveras offered to give 4,500 sq. m. in exchange for the surrender. Nieto could not resist and he accepted. Subdivision Plan No. Psd-031404-052505 was then made on August 12, 1992. Later, it was inscribed on TCT No. 158443 (M), and Lot No. 1083-C was divided into Lots 1083 C-1 and 1083 C-2.[16]

To document their agreement with Feliciano Nieto, the Riveras executed a Kasulatan sa Pagtatakwil ng Karapatan sa Pagmamay-ari ng Bahagi ng Isang Lagay na Lupa (Written Abdication of Rights over a Portion of a Parcel of Land)[17] on November 16, 1992. Four days later, they registered the document with the Registry of Deeds. Two titles were then issued: TCT No. T-161784 (M) in the name of Nieto, for 4,500 sq. m. of land, and TCT No. T-161785 (M) in the name of petitioners Adelfa, Cynthia and Jose Rivera, over the remaining 10,529 sq. m. of land.[18]

On February 18, 1993, respondents filed a complaint[19] in the Regional Trial Court of Malolos, asking that the Kasunduan be rescinded for failure of the Riveras to comply with its conditions, with damages. They also sought the annulment of the Deed of Absolute Sale on the ground of fraud, the cancellation of TCT No. T-161784 (M) and TCT No. T-161785 (M), and the reconveyance to them of the entire property with TCT No. T-50.668 (M) restored.[20]

Respondents claimed that Fidela never intended to enter into a deed of sale at the time of its execution and that she signed the said deed on the mistaken belief that she was merely signing copies of the Kasunduan. According to respondents, the position where Fidela's name was typed and where she was supposed to sign her name in the Kasunduan was roughly in the same location where it was typed in the Deed of Absolute Sale. They argued that given Fidela's advanced age (she was then around 72 at the time)[21] and the fact that the documents were stacked one on top of the other at the time of signing, Fidela could have easily and mistakenly presumed that she was merely signing additional copies of the Kasunduan.[22] They also alleged that petitioners acquired possession of the TCT through fraud and machination.

In their defense, petitioners denied the allegations and averred that the Deed of Absolute Sale was validly entered into by both parties. According to petitioners, Fidela del Rosario mortgaged Lot No. 1083-C to their predecessor in interest, Mariano Rivera, on March 9, 1987. But on the following day Fidela decided to sell the lot to

petitioners for P2,161,622.50. When Mariano agreed (on the condition that Lot No. 1083-C will be delivered free from all liens and encumbrances), the Kasunduan was consequently drawn up and signed. After that, however, Fidela informed Mariano of the existence of Feliciano Nieto's tenancy right over the lot to the extent of 9,000 sq. m. When Mariano continued to want the land, albeit on a much lower price of only P601,160, as he had still to deal with Feliciano Nieto, the parties drafted the Deed of Absolute Sale on March 10, 1987, to supersede the Kasunduan.

Petitioners likewise argued that respondents' cause of action had been barred by laches or estoppel since more than four years has lapsed from the time the parties executed the Deed of Absolute Sale on March 10, 1987, to the time respondents instituted their complaint on February 18, 1993.

Petitioners also filed a counterclaim asking for moral and exemplary damages and the payment of attorney's fees and costs of suit.

After trial, the RTC ruled in favor of respondents:

WHEREFORE, in the light of all the foregoing, judgment is hereby rendered:

- Declaring the Deed of Absolute Sale dated March 10, 1987 as null and void;
- Annuling TCT No. T-158443 (M) and TCT No. T-161785 (M) both in the names of Adelfa, Cynthia and Jose, all surnamed Rivera;
- Declaring the plaintiffs to be the legitimate owners of the land covered by TCT No. T-161785 (M) and ordering defendant Adelfa, Cynthia, and Jose, all surnamed Rivera, to reconvey the same to the plaintiffs;
- Ordering the Register of Deeds of Bulacan to cancel TCT No. T-161785 (M) and to issue in its place a new certificate of title in the name of the plaintiffs as their names appear in TCT No. T-50.668;
- Declaring TCT No. T-161784 (M) in the name of Feliciano Nieto as valid;
- Ordering the defendant Riveras to pay the plaintiffs solidarily the following amounts:
 - a)
P191,246.98 as balance for the 4,500 square-meter portion given to defendant Feliciano Nieto
 - b)
P200,000.00 as moral damages
 - c)
P50,000.00 as exemplary damages
 - d)
P50,000.00 as attorney's fees
 - e)
costs of the suit.
- Dismissing the counterclaim of the defendant Riveras;
- Dismissing the counterclaim and the crossclaim of defendant Feliciano Nieto.

SO ORDERED.[23]

The trial court ruled that Fidela's signature in the Deed of Absolute Sale was genuine, but found that Fidela never intended to sign the said deed. Noting the peculiar differences between the Kasunduan and the Deed of Absolute Sale, the trial court concluded that the Riveras were guilty of fraud in securing the execution of the deed and its registration in the Registry of Deeds.[24] This notwithstanding, the trial court sustained the validity of TCT No. T-161784 (M) in the name of Feliciano Nieto since there was no fraud proven on Nieto's part. The trial court found him to have relied in good faith on the representations of ownership of Mariano Rivera. Thus, Nieto's rights, according to the trial court, were akin to those of an innocent purchaser for value.[25]

On the foregoing, the trial court rescinded the Kasunduan but ruled that the P450,000 paid by petitioners be retained by respondents as payment for the 4,500 sq. m. portion of Lot No. 1083-C that petitioners gave to Nieto.[26] The trial court likewise ordered petitioners to pay P191,246.98 as balance for the price of the land given to Nieto, P200,000 as moral damages, P50,000 as exemplary damages, P50,000 as attorney's fees, and the costs of suit.[27]

On appeal to the Court of Appeals, the trial court's judgment was modified as follows:

WHEREFORE, the judgment appealed from is hereby AFFIRMED with the MODIFICATION that the Deed of Absolute Sale dated March 10, 1987 is declared null and void only insofar as Lot No. 1083-C is concerned, but valid insofar as it conveyed Lot No. 1083-A, that TCT No. 158443 (M) is valid insofar as Lot No. 1083-A is concerned and should not be annulled, and increasing the amount to be paid by the defendants-appellants to the plaintiffs-appellees for the 4,500 square meters of land given to Feliciano Nieto to P323,617.50.

Costs against the defendants-appellants.

SO ORDERED.[28]

Petitioners' motion for reconsideration was denied. Hence, this petition.

While this petition was pending, respondent Fidela del Rosario died. She was substituted by her children, herein respondents.

In this petition, petitioners rely on the following grounds:

I

THE HONORABLE COURT OF APPEALS COMMITTED A SERIOUS, GRAVE AND REVERSIBLE ERROR IN AWARDING LOT 1083-A IN FAVOR OF THE PETITIONERS AND FELICIANO NIETO WHICH IS ADMITTEDLY A PART AND PORTION OF THE EXISTING NORTH LUZON EXPRESSWAY AND AS SUCH ACTED WITHOUT OR IN EXCESS OF ITS JURISDICTION, OR WITH GRAVE ABUSE OF JUDICIAL DISCRETION AMOUNTING TO LACK OR EXCESS OF JURISDICTION.

II

RESPONDENTS FAILED TO PAY THE CORRECT DOCKET, FILING AND OTHER LAWFUL FEES WITH THE OFFICE OF THE CLERK OF COURT OF THE COURT A QUO (RTC, MALOLOS, BULACAN) AT THE TIME OF THE FILING OF THE ORIGINAL COMPLAINT IN 1993 PURSUANT TO THE SIOL[29] DOCTRINE.

III

[THE] TRIAL COURT AWARDED RELIEFS NOT SPECIFICALLY PRAYED FOR IN THE AMENDED COMPLAINT WITHOUT REQUIRING THE PAYMENT OF THE CORRECT DOCKET, FILING AND OTHER LAWFUL FEES.

IV

THE COURT A QUO HAS NO JURISDICTION OVER THE RESPONDENTS' CAUSE OF ACTION AND OVER THE RES CONSIDERING THAT FELICIANO NIETO IS AN AGRICULTURAL TENANT OF THE RICELAND IN QUESTION.

V

RESPONDENTS['] MAIN CAUSE OF ACTION [IS] FOR RESCISSION OF CONTRACT WHICH IS SUBSIDIARY IN NATURE[,] AND ANNULMENT OF SALE[,] BOTH OF WHICH HAVE ALREADY PRESCRIBED UNDER ARTICLES 1389 AND 1391 OF THE CIVIL CODE.[30]

Petitioners' assignment of errors may be reduced into three issues: (1) Did the trial court acquire jurisdiction over the case, despite an alleged deficiency in the amount of filing fees paid by respondents and despite the fact that an agricultural tenant is involved in the case? (2) Did the Court of Appeals correctly rule that the Deed of Absolute Sale is valid insofar as Lot 1083-A is concerned? (3) Is the respondents' cause of action barred by prescription?

On the first issue, petitioners contend that jurisdiction was not validly acquired because the filing fees respondents paid was only P1,554.45 when the relief sought was reconveyance of land that was worth P2,141,622.50 under the Kasunduan. They contend that respondents should have paid filing fees amounting to P12,183.70. In support of their argument, petitioners invoke the doctrine in *Sun Insurance Office, Ltd., (SIOL) v. Asuncion*[31] and attach a certification[32] from the Clerk of Court of the RTC of Quezon City.

Respondents counter that it is beyond dispute that they paid the correct amount of docket fees when they filed the complaint. If the assessment was inadequate, they could not be faulted because the clerk of court made no notice of demand or reassessment, respondents argue. Respondents also add that since petitioners failed to contest the alleged underpayment of docket fees in the lower court, they cannot raise the same on appeal.[33]

We rule in favor of respondents. Jurisdiction was validly acquired over the complaint. In *Sun Insurance Office, Ltd., (SIOL) v. Asuncion*,[34] this Court ruled that the filing of the complaint or appropriate initiatory pleading and the payment of the prescribed docket fee vest a trial court with jurisdiction over the subject matter or nature of the action. If the amount of docket fees paid is insufficient considering the amount of the claim, the clerk of court of the lower court involved or his duly authorized deputy has the responsibility of making a deficiency assessment. The party filing the case will be required to pay the deficiency, but jurisdiction is not automatically lost.

Here it is beyond dispute that respondents paid the full amount of docket fees as assessed by the Clerk of Court of the Regional Trial Court of Malolos, Bulacan, Branch 17, where they filed the complaint. If petitioners believed that the assessment was incorrect, they should have questioned it before the trial court. Instead, petitioners belatedly question the alleged underpayment of docket fees through this petition, attempting to support their position with the opinion and certification of the Clerk of Court of another judicial region. Needless to state, such certification has no bearing on the instant case.

Petitioners also contend that the trial court does not have jurisdiction over the case because it involves an agricultural tenant. They insist that by virtue of Presidential Decree Nos. 316 and 1038,[35] it is the Department of Agrarian Reform Adjudication Board (DARAB) that has jurisdiction.[36]

Petitioners' contention lacks merit. The DARAB has exclusive original jurisdiction over cases involving the rights and obligations of persons engaged in the management, cultivation and use of all agricultural lands covered by the Comprehensive Agrarian Reform Law.[37] However, the cause of action in this case is primarily against the petitioners, as indispensable parties, for rescission of the Kasunduan and nullification of the Deed of Sale and

the TCTs issued because of them. Feliciano Nieto was impleaded merely as a necessary party, stemming from whatever rights he may have acquired by virtue of the agreement between him and the Riveras and the corresponding TCT issued. Hence, it is the regular judicial courts that have jurisdiction over the case.

On the second issue, contrary to the ruling of the Court of Appeals that the Deed of Absolute Sale is void only insofar as it covers Lot No. 1083-C, we find that the said deed is void in its entirety. Noteworthy is that during the oral arguments before the Court of Appeals, both petitioners and respondents admitted that Lot No. 1083-A had been expropriated by the government long before the Deed of Absolute Sale was entered into.[38] What's more, this case involves only Lot No. 1083-C. It never involved Lot 1083-A. Thus, the Court of Appeals had no jurisdiction to adjudicate on Lot 1083-A, as it was never touched upon in the pleadings or made the subject of evidence at trial.[39]

As to the third issue, petitioners cite Articles 1383,[40] 1389[41] and 1391[42] of the New Civil Code. They submit that the complaint for rescission of the Kasunduan should have been dismissed, for respondents' failure to prove that there was no other legal means available to obtain reparation other than to file a case for rescission, as required by Article 1383. Moreover, petitioners contend that even assuming respondents had satisfied this requirement, prescription had already set in, the complaint having been filed in 1992 or five years after the execution of the Deed of Absolute Sale in March 10, 1987.

Respondents counter that Article 1383 of the New Civil Code applies only to rescissible contracts enumerated under Article 1381 of the same Code, while the cause of action in this case is for rescission of a reciprocal obligation, to which Article 1191[43] of the Code applies. They assert that their cause of action had not prescribed because the four-year prescriptive period is counted from the date of discovery of the fraud, which, in this case, was only in 1992.

Rescission of reciprocal obligations under Article 1191 of the New Civil Code should be distinguished from rescission of contracts under Article 1383 of the same Code. Both presuppose contracts validly entered into as well as subsisting, and both require mutual restitution when proper, nevertheless they are not entirely identical.[44]

In countless times there has been confusion between rescission under Articles 1381 and 1191 of the Civil Code. Through this case we again emphasize that rescission of reciprocal obligations under Article 1191 is different from rescissible contracts under Chapter 6 of the law on contracts under the Civil Code.[45] While Article 1191 uses the term rescission, the original term used in Article 1124 of the old Civil Code, from which Article 1191 was based, was resolution.[46] Resolution is a principal action that is based on breach of a party, while rescission under Article 1383 is a subsidiary action limited to cases of rescission for lesion under Article 1381 of the New Civil Code,[47] which expressly enumerates the following rescissible contracts:

ART. 1381. The following contracts are rescissible:

(1)

Those which are entered into by guardians whenever the wards whom they represent suffer lesion by more than one-fourth of the value of the things which are the object thereof;

(2)

Those agreed upon in representation of absentees, if the latter suffer the lesion stated in the preceding number;

(3)

Those undertaken in fraud of creditors when the latter cannot in any other manner collect the claims due them;

(4)

Those which refer to things under litigation if they have been entered into by the defendant without the knowledge and approval of the litigants or of competent judicial authority;

(5)

All other contracts specially declared by law to be subject to rescission.

Obviously, the Kasunduan does not fall under any of those situations mentioned in Article 1381. Consequently, Article 1383 is inapplicable. Hence, we rule in favor of the respondents.

May the contract entered into between the parties, however, be rescinded based on Article 1191?

A careful reading of the Kasunduan reveals that it is in the nature of a contract to sell, as distinguished from a contract of sale. In a contract of sale, the title to the property passes to the vendee upon the delivery of the thing sold; while in a contract to sell, ownership is, by agreement, reserved in the vendor and is not to pass to the vendee until full payment of the purchase price.[48] In a contract to sell, the payment of the purchase price is a positive suspensive condition,[49] the failure of which is not a breach, casual or serious, but a situation that prevents the obligation of the vendor to convey title from acquiring an obligatory force.[50]

Respondents in this case bound themselves to deliver a deed of absolute sale and clean title covering Lot No. 1083-C after petitioners have made the second installment. This promise to sell was subject to the fulfillment of the suspensive condition that petitioners pay P750,000 on August 31, 1987, and deposit a postdated check for the third installment of P1,141,622.50.[51] Petitioners, however, failed to complete payment of the second installment. The non-fulfillment of the condition rendered the contract to sell ineffective and without force and effect. It must be stressed that the breach contemplated in Article 1191 of the New Civil Code is the obligor's failure to comply with an obligation already extant, not a failure of a condition to render binding that obligation.[52] Failure to pay, in this instance, is not even a breach but an event that prevents the vendor's obligation to convey title from acquiring binding force.[53] Hence, the agreement of the parties in the instant case may be set aside, but not because of a breach on the part of petitioners for failure to complete payment of the second installment. Rather, their failure to do so prevented the obligation of respondents to convey title from acquiring an obligatory force.[54]

Coming now to the matter of prescription. Contrary to petitioners' assertion, we find that prescription has not yet set in. Article 1391 states that the action for annulment of void contracts shall be brought within four years. This period shall begin from the time the fraud or mistake is discovered. Here, the fraud was discovered in 1992 and the complaint filed in 1993. Thus, the case is well within the prescriptive period.

On the matter of damages, the Court of Appeals awarded respondents P323,617.50 as actual damages for the loss of the land that was given to Nieto, P200,000 as moral damages, P50,000 as exemplary damages, P50,000 as attorney's fees and the costs of suit. Modifications are in order, however.

Moral damages may be recovered in cases where one willfully causes injury to property, or in cases of breach of contract where the other party acts fraudulently or in bad faith.[55] Exemplary damages are imposed by way of example or correction for the public good,[56] when the party to a contract acts in a wanton, fraudulent, oppressive or malevolent manner.[57] Attorney's fees are allowed when exemplary damages are awarded and when the party to a suit is compelled to incur expenses to protect his interest.[58]

While it has been sufficiently proven that the respondents are entitled to damages, the actual amounts awarded by the lower court must be reduced because damages are not intended for a litigant's enrichment, at the expense of

the petitioners.[59] The purpose for the award of damages other than actual damages would be served, in this case, by reducing the amounts awarded.

Respondents were amply compensated through the award of actual damages, which should be sustained. The other damages awarded total P300,000, or almost equivalent to the amount of actual damages. Practically this will double the amount of actual damages awarded to respondents. To avoid breaching the doctrine on enrichment, award for damages other than actual should be reduced. Thus, the amount of moral damages should be set at only P30,000, and the award of exemplary damages at only P20,000. The award of attorney's fees should also be reduced to P20,000, which under the circumstances of this case appears justified and reasonable.

WHEREFORE, the assailed decision of the Court of Appeals is MODIFIED. The Deed of Absolute Sale in question is declared NULL and VOID in its entirety. Petitioners are ORDERED to pay respondents P323,617.50 as actual damages, P30,000.00 as moral damages, P20,000.00 as exemplary damages and P20,000.00 as attorney's fees. No pronouncement as to costs.

SO ORDERED.

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

[1] Rollo, pp. 98-111. Penned by Associate Justice Hector L. Hofileña, with Associate Justices Omar U. Amin and Jose L. Sabio, Jr., concurring.

[2] Id. at 158-189; Records, pp. 1080-1121.

[3] Records, pp. 386-387.

[4] Rollo, pp. 99-100.

[5] Records, pp. 395-396.

[6] Rollo, pp. 115-116; Records, pp. 11-12.

[7] Records, p. 100.

[8] Rollo, p. 100.

[9] Annex "C", Id. at 115.

[10] Annex "D", Id. at 117-118.

[11] Records, pp. 395-396.

[12] Rollo, pp. 100-101.

[13] Rollo, pp. 101-102.

[14] Id. at 165.

[15] Id. at 102.

[16] Id. at 103.

[17] Records, pp. 211-214.

[18] Rollo, p. 103.

- [19] Records, pp. 3-8.
- [20] Rollo, p. 103.
- [21] See Rollo, p. 428.
- [22] See Annexes “C” and “D”, Id. at 115-118.
- [23] Rollo, pp. 188-189.
- [24] Records, p. 1104.
- [25] Id. at 1107-1108.
- [26] Id. at 1109.
- [27] Id. at 1121.
- [28] Rollo, p. 110.
- [29] Sun Insurance Office, Ltd., (SIOL) v. Asuncion, G.R. Nos. 79937-38, 13 February 1989, 170 SCRA 274.
- [30] Rollo, p. 66.
- [31] G.R. Nos. 79937-38, 13 February 1989, 170 SCRA 274.
- [32] Annex “V”, Rollo, p. 370.
- [33] Rollo, p. 380.
- [34] Supra, note 31 at 285.
- [35] P.D. No. 316, “Prohibiting the Ejectment of Tenant-Tillers from their Farmholdings Pending the Promulgation of the Rules and Regulations Implementing Presidential Decree No. 27”. P.D. 1038, “Strengthening the Security of Tenure of Tenant-Tillers in Non-Rice/Corn Producing Private Agricultural Lands”.
- [36] Rollo, pp. 285-312.
- [37] Section 1, Rule II, 2002 DARAB Rules of Procedure.
- [38] CA Rollo, pp. 219-251.
- [39] De Ysasi v. Arceo, G.R. No. 136586, 22 November 2001, 370 SCRA 296, 303, citing Lazo v. Republic Surety & Insurance Co., Inc., No. L-27365, 30 January 1970, 31 SCRA 329, 334.
- [40] Art. 1383. The action for rescission is subsidiary; it cannot be instituted except when the party suffering damages has no other legal means to obtain reparation for the same.
- [41] Art. 1389. The action to claim rescission must be commenced within four years.
- ...
- [42] Art. 1391. The action for annulment shall be brought within four years.
- This period shall begin:
- In cases of intimidation, violence or undue influence, from the time the defect of the consent ceases.
- In case of mistake or fraud, from the time of the discovery of the same.

And when the action refers to contracts entered into by minors or other incapacitated persons, from the time the guardianship ceases.

[43] Art. 1191. The power to rescind obligations is implied in reciprocal ones, in case one of the obligors should not comply with what is incumbent upon him.

The injured party may choose between the fulfillment and the rescission of the obligation, with the payment of damages in either case. He may also seek rescission, even after he has chosen fulfillment, if the latter should become impossible.

x x x

[44] Ong v. Court of Appeals, G.R. No. 97347, 6 July 1999, 310 SCRA 1, 9.

[45] Iringan v. Court of Appeals, G.R. No. 129107, 26 September 2001, 366 SCRA 41, 49.

[46] Supra, note 44.

[47] Supra, note 45.

[48] Chua v. CA, G.R. No. 119255, 9 April 2003, p. 17.

[49] Heirs of Spouses Remedios R. Sandejas and Eliodoro P. Sandejas, Sr. v. Lina, G.R. No. 141634, 5 February 2001, 351 SCRA 183, 195.

[50] Cheng v. Genato, G.R. No. 129760, 29 December 1998, 300 SCRA 722, 734.

[51] Rollo, p. 12.

[52] Padilla v. Paredes, G.R. No. 124874, 17 March 2000, 328 SCRA 434, 445.

[53] Villaflor v. Court of Appeals, G.R. No. 95694, 9 October 1997, 280 SCRA 297, 339.

[54] See Ong v. Court of Appeals, supra, at 11.

[55] Insular Life Assurance Company, Ltd. v. Young, G.R. Nos. 140964 & 142267, 16 January 2002, 373 SCRA 626, 642; Article 2220, Civil Code.

[56] BPI Investment Corp. v. D.G. Carreon Commercial Corp., G.R. No. 126524, 29 November 2001, 371 SCRA 58, 70; Article 2229, Civil Code.

[57] Aurillo, Jr. v. Rabi, G. R. No. 120014, 26 November 2002, p. 22; Article 2232, Civil Code.

[58] Bañas, Jr. v. Court of Appeals, G.R. No. 102967, 10 February 2000, 325 SCRA 259, 283; Article 2208, Civil Code.

[59] Northwest Airlines v. Laya, G.R. No. 145956, 29 May 2002, 382 SCRA 730, 739; Insular Life Assurance Company Ltd. v. Young, supra.

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