

**SPS. GIL TORRECAMPO AND BRENDA TORRECAMPO, PETITIONERS,
VS. DENNIS ALINDOGAN, SR. AND HEIDE DE GUZMAN ALINDOGAN,
RESPONDENTS.**

G.R. NO. 156405. February 28, 2007

Ponente: SANDOVAL-GUTIERREZ, J.

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SANDOVAL-GUTIERREZ, J.:

For our resolution is the instant Petition for Review on Certiorari[1] assailing the Decision[2] of the Court of Appeals dated November 18, 2002 in CA-G.R. CV No. 68583.

The facts are:

On May 24, 1997, spouses Jose and Lina Belmes executed a deed of sale in favor of spouses Dennis and Heide Alindogan, respondents, over Lot No. 5524-H and the house constructed thereon located in Rawis, Legazpi City.

On July 4, 1997, Lina Belmes wrote respondents wherein she delivered the constructive possession of the house and lot to them. However, on July 5, 1997, before they could take actual possession of the property, spouses Gil and Brenda Torrecampo, petitioners, and spouses Jonathan Lozares and Jocelyn Torrecampo, entered and occupied the premises.

Despite respondents' repeated demands, petitioners failed and refused to vacate the property. Thus, respondents filed with the Regional Trial Court (RTC) Branch 10, Legazpi City, a Complaint for Recovery of Ownership, Possession and Damages against petitioners, docketed as Civil Case No. 9421.

In their Answer to the complaint, petitioners claimed that on March 25, 1997, spouses Belmes received from them P73,000.00 as advance payment for the sale of the house and lot. On April 8, 1997, petitioners and spouses Belmes executed a "Contract to Buy and Sell" covering the same property. The parties agreed as follows: that the total consideration is P350,000.00; that upon the signing of the contract, petitioners shall pay spouses Belmes P220,000.00; and that the balance of P130,000.00 shall be paid upon the issuance of the certificate of title in the names of petitioners. To complete the agreed partial payment of P220,000.00 mentioned in the contract, petitioners paid spouses Belmes P130,000.00, but the latter refused to accept the amount. Thus, on July 7, 1997, petitioners filed with the RTC, Branch 18, Tabaco, Albay, Civil Case No. T-1914, a Complaint for Specific Performance against spouses Belmes.

On July 14, 2000, the RTC, in Civil Case No. 9421, now before us, rendered a Decision[3] in favor of respondents, thus:

WHEREFORE, premises considered, judgment is hereby rendered:

a)

declaring the plaintiffs as the owners and entitled to the possession of the lot in question more particularly

described in par. 2 of the complaint including the improvements thereon;

b)

ordering the defendants or anyone acting for or with them to vacate the premises; and

c)

directing the defendants and/or their agents to turn over the possession of the property in question to the plaintiffs.

No pronouncement as to costs.

SO ORDERED.

The trial court held that the transaction between petitioners and spouses Belmes is a mere contract to sell. Thus, the latter did not transfer ownership of the house and lot to petitioners.

On appeal, the Court of Appeals, in its assailed Decision,[4] affirmed in toto the RTC judgment.

In affirming the trial court's finding that the transaction between petitioners and spouses Belmes is a mere contract to sell, the Court of Appeals held:

Thus, we shall now look into the transaction entered into by the defendants with the Belmeses, with reference to the intention of the parties. The Contract to Buy and Sell reads:

"That whereas, the vendor agreed to sell and the vendee agreed to buy the above-described parcel of land, together with improvements therein, for the sum of Three Hundred Fifty Thousand Pesos (P350, 000.00), Philippine currency, under the following terms and conditions xxx"

The tenor of the afore-quoted provision of the contract clearly confirms that the transaction between the transaction between the defendants and the Belmeses was not a contract of sale, as defined by Art. 1458 of the Civil Code. The reason for the same was clearly explained by defendants' own witness, Lourdes Narito, during her direct examination. She testified that herein defendants themselves refused to enter into a contract of sale and execute a deed of sale unless and until the Belmeses will transfer the title to the property. This was the reason why a mere contract to sell was executed. x x x (Emphasis ours)

In a petition for review on certiorari under Rule 45 of the 1997 Rules of Civil Procedure, as amended, we review only errors of law and not errors of facts. The factual findings of the appellate court are generally binding on this Court. This applies with greater force when both the trial court and the Court of Appeals are in complete agreement on their factual findings, as in this case. Here, the facts relied upon by the trial and appellate courts are sustained by the record. There is no reason to deviate from their findings.[5]

Nevertheless, in order to put rest all doubts on the matter, we hold that the agreement between petitioners and spouses Belmes is not a contract of sale but only a contract to sell. The distinction between a contract of sale and a contract to sell is well-settled:

In a contract of sale, the title to the property passes to the vendee upon the delivery of the thing sold; 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. Otherwise stated, in a contract of sale, the vendor loses ownership over the property and cannot recover it until and unless the contract is resolved or rescinded; whereas, in a contract to sell, title is retained by the vendor until full payment of the price. In the latter contract, payment of the price is

a positive suspensive condition, failure of which is not a breach but an event that prevents the obligation of the vendor to convey title from becoming effective. (Underscoring supplied)[6]

Indeed, the true agreement between petitioners and spouses Belmes is a contract to sell. Not only did the parties denominate their contract as "Contract to Buy and Sell," but also specified therein that the balance of the purchase price in the amount of P130,000.00 is to be paid by petitioners upon the issuance of a certificate of title. That spouses Belmes have in their possession the certificate of title indicates that ownership of the subject property did not pass to petitioners.

In *Ursal v. Court of Appeals, et al.*, [7] we held:

Indeed, in contracts to sell the obligation of the seller to sell becomes demandable only upon the happening of the suspensive condition, that is, the full payment of the purchase price by the buyer. It is only upon the existence of the contract of sale that the seller becomes obligated to transfer the ownership of the thing sold to the buyer. Prior to the existence of the contract of sale, the seller is not obligated to transfer the ownership to the buyer, even if there is a contract to sell between them.

Petitioners further contend that when respondents bought the property on May 24, 1997 from spouses Belmes, they knew that the same property was previously sold to them (petitioners). Therefore, since respondents are buyers in bad faith, ownership of the property must pertain to petitioners who, in good faith, were first in possession.

The argument is misplaced.

Petitioners invoke Article 1544 of the Civil Code which reads:

Article 1544. If the same thing should have been sold to different vendees, the ownership shall be transferred to the person who may have first taken possession thereof in good faith, if it should be movable property.

Should it be immovable property, the ownership shall belong to the person acquiring it who in good faith first recorded it in the Registry of Property.

Should there be no inscription, the ownership shall pertain to the person who in good faith was first in possession; and in the absence thereof, to the person who presents the oldest title, provided there is good faith. (Emphasis ours)

The above provision does not apply to the instant case considering that the transaction between petitioners and spouses Belmes is a mere contract to sell, not a contract of sale.

WHEREFORE, we DENY the petition and AFFIRM the assailed Decision of the Court of Appeals dated November 18, 2002 in CA-G.R. CV No. 68583.

Costs against petitioners.

SO ORDERED.

Puno, C.J., (Chairperson), Corona, and Garcia, JJ., concur.
Azcuna, J., on official leave.

[1] Filed under Rule 45, 1997 Rules of Civil Procedure, as amended.

[2] Penned by Associate Justice Salvador J. Valdez, Jr. (retired) and concurred in by Associate Justice Edgardo P. Cruz and Associate Justice Mario L. Guariña.

[3] Annex "A," Rollo, pp. 31-37.

[4] Id., pp. 22-30.

[5] Alfredo v. Borrás, G.R. No. 144225, June 17, 2003, 404 SCRA 145, citing W-Red Construction and Development Corporation v. Court of Appeals, 338 SCRA 341 (2000).

[6] Salazar v. Court of Appeals, G.R. No. 118203, July 5, 1996, 258 SCRA 317, with citations.

[7] G.R. No. 142411, October 14, 2005, 473 SCRA 52, citing Chua v. Court of Appeals, 401 SCRA 54 (2003).

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