FLORANTE VIDAD, SR., ARLENE VIDAD-ABSALON AND FLORANTE VIDAD, JR., PETITIONERS, VS. ELPIDIO TAYAMEN AND LAUREANA TAYAMEN, RESPONDENTS.

G.R. No. 160554. August 24, 2007

Ponente: QUISUMBING, J.

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QUISUMBING, J.:

This is an appeal to reverse and set aside the Decision[1] dated January 22, 2003 and the Resolution[2] dated October 28, 2003 of the Court of Appeals in CA-G.R. CV No. 66909. The appellate court had reversed the Decision[3] dated April 26, 1999 of the Regional Trial Court (RTC) of Manila, Branch 34.

The facts culled from the records of this case are as follows.

On August 27, 1982, respondent-spouses Tayamen purchased from the spouses Henry and Roselita Batara a parcel of land with a three-door apartment covered by Transfer Certificate of Title No. 78717 of the Registry of Deeds, Manila.[4] Respondents claimed that when the deed of sale was executed on August 31, 1982, they had no knowledge of any infirmity or adverse claim over the land other than a mortgage lien in favor of Veterans Bank and that petitioners were renting an apartment covered under the purchase. But after they had fully paid the loan of the Bataras with Veterans Bank, respondents were confronted by a certain Dr. Rebecca Cabanos who claimed that she bought the property in an auction sale and was the new owner.[5]

To protect their rights, respondents filed an Affidavit of Adverse Claim with the Registry of Deeds on August 27, 1986. Respondents also later filed Civil Case No. 88-44705 on May 23, 1988 to annul the Sheriff's Sale in favor of Dr. Cabanos.

During the pendency of the case, however, petitioners filed a complaint docketed as Civil Case No. 89-49741 before the RTC of Manila, Branch 20, and also caused the annotation of a Notice of Lis Pendens on the original of the title. Petitioners in their complaint alleged that three years before the respondents made the alleged purchase of the three apartments and the lot, the spouses Batara and the petitioners had already entered into a contract of sale of the apartment unit which petitioners were occupying.[6] Petitioners alleged that a Memorandum of Agreement (MOA) was executed between the parties and that petitioners made a downpayment of P25,000. Thereafter, the Bataras allegedly also agreed to sell the entire three-door apartment for P160,000, which the petitioners had paid in full.[7]

However, Civil Case No. 89-49741 filed by petitioners was dismissed on July 21, 1994 for failure to prosecute, while Civil Case No. 88-44705[8] filed by respondents against Dr. Cabanos was amicably settled. The settlement was effected through a compromise agreement approved by the trial court on April 30, 1997, after Dr. Cabanos waived and quitclaimed all her rights, interest and participation over the property and allowed the transfer of title and ownership to the respondents.[9]

Respondents forthwith demanded that petitioners vacate the apartment they were occupying, but petitioners

refused. Thus, on May 23, 1997, respondents filed a complaint for recovery of possession and damages against petitioners. Respondents argued that petitioners had no right to the premises and that if petitioners had any cause of action, it should be against the spouses Batara. Respondents prayed that petitioners and all other persons living in petitioners' apartment vacate the premises, pay P161,000 with legal interest as past rentals as well as P5,000 monthly rental from the filing of the complaint until the time the place is vacated, P10,000 as attorney's fees and costs of suit.[10]

After trial, the trial court held:

> WHEREFORE, premises considered judgment is hereby rendered against the plaintiff and in favor of the defendant ordering the DISMISSAL of this Complaint for want of merit.
>
> The counterclaim is likewise DISMISSED for lack of merit.
>
> SO ORDERED.[11]

On motion for reconsideration by the respondents, the trial court modified its judgment, thus:

> WHEREFORE, premises considered judgment is hereby rendered against plaintiffs and in favor of the defendant ordering the DISMISSAL of this Complaint for want of merit. However, defendant is hereby ordered to pay plaintiffs Two Hundred Thousand Pesos (P200,000.00) representing 1/3 of P600,000.00 paid to Cabanos with six percent (6%) interest per annum from April 22, 1997 until fully paid.
>
> The counterclaim is likewise DISMISSED for lack of merit.
>
> SO ORDERED.[12]

Petitioners appealed the decision to the Court of Appeals which reversed the trial court's decision. The Court of Appeals ruled:

> WHEREFORE, premises considered, the assailed Decision and Resolution dated April 26, 1999 and January 28, 2000, respectively, are hereby REVERSED.
>
> The defendant-appellant and all other persons living in the subject apartment unit are hereby ORDERED:
>
> (a) to VACATE the subject apartment unit; and
>
> (b) to PAY plaintiffs-appellees the amount of P1,000.00 per month as rental plus legal interest from September 1982 to the time the complaint was filed in May 1997 and the amount of P5,000.00 per month thereafter until it is finally vacated.
>
> The prayer for payment of attorney's fees and cost of suit is DENIED.
>
> SO ORDERED.[13]

The Court of Appeals also denied the petitioners' motion for reconsideration.[14] Hence, this petition.

Petitioners raise the following as grounds to allow their petition:

> I.
>
> THE HONORABLE COURT OF APPEALS EXCEEDED ITS JURISDICTION WHEN IT REVERSED/MODIFIED THE DECISION OF BRANCH 34 OF THE MANILA REGIONAL TRIAL COURT DATED APRIL 26, 1999 WHICH HAS ALREADY BECOME LONG FINAL AND EXECUTORY BECAUSE SAID DECISION WAS NOT APPEALED BY THE RESPONDENTS WHO ARE THE LOSING PARTIES.

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> II.
>
> WHETHER OR NOT THE HONORABLE COURT OF APPEALS ERRED WHEN IT GRANTED THE RESPONDENTS AN AFFIRMATIVE RELIEF OTHER THAN THAT THEY OBTAINED FROM THE LOWER COURT OR WHAT WAS PROVIDED IN THE JUDGMENT APPEALED FROM.
>
> III.
>
> WHETHER OR NOT THE COURT OF APPEALS ERRED WHEN IT DECIDED THE ISSUE OF OWNERSHIP OF THE PREMISES IN QUESTION WHICH IS NOT ONE OF THE ASSIGNED ERRORS IN THE PETITIONERS' APPEAL BRIEF OR NOT AN ISSUE OF THE APPEAL.
>
> IV.
>
> COROLLARY THERETO WHETHER OR NOT THE COURT OF APPEALS ERRED WHEN IT REVERSED THE DECISION OF THE REGIONAL TRIAL COURT DECLARING THAT THE PROPERTY IN QUESTION BELONG TO THE PETITIONERS.[15]

Simply stated, first, can the Court of Appeals grant an affirmative relief other than that obtained from the lower court? Second, did the Court of Appeals err when it decided the issue of ownership which allegedly is not one of the assigned errors in the appeal? Third, did the Court of Appeals err when it reversed the decision of the trial court declaring that the property in question belonged to the petitioners?

On the first issue, petitioners contend that whenever an appeal is taken in a civil case, an appellee who has not himself appealed cannot obtain from the appellate court any affirmative relief other than the ones granted in the decision of the court below.[16]

Respondents counter that such could be obtained from the Court of Appeals since the latter had the solemn duty to dispense justice and uphold the law.[17]

The pertinent rule is Section 8, Rule 51 of the Revised Rules of Court. It states:

> SEC. 8. Questions that may be decided.-No error which does not affect the jurisdiction over the subject matter or the validity of the judgment appealed from or the proceedings therein will be considered unless stated in the assignment of errors, or closely related to or dependent on an assigned error and properly argued in the brief, save as the court may pass upon plain errors and clerical errors.

This, notwithstanding, in several cases we have also explained that the Court of Appeals is imbued with sufficient authority and discretion to review matters, not otherwise assigned as errors on appeal, if it finds that their consideration is necessary in arriving at a complete and just resolution of the case or to serve the interests of justice or to avoid dispensing piecemeal justice.[18] In Sesbreño v. Central Board of Assessment Appeals,[19] we held that an appellate court has an inherent authority to review unassigned errors (1) which are closely related to an error properly raised; (2) upon which the determination of the error properly assigned is dependent; or (3) where the Court finds that consideration of them is necessary in arriving at a just decision of the case.[20]

Thus, in the case now before us, the appellate court did not err in passing upon an unassigned error, in the light of the foregoing considerations and precedents.

On the second issue, petitioners contend that the Court of Appeals could only consider errors raised which are limited to the order of the trial court requiring the payment of P200,000.[21]

Respondents counter that the petitioners themselves had raised the issue of ownership. [22]

We note that indeed petitioners had assigned ownership as one of the errors of the lower court when it rendered

the assailed decision, to wit:

x x x x

> V.
>
> THAT THE TRIAL COURT ERRED IN NOT DECLARING THE DEED OF SALE EXECUTED BY AND BETWEEN HENRY BATARA AND SPOUSES ELPIDIO TAYAMEN AND LAUREANA TAYAMEN DATED AUGUST 31, 1982 NULL AND VOID.[23]

Furthermore, to determine whether petitioners were really liable to the respondents for P200,000, the appellate court had first to determine who actually owned the property.

On the last issue, petitioners contend that they have a Deed of Absolute Sale. On the other hand, respondents contend that petitioners do not have title to the property.

The MOA which the petitioners claim as Deed of Absolute Sale provides:

> That by virtue of the said agreement and for and in consideration of the Sum of TWENTY FIVE THOUSAND (P25,000.00) PESOS, Philippine Currency to me in hand paid by Mrs. Corazon Vidad do hereby to (sic) commit to sell One (1) Door Apartment [l]ocated at 4756 Road I, V. Mapa Street, Sta. Mesa, Manila (this one door apartment is a part of a three (3) door Apt. in the said address). Subject of this agreement includes one door apartment and the lot therein. That the terms and conditions of this agreement are to wit:
>
> - That the above mentioned amount is part payment of subject One door apartment and lot[;]
>
> - That the balance of the entire amount shall be paid and a Deed of Absolute Sale be executed upon agreement later on by both parties;
>
> x x x x
>
> - That in case both parties have agreed on the full payment[,] the area of the Lot shall be measured and [T]ransfer Certificate of Title be signed by the Seller (Vendor).[24] (Emphasis supplied.)

Now, is the cited MOA a contract of sale or a contract to sell?

The following are the differences between a Contract OF Sale and a Contract TO Sell: (a) In a Contract OF Sale, the non-payment of the price is a resolutory condition which extinguishes the transaction that, for a time, existed and discharges the obligations created thereunder;[25] in a Contract TO Sell, full payment of the purchase 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;[26] (b) In the first, title over the property generally passes to the buyer upon delivery; in the second, ownership is retained by the seller, regardless of delivery and is not to pass until full payment of the price; [27] and (c) In the first, after delivery has been made, the seller has lost ownership and cannot recover it unless the contract is resolved or rescinded; in the second, since the seller retains ownership, despite delivery, he is enforcing and not rescinding the contract if he seeks to oust the buyer for failure to pay.[28]

Note that the MOA contains an implicit agreement that the seller retained ownership regardless of whether or not there was delivery. Ownership was not to pass until full payment of the price, as "the balance of the entire amount shall be paid and a Deed of Absolute Sale be executed as per agreement later on by the parties." The payment in full of the price was a positive suspensive condition, another peculiar characteristic of a contract to sell. Noteworthy also is the term "commit to sell" in the first paragraph of the MOA. Since the MOA is a contract to sell, the petitioners do not have full ownership rights to the subject property.

We also agree with the Court of Appeals that the Deed of Absolute Sale[29] between respondents and Batara was

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valid, the deed having been made in accordance with law, since Dr. Cabanos had waived, and quitclaimed any and all rights, interest or participation that she may have over the subject property arising from the execution sale and thereby allowed the consolidation of title and ownership thereon unto the respondents by reason and arising from the execution sale. Thus, the title and ownership in the name of the respondents could already be consolidated by reason of the Deed of Absolute Sale dated August 27, 1982 that the latter have entered into with spouses Henry and Roselita Batara.[30]

WHEREFORE, the instant petition is DENIED. The Decision dated January 22, 2003 and the Resolution dated October 28, 2003 of the Court of Appeals in CA-G.R. CV No. 66909 are AFFIRMED.

SO ORDERED.

Carpio, Carpio-Morales, Tinga, and Velasco, Jr., JJ., concur.

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[1] Rollo, pp. 40-52. Penned by Associate Justice Remedios A. Salazar-Fernando, with Associate Justices Ruben T. Reyes (now a member of this Court) and Edgardo F. Sundiam concurring.

[2] Id. at 53-54.

[3] Id. at 83-94. Penned by Judge Romulo A. Lopez.

[4] Id. at 71 and 155. The deed of sale entered into on August 27, 1982 was notarized on August 31, 1982.

[5] Id. at 83.

[6] Id. at 84.

[7] Id. at 137.

[8] Id. at 73.

[9] Id. at 84.

[10] Id. at 42.

[11] Id. at 94.

[12] Id. at 95.

[13] Id. at 51-52.

[14] Supra note 2.

[15] Id. at 138.

[16] Id. at 141.

[17] Id. at 165.

[18] St. Michael's Institute v. Santos, G.R. No. 145280, December 4, 2001, 371 SCRA 383, 394; See also Heirs of Ramon Durano, Sr. v. Uy, G.R. No. 136456, October 24, 2000, 344 SCRA 238, 257.

[19] G.R. No. 106588, March 24, 1997, 270 SCRA 360.

[20] Id. at 370.

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[21] Rollo, p. 144.

[22] Id. at 166.

[23] Id. at 46.

[24] Id. at 68.

[25] Valdez v. Court of Appeals, G.R. No. 140715, September 24, 2004, 439 SCRA 55, 74, citing Heirs of Pedro Escanlar v. Court of Appeals, G.R. No. 120690, October 23, 1997, 281 SCRA 176.

[26] Id., citing Salazar v. Court of Appeals, G.R. No. 118203, July 5, 1996, 258 SCRA 317.

[27] V E. Paras, CIVIL CODE OF THE PHILIPPINES ANNOTATED 10 (14[th] ed., 2000).

[28] Id.

[29] Rollo, pp. 69-70.

[30] Id. at 84.

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