

**SPOUSES BRENDA VALENZUELA AND ANACLETO VALENZUELA,
PETITIONER, VS. JOSELITO, MARGARITO, JR., AND WILLIAM ALL
SURNAMED CAPALA; MARIA LILY CAPALA FLORES, MARGARITA
CABANA OLIVER A...**

G.R. No. 246382. July 14, 2021

Ponente: CARANDANG, J.

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CARANDANG, J.:

This Petition for Review on Certiorari[2] under Rule 45 of the Rules of Court assails the Decision[3] dated June 13, 2018 of the Court of Appeals Cebu City (CA) in CA-G.R. CV No. 04363 which denied petitioners Spouses Brenda and Anacleto Valenzuela's (Spouses Valenzuela) appeal and the Resolution[4] dated March 6, 2019 denying their' motion for reconsideration for want of merit.

Facts of the Case

This case originated from a complaint for Recovery of Possession and Ownership of a Parcel of Land with Damages and Attorney's Fees[5] filed by respondents Joselito, Margarito, Jr. and William, all surnamed Capala; Maria Lily Capala Flores, Margarita Cabana Olive, and Susan Capala Mendoza (collectively, respondents Capala) against Spouses Valenzuela.

The subject matter of the case involves Lot No. 995-B-2 registered under the name of the late Teodorica Capala (Teodorica), covered by Transfer Certificate of Title (TCT) No. 34880[6] with an area of 64 square meters, more or less, and located along Real St., Poblacion, Ormoc City.[7] Shortly after the death of Teodorica on November 1, 1982, herein respondents Capala, as her heirs, searched for documents, titles and papers of the real properties left by their mother. They discovered that the subject property was already occupied by Spouses Valenzuela who claimed to be the owners or mortgagees thereof but they did not show any document to prove their ownership of said property.[8]

It was only in March 1996 when their aunt, Engr. Rosita Cabana, gave to them a photocopy of a Contract to Buy[9] dated December 1, 1978 purportedly executed by Teodorica and petitioner Brenda Valenzuela on December 1, 1978, the former committing to sell, and the latter to buy, the subject property for the consideration of P35,000.00; the amount of P10,000.00 has been allegedly paid in advance; and the balance to be paid upon the delivery of the title. Respondents Capala alleged that Spouses Valenzuela intentionally concealed the document from their knowledge so that they can continually possess the property unlawfully in order to derive income from the monthly rentals paid from 1979 to the present. Respondents Capala claimed that because of the death of Teodorica on November 1, 1982, the alleged Contract to Buy was extinguished, terminating whatever rights and obligations created thereof between the contracting parties. But Spouses Valenzuela hid and concealed the real status of the Contract to Buy from them to perpetuate their unlawful occupancy over the subject property. Repeated demands to return the subject property, and the subsequent barangay conciliation, proved futile.[10] Hence, respondents Capala filed this complaint on August 3, 1999 praying that after due hearing, judgment be

rendered:

1. Ordering the defendants (Spouses Valenzuela) to turn over and return the property, Lot No. 955-B-2, now covered by Transfer Certificate of Title No. 34880 registered in the name of TEODORICA C. CAPALA, in the Office of the Register of Deeds of Ormoc City to the herein plaintiffs (respondents Capala);
2. Ordering the defendants to immediately vacate the premises of the lot in question;
3. Condemning the defendants to pay jointly and solidarily to the plaintiffs, the following sums:

x x x x[11]

In their Answer with Counterclaim,[12] Spouses Valenzuela countered that they have been in open, continuous and public possession of the property since the execution of the Contract to Buy on December 1, 1978, and long before the death of Teodorica. They averred that when Teodorica needed money in 1978, she sought the assistance of petitioner Brenda Valenzuela for the sale of the subject property to interested buyers. As the land has been the subject of litigation between Teodorica and Esmeralda T. Madjus, aside from the fact that the certificate of title thereof was in the name of one Pedro Codilla who mortgaged the land to a bank, no one was interested to buy the land. Badly in need of financial assistance, Teodorica offered to sell the property to petitioner Brenda Valenzuela for P35,000.00 with P10,000.00 to be paid as earnest money and credited as part of the purchase price, and the balance of P25,000.00 to be paid upon delivery of the TCT. Petitioner Brenda Valenzuela accepted the offer out of pity, considering that Teodorica's late husband was her relative. Thus, they executed the Contract to Buy notarized by Atty. Bruno A. Villamor, the lawyer of Teodorica in the civil case against Esmeralda T. Madjus. Petitioner Brenda Valenzuela paid the sum of P10,000.00 as earnest money and advance payment for the purchase of the land.[13]

At the time of the execution of the Contract to Buy, the certificate of title of the land was still in the name of Pedro Codilla. After Teodorica obtained a favorable judgment in the civil case against Esmeralda T. Madjus, it was agreed that Teodorica would work for the issuance and transfer of the certificate of title to her name and the payment of the balance of P25,000.00 would be paid by petitioner Brenda Valenzuela upon delivery of the title.[14] Pertinent portion of the Contract to Buy reads:

That the remaining balance of P25,000.00, shall be paid by the Party for the Second Part to the Party for the First Part, as soon as the Transfer Certificate of Title shall be delivered by the Party for the First Part to the Party for the Second Part, and when this is complied [with,] a Final Deed of Sale of this lot shall be executed by the Party for the First Part to the Party for the Second Part.[15]

Years passed, Teodorica was unable to deliver the title. Instead she asked petitioner Brenda Valenzuela additional money to pay her loan obligations to the Rural Bank of Ormoc City, the education of her children and her family's daily subsistence. Spouses Valenzuela paid P17,500.00 to the Rural Bank of Ormoc City, and gave to Teodorica the sum of P10,000.00 for the education of the latter's children. It was then understood that these additional amounts were to be credited to Spouses Valenzuela's unpaid balance of the purchase price of the land. For Spouses Valenzuela, they have fully paid the purchase price and what remains is the delivery of the title to them and the execution of the Final Deed of Sale in their favor.[16]

By way of counterclaim, Spouses Valenzuela contend that it is now incumbent upon respondents Capala, as heirs and successors-in-interest of Teodorica, to deliver the TCT considering that it has already been issued in the name of Teodorica on June 4, 1999 and considering further that they have paid the balance of P25,000.00. Even if the payments they made would not be credited, respondents Capala are still under obligation to deliver the TCT and to execute in their favor a Final Deed of Sale, and once these are done, Spouses Valenzuela are still ready and willing to pay the balance of P25,000.00.[17] They prayed that judgment be rendered:

- (a) Declaring the defendants (Spouses Valenzuela) the owners of the land in question;
- (b) Ordering the plaintiffs (respondents Capala) to deliver to the defendants Transfer Certificate of Title No. 34880 and to execute in favor of the latter a Final Deed of Sale over the land in question;
- (c) Granting the defendants' counterclaim fully as alleged herein.[18]

During the pre-trial on November 29, 1999, the parties admitted to, among others, the following stipulation:

- 4. The existence of the execution of the Contract to Buy between the late Teodorica Capala and the defendant Brenda Valenzuela executed on December 1, 1978 as notarized by Notary Public Bruno Villamor.[19]

On March 13, 2000, respondents Capala filed, upon motion for leave, an Amended Complaint[20] to emphasize that their principal cause of action was to declare the Contract to Buy null and void, Teodorica's signature therein being forged. They alleged that the signature appearing on top of the name of Teodorica could not be hers as it materially differs from the signature of the late Teodorica as appearing on the other documents retrieved by respondents Capala and bearing the signature of the deceased.[21] They prayed that after due hearing, judgment be rendered;

- 1. Declaring the CONTRACT TO BUY allegedly executed by the late teodorica Capala in favor of the defendants dated December 1, 1978 (Annex "C", Complaint) as null and void and without any legal effect whatsoever;
- 2. Ordering the defendants (Spouses Valenzuela) to turn over the possession of Lot No. 955-B-2, now covered by Transfer Certificate of Title No. 34880 registered in the name of TEODORICA C. CAPALA, in the Office of the Register of Deeds of Ormoc City to the herein plaintiffs (respondents Capala);
- 3. Condemning the defendants to pay jointly and solidarily to the plaintiffs, the following sums:

x x x x[22] (Underscoring supplied)

Respondents Capala, likewise, filed a motion to correct the pre-trial admission, asserting that the above-quoted admission made by their former counsel during the pre-trial was due to palpable mistake which they have the right to correct.[23]

In the Order[24] dated June 1, 2000, the Regional Trial Court (RTC) granted the motion for leave to amend complaint but denied the motion to correct the admission.[25]

Spouses Valenzuela amended their Answer additionally asserting that the Contract to Buy is a genuine and authentic document. They insisted that Teodorica's delivery of the subject property to Spouses Valenzuela upon execution of the contract is the best proof that the contract is genuine and authentic, otherwise, Teodorica herself, during her lifetime, would have taken steps to annul the same and recover the land. They reiterated their counterclaim in their original answer.[26]

One of the witnesses presented by respondents Capala was Romeo Varona (Varona), the Document Examiner of the Regional Crime Laboratory Office of Region VII, Cebu City, who made a conclusion that the questioned signature of Teodorica in the Contract to Buy dated December 1, 1978 and the standard signatures appearing in the documents were written by two different persons. The documents submitted for comparison on which appeared the standard signatures of Teodorica around the same time are: (1) Assessed Value of Property dated January 30, 1976; (2) Application for New/Renewal of Mayor's Permit to Operate a Business dated January 30, 1976; and (3) Application for Registration of Business dated May 4, 1979. Varona testified that his comparative examination and analysis revealed 18 significant differences in letter formation, construction and other individual handwriting characteristics. He arrived at the conclusion that the questioned signature of Teodorica appearing in

the Contract to Buy and the standard signatures appearing in the three mentioned documents were written by two different persons.[27]

Petitioner Brenda Valenzuela testified that her copy of the Contract to Buy was lost when it was washed out by flood when typhoon Uring hit Ormoc City in November 1991. She tried to secure a copy from notary public Atty. Villamor but the latter could not give her a copy as his house was likewise flooded during the said flash flood. She attempted to get a copy from the notarial files of Atty. Villamor in the office of the Clerk of Court, RTC of Ormoc City but with the same result. The receipts evidencing payment of the balance of P25,000.00 were also washed out by the flood.[28]

Ruling of the Regional Trial Court

On January 4, 2011, the RTC of Ormoc City, Branch 35, issued a Decision[29] granting the complaint, the dispositive portion reads:

WHEREFORE, in view of the foregoing, JUDGMENT is hereby rendered ordering that:

1. The CONTRACT TO BUY allegedly executed by the late Teodorica Capala in favor of defendants dated December 1, 1978 as null and void and without any effect whatsoever;
 2. The defendants are hereby directed to turn over the possession of Lot No. 955-B-2 now covered by Transfer Certificate of Title No. 34880 registered in the name of Teodorica Capala in the Office of the Register of Deeds of Ormoc City to herein plaintiffs;
 3. The DEFENDANTS are also hereby ordered to pay to the PLAINTIFFS the following:
 - a) The amount of TWO HUNDRED FORTY THOUSAND PESOS (Php240,000.00) to compensate for the plaintiffs loss of income over the lot in question because of the illegal and unlawful occupancy of the defendants of the same;
 - b) The amount of THREE HUNDRED THOUSAND PESOS (Php300,000.00) as MORAL DAMAGES to the six (6) plaintiffs;
 - c) The amount of ONE HUNDRED THOUSAND PESOS (Php100,000.00) as Attorney's fees,
- SO ORDERED.[30] (Emphasis in the original)

The RTC gave credence to the testimony of Varona that the signature of Teodorica appearing in the Contract to Buy is not hers. The RTC also made its own comparison of the questioned signatures and the standard signatures, taking into consideration the several inconspicuous differences noted by Varona on the questioned and standard signatures and found that the questioned signature showed substantial differences with that of the standard signatures of Teodorica. The conclusion that the said signature on the Contract to Buy is a forgery is strengthened by the fact that Spouses Valenzuela offered to buy the subject property from respondents Capala during the barangay conciliation. There would be no reason to buy the said land if Teodorica indeed signed in the contract. The RTC also ruled that laches had already set in against Spouses Valenzuela.[31]

Spouses Valenzuela moved for reconsideration but it was denied in the Resolution[32] dated November 25, 2011.

Spouses Valenzuela filed their appeal before the Court of Appeals (CA).

Ruling of the Court of Appeals

On June 13, 2018, the CA (Cebu City) rendered a Decision[33] which affirmed with modification the RTC Decision by declaring the Contract to Buy valid, deleting the awards of actual and moral damages, and in lieu thereof, awarded the amount of P100,000.00 as nominal damages to respondents Capala. The dispositive portion of the Decision reads:

WHEREFORE, the appeal is DENIED. The assailed Decision dated 4 January 2011 of the Regional Trial Court, Branch 35, of Ormoc City in Civil Case No. 3714-0 is AFFIRMED WITH THE MODIFICATIONS that:

- (1) The Contract to Buy dated 1 December 1978 is declared valid; and
- (2) The awards of actual and moral damages are deleted, in lieu of which, nominal damages are awarded in the amount of One Hundred Thousand Pesos (PhP100,000.00).

SO ORDERED.[34] (Emphasis and italics in the original)

While the CA declared the Contract to Buy valid, it affirmed the RTC's directive to turn over the possession of the subject property to respondents Capala in view of Spouses Valenzuela's failure to prove their right to remain therein.[35]

Contrary to Varona's opinion that Teodorica's signature is a forgery, the CA found, after a visual examination of the sample signatures of Teodorica and her signature in the Contract to Buy, that there is a striking resemblance and no distinguishing difference. There may be slight dissimilarities but these appear to be natural and inevitable variations that may be expected even in genuine signatures made by one and the same person. The CA found Teodorica's signature on the Contract to Buy genuine. Coupled with respondents Capala's admission of said contract's existence and execution, the CA found the contract valid and binding.[36] This notwithstanding, the CA ruled that Spouses Valenzuela have not proven payment of the balance of the full purchase price of the subject property for them to be entitled to its ownership or the execution of the final deed of sale. Petitioner Brenda Valenzuela's offer to pay the amount of P25,000.00 during the barangay conciliation and at the trial of the case ran contrary to their claim of full payment and their consequent ownership of the subject land.[37] Further, the CA stated that Spouses Valenzuela's claims are precluded by laches for they waited for 17 years to assert, as a counterclaim, their alleged rights. As successors-in-interest of a Torrens title holder, respondents Capala have the right to recover the possession of the subject property from any illegal occupant.[38]

Spouses Valenzuela moved for reconsideration[39] but it was denied in the Resolution[40] dated March 6, 2019.

Proceedings before this Court

Hence, this Petition for Review on Certiorari under Rule 45 filed by Spouses Valenzuela anchored on the following grounds:

I.

The Honorable Court of Appeals committed an error of law in holding that "defendants-appellants' claims are precluded by laches; but not those of plaintiffs-appellees".[41]

II.

The Honorable Court of Appeals, with due respect, erred in imposing nominal damages and attorney's fees upon the defendants-appellants.[42]

Petitioners' Arguments

Spouses Valenzuela argued that the CA erred in stating that they are guilty of laches. It overlooked the following facts: first, Spouses Valenzuela took actual possession of the land after the execution of the Contract to Buy and even constructed a building thereon for their battery business. For more than 20 years, respondents Capala and their mother did nothing to recover the land. Second, long before the death of Teodorica on November 1, 1982, respondents Capala had known that possession of the land had been delivered to Spouses Valenzuela. It was only on August 3, 1999, or 17 years from Teodorica's death, that respondents Capala filed the present action; hence, there are the ones guilty of laches. Third, the Contract to Buy clearly specified certain conditions so expressly stated. The late Teodorica was under obligation to deliver the TCT to Spouses Valenzuela, and when the delivery

is complied with, a Final Deed of Sale of the subject lot be executed in favor of petitioner Brenda Valenzuela. Heirs are bound to respect the contracts entered into by their predecessors-in-interest. Obligations are also transmitted to the heirs of the parties, and they may be compelled to fulfil the same. Respondents Capala were the ones who obtained the TCT on June 4, 1999. It was their obligation to deliver the TCT to Spouses Valenzuela so that the latter can pay the balance of P25,000.00 and thereafter to execute the Final Deed of Sale in the spouses' favor.[43]

Finally, Spouses Valenzuela assailed the award of nominal damages for lack of legal basis and the imposition of attorney's fees there being no bad faith on their part.[44]

Respondents' Comment

Respondents Capala averred that the arguments presented by Spouses Valenzuela are questions of fact which take it out of the scope of the present petition under Rule 45. Contrary to Spouses Valenzuela's claim, they only learned that the lot was subject to a Contract to Buy on March 1996, then filed the complaint three years thereafter; hence, they cannot be attributed with laches. On the contrary, Spouses Valenzuela knew of this Contract to Buy for more than 20 years already. They even averred that they had paid in full the purchase price and it was the obligation of respondents Capala to comply with the terms of the Contract. If such was the case, Spouses Valenzuela should not have waited until 1999, when the case was filed, to act on their supposed right. The offer to give the rent from the subject property or buy the same if respondents Capala decide to sell it ran counter to petitioner Brenda Valenzuela's assertion that she paid the full purchase price. This leads to the conclusion that there was no payment and thus no vested right accrued to Spouses Valenzuela.

Further, respondents Capala posited that the CA did not err in awarding nominal damages and attorney's fees. Respondents Capala were unduly deprived of their ownership over the subject property for several years and despite the presence of title by respondents Capala, such was not respected by Spouses Valenzuela.

Issues

The issues to be resolved are: (1) whether the CA was correct in ruling that the Contract to Buy was valid and binding, Teodorica's signature therein being genuine; (2) whether Spouses Valenzuela failed to prove their right to remain in the subject property; consequently, they should turn over the possession thereof to respondents Capala, the successors-in-interest of Teodorica, the registered owner; and (3) whether laches had precluded the claims of Spouses Valenzuela.

Ruling of the Court

The petition is meritorious.

As a general rule, We do not disturb the factual findings of the appellate court. A re-examination of factual findings cannot be done in a petition for review on certiorari because the Court is not a trier of facts but reviews only questions of law. However, this case falls under one of the recognized exceptions thereto because the factual findings of the trial court and appellate court are conflicting.[45]

Be it noted that in their Amended Complaint, respondents Capala emphasized that their principal cause of action was to declare the Contract to Buy null and void, Teodorica's signature therein being forged. The RTC found Teodorica's signature as forged; hence, the contract was null and void and without any binding effect. The CA, on the other hand, made its own visual determination and found Teodorica's signature therein as genuine; hence, the contract is valid and binding. These contrasting findings warrant a re--examination of the facts of the case.

Preliminarily, the Court will discuss the effect of the stipulation made by the parties during the pre-trial, specifically the admission as to the existence of the execution of the Contract to Buy between the Teodorica and

Brenda Valenzuela. In the original complaint filed by respondents Capala, they claim that Spouses Valenzuela should now turn over the subject property to them considering the death of Teodorica which extinguished the alleged Contract to Buy, terminating whatever rights and obligations created between the contracting parties. In the amended complaint, respondents Capala changed their principal cause of action to nullity of the Contract to Buy on the basis of forgery, asserting that Teodorica's signature therein was forged. The contract being a nullity, Spouses Valenzuela should now turn over the possession to respondents Capala.

It should be noted that the pre-trial was conducted prior to the amendment of the complaint. When the motion for leave to amend complaint was granted by the RTC, no other pre-trial was conducted. The Court disagrees with the CA that the admission as the existence and due execution of the Contract to Buy stands. When respondents Capala changed their cause of action in their amended complaint to forgery, said admission no longer applies in their favor considering that it contradicts their claim as to the due execution and genuineness of the contract. Thus, said admission was vacated upon the amendment of the complaint.

This notwithstanding, the Court finds that Teodorica's signature in the Contract to Buy is genuine, hence, the contract is valid and binding between the parties.

In the RTC Decision, it gave credence to the testimony of Romeo Oliva Varona, Document Examiner of the Regional Crime Laboratory Office of Region VII, Cebu City, that the signature of Teodorica appearing in the Contract to Buy is not hers. Varona testified that his comparative examination and analysis revealed 18 significant differences in letter formation, construction and other individual handwriting characteristics, and arrived at the conclusion that the questioned signature of Teodorica appearing in the subject Contract to Buy acknowledged before Notary Public Bruno A. Villamor dated December 1, 1978 and the standard signatures appearing in the three documents were written by two different persons.

It bears stressing that the opinions of handwriting experts are not necessarily binding upon the court, the expert's function being to place before the court data upon which the court can form its own opinion.[46] This principle holds true especially when the question involved is mere handwriting similarity or dissimilarity, which can be determined by a visual comparison of specimens of the questioned signatures with those of the currently existing ones.[47]

In *Gepulle-Garbo v. Sps. Garabato*,^[48] the Court explained the factors involved in the examination and comparison of handwritings in this wise:

The authenticity of a questioned signature cannot be determined solely upon its general characteristics, similarities or dissimilarities with the genuine signature. Dissimilarities as regards spontaneity, rhythm, pressure of the pen, loops in the strokes, signs of stops, shades, etc., that may be found between the questioned signature and the genuine one are not decisive on the question of the former's authenticity. The result of examinations of questioned handwriting, even with the benefit of aid of experts and scientific instruments, is, at best, inconclusive. There are other factors that must be taken into consideration. The position of the writer, the condition of the surface on which the paper where the questioned signature is written is placed, his state of mind, feelings and nerves, and the kind of pen and/or paper used, play an important role on the general appearance of the signature. Unless, therefore, there is, in a given case, absolute absence, or manifest dearth, of direct or circumstantial competent evidence on the character of a questioned handwriting, much weight should not be given to characteristic similarities, or dissimilarities, between that questioned handwriting and an authentic one.[49]

After a careful and thorough examination of the records of the case, this Court affirms the findings of the CA that Teodorica's signature in the Contract to Buy is genuine. The CA found that, after a visual examination of the sample signatures of Teodorica and her signature in the Contract to Buy, there is a striking resemblance and no

distinguishing difference. While there may be slight dissimilarities, these appear to be natural and inevitable variations that may be expected even in genuine signatures made by one and the same person.

In addition, this Court made the following observations in finding the signature of Teodorica in the Contract to Buy to be genuine, to wit:

First, the Contract to Buy which was examined by Varona, the Document Examiner, is a mere photocopy. Notably, the genuineness and due execution of a photocopy could not be competently established without a copy of the original.[50] Here, the original copy of the Contract to Buy was not even presented in court. Respondent Maria Lily Capala testified on cross that she did not ask from Atty. Bruno A. Villamor, the notary public, the original copy of the Contract to Buy, and she did not go to the Office of the Clerk of Court to get a certified true copy of the same.[51] Since mere photocopy of the subject Contract to Buy was used to examine the questioned and standard signatures of Teodorica, no valid comparison can be had between them. Hence, Varona's conclusion that the signature of Teodorica appearing in the Contract to Buy is not hers cannot be given due weight and credence.

Second, Varona did not make a categorical conclusion that the submitted signatures are the standard signatures of Teodorica. Standard signatures are the genuine signatures of a person for comparison purposes.[52] Respondents Capala submitted to the document examiner the following documents for comparison: (1) Assessed Value of Property dated January 30, 1976 (Exh. "S-1"); (2) Application for New/Renewal of Mayor's Permit to Operate a Business dated January 30, 1976 (Exh. "S-2"); and (3) Application for Registration of Business dated May 4, 1979 (Exhs. "S-3 to S-4"). In his testimony, Varona declared that he did not conduct an investigation whether the standard signatures in the documents submitted are genuine; all he did was to examine the same[53] and concluded that the signatures were written by one and the same person.[54]

Third, the Contract to Buy is a notarized document, thus, it is considered a public document. It is a well-settled principle that a duly notarized document enjoys the prima facie presumption of authenticity and due execution, as well as the full faith and credence attached to a public instrument. To overturn this legal presumption, evidence must be clear, convincing, and more than merely preponderant to establish that there was forgery that gave rise to a spurious contract.[55] As also borne in the records, the notary public, Atty. Bruno A. Villamor, testified in court that he prepared and notarized the Contract to Buy; that the signature appearing therein is his; and confirmed that Teodorica's signature therein is her signature.[56]

Lastly, respondents Capala are estopped to deny the contract entered into by their mother with Brenda Valenzuela. Be it noted that when their mother was still alive, she recognized/acknowledged the contract she executed with petitioner Brenda Valenzuela. Teodorica allowed Spouses Valenzuela to possess the subject property and did not object when the spouses constructed a building for their battery business and where the spouses are now residing. During her lifetime, Teodorica did not take steps to annul the contract and recover the land. Even respondents Capala admitted Spouses Valenzuela's possession of the subject property from 1979 up to the present.[57]

Heirs are bound by contracts entered into by their predecessors-in-interest.[58] As heirs of Teodorica, respondents Capala are bound by the Contract to Buy executed by their mother in favor of petitioner Brenda Valenzuela. In fact, respondents Capala knew that Spouses Valenzuela had been in possession of the subject property even during the lifetime of their mother.[59] Their mother told them that the subject property is mortgaged to petitioner Brenda Valenzuela, however, their mother did not show any document of mortgage.[60] Be it noted that the parties herein are all residents of Ormoc City, although from different barangays. It would be impossible for respondents Capala not to have noticed the building constructed on the subject property.

Even with the finding that the Contract to Buy is a valid and binding contract between Teodorica and Spouses

Valenzuela, the CA, however, ruled that Spouses Valenzuela are not entitled to ownership of the property or the execution of the final deed of sale considering that they have not proven the payment of the balance of the full purchase price. The CA declared that petitioner Brenda Valenzuela's offer to pay the amount of P25,000.00 during the barangay conciliation and at the trial of the case ran contrary to their claim of full payment and their consequent ownership of the subject land.

This Court disagrees.

The Contract to Buy contains the following provisions:

That the Party for the First Part desires to sell said parcel of land aforementioned to the Party for the Second Part for a valuable sum of Thirty Five Thousand Pesos (P35,000.00), Philippine Currency, and a token money or partial amount of which has been acknowledged in this document the sum of Ten Thousand Pesos (P10,000.00), has been paid by the Party for the Second Part;

That the Party for the Second Part is to buy the land belonging to the Party for the First Part and hereby paid the sum of Ten Thousand Pesos (P10,000.00) to the Party for the First Part, as token money or earnest money acknowledged to have been received in full by the Party for the First Part;

That the remaining balance of P25,000.00, shall be paid by the Party for the Second Part to the Party for the First Part, as soon as the Transfer Certificate of Title shall be delivered by the Party for the First Part to the Party for the Second Part, and when this is complied a Final Deed of Sale of this lot shall be executed by the Party for the First Part to the Party for the Second Part.[61] (Emphasis supplied)

It can be gleaned from the provisions of the contract that Spouses Valenzuela have the obligation to pay the remaining balance of the purchase price as soon as the Transfer Certificate of Title shall have been delivered by Teodorica. As testified by petitioner Brenda Valenzuela, at the time of the execution of the Contract to Buy, the title to the subject property was still in the name of Pedro Codilla.[62] No one was interested to buy the property because of the pending litigation involving the subject property.[63] Hence, the above condition was imposed, i.e., that the payment of the remaining balance of P25,000.00 would be paid by petitioner Brenda Valenzuela upon delivery of the title.

Considering that the title to the property has not been delivered, Spouses Valenzuela's obligation to pay the remaining balance of the purchase price did not arise yet. Spouses Valenzuela cannot be dispossessed from the subject property since the happening of the condition to pay the full purchase price did not take place yet. Records show that after Teodorica obtained a favorable judgment in the civil case (specific performance of contract)[64] against Esmeralda T. Madjus, Teodorica never attempted to have the title transferred in her name. Petitioner Brenda Valenzuela kept on reminding Teodorica but the latter told her to wait because Teodorica was so sickly and asking for consideration of her physical health,[65] until her death in November 1, 1982.

It appears that the TCT in the name of Teodorica Capala was obtained by respondents Capala and it was issued only in June 4, 1999. Respondents Capala filed the complaint in August 3, 1999. Contrary to the CA ruling, Spouses Valenzuela cannot be guilty of laches to assert their rights over the subject property, as a counterclaim in their Answer, since it was only in 1999 that the TCT to the property was issued in the name of Teodorica.

Besides, Spouses Valenzuela claims that they had fully paid the remaining balance of P25,000.00 and what remains is the delivery of the title to them and the execution of the Final Deed of Sale in their favor. In her testimony, petitioner Brenda Valenzuela declared that she was instructed by Teodorica to pay her loan with the Rural Bank of Ormoc City in the amount of P17,000.00 while the remaining amount of P10,000.00 was given to Teodorica for the education of her children.[66]

Laches is defined as the failure or neglect for an unreasonable and unexplained length of time to do that which, by observance of due diligence, could or should have been done earlier. It is negligence or omission to assert a right within a reasonable time, warranting the presumption that the party entitled to assert his right either has abandoned or declined to assert it.[67] In order to constitute laches, the following must be present: (a) conduct on the part of the defendant, or of one under whom he claims, giving rise to the situation complained of; (b) delay in asserting complainant's rights after he had knowledge of defendant's acts and after he has had the opportunity to sue; (c) lack of knowledge or notice by defendant that the complainant will assert the right on which he bases his suit; and (d) injury or prejudice to the defendant in the event the relief is accorded to the complainant.[68]

As discussed above, Spouses Valenzuela took actual possession of the land after the execution of the Contract to Buy in 1978. They even constructed a building for their battery business and where the spouses are now residing. Teodorica did not object thereto, thereby acknowledging the contract she entered into with petitioner Brenda Valenzuela. As provided for in the contract, the obligation to deliver the title to the property belongs to Teodorica. Spouses Valenzuela had no obligation to pay the remaining balance of the purchase price absent the delivery of the title. Be it noted that it was only in June 4, 1999 that the TCT to the property was issued in the name of Teodorica. The complaint was filed by respondents Capala in August 3, 1999. By way of counterclaim in their Answer, Spouses Valenzuela immediately asserted their right to have the title delivered to them considering the issuance of the TCT in the name of Teodorica. While Spouses Valenzuela contended they have paid the balance of P25,000.00, they are still ready and willing to pay the balance if the payment made would not be credited, provided that respondents Capala shall deliver the TCT and execute a Final Deed of Sale in their favor.

The foregoing considered, it cannot be said that Spouses Valenzuela have already abandoned or declined to assert their right. Without delay, they immediately insisted on their right over the TCT on the same year it was issued. Having possessed and enjoyed the property for more than 20 years, Spouses Valenzuela did not expect that the heirs of Teodorica would still attempt to recover the property from them. Indeed, Spouses Valenzuela, who already spent for the improvement of the subject property, would be prejudiced if respondents Capala will be allowed to recover the possession of the subject property.

Petitioner Brenda Valenzuela's offer to pay the amount of P25,000.00 during the barangay conciliation and at the trial of the case does not run counter to their claim of full payment. Petitioner Brenda Valenzuela only made an offer of compromise during the barangay conciliation, which was not accepted by respondents Capala.[69]

The general rule is an offer of compromise in a civil case is not an admission of liability. It is not admissible in evidence against the offeror.[70] The rule, however, is not iron-clad. This much was elucidated by this Court in *Trans-Pacific Industrial Supplies, Inc. v. Court of Appeals*,[71] to wit:

To determine the admissibility or non-admissibility of an offer to compromise, the circumstances of the case and the intent of the party making the offer should be considered. Thus, if a party denies the existence of a debt but offers to pay the same for the purpose of buying peace and avoiding litigation, the offer of settlement is inadmissible. If in the course thereof, the party making the offer admits the existence of an indebtedness combined with a proposal to settle the claim amicably, then, the admission is admissible to prove such indebtedness x x x. Indeed, an offer of settlement is an effective admission of a borrower's loan balance x x x.[72] (Emphasis supplied)

Applying the foregoing to this case, Spouses Valenzuela's assertion that they had fully paid the purchase price yet offered to give the monthly rentals of LG Gas to respondents Capala is not an admission of liability. It is not an admission that they have not fully paid the purchase price.

Spouses Valenzuela cannot be considered yet as the owner of the subject property, as prayed for in their

counterclaim and in this petition. Ownership of the subject property has not been transferred to them despite delivery of the subject property. In a contract to sell, such as the subject Contract to Buy, the absence of a formal deed of conveyance is a strong indication that the parties did not intend immediate transfer of ownership, but only a transfer after full payment of the purchase price.[73] The need to execute a deed of absolute sale upon completion of payment of the price generally indicates that it is a contract to sell, as it implies the reservation of title in the vendor until the vendee has completed the payment of the price.[74]

Considering the finding that the Contract to Buy is valid, it is but just and proper that its provisions be now enforced. The heirs of Teodorica, herein respondents Capala, are directed to deliver the TCT to Spouses Valenzuela. Since they are still willing to pay[75] the remaining balance despite their claim of full payment, Spouses Valenzuela are likewise ordered to pay the amount of P25,000.00 to the heirs of Teodorica. Thereafter, a Final Deed of Sale shall be executed by the heirs of Teodorica in favor of Spouses Valenzuela.

WHEREFORE, premises considered, the instant petition is PARTLY GRANTED. The Decision dated June 13, 2018 and the Resolution dated March 6, 2019 of the Court of Appeals of Cebu City in CA-G.R. CV No. 04363 are AFFIRMED only in so far as the Contract to Buy dated December 1, 1978 is declared valid; the rest of the Decision is SET ASIDE. The Court hereby makes the following pronouncements:

- Respondents are directed to deliver Transfer Certificate of Title No. 34880 in the name of Teodorica Capala to petitioners.
- Petitioners are directed to pay the amount of P25,000.00 in favor of respondents as payment of the balance of the purchase price of the subject property.
- After receipt of payment, respondents are directed to execute a Final Deed of Sale in favor of petitioners.

No costs.

SO ORDERED.

Gesmundo, C.J., (Chairperson), Zalameda, and Gaerlan, JJ., concur.
Caguioa, J., See Concurring and Dissenting Opinion.

[1] Deceased.

[2] Rollo, pp. 14-41.

[3] Penned by Associate Justice Gabriel T. Robeniol, with the concurrence of Associate Justices Gabriel T. Ingles and Marilyn B. Lagura-Yap; id. at 102-119.

[4] Penned by Associate Justice Gabriel T. Ingles, with the concurrence of Associate Justices Marilyn B. Lagura-Yap and Emily R. Aliño-Geluz; id. at 129-130.

[5] Id. at 45-52.

[6] Id. at 75-76.

[7] Id.

[8] Id. at 47-48.

[9] Id. at 80.

- [10] Id. at 48-50.
- [11] Id. at 51.
- [12] Id. at 83-88.
- [13] Id. at 83-85, 91.
- [14] Id. at 85-86, 91.
- [15] Id. at 86.
- [16] Id. at 85-86, 92.
- [17] Id.
- [18] Id. at 87.
- [19] Id. at 105.
- [20] Records, pp. 253-259.
- [21] Id. at 256-257.
- [22] Id. at 258-259.
- [23] Id. at 291-292.
- [24] Id. at 310-311.
- [25] Id.
- [26] Id. at 313-319.
- [27] Rollo, p. 94.
- [28] Id. at 96-97.
- [29] Penned by Presiding Judge Apolinario M. Buaya; id. at 90-100.
- [30] Id. at 99-100.
- [31] Id. at 98-99.
- [32] Records, pp. 1368-1369.
- [33] Supra note 3.
- [34] Rollo, p. 118.
- [35] Id. at 109-112.
- [36] Id. at 112-113.
- [37] Id. at 113-114.
- [38] Id. at 114-118.
- [39] Id. at 120-126.
- [40] Supra note 4.

- [41] Rollo, p. 33.
- [42] Id. at 39.
- [43] Id. at 36-39.
- [44] Id. at 40.
- [45] Sps. Tumibay v. Sps. Lopez, 710 Phil. 19, 28 (2013).
- [46] Heirs of Donton v. Stier, 817 Phil. 165, 179 (2017).
- [47] Id.
- [48] 750 Phil. 846 (2015).
- [49] Id. at 856, citing Jimenez v. Commission on Ecumenical Mission, United Presbyterian Church, USA, 432 Phil. 895, 908-909 (2002).
- [50] Lamsen v. People, 821 Phil. 651, 662 (2017).
- [51] TSN dated September 15, 2000, p. 15.
- [52] TSN dated September 21, 2001, p. 14.
- [53] Id. at 15.
- [54] Id. at 16.
- [55] Gatan v. Vinarao, 820 Phil. 257, 267 (2017).
- [56] TSN dated July 17, 2003, pp. 5-6.
- [57] TSN dated September 15, 2000, pp. 4-5.
- [58] Naranja v. Court of Appeals, 603 Phil. 779, 790 (2009).
- [59] TSN dated September 15, 2000, pp. 4-5.
- [60] TSN dated July 13, 2000, pp. 67-68.
- [61] Rollo, p. 80.
- [62] TSN dated June 16, 2006, p. 6.
- [63] Id.
- [64] Civil Case No. 1466-0 filed at the Court of First Instance of Leyte, Branch V.
- [65] TSN dated August 19, 2008, p. 11.
- [66] TSN dated June 16, 2006, p. 16.
- [67] Republic v. Sundiam, G.R. No. 236381, August 27, 2020.
- [68] Id., citing Go Chi Gun v. Co Cho, 96 Phil. 622, 637 (1955).
- [69] TSN dated March 16, 2001, p. 6.
- [70] Section 27, Rule 130 of the Revised Rules on Evidence.

[71] 305 Phil. 534 (1994).

[72] Id. at 544-545.

[73] *Diego v. Diego*, 704 Phil. 373, 388 (2013), citing *Chua v. Court of Appeals*, 449 Phil. 25, 42 (2003).

[74] Id., citing *Heirs of Cayetano v. Spouses Perreras*, 613 Phil. 615, 625 (2009).

[75] TSN dated June 16, 2006, p. 29.

CONCURRING AND DISSENTING OPINION

CAGUIOA, J.:

I concur in the result. The Contract to Buy is valid and respondents are bound to execute a Final Deed of Sale and to deliver Transfer Certificate of Title (TCT) No. 34880 upon receipt of the unpaid amount of the purchase price.[1] I dissent, however, as regards (1) the discussion on the superseded judicial admission and (2) the characterization of the Contract to Buy as a contract to sell.

A judicial admission does not lose effect simply because a party amends his or her complaint

The ponencia holds:

Preliminarily, the Court will discuss the effect of the stipulation made by the parties during the pre-trial, specifically the admission as to the existence of the execution of the Contract to Buy between Teodorica and Brenda Valenzuela. In the original complaint filed by respondents Capala, they claim that Spouses Valenzuela should now turn over the subject property to them considering the death of Teodorica which extinguished the alleged Contract to Buy, terminating whatever rights and obligations created between the contracting parties. In the amended complaint, respondents Capala changed their principal cause of action to nullity of the Contract to Buy on the basis of forgery, asserting that Teodorica's signature therein was forged. The contract being a nullity, Spouses Valenzuela should now turn over the possession to respondents Capala.

It should be noted that the pre-trial was conducted prior to the amendment of the complaint. When the motion for leave to amend complaint was granted by the RTC, no other pre-trial was conducted. The Court disagrees with the CA that the admission as [to] the existence and due execution of the Contract to Buy stands. When respondents Capala changed their cause of action in their amended complaint to forgery, said admission no longer applies in their favor considering that it contradicts their claim as to the due execution and genuineness of the contract. Thus, said admission was vacated upon the [amendment] of the complaint.[2]

I disagree. The facts indicate that respondents filed an action for recovery of possession and ownership, claiming that the subject property was owned by their mother, Teodorica Capala (Teodorica), but that the same was in the possession of petitioners who had no right over the same.[3] On the other hand, petitioners claimed that the subject property was sold to them by Teodorica by virtue of a Contract to Buy dated December 1, 1978. As such, it was incumbent upon her heirs to deliver the TCT and to execute a Final Deed of Sale in their favor.[4] During pre-trial, respondents admitted the following stipulation:

4. The existence of the execution of the Contract to Buy between the late Teodorica Capala and the defendant Brenda Valenzuela executed on December 1, 1978 as notarized by Notary Public Bruno Villamor.[5]

Later, respondents sought: (1) to amend their complaint to emphasize that their principal cause of action was to

declare the Contract to Buy null and void and (2) to correct their pre-trial admission.[6]

Confusingly, the RTC granted the motion to amend but denied the motion to correct the pre-trial admission because "[j]udicial admissions especially during pre-trial can no longer be undone except through evidence to be presented during trial that such admission was made through palpable mistake." [7] Despite this judicial admission, the RTC eventually declared the Contract to Buy as null and void.

Reversing the RTC, the CA held that the Contract to Buy was valid. On the judicial admission, the CA held:

Nothing in the records would show that [respondents'] former counsel, Atty. Benjamin Tugonon, who they blame for the purported improvident admission, unintentionally agreed to the subject stipulation. Further negating the alluded mistake is the circumstance that the supposed erroneous admission is not at variance, but is rather consistent, with [respondents'] theory expressed in their Complaint, Reply and Pre-Trial Brief that said Contract does exist but has been concealed from them, and that it has been extinguished by Teodorica's death, thereby conceding the prior existence and due execution thereof.[8]

Based on the foregoing, I agree with the CA that the judicial admission stands. Section 4, Rule 129 of the Rules of Court expressly states that "[a]n admission, verbal or written, made by a party in the course of the proceedings in the same case, does not require proof. The admission may be contradicted only by showing that it was made through palpable mistake or that no such admission was made." [9]

Absent any showing that an admission was made through "palpable mistake" or that "no admission was made", there would be no basis to disregard the same. Rather, I find that the RTC erred in allowing respondents to amend their complaint and change their theory to belatedly claim that the contract was forged, without noticing the apparent inconsistency between respondents' judicial admission and their new cause of action. This is especially true considering that the RTC itself noted that "[j]udicial admissions especially during pre-trial can no longer be undone except through evidence to be presented during trial that such admission was made through palpable mistake." [10] Indeed, giving weight to respondents' judicial admission is consistent with and in fact confirms the CA's finding that the Contract to Buy was validly executed.

A contract should not be considered as one "to sell" simply because the seller is obliged to execute a Final Deed upon full payment of the price

I likewise disagree with the conclusion that the parties entered into a contract to sell [11] and not a contract of sale — simply because the Contract to Buy required the execution of a deed of absolute sale upon payment of the price, viz.:

That the Party for the First Part desires to sell said parcel of land aforementioned to the Party for the Second Part for a valuable sum of Thirty[-]Five Thousand Pesos (P35,000.00), Philippine Currency, and a token money or partial amount of which has been acknowledged in this document the sum of Ten Thousand Pesos (P10,000.00), has been paid by the Party [f]or the Second Part;

That the Party for the Second Part is to buy the land belonging to the Party for the First Part and hereby paid the sum of Ten Thousand Pesos (P10,000.00) to the Party for the First Part, as token money or earnest money acknowledged to have been received in full by the Party for the First Part;

That the remaining balance of P25,000.00, shall be paid by the Party for the Second Part to the Party for the First Part, as soon as the Transfer Certificate of Title shall be delivered by the Party for the First Part to the Party for the Second Part, and when this is complied [with,] a Final Deed of Sale of this lot shall be executed

by the Party for the First Part to the Party for the Second Part.[12] (Emphasis supplied)

I am aware that there are cases that hold that "[w]here the vendor promises to execute a deed of absolute sale upon the completion by the vendee of the payment of the price, the contract is only a contract to sell"[13] and that "[t]he need to execute a deed of absolute sale upon completion of payment of the price generally indicates that it is a contract to sell, as it implies the reservation of title in the vendor until the vendee has completed the payment of the price." [14]

I submit, however, that this ruling is inaccurate and must be read in light of the law and jurisprudence regarding the nature of sales. In *Spouses Beltran v. Spouses Cangayda*, [15] the Court held:

A contract of sale is consensual in nature, and is perfected upon the concurrence of its essential requisites, thus: The essential requisites of a contract under Article 1318 of the New Civil Code are: (1) consent of the contracting parties; (2) object certain which is the subject matter of the contract; and (3) cause of the obligation which is established. Thus, contracts, other than real contracts are perfected by mere consent which is manifested by the meeting of the offer and the acceptance upon the thing and the cause which are to constitute the contract. Once perfected, they bind other contracting parties and the obligations arising therefrom have the force of law between the parties and should be complied with in good faith. The parties are bound not only to the fulfillment of what has been expressly stipulated but also to the consequences which, according to their nature, may be in keeping with good faith, usage and law.

Being a consensual contract, 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 the law governing the form of contracts. A perfected contract of sale imposes reciprocal obligations on the parties whereby the vendor obligates himself to transfer the ownership of and to deliver a determinate thing to the buyer who, in turn, is obligated to pay a price certain in money or its equivalent. Failure of either party to comply with his [or her] obligation entitles the other to rescission as the power to rescind is implied in reciprocal obligations. x x x [16] (Emphasis supplied)

Evidently, a contract of sale is perfected by mere consent. The execution of a deed is only necessary for (1) enforceability under Article 1403 [17] of the Civil Code, (2) convenience under Article 1358 [18] of the same law, and (3) eventual registration with the Land Registration Authority under Presidential Decree No. 1529. [19]

Hence, the mere fact that an agreement requires the seller to physically execute a Final Deed of Sale and to deliver the TCT upon payment of the price does not necessarily mean that a perfected sale should be characterized as a contract to sell, particularly in cases where constructive or actual delivery of the property in question indicates otherwise. Under Article 1498 [20] of the Civil Code, the execution of a sale in a public instrument constitutes constructive delivery and is an aspect of contract performance, not perfection. [21] In *San Lorenzo Development Corp. v. Court of Appeals*, [22] the Court explained:

Sale, being a consensual contract, is perfected by mere consent and from that moment, the parties may reciprocally demand performance. The essential elements of a contract of sale, to wit: (1) consent or meeting of the minds, that is, to transfer ownership in exchange for the price; (2) object certain which is the subject matter of the contract; (3) cause of the obligation which is established.

The perfection of a contract of sale should not, however, be confused with its consummation. In relation to the acquisition and transfer of ownership, it should be noted that sale is not a mode, but merely a title. A mode is the legal means by which dominion or ownership is created, transferred or destroyed, but title is only the legal basis by which to affect dominion or ownership. Under Article 712 of the Civil Code, "ownership and other real rights over property are acquired and transmitted by law, by donation, by testate and intestate succession, and in consequence of certain contracts, by tradition." Contracts only constitute titles or rights to the transfer or acquisition of ownership, while delivery or tradition is the mode of accomplishing the same. Therefore, sale by

itself does not transfer or affect ownership; the most that sale does is to create the obligation to transfer ownership. It is tradition or delivery, as a consequence of sale, that actually transfers ownership.

Explicitly, the law provides that the ownership of the thing sold is acquired by the vendee from the moment it is delivered to him [or her] in any of the ways specified in Article 1497 to 1501. The word "delivered" should not be taken restrictively to mean transfer of actual physical possession of the property. The law recognizes two principal modes of delivery, to wit: (1) actual delivery; and (2) legal or constructive delivery.

Actual delivery consists in placing the thing sold in the control and possession of the vendee. Legal or constructive delivery, on the other hand, may be had through any of the following ways: the execution of a public instrument evidencing the sale; symbolical tradition such as the delivery of the keys of the place where the movable sold is being kept; *traditio longa manu* or by mere consent or agreement if the movable sold cannot yet be transferred to the possession of the buyer at the time of the sale; *traditio brevi manu* if the buyer already had possession of the object even before the sale; and *traditio constitutum possessorium*, where the seller remains in possession of the property in a different capacity.[23] (Emphasis supplied; italics in the original)

In view of the foregoing principles, I disagree with the doctrine that an undertaking to execute a final deed upon full payment of the price necessarily means that the parties entered into a contract to sell and that no contract of sale yet exists.

In fact, while I note that the parties in the instant case used the terms "to buy" and "to sell" (i.e., terms often associated with contracts to sell), the totality of the following contemporaneous and subsequent acts evince their intention to enter into a contract of sale:[24] (1) upon the execution of the Contract to Buy, Teodorica delivered actual possession of the subject property to petitioners;[25] (2) petitioners took possession of the property, constructed a building for their battery business, and began residing on the property;[26] (3) Teodorica did not take any steps to recover the property from petitioners from the time of the sale until her death;[27] (4) petitioners possessed the property from 1979 until the present;[28] (5) Teodorica's heirs did not take any steps to recover the property for over 20 years (from the sale executed in 1978 until the filing of the complaint in 1999);[29] and, (6) the Contract to Buy itself recognized the receipt of earnest money, which may be considered as proof of the perfection of a contract of sale.[30]

In view of the foregoing, I agree with petitioners that a perfected contract of sale exists and that respondents are bound to execute a Final Deed of Sale and to deliver Transfer Certificate of Title No. 34880 upon receipt of the unpaid amount of the purchase price.[31] Further, considering that the instant case has been pending for over 20 years, I find it proper to require the parties to comply with their respective obligations within 30 days from finality of this decision.

[1] Ponencia, p. 17.

[2] *Id.* at 10-11.

[3] *Id.* at 2.

[4] *Id.* at 3-4.

[5] *Id.* at 4.

[6] See *id.* at 4-5

[7] Rollo, p. 28.

[8] Id. at 110.

[9] Emphasis supplied.

[10] Supra note 7.

[11] See ponencia, p. 17.

[12] Rollo, p. 80.

[13] *Nabus v. Spouses Pacson*, 620 Phil. 344, 363, citing *Ver Reyes v. Salvador, Sr.*, G.R. Nos. 139047 & 139365, September 11, 2008, 564 SCRA 456, 479-480.

[14] Ponencia, p. 17. Citations omitted.

[15] 838 Phil. 935 (2018).

[16] Id. at 945-946. Citations omitted.

[17] ART. 1403. The following contracts are unenforceable, unless they are ratified:

(1) Those entered into in the name of another person by one who has been given no authority or legal representation, or who has acted beyond his powers;

(2) Those that do not comply with the Statute of Frauds as set forth in this number. In the following cases, an agreement hereafter made shall be unenforceable by action, unless the same, or some note or memorandum thereof, be in writing, and subscribed by the party charged, or by his agent; evidence, therefore, of the agreement cannot be received without the writing, or a secondary evidence of its contents: (a) An agreement that by its terms is not to be performed within a year from the making thereof;

(b) A special promise to answer for the debt, default, or miscarriage of another;

(c) An agreement made in consideration of marriage, other than a mutual promise to marry;

(d) An agreement for the sale of goods, chattels or things in action, at a price not less than five hundred pesos, unless the buyer accept and receive part of such goods and chattels, or the evidences, or some of them, of such things in action or pay at the time some part of the purchase money; but when a sale is made by auction and entry is made by the auctioneer in his sales book, at the time of the sale, of the amount and kind of property sold, terms of sale, price, names of the purchasers and person on whose account the sale is made, it is a sufficient memorandum;

(e) An agreement for the leasing for a longer period than one year, or for the sale of real property or of an interest therein;

(f) A representation as to the credit of a third person.

(3) Those where both parties are incapable of giving consent to a contract.

[18] ART. 1358. The following must appear in a public document:

(1) Acts and contracts which have for their object the creation, transmission, modification or extinguishment of real rights over immovable property; sales of real property or of an interest are governed by Articles 1403, No. 2, and 1405;

(2) The cession, repudiation or renunciation of hereditary rights or of those of the conjugal partnership of gains;

(3) The power to administer property, or any other power which has for its object an act appearing or which should appear in a public document, or should prejudice a third person;

(4) The cession of actions or rights proceeding from an act appearing in a public document.

All other contracts where the amount involved exceeds five hundred pesos must appear in writing, even a private one. But sales of goods, chattels or things in action are governed by Articles 1403, No. 2 and 1405.

[19] AMENDING AND CODIFYING THE LAWS RELATIVE TO REGISTRATION OF PROPERTY AND FOR OTHER PURPOSES, otherwise known as the "PROPERTY REGISTRATION DECREE," June 11, 1978. Section 112 states:

SEC. 112. Forms in conveyancing. – The Commissioner of Land Registration shall prepare convenient blank forms as may be necessary to help facilitate the proceedings in land registration and shall take charge of the printing of land title forms.

Deeds, conveyances, encumbrances, discharges, powers of attorney and other voluntary instruments, whether affecting registered or unregistered land, executed in accordance with law in the form of public instruments shall be registrable: Provided, that, every such instrument shall be signed by the person or persons executing the same in the presence of at least two witnesses who shall likewise sign thereon, and shall be acknowledged to be the free act and deed of the person or persons executing the same before a notary public or other public officer authorized by law to take acknowledgment. Where the instrument so acknowledged consists of two or more pages including the page whereon acknowledgment is written, each page of the copy which is to be registered in the office of the Register of Deeds, or if registration is not contemplated, each page of the copy to be kept by the notary public, except the page where the signatures already appear at the foot of the instrument, shall be signed on the left margin thereof by the person or persons executing the instrument and their witnesses, and all the pages sealed with the notarial seal, and this fact as well as the number of pages shall be stated in the acknowledgment. Where the instrument acknowledged relates to a sale, transfer, mortgage or encumbrance of two or more parcels of land, the number thereof shall likewise be set forth in said acknowledgment.

[20] ART. 1498. When the sale is made through a public instrument, the execution thereof shall be equivalent to the delivery of the thing which is the object of the contract, if from the deed the contrary does not appear or cannot clearly be inferred.

With regard to movable property, its delivery may also be made by the delivery of the keys of the place or depository where it is stored or kept.

[21] *Far East Bank and Trust Co. v. Phil. Deposit Insurance Corp.*, 764 Phil. 488 (2015) explains:

It is well-established that a contract undergoes various stages that include its negotiation or preparation, its perfection, and finally, its consummation.

Negotiation covers the period from the time the prospective contracting parties indicate interest in the contract to the time the contract is concluded (perfected). The perfection of the contract takes place upon the concurrence of its essential elements. A contract which is consensual as to perfection is so established upon a mere meeting of minds, i.e., the concurrence of offer and acceptance, on the object and on the cause or consideration. The consummation stage begins when the parties perform their respective undertakings under the contract, culminating in its extinguishment. (Emphasis and italics in the original) *Id.* at 503. Citations omitted.

[22] 490 Phil. 7 (2005).

[23] *Id.* at 20-22. Citations omitted.

[24] CIVIL CODE, Art. 1371 provides:

ART. 1371. In order to judge the intention of the contracting parties, their contemporaneous and subsequent acts shall be principally considered.

[25] See ponencia, p. 13.

[26] *Id.*

[27] Id.

[28] Id.

[29] Rollo, p. 37.

[30] CIVIL CODE, Art. 1482 provides:

ART. 1482. Whenever earnest money is given in a contract of sale, it shall be considered as part of the price and as proof of the perfection of the contract.

[31] Ponencia, p. 17.

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