

TRINIDAD DE LEON VDA. DE ROXAS, PETITIONER, VS. THE COURT OF APPEALS, VICENTE ARANETA, JR., IRENE W. ARANETA, REAL PROPERTIES, INC., GUILLERMO SAN PEDRO, IN HIS CAPACITY AS THE ...*G.R. No. 62642. July 22, 1986*Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-62642/>**PER CURIAM:**

On July 29, 1976, Mrs. Trinidad de Leon Vda. de Roxas as Vendor and Mr. Vicente Araneta, Jr. as Vendee executed a deed of conditional sale of a 57,219 square meters parcel of land in Mandaluyong, Rizal. The consideration stipulated by the parties was P11,400,000.00 to be paid as follows: P57,000.00 upon execution of the contract; P2,679,000.00 on or before December 31, 1976; and the balance of P8,663,999.76 to be paid in 36 monthly installments of P240,666.66 each. The parties also stipulated that the absolute deed of sale would be delivered to the Vendee upon full payment of the unpaid balance stated in the contract and of any subsequent monetary obligation that the Vendee may incur upon mutual agreement with the Vendor.

On December 15, 1977, after having been paid a total of P9,025,639.66, the Vendor, through a notarial act automatically cancelled and rescinded the deed of conditional sale claiming an alleged non-payment of eight (8) installments of P240,666.66 each or the amount of P1,925,333.28, eight (8) installments of P339,888.88 each or P2,719,111.04 plus real estate taxes and special education fund assessments. Upon the refusal of the Register of Deeds to register the notarial act of cancellation, the Vendor filed a complaint praying for the confirmation of the cancellation of the deed of conditional sale, the Vendees ejectment from the premises, the annotation of the notarial deed by the registrar, the forfeiture of all amounts paid by the Vendee, and the payment of damages and attorney's fees.

There are now two petitions before the Court - G. R. No. 62642, the main case, and G. R. No. 64728, regarding the disposition of rental payments made by a gasoline station occupying a portion of the disputed property.

In G. R. No. 62642, the Fourth Division of the Court of Appeals affirmed the findings of the Court of First Instance of Rizal at Pasig while in G. R. No. 64728, the Fourth Special Cases Division of the Court of Appeals sustained the decision of the Court of First Instance of Manila.

In G. R. No. 62642, the Court of Appeals initially affirmed in toto on August 18, 1982 the decision of the Court of First Instance at Pasig, Rizal which reads:

"WHEREFORE, judgment is hereby rendered ordering the plaintiff to execute a Deed of Absolute Sale in favor of the defendant corporation over the subject parcel of land upon payment to her by the defendants of the sum of P2,270,471.14.

"Costs against the plaintiff."

The P2,270,471.14 represented the difference between the unpaid balance of the Vendee's obligations and the trial court's award of damages and attorney's fees.

Acting on a motion for reconsideration, the Court of Appeals on November 26, 1982, reduced on equitable grounds the award of actual and moral damages by one-half and the exemplary damages from P500,000.00 to P200,000.00.

There is no dispute over the P11,400,000.00 stipulated in the contract nor over the fact of payment of P9,025,639.66 in 17 checks when the notarial cancellation was effected. The dispute is over the meaning and amount of the stipulation "and of any subsequent monetary obligation that the Vendee may incur upon mutual agreement with the Vendor."

The Vendor claims that in addition to the P11,400,000.00 fixed in the deed of conditional sale, the Vendee also agreed to pay another P16,100,000.00 for a total purchase price of P27,500,000.00 plus such items as capital gains taxes, real estate taxes, transfer taxes, special education fund assessments, 12 percent interest per annum on promissory notes still unpaid, and other liabilities which may be assessed against her as a result of the sale.

Unlike the Vendee who stated that his total obligations arising from the contract were pre-computed and, therefore, known to the parties at the time the deed was signed, the Vendor did not intimate in her complaint the definite and total sum due her under the agreement. She complained about eight (8) unpaid installments of P339,888.88 each, both items referring to the P27,500,000.00 consideration but not to other obligations mentioned in the contract. After the notarial cancellation of the deed, the Vendor demanded P55,000,000.00 as the price for the lot. In fact, she claimed that the Vendee had agreed to pay that amount. However, a compromise agreement embodying the sum of P55,000,000.00 was not consummated because the Vendee allegedly balked at placing the entire P55,000,000.00 in writing and wanted the agreement to show only a P27,500,000.00 consideration with another similar amount to be paid in cash or certified check to lessen tax liabilities and furthermore the letter of credit was not only unsatisfactory to the Vendor but the Vendee did not pay the other half amounting to P27,500,000.00 in either cash or cashier's check.

The Vendee, however, rejects the Vendor's allegations that in addition to the P11,400,000.00 expressly stated in the contract, he was willing to pay at least P43,600,000.00 more as the total amount due for the parcel of land. The Vendee claims that his total obligation amounts to only P27,500,000.00 and this was the figure stated in the compromise agreement which the parties were about to sign.

According to the Vendee, the P27,500,000.00 expressed in the draft compromise agreement (Exhibit 11) prepared by the Vendor's lawyer was the true amount agreed upon and the parties had already consented that on July 14, 1978 they would meet at the Rizal Racquet Club within the Pasig Capitol Compound for signing and transfer of title but that the Vendor inexplicably refused to sign the seven copies of the agreement at the last minute.

The Vendee asserts that he signed only 35 promissory notes for a total of P11,896,110.80 which is not an additional consideration but a monetary obligation pre-computed as follows:

Capital gains tax

P 7,988,487.57

Real estate taxes

238,374.40

Transfer taxes

105,600.50

Income from Shell rental

771,000.00

Realtor's commission

406,771.49

Three kinds of interests

578,607.00

1,695,676.13

28,782.35

Base commission plus initial interest

82,811.36

P 11,896,110.80

In addition, the Vendee stated he also later promised, because of the insistence of the Vendor, an additional P4,000,000.00 representing the profits he made from the sale of his interests to his own corporation, Real Properties, Inc. The P11,400,000.00 stipulated consideration, P11,896,110.80 additional monetary obligation, and P4,000,000.00 profits were rounded up in Exhibit "12-A" to a total commitment of P27,500,000.00.

The respondent corporation is Real Properties, Inc. to which Mr. Araneta assigned his rights and properties, earning in the process P4,000,000.00, which he later agreed to include in the purchase price. For purposes of convenience, the corporation is also referred to herein as Vendee.

The petitioner now raises the following assignments of errors in these two petitions:

G. R. NO. 62642

I.

THE HONORABLE COURT OF APPEALS ERRED IN HOLDING THAT THE NOTARIAL CANCELLATION, EXHIBIT "G", ALSO ANNEX "G", COMPLAINT, RECORD ON APPEAL, 148-156, ANNEX "D" OF THE PETITION, OF THE DEED OF CONDITIONAL SALE, EXHIBIT "A", ALSO ANNEX "A", COMPLAINT, RECORD ON APPEAL, 29-40, ANNEX "D" OF THE PETITION, WAS NOT PROPER.

II.

THE HONORABLE COURT OF APPEALS ERRED IN HOLDING THE PETITIONER HEREIN LIABLE FOR THE AMOUNT OF P10,000,000.00 AS AND FOR ACTUAL DAMAGES, P1,000,000.00 AS AND FOR MORAL DAMAGES, P500,000.00 AS AND FOR EXEMPLARY DAMAGES, AND P500,000.00 AS AND FOR ATTORNEY'S FEES IN THE DECISION THE SUBJECT OF THIS APPEAL BY CERTIORARI, ANNEX "A" OF THE PETITION, THREE OF WHICH AMOUNTS WERE REDUCED TO P5,000,000.00 AS AND FOR ACTUAL DAMAGES, P500,000.00 AS AND FOR MORAL DAMAGES, AND P200,000.00 AS AND FOR EXEMPLARY DAMAGES IN THE RESOLUTION LIKEWISE THE SUBJECT OF THIS APPEAL BY CERTIORARI.

III.

THE HONORABLE COURT OF APPEALS ERRED IN ACCEPTING SUB SILENTIO IN ITS DECISION AND RESOLUTION THE SUBJECTS OF THIS APPEAL BY CERTIORARI, ANNEXES "A" AND "C" OF THE PETITION, RESPECTIVELY, THE CONCLUSION OF THE COURT OF FIRST INSTANCE THAT:

'X X X WHEREAS, THE CLAIM FOR P19,000,000.00 THEY (THE PRIVATE RESPONDENTS) ALLEGEDLY SUFFERED AND WILL SUFFER BY VIRTUE OF THE COMPLAINTS BROUGHT OR TO BE BROUGHT AGAINST THEM BY THIRD PERSONS CANNOT LEGALLY BE ENTERTAINED BY THIS COURT; THE INDIVIDUAL CLAIMS OF THIRD PERSONS AGAINST THE PRIVATE DEFENDANTS ARE EITHER UNLIQUIDATED OR BEING LIQUIDATED BEFORE OTHER COURTS; CONSEQUENTLY, THEY SHOULD BE SETTLED WHERE THEY HAVE BEEN, OR WILL BE, FILED.

G. R. NO. 64728

THE HONORABLE INTERMEDIATE APPELLATE COURT ERRED IN DISMISSING AC-G.R. SP. NO. 00269, THE PROPRIETY OF WHICH DISMISSAL IS BEFORE THIS HONORABLE COURT ON AN APPEAL BY CERTIORARI.

The issues raised in these two petitions are factual. A careful review of the records fails to yield any con-vincing reason why we should reject the factual find-ings of the trial courts and the Court of Appeals. We apply the established principle that on factual matters, the findings of the trial courts, especially where affirmed by the appellate court, must be accorded the greatest respect in the absence of a showing that they ignored, overlooked, or failed to properly appreciate matters of substance or importance likely to affect the results of the litigation. (Legaspi v. Salcedo, G.R. No. L-45570, May 27, 1986; Chase v. Buencamino, Sr. 130 SCRA 365; People v. Cabanit, 139 SCRA 94; People v. Sabandal, 41 SCRA 179; People v. Dramayo, 42 SCRA 59; People v. Beltran, 138 SCRA 521; and People v. Canamo, 138 SCRA 141).

We find no reason to reverse the factual findings of two trial courts and the appellate court. The evidence for the Vendee is both preponderant and convincing. On the other hand, the evidence for the Vendor including her own testimony is contradictory and inconsistent.

The validity of the notarial cancellation of the deed of conditional sale hinges on the agreements of the parties as to the additional consideration mentioned in the deed.

The Court of Appeals stated:

"The crucial issue saddled upon us to resolve is the actual amount of the additional consideration claimed by both party-litigants. There is no debate as to the existence of such additional consideration. But how much? The appellant claims that the additional consideration is P16,100,000.00, while the appellees insist that such additional consideration is P11,896,110.00. Perhaps, the number of promissory notes signed by the appellee Vicente Araneta, Jr., upon the execution of the Deed of Conditional Sale which he left with the appellant, may help in resolving the controversy. The appellee Vicente Araneta, Jr., assures that he signed only 35 promissory notes each in the amount of P339,888.88 which will arrive at the total sum of P11,896,110.80. The appellant claims that there were 36 promissory notes signed by the appellee Vicente Araneta, Jr., at P240,666.66 each note to make the amount of P8,663,999.76. According to the appellant, this P8,663,999.76 represents the balance of the original purchase price of P11,400,000.00 after deducting P57,000.00 paid upon execution of the Deed of Conditional Sale and the P2,679,000.00 to be paid on or before December 31, 1976.

"The appellant tried to bolster her position by claiming that she was paid by the appellee Vicente Araneta, Jr., P3,864,000.00 in check on July 29, 1976, the date the Deed of Conditional Sale was signed. Then, in her rebuttal testimony, she claimed that the said appellee made and signed a promissory note for the amount of P3,864,000.00 payable on December 31, 1976, instead of paying in check. In the complaint, however, she alleged no such undertaking as it merely averred that 'Vicente Araneta, Jr. paid 24% of the P3,864,000.00 out of the additional consideration of P16,100,000.00, leaving a balance of P12,235,999.99.' This was denied by the appellee Vicente Araneta, Jr. The amount of each of the 35 promissory notes he signed was P339,888.88. There was no such promissory note in the amount of P3,864,000.00 signed by him payable on December, 1976, nor any check for P3,864,000.00, dated July 29, 1976, paid by him on the date the Deed of Conditional

Sale was signed.”

The Vendor states in her complaint that she received 36 promissory notes of P339,888.88 each, identical in all respects except for the dates of the notes and the due dates stated therein. Only 32 promissory notes (Annexes "C" to "C-31") were appended to the complaint as four were alleged to have been returned to the Vendee. The Vendor also alleged that on July 29, 1976 when the deed of conditional sale was signed, the Vendee also paid her a check in the amount of P3,864,000.00.

On the other hand, the Vendee alleges that he signed and turned over only 35 promissory notes each in the amount of P339,888.88. As earlier stated, the 35 notes come up to P11,896,110.80, the "pre-computed monetary obligation" which the Vendee broke down into capital gains tax, real estate taxes, transfer taxes, income from rentals, realtor's commissions, interests, and base commissions.

The Vendor's two witnesses, Mr. Regino Barreda and Mrs. Josefina Beronilla confirmed only 36 notes with Beronilla claiming she actually counted them one by one for 36 in all. There is no proof of the P3,864,000.00 check paid on July 29, 1976 - the bank where the check was deposited or encashed, the person to whom it was endorsed, evidence of its having bounced, or whatever happened to it. It simply disappeared. The written records of both Vendor and Vendee are silent on this big amount. As a matter of fact, the Vendor's testimony on this amount is conflicting because during rebuttal testimony, she stated that the Vendee signed a promissory note for P3,864,000.00 payable on December 31, 1976. The trial court found the Vendor's two versions of the P3,864,000.00 check or P3,864,000.00 promissory note at war with each other and unworthy of belief.

The trial court noted that there was mention by the Vendee in four exhibits of either the sum of P3,864,000.00 or a promissory note covering said sum. It found the Vendee's explanation, that such mention was only for purposes of simulation to cover up the P4,000,000.00 profit in the sale of rights to his own corporation, as more tenable.

We find the Vendor's demand for P55,000,000.00 quite revealing. It would seem that the Vendor decided to cancel the deed of conditional sale not so much because the Vendee was not paying due installments on time but because she felt that she ought to be given an amount higher than what was being paid in regular installments and which installments she had accepted until she decided to cancel.

The Vendee testified that there was in November 27, 1977 an arrangement whereby the title to the land would be transferred to him provided it be through an escrow agreement but during the moment of signing at the Kimbayan Restaurant, the Vendor stated she was dissatisfied with the figures in the proposed agreement. The Vendee testified that the Vendor called him by phone the following day to tell him that another buyer was offering to purchase the lot at a much higher price and that the P55,000,000.00 demand was made when the Vendor saw from his cash flow and financial projections that the planned commercial center would make a profit of P750,000,000.00 over a period of 15 years. The Vendor's rebuttal testimony, in part, admits that she felt free to ask for P55,000,000.00 because she believed that the property was already worth that much at that time and that the Vendee in fact, agreed to pay P55,000,000.00 but the agreement did not push through because the letter of credit was not satisfactory to her.

The fact that from an originally stated amount of P11,400,000.00 in the deed of conditional sale there would be claims of other and subsequent agreements for P43,600,000.00 more, thus boosting the Vendee's total commitments to P55,000,000.00 leads us to sustain the factual findings of the two trial courts and of the appellate court's two divisions. The Vendee's position is more logical and believable. Undervaluations may be agreed upon by many buyers and sellers of real estate, including such prominent personages as the parties in these petitions, but we find the petitioner's allegations of unrealistically big amounts as simply incredible when compared to what appears in the contract and to what the private respondents explain as the agreed sums.

The records sustain the other factual findings of the courts below insofar as damages are concerned.

The trial court summarized the Vendee's testimony regarding the petitioner's second assignment of error as follows:

"Testifying on defendants' damages, he said that the increase in the cost of the construction due to delay would be in the total sum of P18,877,065.00 as shown by a 7-page report made by their project engineers, (Exh. 22); that defendants would have an unrealized profit of P750,000,000.00 over a 15-year period (Exhibits 23 and 24); that they also suffered actual damages in the amount of P1,858,000.00 representing annual interest on the loan that he availed himself of, which he has to pay annually and that his credit standing had collapsed; that prior to the delay he was able to raise a total of P67,000,000.00 worth of loans and credit accommodation (Exh. 25); that his wife and his children and himself suffered tremendously starting with nervous tensions, sleepless nights so much so that he had to take tranquilizers, and his intake of cigarettes has increased, and to blank out his mind now and then he had to go to hard drinks."

The Vendee's documentary and testimonial evidence of P18,000,000.00 actual damages from the constructions which were removed, leveled, or torn apart is, in part, supported by the Vendor's complaint that the Vendee "caused enormous and ugly excavations at certain portions, created towering hills of earth and debris at other portions, and introduced many unsightly constructions at the rest of the portions, of the parcel of land."

The trial court took notice of the increased costs of construction, labor, and materials but reduced the P18,000,000.00 proved by the Vendee to P10,000,000.00. The Court of Appeals later halved this amount further and reduced it to P5,000,000.00 on equitable considerations.

A major loss that the Vendee has suffered for almost a decade are the P1,858,000.00 annual interests on loans that were contracted to help pay the initial constructions on the proposed shopping center and the P9,025,639.66 installments under the deed of conditional sale. The Vendor herself alleged that the Vendee was engaging in "high finance" when he entered into the transaction. Even as the Vendor has profited from the P9,025,639.66 already paid to her, the disputed lot has been completely useless to the Vendee. Valuable property has remained idle and constructions gone to waste because of these litigations.

This Court, therefore, finds that there was no legal basis for the notarial cancellation of the conditional deed of sale. For whatever reasons may have impelled her to do so, the Vendor was trying to collect a much bigger amount than what had been agreed upon by the parties when they executed the conditional deed of sale. When the Vendee refused to yield beyond the P4,000,000.00 which he had earned by the simple device of selling his rights to his own company, the Vendor cancelled the deed.

The petition in G. R. No. 64728 is intimately tied up with the validity of the notarial cancellation of the conditional deed of sale. On June 17, 1970, Mrs. Trinidad de Leon Vda. de Roxas leased a portion of the property disputed in G. R. No. 62642 to Shell Refining Company (Phils.) Inc. This lease expired last June 17, 1985 and its renewal or non-renewal hinges on the resolution of the issues in these petitions. The conditional deed of sale executed between the Vendor and the Vendee on July 29, 1976 expressly stipulated that all proceeds from the lease commencing January 1, 1977, shall pertain to the Vendee. In G. R. No. 64728, the Vendor questions the decision of the Intermediate Appellate Court which, in effect, affirmed the order of the Court of First Instance allowing the Vendee's corporation to withdraw rentals that had been deposited in a bank by order of the court. This Court's findings in G. R. No. 62642 also resolve the issues in G. R. No. 64728.

To avoid possible disputes over the amount still owed by the private respondents to the petitioner, we recapitulate as follows:

Basic amount expressed in the contract

P11,400,000.00

Additional obligations of respondent

11,896,110.80

Total amount due under contract

P23,296,110.80

Less Amount paid to petitioner

9,025,639.66

Balance

P14,270,471.14

Less Damages awarded by

Court of Appeals

Actual

P5,000,000.00

Moral

500,000.00

Exemplary

200,000.00

Atty. Fees

500,000.00

P 6,200,000.00

Balance due

P 8,070,471.14

Add additional amount promised

under the aborted compromise agreement

4,203,889.20

Total amount still due -

P12,274,360.34

The P4,000,000.00 additional amount was promised as an inducement for the signing and implementation of the compromise agreement while P203,889.20 was to round up the total obligation to P27,500,000.00.

WHEREFORE, the instant petitions are hereby DISMISSED for lack of merit. The judgments of the then Court of Appeals in G. R. No. 62642 and of the Intermediate Appellate Court in G. R. No. 64728 are AFFIRMED with the modification that private respondents are ordered to pay P12,274,360.34 to the petitioner.

SO ORDERED.

Feria, (Chairman), Fernan, Alampay, Gutierrez, Jr., and Paras, JJ., concur.

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