

GALICANO CALAPATIA, JR., PETITIONER, VS. HACIENDA BENITO, INC., AND THE REGISTER OF DEEDS OF RIZAL, RESPONDENTS.

G.R. No. 72603. November 12, 1990

Ponente: NARVASA, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-72603/>

NARVASA, J.:

The case at bar is simple. It involves at bottom an attempt to renege on commitments voluntarily and formally assumed. Obviously the attempt may not be countenanced.

The case originated from a contract of sale executed by Hacienda Benito, Inc. in favor of Maria Paz Santana Tambunting of two (2) parcels of land designated as Lots Numbered 1 and 2 of Block 6 of the subdivision plan, located at Victoria Valley Subdivision, Antipolo, Rizal, with areas of 4,457 and 3,956 square meters, and covered by Transfer Certificates of Title Numbered 71862 and 71863, of the Registry of Deeds of Rizal, respectively.[1] The deed stipulated, among other things,[2] that -

- 1) the lots may not be subdivided;
- 2.) the buyer "shall start and finish construction of his/her house within three (3) years from the execution of ** (the) agreement; otherwise the ** (latter) shall pay an additional price of Pesos Three Only (P3.00) per square meter on the original price for the first year after the aforesaid three (3) year period of grace has expired, and an additional Pesos Two Only (P2.00) per square meter on the original price for the second and every succeeding year thereof until the completion of the house;" and
- 3.) "(a)ll the terms, conditions, and stipulations contained in ** (the) Contract ** shall be understood to be binding to all the heirs, executors, administrators, assigns and successors-in-interest of both the FIRST PARTY (seller) and the SECOND PARTY (buyer) **."

For some reason or other, these stipulations were not registered in the Property Registry, and not annotated on the titles thereafter issued in favor of Tambunting, numbered 213679 and 215240. She subsequently mortgaged the lots to the Philippine National Bank.

Now, Tambunting failed either to construct a residential house on the lots within the three-year stipulated period, or to pay her obligation to the Bank secured by her mortgage of said lots. As a result: (1) the PNB caused the extra-judicial foreclosure of the mortgage, and acquired the lots as the highest bidder at the foreclosure sale; and (2) the Hacienda Benito sued the PNB in the Court of First Instance of Rizal for recovery of the penalty charges (additional price) provided for in the former's contract with Tambunting the action being docketed as Case No. 13329.

The case notwithstanding, PNB caused the subdivision of the two (2) parcels of land in question into four (4) lots. The PNB also entered into a contract on August 14, 1973 with Galicano A. Calapatia, Jr. (petitioner herein) binding itself to convey the lots by way of absolute sale to the latter upon his payment in full of the purchase price of the property.[3] Calapatia took possession of the parcels of land and constructed a residential house thereon,

completing it sometime in 1975.

Earlier, while negotiating with PNB for the acquisition of the lots in question, Calapatia had written to Hacienda Benito under date of November 18, 1972,[4] expressing willingness to assume the payment of the penalty fees prescribed in its contract with Tambunting, this having been required of him by the Bank, and in payment thereof, to assign 1,000 square meters out of the total area of the lots in question. The offer was accepted by Hacienda Benito, in a written reply to Calapatia dated December 1, 1972.[5]

On August 3, 1977, PNB transferred the lots to Calapatia,[6] who obtained in due course titles thereto in his name, numbered 20632, 20633, 20634, and 20635 of the Registry of Deeds of Rizal. The final deed of sale in Calapatia's favor contained a provision setting out the obligation subject of the exchange of letters between him and the Hacienda Benito above mentioned, i.e., that he -

“* * assumes the full and sole responsibility of paying to Hacienda Benito, Inc. and/or to whomsoever the same may be payable any and all penalty assessments that are now as well as those that may yet become due in the future; and renders the VENDOR (PNB) harmless against any and all claims of whatever nature arising out of such penalty assessments, whether directly or indirectly, and this undertaking and assumption of the penalty assessments by the VENDEE shall be deemed part and parcel of the consideration of this Deed of Absolute Sale.”

About a year later, Calapatia sold one of the four lots to Horizon Realty, Inc.,[7] and five (5) months afterwards, another lot, to the Spouses Dominador O. Limjuco and Lourdes V. Allarey.[8]

During all this time, Hacienda Benito continued with its efforts to procure enforcement of its contractual rights through the courts. Although its original action, Case No. 13329, was dismissed without prejudice,[9] it shortly instituted another, docketed as Case No. 32459, for the same purpose,[10] and succeeded in obtaining judgment in its favor,[11] disposing as follows:

"WHEREFORE, in view of the foregoing considerations and plaintiff Hacienda Benito, Inc. having failed to establish a cause of action against defendant Atty. Galicano A. Calapatia, Jr., the complaint herein is ordered dismissed.

"The Register of Deeds of Rizal is ordered to cancel the lis pendis which plaintiff caused to be annotated at the back of defendant Calapatia's Transfer Certificate of Title No. N-20632 as Entry No. 40225/T No. 20632 dated January 7, 1979.

"Defendant's counterclaim is ordered dismissed.

"Without pronouncement as to costs."

This judgment was however reversed by the Intermediate Appellate Court, on appeal taken by Hacienda Benito, Inc. Its Decision dated June 27, 1985,[12] contained the following dispositive portion:[13]

"WHEREFORE, WE REVERSE and set aside the appealed judgment and render another one, ordering defendant-appellee (Calapatia) to execute the deed of conveyance to plaintiff-appellant (Hacienda Benito, Inc.) over a 1,000 square meter portion of the property in question in payment of the penalty fees and charges claimed, or if this is no longer possible, for defendant-appellee to pay the plaintiff-appellant the reasonable market value thereof as of December 1, 1972."

In the appellate proceedings at bar, petitioner Calapatia argues that:

1) Hacienda Benito's cause of action to collect penalty fees, which accrued in 1966, had prescribed by the time it filed its complaint in 1979;

- 2) he is not bound by the provisions of the contract between Hacienda Benito and Tambunting, there being no privity between him and Tambunting;
- 3) PNB not being liable for the stipulated penalty fees since it is prohibited by its charter to construct residential houses on lots acquired in payment of debts, he (Calapatia) could not, as PNB's successor in interest, be held liable therefor;
- 4) penalty fees may not be exacted by Hacienda Benito because it failed to develop the subdivision fully; and
- 5) the issue was rendered moot by Calapatia's completion of the construction of a residential house even prior to acquiring title over the lots from PNB, a fact of which the Hacienda Benito was aware.

Calapatia's contentions are without merit and are hereby rejected. Whatever validity they might otherwise have had, originally, was negated by his voluntary, written undertaking to assume Tambunting's contractual commitments in favor of Hacienda Benito, unconditionally accepted in writing by the latter -- including his offer to convey 1,000 square meters out of the lots in question, precisely in satisfaction of those commitments -- which undertaking, it must be stressed, he reiterated in his subsequent contract of sale with the PNB on August 3, 1977 wherein he once more obliged himself to pay "to Hacienda Benito, Inc. * * any and all penalty assessments that are now (due) as well as those that may yet become due in the future **."

Given these undisputed facts, it is clear that the applicable period of prescription had not lapsed at the time that Hacienda Benito filed its second complaint on March 2, 1979,[14] after its first had been dismissed without prejudice. Nor may it be disputed, given these same uncontroverted circumstances, and as a legal proposition, that Calapatia is legally bound to pay the penalty charges to Hacienda Benito, not only by virtue of the contract generated by the concurrence of offer and acceptance between them,[15] in accordance with Article 1319 of the Civil Code, but also by the inclusion of a stipulation pour autrui for the benefit of Hacienda Benito, Inc. in the subsequent deed of sale between Calapatia and the PNB,[16] pursuant to Article 1311 of the same Civil Code.

The period that has elapsed since Calapatia took an appeal from the judgment of the Intermediate Appellate Court has seen the great deterioration of the Philippine currency and the extraordinary appreciation of real estate values. The requirement of the appealed decision -- that if it is no longer possible for Calapatia to convey a 1,000-square meter portion of the property in question in payment of the penalty fees and charges claimed, he should pay Hacienda Benito, Inc. "the reasonable market value thereof as of December 1, 1972" -- would consequently appear to be no longer reasonable and fair, it being more equitable to set that value as of the date of this decision.

WHEREFORE, as thus modified, the judgment of the Intermediate Appellate Court of 1985 is **AFFIRMED**, with costs against the petitioner.

SO ORDERED.

Cruz, Gancayco, Griño-Aquino, and Medialdea, JJ., concur.

[1] The sale was entered into on December 18, 1962

[2] Rollo, pp. 37 et seq.; Exh. "A"

[3] Id., p. 7

[4] Dated November 18, 1972

[5] The letter is dated December 1, 1972 (Exh. X)

[6] Rollo, p. 41: Exh. B-2

[7] By deed dated April 2, 1978 (Exh. C)

[8] By deed dated Sept. 8, 1978 (Exh. D)

[9] Rollo, p. 50

[10] Id., pp. 46, 76. The second complaint was filed on March 2, 1979.

[11] Id., p. 74

[12] Written by Quetulio-Losa, J., with whom concurred Gaviola, Jr., Caquiao & Luciano, JJ.

[13] Id., p. 81

[14] SEE footnote 10, supra

[15] SEE footnotes 4 and 5, and related text, supra

[16] SEE footnote 6 and corresponding text, supra

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.