

**SPOUSES JULIO D. VILLAMOR AND MARINA VILLAMOR,  
PETITIONERS, VS. THE HON. COURT OF APPEALS AND SPOUSES  
MACARIA LABINGISA REYES AND ROBERTO REYES, RESPONDENTS.**

*G.R. No. 97332. October 10, 1991*

Ponente: MEDIALDEA, J.

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**MEDIALDEA, J.:**

This is a petition for review on certiorari of the decision of the Court of Appeals in CA-G.R. CV. No. 24176 entitled, "Spouses Julio Villamor and Marina Villamor, Plaintiffs-Appellees, versus Spouses Macaria Labing-isa Reyes and Roberto Reyes, Defendants-Appellants," which reversed the decision of the Regional Trial Court (Branch 121) at Caloocan City in Civil Case No. C-12942.

The facts of the case are as follows:

Macaria Labing-isa Reyes was the owner of a 600-square meter lot located at Baesa, Caloocan City, as evidenced by Transfer Certificate of Title No. (18431) 18938, of the Register of Deeds of Rizal.

In July 1971, Macaria sold a portion of 300 square meters of the lot to the Spouses Julio and Marina Villamor for the total amount of P21,000.00. Earlier, Macaria borrowed P2,000.00 from the spouses which amount was deducted from the total purchase price of the 300 square meter lot sold. The portion sold to the Villamor spouses is now covered by TCT No. 39935 while the remaining portion which is still in the name of Macaria Labing-isa is covered by TCT No. 39934 (pars. 5 and 7, Complaint). On November 11, 1971, Macaria executed a "Deed of Option" in favor of Villamor in which the remaining 300 square meter portion (TCT No. 39934) of the lot would be sold to Villamor under the conditions stated therein. The document reads:

"DEED OF OPTION

"This Deed of Option, entered into in the City of Manila, Philippines, this 11th day of November, 1971, by and between Macaria Labing-isa, of age, married to Roberto Reyes, likewise of age, and both residing on Reparo St., Baesa, Caloocan City, on the one hand, and on the other hand the spouses Julio Villamor and Marina V. Villamor, also of age and residing at No. 552 Reparo St., corner Baesa Road, Baesa, Caloocan City,

"W I T N E S S E T H

"That, I Macaria Labingisa, am the owner in fee simple of a parcel of land with an area of 600 square meters, more or less, more particularly described in TCT No. (18431) 18938 of the Office of the Register of Deeds for the province of Rizal, issued in my name, I having inherited the same from my deceased parents, for which reason it is my paraphernal property;

"That I, with the conformity of my husband, Roberto Reyes, have sold one-half thereof to the aforesaid spouses Julio Villamor and Marina V. Villamor at the price of P70.00 per sq. meter, which was greatly higher than the actual reasonable prevailing value of lands in that place at the time, which portion, after segregation, is now covered by TCT No. 39935 of the Register of Deeds for the City of Caloocan, issued on August 17, 1971

in the name of the aforementioned spouses vendees;

"That the only reason why the Spouses-vendees Julio Villamor and Marina V. Villamor, agreed to buy the said one-half portion at the above-stated price of about P70.00 per square meter, is because I, and my husband Roberto Reyes, have agreed to sell and convey to them the remaining one-half portion still owned by me and now covered by TCT No. 39935 of the Register of Deeds for the City of Caloocan, whenever the need of such sale arises, either on our part or on the part of the spouses (Julio) Villamor and Marina V. Villamor, at the same price of P70.00 per square meter, excluding whatever improvement may be found thereon;

"That I am willing to have this contract to sell inscribed on my aforesaid title as an encumbrance upon the property covered thereby, upon payment of the corresponding fees; and

"That we, Julio Villamor and Marina V. Villamor, hereby agree to, and accept, the above provisions of this Deed of Option.

"IN WITNESS WHEREOF, this Deed of Option is signed in the City of Manila, Philippines, by all the persons concerned, this 11[th] day of November, 1971.

"JULIO VILLAMOR

"MACARIA LABINGISA

With My  
Conformity:

"MARINA VILLAMOR

"ROBERTO REYES

"Signed in the Presence Of

"MARIANO Z. SUNIGA

"ROSALINDA S. EUGENIO

"ACKNOWLEDGMENT

"REPUBLIC OF THE PHILIPPINES)

CITY OF MANILA ) S.S.

"At the City of Manila, on the 11th day of November, 1971, personally appeared before me Roberto Reyes, Macaria Labingsa, Julio Villamor and Marina Ventura-Villamor, known to me as the same persons who executed the foregoing Deed of Option, which consists of two (2) pages including the page whereon this acknowledgment is written, and signed at the left margin of the first page and at the bottom of the instrument by the parties and their witnesses, and sealed with my notarial seal, and said parties acknowledged to me that the same is their free

act and deed. The Residence Certificates of the parties were exhibited to me as follows: Roberto Reyes, A-22494, issued at Manila on Jan. 27, 1971, and B-502025, issued at Makati, Rizal on Feb. 18, 1971; Macaria Labingisa, A-3339130 and B-1266104, both issued at Caloocan City on April 15, 1971, their joint Tax Acct. Number being 3028-767-6; Julio Villamor, A-804, issued at Manila on Jan. 14, 1971, and B-138, issued at Manila on March 1, 1971; and Marina Ventura-Villamor, A-803, issued at Manila on Jan. 14, 1971, their joint Tax Acct. Number being 608-202-6.

"ARTEMIO M. MALUBAY

Notary Public

Until December 31, 1972

PTR No. 338203, Manila

January 15, 1971

"Doc. No. 1526;

Page No. 24;

Book No. 38;

Series of 1971." (pp. 25-29, Rollo)

According to Macaria, when her husband, Roberto Reyes, retired in 1984, they offered to repurchase the lot sold by them to the Villamor spouses but Marina Villamor refused and reminded them instead that the Deed of Option in fact gave them the option to purchase the remaining portion of the lot.

The Villamors, on the other hand, claimed that they had expressed their desire to purchase the remaining 300 square meter portion of the lot but the Reyeses had been ignoring them. Thus, on July 13, 1987, after conciliation proceedings in the barangay level failed, they filed a complaint for specific performance against the Reyeses.

On July 26, 1989, judgment was rendered by the trial court in favor of the Villamor spouses, the dispositive portion of which states:

"WHEREFORE, and (sic) in view of the foregoing, judgment is hereby rendered in favor of the plaintiffs and against the defendants ordering the defendant MACARIA LABING-ISA REYES and ROBERTO REYES, to sell unto the plaintiffs the land covered by T.C.T. No. 39934 of the Register of Deeds of Caloocan City, to pay the plaintiffs the sum of P3,000.00 as and for attorney's fees and to pay the cost of suit.

"The counterclaim is hereby DISMISSED, for LACK OF MERIT.

"SO ORDERED." (pp. 24-25, Rollo)

Not satisfied with the decision of the trial court, the Reyes spouses appealed to the Court of Appeals on the following assignment of errors:

"1. HOLDING THAT THE DEED OF OPTION EXECUTED ON NOVEMBER 11, 1971 BETWEEN THE PLAINTIFF-APPELLEES AND DEFENDANT-APPELLANTS IS STILL VALID AND BINDING DESPITE THE LAPSE OF MORE THAN THIRTEEN (13) YEARS FROM THE EXECUTION OF THE CONTRACT;

"2. FAILING TO CONSIDER THAT THE DEED OF OPTION CONTAINS OBSCURE WORDS AND STIPULATIONS WHICH SHOULD BE RESOLVED AGAINST THE PLAINTIFF-APPELLEES WHO UNILATERALLY DRAFTED AND PREPARED THE SAME;

"3. HOLDING THAT THE DEED OF OPTION EXPRESSED THE TRUE INTENTION AND PURPOSE OF THE PARTIES DESPITE ADVERSE, CONTEMPORANEOUS AND SUBSEQUENT ACTS OF THE PLAINTIFF-APPELLEES;

"4. FAILING TO PROTECT THE DEFENDANT-APPELLANTS ON ACCOUNT OF THEIR IGNORANCE PLACING THEM AT A DISADVANTAGE IN THE DEED OF OPTION;

"5. FAILING TO CONSIDER THAT EQUITABLE CONSIDERATION TILT IN FAVOR OF THE DEFENDANT-APPELLANTS; and

"6. HOLDING DEFENDANT-APPELLANTS LIABLE TO PAY PLAINTIFF-APPELLEES THE AMOUNT OF P3,000.00 FOR AND BY WAY OF ATTORNEY'S FEES." (pp. 31-32, Rollo)

On February 12, 1991, the Court of Appeals rendered a decision reversing the decision of the trial court and dismissing the complaint. The reversal of the trial court's decision was premised on the finding of respondent court that the Deed of Option is void for lack of consideration.

The Villamor spouses brought the instant petition for review on certiorari on the following grounds:

"I. THE COURT OF APPEALS GRAVELY ERRED IN FINDING THAT THE PHRASE 'WHENEVER THE NEED FOR SUCH SALE ARISES ON OUR (PRIVATE RESPONDENT) PART OR ON THE PART OF THE SPOUSES JULIO D. VILLAMOR AND MARINA V. VILLAMOR' CONTAINED IN THE DEED OF OPTION DENOTES A SUSPENSIVE CONDITION;

"II. ASSUMING FOR THE SAKE OF ARGUMENT THAT THE QUESTIONED PHRASE IS INDEED A CONDITION, THE COURT OF APPEALS ERRED IN NOT FINDING THAT THE SAID CONDITION HAD ALREADY BEEN FULFILLED;

"III. ASSUMING FOR THE SAKE OF ARGUMENT THAT THE QUESTIONED PHRASE IS INDEED A CONDITION, THE COURT OF APPEALS ERRED IN HOLDING THAT THE IMPOSITION OF SAID CONDITION PREVENTED THE PERFECTION OF THE CONTRACT OF SALE DESPITE THE EXPRESS OFFER AND ACCEPTANCE CONTAINED IN THE DEED OF OPTION;

"IV. THE COURT OF APPEALS ERRED IN FINDING THAT THE DEED OF OPTION IS VOID FOR LACK OF CONSIDERATION;

"V. THE COURT OF APPEALS ERRED IN HOLDING THAT A DISTINCT CONSIDERATION IS NECESSARY TO SUPPORT THE DEED OF OPTION DESPITE THE EXPRESS OFFER AND ACCEPTANCE CONTAINED THEREIN." (p. 12, Rollo)

The pivotal issue to be resolved in this case is the validity of the Deed of Option whereby the private respondents agreed to sell their lot to petitioners "whenever the need of such sale arises, either on our part (private respondents) or on the part of Julio Villamor and Marina Villamor (petitioners)." The court a quo, ruled that the Deed of Option was a valid written agreement between the parties and made the following conclusions:

"x x x x x x x x

"It is interesting to state that the agreement between the parties are evidenced by a writing, hence, the controverting oral testimonies of the herein defendants cannot be any better than the documentary evidence, which, in this case, is the Deed of Option. (Exh. 'A' and 'A-a')

"The law provides that when the terms of an agreement have been reduced to writing it is to be considered as containing all such terms, and therefore, there can be, between the parties and their successors in interest no evidence of the terms of the agreement, other than the contents of the writing. x x x (Section 7 Rule 130 Revised Rules of Court) Likewise, it is a general and most inflexible rule that wherever written instruments are appointed either by the requirements of law, or by the contract of the parties, to be the repositories and memorials of truth, any other evidence is excluded from being used, either as a substitute for such instruments, or to contradict or alter them. This is a matter both of principle and of policy: of principle because such

instruments are in their nature and origin entitled to a much higher degree of credit than parol evidence, of policy, because it would be attended with great mischief if those instruments upon which man's rights depended were liable to be impeached by loose collateral evidence. Where the terms of an agreement are reduced to writing the document itself being constituted by the parties as the expositor of their intentions it is the only instrument of evidence in respect of that agreement which the law will recognize so long as it exists for the purpose of evidence." (Starkie, EV. pp. 648, 655 cited in *Kasheenath vs. Chundy*, W. R. 68, cited in *Francisco's Rules of Court*, Vol. VII Part 1 p. 153) (Italics supplied, pp. 126-127, Records).

The respondent appellate court, however, ruled that the said deed of option is void for lack of consideration. The appellate court made the following disquisitions:

"Plaintiff-appellees say they agreed to pay P70.00 per square meter for the portion purchased by them although the prevailing price at that time was only P25.00 in consideration of the option to buy the remainder of the land. This does not seem to be the case. In the first place, the deed of sale was never produced by them to prove their claim. Defendant-appellants testified that no copy of the deed of sale had ever been given to them by the plaintiff-appellees. In the second place, if this was really the condition of the prior sale, we see no reason why it should be reiterated in the Deed of Option. On the contrary, the alleged overprice paid by the plaintiff-appellees is given in the Deed as reason for the desire of the Villamors to acquire the land rather than as a consideration for the option given to them, although one might wonder why they took nearly 13 years to invoke their right if they really were in due need of the lot.

"At all events, the consideration needed to support a unilateral promise to sell is a distinct one, not something that is as uncertain as P70.00 per square meter which is allegedly 'greatly higher than the actual prevailing value of lands.' A sale must be for a price certain (Art. 1458). For how much the portion conveyed to the plaintiff-appellees was sold so that the balance could be considered the consideration for the promise to sell has not been shown, beyond a mere allegation that it was very much below P70.00 per square meter.

"The fact that plaintiff-appellees might have paid P18.00 per square meter for another land at the time of the sale to them of a portion of defendant-appellant's lot does not necessarily prove that the prevailing market price at the time of the sale was P18.00 per square meter. (In fact they claim it was P25.00). It is improbable that plaintiff-appellees should pay P52.00 per square meters for the privilege of buying when the value of the land itself was allegedly P18.00 per square meter." (pp. 34-35, Rollo)

As expressed in *Gonzales v. Trinidad*, 67 Phil. 682, consideration is "the why of the contracts, the essential reason which moves the contracting parties to enter into the contract." The cause or the impelling reason on the part of private respondents in executing the deed of option as appearing in the deed itself is the petitioners' having agreed to buy the 300 square meter portion of private respondents' land at P70.00 per square meter "which was greatly higher than the actual reasonable prevailing price." This cause or consideration is clear from the deed which stated:

"That the only reason why the spouses-vendees Julio Villamor and Marina V. Villamor agreed to buy the said one-half portion at the above stated price of about P70.00 per square meter, is because I, and my husband Roberto Reyes, have agreed to sell and convey to them the remaining one-half portion still owned by me x x x." (p. 26, Rollo)

The respondent appellate court failed to give due consideration to petitioners' evidence which shows that in 1969 the Villamor spouses bought an adjacent lot from the brother of Macaria Labing-isa for only P18.00 per square meter which the private respondents did not rebut. Thus, expressed in terms of money, the consideration for the deed of option is the difference between the purchase price of the 300 square meter portion of the lot in 1971 (P70.00 per sq. m.) and the prevailing reasonable price of the same lot in 1971. Whatever it is, (P25.00 or P18.00) though not specifically stated in the deed of option, was ascertainable. Petitioners' allegedly paying P52.00 per

square meter for the option may, as opined by the appellate court, be improbable but improbabilities does not invalidate a contract freely entered into by the parties.

The "deed of option" entered into by the parties in this case had unique features. Ordinarily, an optional contract is a privilege existing in one person, for which he had paid a consideration and which gives him the right to buy, for example, certain merchandise or certain specified property, from another person, if he chooses, at any time within the agreed period at a fixed price (*Enriquez de la Cavada v. Diaz*, 37 Phil. 982). If We look closely at the "deed of option" signed by the parties, We will notice that the first part covered the statement on the sale of the 300 square meter portion of the lot to Spouses Villamor at the price of P 70.00 per square meter "which was higher than the actual reasonable prevailing value of the lands in that place at that time (of sale)." The second part stated that the only reason why the Villamor spouses agreed to buy said lot at a much higher price is because the vendor (Reyeses) also agreed to sell to the Villamors the other half-portion of 300 square meters of the land. Had the deed stopped there, there would be no dispute that the deed is really an ordinary deed of option granting the Villamors the option to buy the remaining 300 square meter-half portion of the lot in consideration for their having agreed to buy the other half of the land for a much higher price. But, the "deed of option" went on and stated that the sale of the other half would be made "whenever the need of such sale arises, either on our (Reyeses) part or on the part of the Spouses Julio Villamor and Marina V. Villamor. It appears that while the option to buy was granted to the Villamors, the Reyeses were likewise granted an option to sell. In other words, it was not only the Villamors who were granted an option to buy for which they paid a consideration. The Reyeses as well were granted an option to sell should the need for such sale on their part arise.

In the instant case, the option offered by private respondents had been accepted by the petitioner, the promisee, in the same document. The acceptance of an offer to sell for a price certain created a bilateral contract to sell and buy and upon acceptance, the offeree, ipso facto assumes obligations of a vendee (See *Atkins, Kroll & Co. v. Cua Mian Tek*, 102 Phil. 948). Demandability may be exercised at any time after the execution of the deed. In *Sanchez v. Rigos*, No. L-25494, June 14, 1972, 45 SCRA 368, 376, We held:

"In other words, since there may be no valid contract without a cause or consideration, the promisor is not bound by his promise and may, accordingly withdraw it. Pending notice of its withdrawal, his accepted promise partakes, however, of the nature of an offer to sell which if accepted, results in a perfected contract of sale."

A contract of sale is, under Article 1475 of the Civil Code," 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." Since there was, between the parties, a meeting of minds upon the object and the price, there was already a perfected contract of sale. What was, however, left to be done was for either party to demand from the other their respective undertakings under the contract. It may be demanded at any time either by the private respondents, who may compel the petitioners to pay for the property or the petitioners, who may compel the private respondents to deliver the property.

However, the Deed of Option did not provide for the period within which the parties may demand the performance of their respective undertakings in the instrument. The parties could not have contemplated that the delivery of the property and the payment thereof could be made indefinitely and render uncertain the status of the land. The failure of either parties to demand performance of the obligation of the other for an unreasonable length of time renders the contract ineffective.

Under Article 1144 (1) of the Civil Code, actions upon a written contract must be brought within ten (10) years. The Deed of Option was executed on November 11, 1971. The acceptance, as already mentioned, was also

accepted in the same instrument. The complaint in this case was filed by the petitioners on July 13, 1987, seventeen (17) years from the time of the execution of the contract. Hence, the right of action had prescribed. There were allegations by the petitioners that they demanded from the private respondents as early as 1984 the enforcement of their rights under the contract. Still, it was beyond the ten (10) year period prescribed by the Civil Code. In the case of *Santos v. Ganayo*, L-31854, September 9, 1982, 116 SCRA 431, this Court affirming and subscribing to the observations of the court a quo held, thus:

"x x x. Assuming that Rosa Ganayo, the oppositor herein, had the right based on the Agreement to Convey and Transfer as contained in Exhibits '1' and '1-A', her failure or the abandonment of her right to file an action against Pulmano Molintas when he was still a co-owner of the one-half (1/2) portion of the 10,000 square meters is now barred by laches and/or prescribed by law because she failed to bring such action within ten (10) years from the date of the written agreement in 1941, pursuant to Art. 1144 of the New Civil Code, so that when she filed the adverse claim through her counsel in 1959 she had absolutely no more right whatsoever on the same, having been barred by laches.

It is of judicial notice that the price of real estate in Metro Manila is continuously on the rise. To allow the petitioner to demand the delivery of the property subject of this case thirteen (13) years or seventeen (17) years after the execution of the deed at the price of only P70.00 per square meter is inequitable. For reasons also of equity and in consideration of the fact that the private respondents have no other decent place to live, this Court, in the exercise of its equity jurisdiction is not inclined to grant petitioners' prayer,

ACCORDINGLY, the petition is DENIED. The decision of respondent appellate court is AFFIRMED for reasons cited in this decision. Judgment is rendered dismissing the complaint in Civil Case No. C-12942 on the ground of prescription and laches.

**SO ORDERED.**

Narvasa and Cruz, JJ., concur.

Griño-Aquino, J., no part.

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