



Republic of the Philippines
 Supreme Court
 Manila

SUPREME COURT OF THE PHILIPPINES
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FIRST DIVISION

**TERESITA E. PASCUAL,
 WIDOW OF THE LATE
 ROMULO PASCUAL, WHO WAS
 THE HEIR OF THE LATE
 CATALINA DELA CRUZ AND
 ATTORNEY-IN-FACT OF HER
 CHILDREN AND FOR HER OWN
 BEHALF,**

Petitioner,

G.R. No. 235711

Present:

PERALTA, *C.J.*, Chairperson,
 CAGUIOA,
 REYES, J., JR.,
 LAZARO-JAVIER, and
 LOPEZ, *JJ.*

- versus -

**ENCARNACION PANGYARIHAN-
 ANG, SPOUSES EMELITA ANG
 GAN and VICENTE GAN,
 SPOUSES NILDA ANG-ROMAN
 and ROBERTO ROMAN, SPOUSES
 ROSITA ANG-ESTRELLA and
 LUNAVAR ESTRELLA, ERNEST
 ANG, ANTONIO ANG, SPOUSES
 RUBY ANG-TAN and JULIO TAN,
 SPOUSES MA. VICTORIA ANG-
 SAN PEDRO and AMADO SAN
 PEDRO, and DANILO ANG,**

Respondents.

Promulgated:

MAR 11 2020

[Signature]

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DECISION**PERALTA, C.J.:**

Before Us is a petition for review on *certiorari* under Rule 45 of the Rules of Court assailing the Decision¹ dated July 4, 2017 and the Resolution² dated November 22, 2017 of the Court of Appeals (CA) in CA-G.R. CV No. 107299, which affirmed the Decision³ of the Regional Trial Court, Malabon City, Branch 74, in favor of herein respondents.

The antecedent facts, as culled from the records, are as follows:

Sometime in January 1989, Romulo Pascual entered into a sale transaction with Encarnacion P. Ang, *et al.*, through Antonio Ang, covering three parcels of land located in Navotas City. This was embodied in a document denominated as "*Pagpapatunay at Pananagutan*," which read:

PAGPAPATUNAY AT PANANAGUTAN

ALAMIN NG SINOMAN:

Na ako, si COL. ROMULO PASCUAL, Pilipino, may sapat na taong gulang, may asawa at naninirahan sa M. Naval St., Navotas, Metro Manila, sa pamamagitan ng kasulatang ito ay nagpapahayag, nagpapatunay at nananagutan ng [mga] sumusunod:

1. Na ako ang siyang may-ari at namamahala ng tatlong (3) parsela ng lupa na nasa Tangos, Navotas, Metro Manila, at ang nasabing mga lupa ay ang mga sumusunod:
 - a. Isang (1) parsela ng lupa na nasa Daang Buenaventura, Tangos at nasa pagitan ng mga lote na pag-aari o inookupahan ni Protacio Enriquez at Benjamin Dayao;
 - b. Isang (1) parsela ng lupa na nasa dulo ng Daang Buenaventura at Tangos at nasa pagitan ng mga loteng pag-aari nina Benjamin Domingo at Felix San Pedro;
 - k. Isang (1) parsela ng lupa na nasa Tabing Ilong ng Tangos sa tabi ng mga lote nina Benjamin Domingo at Amadeo Cruz.
2. Na sa kasalukuyan ang nasabing mga lupa ay inuupahan at inookupahan ni GNG. ENCARNACION PANGYARIHAN ANG at ng kanyang mga anak;

¹ Penned by Associate Justice Priscilla J. Baltazar-Padilla, with Associate Justices Andres B. Reyes, Jr. (now a Member of this Court) and Myra V. Garcia-Fernandez, concurring; *rollo*, pp. 46-56.

² *Rollo*, pp. 58-59.

³ Penned by Judge Celso R. Magsino, Jr.; *id.* at 84-90.

3. Na ako ay nakipagkasundo at pumayag na ipagbili ang lahat ng mga lupa kay ENCARNACION P. ANG at sa kanyang mga anak na sina ANTONIO, ERNESTO, ROSITA, RANILO, EMELITA, NILDA, RUBY AT VICTORIA, pawang may mga apelyidong ANG sa halagang ₱350.00 bawat isang (1) metro kuwadrado;
4. Na ngayong araw na ito ay aking tinanggap mula kay GNG. ENCARNACION P. ANG at kanyang mga anak sa pamamagitan ni ANTONIO ANG, ang halagang ₱50,000.00 bilang paunang bayad sa kabuuang halaga ng mga nasabing lupa;
5. Na ang natitirang halaga, depende sa kabuuang sukat ng mga lupa ay babayaran sa akin nina GNG. ENCARNACION P. ANG at ng kanyang mga anak sa sandali na maipaayos ko ang mga sukat, plano, papeles at titulo ng nasabing mga lupa.

SA KATUNAYAN NG LAHAT, ako ay lumagda ngayong ika-____
ng Enero, 1989, dito sa Navotas, Metro Manila.

SUMASANG-AYON:

ENCARNACION P. ANG, ET AL.	(Nilagdaan) COL. ROMULO PASCUAL Nagpapatunay
BY: (Nilagdaan) ANTONIO ANG ⁴	

On October 28, 1993, the lot referred to in paragraph 1(a) of the "*Pagpapatunay at Pananagutan*" was registered in respondents' names under Original Certificate of Title No. 246. As to the two remaining lots, which were referred in paragraphs 1(b) and 1(k), petitioner claimed that the same were already surveyed and titles thereto were already issued under the name of her husband Romulo Pascual, and that respondents failed to pay in full their purchase price. This lead her in filing a complaint for the rescission of the "*Pagpapatunay at Pananagutan*" with claim for damages before the Regional Trial Court of Navotas City on March 2, 2006. Petitioner, likewise, claimed that the purchase price should be increased, considering the price of the subject properties are no longer the same, and also taking into consideration the depreciation of the Philippine peso from the time of the execution of the contract in 1989 up to present.

On the other hand, respondents admitted the sale transaction, but argued that their agreement would show that the title to the subject lots should first be registered under their names, and not under the name of Romulo Pascual, before they pay the balance of the purchase price. They further argued that it was petitioner who breached their agreement as she intentionally refused to

⁴ Rollo, p. 76.

register the two lots under their names because she is asking for a much higher price, different from what was originally agreed upon.

Ruling of the RTC

After trial on the merits, the trial court rendered judgment in favor of herein respondents. It ruled that while the provision in paragraph 5 of the "*Pagpapatunay at Pananagutan*" is ambiguous as it can be interpreted in two ways – the titles mentioned in the said provision is either in the name of Romulo Pascual and/or plaintiff, or in defendants' names – the evidence on records would show that the intention of the parties in the said paragraph 5 is that petitioner should secure first the titles of the subject properties in respondents' names before they pay the remaining balance of the purchase price of the subject properties.

The RTC also dismissed petitioner's argument that the purchase price must be increased. It ratiocinated that the amount agreed upon by the parties is at ₱350.00 per square meter, and that the contract is the law between the parties and courts have no choice but to enforce such contract so long as it is not contrary to law, morals, good customs, or public policy.

Aggrieved, petitioner filed an appeal before the Court of Appeals.

Ruling of the CA

On appeal, petitioner averred that the subject first lot was registered in the names of the respondents only after they fully paid its purchase price. It is, therefore, clear that paragraph 5 of the "*Pagpapatunay at Pananagutan*" should be interpreted according to what transpired on the payment and registration of the aforementioned first lot. Thus, the trial court erred when it ruled that the titles of the contested three parcels of land must first be transferred in the names of the respondents before the latter will be duty-bound to pay the balance of the purchase price. According to petitioner, the RTC failed to consider the real intention of the parties based on their conduct, words, and deeds prior to, during, and immediately after executing the subject contract.

Respondents, on the other hand, argued that the action for rescission is a collateral attack against the title of the first subject lot, and that Torrens title cannot be attacked collaterally and the issue on its validity can be raised only in an action expressly instituted for that purpose. Moreover, petitioner prematurely instituted the complaint since they failed to comply with the



condition precedent which is to cause the survey, documentation, and accomplishment of the necessary transfer documents of the two remaining lots in the names of the respondents. Moreover, the presentation before the RTC of the Transfers of Certificate of Title (TCTs) in the name of Romulo Pascual which allegedly cover the two subject lots cannot be considered as compliance with the terms of the contract, because these titles were registered only on March 14, 2006, or 12 days after the filing of the complaint on March 2, 2006.

In its Decision dated July 4, 2017, the CA denied petitioner's appeal and affirmed the ruling of the trial court. It noted that petitioner testified that respondents paid ₱50,000.00 as downpayment for the three lots, and respondents made several payments thereafter on installment basis. It was only after petitioner secured the OCT of the subject first lot under respondents' name that respondents paid her its full purchase price.

The CA also held that respondents' non-payment of the balance of the purchase price is due to the failure of petitioner to comply with their obligation in the contract. Thus, petitioner is not entitled to rescind the contract as she is not the injured party.

Petitioner moved for reconsideration, but the same was denied in a Resolution⁵ dated November 22, 2017.

Thus, the present appeal.

Issues

The petition raises the following issues:

1. The [CA] gravely erred when it failed to consider the real intention of the parties based on their conduct, words, and deeds prior to, during, and immediately after executing the contract of sale in order to arrive at its correct and just interpretation;
2. The [CA] gravely erred when it found that petitioner was at fault and therefore not the injured party such that would justify the rescission of the subject contract; [and]



⁵ *Supra* note 2.

3. The [CA] gravely erred when while it imposes on petitioner the obligation to cause the transfer of titles in the names of respondents, it made no pronouncement on the reciprocal obligation of the latter to pay within the reasonable period of time the remaining balance of the purchase, including reasonable compensation for the use of the subject properties.⁶

Our Ruling

The appeal lacks merit.

It is a settled rule that the Supreme Court is not a trier of facts. The function of the Court in petitions for review on *certiorari* under Rule 45 of the Rules of Court is limited to reviewing errors of law that may have been committed by the lower courts. As a matter of sound practice and procedure, the Court defers and accords finality to the factual findings of trial courts. To do otherwise would defeat the very essence of Rule 45 and would convert the Court into a trier of facts, which is not its intended purpose under the law.⁷

A question of fact requires this court to review the truthfulness or falsity of the allegations of the parties.⁸ This review includes assessment of the “probative value of the evidence presented.”⁹ There is also a question of fact when the issue presented before this court is the correctness of the lower courts' appreciation of the evidence presented by the parties.¹⁰

The rule admits of exceptions, which includes, but not limited to: (1) where the conclusion is a finding grounded entirely on speculation, surmise, and conjectures; (2) where the inference made is manifestly mistaken; (3) where there is grave abuse of discretion; (4) where the judgment is based on misapprehension of facts; and (5) the findings of fact are premised on the absence of evidence and are contradicted by evidence on record.¹¹

Here, the issue is essentially factual in nature, the determination of which is best left to the courts below, especially the trial court. None of the

⁶ *Id.* at 23-24.

⁷ *Gepulle-Garbo v. Spouses Garabato*, 750 Phil. 846, 855 (2015).

⁸ *Republic of the Philippines v. Ortigas and Company Limited Partnership*, 728 Phil. 277, 287-288 (2014) and *Cirtek Employees Labor Union-Federation of Free Workers v. Cirtek Electronics, Inc.*, 665 Phil. 784, 788 (2011).

⁹ *Republic of the Philippines v. Ortigas and Company Limited Partnership*, *supra*, at 288.

¹⁰ *Pascual v. Burgos, et al.*, 776 Phil. 167, 183 (2016).

¹¹ *Uyboco v. People*, 749 Phil. 987, 992 (2014).

exceptions are present. The findings of the lower courts are supported by substantial evidence. Thus, the present petition must fail.

Nevertheless, even if the Court were to look into the merits of petitioners' main contentions, the petition must still fail.

Articles 1370 and 1371 of the New Civil Code provide:

Article 1370. If the terms of a contract are clear and leave no doubt upon the intention of the contracting parties, the literal meaning of its stipulations shall control.

If the words appear to be contrary to the evident intention of the parties, the latter shall prevail over the former.

Article 1371. In order to judge the intention of the contracting parties, **their contemporaneous and subsequent acts shall be principally considered.** (Emphasis supplied)

In *Abad v. Goldloop Properties, Inc.*,¹² this Court held that:

[t]he cardinal rule in the interpretation of contracts is embodied in the first paragraph of Article 1370 of the Civil Code: “[i]f the terms of a contract are clear and leave no doubt upon the intention of the contracting parties, the literal meaning of its stipulations shall control.” This provision is akin to the “plain meaning rule” applied by Pennsylvania courts, which assumes that the intent of the parties to an instrument is “embodied in the writing itself, and when the words are clear and unambiguous the intent is to be discovered only from the express language of the agreement.” It also resembles the “four corners” rule, a principle which allows courts in some cases to search beneath the semantic surface for clues to meaning. A court’s purpose in examining a contract is to interpret the intent of the contracting parties, as objectively manifested by them. The process of interpreting a contract requires the court to make a preliminary inquiry as to whether the contract before it is ambiguous. **A contract provision is ambiguous if it is susceptible of two reasonable alternative interpretations.** Where the written terms of the contract are not ambiguous and can only be read one way, the court will interpret the contract as a matter of law. If the contract is determined to be ambiguous, then the interpretation of the contract is left to the court, to resolve the ambiguity in the light of the intrinsic evidence.

As aptly ruled by the RTC, while the provision in paragraph 5 of the “*Pagpapatunay at Pananagutan*” is ambiguous, as it can be interpreted in two ways, that is, the titles mentioned in the said provision is either in the name of Romulo Pascual and/or plaintiff, or in defendants’ names, the evidence on records would show that the intention of the parties in the said paragraph 5 is

¹² 549 Phil. 641, 654 (2007). (Emphasis ours; citations omitted).

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that petitioner should secure first the titles of the subject properties in respondents' names before they pay the remaining balance of the purchase price of the subject properties.

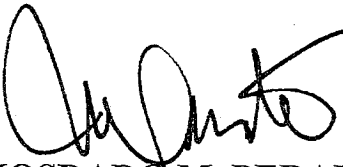
It should be recalled that petitioner testified that respondents paid ₱50,000.00 as downpayment for the three lots, and respondents made several payments thereafter on installment basis. It was only after petitioner secured the OCT of the subject first lot under respondents' name that respondents paid her its full purchase price. Thus, it is clear that paragraph 5 of the "*Pagpapatunay at Pananagutan*" should be interpreted according to what transpired on the payment and registration of the first lot.

Resultantly, respondents' non-payment of the balance of the purchase price is due to the failure of petitioner to comply with their obligation in the contract. Thus, petitioner is not entitled to rescind the contract as she is not the injured party.

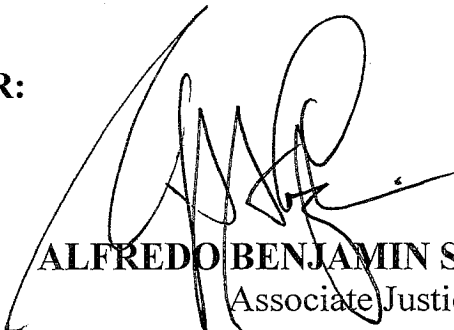
Finally, petitioner is not entitled to the compensation for the use of the subject lots. To repeat, it was petitioner who failed to comply with their obligation in the contract that resulted to the non-payment of the balance of the purchase price. Thus, petitioner cannot benefit from her own wrongdoing. Also, petitioner's neglect or omission to assert a supposed right for more than sixteen (16) years is too long a time as to warrant the presumption that they had abandoned such right. The law aids the vigilant, not those who slumber on their rights. *Vigilantibus, sed non dormientibus jura subvertunt.*

WHEREFORE, premises considered, the petition is hereby **DENIED**. The Decision dated July 4, 2017 and the Resolution dated November 22, 2017 of the Court of Appeals in CA-G.R. CV No. 107299 are hereby **AFFIRMED**. Petitioner is hereby **ORDERED** to **CAUSE** the transfer of the titles of the subject lots in the name of the respondents. Respondents, on the other hand, are **ORDERED** to **PAY** petitioner the remaining balance of the purchase price within thirty days (30) from the transfer of the title of the subject lots in their names.

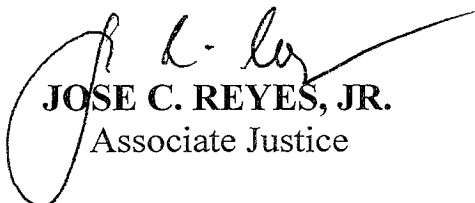
SO ORDERED.


DIOSDADO M. PERALTA
Chief Justice

WE CONCUR:



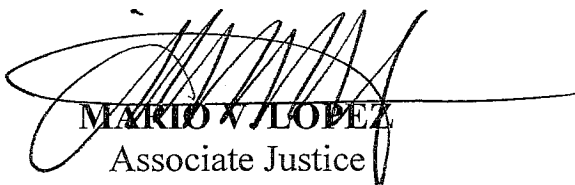
ALFREDO BENJAMIN S. CAGUIOA
Associate Justice



JOSE C. REYES, JR.
Associate Justice



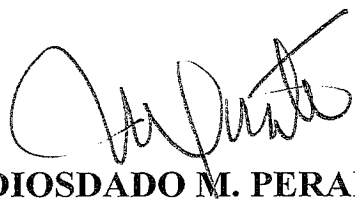
AMY C. LAZARO-JAVIER
Associate Justice



MARIO V. LOPEZ
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



DIOSDADO M. PERALTA
Chief Justice

