

SECOND DIVISION

[G.R. No. 218778, September 23, 2020]

RODOLFO N. PADRIGON, PETITIONER, VS. BENJAMIN E. PALMERO, RESPONDENT.

DECISION

INTING, J.:

This is a Petition for Review on *Certiorari*^[1] under Rule 45 of the Rules of Court seeking to reverse and set aside the Decision^[2] dated February 6, 2015 and the Resolution^[3] dated June 16, 2015 of the Court of Appeals (CA) in CA-G.R. CV No. 101739 which affirmed the Decision^[4] dated September 19, 2013 rendered by Branch 147, Regional Trial Court, Makati City (RTC Makati) in Civil Case No. 05-060.

The Antecedents

The case stemmed from a Complaint^[5] for Collection of Sum of Money with Damages filed by Benjamin E. Palmero (respondent) against Rodolfo N. Padrigon (petitioner) on January 25, 2005.

In the complaint, respondent alleged the following:

Sometime in 2001, petitioner expressed his intention to buy respondent's property consisting of a parcel of land with an ice plant located in Brgy. Tugos, Paracale, Camarines Norte with Transfer Certificate of Title (TCT) No. T-38111 (subject property); and that petitioner offered to buy the subject property for P2,000,000.00 to be paid by delivering in respondent's favor eight developed lots plus cash in the amount of P500,000.00.^[6]

In May 2001, the parties executed a Deed of Conditional Sale^[7] with the following conditions, to wit:

That this Deed of Conditional Sale will be replaced by a Deed of Absolute Sale after the satisfactory compliance by both the vendor and the vendee of the following terms and conditions:

1. That Mr. BENJAMIN PALMERO shall execute a DEED OF ABSOLUTE SALE in favor of Engr. RODOLFO PADRIGON against a parcel of land, including the improvements therein, described as Lot 1161-B, Psd-05-018356, located at Brgy. Tugos, Paracale, Camarines Norte, covered by TCT No. 38111 and containing an area of ONE THOUSAND THREE HUNDRED (1,300) SQUARE METERS more or less;

2. That Engr. RODOLFO PADRIGON shall, in his name, apply for a bank loan at any bank of his choice, using the said parcel of land covered by TCT No. 38111 as collateral or security thereof;
3. That Engr. RODOLFO PADRIGON shall, after loan take out, remit to Mr. BENJAMIN PALMERO the amount of FIVE HUNDRED EIGHTY THOUSAND FOUR HUNDRED PESOS (Php 580,400.00) by way of three (3) postdated personal checks dated September 1, 2001, October 1, 2001, and November 1, 2001;
4. That finally, Engr. RODOLFO PADRIGON shall close out the mortgage for the eight (8) parcels of land which is the subject of this Conditional Deed of Sale and submit to Mr. BENJAMIN PALMERO the titles of such parcels of land on or before February 1, 2002, free from all liens and encumbrances.^[8]

On May 11, 2001, respondent executed a Deed of Absolute Sale^[9] over the subject property in compliance with the conditions stated in the Deed of Conditional Sale earlier executed by both respondent and petitioner.

In the process, petitioner asked him to change the actual amount of the consideration for the subject property to make it appear that it was sold only for P70,000.00. Moreover, before all of the conditions in the Deed of Conditional Sale could be complied with, petitioner changed his original offer of the eight developed residential lots considering that there was a group who wanted to acquire them. Petitioner instead asked respondent if petitioner could replace them with two bigger parcels of land, plus a cash amount of P1,000,000.00. Respondent agreed to the offer. Subsequently, the deed of conditional sale was cancelled.^[10] Petitioner, thereafter, executed an undated Deed of Absolute Sale^[11] conveying two parcels of land located at Brgy. Tawig, Paracale, Camarines Norte in favor of respondent and issued three postdated checks^[12] in respondent's name to cover the amount of P1,000,000.00 as part of the agreement.

Later on, petitioner requested respondent to postpone the encashment of the checks issued to him. Respondent acceded. However, after several extensions, respondent finally proceeded to deposit the checks. Unfortunately, the checks were all dishonored by reason of "account closed."^[13]

Sometime in June 2004, petitioner replaced one of the dishonored checks with another check in the amount of P200,000.00. However, petitioner refused to replace the two other dishonored checks amounting to P800,000.00.^[14]

Notwithstanding respondent's repeated demands, the last of which was thru a letter dated December 11, 2004 which was received on January 6, 2005, petitioner continuously failed and refused to make good the amount represented by the dishonored checks or to pay the amount of P800,000.00 to respondent. Thus, respondent filed an action for collection of sum of money for the amount of P800,000.00 against petitioner.^[15]

Instead of an Answer, petitioner filed a Motion to Dismiss^[16] raising absence of

cause of action on the part of respondent considering that the checks, subject of the complaint, were already stale and could no longer be a source of a valid right.^[17]

On July 1, 2005, the RTC Makati denied the motion.^[18] Petitioner filed a Motion for Reconsideration (to the Order dated July 1, 2005),^[19] but the RTC Makati denied it in an Order^[20] dated February 23, 2006. The RTC Makati gave petitioner a period of ten days from receipt of the Order to file his Answer. Petitioner moved for an extension of time to file his Answer which the RTC Makati favorably granted. Again, instead of filing an Answer, petitioner filed a Petition^[21] (with prayer for Prohibitory and Mandatory Injunction and/or Temporary Restraining Order) under Rule 65 of the Rules of Court with the CA assailing the RTC Makati Order denying his Motion to Dismiss. Consequently, the RTC Makati issued an Order dated June 29, 2006 sending the records of the case to the Archives without prejudice to its reinstatement.

The CA dismissed the petition in a Resolution^[22] dated January 6, 2010. It likewise denied petitioner's motion for reconsideration.

Hence, on August 18, 2011, respondent filed with the RTC Makati a Motion to Revive the case.^[23] Petitioner opposed asserting that the case must be dismissed because respondent had failed to prosecute the case within a period of five years, and that he was guilty of *laches*.

The RTC Makati in an Order^[24] dated September 18, 2011, granted respondent's motion to revive the proceedings before it and ordered petitioner to file his Answer within a non-extendible period of 15 days. For the third time, instead of filing an Answer, petitioner filed a Motion for Reconsideration.^[25] Respondent filed his Comment/Opposition (to the Motion for Reconsideration dated 25 October 2011) with a Motion to Declare the [Petitioner] in Default.^[26]

On September 19, 2012, the RTC Makati denied the Motion for Reconsideration filed by petitioner.^[27] On October 4, 2012, it declared petitioner in default.²⁸ Hence, respondent was able to present his evidence *ex parte*.

Feeling aggrieved by the default order, petitioner filed a Motion to Set Aside Order of Default with attached Answer^[29] dated November 8, 2012. On January 28, 2013, the RTC Makati denied the motion.^[30]

On August 29, 2013, respondent proceeded with the presentation of his evidence *ex parte*.^[31]

The Ruling of the RTC

On September 19, 2013, the RTC Makati rendered the Decision^[32] in favor of respondent and ordered petitioner to pay the following: (1) actual damages in the amount of P800,000.00 with 6% interest *per annum* counted from the date of demand until the amount is fully paid; (2) attorney's fees in the amount of P80,000.00; and (3) cost of suit.

Petitioner filed an appeal with the CA.

The Ruling of the CA

Petitioner questioned the order of revival of the proceedings and the default order issued by the RTC Makati. He asserted that the RTC Makati erred in granting in favor of respondent the amount being prayed for in the complaint for collection of sum of money with damages.

In the assailed Decision^[33] dated February 6, 2015, the CA denied petitioner's appeal for lack of merit and affirmed the RTC Makati Decision.

Petitioner filed a Motion for Reconsideration^[34] and prayed for the reversal of the above CA Decision. On June 16, 2015, the CA rendered a Resolution^[35] denying the motion.

Petitioner filed his Petition for Review on *Certiorari* before the Court.

The Petition

In the petition, petitioner alleges that respondent filed a Complaint^[36] for Rescission of Deed of Absolute Sale, Recovery of TCT No. T-38111 & Damages (Complaint for Rescission) before Branch 39, RTC, Daet, Camarines Norte (RTC Daet) praying that the Deed of Absolute Sale dated May 11, 2001 over the subject property executed by respondent in favor of petitioner be rescinded or cancelled; and that petitioner be ordered to return and to deliver to him the owner's duplicate copy of TCT No. T-38111.^[37]

Petitioner argues that respondent, in praying for the rescission, nullification, and cancellation of the Deed of Absolute Sale dated May 11, 2001 and for the return of the corresponding owner's duplicate copy of TCT No. T-38111, is deemed to have abandoned, discarded, relinquished, and withdrawn the instant Complaint for Sum of Money with Damages before the RTC Makati for the simple reason that there is no more transaction to serve as a basis for the collection. Thus, petitioner insists that the filing of the new complaint is a supervening fact that will render the complaint for sum of money moot. To make the petitioner still liable by virtue of the cancelled deed of absolute sale dated May 11, 2001 is to unjustly enrich respondent.^[38]

Comment

In his Comment,^[39] respondent did not contest the existence of the Complaint for Rescission before the RTC Daet. However, respondent denies abandoning his claims in the Complaint for Sum of Money and Damages before the Makati RTC which is now before the Court on appeal.

Notably, respondent argues that the Complaint for Sum of Money and Damages before the Makati RTC is grounded on petitioner's failure to make good his obligation of paying the consideration for the sale of the building, ice plant, and machinery. On the other hand, the case before the RTC Daet is the Complaint for Rescission which is grounded on petitioner's failure to settle his obligation for the sale of respondent's

lot covered by TCT No. T-38111 of the Registry of Deeds for Daet, Camarines Norte.

Our Ruling

The Court denies the petition.

First, the Court deems it worthy to emphasize that there is yet no judgment rendered on the merits on respondent's Complaint for Rescission declaring the rescission of the deed of absolute sale dated May 11, 2001. Thus, petitioner's claim that there is no more purchase price to collect in the complaint for sum of money and damages because there is no more deed of absolute sale to speak of is erroneous.

Second, petitioner failed to establish the abandonment of respondent's Complaint for Sum of Money with Damages by virtue of respondent's act of filing the Complaint for Rescission before the RTC Daet.

To recall, as narrated by the CA, petitioner conveyed to respondent two parcels of land located at Brgy. Tawig, Paracale, Camarines Norte in favor of respondent and issued three postdated checks with a total amount of P1,000,000.00 in respondent's name as payment for the purchase of respondent's parcel of land covered by TCT No. T-38111. But per allegation of respondent, petitioner's payment is also for the purchase of the building, ice plant, and machinery. Unfortunately, the three postdated checks were dishonored. While petitioner replaced one of the dishonored checks, he refused to replace the two checks with a total amount of P800,000.00. Thus, respondent filed the Complaint for Sum of Money with Damages against petitioner.

On the other hand, the Complaint for Rescission which was attached by petitioner in his petition provides in part:

4. On May 11, 2001, [respondent] and [petitioner] entered into an agreement whereby the lot covered by TCT No. T-38111 will be sold for a value of PhP 1,000,000.00 to the latter. The building and the ice-making machineries standing on this lot is covered by a separate agreement on the sale thereof also for an amount of PhP 1,000,000.00. Hence, the total value of the Lot, Building and Ice-Making Machines is P2,000,000.00.

x x x x

7. Consequently, a Deed of Absolute Sale for the two lots was also executed by [petitioner] in favor of the [respondent], copy is marked as Annex "D". In both deeds (Annex "C" and "D"). the real value of the consideration agreed by the parties was understated. Significantly, however, these two lots with TCT Nos. T-42380 and T-42381 correspond already as payment to the value of the land of the plaintiff with TCT No. T-38111 worth PhP 1,000,000.00 and [petitioner] issued three post-dated Prudential Bank Check nos. 040570, 040571 and 040572 dated August 15, 2002, May 15, 2002 and June 15, 2002 with a value of PhP 200,000.00, PhP 200,000.00 and PhP 600,000.00 respectively to cover the payment for the building and machineries that costs PhP 1,000,000.00