

SECOND DIVISION

[G.R. No. 196743, August 14, 2019]

SPOUSES LOLITO CHUA AND MYRNA PALOMARIA AND SPOUSES SERGIO CHUA (DECEASED) AND ELENA CHUA, PETITIONERS, VS. SPOUSES AGUSTIN LO AND JOSEFINA N. BECINA, VICTOR LO AND AGUSTIN LO REALTY CORPORATION, RESPONDENTS.

DECISION

REYES, J. JR., J.:

This resolves the Petition for Review on *Certiorari* under Rule 45 of the Rules of Court which seeks to reverse and set aside the November 23, 2010 Decision^[1] and the April 28, 2011 Resolution^[2] of the Court of Appeals (CA) in CA-G.R. CV No. 85892, denying the appeal and the motion for reconsideration, respectively, for lack of merit.

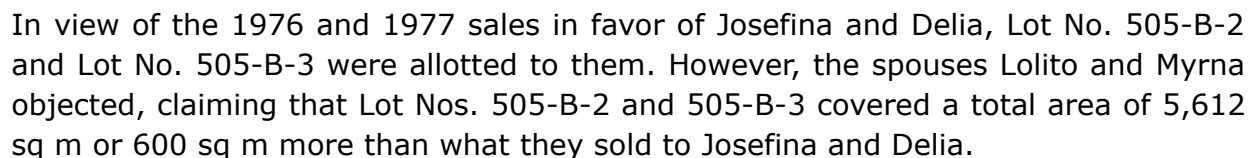
The case arose from a Complaint for Quieting of Title, Annulment of Sale, Recovery of Possession and Damages, with Preliminary Injunction filed by petitioners spouses Lolito Chua (Lolito) and Myrna Palomaria (Myrna) and spouses Sergio Chua (Sergio) and Elena Chua (Elena) seeking to:

1. Quiet title over the parcel of land of land covered by Transfer Certificate of Title (TCT) No. T-114915^[3] in the name of petitioner Sergio Chua;
2. Annul the Deed of Sale dated September 21, 1999 executed by respondent Victor Lo in favor of co-respondent Agustin Lo Realty Corporation over Lot 505-B-3 with an area of 2,078 square meters (sq m); and
3. Evict the respondents from and recover possession of Lot 505-B-3-A with an area of 600 sq m.

The facts of the case are as follows:

The spouses Lolito and Myrna (spouses Chua) were the owners of a parcel of coconut land (Lot 505) located in Sta. Cruz, Laguna, with an area of 21,644 sq m and covered by Original Certificate of Title No. P-3264. On January 15, 1976, Myrna, with the consent of Lolito, sold to sisters Delia N. Becina (Delia) and Josefina N. Becina (Josefina),^[4] a portion of Lot No. 505 with an area of 4,612 sq m. On August 5, 1977, Lolito, with the consent of Myrna, sold to Delia and Josefina^[5] an additional

On March 1, 1978, Lot No. 505 was subdivided into two lots: Lot No. 505-A with an area of 14,492 sq m and Lot No. 505-B with an area of 7,152 sq m. Lot No. 505-B is covered by TCT No. 83840 under the name of Lolito. Subsequently, Lot No. 505-B was subdivided into three lots, namely: Lot No. 505-B-1 (1,540 sq m); Lot No. 505-B-2 (3,534 sq m); and Lot No. 505-B-3 (2,078 sq m). Lot No. 505-B-3 was further subdivided into Lot No. 505-B-3-A (600 sq m) and Lot No. 505-B-3-B (1,478 sq m). For a clearer picture, the following illustration is provided, thus:



To carry-out their agreement, a Deed of Sale was executed on February 25, 1984, whereby Lolito sold to Josefina Lot No. 505-B-2 for a consideration of P94,180.00 where TCT No. T-101045 was issued in Josefina's name. Lot No. 505-B-3 became TCT No. T-101046 and was registered under the name of Lolito. Since this Lot No. 505-B-3 was subdivided into two, the other half (Lot No. 505-B-3-A) comprising of 600 sq m was sold by Lolito to his brother, Sergio, and is now covered by TCT No. T-114915. However, in violation of the agreement, Josefina and her spouse Agustin forcibly occupied the whole area of Lot No. 505-B-3, even encroaching upon Lot No. 505-B-3-A.

Meanwhile, on January 23, 1987, Delia died, leaving her husband Victor Lo (Victor) and children, Nelia Lo (Nelia), Henry Lo (Henry), Vicky Lo (Vicky) and Bernie Lo (Bernie), as heirs. On September 12, 1999, Victor sold to Agustin Lo Realty Corporation, the entire Lot No. 505-B-3 (2,078 sq m) and another non-existent Lot No. 505-B-4 with an area of 428 sq m.^[8] Pursuant thereto, Agustin Lo Realty Corporation occupied the entire Lot No. 505-B-3 comprising of Lot No. 505-B-3-A and Lot No. 505-B-3-B and started constructing a building thereon.^[9]

The spouses Chua demanded from them to vacate Lot No. 505-B-3-A which is the alleged excess area consisting of 600 sq m and to remove the construction being built thereon, but to no avail. The parties failed to reach an amicable settlement. This prompted the spouses Chua to file the instant action.

Respondents Agustin, Josefina and Agustin Lo Realty Corporation admitted the existence of the 1976 and 1977 Deeds of Sale in favor of Delia and Josefina. However, they claimed that prior to that or on December 30, 1975, Myrna sold to Josefina a portion of the lot containing 500 sq m. Further, they alleged that it was the spouses Chua who caused the subdivision of Lot No. 505 into two lots (Lot No. 505-A and Lot No. 505-B). And that on February 15, 1980 and February 21, 1981, the spouses Chua, with bad faith, mortgaged Lot No. 505-B and on September 23, 1983, mortgaged Lot No. 505-A-3-B,^[10] even though said lots were already sold to them.^[11]

It was on February 25, 1984 when Lolito, with the conformity of his wife Myrna, conveyed by way of registrable deed of sale in favor of Josefina the whole Lot No. 505-B-2 with an area of 3,534 sq m which consists of the following: (a) the 500 sq m subject of the 1975 sale; (b) 2,506 sq m, Josefina's share in the 1976 and 1977 sale; and (c) the 528 sq m portion which was subject of an amicable settlement between the parties as compensation for the damages suffered by Josefina arising from the delay in the transfer of the 500 sq m lot to her, the Department of Public Works and Highways (DPWH) road widening, the river easement, the disturbance caused on the portion of Lot No. 505 sold to her, and the mortgage done by the spouses Chua (for three times) of the said portion of lot. Josefina took possession of Lot No. 505-B-2 (now registered in her name) together with the additional 528 sq m in the concept of an owner.

As impleaded defendants, the heirs of Delia alleged that it was only on February 25, 1984 when they discovered that the spouses Chua, in conspiracy with Josefina and Agustin caused the execution of a Deed of Sale of a portion of Lot No. 505 with an area of 3,534 sq m (Lot No. 505-B-2) to Josefina instead of only 2,506 sq m reducing the *pro-indiviso* portion pertaining to Delia by 1,028 sq m. The children of Delia, namely, Nelia, Henry, Vicky and Bernie claim that they are not selling their share of their deceased mother's portion of the lot and if ever their father sold the same to Agustin Lo Realty Corporation, the same is valid only to one-fifth *pro-indiviso* share of their father, Victor.

On October 29, 2004, the Regional Trial Court (RTC) rendered a Decision in favor of respondents, thereby dismissing the complaint of the petitioners. The CA affirmed the Decision of the RTC. The spouses Chua filed the instant Petition with this Court questioning both the ownership and possessory rights of the respondents over Lot

No. 505-B-3-A comprising of 600 sq m.

The spouses Chua contend that respondents are only entitled to 5,012 sq m of Lot No. 505 as it is the only area sold to them by virtue of the contracts to sell executed in 1976 and 1977. By virtue of the February 25, 1984 Deed of Sale, Lot No. 505-B-2 comprising of 3,534 sq m was already given to Josefina. If Delia (represented by her heirs) will be given Lot No. 505-B-3 comprising of 2,078 sq m, they would own a total of 5,612 sq m which is 600 sq m more than the original 5,012 sq m sold to Josefina and Delia. The instant action sought to recover the said 600 sq m.

The lone issue in this case is:

WHETHER OR NOT PETITIONERS ARE ENTITLED TO RECOVER LOT NO. 505-B-3-A CONTAINING AN AREA OF 600 SQ M ALLEGEDLY REPRESENTING THE EXCESS AREA SOLD TO DELIA AND JOSEFINA.

In resolving the issue, we laid down first some important premises on the basis of the evidence on records, such as documents presented by the parties and admissions which they made.

There is no doubt as to the existence of the 1976 and 1977 sale transactions between the spouses Chua and Delia and Josefina, the subject matter of which pertains respectively to 4,612 sq m and the 400 sq m portion of Lot No. 505. Extant on records are the Deeds of Sale dated January 15, 1976 (Exhibit "E") and August 5, 1977 (Exhibit "F").^[12]

The spouses Chua contend that said sale transactions were essentially contracts to sell such that a contract of sale (transferring the ownership) will be executed upon full payment by the vendees of the purchase price. If indeed ownership over the lot is reserved in favor of the vendor and transfer thereof would only be effected upon full payment of the price, then no doubt, the 1976 and 1977 sale transactions are Contracts to Sell. By law, a contract to sell is defined as a bilateral contract whereby the prospective seller, while expressly reserving the ownership of the subject property despite delivery thereof to the prospective buyer, binds himself to sell the said property exclusively to the prospective buyer upon fulfillment of the condition agreed upon, that is, the full payment of the purchase price.^[13]

True enough, at the time of the execution of the said Deeds of Sale, ownership to the subject lot was not yet transferred to the buyers, Josefina and Delia. As a matter of fact, Josefina and Delia even acquiesced to the subdivision of Lot No. 505 on March 1, 1978, with title issued in the name of the spouses Chua, but reserving a portion of the land sold to Josefina and Delia. Also admitted by respondents, was the fact that the subject lot was mortgaged by the spouses Chua for three times, suggesting that the latter were still the owners of the said Lot No. 505.

As seen on records, the Contract of Sale executed in February 25, 1984 was indeed an off-shoot of the 1976 and 1977 Deeds of Sale, which we ruled to be, in reality, Contracts to Sell. This is categorically admitted by the spouses Chua and was admitted by Josefina and Delia's heirs when they were referring to said 1976 and

1977 sale transactions as bases of their present claims. In other words, the February 25, 1984 Contract of Sale is not a separate transaction from the 1976 and 1977 Deeds of Sale.

Confusion arose when the February 25, 1984 Contract of Sale was executed, which conveyed in favor of Josefina alone Lot No. 505-B-2 with an area of 3,534 sq m. This erroneous execution of the Contract of Sale, which was supposed to reflect the intent of the parties in the earlier "Contract to Sell" gave rise to the parties' different and conflicting claims.

As shown by records, the execution of the February 25, 1984 Contract of Sale was a result of the agreement made by all the parties which took place during the confrontation at the office of Atty. Añonuevo. The parties came into an agreement to execute a Contract of Sale in favor of Josefina conveying upon her Lot No. 505-B-2 with an area of 3,534 sq m. No one from the parties disputed this agreement which they voluntarily made. Consequently, TCT No. T-101045 was issued in the name of Josefina.

There was no showing that the other buyer, Delia, objected to the said agreement nor to the issuance of the TCT in favor of Josefina. From 1984, the time of the execution of the said Contract of Sale up to her death in 1987, no opposition came from her part. If Delia consented to the agreement, more so her heirs, who should be bound by her (Delia's) actions. As a matter of fact, after Delia's death, her heirs (spouse and children) executed a Deed of Extra-Judicial Partition and Sale of the Estate^[14] of the deceased Delia. To carry-out their intention, a Deed of Sale^[15] dated September 21, 1999 was executed by Victor over Lot No. 505-B-3 with an area of 2,078 sq m in favor of Agustin Lo Realty Corporation, presumably owned by Josefina's spouse, Agustin. Even the children of Delia, namely, Henry, Nelia, Vicky and Bernie subsequently sold their perceived respective shares in Lot No. 505 in favor of Agustin Lo Realty Corporation, as evidenced by the Deeds of Sale which they each executed on February 26, 1998 except for Nelia who executed hers on May 27, 1998.^[16]

This only shows that from the 5,012 sq m which Delia bought with her sister Josefina from the spouses Chua, Delia agreed that the 3,534 sq m would go to Josefina and the remaining area would go to her. Nothing from the law would prohibit co-owners to agree with the said sharing. On the part of the sellers (spouses Chua), it is no longer their concern how the buyers would divide the property which they jointly purchased. Thus, when Delia agreed to issue Lot No. 505-B-2 in favor of Josefina, she, in effect, agreed to the physical partition of their undivided portion of the co-ownership. Hence, her heirs are now precluded to question the area of the lot that was delivered to their predecessor.

Since the 3,534 sq m was already physically delivered to Josefina by the issuance of the TCT in her favor, then Delia, as per their agreement, is only entitled to 1,478 sq m. What was puzzling, however, is how Victor, Delia's spouse, was able to sell the entire Lot No. 505-B-3 with an area of 2,078 sq m in favor of Agustin Lo Realty Corporation. Evidently, the said sale in favor of Agustin Lo Realty Corporation is in excess of 600 sq m which is now the subject of the dispute in the instant case.

By mathematical precision, the parties cannot deny that the total area delivered to