

SECOND DIVISION

[G.R. No. 212740, November 13, 2019]

**SPOUSES CELIA FRANCISCO AND DANILO FRANCISCO,
PETITIONERS, VS. ALBINA D. BATTUNG, RESPONDENT.**

DECISION

A. REYES, JR., J.:

This resolves a Petition for Review on Certiorari^[1] under Rule 45 of the Rules of Court assailing the Decision^[2] dated September 19, 2013 (Assailed Decision) and Resolution^[3] dated May 13, 2014 (Assailed Resolution) issued by the Court of Appeals (CA) in CA-G.R. CV No. 93745.

Factual Antecedents

Albina D. Battung (respondent) is the owner of a parcel of land located in San Gabriel, Tuguegarao City (subject land) covered by Transfer Certificate of Title (TCT) No. 118686 of the Registry of Deeds of the Province of Cagayan. On February 25, 1997, Celia Francisco entered into a Deed of Conditional Sale of Registered Land^[4] (Deed) as the buyer with respondent as the seller over the subject land.^[5] The Deed provides the following terms and conditions:

1. That the VENDOR is the owner of a parcel of land located at [sic] Ugac Norte now San Gabriel[,] Tuguegarao, Cagayan and hereto described as follows:

"Lot No. 4179-C-6, Psd-2-01-006109 with an area of 433 square meters more or less and still covered by TCT No. T _____ (sic)."

2. That the VENDOR has offered to sell the above-described land to the VENDEE, [subject] to the following terms and conditions:

a. That the amount of sale shall be THREE HUNDRED FORTY SIX THOUSAND FOUR HUNDRED PESOS (P346,400.00), Philippine Currency, the same to be paid as follows:

aa. P20,000.00 shall be paid upon the execution of this instrument;

bb. P5,000.00 monthly effective March 30, 1997 and to so (sic) until the full amount of the one-half of the purchase price in the amount of P173,000.00 is fully paid;

cc. P173,000.00 shall be paid in full on or before December 30, 1999.

b. That the Deed of Absolute Sale of the above-described lot shall only be executed in favor of the vendee upon the full payment of the full (*sic*) amount of the purchase price in the amount of P346,400.00 and after which the title shall be transferred in the name of the vendee.

c. That all expenses for the transfer of the title in the name of the vendee shall be shouldered by the vendee without bothering the vendor of the payment of these expenses like capital gains tax, tax transfer fee and registration fees.

x x x x^[6]

Respondent's Action for Unlawful Detainer with Damages and Decisions Therein

On April 2, 2003, respondent filed an action for unlawful detainer with damages^[7] against Celia before the Municipal Trial Court in Cities of Tuguegarao City, Branch 2 (MTCC), docketed as Civil Case No. 2374.^[8]

On January 12, 2004, the MTCC issued a Decision ordering Celia to vacate the property and consider the payment of P89,000.00 as rent. Celia appealed to the Regional Trial Court (RTC) of Tuguegarao City, Branch 5 (RTC Branch 5), docketed as Civil Case No. 6303. On June 23, 2004, the RTC Branch 5 affirmed the Decision of the MTCC but vacated the order that the amount of P89,000.00 be considered a rent. Dissatisfied, Celia filed a Petition for Review with the CA entitled "*Celia Francisco v. Albina Battung*," docketed as CA-G.R. SP No. 85819, assailing the June 23, 2004 RTC Branch 5 Decision. In a Decision dated July 31, 2006, the CA nullified and set aside the June 23, 2004 RTC Branch 5 Decision and dismissed the complaint. A Motion for Reconsideration was filed but the CA denied the same in a Resolution dated February 6, 2007. Respondent filed a petition for *certiorari* with the Court, but the same was dismissed in a Resolution dated June 6, 2007.^[9]

Petitioners' Complaint for Specific Performance with Damages

On April 30, 2003, Celia and her husband Danilo Francisco (petitioners) filed a complaint for specific performance with damages against respondent before the RTC of Tuguegarao City, Branch 3 (RTC Branch 3), docketed as Civil Case No. 6153.^[10]

In addition to the terms and conditions of the Deed, petitioners alleged that while the Deed was entered on February 25, 1997,^[11] they already made an advance payment on February 22, 1997.^[12] They said that after the execution of the Deed and pursuant to the terms therein, petitioners made installment payments amounting to P51,000.00. Subsequently, they discovered that the subject land was already titled and sold by respondent to another person. For this reason, they stopped continuing the payment agreed upon. Later on, they learned that the previous title of the subject land in the name of another person was cancelled to the effect that it reverts to its former status as a clean title. Petitioners then manifested their intention to pay their balance in the conditional sale by sending a letter to

respondent informing him of their willingness to pay the balance amounting to P215,000.00. Nonetheless, despite due receipt of the letter, respondent failed and still fail to get the said balance.^[13]

In her Answer, respondent averred that the subject land is covered by the mother title TCT No. T-41612 of the Registry of Deeds of the Province of Cagayan. She added that petitioners have only paid a total amount of P89,000.00 or less and that she had a hard time collecting from the petitioners.^[14] She explained that she could have tolerated the delayed payments were it not for the discovery sometime in June 2001 of the cheatings committed by Celia.^[15] Instead of paying, Celia asked her to affix her signature on the figure P5,000.00 and on the figure P151,000.00 that she listed in her notebook. Celia claimed that the figure were the payments she made to respondent before leaving for a vacation sometime in April 2000. Respondent refused to sign the same.^[16]

Respondent further asserted that the discovery of the erroneous titling of the subject lot in the name of Ms. Ma. Victoria B. Te (Ms. Te) gave petitioners an alibi not to further pay the balance of the purchase price of one half portion of the subject land despite the assurance that the subject land was not sold to Ms. Te and that steps were taken to correct the mistake. She also narrated that she sent a written demand dated July 2, 2001 to pay for the whole amount of P257,400.00 plus legal interest at 12% from January 1, 2000, the date of default, up to the time the obligation is paid. Petitioners, however, refused and continued to refuse to pay the same.^[17]

Moreover, respondent clarified that petitioners only offered to pay the amount of P22,000.00 instead of the amount demanded. As such, she did not accept the same. She added that on November 22, 2002, an Order granting the petition for correction of title was issued and TCT No. 118688 (*sic*) in the name of Ms. Te was cancelled by the Registry of Deeds of Tuguegarao City. Upon the correction of Ms. Te's title, respondent gave petitioners the chance to buy the one-half portion of the lot they are occupying. Thus, on January 6, 2003, she sent a letter to them demanding the balance of the one-half portion of the subject land amounting to P84,000.00 plus legal interest at 12% computed from January 2000 up to the time of settlement.^[18]

As a counterclaim, respondent maintained that the Deed is a contract to sell where the ownership or title is retained by the seller and is passed only upon the full payment of the purchase price. The full payment is considered a positive suspensive condition and failure of which is not a serious breach, but merely an event preventing the obligation of the vendor to convey the title from acquiring binding force. Hence, she may not be compelled to execute a deed of absolute sale in favor of petitioners as the conditions of the Deed were not satisfied.^[19] She then prayed for the dismissal of the complaint, for petitioners to vacate and clear the subject land, and for the application of the payments made by petitioners in the amount of P89,000.00 or less as payment of the rentals of the subject land.^[20]

On November 6, 2007, petitioners filed a Motion to Consign the amount of P215,300.00 representing the balance of the purchase price of the subject land. They asserted that they tendered the amount of P215,300.00 for the purchase of the subject land on November 5, 2007 at the Barangay Hall of Caggay, Tuguegarao

City, but respondent refused to accept the same.^[21]

Respondent opposed the said motion and refused to accept the amount of P215,300.00 but expressed her willingness to accept P121,538.00 representing one-half of the balance of the purchase price inclusive of interest. Nevertheless, petitioners refused to tender and pay the said amount.^[22]

On November 23, 2007, the RTC Branch 3 issued an Order whereby the parties agreed that petitioners shall hand one-half of P215,300.00, or the amount of P107,650.00, to respondent and the remaining portion to be deposited with the clerk of court. Respondent signed the corresponding Acknowledgment Receipt.^[23]

On November 27, 2007, petitioners marked and formally offered the following documents: (1) Acknowledgment Receipt covering the amount of P107,650.00; (2) Official Receipt of Consignation in the RTC Branch 3 covering the same amount; (3) Official Receipt of Consignation Fee of P300.00; and (4) Official Receipt of Consignation Fee of P200.00. The RTC admitted the foregoing documentary exhibits.^[24]

RTC Branch 3 Decision

On January 30, 2009, the RTC Branch 3 rendered a judgment^[25] in favor of petitioners. The trial court ratiocinated that the judgment in CA-G.R. SP No. 85819, where it was ruled that the Deed was a contract of sale, is applicable in this case and binds both parties under the principle of the law of the case. The dispositive portion reads:

WHEREFORE, premises considered, judgment is hereby rendered in favor of [petitioners]:

x x x x

1. Ordering [respondent] to execute the deed of absolute sale in favor of [petitioners] covering the property subject of [the Deed], particularly Lot No. 4179-C-6, containing an area of Four Hundred Thirty-Three (433) square meters;
2. Ordering [petitioners] to pay [respondent] the unpaid balance of the purchase price amounting to Two Hundred Fifty Seven Thousand Pesos (P257,000.00) plus interest thereon at twelve percent per *annum* effective December 30, 1999 amounting to P277,560.00 as of December 31, 2008 thus totaling Five Hundred Thirty-Four Thousand Five Hundred Sixty Pesos [P534,560.00]; and; (*sic*)
3. Dismissing the counterclaim of [respondent].

SO ORDERED.^[26]

Respondent filed a Motion for Reconsideration but the same was denied in an Order dated April 27, 2009.^[27]

Likewise, petitioners filed a Motion for Partial Reconsideration but the same was denied in an Order dated May 15, 2009.^[28]

Perturbed, petitioners filed a Notice of Partial Appeal which was given due course by the RTC Branch 3 in an Order dated May 25, 2009.^[29]

CA Decision

On September 19, 2013, the CA rendered the Assailed Decision^[30] dismissing the appeal.

The appellate court ruled that the Deed is a contract to sell and not a contract of sale^[31] thereby reversing and setting aside the January 30, 2009 RTC Branch 3 Decision.^[32] The dispositive position reads:

WHEREFORE, premises considered, judgment is hereby rendered:

1. [Petitioners] are ordered to vacate the subject land immediately[,] upon the finality of this decision;
2. [Respondent] is ordered to return the amount of P196,650.00, Philippine Currency, representing the total amount paid by [petitioners] with interest at the rate of twelve percent (12%) *per annum* upon the finality of this decision;
3. The amount of P107,650.00, Philippine Currency deposited with the Clerk of Court must likewise be returned to [petitioners];
4. [Petitioners] are hereby ordered to pay [respondent] P50,000.00, Philippine Currency by way of nominal damages.

x x x x

SO ORDERED.^[33]

Petitioners filed a Motion for Reconsideration but the CA denied the same in the Assailed Resolution.^[34]

Hence, the present recourse.

Petitioners argue that the CA erred (1) when it revived the issue on the nature of the contract between the parties, considering that it has already been resolved in CA G.R. SP No. 85819, in violation of the doctrines of the principles of the law of the case, *res judicata*, and immutability of judgments; (2) when it revived the said issue by treating it as an "assigned error" thereby granting an affirmative relief in favor of respondent who did not appeal at all and rendering other issues raised by petitioners in their partial appeal moot and academic; and (3) when it ignored the provisions of Republic Act (R.A.) No. 6552, otherwise known as the "Realty Installment Buyer Act" or the "Maceda Law," by ruling that the Deed was "ineffective and without force and effect" despite the receipt by respondent in open court of the sum of P107,560.00 made in consideration of the Deed.^[35]