

THIRD DIVISION

[G.R. No. 196251, July 09, 2014]

**OLIVAREZ REALTY CORPORATION AND DR. PABLO R. OLIVAREZ,
PETITIONERS, VS. BENJAMIN CASTILLO, RESPONDENT.**

DECISION

LEONEN, J.:

Trial may be dispensed with and a summary judgment rendered if the case can be resolved judiciously by plain resort to the pleadings, affidavits, depositions, and other papers filed by the parties.

This is a petition for review on certiorari^[1] of the Court of Appeals' decision^[2] dated July 20, 2010 and resolution^[3] dated March 18, 2011 in CA-G.R. CV No. 91244.

The facts as established from the pleadings of the parties are as follows:

Benjamin Castillo was the registered owner of a 346,918-square-meter parcel of land located in Laurel, Batangas, covered by Transfer Certificate of Title No. T-19972.^[4] The Philippine Tourism Authority allegedly claimed ownership of the same parcel of land based on Transfer Certificate of Title No. T-18493.^[5]

On April 5, 2000, Castillo and Olivarez Realty Corporation, represented by Dr. Pablo R. Olivarez, entered into a contract of conditional sale^[6] over the property. Under the deed of conditional sale, Castillo agreed to sell his property to Olivarez Realty Corporation for P19,080,490.00. Olivarez Realty Corporation agreed to a down payment of P5,000,000.00, to be paid according to the following schedule:

DATE	AMOUNT
April 8, 2000	P500,000.00
May 8, 2000	500,000.00
May 16, 2000	500,000.00
June 8, 2000	1,000,000.00
July 8, 2000	500,000.00
August 8, 2000	500,000.00
September 8, 2000	500,000.00
October 8, 2000	500,000.00
November 8, 2000	500,000.00 ^[7]

As to the balance of P14,080,490.00, Olivarez Realty Corporation agreed to pay in 30 equal monthly installments every eighth day of the month beginning in the month that the parties would receive a decision voiding the Philippine Tourism Authority's title to the property.^[8] Under the deed of conditional sale, Olivarez

Realty Corporation shall file the action against the Philippine Tourism Authority "with the full assistance of [Castillo]."^[9] Paragraph C of the deed of conditional sale provides:

- C. [Olivarez Realty Corporation] assumes the responsibility of taking necessary legal action thru Court to have the claim/title TCT T-18493 of Philippine Tourism Authority over the above-described property be nullified and voided; with the full assistance of [Castillo][.]^[10]

Should the action against the Philippine Tourism Authority be denied, Castillo agreed to reimburse all the amounts paid by Olivarez Realty Corporation. Paragraph D of the deed of conditional sale provides:

- D. In the event that the Court denie[s] the petition against the Philippine Tourism Authority, all sums received by [Castillo] shall be reimbursed to [Olivarez Realty Corporation] without interest[.]^[11]

As to the "legitimate tenants" occupying the property, Olivarez Realty Corporation undertook to pay them "disturbance compensation," while Castillo undertook to clear the land of the tenants within six months from the signing of the deed of conditional sale. Should Castillo fail to clear the land within six months, Olivarez Realty Corporation may suspend its monthly down payment until the tenants vacate the property. Paragraphs E and F of the deed of conditional sale provide:

- E. That [Olivarez Realty Corporation] shall pay the disturbance compensation to legitimate agricultural tenants and fishermen occupants which in no case shall exceed ONE MILLION FIVE HUNDRED THOUSAND (P1,500,000.00) PESOS. Said amount shall not form part of the purchase price. In excess of this amount, all claims shall be for the account of [Castillo];
- F. That [Castillo] shall clear the land of [the] legitimate tenants within a period of six (6) months upon signing of this Contract, and in case [Castillo] fails, [Olivarez Realty Corporation] shall have the right to suspend the monthly down payment until such time that the tenants [move] out of the land[.]^[12]

The parties agreed that Olivarez Realty Corporation may immediately occupy the property upon signing of the deed of conditional sale. Should the contract be cancelled, Olivarez Realty Corporation agreed to return the property's possession to Castillo and forfeit all the improvements it may have introduced on the property. Paragraph I of the deed of conditional sale states:

- I. Immediately upon signing this Contract, [Olivarez Realty Corporation] shall be entitled to occupy, possess and develop the

subject property. In case this Contract is canceled [sic], any improvement introduced by [the corporation] on the property shall be forfeited in favor of [Castillo][.][¹³]

On September 2, 2004, Castillo filed a complaint^[14] against Olivarez Realty Corporation and Dr. Olivarez with the Regional Trial Court of Tanauan City, Batangas.

Castillo alleged that Dr. Olivarez convinced him into selling his property to Olivarez Realty Corporation on the representation that the corporation shall be responsible in clearing the property of the tenants and in paying them disturbance compensation. He further alleged that Dr. Olivarez solely prepared the deed of conditional sale and that he was made to sign the contract with its terms "not adequately explained [to him] in Tagalog."^[15]

After the parties had signed the deed of conditional sale, Olivarez Realty Corporation immediately took possession of the property. However, the corporation only paid P2,500,000.00 of the purchase price. Contrary to the agreement, the corporation did not file any action against the Philippine Tourism Authority to void the latter's title to the property. The corporation neither cleared the land of the tenants nor paid them disturbance compensation. Despite demand, Olivarez Realty Corporation refused to fully pay the purchase price.^[16]

Arguing that Olivarez Realty Corporation committed substantial breach of the contract of conditional sale and that the deed of conditional sale was a contract of adhesion, Castillo prayed for rescission of contract under Article 1191 of the Civil Code of the Philippines. He further prayed that Olivarez Realty Corporation and Dr. Olivarez be made solidarily liable for moral damages, exemplary damages, attorney's fees, and costs of suit.^[17]

In their answer,^[18] Olivarez Realty Corporation and Dr. Olivarez admitted that the corporation only paid P2,500,000.00 of the purchase price. In their defense, defendants alleged that Castillo failed to "fully assist"^[19] the corporation in filing an action against the Philippine Tourism Authority. Neither did Castillo clear the property of the tenants within six months from the signing of the deed of conditional sale. Thus, according to defendants, the corporation had "all the legal right to withhold the subsequent payments to [fully pay] the purchase price."^[20]

Olivarez Realty Corporation and Dr. Olivarez prayed that Castillo's complaint be dismissed. By way of compulsory counterclaim, they prayed for P100,000.00 litigation expenses and P50,000.00 attorney's fees.^[21]

Castillo replied to the counterclaim,^[22] arguing that Olivarez Realty Corporation and Dr. Olivarez had no right to litigation expenses and attorney's fees. According to Castillo, the deed of conditional sale clearly states that the corporation "assume[d] the responsibility of taking necessary legal action"^[23] against the Philippine Tourism Authority, yet the corporation did not file any case. Also, the corporation did not pay the tenants disturbance compensation. For the corporation's failure to fully pay the purchase price, Castillo claimed that he had "all the right to pray for the rescission of the [contract],"^[24] and he "should not be held liable . . . for any alleged damages

by way of litigation expenses and attorney's fees."^[25]

On January 10, 2005, Castillo filed a request for admission,^[26] requesting Dr. Olivarez to admit under oath the genuineness of the deed of conditional sale and Transfer Certificate of Title No. T-19972. He likewise requested Dr. Olivarez to admit the truth of the following factual allegations:

1. That Dr. Olivarez is the president of Olivarez Realty Corporation;
2. That Dr. Olivarez offered to purchase the parcel of land from Castillo and that he undertook to clear the property of the tenants and file the court action to void the Philippine Tourism Authority's title to the property;
3. That Dr. Olivarez caused the preparation of the deed of conditional sale;
4. That Dr. Olivarez signed the deed of conditional sale for and on behalf of Olivarez Realty Corporation;
5. That Dr. Olivarez and the corporation did not file any action against the Philippine Tourism Authority;
6. That Dr. Olivarez and the corporation did not pay the tenants disturbance compensation and failed to clear the property of the tenants; and
7. That Dr. Olivarez and the corporation only paid P2,500,000.00 of the agreed purchase price.^[27]

On January 25, 2005, Dr. Olivarez and Olivarez Realty Corporation filed their objections to the request for admission,^[28] stating that they "reiterate[d] the allegations [and denials] in their [answer]."^[29]

The trial court conducted pre-trial conference on December 17, 2005.

On March 8, 2006, Castillo filed a motion for summary judgment and/or judgment on the pleadings.^[30] He argued that Olivarez Realty Corporation and Dr. Olivarez "substantially admitted the material allegations of [his] complaint,"^[31] specifically:

1. That the corporation failed to fully pay the purchase price for his property;^[32]
2. That the corporation failed to file an action to void the Philippine Tourism Authority's title to his property;^[33] and
3. That the corporation failed to clear the property of the tenants and pay them disturbance compensation.^[34]

Should judgment on the pleadings be improper, Castillo argued that summary judgment may still be rendered as there is no genuine issue as to any material fact.^[35] He cited *Philippine National Bank v. Noah's Ark Sugar Refinery*^[36] as authority.

Castillo attached to his motion for summary judgment and/or judgment on the pleadings his affidavit^[37] and the affidavit of a Marissa Magsino^[38] attesting to the truth of the material allegations of his complaint.

Olivarez Realty Corporation and Dr. Olivarez opposed^[39] the motion for summary judgment and/or judgment on the pleadings, arguing that the motion was "devoid of merit."^[40] They reiterated their claim that the corporation withheld further payments of the purchase price because "there ha[d] been no favorable decision voiding the title of the Philippine Tourism Authority."^[41] They added that Castillo sold the property to another person and that the sale was allegedly litigated in Quezon City.^[42]

Considering that a title adverse to that of Castillo's existed, Olivarez Realty Corporation and Dr. Olivarez argued that the case should proceed to trial and Castillo be required to prove that his title to the property is "not spurious or fake and that he had not sold his property to another person."^[43]

In reply to the opposition to the motion for summary judgment and/or judgment on the pleadings,^[44] Castillo maintained that Olivarez Realty Corporation was responsible for the filing of an action against the Philippine Tourism Authority. Thus, the corporation could not fault Castillo for not suing the Philippine Tourism Authority.^[45] The corporation illegally withheld payments of the purchase price.

As to the claim that the case should proceed to trial because a title adverse to his title existed, Castillo argued that the Philippine Tourism Authority's title covered another lot, not his property.^[46]

During the hearing on August 3, 2006, Olivarez Realty Corporation and Dr. Olivarez prayed that they be given 30 days to file a supplemental memorandum on Castillo's motion for summary judgment and/or judgment on the pleadings.^[47]

The trial court granted the motion. It gave Castillo 20 days to reply to the memorandum and the corporation and Dr. Olivarez 15 days to respond to Castillo's reply.^[48]

In their supplemental memorandum,^[49] Olivarez Realty Corporation and Dr. Olivarez argued that there was "an obvious ambiguity"^[50] as to which should occur first — the payment of disturbance compensation to the tenants or the clearing of the property of the tenants.^[51] This ambiguity, according to defendants, is a genuine issue and "ought to be threshed out in a full blown trial."^[52]

Olivarez Realty Corporation and Dr. Olivarez added that Castillo prayed for irreconcilable reliefs of reformation of instrument and rescission of contract.^[53]