

SECOND DIVISION

[G.R. No. 174925, June 30, 2008]

**LOOC BAY TIMBER INDUSTRIES, INC., PETITIONER, VS.
INTESTATE ESTATES OF VICTOR MONTECALVO AND CONCORDIA
L. MONTECALVO, REPRESENTED BY DR. VICTOR L. MONTECALVO,
JR., ENGR. FRANK L. MONTECALVO, JOHNNY L. MONTECALVO,
PAUL L. MONTECALVO, DR. CHONA L. MONTECALVO AND ROY L.
MONTECALVO, AND THE COURT OF APPEALS, RESPONDENTS.**

DECISION

CARPIO MORALES, J.:

Victor Montecalvo, Sr. (Montecalvo, Sr.) and his wife Concordia Montecalvo purchased a parcel of land, identified as Lot No. 4083 (Lot No. 4083), containing an area of 23,920 square meters, located in Barangay Alegria (formerly Kaguit-itan), San Isidro, Northern Samar from Candida Apal in whose name the title to the land, Original Certificate of Title No. (5410) 3921 of the Register of Deeds of Samar,^[1] was issued.

Montecalvo, Sr. leased Lot No. 4083 to Looc Bay Timber Industries, Inc. (petitioner) which it used as a logpond. Upon the expiration of the lease in 1978, it was extended for ten years with the agreement that it was going to be extended for another ten years.

On November 10, 1983, the spouses Montecalvo, Sr. and petitioner forged an agreement (November 10, 1983 Agreement)^[2] under which petitioner agreed to buy a 13,410-square meter portion of the land "which petitioner is presently using as its logpond" for a total consideration of P335,250, P203,000 of which had been previously paid by petitioner, the balance to be paid on installment.

On November 28, 1984, an agreement (November 28, 1984 Agreement)^[3] was prepared wherein Montecalvo, Sr., therein described as "the owner and in the actual possession of the parcel of land located in Alegria," agreed to sell to the Visayan Forest Development Corporation, sister company of petitioner, "certain portions adjoining the logging road of [petitioner] or the entirety of the said land . . ." at P12.50 per square meter. Under the November 28, 1984 Agreement, the corporation was "to pay some amounts to [Victor Montecalvo . . . which would] be considered later when the deed of absolute sale shall be executed by the parties."

Montecalvo, Sr. died in October 1992, while his wife Concordia Montecalvo died on September 8, 1998.

By a Notice to Terminate Contract of Lease dated February 19, 1999, the couple's heirs notified petitioner that they were terminating the 1978 lease of "a certain parcel of land containing an area of three [3] [sic] hectares situated in Barangay

Alegria . . . , covered by Original Certificate of Title No. 5410"

By petitioner's claim, during the lifetime of Montecalvo, Sr., the latter promised to execute the deeds of sale corresponding to the two above-mentioned agreements and to deliver "the owners copies of the titles" to the lands subject thereof but that he failed to do so; and that despite repeated demands from the herein respondents, Intestate Estates of Montecalvo, Sr. and his wife Concordia L. Montecalvo, represented by the couple's heirs, no documents of sale were executed nor were the owners copies of the titles delivered to it.

Petitioner thus filed on November 25, 1998 a complaint before the Regional Trial Court (RTC) of Samar against respondents for Specific Performance.

Respondents, in their Answer,^[4] denied knowledge about their parents' execution of the two agreements. In any event, respondents contended that assuming that there were such agreements, the cause of action of petitioner had prescribed and that there were no more estates left by their parents "for the payment of [their] debts."

Branch 23 of the RTC of Allen, Samar, by Decision of June 27, 2002,^[5] found that the agreements were valid but that there was no showing that the considerations mentioned therein were fully paid. Thus, it disposed:

WHEREFORE, in view of the foregoing considerations, judgment is hereby rendered ordering the defendants to execute the necessary deed of sale subject to the full payment of the considerations stipulated in the two (2) Agreements. Pending compliance by the plaintiff as to the full payment of the consideration, the decision in the instant case cannot be enforced.

No pronouncement as to damages and counterclaims, both parties having failed to prove their claims.

SO ORDERED.^[6] (Emphasis and underscoring supplied)

On appeal, the Court of Appeals, by Decision of April 18, 2006,^[7] found that the consideration stated in the first agreement-November 10, 1983 Agreement was fully paid.

With respect to the second agreement-November 28, 1984 Agreement, the appellate court held that it was not binding as Valeriano Bueno, the representative of petitioner's sister company-prospective vendee Visayan Forest and Development Corporation, did not affix his signature on the agreement, an indication that it did not intend to enter into it. Thus the appellate court nullified the said agreement, disposing:

IN LIGHT OF ALL THE FOREGOING, this appeal is DENIED but the decision of the Regional Trial Court, Br. 23, 8th Judicial Region, Allen, Northern Samar in Civil Case NO. A-821 for Specific Performance is AFFIRMED with MODIFICATION.

The defendants are ordered to execute the necessary deed of conveyance