

FIRST DIVISION

[G.R. NO. 139173, February 28, 2007]

**SPOUSES ONNIE SERRANO AND AMPARO HERRERA,
PETITIONERS, VS. GODOFREDO CAGUIAT, RESPONDENT.**

D E C I S I O N

SANDOVAL-GUTIERREZ, J.:

Before us is a petition for review on certiorari under Rule 45 of the 1997 Rules of Civil Procedure, as amended, assailing the Decision^[1] of the Court of Appeals dated January 29, 1999 and its Resolution dated July 14, 1999 in CA-G.R. CV No. 48824.

Spouses Onnie and Amparo Herrera, petitioners, are the registered owners of a lot located in Las Piñas, Metro Manila covered by Transfer Certificate of Title No. T-9905.

Sometime in March 1990, Godofredo Caguiat, respondent, offered to buy the lot. **Petitioners agreed to sell it at P1,500.00 per square meter.** Respondent then gave petitioners P100,000.00 as partial payment. In turn, petitioners gave respondent the corresponding receipt stating that respondent promised to pay the balance of the purchase price on or before March 23, 1990, thus:

Las Piñas, Metro Manila

March 19, 1990

RECEIPT FOR PARTIAL PAYMENT OF LOT NO. 23 COVERED BY
TCT NO. T-9905, LAS PIÑAS, METRO MANILA

RECEIVED FROM MR. GODOFREDO CAGUIAT THE AMOUNT OF ONE HUNDRED THOUSAND PESOS (P100,000.00) AS **PARTIAL PAYMENT** OF OUR LOT SITUATED IN LAS PIÑAS, M.M. COVERED BY TCT NO. T-9905 AND WITH AN AREA OF 439 SQUARE METERS.

MR. CAGUIAT PROMISED TO PAY THE BALANCE OF THE PURCHASE PRICE ON OR BEFORE MARCH 23, 1990, AND THAT WE WILL EXECUTE AND SIGN THE FINAL DEED OF SALE ON THIS DATE.

SIGNED THIS 19TH DAY OF MARCH, 1990 AT LAS PIÑAS, M.M.

(SGD) AMPARO HERRERA (SGD) ONNIE SERRANO"^[2]

On March 28, 1990, respondent, through his counsel Atty. Ponciano Espiritu, wrote petitioners informing them of his readiness to pay the balance of the contract price and requesting them to prepare the final deed of sale.^[3]

On April 4, 1990, petitioners, through Atty. Ruben V. Lopez, sent a letter^[4] to respondent stating that petitioner Amparo Herrera is leaving for abroad on or before April 15, 1990 and that they are canceling the transaction. Petitioners also informed respondent that he can recover the earnest money of P100,000.00 anytime.

Again, on April 6, 1990,^[5] petitioners wrote respondent stating that they delivered to his counsel Philippine National Bank Manager's Check No. 790537 dated April 6, 1990 in the amount of P100,000.00 payable to him.

In view of the cancellation of the contract by petitioners, respondent filed with the Regional Trial Court, Branch 63, Makati City a complaint against them for specific performance and damages, docketed as Civil Case No. 90-1067.^[6]

On June 27, 1994, after hearing, the trial court rendered its Decision^[7] finding there was a perfected contract of sale between the parties and ordering petitioners to execute a final deed of sale in favor of respondent. The trial court held:

x x x

In the evaluation of the evidence presented by the parties as to the issue as to who was ready to comply with his obligation on the verbal agreement to sell on March 23, 1990, shows that plaintiff's position deserves more weight and credibility. First, the P100,000.00 that plaintiff paid whether as downpayment or earnest money showed that there was already a perfected contract. Art. 1482 of the Civil Code of the Philippines, reads as follows, to wit:

'Art. 1482. Whenever earnest money is given in a contract of sale, it shall be considered as part of the price and as proof of the perfection of the contract.'

Second, plaintiff was the first to react to show his eagerness to push through with the sale by sending defendants the letter dated March 25, 1990. (Exh. 'D') and reiterated the same intent to pursue the sale in a letter dated April 6, 1990. Third, plaintiff had the balance of the purchase price ready for payment (Exh. 'C'). **Defendants' mere allegation that it was plaintiff who did not appear on March 23, 1990 is unavailing.** Defendants' letters (Exhs. '2' and '5') appear to be mere afterthought.

On appeal, the Court of Appeals, in its assailed Decision of January 29, 1999, affirmed the trial court's judgment.

Forthwith, petitioners filed their motion for reconsideration but it was denied by the appellate court in its Resolution^[8] dated July 14, 1999.

Hence, the present recourse.

The basic issue to be resolved is whether the document entitled "Receipt for Partial Payment" signed by both parties earlier mentioned is a contract to sell or a contract of sale.

Petitioners contend that the Receipt is not a perfected contract of sale as provided for in Article 1458^[9] in relation to Article 1475^[10] of the Civil Code. The delivery to them of P100,000.00 as down payment cannot be considered as proof of the perfection of a contract of sale under Article 1482^[11] of the same Code since **there was no clear agreement between the parties as to the amount of consideration.**

Generally, the findings of fact of the lower courts are entitled to great weight and should not be disturbed except for cogent reasons.¹⁴ Indeed, they should not be changed on appeal **in the absence of a clear showing that the trial court overlooked, disregarded, or misinterpreted some facts of weight and significance, which if considered would have altered the result of the case.**

^[12] In the present case, we find that both the trial court and the Court of Appeals interpreted some significant facts resulting in an erroneous resolution of the issue involved.

In holding that there is a perfected **contract of sale**, both courts mainly relied on the earnest money given by respondent to petitioners. They invoked Article 1482 of the Civil Code which provides that "Whenever earnest money is given in a contract of sale, it shall be considered as part of the price and as proof of the perfection of the contract."

We are not convinced.

In *San Miguel Properties Philippines, Inc. v. Spouses Huang*,^[13] we held that the stages of a contract of sale are: (1) *negotiation*, covering the period from the time the prospective contracting parties indicate interest in the contract to the time the contract is perfected; (2) *perfection*, which takes place upon the concurrence of the essential elements of the sale, which is the meeting of the minds of the parties as to the object of the contract and upon the price; and (3) *consummation*, which begins when the parties perform their respective undertakings under the contract of sale, culminating in the extinguishment thereof.

With the above postulates as guidelines, we now proceed to determine the real nature of the contract entered into by the parties.

It is a canon in the interpretation of contracts that the words used therein should be given their natural and ordinary meaning unless a technical meaning was intended.

^[14] Thus, when petitioners declared in the said "Receipt for Partial Payment" that they -

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