

## SECOND DIVISION

[ G.R. NO. 136260, July 28, 2006 ]

**ELENITA C. ISHIDA AND CONTINENT JAPAN CO.,  
INC., PETITIONERS, VS. ANTUSA DE MESA-MAGNO, FIRMO DE  
MESA, MERCED LORENZA DE MESA, TEODORO DE MESA, AND  
LOURDES DE MESA-MENDOZA, RESPONDENTS.**

### D E C I S I O N

**GARCIA, J.:**

Assailed and sought to be set aside in this petition for review under Rule 45 of the Rules of Court is the Decision<sup>[1]</sup> dated October 15, 1996 of the Court of Appeals (CA) in *CA-G.R. CV No. 441550*, as reiterated in its Resolution<sup>[2]</sup> of October 28, 1998 denying herein petitioners' motion for reconsideration. The basic CA Decision reversed that of the Regional Trial Court (RTC) of Quezon City, Branch 106, in an action for annulment of sale thereat commenced by the petitioners against the herein respondents.

Reviewed, the records reveal the following factual antecedents:

Sometime in June 1987, the spouses Francisco Magno and Antusa de Mesa-Magno, the latter acting in her own behalf and in behalves of her co-respondent brothers and sisters, namely, Firmo de Mesa, Merced Lorenza de Mesa, Teodoro de Mesa and Lourdes de Mesa-Mendoza, executed a **Deed of Sale with Mortgage**<sup>[3]</sup> in favor of petitioner Continent Japan Co., Inc., represented in the deed by its co-petitioner Elenita Ishida.

Subject of the deed were a fishpond, a residential lot and a horticular land, all located in Lubao, Pampanga and registered under three separate transfer certificates of title (TCTs) in the names of respondent Antusa de Mesa-Magno and her co-respondents. The consideration for the sale was Five Million, One Hundred Fifty Thousand (P5,150,000.00) Pesos, of which Two Million, Seven Hundred Fifty Thousand (P2,750,000.00) Pesos was paid at the time the deed was executed, with the balance of Two Million, Four Hundred Thousand (P2,400,000.00) Pesos being secured by a mortgage of the properties sold. As agreed, the aforesaid balance of P2,400,000.00 in the purchase price shall be paid, as follows: P500,000.00, on or before October 31, 1987; and P1,900,000.00, on or before December 31, 1987.

Despite the sale, titles to the properties were not immediately transferred to the vendee-mortgagor Continent Japan Company, Inc., because its Articles of Incorporation which is required to effect the transfer was not readily available. It was only sometime in October 1987, after the vendee had submitted its Articles of Incorporation showing it to be a domestic corporation, that three (3) TCTs over the properties sold were issued in its name, to wit: TCT Nos. 249756-R, 249757-R and 2497-R.

Meanwhile, due to the alleged failure of the respondents to immediately effect the transfer of titles to the corporation, the latter's alleged financial partners withdrew their financial commitments. On account thereof, the corporation was not able to make payments of the balance in the purchase price, by reason of which the respondents foreclosed the mortgage in accordance with the terms and conditions of the parties' Deed of Sale With Mortgage. Thereafter, foreclosure proceedings ensued. Ultimately, the respondents acquired the mortgaged properties in a public auction and obtained new TCTs in their names.

It was against the foregoing backdrop of events that, on January 11, 1988, in the RTC of Quezon City, the petitioners filed against the respondents their complaint<sup>[4]</sup> in this case, which was docketed as Civil Case No. Q-Q-52656 and raffled to Branch 106 of the court.

After the issues were joined and all preliminary incidents resolved, the trial court came out with its decision<sup>[5]</sup> on October 4, 1993, rendering judgment for the petitioners, as plaintiffs, thus:

WHEREFORE, by preponderance of evidence, judgment is hereby rendered declaring the contract of sale of the fishpond property entered into by and between Sps. Francisco Magno and Antusa de Mesa Magno and Continent Japan Co. Inc. represented by Alenita Ishida annulled. Defendants are ordered to return to plaintiff the amount of Four Million Five Hundred Thousand (P4,500,000.00) Pesos plus interest at the rate of 12% per annum from August 1, 1987 until fully paid. The titles over the property subject of the sale having been registered back to the name of defendants/vendors, the plaintiff is under no obligation to restore anything to the defendant.

Further, defendant is hereby ordered to pay plaintiff the following:

1. The amount of One Hundred Thousand (P100,000.00) or actual and moral damages;
2. The amount of Fifty (P50,000.00) Thousand Pesos as attorney's fees, and
3. Costs of suit.

SO ORDERED.

Therefrom, the respondents went on appeal to the *CA in CA-G.R. CV No. 441550*. As stated at the threshold hereof, the appellate court, in its Decision<sup>[6]</sup> dated October 15, 1996, reversed that of the RTC and dismissed the petitioners' complaint, to wit:

WHEREFORE, premises considered, the appeal is GRANTED. The decision appealed from is hereby REVERSED and SET ASIDE and new judgment is hereby rendered DISMISSING the complaint.

Counter-claim is likewise DISMISSED.

Costs against plaintiff-appellees.

SO ORDERED.

Their motion for reconsideration having been denied by the CA in its equally challenged Resolution<sup>[7]</sup> of October 28, 1998, petitioners are now with this Court *via* the present recourse, arguing that the CA acted with patent grave abuse of discretion -

I

XXX IN FAILING TO RULE THAT THE TRIAL COURT CORRECTLY DECREED THE ANNULMENT OF THE SALE OF THE FISHPOND PROPERTY.

II

XXX IN FAILING TO RULE THAT THE COMPLAINT WAS NOT RENDERED MOOT AND ACADEMIC BY THE FORECLOSURE AND CONSOLIDATION OF THE SUBJECT PROPERTIES BY RESPONDENTS.

III

XXX IN FAILING TO RULE THAT THE TRIAL COURT CORRECTLY RENDERED JUDGMENT IN FAVOR OF PETITIONERS.<sup>[8]</sup>

The petition lacks merit.

As we see it, the forefront issue is whether, under the facts obtaining in this case, the CA committed an error in reversing the trial court's decision annulling the parties' Deed of Sale with Mortgage.

We rule and so hold that the CA did not.

From the very allegations of petitioners' initiatory pleading before the trial court which they simply styled as a *Complaint* without specifying what their complaint was for, it is crystal clear that petitioners as plaintiffs in the suit never asked the trial court to annul the subject Deed of Sale with Mortgage. Instead, in their complaint, petitioners merely prayed for a judgment ordering the respondents, as defendants:

1. to effect the transfer of the titles over the property to Continent Japan Co., Inc. and to deliver the same;
2. to pay actual damages in the amount of One Million Five Hundred (P1,500,000.00) Pesos which was sustained by plaintiffs due to the failure by defendants to immediately effect the transfer and delivery of the titles over the land, causing the former's financial partners to withdraw their financial commitments;
3. to restore of the piggery property or in the alternative, the reduction of the consideration in the amount of Three Hundred Fifty Thousand (P350,000.00) Pesos;
4. to compensate the plaintiffs in the amount of One Hundred Thousand (P100,000.00) Pesos for the fruits harvested from the