

THIRD DIVISION

[G.R. No. 152526, November 25, 2004]

**RAMON R. JIMENEZ JR. AND ANNABELLE L. JIMENEZ,
PETITIONERS, VS. JUAN JOSE JORDANA, RESPONDENT.**

DECISION

PANGANIBAN, J.:

Oft-repeated is the doctrine that the cause of action in a civil case is determined by the allegations of the complaint, never by those of the defendant's answer. However, ambiguities and lapses in the language of these allegations may be understood or clarified through a recourse to the annexes of the complaint, related pleadings or other submissions of the plaintiff.

The Case

Before us is a Petition for Review^[1] under Rule 45 of the Rules of Court, assailing the February 28, 2002 Decision^[2] of the Court of Appeals (CA) in CA-GR CV No. 66455. The CA disposed as follows:

"In fine, then, we find and so declare that the [respondent] had a cause of action against the [petitioner spouses] for '**Specific Performance and Damages**.' Hence, the [c]ourt *a quo* committed a reversible error in dismissing the '**Supplement to Amended Complaint**' of the [respondent] as against the [petitioner spouses].

"Before we write *finis* to the present recourse, we stress that our resolution of the issue on the nature of the transaction over the property between the [respondent] and x x x Bunye is merely provisional. The final resolution of the issue will have to be rendered by the court *a quo* after the parties shall have adduced their respective evidence on said issue.

"**IN THE LIGHT OF ALL THE FOREGOING**, the appeal is **GRANTED**. The Order of the [c]ourt *a quo*, dated February 1, 2000, is **SET ASIDE**. Let the records be remanded to the [c]ourt a quo for further proceedings."^[3]

The Facts

The CA narrated the facts as follows:

"Madeliene S. Bunye was the owner of a parcel of residential land, located in Adelfa Street, Ayala Alabang Village, Alabang, Muntinlupa, Metro Manila, covered by Transfer Certificate of Title No. 17133 issued by the Register of Deeds. On December 27, 1993, [Respondent] Juan Jose

Jordana wrote a letter to x x x Bunye offering to purchase the said property for the price of P12,300,000.00 payable in cash, on January 31, 1994, and to remit to her, **by way of earnest money**, the amount of P500,000.00 within five (5) days from his receipt of her acceptance of said offer. On December 28, 1993, x x x Bunye wrote a letter to [respondent] informing the latter that she accepted his offer and requesting him to remit the earnest money within five (5) days from his receipt of said letter. [Respondent] received the letter, on December 29, 1993, and had until January 3, 1994 within which to remit the **earnest money**. [Respondent] did remit the P500,000.00 earnest money but x x x Bunye refused to receive the money. On January 3, 1994, x x x Bunye wrote a letter to [respondent] confirming her rejection of the earnest money and that she can no longer accept his offer of P12,300,000.00 as her property was worth much more. She apologized for any inconvenience caused to him. However, she added that she would be willing to sell her property to him for P16,000,000.00.

"Unknown to [respondent], x x x Bunye executed a '**Special Power of Attorney**' on December 29, 1993, or a day after [she] accepted [his] offer to purchase the property, authorizing Lourdes Cuerva to sell the said property and to execute the appropriate contract therefor. The latter did offer to sell the said property to the [petitioners,] Spouses Ramon R. Jimenez, Jr. and Annabelle L. Jimenez, for the price of P14,350,000.00, and the couple agreed. On August 5, 1994, x x x Bunye, through her attorney-in-fact, Lourdes Cuerva, **as Seller**, and [petitioner-]spouses x x x **as Buyers**, executed a '**Contract to Sell**' over the said property for said price, of which P4,500,000.00 was payable, upon the execution of said deed, and the balance payable on or before March 30, 1995 and with the understanding of the Seller that:

'2. Upon completion of payment, the SELLER agrees to execute a Deed of Absolute Sale over subject property in favor of the BUYERS free from all liens and encumbrances, and in connection therewith, the SELLER agrees to submit/surrender to the BUYERS all documents and papers evidencing their right of ownership over the property subject of this Contract necessary to formalize BUYERS' title over the same, and undertake to sign all documents that may be necessary for the purpose.'

"Conformably with the said deed, [petitioner-spouses] remitted to x x x Cuerva, on August 5, 1994, the amount of P4,500,000.00 as downpayment for the property for which x x x Cuerva issued a '**Receipt**.' To protect their rights over the property, the spouses x x x executed an '**Affidavit of Adverse Claim**' over the property and had the same annotated, on August 15, 1994, at the dorsal portion of Transfer Certificate of Title [TCT] No. 171333.

"On March 1, 1995, [petitioners] wrote a letter to x x x Cuerva informing her that they will be paying the balance of the purchase price of the property earlier, on March 3, 199[5], at 8:00 o'clock in the morning, x x x.

"On March 7, 1995, [petitioners] received a letter from x x x Cuerva informing [them] that she was no longer the attorney-in-fact of Bunye, who was then in the United States of America and suggested that [petitioners] communicate with her at her address in the United States stated in the letter.

"On March 10, 1995, the Register of Deeds cancelled the '**Adverse Claim**' of [petitioners] annotated at the dorsal portion of [TCT] No. 171333.

"On March 14, 1995, [petitioners] wrote a letter to Bunye, in the United States of America, informing her that they had already deposited the balance of the purchase price of the property, in her account, with the Asian Bank, Greenbelt Branch, under **Savings Account No. 2006-13-00558-4**. [They then] requested Bunye to execute the appropriate '**Deed of Absolute Sale**' over the property in their favor and deliver to them the owner's duplicate of the title to the property under their names, within five (5) days from her receipt thereof.

"On March 15, 1995, or more than one (1) year from the rejection by Bunye of his proffered earnest money, [Respondent] Jordana filed a complaint against Bunye, with the Regional Trial Court of Makati City, entitled and docketed as '**Juan Jose Jordana, Plaintiff versus Madeliene S. Bunye, Defendant, Civil Case No. 95-443,**' for '**Specific Performance and Damages**' praying that, after due proceedings, judgment be rendered in her favor x x x.

[Respondent] alleged, *inter alia*, in his complaint, that he and x x x Bunye had already entered into a perfected contract over the property but that, despite his demand, she refused to execute a '**Deed of Absolute Sale**' over the property despite his offer to remit the earnest money and his readiness to pay the balance of the purchase price of the property.

"On March 15, 1995, [respondent] filed a '**Notice of Lis Pendens**' with the Register of Deeds, for annotation at the dorsal portion of [TCT] No. 171333. However, the Register of Deeds refused claiming that the action of [respondent] was personal and that no formal deed of sale has been executed between [respondent] and Bunye over the property.

"On the same day, Bunye wrote a letter to [petitioners] informing them that she will be in the Philippines on March 23, 1995. [Bunye] requested the spouses to have the '**Deed of Absolute Sale**' over the property prepared for her signature when she arrived in Manila.

"On March 17, 1995, [respondent], through counsel, wrote a letter to x x x Bunye in the United States informing her of the filing, by [respondent] of his complaint against her, with the Regional Trial Court, for '**Specific Performance.**'

"In the meantime, on March 19, 1995, [petitioners] wrote a letter to

Madeliene S. Bunye suggesting that she execute a '**Special Power of Attorney**' authorizing Lourdes Cuerva to execute the '**Deed of Absolute Sale**' over the property in their favor even before her arrival in the Philippines. Bunye agreed to the appointment of an attorney-in-fact, in the person of Ernesto del Rosario.

"When Bunye received the letter of the counsel of [respondent], she wrote a letter to [petitioners], dated March 23, 1995, informing them of the claim of [respondent] in his complaint and that, as soon as she received the '**Special Power of Attorney**' from the Secretary of the State of Washington, she will return to the Philippines.

"In the meantime, [respondent] filed, on March 24, 1995, in **Civil Case No. 95-443**, a '**Very Urgent Ex-Parte Motion**,' praying that an x x x an Order [be] immediately issued directing the Register of Deeds of Makati to immediately annotate the [Notice of] Lis Pendens on TCT No. 171333.'

"The summons and complaint in Civil Case No. 95-443 were served on Bunye through her security guard, Joseph Ytac, on March 23, 1995, as she was still in the United States of America.

"On March 28, 1995, [petitioners] filed, in **Civil Case No. 95-443**, a '**Motion for Leave to Intervene**' x x x. "However, [respondent] opposed the motion x x x.

"[Petitioners, on the other hand,] opposed the motion of [respondent] to compel the Register of Deeds to annotate the '**Notice of Lis Pendens**' at the dorsal portion of [TCT] No. 171333.

"On March 30, 1995, [respondent] executed a '**Notice of Adverse Claim**' and had the same annotated on March 31, 1995 at the dorsal portion of [TCT] No. 171333.

"On April 5, 1995, [TCT] No. 171333 was cancelled on the basis of the '**Deed of Absolute Sale**' executed on March 30, 1995 by Bunye, **pendente lite**, in favor of [petitioners] and, on the same day, the Register of Deeds issued [TCT] No. 200308 over the property to and under the name of the said spouses. The '**Adverse Claim**' of [respondent] was carried over in said title, x x x, as Entry No. 18053.

"On June 13, 1995, [petitioners] secured a loan from the Urban Bank in the amount of P12,000,000.00 and executed a '**Real Estate Mortgage**' over the said property, as security therefor which deed was annotated, on June 14, 1995, at the dorsal portion of [TCT] No. 200308.

"On September 12, 1995, [respondent] filed an '**Amended Complaint**' impleading the [petitioners] as Parties-Defendants x x x.

"[Petitioner] spouses x x x filed a '**Motion to Dismiss**' the **Amended Complaint** on the grounds that the **Amended Complaint** did not state a cause of action against them and [for] laches. [Respondent] filed an

'Opposition' to the **'Motion to Dismiss'** of [the] spouses.

"In the meantime, the Register of Deeds caused the annotation, on October 24, 1995, of the **'Notice of Lis Pendens'** filed by [respondent] at the dorsal portion of [TCT] No. 200308.

"Before the Court could resolve the **'Motion to Dismiss'** of the [petitioners], [respondent] filed a **'Motion for Leave to File Supplement to Amended Complaint'**, impleading the Urban Bank, as [p]arty-[d]efendant x x x.

"On February 7, 1996, [respondent] filed his **'Supplement to Amended Complaint'** x x x.

"[Petitioners] filed an 'Opposition' to [respondent's] motion. On July 2, 1996, the Court issued an Order granting the motion of [respondent] and admitting [his] 'Supplement to Amended Complaint.' [Petitioners] filed a 'Motion for Reconsideration' of the aforesaid Order of the Court. [Urban] Bank likewise filed a 'Motion to Dismiss' the 'Supplement to Amended Complaint' on the ground that it stated no cause of action against it. [Respondent] filed an 'Opposition' to the 'Motion for Reconsideration' of [petitioners] and the 'Motion to Dismiss' of the x x x bank. On February 1, 2000, the Court issued an Order granting the 'Motion to Dismiss' of [Urban] Bank and the 'Motion for Reconsideration' of [petitioners] on the ground that the 'Amended Complaint' and the 'Supplement to Amended Complaint' did not state causes of action against [them]."^[4]

Ruling of the Court of Appeals

The CA ruled that the trial court had erred in dismissing the "Supplement to Amended Complaint." The appellate court held that respondent alleged a sufficient cause of action against petitioners for the recovery of the Adelfa property. The CA said that such action was "real," not personal.

Moreover, the appellate court held that respondent and Bunye had entered into a Contract of Sale -- not a Contract to Sell -- which was perfected by their mere consent thereto. Thus, Bunye was deemed to have relinquished ownership of the property to respondent.

Regarding the double sale of the property, the CA said that the spouses could not have registered the second sale in good faith because they had prior knowledge of respondent's claim. It noted that even the Deed of Absolute Sale in favor of petitioners had been executed during the pendency of the Complaint.

Hence, this Petition.^[5]

Issues

In their Memorandum, petitioners raise the following issues:

- "1. Has Jordana alleged a sufficient cause of action against the Spouses Jimenez?