

THIRD DIVISION

[G.R. No. 107624, January 28, 1997]

**GAMALIEL C. VILLANUEVA AND IRENE C. VILLANUEVA,
PETITIONERS, VS. COURT OF APPEALS, SPOUSES JOSE AND
LEONILA DELA CRUZ, AND SPOUSES GUIDO AND FELICITAS
PILE, RESPONDENTS.**

DECISION

PANGANIBAN, J.:

The main issue here is whether a contract of sale has been perfected under the attendant facts and circumstances.

The petition filed on December 18, 1992 assails the Decision ^[1] of respondent Court of Appeals promulgated on October 23, 1992 in CA-G.R. CV No. 30741 rendered by the Eleventh Division ^[2] dismissing the appeal of petitioners and affirming the decision in Civil Case No. Q-50844 dated December 28, 1990 of the Regional Trial Court, Branch 83 of Quezon City, presided by Judge Estrella T. Estrada. The dispositive portion of the affirmed decision of the RTC reads: ^[3]

"WHEREFORE, judgment is hereby rendered dismissing plaintiff's instant action for specific performance. However, defendant Jose de la Cruz is hereby ordered to refund or reimburse the amount of Ten Thousand Pesos (P10,000.00) to plaintiff Irene Villanueva.

The parties' other claims for damages and attorney's fees are also hereby dismissed for being necessary consequences of litigation.

No pronouncement as to costs."

The Facts

The factual antecedents of this case as found by the trial court were reproduced in the assailed Decision, ^[4] as follows: ^[5]

"x x x plaintiff (and now petitioner) Gamaliel Villanueva has been a tenant-occupant of a unit in the 3-door apartment building erected on a parcel of land owned by defendants-spouses (now private respondents) Jose Dela Cruz and Leonila dela Cruz, with an area of 403 square meters, more or less, located at Short Horn, Project 8, Quezon City (Exhibit 'L'), having succeeded in the occupancy of said unit from the previous tenant Lolita Santos sometime in 1985. About February of 1986, defendant Jose dela Cruz offered said parcel of land with the 3-door apartment building

for sale and plaintiffs, son and mother, showed interest in the property. As an initial step, defendant Jose dela Cruz gave plaintiff Irene Villanueva a letter of authority dated February 12, 1986 (Exhibit 'A') for her to inspect the subject property. Because said property was in arrears in the payment of the realty taxes, defendant Jose dela Cruz approached plaintiff Irene Villanueva and asked for a certain amount to pay for the taxes so that the property would be cleared of any incumbrance (sic). Plaintiff Irene Villanueva gave P10,000.00 on two occasions — P5,000.00 on July 15, 1986 (Exhibit 'F') and another P5,000.00 on October 17, 1986 (Exhibit 'D'). It was agreed by them that said P10,000.00 would form part of the sale price of P550,000.00. Sometime thereafter, defendant Jose dela Cruz went to plaintiff Irene Villanueva bringing with him Mr. Ben Sabio, a tenant of one of the units in the 3-door apartment building located on the subject property, and requested her and her son to allow said Ben Sabio to purchase one-half (1/2) of the property where the unit occupied by him pertained to which the plaintiffs consented, so that they would just purchase the other half portion and would be paying only P265,000.00, they having already — given an amount of P10,000.00 used for paying the realty taxes in arrears. Accordingly the property was subdivided and two (2) separate titles were secured by defendants Dela Cruz. Mr. Ben Sabio immediately made payments by installments.

Sometime in March, 1987 or more specifically on March 6, 1987, defendants Dela Cruz executed in favor of their co-defendants, the spouses Guido Pili (sic) and Felicitas Pili (sic), a Deed of Assignment of the other one-half portion of the parcel of land wherein plaintiff Gamaliel Villanueva's apartment unit is situated, designated as Lot 3-A of the Subdivision Plan (LRC) Psd-337290, Block 24, Pcs-4865, with an area of 201.50 square meters, more or less, and covered by Transfer Certificate of Title 332445, purportedly as full payment and satisfaction of an indebtedness (sic) obtained from defendants Pili (sic) (Exhibit 'G'; Exhibit '3'). Consequently, Transfer Certificate of Title No. 356040 was issued in the name of defendants Pili (sic) also on March 6, 1987. Immediately thereafter, the plaintiffs came to know of such assignment and transfer and issuance of a new certificate of title in favor of defendants Pili (sic) so that plaintiff Gamaliel Villanueva complained to the barangay captain of Bahay Turo, Quezon City, on the ground that there was already an agreement between defendants Dela Cruz and themselves that said portion of the parcel of land owned by defendants Dela Cruz would be sold to him. As there was no settlement arrived at, the plaintiffs elevated their complaint to this Court through the instant action."

The trial court rendered its decision in favor of private respondents. An appeal was duly brought to public respondent which as earlier stated affirmed the said decision. Hence, this petition for review on certiorari under Rule 45 of the Rules of Court.

The Issues

The following errors are alleged to have been committed by public respondent: [6]

"I

The Court of Appeals erred in failing to find that there is a perfected contract of sale of subject property between petitioners and respondents spouses Dela Cruz

II

The Court of Appeals erred in applying the Statute of Frauds in this case when it is a contract of sale that was partly executed

III

The Court of Appeals erred in not finding that this being a case of double sale of immovable property, although respondents spouses Pili (sic) recorded the deed of assignment to them in the Registry of Deeds they were not in good faith while (sic) petitioners as purchasers thereof were in prior possession in good faith of the property.

IV

The Court of Appeals erred in failing to reverse and set aside the appealed judgment of the trial court and rendering a judgment for petitioners"

In the opinion of this Court, these four issues may be summed up in a single question: Under the factual circumstances of this case, was there a perfected contract of sale?

Petitioners contend that the adopted findings of facts of public respondent are contradicted by its ruling that there is no agreement as to the price of the apartments. They argue that on the basis of the facts found by public respondent, "the conclusion is ineluctable that there was a perfected contract of sale of the subject property." [7] According to petitioners, private respondents had to secure their consent to enable "Sabio to buy the one-half portion of the property where the unit Sabio was renting pertains so that petitioners will pay only the balance of P265,000.00 for the purchase of the other half after deducting the P10,000.00 petitioners advanced." [8] Public respondent's conclusion that the P10,000.00 paid to petitioners was not intended as part of the purchase price allegedly "collides" with its quoted findings, as follows: [9]

"It was agreed by them that said P10,000.00 would form part of the sale price of P550,000.00. x x x defendant Jose de la Cruz .x x x requested her and her son to allow said Ben Sabio to purchase one-half (1/2) of the property where the unit occupied by him pertained to which plaintiffs consented, so they would purchase the other half portion and would be paying only P265,000.00 they having already given an amount of P10,000,00 used for paying the realty taxes in arrears.x x x" (Underscoring in the petition).

The Court's Ruling

The arguments of petitioners do not persuade us. While it is true that respondent Court adopted the recitation of facts of the trial court, it nonetheless later corrected the relevant portions thereof as it found that no perfected contract of sale was agreed upon. Thus, public respondent explained: [10]

"Appellants' theory of earnest money cannot be sustained in view of the catena of circumstance showing that the P10,000.00 given to appellees was not intended to form part of the purchase price. As the great commentator Manresa observes that the delivery of part of the purchase price should not be understood as constituting earnest money unless it be shown that such was the intention of the parties (Manresa Commentaries on the Civil Code, 2d ed., Vol. 10, p. 85). Moreover, as can be gleaned from the records there was no concrete agreement to the price and manner of payment:

'Q Will you tell us why your transaction with plaintiffs (petitioners herein) did not materialize?

A Because I have been returning to Mrs. Villanueva and in fact we have executed a Deed of Sale which was in fact not signed.

Q Why did you not sign the Deed of Sale you mentioned?

A The Villanuevas told me to prepare the documents involved in this transaction because according to her (sic) she (sic) was only waiting for the money to come but because I was then being pressed by Felicitas Pile for the payment of my loan. I was constrained to assign the property to her.

Q What are your other reasons?

A Aside from that we were still haggling (sic) for the purchase price then and since I was being pressed by my creditor, I was forced to make the assignment."

The most that public respondent can be faulted with is its failure to expressly state that although its conclusion of law was correct, the trial court erred in its statement of the facts.

Was There a Perfected Contract of Sale?

Petitioners contend that private respondents' counsel admitted that "P10,000 is partial or advance payment of the property (TSN, June 14 [should be 15], 4 (sic) 1990, pages 6 to 7)." Necessarily then, there must have been an agreement as to price. They cite Article 1482 of the Civil Code which provides that "(w)henever 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." [11]

Private respondents contradict this claim with the argument that "(w)hat was clearly agreed (upon) between petitioners and respondents Dela Cruz was that the P10,000.00 primarily intended as payment for realty tax was going to form part of the consideration of the sale if and when the transaction would finally be consummated." [12] Private respondents insist that there "was no clear agreement

as to the true amount of consideration." [13]

Generally, the findings of fact of the lower courts are entitled to great weight and not 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. [15] In this case, and subject to the above clarification made by the appellate court, petitioners have failed to convince us to alter such findings.

In fact, a review of the evidence merely strengthens the conclusions of public respondent. We scoured the transcripts but we found that respondent dela Cruz never testified that he (or his spouse Leonila) had agreed to a definite price for the subject property. In fact, his testimony during the cross-examination firmly negated any price agreement with petitioners because he and his wife quoted the price of P575,000.00 and did not agree to reduce it to P550,000.00 as claimed by petitioner: [16]

Q And despite the fact that the property was mortgaged with Development Bank of Rizal you still contrated (sic) Sandiego (sic) for the purpose of selling the property?

A Yes, sir.

Q And did Sandiego (sic) agree as agent in selling the property despite the fact that it was mortgaged with the Development Bank of Rizal?

A Yes, sir.

Q Can you recall the condition you offered to Sandiego (sic) to act as your agent in selling the same?

A He will get certain commission for the same.

Q Will you state the price and conditions set forth in selling the property?

A P575 thousand, sir.

Q That is the same offer that was given to you by plaintiff Mrs. Villanueva?

A I can not recall, I think so.

Q And you will agree with me that 1/2 of P575 thousand is how much (sic)?

ATTY. MANZO:

There (is) nothing to agree with you counsel.

ATTY. GUPIT:

And the offer to you, the agreed price between you and Mrs. Villanueva is P275 thousand as stated in the agreement that was prepared?