

TWENTIETH DIVISION

[CA-G.R. CV. NO. 03281, March 26, 2014]

**JOEL E. EALDAMA, CORA MARIE V. EALDAMA, PLAINTIFFS-
APPELLEES, VS. MADELEINE TAN CHAN, DEFENDANT-APPELLEE,
DANILO TAN CHAN, DEFENDANT-APPELLANT.**

D E C I S I O N

LAGURA-YAP, J.:

The present appeal seeks to nullify the April 3, 2009 Decision^[1] and the September 14, 2009 Order,^[2] both issued by Regional Trial Court, Branch 29, Iloilo City (RTC) in Civil Case No. 05-28706 for Rescission of Contract with Damages.

THE ANTECEDENTS

On October 17, 2005, appellees, filed the Complaint^[3] against appellant Danilo and her wife, Madeleine, pertinent portion thereof reads:

2. On December 10, 2001, defendants Madeleine and Danilo Tan Chan executed a Deed of Sale in favor of plaintiff Joel E. Ealdama, which was notarized by Notary Public Evaristo Rene D. De Leon and entered as Document No. 407; Page 83; Book VIII; Series of 2001, a copy of said Deed of Conditional Sale is hereto attached as Annex "A" and made an integral Part of this Complaint;
3. The Deed of Conditional Sale was executed for the purchase of a portion of Lot No. 2947-A-3, under Transfer Certificate of Title No. T-126739 registered under the name of Defendant Madeleine Tan Chan.^[4] This agreement in paragraph 5 of the Deed of Conditional Sale and quoted as follows: "That the herein VENDOR desires to sell and the VENDEE desires to buy a portion of the aforesaid Lot NO. 2947-A-3-B, AS PER subdivision Plan hereto attached as Annex "A";
4. On December 6, 2001, plaintiff Joel Ealdama paid and delivered TWO HUNDRED FIFTY THOUSAND PESOS (Php 250,000.00) to defendant Madeleine Tan Chan as initial payment for the above-described property and in compliance of the conditional sale. A copy of the receipt covering such payment is hereto

attached as Annex "B" and made an integral part of this complaint;

5. Thereafter, plaintiff Joel E. Ealdama made subsequent payments, enumerated as follows:

Date	Amount Paid	Attached as
January 5, 2002	PhP 35,000.00	Annex "C"
May 1, 2002	PhP 30,000.00	Annex "D"
June 16, 2002	PhP 10,000.00	Annex "E"

x x x

6. On August 8, 2005, plaintiff through counsel, sent a registered Formal Demand **to Madeleine**, that she fulfill her obligations to the plaintiffs or find alternative ways to settle the matter. Until this day, **Madeleine never attempted to contact the plaintiffs** or the undersigned. x x x

7. Until this day, Madeleine has not complied with her obligation to the plaintiffs, as set forth in letter C, page two (2) of the Deed of the Conditional Sale. It states:

"c. The VENDOR hereby acknowledges her obligation to provide a concrete road leading to the property sold from the national Road not later than six (6) months from date;"

Madeleine failed and continues to fail to perform her obligation to the plaintiffs, causing them damage, sleepless nights and severe anxiety. Letter D, page two (2) of the same Deed further provides:

"d. Failure on the part of any of the parties to comply with any of the terms and conditions set forth in this Deed shall be a ground for the rescission hereof;"

8. Furthermore, plaintiffs recently discovered that **Madeleine mortgaged** the subject property of this case in favor of BPI Family Savings Bank., x x x
9. **Due to Madeleine's neglect and non-performance** of her obligation, the plaintiffs were constrained to hire the services of the undersigned counsel thereby paying attorney's fee of PhP 40,000.00 and agreeing to pay appearance fee of PhP 1,500 per court appearance;

PRAYER

WHEREFORE, based on the facts and circumstances abovementioned, plaintiffs hereby earnestly pray to this Honorable Court, after due process and hearing, to:

- a. Rescind the Deed of Conditional Sale executed between plaintiff Joel E. Ealdama and defendant **Madeleine Tan Chan**;
- b. Restore the parties of the Conditional Sale to their previous status *quo* by **ordering Madeleine to return the payments made by the plaintiffs** in the total amount of (PhP 325,000.00);
- c. Award actual damages in favor of the plaintiffs in the amount of (PhP 40,000.00) for attorney's fees and PhP 1,500.00 for every court appearance; (*emphasis supplied*)

x x x

On February 13, 2006, appellant Danilo filed his Answer.^[5]

During pre-trial the parties stipulated that appellant Danilo and Madeleine are husband and wife, but have been separated in fact even before the instant case was filed.^[6]

Trial ensued.

To prove their case, appellees presented the following: (a) various receipts,^[7] showing that Madeleine received various amounts from appellee Joel on different dates; (b) the Formal Letter^[8] of Demand from appellees' counsel addressed to Madeleine; (c) TCT No. T-126739 covering the subject property in the name of Madeleine, married to appellant Danilo,^[9] and (d) Real Estate Mortgage^[10] over the subject property, executed by Madeleine and appellant Danilo.

The appellees also presented the Deed of Conditional Sale.^[11] It reads:

DEED OF CONDITIONAL SALE

KNOW ALL MEN BY THESE PRESENTS:

This DEED is made and executed by and between:

MADELEINE TAN CHAN, of legal age, Filipino, married to Danilo Tan Chan, and a resident of Iloilo City, Philippines, hereinafter called the **VENDOR**;

- and -

JOEL E. EALDAMA, likewise of legal age, Filipino, single and a resident of Alta Tierra Village, Jaro, Iloilo City, Philippines, hereinafter called the **VENDEE**;

WITNESSETH:

That the **VENDOR** is the registered owner of a certain real property,

known as Lot No. 2947-A-3, situated at Brgy. Hibao-an, Mandurriao, Iloilo City, covered by TCT No. T-136739,12 herein-below more particularly described as follows:

x x x

That the herein VENDOR desires to sell and the VENDEE desires to buy a portion of the aforesaid Lot No. 2947-A-3, containing an area of FIVE HUNDRED FIFTY TWO (552) SQUARE METERS, more or less, designated as LOT NO. 2947-A-3-B, as per proposed Subdivision Plan hereto attached as Annex "A";

NOW THEREFORE, for and in consideration of the sum of EIGHT HUNDRED TWENTY FIVE THOUSAND (P825,000.00) PESOS, the VENDOR hereby SELLS, TRANSFERS AND CONVEY by way of this Deed a portion of said Lot No. 2947-A-3, designated as Sub-Lot No. 2947-A-3-B, with an area of FIVE HUNDRED FIFTY TWO (552) SQUARE METERS, more or less, to the herein VENDEE, his heirs and assigns, subject to whatever lien is inscribed in the Certificate of Title covering thereof and under the following terms and conditions:

- a. The VENDEE agrees to pay the VENDOR upon the execution hereof the sum of TWO HUNDRED FIFTY THOUSAND (P250,000.00) PESOS as initial payment;
- b. The balance of FIVE HUNDRED SEVENTY FIVE THOUSAND (P575,000.00) PESOS shall be paid as follows:
 - b.1. The amount of FIVE HUNDRED THOUSAND (P500,000.00) PESOS shall be paid upon the release of the loan the VENDEE has to secure from the PAG-IBIG FUND in the City of Iloilo;
 - b.2. The remaining amount of SEVENTY FIVE THOUSAND (P75,000.00) PESOS shall be paid in SIX (6) equal monthly installments at TWELVE THOUSAND FIVE HUNDRED (P12,500.00) PESOS per installment beginning January 31, 2002 and every month thereafter until fully paid at an agreed interest of FOURTEEN (14%) PER CENTUM per annum to be computed on a diminishing scheme;
- c. The VENDOR hereby acknowledges her obligation to provide a concrete road leading to the property sold from the National Road not later than six (6) months from date;
- d. Failure on the part of any of the parties to comply with any of the terms and conditions set forth in this Deed shall be a ground for the rescission hereof;
- e. In the event full payment has been made and absolute transfer be made of the property sold to the VENDEE, payments for taxes and fees for the affective transfer of the property sold shall be for the account of the VENDEE.

IN WITNESS WHEREOF, We have hereunto set our hands this 10th day of December, 2001, in the City of Iloilo, Philippines.

(SGD.)

MADELEINE TAN CHAN

Vendor

(SGD.)

JOEL E. EALDAMA

Vendee

With My Marital Conformity

(SGD.)

DANILA TAN CHAN

On April 3, 2009, the RTC issued the assailed Decision the dispositive portion of which reads:

WHEREFORE, in consideration of all the foregoing, judgment is hereby rendered in favour of the plaintiffs and against the defendants. The Deed of Conditional Sale executed between plaintiffs Spouses Joel Ealdama and Cora Marie Ealdama and defendants Spouse Danilo and Madeleine Tan Chan is hereby rescinded. They are, therefore, restored to the status they had prior to the said contract, for which reason, said defendants are hereby ordered:

- a. to return the full amount of Php 325,000.00 representing the payments made as consideration of the property plus 12% per annum from the date of the execution of this contract until fully paid;
- b. to pay Php50,000.00 as moral damages;
- c. to pay Php50,000.00 as exemplary damages;
- d. to pay attorney's fees of Php40,000.00; and
- e. to pay the costs of the suit.

SO ORDERED.

In holding appellant Danilo liable together with his wife Madeleine, the RTC ratiocinated as follows:^[13]

x x x this Court finds that since defendant Danilo does not disown his signatures on the Deed of Conditional Sale and on the Receipt for the sum of P250,000.00 as initial payment, there is no doubt that both parties executed the Deed of Conditional Sale. Danilo failed to prove that his consent was vitiated or that his signatures were obtained thru mistake, violence, intimidation, undue influence or fraud, or that he is disqualified to enter into contracts pursuant to Art. 1327, New Civil Code. He also failed to adduce sufficient evidence to prove that he signed the document without fully knowing its import because the moment he