

SIXTEENTH DIVISION

[CA-G.R. CV NO. 99825, November 17, 2014]

LEONARDO CARANTO, PLAINTIFF-APPELLANT, VS. ROBERTO SOLER, REGISTRY OF DEEDS OF PASAY, REGISTRAR OF DEEDS ROBERT GUILLERMO, DEFENDANTS-APPELLEES.

D E C I S I O N

ZALAMEDA, R.V., J.:

This is an Appeal from the Order^[1] dated 10 February 2012 and Order^[2] dated 05 September 2012, both issued by Branch 114, Regional Trial Court of Pasay City,^[3] in a case for Annulment of Documents and Damages, docketed as Civil Case No. R-PSY-11-0680CV, entitled "Leonardo Caranto, Plaintiff, vs. Roberto Soler, Registry of Deeds of Pasay and Registrar of Deeds Robert Guillermo, Defendants."

The facts are as follows —

On 18 May 1991, plaintiff-appellant Leonardo Caranto^[4] and his wife executed a Deed of Sale with Right to Repurchase^[5] in favor of defendant-appellee Roberto Soler,^[6] involving a property described as follows:

"X x x

'A three doors one storey unit with GI Roofing 138.00 sq.m. floor area residential house covered by TD 007-21648.' and 'A two hundred twenty five sq.m. and Nine Deca meter (225.9) lot No. 3, Blk. 21 situated at St. Peter Street, Brgy. Maricaban, Pasay City, covered by TCT No. 37533 and Tax Declaration No. 007 24924 of the Pasay City Assessor Office.'

X x x"^[7]

Under the terms of the contract, plaintiff-appellant had the right to repurchase the subject properties within seven (7) months from the date of execution thereof, otherwise, the sale becomes absolute. In the meantime, defendant-appellee took possession of the properties and exercised acts of ownership thereon.

Over time, plaintiff-appellant failed to repurchase the properties but defendant-appellee likewise did not consolidate his title thereto. Taking advantage of the situation, plaintiff-appellant had the subject properties subdivided sometime in 1996 and thus obtained Transfer Certificate of Title (TCT) No. 135870^[8] and TCT No. 135871^[9] in his name. Defendant-appellee, upon realizing plaintiff-appellant's act,

countered by filing an adverse claim which was annotated on both certificates of title.^[10]

On 10 August 2010, the Register of Deeds of Pasay City, through defendant-appellee's efforts, cancelled plaintiff-appellant's TCT No. 135871 and replaced the same with TCT No. 151625,^[11] this time in defendant-appellee's name. This prompted plaintiff-appellant to file the Complaint^[12] on 06 June 2011. Basically, plaintiff-appellant claimed that the issuance of a new certificate of title in the name of defendant-appellee was erroneous and had no basis, defendant-appellee not having yet obtained a judicial order for consolidation of title as required under Article 1607 of the New Civil Code.

Defendant-appellee, responding through his Answer with Compulsory Counterclaim,^[13] argued in the main that plaintiff-appellant's complaint failed to state a valid cause of action as he failed to repurchase his property within the period agreed upon by the parties. Defendant-appellee further asserted that no law required him to secure a judicial order of consolidation to consummate the *pacto de retro* sale. In addition, defendant-appellee maintained that plaintiff appellant's cause of action, if any, was already barred by prescription and/or laches, as plaintiff-appellant not only allowed the period to repurchase to pass without exercising his right but even took him more than twenty (20) years before finally lifting a finger and assert whatever right he had over the subject property.

Thereafter, plaintiff-appellant filed a Motion to Render Judgment on the Pleadings,^[14] alleging that trial on the merits can be dispensed with since defendant-appellee had admitted the material allegations in the Complaint, particularly the fact that the latter did not secure a judicial order for the consolidation of title.

In due time, the court *a quo* issued the first assailed Order, the fallo of which reads —

"X x x

WHEREFORE, judgment is hereby rendered **DISMISSING** the instant Complaint for lack of cause of action against the defendants.

SO ORDERED.

X x x"^[15]

Plaintiff-appellant subsequently filed a Motion for Reconsideration^[16] but the court *a quo* denied the same through the second assailed Order. Accordingly, plaintiff-appellant filed a Notice of Appeal^[17] dated 26 September 2012. As it was given due course by the court *a quo* through its Order^[18] dated 20 November 2012, plaintiff-appellant is now before Us through the present recourse with the following errors allegedly committed by the court *a quo*, to wit—

(A)

THE TRIAL COURT ERRED IN APPRECIATING THE FACTS AND JURISPRUDENCE APPLICABLE IN THE ABOVE-ENTITLED CASE.

(B)

THE TRIAL COURT ERRED IN APPRECIATING FACTS AND EVIDENCE OF THE CASE.^[19]

The records show that the court *a quo* dismissed plaintiff-appellant's Complaint for lack of cause of action as it categorically ruled that defendant-appellee had already obtained absolute ownership of the property covered by TCT No. 135871 (now TCT No. 151625) from the moment the period of repurchase lapsed without plaintiff-appellant exercising his right of repurchase. As the court *a quo* explained in the first assailed Order —

"X x x

To begin with, a cursory reading of plaintiff's Complaint clearly shows that the transaction between plaintiff and defendant Soler was a pacto de retro sale. And the essence of pacto de retro sale is that title and ownership of the property sold are immediately vested in the vendee a retro, subject to the resolutory condition of repurchase by the vendor a retro within the stipulated period. Failure of the vendor a retro to perform said resolutory condition vests upon the vendee by operation of law absolute title and ownership over the property sold and failure of the vendee a retro to consolidate his title under Article 1607 of the New Civil Code does not impair such title or ownership for the method described therein is merely for the purpose of registering the consolidated title. In the case at bar, absolute ownership of the land in question was vested on defendant Roberto Soler by virtue of the Pacto de Retro Sale of May 18, 1991 which apparently had become an absolute sale on December 18, 1991, upon failure of plaintiff Leonardo Caranto to repurchase said land. Further, defendant Roberto Soler has been and continues to be in actual possession of the property and his Deed of Pacto de Retro Sale dates to May 18, 1991 and there is no showing that his possession thereof and his pacto de retro sale were done in bad faith. Besides, it would be highly unjust for plaintiff Leonardo Caranto, who has received the price of the land sold, should still own said land and thus enrich himself at the expense and to the great prejudice of defendant Roberto Soler, the purchaser.

X x x"

As it is, though, despite plaintiff-appellant's setback below, he is still adamant that compliance by defendant-appellee with Article 1607 of the New Civil Code is mandatory under the prevailing circumstances and the admission of defendant-appellee of his failure to observe said requirement proves plaintiff-appellant's cause