Republic of the Philippines
Supreme Court
Baguio City

THIRD DIVISION

ROGELIO DANTIS,
Petitioner,

- versus -

JULIO MAGHINANG, JR.,
Respondent.

G.R. No. 191696

Present:

VELASCO, JR., *J., Chairperson,*
PERALTA,
ABAD,
MENDOZA, and
LEONEN, *JJ.*

Promulgated:
April 10, 2013

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DECISION

MENDOZA, J.:

This is a petition for review on *certiorari* seeking to reverse and set aside the January 25, 2010 Decision[1] and the March 23, 2010 Resolution[2] of the Court of Appeals *(CA),* in CA-G.R. CV No. 85258, reversing the March 2, 2005 Decision[3] of the Regional Trial Court, Branch 18, Malolos, Bulacan *(RTC),* in an action for quieting of title and recovery of possession with damages.

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[1] Penned by Associate Justice Mario L. Guariña III with Associate Justice Sesinando E. Villon and Associate Justice Franchito N. Diamante, concurring, *rollo*, pp. 89-97.
[2] Id. at 117.
[3] Penned by Judge Victoria C. Fernandez-Bernardo, record, pp. 236-240.

The Facts

The case draws its origin from a complaint[4] for quieting of title and recovery of possession with damages filed by petitioner Rogelio Dantis *(Rogelio)* against respondent Julio Maghinang, Jr. *(Julio, Jr.)* before the RTC, docketed as Civil Case No. 280-M-2002. Rogelio alleged that he was the registered owner of a parcel of land covered by Transfer Certificate of Title *(TCT)* No. T-125918, with an area of 5,657 square meters, located in Sta. Rita, San Miguel, Bulacan; that he acquired ownership of the property through a deed of extrajudicial partition of the estate of his deceased father, Emilio Dantis (*Emilio*), dated December 22, 1993; that he had been paying the realty taxes on the said property; that Julio, Jr. occupied and built a house on a portion of his property without any right at all; that demands were made upon Julio, Jr. that he vacate the premises but the same fell on deaf ears; and that the acts of Julio, Jr. had created a cloud of doubt over his title and right of possession of his property. He, thus, prayed that judgment be rendered declaring him to be the true and real owner of the parcel of land covered by TCT No. T-125918; ordering Julio, Jr. to deliver the possession of that portion of the land he was occupying; and directing Julio, Jr. to pay rentals from October 2000 and attorney's fees of ₱100,000.00.

He added that he was constrained to institute an ejectment suit against Julio, Jr. before the Municipal Trial Court of San Miguel, Bulacan (*MTC*), but the complaint was dismissed for lack of jurisdiction and lack of cause of action.

In his Answer,[5] Julio, Jr. denied the material allegations of the complaint. By way of an affirmative defense, he claimed that he was the actual owner of the 352 square meters (subject lot) of the land covered by TCT No. T-125918 where he was living; that he had been in open and continuous possession of the property for almost thirty (30) years; the subject lot was once tenanted by his ancestral relatives until it was sold by Rogelio's father, Emilio, to his father, Julio Maghinang, Sr. *(Julio, Sr.);* that later, he succeeded to the ownership of the subject lot after his father died on March 10, 1968; and that he was entitled to a separate registration of the subject lot on the basis of the documentary evidence of sale and his open and uninterrupted possession of the property.

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[4] Id. at 3-7.
[5] Id. at 28-31.

As synthesized by the RTC from the respective testimonies of the principal witnesses, their diametrically opposed positions are as follows:

> Plaintiff Rogelio Dantis testified that he inherited 5,657 square meters of land, identified as Lot 6-D-1 of subdivision plan Psd-031421-054315, located at Sta. Rita, San Miguel, Bulacan, through an Extrajudicial Partition of Estate of Emilio Dantis, executed in December 1993 which land was titled later on under his name, Rogelio Dantis, married to Victoria Payawal, as shown by copy of Transfer Certificate of Title No. T-125918, issued by the Register of Deeds of Bulacan on September 29, 1998, declared for taxation purposes as Tax Declaration with ARP No. C20-22-043-07-046. According to him, defendant and his predecessor-in-interest built the house located on said lot. When he first saw it, it was only a small hut but when he was about 60 years old, he told defendant not to build a bigger house thereon because he would need the land and defendant would have to vacate the land. Plaintiff, however, has not been in physical possession of the premises.
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> Defendant Julio Maghinang, Jr., presented by plaintiff as adverse witness, testified that he has no title over the property he is occupying. He has not paid realty taxes thereon. He has not paid any rental to anybody. He is occupying about 352 square meters of the lot. He presented an affidavit executed on September 3, 1953 by Ignacio Dantis, grandfather of Rogelio Dantis and the father of Emilio Dantis. The latter was, in turn, the father of Rogelio Dantis. The affidavit, according to affiant Ignacio Dantis, alleged that Emilio Dantis agreed to sell 352 square meters of the lot to Julio Maghinang on installment. Defendant was then 11 years old in 1952.
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> Defendant Julio Maghinang, Jr. likewise testified for the defendant's case as follows: He owns that house located at Sta. Rita, San Miguel, Bulacan, on a 352 square meter lot. He could not say that he is the owner because there is still question about the lot. He claimed that his father, Julio Maghinang (Sr.), bought the said lot from the parents of Rogelio Dantis. He admitted that the affidavit was not signed by the alleged vendor, Emilio Dantis, the father of Rogelio Dantis. The receipt he presented was admittedly a mere photocopy. He spent ₱50,000.00 as attorney's fees. Since 1953, he has not declared the property as his nor paid the taxes thereon because there is a problem.[6]

On March 2, 2005, the RTC rendered its decision declaring Rogelio as the true owner of the entire 5,657-square meter lot located in Sta. Rita, San Miguel, Bulacan, as evidenced by his TCT over the same. The RTC did not lend any probative value on the documentary evidence of sale adduced by Julio, Jr. consisting of: 1) an affidavit allegedly executed by Ignacio Dantis

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[6] Id. at 236-237.

(Ignacio), Rogelio's grandfather, whereby said affiant attested, among others, to the sale of the subject lot made by his son, Emilio, to Julio, Sr. (*Exhibit "3"*)[7]; and 2) an undated handwritten receipt of initial downpayment in the amount of ₱100.00 supposedly issued by Emilio to Julio, Sr. in connection with the sale of the subject lot (*Exhibit "4"*).[8] The RTC ruled that even if these documents were adjudged as competent evidence, still, they would only serve as proofs that the purchase price for the subject lot had not yet been completely paid and, hence, Rogelio was not duty-bound to deliver the property to Julio, Jr. The RTC found Julio, Jr. to be a mere possessor by tolerance. The dispositive portion of the RTC decision reads:

> WHEREFORE, Judgment is hereby rendered as follows:
>
> 1. quieting the title and removing whatever cloud over the title on the parcel of land, with area of 5,647 sq. meters, more or less, located at Sta. Rita, San Miguel, Bulacan, covered by Transfer Certificate of Title No. T-125918 issued by the Register of Deeds of Bulacan in the name of "Rogelio Dantis, married to Victoria Payawal";
>
> 2. declaring that Rogelio Dantis, married to Victoria Payawal, is the true and lawful owner of the aforementioned real property; and
>
> 3. ordering defendant Julio Maghinang, Jr. and all persons claiming under him to peacefully vacate the said real property and surrender the possession thereof to plaintiff or latter's successors-in-interest.
>
> No pronouncement as to costs in this instance.
>
> SO ORDERED.[9]

Julio, Jr. moved for a reconsideration of the March 2, 2005 Decision, but the motion was denied by the RTC in its May 3, 2005 Order.[10] Feeling aggrieved, Julio, Jr. appealed the decision to the CA.

On January 25, 2010, the CA rendered the assailed decision in CA-G.R. CV NO. 85258, finding the appeal to be impressed with merit. It held that Exhibit "4" was an indubitable proof of the sale of the 352-square meter lot between Emilio and Julio, Sr. It also ruled that the partial payment of the

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[7] Id. at 205.
[8] Id. at 206.
[9] Id. at 239-240.
[10] Id. at 247.

purchase price, coupled with the delivery of the *res*, gave efficacy to the oral sale and brought it outside the operation of the statute of frauds. Finally, the court a quo declared that Julio, Jr. and his predecessors-in-interest had an equitable claim over the subject lot which imposed on Rogelio and his predecessors-in-interest a personal duty to convey what had been sold after full payment of the selling price. The decretal portion of the CA decision reads:

> IN VIEW OF THE FOREGOING, the decision appealed from is reversed. The heirs of Julio Maghinang Jr. are declared the owners of the 352-square meter portion of the lot covered by TCT No. T-125968 where the residence of defendant Julio Maghinang is located, and the plaintiff is ordered to reconvey the aforesaid portion to the aforesaid heirs, subject to partition by agreement or action to determine the exact metes and bounds and without prejudice to any legal remedy that the plaintiff may take with respect to the unpaid balance of the price.
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> SO ORDERED.[11]

The motion for reconsideration[12] filed by Rogelio was denied by the CA in its March 23, 2010 Resolution. Unfazed, he filed this petition for review on certiorari before this Court.

Issues:

The fundamental question for resolution is whether there is a perfected contract of sale between Emilio and Julio, Sr. The determination of this issue will settle the rightful ownership of the subject lot.

Rogelio submits that Exhibit "3" and Exhibit "4" are devoid of evidentiary value and, hence, deserve scant consideration. He stresses that Exhibit "4" is inadmissible in evidence being a mere photocopy, and the existence and due execution thereof had not been established. He argues that even if Exhibit "4" would be considered as competent and admissible evidence, still, it would not be an adequate proof of the existence of the alleged oral contract of sale because it failed to provide a description of the subject lot, including its metes and bounds, as well as its full price or consideration.[13]

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[11] *Rollo*, p. 96.
[12] Id. at 98-115.
[13] Id. at 37-39.

Rogelio argues that while reconveyance may be availed of by the owner of a real property wrongfully included in the certificate of title of another, the remedy is not obtainable herein since he is a transferee in good faith, having acquired the land covered by TCT No. T-125918, through a Deed of Extrajudicial Partition of Estate.[14] He asserts that he could not be considered a trustee as he was not privy to Exhibit "4." In any event, he theorizes that the action for reconveyance on the ground of implied trust had already prescribed since more than 10 years had lapsed since the execution of Exhibit "4" in 1953. It is the petitioner's stance that Julio, Jr. did not acquire ownership over the subject lot by acquisitive prescription contending that prescription does not lie against a real property covered by a Torrens title. He opines that his certificate of title to the subject lot cannot be collaterally attacked because a Torrens title is indefeasible and must be respected unless challenged in a direct proceeding.[15]

The Court's Ruling

In the case at bench, the CA and the RTC reached different conclusions on the question of whether or not there was an oral contract of sale. The RTC ruled that Rogelio Dantis was the sole and rightful owner of the parcel of land covered by TCT No. T-125918 and that no oral contract of sale was entered into between Emilio Dantis and Julio Maghinang, Sr. involving the 352-square meter portion of the said property. The CA was of the opposite view. The determination of whether there existed an oral contract of sale is essentially a question of fact.

In petitions for review under Rule 45, the Court, as a general rule, does not venture to re-examine the evidence presented by the contending parties during the trial of the case considering that it is not a trier of facts and the findings of fact of the CA are conclusive and binding upon this Court. The rule, however, admits of several exceptions. One of which is when the findings of the CA are contrary to those of the trial court.[16] Considering the incongruent factual conclusions of the CA and the RTC, this Court is constrained to reassess the factual circumstances of the case and reevaluate them in the interest of justice.

The petition is meritorious.

It is an age-old rule in civil cases that he who alleges a fact has the burden of proving it and a mere allegation is not evidence.[17] After carefully

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[14] Record, pp. 126-127.
[15] *Rollo*, pp. 40-44.
[16] *Hyatt Elevators and Escalators Corp. v. Cathedral Heights Building Complex Association, Inc.,* G.R. No. 173881, December 1, 2010, 636 SCRA 401, 406.
[17] *Heirs of Cipriano Reyes v. Calumpang,* 536 Phil. 795, 811 (2006).

sifting through the evidence on record, the Court finds that Rogelio was able to establish a prima facie case in his favor tending to show his exclusive ownership of the parcel of land under TCT No. T-125918 with an area of 5,657 square meters, which included the 352-square meter subject lot. From the records, it appears that TCT No. T-125918 is a derivative of TCT No. T-256228, which covered a bigger area of land measuring 30,000 square meters registered in the name of Emilio Dantis; that Emilio died intestate on November 13, 1952; that Emilio's five heirs, including Rogelio, executed an extra-judicial partition of estate on December 22, 1993 and divided among themselves specific portions of the property covered by TCT No. T-256228, which were already set apart by metes and bounds; that the land known as Lot 6-D-1 of the subdivision plan Psd-031421-054315 with an area of 5,657 sq. m. went to Rogelio, the property now covered by TCT No. T-125918; and that the property was declared for realty tax purpose in the name of Rogelio for which a tax declaration was issued in his name; and that the same had not been transferred to anyone else since its issuance.

In light of Rogelio's outright denial of the oral sale together with his insistence of ownership over the subject lot, it behooved upon Julio, Jr. to contravene the former's claim and convince the court that he had a valid defense. The burden of evidence shifted to Julio, Jr. to prove that his father bought the subject lot from Emilio Dantis. In *Jison v. Court of Appeals*,[18] the Court held:

> Simply put, he who alleges the affirmative of the issue has the burden of proof, and upon the plaintiff in a civil case, the burden of proof never parts. However, in the course of trial in a civil case, once plaintiff makes out a prima facie case in his favor, the duty or the burden of evidence shifts to defendant to controvert plaintiff's prima facie case, otherwise, a verdict must be returned in favor of plaintiff. Moreover, in civil cases, the party having the burden of proof must produce a preponderance of evidence thereon, with plaintiff having to rely on the strength of his own evidence and not upon the weakness of the defendant's. The concept of "preponderance of evidence" refers to evidence which is of greater weight, or more convincing, that which is offered in opposition to it; at bottom, it means probability of truth.[19]

Julio, Jr. failed to discharge this burden. His pieces of evidence, Exhibit "3" and Exhibit "4," cannot prevail over the array of documentary and testimonial evidence that were adduced by Rogelio. The totality of Julio, Jr.'s evidence leaves much to be desired.

To begin with, Exhibit "3," the affidavit of Ignacio, is hearsay evidence and, thus, cannot be accorded any evidentiary weight. Evidence is hearsay when its probative force depends on the competency and credibility

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[18] 350 Phil. 138 (1998).
[19] Id. at 173.

of some persons other than the witness by whom it is sought to be produced. The exclusion of hearsay evidence is anchored on three reasons: 1) absence of cross-examination; 2) absence of demeanor evidence; and 3) absence of oath.[20]

Jurisprudence dictates that an affidavit is merely hearsay evidence where its affiant/maker did not take the witness stand.[21] The sworn statement of Ignacio is of this kind. The affidavit was not identified and its averments were not affirmed by affiant Ignacio. Accordingly, Exhibit "3" must be excluded from the judicial proceedings being an inadmissible hearsay evidence. It cannot be deemed a declaration against interest for the matter to be considered as an exception to the hearsay rule because the declarant was not the seller (Emilio), but his father (Ignacio).

Exhibit "4," on the other hand, is considered secondary evidence being a mere photocopy which, in this case, cannot be admitted to prove the contents of the purported undated handwritten receipt. The best evidence rule requires that the highest available degree of proof must be produced. For documentary evidence, the contents of a document are best proved by the production of the document itself to the exclusion of secondary or substitutionary evidence, pursuant to Rule 130, Section 3[22].

A secondary evidence is admissible only upon compliance with Rule 130, Section 5, which states that: when the original has been lost or destroyed, or cannot be produced in court, the offeror, upon proof of its execution or existence and the cause of its unavailability without bad faith on his part, may prove its contents by a copy, or by a recital of its contents in some authentic document, or by the testimony of witnesses in the order stated. Accordingly, the offeror of the secondary evidence is burdened to satisfactorily prove the predicates thereof, namely: (1) the execution or existence of the original; (2) the loss and destruction of the original or its non-production in court; and (3) the unavailability of the original is not due to bad faith on the part of the proponent/offeror. Proof of the due execution of the document and its subsequent loss would constitute the basis for the introduction of secondary evidence.[23] In *MCC Industrial Sales Corporation v. Ssangyong Corporation,*[24] it was held that where the missing document is the foundation of the action, more strictness in proof is required than where the document is only collaterally involved.

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[20] *Estrada v. Hon. .Desierto*, 408 Phil. 194, 220 (2001).
[21] *Unchuan v. Lozada*, G.R. No. 172671, April 16, 2009, 585 SCRA 421, 435.
[22] Sec. 3. Original document must be produced; exceptions. – When the subject of inquiry is the contents of a document, no evidence shall be admissible other than the original document itself, x x x.
[23] *Santos v. Court of Appeals*, 420 Phil. 110, 120 (2001).
[24] G.R. No. 170633, October 17, 2007, 536 SCRA 408, 463.

Guided by these norms, the Court holds that Julio, Jr. failed to prove the due execution of the original of Exhibit "4" as well as its subsequent loss. A nexus of logically related circumstance rendered Julio, Jr.'s evidence highly suspect. Also, his testimony was riddled with improbabilities and contradictions which tend to erode his credibility and raise doubt on the veracity of his evidence.

First, the claim of Julio, Jr. that Emilio affixed his signature on the original of Exhibit "4" in 1953 is highly improbable because record shows that *Emilio died even before that year*, specifically, on November 13, 1952. Excerpts from Julio, Jr.'s testimony relative to this matter are as follows:

> Atty. Vicente Millora
> (On Cross-examination)
>
> Q: You don't remember how old you were when this according to you you witnessed Emilio Dantis signed this?
> A: Eleven years old, Sir.
>
> Q: **So that was 1953**?
> A: **Yes, Sir.**
>
> Q: And you were then...?
> A: I was born October 1942, Sir.
>
> Q: You were eleven (11) years old?
> A: Yes, Sir.
>
> Q: And you mean to say that you witnessed the signing allegedly of the original of Exhibit "4" when you were eleven (11) years old?
> A: Yes, Sir.
>
> Q: And you remember what was signed in this receipt. From your memory can you tell the title of this Exhibit "4"?
> A: What I can say that it is a Sale, Sir.
>
> Q: So, when you said that you witnessed an alleged sale you are referring to Exhibit "4"?
> A: Yes, Sir.[25] (Emphasis supplied)

Second, Julio, Jr.'s testimony pertinent to the alleged loss of the original of Exhibit "4" is laden with inconsistencies that detract from his credibility. His testimony bears the earmarks of falsehood and, hence, not reliable. Julio, Jr. testified in this wise:

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[25] TSN, dated February 17, 2004, pp. 19-20.

Atty. Roldan Villacorta
(On Direct examination)

Q: Mr. Witness, I noticed that this document marked as Exhibit "4" is only a photocopy, where is the original of this document?
A: The original was with the safekeeping of **my parents** because of the lapse of time the original was misplaced, Sir.[26]

The above testimony of Julio, Jr. tends to give the impression that the original of the document was lost while it was in the possession of his parents. During cross-examination, however, he testified that it was lost while it was in his possession.

Atty. Vicente Millora
(On Cross-examination)

Q: x x x Where did you keep that document?
A: **I was the one keeping that document** because I live in different places, [the said] it was lost or misplaced, Sir.

Q: In other words, it was lost while the same was in your possession??
A: Yes, Sir.[27] (Emphasis supplied)

Still, later, Julio, Jr. claimed that his sister was the one responsible for the loss of the original of Exhibit "4" after borrowing the same from him.

Atty. Vicente Millora
(On Cross-examination)

Q: So, who is your sister to whom you gave the original?
A: Benedicta Laya, Sir.

Q: In other words now, you did not lost the document or the original of Exhibit "4" but you gave it to your sister, am I correct?
A: I just lent to her the original copy, Sir.

Q: So, you lent this original of Exhibit "4" to **your sister** and your sister never returned the same to you?
A: Yes, Sir, because it was lost, that was the only one left in her custody.

Interpreter:

Witness referring to the xerox copy.

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[26] Id. at 14.
[27] Id. at 17.

Atty. Vicente Millora

Q: In other words, it was your sister who lost the original, is that correct?
A: Yes, Sir, when I lent the original.[28] (Emphasis supplied)

The Court also notes the confused narration of Julio, Jr. regarding the last time he saw the original of Exhibit "4."

Atty. Vicente Millora
(On Cross-examination)

Q: And when did you last see the original?
A: When my mother died in 1993 that was the last time I tried to see the original of the document after her interment, Sir.

Q: Where did you see this document?
A: From the safekeeping of my mother, Sir.[29]

x x x x

Q: When did you get this Exhibit "4" now, the photocopy from your sister?
A: When the interment of my mother in September 1993, Sir.

Q: Now, let us reform. Which one did you get after the interment of your mother, this Exhibit "4" or the original?
A: I asked that xerox copy because I have lost the original and I could not find the same, Sir.

Q: So, from the safe of your mother after her interment, what used you found and got this Exhibit "4"?
A: Yes, Sir, from my sister.

Q: So, not from your mother safe?
A: The original was taken from the safe of my mother, Sir.

Q: So after your mother's death you never saw the original?
A: I did not see it anymore because the original was lost before she died, Sir.[30] (Underscoring supplied)

Third, it is quite strange that two receipts were prepared for the initial payment of ₱100.00 in connection with the sale of the subject lot. The Court notes that the contents of Exhibit "4" were similar to those of Annex "A"[31] of Julio, Jr.'s Answer, dated June 9, 2002. Annex "A," however, was typewritten and the name of the recipient indicated therein was a certain Cornelio A. Dantis, whose identity and participation in the alleged sale was never explained.

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[28] Id. at 18.
[29] Id. at 17.
[30] Id. at 19.
[31] Record, p. 32.

Fourth, apart from the lone testimony of Julio, Jr., no other witness who knew or read Exhibit "4," much less saw it executed, was presented. In the absence of any shred of corroborative evidence, the Court cannot help but entertain doubts on the truthfulness of Julio, Jr.'s naked assertion.

Assuming, in *gratia argumenti,* that Exhibit "4" is admissible in evidence, there will still be no valid and perfected oral contract for failure of Julio, Jr. to prove the concurrence of the essential requisites of a contract of sale by adequate and competent evidence.

By the contract of sale, one of the contracting parties obligates himself to transfer the ownership of, and to deliver, a determinate thing, and the other to pay therefor a price certain in money or its equivalent.[32] A contract of sale is a consensual contract and, thus, is perfected by mere consent which is manifested by the meeting of the offer and the acceptance upon the thing and the cause which are to constitute the contract.[33] Until the contract of sale is perfected, it cannot, as an independent source of obligation, serve as a binding juridical relation between the parties.[34] The essential elements of a contract of sale are: a) consent or meeting of the minds, that is, consent to transfer ownership in exchange for the price; b) determinate subject matter; and c) price certain in money or its equivalent.[35] The absence of any of the essential elements shall negate the existence of a perfected contract of sale.[36]

Seemingly, Julio, Jr. wanted to prove the sale by a receipt when it should be the receipt that should further corroborate the existence of the sale. At best, his testimony only alleges but does not prove the existence of the verbal agreement. Julio, Jr. miserably failed to establish by preponderance of evidence that there was a meeting of the minds of the parties as to the subject matter and the purchase price.

The chief evidence of Julio, Jr. to substantiate the existence of the oral contract of sale is Exhibit "4." For a better understanding and resolution of the issue at hand, Exhibit "4" is being reproduced here:

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[32] Art. 1458 of the Civil Code.
[33] Art. 1319 of the Civil Code.
[34] *Montecalvo v. Heirs of Eugenia T. Primero*, G.R. No. 165168, July 9, 2010, 624 SCRA 575, 589.
[35] *Coronel v. Court of Appeals*, 331 Phil. 294, 308-309 (1996).
[36] *Manila Metal Container Corp. v. Philippine National Bank*, 540 Phil. 451, 471 (2006).

Alamin ng sino mang
Makababasa

Akong si Emilio Dantis may sapat na Gulang may asawa naninirahan sa Sta Rita San Miguel Bul. ay kusang nagsasasay ng sumosunod.

Na ako Tumanggap Kay Julio Maghinang ng ₱100.00 peso cuartang Pilipino, bilang paunang bayad sa Lupa niyang nilote sa akin 400 apat na raan mahigit na metro cudrado.

Testigo

Tumangap,
Emilio a Dantis

A perusal of the above document would readily show that it does not specify a determinate subject matter. Nowhere does it provide a description of the property subject of the sale, including its metes and bounds, as well as its total area. The Court notes that while Julio, Jr. testified that the land subject of the sale consisted of 352 square meters, Exhibit "4," however, states that it's more than 400 square meters. Moreover, Exhibit "4" does not categorically declare the price certain in money. Neither does it state the mode of payment of the purchase price and the period for its payment.

In *Swedish Match, AB v. Court of Appeals*,[37] the Court ruled that the manner of payment of the purchase price was an essential element before a valid and binding contract of sale could exist. Albeit the Civil Code does not explicitly provide that the minds of the contracting parties must also meet on the terms or manner of payment of the price, the same is needed, otherwise, there is no sale.[38] An agreement anent the manner of payment goes into the price so much so that a disagreement on the manner of payment is tantamount to a failure to agree on the price.[39] Further, in *Velasco v. Court of Appeals*,[40] where the parties already agreed on the object of sale and on the purchase price, but not on how and when the downpayment and the installment payments were to be paid, this Court ruled:

> Such being the situation, it cannot, therefore, be said that a definite and firm sales agreement between the parties had been perfected over the lot in question. Indeed, this Court has already ruled before that a definite agreement on the manner of payment of the purchase price is an essential element in the formation of a binding and enforceable contract of sale. The fact, therefore, that the petitioners delivered to the respondent the sum of ₱10,000.00

[37] 483 Phil. 735, 752 (2004).
[38] *San Miguel Properties Philippines, Inc. v. Huang*, 391 Phil. 636, 646 (2000).
[39] *Platinum Plans Phil. Inc. v. Cucueco*, 522 Phil. 133, 150 (2006).
[40] 151-A Phil. 868 (1973).

> as part of the down-payment that they had to pay cannot be considered as sufficient proof of the perfection of any purchase and sale agreement between the parties herein under Art. 1482 of the new Civil Code, as the petitioners themselves admit that some essential matter – the terms of payment – still had to be mutually covenanted.[41]

The CA held that partial performance of the contract of sale – giving of a downpayment coupled with the delivery of the res - took the oral contract out of the scope of the Statute of Frauds. This conclusion arose from its erroneous finding that there was a perfected contract of sale. The above disquisition, however, shows that there was none. There is, therefore, no basis for the application of the Statute of Frauds. The application of the Statute of Frauds presupposes the existence of a perfected contract.[42] As to the delivery of the res, it does not appear to be a voluntary one pursuant to the purported sale. If Julio, Jr. happened to be there, it was because his ancestors tenanted the land. It must be noted that when Julio, Jr. built his house, Rogelio protested.

WHEREFORE, the petition is **GRANTED**. The assailed January 25, 2010 Decision and the March 23, 2010 Resolution of the Court Appeals, in CA-G.R. CV No. 85258, are **REVERSED** and **SET ASIDE**. The March 2, 2005 Decision of the Regional Trial Court of Malolos, Bulacan, Branch 18, in Civil Case No. 280-M-2002, is **REINSTATED**.

SO ORDERED.

JOSE CATRAL MENDOZA
Associate Justice

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[41] Id. at 887.
[42] *Rosencor Development Corp. v. Inquing*, 406 Phil. 565, 577 (2001).

WE CONCUR:

PRESBITERO J. VELASCO, JR.
Associate Justice
Chairperson

DIOSDADO M. PERALTA
Associate Justice

ROBERTO A. ABAD
Associate Justice

MARVIC MARIO VICTOR F. LEONEN
Associate Justice

ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

PRESBITERO J. VELASCO, JR.
Associate Justice
Chairperson, Third Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

MARIA LOURDES P. A. SERENO
Chief Justice