



Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

**SPOUSES TEODORO and
ROSARIO SARAZA and
FERNANDO SARAZA,**
Petitioners,

G.R. No. 198718

Present:

SERENO, C.J.,
Chairperson,
LEONARDO-DE CASTRO,
BERSAMIN,
VILLARAMA, JR., and
REYES, JJ.

- versus -

WILLIAM FRANCISCO,
Respondent.

Promulgated:

NOV 27 2013

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DECISION

REYES, J.:

This is a petition for review on *certiorari*¹ under Rule 45 of the Rules of Court, which assails the Decision² dated June 28, 2011 and Resolution³ dated September 30, 2011 of the Court of Appeals (CA) in CA-G.R. CV No. 93961. The assailed decision and resolution of the CA affirmed the Decision⁴ dated June 5, 2009 of the Regional Trial Court (RTC) of Imus, Cavite, Branch 20, in Civil Case No. 0319-04, an action for specific performance/sum of money and damages.

¹ *Rollo*, pp. 7-21.

² Penned by Associate Justice Remedios A. Salazar-Fernando, with Associate Justices Celia C. Librea-Leagogo and Michael P. Elbinias, concurring; id. at 23-42.

³ Id. at 43-44.

⁴ Issued by Presiding Judge Fernando Felicen; id. at 70-75.

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The Facts

The case stems from an amended complaint filed by William Francisco (respondent) against Fernando Saraza (Fernando) and Spouses Teodoro and Rosario (Rosario) Saraza (Spouses Saraza) (petitioners). The respondent alleged in his complaint that on September 1, 1999, he and Fernando executed an Agreement⁵ that provided for the latter's sale of his 100-square meter share in a lot situated in Bangkal, Makati City, which at that time was still registered in the name of one Emilia Serafico and covered by Transfer Certificate of Title (TCT) No. 40376 (later covered by TCT No. 220530), for a total consideration of ₱3,200,000.00. The amount of ₱1,200,000.00 was paid upon the Agreement's execution, while the balance of ₱2,000,000.00 was to be paid on installments to the Philippine National Bank (PNB), to cover a loan of Spouses Saraza, Fernando's parents, with the bank. A final deed of sale conveying the property was to be executed by Fernando upon full payment of the PNB loan.⁶

It was also agreed upon that should the parties fail for any reason to transfer the subject property to the respondent's name, Rosario and Fernando's 136-sq m property covered by TCT No. 156126 and encumbered to PNB to secure the loan that was to be paid by the respondent shall be considered a collateral in favor of the respondent.⁷ Spouses Saraza signified their conformity to the Agreement. The respondent was also allowed to take immediate possession of the property covered by TCT No. 156126 through a contract of lease⁸. The petitioners likewise furnished PNB with an Authority⁹, allowing the respondent to pay their obligations to the PNB, to negotiate for a loan restructuring, to receive the owner's duplicate copy of TCT No. 156126 upon full payment of the loan secured by its mortgage, and to perform such other acts as may be necessary in connection with the settlement of the loan.¹⁰

When the remaining balance of the PNB loan reached ₱226,582.13, the respondent asked for the petitioners' issuance of a Special Power of Attorney (SPA) that would authorize him to receive from PNB the owner's duplicate copy of TCT No. 156126 upon full payment of the loan. The petitioners denied the request. Upon inquiry from PNB, the respondent found out that the petitioners had instead executed an Amended Authority, which provided that the owner's copy of TCT No. 156126 should be returned to the mortgagors upon full payment of the loan.¹¹ Spouses Saraza

⁵ Id. at 63-64.

⁶ Id.

⁷ Id. at 57.

⁸ Id. at 65.

⁹ Id. at 66.

¹⁰ Id. at 57.

¹¹ Id. at 58.

also caused the eviction of the respondent from the property covered by TCT No. 156126.¹² These prompted the respondent to institute the civil case for specific performance, sum of money and damages with the RTC of Imus, Cavite on December 7, 2004.¹³

The petitioners admitted the existence of the Agreement and the Authority which was addressed to PNB. They, nonetheless, opposed the respondent's complaint on the ground that the amount of ₱1,200,000.00 which was supposed to be paid by the respondent upon the Agreement's execution remained unpaid. The respondent allegedly took advantage of the trust that was reposed upon him by the petitioners, who nonetheless did not formally demand payment from him but merely waited for him to pay the amount.¹⁴

The Ruling of the RTC

On June 5, 2009, the RTC rendered a Decision in favor of the respondent. The RTC considered the contents of the Agreement executed by the parties, taking into account that it was a notarized document. It held:

In another case, the High Court held that: "*The recitals in a public instrument executed with all the legal formalities are evidence against the parties thereto and their successors in interest, and a high degree of proof is necessary to overcome the presumption that such recitals are true.*" (Naval, et. al., v Enriquez, 3 Phil 669).¹⁵ (Italics supplied)

The RTC held that contrary to the petitioners' claim, the respondent's full payment of the ₱3,200,000.00 consideration provided in the Agreement was supported by: (1) the petitioners' acknowledgment in the Agreement that they received the amount of ₱1,200,000.00 upon its execution; and (2) the Certification from PNB that the full amount of Spouses Saraza's loan with the bank had been fully paid.

The RTC, however, declared that only Fernando should be held liable for the respondent's claims, since the main action was for specific performance, specifically to compel him to execute a Deed of Absolute Sale over the subject property already covered by TCT No. 220530 under Fernando's name. Hence, the decretal portion of the RTC Decision reads:

¹² Id. at 59.

¹³ Id. at 70.

¹⁴ Id. at 72.

¹⁵ Id. at 73.

WHEREFORE, premises considered[,] judgment is hereby rendered ordering [petitioner] Fernando M. Saraza as follows, viz:

1. to EXECUTE a Deed of Absolute Sale covering the 100-square meter parcel of land located in Barangay Bangkal, City of Makati and covered by Transfer Certificate of Title No. 220530 of the Registry of Deeds of Makati in favor of [respondent] William Francisco pursuant to their Agreement dated 01 September 1999;
2. to DELIVER to [respondent] William Francisco the Owner's Copy of Transfer Certificate of Title No. 220530 covering the 100-square meter parcel of land located in Barangay Bangkal, City of Makati which is subject of the Deed of Absolute Sale; and
3. to PAY all taxes imposable by law for the transfer of the title in the name of [respondent], pursuant to the parties' AGREEMENT dated 1 September 1999;
4. to PAY [respondent] William Francisco the following:
 - 4.1 One Hundred Thousand Pesos (Php 100,000.00) as and by way of damages;
 - 4.2 One Hundred Seventy-Seven Thousand Pesos (Php 177,000.00) as and by way of attorney's fees; and
 - 4.3 the costs of suit.

SO ORDERED.¹⁶

Dissatisfied, Fernando questioned the RTC Decision before the CA. In addition to the defenses which he raised during the proceedings before the RTC, he argued that the RTC of Imus lacked jurisdiction over the case as it involved an adjudication of ownership of a property situated in Makati City.¹⁷

The Ruling of the CA

The CA affirmed the RTC rulings *via* the Decision dated June 28, 2011. The CA rejected the petitioners' allegation that the amount of ₱1,200,000.00 remained unpaid by the respondent, citing the stipulation in their Agreement which provided that the said amount was paid upon the contract's execution.

¹⁶ Id. at 75.

¹⁷ Id. at 36.

On the issue of jurisdiction, the CA cited Fernando's failure to seasonably file before the lower court a motion to dismiss stating that the action should have been filed in Makati City. More importantly, the Court explained that the case was a personal action since it did not involve a claim of ownership of the subject property, but only sought Fernando's execution of a deed of sale in the respondent's favor. Thus, the venue for the action was the residence of the plaintiff or the defendant, at the plaintiff's option.¹⁸

Petitioner Fernando's Motion for Reconsideration¹⁹ was denied by the CA in the Resolution dated September 30, 2011.²⁰ Hence, this petition for review on *certiorari*.

The Issue

The main issue for the Court's resolution is: Whether or not the petitioners are bound to comply with their obligations to the respondent as embodied in their Agreement dated September 1, 1999.

This Court's Ruling

The respondent's satisfaction of his obligation under the Agreement

It is imperative to look into the respondent's compliance with his covenants under the subject Agreement in order to ascertain whether or not he can compel the petitioners to satisfy their respective undertakings.

At the outset, the Court underscores the limited scope of a petition for review on *certiorari* under Rule 45 of the Rules of Court. Section 1 of Rule 45 provides that the petition shall raise only questions of law, which must be distinctly set forth. Questions of fact are not entertained, for the Court is not duty-bound to analyze again and weigh the evidence introduced in and already considered by the tribunals below.²¹ When supported by substantial evidence, the findings of fact of the CA are conclusive and binding on the parties and are not reviewable by the Court, save in some recognized exceptions such as: (1) when the conclusion is a finding grounded entirely on speculation, surmises and conjectures; (2) when the inference made is

¹⁸ Id. at 36-37.

¹⁹ Id. at 76-89.

²⁰ Id. at 43-44.

²¹ *Medina v. Court of Appeals*, G.R. No. 137582, August 29, 2012, 679 SCRA 191, 201.

manifestly mistaken, absurd or impossible; (3) where there is a grave abuse of discretion; (4) when the judgment is based on a misapprehension of facts; (5) when the findings of fact are conflicting; (6) when the CA, in making its findings, went beyond the issues of the case and the same is contrary to the admissions of both appellant and appellee; (7) when the findings are contrary to those of the trial court; (8) when the findings of fact are conclusions without citation of specific evidence on which they are based; (9) when the facts set forth in the petition as well as in the petitioners' main and reply briefs are not disputed by the respondents; and (10) when the findings of fact of the CA are premised on the supposed absence of evidence and contradicted by the evidence on record.²²

The respondent's obligation under the Agreement pertains to the payment of the ₱3,200,000.00 consideration for Fernando's corresponding duty of executing a Deed of Sale over the property formerly covered by TCT No. 40376. To dispute the respondent's claim that he has satisfied said obligation, the petitioners now raise factual issues which the Court however emphasizes are not for the Court to reassess. For one, the issue of whether or not the respondent's obligation to pay has already been satisfied is a factual question.

We consider the fact that both the RTC and the CA have determined that there has been a full payment by the respondent of his ₱3,200,000.00 obligation under the Agreement. Upon review, the Court finds no reason to deviate from this finding of the courts, especially as it is supported by substantial evidence. To begin with, the petitioners do not deny the authenticity and their execution of the subject Agreement, a matter that is also sufficiently established by the fact that the document was acknowledged before a notary public. As both the RTC and CA correctly held, such Agreement sufficiently proves the fact of the respondent's payment to the petitioners of the agreed initial payment of ₱1,200,000.00, as it states:

That, for and in consideration of the agreed purchase price of THREE MILLION TWO HUNDRED THOUSAND PESOS ([₱]3,200,000.00), Philippine currency, of which the sum of **ONE MILLION TWO HUNDRED THOUSAND PESOS ([₱]1,200,000.00), has been paid by the buyer upon execution of this instrument x x x.**²³
(Emphasis ours)

²² Id.; *Samaniego-Celada v. Abena*, 579 Phil. 60, 66 (2008), citing *Ontimare, Jr. v. Spouses Elep*, 515 Phil. 237, 245-246 (2006).

²³ *Rollo*, p. 63.

Given this categorical statement, the petitioners' denial that they have received the amount necessitated concrete and substantial proof. A perusal of the case records shows that the petitioners failed in this regard. Even their unsubstantiated claim that the document's notarization was irregularly made cannot prevail over the presumption that the notary public's duty has been regularly performed.²⁴ The CA also correctly held that the parol evidence rule applies to this case. Unsubstantiated testimony, offered as proof of verbal agreements which tend to vary the terms of the written agreement, is inadmissible under the rule.²⁵

In addition to the foregoing, the petitioners' plain denial of the respondent's claim of full payment is self-serving, belied by their admission that they had not at anytime demanded from the respondent the payment of ₱1,200,000.00. The petitioners are presumed under the law to have taken ordinary care of their concerns;²⁶ thus, they would have exerted efforts to demand payment of the amount due them if in fact, no payment had been made. Moreover, given this presumption, the petitioners were supposed to be wary of the import of affixing their signature on the Agreement, and would not have voluntarily signed the subject Agreement if they did not intend to give full effect thereto.

The petitioners also raise in their Supplemental Petition²⁷ some defenses which were not introduced during the proceedings before the lower courts. These pertain to the alleged failure of Spouses Saraza to fully understand the contents of the Agreement as these were written in English, and their claim that the Agreement was a contract of adhesion for having been prepared solely by the respondent. Basic is the rule, however, that no issue may be raised on appeal unless it has been brought before the lower tribunals for consideration.²⁸ To consider such issues and arguments that are belatedly raised by a party would be tantamount to a blatant disregard of the basic principles of fair play, justice and due process.²⁹ In any case, the new defenses that are raised by the petitioners deserve scant consideration. There is no claim that the cited language limitation equally applied to the respondent, the principal party in the Agreement. Contrary to the petitioners' stance, the Agreement also does not appear to be a contract where the petitioners had no opportunity to question its terms, negotiate or decline its execution. The bare allegations of the petitioners fail to suffice.

²⁴ RULES OF COURT, Rule 131, Section 3(m).

²⁵ *Seaoil Petroleum Corporation v. Autocorp Group*, G.R. No. 164326, October 17, 2008, 569 SCRA 387, 395.

²⁶ RULES OF COURT, Rule 131, Section 3(d).

²⁷ *Rollo*, pp. 90-113.

²⁸ *Buklod nang Magbubukid sa Lupaing Ramos, Inc. v. E.M. Ramos and Sons, Inc.*, G.R. No. 131481, March 16, 2011, 645 SCRA 401, 455.

²⁹ *Office of the President v. Cataquiz*, G.R. No. 183445, September 14, 2011, 657 SCRA 681, 705-706, citing *Madrid v. Mapoy*, G.R. No. 150887, August 14, 2009, 596 SCRA 14, 28.

Based on available evidence, it is then clear that the respondent had fully satisfied his obligation under the subject Agreement given the stipulation in the document on his initial payment of ₱1,200,000.00, and considering PNB's Certification³⁰ that the ₱2,000,000.00 loan of Spouses Saraza with the bank had been fully settled on April 22, 2005. Fernando, being equally bound by the terms of the document, was correctly ordered by the RTC and the CA to duly comply with his own obligation under the contract, particularly the obligation to execute a deed of sale over his 100-sq m property in Bangkal, Makati City. The respondent's satisfaction of his obligation under the Agreement also rendered unmeritorious the petitioners' counterclaim for damages.

Venue of an Action for Specific Performance

As to the issue of venue, the petitioners' argument that the action should have been instituted with the RTC of Makati City, and not the RTC of Imus, Cavite, is misplaced. Although the end result of the respondent's claim was the transfer of the subject property to his name, the suit was still essentially for specific performance, a personal action, because it sought Fernando's execution of a deed of absolute sale based on a contract which he had previously made.

Our ruling in *Cabutihan v. Landcenter Construction & Development Corporation*³¹ is instructive. In the said case, a complaint for specific performance that involved property situated in Parañaque City was instituted before the RTC of Pasig City. When the case's venue was raised as an issue, the Court sided with therein petitioner who argued that "[t]he fact that 'she ultimately sought the conveyance of real property' not located in the territorial jurisdiction of the RTC of Pasig is x x x an anticipated consequence and beyond the cause for which the action [for specific performance with damages] was instituted."³² The Court explained:

[I]n *La Tondeña Distillers, Inc. v. Ponferrada*, private respondents filed an action for specific performance with damages before the RTC of Bacolod City. The defendants allegedly reneged on their contract to sell to them a parcel of land located in Bago City – a piece of property which the latter sold to petitioner while the case was pending before the said RTC. **Private respondent did not claim ownership but**, by annotating a notice of *lis pendens* on the title, **recognized defendants' ownership thereof. This Court ruled that the venue had properly been laid in the RTC of Bacolod, even if the property was situated in Bago.**

³⁰ *Rollo*, p. 123.

³¹ 432 Phil. 927 (2002).

³² *Id.* at 938.

In *Siasoco v. Court of Appeals*, private respondent filed a case for specific performance with damages before the RTC of Quezon City. It alleged that after it accepted the offer of petitioners, they sold to a third person several parcels of land located in Montalban, Rizal. The Supreme Court sustained the trial court's order allowing an amendment of the original Complaint for specific performance with damages. Contrary to petitioners' position that the RTC of Quezon City had no jurisdiction over the case, as the subject lots were located in Montalban, Rizal, the said RTC had jurisdiction over the original Complaint. The Court reiterated the rule that **a case for specific performance with damages is a personal action which may be filed in a court where any of the parties reside.**³³ (Citations omitted and emphasis supplied)

The Court compared these two cases with the case of *National Steel Corporation v. Court of Appeals*³⁴ where the Court held that an action that seeks the execution of a deed of sale over a parcel of land is for recovery of real property, and not for specific performance, because the primary objective is to regain ownership and possession of the property.³⁵ It was explained that the prayer in *National Steel* was not in any way connected to a contract that was previously executed by the party against whom the complaint was filed, unlike in *Cabutihan* where the parties had earlier executed an Undertaking for the property's transfer, correctly giving rise to a cause of action either for specific performance or for rescission, as in this case.

Section 2, Rule 4 of the Rules of Court then governs the venue for the respondent's action. It provides that personal actions "may be commenced and tried where the plaintiff or any of the principal plaintiffs resides, or where the defendant or any of the principal defendants resides, or in the case of a non-resident defendant where he may be found, at the election of the plaintiff." Considering the respondent's statement in his complaint that he resides in Imus, Cavite,³⁶ the filing of his case with the RTC of Imus was proper.

Award of Damages

The Court, however, modifies the lower courts' award of damages in favor of the respondent. In the assailed decision, the CA affirmed the RTC's award of the following amounts: (1) ₱100,000.00 as damages; (2) ₱177,000.00 as attorney's fees; and (3) costs of suit.

³³ Id. at 939-940.

³⁴ 362 Phil. 150 (1999).

³⁵ Id. at 158.

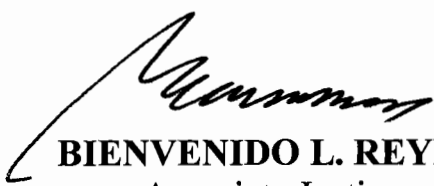
³⁶ *Rollo*, p. 56.

Upon review, the Court finds no justification for the order to pay damages in the amount ₱100,000.00. Both the RTC and the CA failed to indicate the award's classification and the factual and legal bases therefor, save for a general statement by the RTC that it was deemed a "reasonable amount of damages arising from the failure of the [petitioners] to fulfill [their] obligation under their Agreement."³⁷

The claim in the complaint was for "moral and compensatory damages", yet the RTC failed to indicate whether the ₱100,000.00 was for the moral damages for the "undue anxiety, mental anguish and wounded feelings"³⁸, or compensatory damages for the "actual business losses due to disruption of his business"³⁹ as alleged by the respondent in his Amended Complaint. More importantly, there is no showing that such allegations were sufficiently substantiated by the respondent, rendering the deletion of the award warranted.


WHEREFORE, the Decision dated June 28, 2011 and Resolution dated September 30, 2011 of the Court of Appeals in CA-G.R. CV No. 93961 are **AFFIRMED with MODIFICATION** in that the award of ₱100,000.00 as damages in favor of respondent William Francisco is deleted.

SO ORDERED.



BIENVENIDO L. REYES
Associate Justice

WE CONCUR:




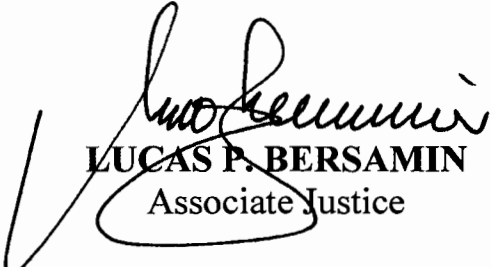
MARIA LOURDES P. A. SERENO
Chief Justice
Chairperson

³⁷ Id. at 74.

³⁸ Id. at 60.

³⁹ Id.



TERESITA J. LEONARDO-DE CASTRO
Associate Justice


LUCAS P. BERSAMIN
Associate Justice


MARTIN S. VILLARAMA, JR.
Associate Justice

C E R T I F I C A T I O N

Pursuant to Section 13, Article VIII of the Constitution, 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