



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

HONORLITA ASCANO-CUPINO
and FLAVIANA ASCANO-COLOCADO,
Petitioners,

G.R. No. 205113

Present:

- versus -

CARPIO, J., Chairperson,
DEL CASTILLO,
MENDOZA,
LEONEN, and
JARDELEZA,* JJ.

PACIFIC REHOUSE CORPORATION,
Respondent.

Promulgated:

26 AUG 2015

x -----

Manila

DECISION

CARPIO, J.:

The Case

Before the Court is a petition for review on *certiorari* under Rule 45 of the Rules of Court seeking to reverse the Decision¹ dated 17 July 2012 and Resolution² dated 8 January 2013 of the Court of Appeals (CA) in CA-G.R. CV No. 90568. The CA reversed and set aside the Decision³ dated 15 April 2005 of the Regional Trial Court (RTC) of Trece Martires City, Cavite, Branch 23, in Civil Case No. TM-936.

The Facts

On 1 October 1994, Honorlita Ascano-Cupino⁴ and Flaviana Ascano-Colocado (petitioners), and their sister, Noeminia Ascano, (collectively, the

* Designated acting member per Special Order No. 2147 dated 24 August 2015.

¹ *Rollo*, pp. 46-63. Penned by Associate Justice Francisco P. Acosta, with Associate Justices Fernanda Lampas Peralta and Angelita A. Gacutan concurring.

² *Id.* at 44.

³ *Id.* at 199-212. Penned by Executive Judge Aurelio G. Icasiano, Jr.

⁴ Represented herself and Flaviana Ascano as Attorney-in-fact.

u

Ascanos)⁵ entered into a Deed of Conditional Sale with Pacific Rehouse Corporation (Pacific). The latter obliged itself to purchase from the Ascanos a parcel of land with an area of 59,753 square meters located in General Trias, Cavite for ₱5,975,300.

Following the terms of the Deed of Conditional Sale, Pacific paid a down payment of ₱1,792,590 leaving a balance of ₱4,182,710, to be paid upon the fulfillment of certain conditions, namely: (1) the completion of all documents necessary for the transfer of the certificate of title of the land; (2) the vendors (the Ascanos) shall guarantee removal of the tenants, squatters and other occupants on the land, with the disturbance compensation to said tenants to be paid by vendors; and (3) submission by vendors to Pacific of the Affidavit of Non-Tenancy and the land operation transfer documents.⁶

In November 1994, petitioners asked for an additional ₱600,000 to be deducted from the purchase price, which Pacific paid.⁷

In 1995, petitioners asked for another ₱1,000,000, again deductible from the purchase price, purportedly to be used to fulfill the conditions in the Deed of Conditional Sale. Pacific paid the amount.⁸

On 13 February 1995, petitioners submitted to Pacific a Barangay Agrarian Reform Council Certification stating that the property was untenanted. They also informed Pacific that the other necessary documents were being processed and more expected to be completed the following month.⁹

The following month, however, petitioners failed to submit the necessary documents despite several demands from Pacific to do so. Instead, they informed Pacific that they wanted to rescind the contract and refused to accept Pacific's tender of additional payments amounting to ₱1,005,180.¹⁰

In the latter part of March 1995, Pacific, through Melecio P. Fortuno, Jr. (Fortuno), opened a savings account with the Capitol Bank of General Trias, Cavite, in the names of petitioners, depositing in said account the amount of ₱1,005,180.¹¹ Pacific then informed petitioners of the deposit and that "they were authorized to withdraw the same at [their] convenience."¹²

⁵ Also referred to as "Ascaño" in the Records.

⁶ *Rollo*, p. 47.

⁷ *Id.* at 48.

⁸ *Id.*

⁹ *Id.*

¹⁰ *Id.*

¹¹ *Id.* at 49.

¹² *Id.* at 176.

Thereafter, Pacific learned that petitioners were negotiating the sale of the property with other buyers allegedly for a higher consideration. In September 1995, Pacific effected an annotation of an adverse claim on the property's title.¹³

Pacific made several demands on petitioners to fulfill their obligations under the Deed of Conditional Sale. Instead of heeding the demands, petitioners, through a certain Atty. Fojas, began negotiating with Pacific for the rescission of the Deed of Conditional Sale.¹⁴

On 11 February 1999, Pacific made another demand on petitioners to fulfill all their obligations under the Deed of Conditional Sale or to return all payments it had already made plus legal interest. Petitioners continued to ignore the demand.¹⁵

On 2 September 1999, Pacific filed a Complaint for Cancellation of Contract, Sum of Money and Damages before the RTC of Trece Martires City. However, before pre-trial, Pacific discovered that petitioners had withdrawn the ₱1,005,180 it had deposited with Capitol Bank of General Trias.¹⁶

In view of petitioners' action, Pacific filed an Amended Complaint¹⁷ changing its cause of action from *cancellation* to *specific performance*.

On the other hand, petitioners alleged that it was Pacific that defaulted in its payment. They maintained that the real purchase price they agreed upon was ₱200 per square meter, or a total of ₱11,950,600, and that allegedly the much lower amount stated in the Deed of Conditional Sale was put there at Pacific's request in order to lower the taxes they would need to pay.¹⁸

Petitioners further alleged that in October 2004, the parties had executed an Addendum to Deed of Conditional Sale,¹⁹ with item "2" of the original deed amended to read as follows:

That full payment of the balance of ₱4,182,710.00 shall be paid in full to the Vendors by the Vendees within six (6) months from the date of the Deed of Conditional Sale, otherwise, in case of default, the sale shall automatically be cancelled and all monies received by the Vendors shall be refunded to the Vendee, minus the amount of ₱792,590.00 taken by the representative of the Vendee for payment of disturbance compensation to ten[a]nts.

¹³ Id. at 49.

¹⁴ Id.

¹⁵ Id.

¹⁶ Id. at 50.

¹⁷ Id. at 81-82.

¹⁸ Id. at 51.

¹⁹ Id. at 96.

Petitioners insisted that the Addendum clearly stated that Pacific undertook the obligation to pay the tenants' disturbance compensation with the ₱792,590 taken by Fortuno as Pacific's authorized representative. However, petitioners averred that the amount was never paid to the tenants, who remained in the subject property, in violation of the conditions set in the deed.²⁰

Pacific, however, refused to acknowledge the Addendum because the same was allegedly not signed by its authorized representative, Dee Hua T. Gatchalian, who was the signatory in the original Deed of Conditional Sale. Pacific also denied that the price they agreed upon was ₱11,950,600.²¹

The Decision of the RTC

On 15 April 2005, the RTC promulgated its decision, the dispositive portion of which reads:

WHEREFORE, judgment is hereby rendered cancelling the contract and the addendum to it entered into by the plaintiff and defendants dated October 1, 1994 and ordering defendants Honorlita Ascaño, Noeminia Ascaño and Flaviana Ascaño to return the amount of Two Million Six Hundred Two Thousand (₱2,602,000.00) Pesos to the plaintiff; while Plaintiff is hereby ordered to pay defendants who incurred the following in defending their rights:

1. The amount of One Hundred Fifty Thousand (₱150,000.00) Pesos as damages;
2. The amount of One Hundred Thousand (₱100,000.00) Pesos as attorney's fees; and
3. The litigation expenses.

SO ORDERED.²²

The RTC held:

In this case, parties admitted that there was a Deed of Conditional Sale and an addendum to it executed by the parties. That based on this contract, plaintiff paid defendant the amount of One Million Seven Hundred Ninety Two Thousand Five Hundred Ninety (₱1,792,590.00) [Pesos] (Exh. "K"), Six Hundred Thousand (₱600,000.00) Pesos (Exh. "M"), One Million (₱1,000,000.00) Pesos (Exh. "Q") and Five Hundred Five Thousand One Hundred Eighty (₱505,180.00) Pesos (Exh. "Q") and those payments were all received by defendants, that when Plaintiff deposited the balance of One Million (₱1,000,000.00) pesos as full payment for the property, defendants refused to withdraw it from the bank until plaintiff for failure of the defendant[s] to withdraw their tender of payment, withdraw the amount deposited.

²⁰ Id. at 51-52.

²¹ Id. at 52.

²² Id. at 211-212.

Defendants in their defense alleged that they refused to withdraw the amount as full payment since plaintiff failed to pay their tenants and the latter were still occupying their property. With respect to this, plaintiff alleged that it is the duty of the party defendants to pay their tenants as per their agreement but defendants countered that as per their addendum, which was incorporated in their Contract to Sell, a part of what they received from the plaintiff was given to Mr. Melecio Fortuno to pay the tenants amounting to Seven Hundred Ninety Two Thousand (₱792,000.00) Pesos; that with respect to the claims of the defendant[s], plaintiff denied that Mr. Melecio Fortuno (now deceased) is not their (sic) authorized agent to transact in behalf of the plaintiff.

With respect to this, the Court can very well see that this claim of the plaintiff cannot be given merit. Plaintiff cannot deny that in their letter addressed to Honorlita and Flaviano (sic) Ascaño (Exhibit “G”), the signature of Melecio Fortuno appeared as authorized representative of the plaintiff and this cannot be denied by plaintiff. The fact that it was this person who received the amount of ₱792,000.00 as payment for the tenant shows that defendants cannot be faulted when they refused to accept the full payment for their property considering that the tenants are still occupying defendants’ land despite the latter giving the amount to be paid to the tenant.

However, plaintiff in his (sic) complaint prays for the rescission or cancellation of contract and to this allegation, the Court has no recourse but to grant this prayer since parties are no longer willing to proceed with their contract and in rescission, the parties are duty bound to return what they received. With respect to damages, expenses and attorney’s fees alleged by the parties, the Court from the pieces of evidence submitted so maintains that plaintiff is not entitled since defendant[s] [are] not at fault.²³

Pacific filed a motion for reconsideration of the RTC’s decision. However, the motion was denied in an Order²⁴ dated 9 May 2006, prompting it to file an appeal before the CA.²⁵

The Decision of the CA

In the assailed decision dated 17 July 2012, the CA granted the appeal, thus:

WHEREFORE, premises considered, the instant Appeal is GRANTED. The appealed Decision dated 15 April 2005 is hereby REVERSED and SET ASIDE. Accordingly, this Court ORDERS:

- (1) the plaintiff-appellant to pay the defendants-appellees the amount of One Million Five Hundred Seventy Seven Thousand Five Hundred Thirty Pesos (₱1,577,530.00), upon the execution by the defendants-appellees of the Deed of Absolute Sale in favor of the plaintiff-appellant and delivery to the latter all documents necessary for the transfer of the title to the subject property; and

²³ Id. at 210-211.

²⁴ Id. at 213.

²⁵ Id. at 230.

(2) the defendants-appellees shall, at their expense, commence the necessary proceedings for the eviction of the tenants and/or informal settlers in the property until the same is cleared of the same.

No pronouncement as to costs.

SO ORDERED.²⁶

The CA held that “the trial court erred in deciding the case on the basis of the original complaint.” The CA noted that Pacific amended its complaint from cancellation of contract to specific performance, which was done with leave of and allowed by the RTC.²⁷

The CA also held that rescission was not warranted in this case. It ruled that petitioners “were clearly the ones who failed in their obligation under the contract.”²⁸ Pacific then is the *injured party* entitled to choose between rescission of the contract and fulfillment of the obligation. Pacific chose the latter, as stated in their Amended Complaint for specific performance.²⁹

Lastly, the CA found that it was proven and undisputed that a total of ₱4,497,770 had already been paid by Pacific leaving only a balance of ₱1,577,530.

Petitioners filed a motion for reconsideration, which was denied in a Resolution dated 8 January 2013.³⁰

Petition for Review with Prayer for TRO

Petitioners filed the present petition for review asking the Court to reverse the decision of the CA and reinstate the decision of the RTC with the deletion of the order to return the payments received.³¹

Petitioners also prayed for the issuance of a temporary restraining order (TRO) arguing that Pacific was likely to move for a writ of execution once the CA issues an entry of judgment, causing them grave and irreparable damage.

In its Resolution dated 4 March 2013, the Court granted the request for TRO upon payment of a cash or surety bond in the amount of ₱4.4 million.³² However, petitioners later withdrew their application for TRO because they could no longer afford to pay or secure a surety bond.³³

²⁶ Id. at 62-63.

²⁷ Id. at 54.

²⁸ Id. at 60.

²⁹ Id. at 61.

³⁰ Id. at 44.

³¹ Id. at 36.

³² Id. at 293-295.

³³ Id. at 315-316.

Petitioners' Arguments

Petitioners aver that the CA erred in ordering specific performance instead of rescission, arguing that the cancellation of the Deed of Conditional Sale was justified because Pacific was indeed remiss in its obligation as vendee.³⁴ Petitioners further argue that they, and not Pacific, are the injured parties in this case.

Petitioners assert that Pacific is bound by the Deed of Conditional Sale and its Addendum because Fortuno was its authorized representative. They emphasized that Fortuno, along with Pacific's liaison officer Purita Mendez, signed the Deed of Conditional Sale and Addendum, while Dee Hua T. Gatchalian did not.³⁵ As further proof, they pointed to a letter dated 5 April 1995 where Fortuno himself clearly stated that he was the company's authorized representative.³⁶

Petitioners also insist that Pacific has not paid the entire purchase price agreed upon. They underscore that the real purchase price agreed upon was ₱200 per square meter or ₱11,950,600. However, Pacific only acknowledges the purchase price to be ₱5,975,300, the amount stated in the Deed of Conditional Sale. In any case, petitioners insist that since the total amount paid by Pacific only totals ₱3,605,180,³⁷ there remains a balance to be paid whether the purchase price is that stated in the Deed of Conditional Sale or ₱11,950,600.

Petitioners also allege that Pacific has not complied with its contractual obligation to pay the tenants' disturbance compensation. Despite receiving ₱792,590 through its authorized representative, Pacific never paid the tenants who continue to occupy the property.³⁸

Thus, petitioners contend that they are the injured parties in this case, and therefore, entitled to ask for the rescission of the Deed of Conditional Sale.³⁹

Respondent's Arguments

In its Comment/Opposition,⁴⁰ Pacific presents a different version of the facts. It alleges that the purchase price agreed upon is that stated in the Deed of Conditional Sale, which is ₱5,975,300. Pacific paid the down

³⁴ Id. at 17.

³⁵ Id. at 20-21.

³⁶ Id. at 22.

³⁷ Id. at 27.

³⁸ Id. at 27-28.

³⁹ Id. at 28.

⁴⁰ Id. at 319-345.

payment amounting to ₱1,792,590, leaving a balance of ₱4,182,710. The balance, as stipulated in the deed, was to be paid “upon completion by the VENDORS of the pertinent documents that are necessary for the transfer of the Certificate of Title of the above mentioned parcel of land unto the VENDEE[.]” Likewise, the deed stated that the vendors guaranteed to pay the tenants disturbance compensation to rid the property of squatters and other occupants.⁴¹

In November 1994, petitioners requested from Pacific an additional partial payment of ₱600,000 purportedly to be used to fulfill the conditions in the Deed of Conditional Sale. Thereafter, petitioners asked for another ₱1,000,000, again to be considered as partial payment, which Pacific agreed to pay on the conditions that, *first*, petitioners submit a Barangay Agrarian Reform Council Certification that the property was untenanted, and *second*, deliver all the necessary documents, certifications and clearances necessary to consummate the sale. On 13 February 1995, petitioners submitted to Pacific a Barangay Agrarian Reform Council Certification that the land was untenanted. They also assured Pacific that the other documents needed to complete the sale were being processed.⁴²

However, by March 1995, petitioners were still unable to deliver the necessary documents, certifications and clearances. Pacific also heard from Fortuno that petitioners were contemplating on rescinding the Deed of Conditional Sale.

This prompted Pacific to tender to petitioners the payment for the balance of the purchase price by opening a savings account in petitioners’ names and depositing the amount in said account. Pacific informed petitioners of the deposit and told them that the amount was at their disposal. Petitioners still failed to comply with their obligations under the Deed of Conditional Sale.⁴³

Pacific was then constrained to effect an annotation of adverse claim on the property’s transfer certificate of title.⁴⁴ Thereafter, Pacific sent several demand letters to petitioners,⁴⁵ which remained unheeded.

When Pacific was about to initiate legal action, petitioners’ lawyer commenced negotiations for the rescission of the Deed of Conditional Sale. However, in December 1998, the lawyer informed Pacific that his services had been terminated and he would no longer negotiate for petitioners.⁴⁶

⁴¹ Id. at 320.

⁴² Id. at 320-321.

⁴³ Id. at 321.

⁴⁴ Id. at 322.

⁴⁵ Id. at 178-181.

⁴⁶ Id. at 322.

On 11 February 1999, Pacific again demanded that petitioners fulfill their obligations under the Deed of Conditional Sale.⁴⁷ The demand was again unheeded. Hence, Pacific filed the Complaint⁴⁸ for *rescission/cancellation of contract and damages* before the RTC.

Pacific argues that the petition raises questions of fact and should be denied. Moreover, Pacific avers that the issues raised by petitioners have already been decided by the CA. In particular, Pacific emphasizes that the argument regarding Fortuno's authority has been conclusively passed upon by the CA.⁴⁹

Pacific also maintains that it is not the party guilty of failing to comply with the obligations under the Deed of Conditional Sale. It maintains that it is simply not true that the purchase price agreed upon is ₱200 per square meter. For one, it says, being a corporation, it is in its best interest that the true and correct purchase price be recorded in its books as an expense. In fact, it further says, the party that will most benefit from reducing the price will be petitioners themselves.⁵⁰

Likewise, Pacific points out that the Addendum, which states, "[t]hat we, the above-named Vendors, hereby amend item 2 of the said Deed of Conditional Sale to read as follows x x x," proves that the amendment was a "unilateral act" and without Pacific's consent.⁵¹

Based on the foregoing arguments, Pacific insists that it is the injured party in this case. As it has clearly asked for specific performance in its Amended Complaint, the CA correctly overturned the RTC's decision.⁵²

The Issue

Petitioners raise this sole issue:

WITH ALL DUE RESPECT, TO DECLARE THAT SPECIFIC PERFORMANCE IS WARRANTED IN THE CASE AT BAR, INSTEAD OF RESCISSION, THE COURT OF APPEALS HAS DECIDED IN A WAY PROBABLY NOT IN ACCORD WITH LAW AND/OR WITH THE APPLICABLE DECISIONS OF THIS HONORABLE COURT. ON THE CONTRARY, CANCELLATION OF THE DEED OF CONDITIONAL SALE IS JUSTIFIED BECAUSE [RESPONDENT] WAS INDEED REMISS [IN] ITS OBLIGATION AS VENDEE.⁵³

⁴⁷ Id. at 181.

⁴⁸ Id. at 120-132.

⁴⁹ Id. at 326.

⁵⁰ Id. at 331-332.

⁵¹ Id. at 332.

⁵² Id. at 334.

⁵³ Id. at 17.

The Court's Ruling

The petition is denied. The Court affirms the assailed decision and resolution of the CA.

The RTC erred in deciding based on the original complaint.

It is clear that the RTC erred in deciding the case based on the original complaint and not on the Amended Complaint, thus:

[Pacific] in [its] complaint prays for the rescission or cancellation of contract and to this allegation, the Court has no recourse but to grant this prayer x x x.

WHEREFORE, judgment is hereby rendered cancelling (sic) the contract and the addendum to it entered into by [Pacific] and [petitioners] on October 1, 1994 x x x.”⁵⁴

The RTC failed to consider the Amended Complaint filed by Pacific which changed Pacific's cause of action from *cancellation/rescission of the Conditional Deed of Sale*⁵⁵ into one for *specific performance*. In particular, the Amended Complaint modified Pacific's prayer to read:

WHEREFORE, in view of the foregoing premises, plaintiff respectfully prays that judgment be rendered in favor of plaintiff and against defendants:

a) Directing defendants to sign and deliver to plaintiff a Deed of Absolute Sale covering the subject property and compel said defendants [to] comply with their undertaking with plaintiff as embodied in the Conditional Deed of Sale marked as Annex C.

x x x x⁵⁶ (Underscoring in the original)

Section 8, Rule 10 of the Rules of Court provides:

SEC. 8. *Effect of amended pleadings.* - An amended pleading supersedes the pleading that it amends. However, admissions in superseded pleadings may be received in evidence against the pleader; and claims or defenses alleged therein not incorporated in the amended pleading shall be deemed waived. (Emphasis supplied)

With Pacific's filing of the Amended Complaint, the original one must be deemed to have been abandoned and to have become *functus*

⁵⁴ Id. at 211.

⁵⁵ Id. at 126.

⁵⁶ Id. at 139-140.

officio.⁵⁷ Thus, this Court has ruled:

When a pleading is amended, the original pleading is deemed abandoned. The original ceases to perform any further function as a pleading. The case stands for trial on the amended pleading only.⁵⁸

Therefore, the Amended Complaint, to which petitioners filed an Amended Answer with Counterclaim,⁵⁹ should have been the basis for the RTC's decision.

The parties' obligations under the Deed of Conditional Sale

Considering that Pacific seeks specific performance, particularly for petitioners to execute a Deed of Absolute Sale and fulfill their obligations under the Deed of Conditional Sale, it is prudent to re-examine the terms of said deed to understand each party's obligations.

In particular, the terms and conditions under the Deed of Conditional Sale are:

1. That the VENDEE shall pay unto the VENDORS the sum of PESOS: ONE MILLION SEVEN HUNDRED NINETY TWO THOUSAND FIVE HUNDRED NINETY (P1,792,590.00), as downpayment for the purchase of the aforesaid parcel of land, which the VENDORS acknowledged receipt hereof upon the execution of this Conditional Sale;

2. That full payment of the balance of PESOS: FOUR MILLION ONE HUNDRED EIGHTY TWO THOUSAND SEVEN HUNDRED TEN ONLY (P4,182,710.00), shall be made by the VENDEE unto the VENDORS upon completion by the VENDORS of the pertinent documents that are necessary for the transfer of the [Transfer of] Certificate of Title of the above mentioned parcel of land unto the VENDEE;

3. That the VENDORS shall guarantee the removal of any tenant/s, squatters and other occupants on the said parcel of land. Payments for the tenants' disturbance compensation shall be shouldered by the VENDORS;

4. That the VENDORS shall furnish the VENDEE the Affidavit of Non-Tenancy and the Land operation transfer document;

x x x x⁶⁰

In summary, Pacific's obligations are: (1) to pay the down payment of ₱1,892,590, which it did; and (2) to pay the balance of the purchase price

⁵⁷ *Waje v. Court of Appeals*, 257 Phil. 573, 578 (1989).

⁵⁸ *Magaspi v. Ramolete*, 200 Phil. 583, 596 (1982). Citations omitted.

⁵⁹ *Rollo*, pp. 142-148.

⁶⁰ *Id.* at 91.

“upon completion by the VENDORS of the pertinent documents that are necessary for the transfer of the Transfer Certificate of Title of the above mentioned parcel of land unto the VENDEE[.]”

On the other hand, the Ascanos undertook the following: (1) to furnish Pacific with all “pertinent documents that are necessary for the transfer of the Transfer Certificate of Title” to the subject property; (2) to guarantee removal of tenants and shoulder the full amount of the tenants’ disturbance compensation; and (3) to furnish Pacific the certificate of non-tenancy and land operation transfer document.

Likewise, as ruled by the CA, the Addendum relied upon by petitioners cannot prevail over the original Deed of Conditional Sale entered into by the parties.⁶¹ As the CA found, the Addendum was not signed by any of Pacific’s officers or authorized representatives. Pacific’s authorized representative, Dee Hua T. Gatchalian, did not sign the Addendum. Moreover, Fortuno, the person purported to be Pacific’s representative, signed as a mere *witness*.⁶²

A witness is not a party to the contract and is not automatically converted to a party simply because, under some other extraneous document or circumstance, he has presented himself as the corporation’s authorized representative.⁶³ Likewise, such act of signing as a witness cannot be taken as evidence of that person’s authority.

Thus, the Addendum did not alter the parties’ obligations under the original Deed of Conditional Sale.

Pacific is entitled to ask for specific performance.

Article 1191 of the Civil Code states:

Art. 1191. The power to rescind obligations is implied in reciprocal ones, in case one of the obligors should not comply with what is incumbent upon him.

The injured party may choose between fulfillment and the rescission of the obligation, with payment of damages in either case. He may also seek rescission, even after he has chosen fulfillment, if the latter should become impossible.

The court shall decree the rescission claimed, unless there be just cause authorizing the fixing of a period.

⁶¹ Id. at 56.

⁶² Id. at 96.

⁶³ Id. at 176.

This is understood to be without prejudice to the rights of third persons who have acquired the thing, in accordance with Articles 1385 and 1388 and the Mortgage Law.

As previously discussed, the Deed of Conditional Sale clearly spells out the obligations of each party. Based on the allegations of the parties and the findings of the lower courts, Pacific has already partially fulfilled its obligation while petitioners have not.

The obligation of petitioners under the Deed of Conditional Sale is to “guarantee removal of tenants” and not merely to pay disturbance compensation. It is an undertaking specifically given to petitioners under the Deed of Conditional Sale, considering that Pacific is not yet the owner of the property and will have no personality to evict the property’s present occupants. Petitioners failed to fulfill this obligation, as well as the obligation to deliver the necessary documents to complete the sale.

As previously held by the Court, “the injured party is the party who has faithfully fulfilled his obligation or is ready and willing to perform his obligation.”⁶⁴ From the foregoing, it is clear that Pacific is the injured party, entitled to elect between rescinding of the contract and exacting fulfillment of the obligation. It has opted for the remedy of specific performance, as embodied in its Amended Complaint.

Moreover, rescission must not be allowed in favor of petitioners, since they themselves failed to perform their obligations under the Deed of Conditional Sale.⁶⁵

As to the purchase price, both the RTC and the CA held that, given no other evidence to conclude otherwise, the true purchase price agreed upon by the parties is ₱5,975,300, the amount stipulated in the Deed of Conditional Sale.

The Court agrees.

The RTC’s Pre-trial Order⁶⁶ is instructive. Specifically, item “2” of the stipulations reads:

STIPULATIONS

The parties have agreed on the following:

x x x x

2. That on October 1, 1994, plaintiff and defendant[s] entered into a Deed of Conditional Sale whereby plaintiff obliged itself to purchase the

⁶⁴ *Heirs of Antonio F. Bernabe v. Court of Appeals*, 581 Phil. 48, 59 (2008). Citations omitted.

⁶⁵ See *Central Bank of the Philippines v. Spouses Bichara*, 385 Phil. 553, 567-568 (2000).

⁶⁶ *Rollo*, pp. 162-164.

property belonging to defendants for a sum of ₱5,975,300.00;
x x x⁶⁷

Likewise, in the check vouchers issued by Pacific for each of its payments, the consideration under the contract was stated as ₱100 per square meter. These check vouchers were acknowledged and signed by petitioners.⁶⁸

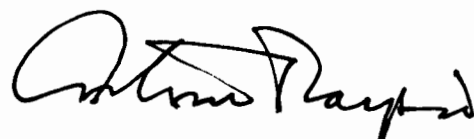
Finally, records show, and petitioners do not dispute, that the following amounts have already been paid by Pacific:

- (1) down payment of ₱1,792,590, receipt evidenced by Check Voucher No. 0863;⁶⁹
- (2) additional payment of ₱600,000, receipt evidenced by Check Voucher No. 0968;⁷⁰
- (3) additional payment of ₱1,000,000, receipt evidenced by Check Voucher No. 1113;⁷¹
- (4) additional payments of ₱505,180⁷² and ₱500,000 deposited at Capitol Bank of General Trias in Cavite.⁷³

Pacific, therefore, has a balance of ₱1,577,530 to be paid upon the fulfillment by petitioners of their obligations under the Deed of Conditional Sale. Thereafter, petitioners are to execute the Deed of Absolute Sale in favor of Pacific and deliver all the necessary documents to consummate the sale.

WHEREFORE, the petition is **DENIED** for lack of merit. The Decision dated 17 July 2012 and Resolution dated 8 January 2013 of the Court of Appeals in CA-G.R. CV No. 90568 are **AFFIRMED**.

SO ORDERED.



ANTONIO T. CARPIO

Associate Justice

⁶⁷ Id. at 162.

⁶⁸ Id. at 185, 187, 189.

⁶⁹ Id. at 184-185.

⁷⁰ Id. at 186-187.

⁷¹ Id. at 188-189.

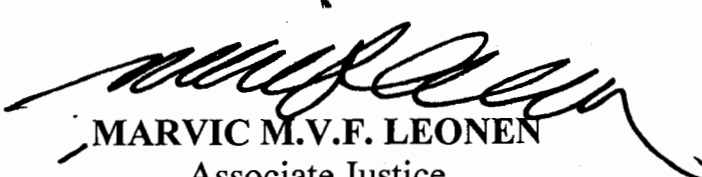
⁷² Id. at 190.


⁷³ Id. at 176.

WE CONCUR:


MARIANO C. DEL CASTILLO
Associate Justice

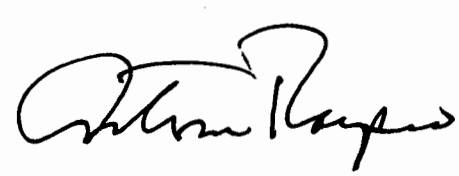

JOSE CATRAL MENDOZA
Associate Justice


MARVIC M.V.F. LEONEN
Associate Justice


FRANCIS H. JARDELEZA
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.


ANTONIO T. CARPIO
Associate Justice
Chairperson

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