Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

HEIRS OF CORAZON VILLEZA, Namely: IMELDA V. DELA CRUZ, I,• STELLA IMELDA II VILLEZA, IMELDA VILLEZA III, ROBYL•• O. VILLEZA AND ABIGAIL WEHR,
Petitioners,

- versus -

ELIZABETH S. ALIANGAN AND ROSALINA S. ALIANGAN, rep. by ROGER A. BANANG,
Respondents.

G.R. Nos. 244667-69
(Formerly UDK 16373-75)

Present:

PERALTA, *C.J.*, *Chairperson*,
CAGUIOA,
HERNANDO,*
CARANDANG, and
ZALAMEDA, *JJ.*

Promulgated:

DEC 02 2020

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DECISION

CAGUIOA, *J.:*

Before the Court is the Petition for Review[1] (Petition) under Rule 45 of the Rules of Court filed by petitioners assailing the Decision[2] dated December 17, 2018 (Decision) of the Court of Appeals[3] in CA-G.R. CV Nos. 108495-97. The CA Decision denied the three appeals of petitioners and affirmed with modification the three Decisions all dated August 30, 2016 of the Regional Trial Court of Cauayan City, Isabela, Branch 20 (RTC), in Civil Cases Nos. (CV) Br. 20-3009,[4] Br. 20-3010,[5] and Br. 20-3011.[6]

• Imelda I Dela Cruz in some parts of the *rollo*.
•• Robby Villeza in other parts of the *rollo*.
* Designated as additional Member per Raffle dated November 11, 2020 vice Associate Justice Samuel H. Gaerlan.
1 *Rollo*, pp. 13-35, excluding Annexes.
2 Id. at 74-95. Penned by Associate Justice Pablito A. Perez, with Associate Justices Celia C. Librea-Leagogo and Samuel H. Gaerlan (now a Member of the Court) concurring.
3 Fifth Division.
4 Id. at 36-43. Penned by Judge Reymundo L. Aumentado.
5 Id. at 44-50. Penned by Judge Reymundo L. Aumentado.
6 Id. at 51-55. Penned by Judge Reymundo L. Aumentado.

The Facts and Antecedent Proceedings

The CA Decision narrates the antecedents as follows:

> In controversy are three (3) parcels of land with improvements located at Angadanan, Isabela all registered under the name of Corazon Villeza (Corazon).
>
> It is alleged that Corazon, during her lifetime, sold the subject properties to sisters Elizabeth Aliangan (Elizabeth) (a long-time neighbor and friend) and Rosalina Aliangan (Rosalina), [respondents herein]. On August 3, 2009[,] however, Corazon died without executing any deed of conveyance in [respondents'] favor. [Respondents] thus filed three (3) separate Amended Complaints for "*Specific Performance and Damages*", docketed as Civil Case[s] Nos. Br. 20-3009, Br. 20-3010 and Br. 20-3011, to compel [petitioners Heirs of Corazon Villeza, namely Imelda V. dela Cruz, I, Stella Imelda II Villeza, Imelda Villeza III, Robyl O. Villeza and Abigail Wehr, (petitioners)], legal heirs and collateral relatives of Corazon, to execute the subject deeds. [It appears that aside from petitioners, the other defendants are Lilibeth Villeza Baliwag,[7] Maria Victoria Villeza Barcena, Elmer V. Agpaoa, Dennis V. Agpaoa and Kenneth V. Agpaoa, who are heirs of Rosario Agpaoa (other defendants)].[8]
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> The RTC, in its Order dated May 19, 2011 consolidated [CV] Br. 20-3010 and Br. 20-3011 with [CV] Br. 20-3009, but opted to render three (3) separate Decisions to obviate confusion.
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> **[Centro I Property; CV Br. 20-3009]**
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> In an *Amended Complaint* dated March 1, 2011, [respondents] averred the following:
>
> On January 10, 2006, Elizabeth and Rosalina, as buyers, and Corazon and Rosario Agpaoa (Rosario), as sellers, entered into a *Deed of Conditional Sale* for the sale of a residential house and an undivided parcel of land, with a total area of 540.5 square meters, located at Centro I, Angadanan, Isabela (Centro I property) for a purchase price of [₱]450,000.00.
>
> At the time of the execution of the aforementioned deed, the Centro I property formed part of Transfer Certificate of Title (TCT) No. T-299995, a 2,162 sq.m. parcel of land registered under the name of Inocencio Agpaoa (Inocencio).
>
> On November 14, 2006, TCT No. T-299995 was cancelled and TCT No. T-356999 (now only covering the 540.5 sq.m. Centro I property) was issued in Corazon's name.
>
> Thereafter, Elizabeth and Rosalina went back to Toronto, Canada where they sent monthly remittances of [₱]10,000.00 from February 2006 to December 2007 to Rosario as partial payments for the Centro I property. Rosario also acknowledged receiving a total amount of

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7 Lilibeth Villeza Balawag in some parts of the *rollo*.

8 *Rollo*, pp. 38, 45, 52 and 81.

[₱]184,233.00, duly witnessed and signed by Corazon, for the Centro I property. [Respondents] averred that they continued sending monthly remittances to Rosario from January to April 2008.

On August 3, 2009 and September 1, 2009, respectively, Corazon and Rosario died without transferring ownership of TCT No. T-356999 in [respondents'] favor. Alleging full payment of the Centro I property, [respondents] entreated [petitioners], as heirs of Corazon, to honor the *Deed of Conditional Sale* dated January 10, 2006. [Petitioners] did not accede to such request.

Worse, [respondents] discovered two (2) contracts conveying the Centro I property to different persons, *viz*: (a) a *Deed of Absolute Sale* dated February 9, 2007, executed by one Kenneth Agpaoa selling a parcel of land covered by TCT No. T-356999 to Rosario; and (b) a *Deed of Absolute Sale* dated February 9, 2007 executed by Rosario selling the same parcel of land covered by TCT No. T-356999 to Corazon. It is averred that the signatures of Corazon and Rosario in these documents are forgeries.

Repudiating the January 10, 2006 *Deed of Conditional Sale* for allegedly being void *ab initio*, [petitioners], in their *Answer*, argued, to *wit*: (a) when the subject deed was executed on January 10, 2006, Inocencio x x x was still the registered owner of the Centro I property considering that TCT No. T-356999 was only issued in Corazon's name on November 14, 2006, Corazon cannot thus appropriate something she does not own; (b) Corazon was the sole registered owner of TCT No. T-356999, whatever amount received and acknowledged by Rosario, if any, could never bind Corazon's property; and (c) [respondents], being Canadian citizens, are disqualified under the Constitution from owning real property in the Philippines.

[Petitioners] add that [respondents] have no cause of action against them as they were neither privies to the purported contract nor were they appointed as executors or administrators of Corazon's estate. [Respondents'] actions with the [RTC] are asserted to be premature considering that Corazon's estate is yet to undergo probate proceedings.

[Bunay[9] property; CV Br. 20-3010]

In an *Amended Complaint* dated March 1, 2011, [respondent] Elizabeth x x x averred the following:

Corazon is the registered owner of an agricultural land with improvements located at Brgy. Bunay, Angadanan, Isabela, with an area of 36,834 sq.m., more or less, covered by TCT No. T-297393 (Bunay property).

In 2005, Corazon orally offered for sale the Bunay property to Elizabeth for [₱]250,000.00. On June 22, 2007, Elizabeth, while in Toronto, Canada, sent two (2) remittances each worth [₱]125,000.00 (or a total of [₱]250,000.00) addressed to Corazon as payment for the Bunay property. These remittances were received by Corazon herself.

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9 Bunnay in some parts of the *rollo*.

Due to Corazon's untimely demise on August 3, 2009 without transferring ownership of the Bunay property, Elizabeth went back to the Philippines to attend her wake and show [petitioners, heirs of Corazon,] proof of purchase of the Bunay property. [Petitioners] however refused to honor the same.

In their *Answer* dated June 1, 2010, [petitioners] reiterated their arguments in [CV] Br. 20-3009 while denying the existence of any oral contract of sale of the Bunay property between Corazon and Elizabeth. [Petitioners] maintained that the two (2) remittance receipts are not evidence to prove the sale, are self-serving and hearsay.

[Poblacion property; CV Br. 20-3011]

In an *Amended Complaint* dated March 1, 2011, [respondent] Rosalina x x x averred the following:

Corazon is the registered owner of a parcel of land located at Poblacion, Angadanan, Isabela, with an area of 225 sq.m., more or less, covered by TCT No. T-106311 (Poblacion property).

In 2000, Corazon orally offered for sale the Poblacion property including the house erected thereon to Rosalina. From June 2000 to April 2003, Rosalina, while in Toronto, Canada, sent several remittances (allegedly as payment of the Poblacion property) to Corazon amounting to [₱]307,020.52. On February 11, 2005, Corazon acknowledged receipt of [₱]85,000.00 representing payment in full of the Poblacion property.

Due however to Corazon's untimely demise on August 3, 2009, ownership of the Poblacion property was not transferred to Rosalina. When shown evidence of Rosalina's purchase of the Poblacion property, [petitioners] repudiated the same.

In their *Answer*, [petitioners] reiterated their arguments in [CV] Br. 20-3009 and [CV] Br. 20-3010 while denying the authenticity of the oral contract of sale of the Poblacion property between Corazon and Rosalina.

In an *Order* dated November 8, 2011, the RTC declared defendants heirs Lilibeth Villeza Baliwag, Maria Victoria Villeza Barcena, Elmer Villeza Agpaoa, Dennis Villeza Agpaoa and Kenneth Villeza Agpaoa in default for failure to file their responsive pleading within the prescribed period.

During [the] pre-trial conference, the parties stipulated on the jurisdiction of the RTC and the identity of the parties and the subject parcels of land.

On August 30, 2016, the RTC rendered the x x x Decisions in favor of [respondents]. The RTC ratiocinated that the totality of evidence adduced proved that Corazon, during her lifetime, sold the subject properties to [respondents]. The RTC found that under the January 10, 2006 *Deed of Conditional Sale*, [respondents] have already paid the entire purchase price. The remittance receipts also show that Corazon intended to sell: the Bunay property to Elizabeth; and the Poblacion property to Rosalina. Anent the issue of [respondents'] citizenship, the RTC found that [respondents], being former Filipino citizen[s] are not disqualified by law to acquire real properties subject to certain limitations. The RTC

added that Elizabeth has in fact re-acquired Philippine citizenship when she took her oath of allegiance to the Republic of the Philippines on November 4, 2009 in accordance with Republic Act No. 9225.

[The dispositive portions of the Decisions state:

CV Br. 20-3009

WHEREFORE, in light of the foregoing, judgment is hereby rendered in favor of the plaint[i]ffs [(respondents)] and against the defendants. Defendants are hereby ordered to:

(1) To execute the corresponding document to effectuate the transfer of property containing an area of 540 square meters, more or less, located at Centro I, Angadanan, Isabela covered and embraced by Transfer Certificate of Title No. T-356999 in favor of the plaintiffs;

(2) To surrender to the plaintiffs the owner's duplicate copy of TCT No. T-356999 so that the plaintiffs could register in their names, as the lawful purchaser for value of the property described therein;

(3) To pay [₱]100,000.00 as moral damages;

(4) To pay [₱]50,000.00 as exemplary damages;

(5) To pay [₱]150,000.00 as attorney's fees and cost of the suit.

SO ORDERED.

CV Br. 20-3010

WHEREFORE, in light of the foregoing, judgment is hereby rendered in favor of the plaintiffs and against the defendants. Defendants are hereby ordered to:

(1) To execute the corresponding document to effectuate the transfer of property covered by Transfer Certificate of Title No. T-29739[3] in favor of the plaintiff Elizabeth Aliangan;

(2) To surrender the [o]wner's duplicate copy of TCT N[o]. T-297393 to plaintiff Elizabeth Aliangan so that she could register into her name the property described therein;

(3) To pay [₱]100,000.00 as moral damages;

(4) To pay [₱]50,000.00 as exemplary damages;

(5) To pay [₱]150,000.00 as attorney's fees and cost of the suit.

SO ORDERED.

CV Br. 20-3011

WHEREFORE, in light of the foregoing, judgment is hereby rendered in favor of the plaintiffs and against the defendants. Defendants are hereby ordered to:

> (1) To execute the corresponding document to effectuate the transfer of property covered by Transfer Certificate of Title No. T-106311 in favor of the plaintiff Elizabeth [*sic*] Aliangan and to surrender the [o]wner's duplicate copy of TCT N[o]. T-106311 for the plaintiff to [register] into her name the prop[e]rty described therein;
>
> (2) To pay [₱]100,000.00 as moral damages;
>
> (3) To pay [₱]50,000.00 as exemplary damages;
>
> (4) To pay [₱]150,000.00 as attorney's fees and cost of the suit.
>
> SO ORDERED.][10]
>
> Aggrieved, [petitioners appealed to the CA.][11]

Ruling of the CA

The CA, in its Decision dated December 17, 2018, found the appeals without merit.

The CA stated that the actions for specific performance were not filed prematurely because probate courts or courts of administration proceedings cannot determine questions arising as to the ownership of property alleged to be part of the estate of the decedent but claimed by some other person to be his property, not by virtue of any right of inheritance from the decedent, but by title adverse to that of the decedent and the latter's estate.[12]

As to petitioners' argument that respondents' cause of action, if any, is against the estate of Corazon and not against them, the CA pronounced that Corazon died without issue, leaving her collateral relatives, respondents herein, as heirs to her estate, and pursuant to Article 1311 of the Civil Code, contracts take effect between the parties, their assigns and heirs.[13] As heirs, they take the estate by right of succession subject to all obligations resting thereon in the hands of her from whom they derive their rights.[14]

Regarding the *Deed of Conditional Sale* (DCS) executed on January 10, 2006 over the Centro I property, the CA regarded it as a "contract to sell" because of its provision that: "the corresponding Deed of Absolute Sale shall be executed by the VENDORS upon full payment of the balance."[15] The obligation of Corazon to transfer ownership by delivery arises upon full payment of the purchase price.[16]

On petitioners' argument that at the time the DCS was executed the land was still registered in the name of Inocencio, as owner, and it was only

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10 *Rollo*, pp. 43, 50 and 54-55.
11 Id. at 76-81.
12 Id. at 82-83.
13 Id. at 84.
14 Id.
15 Id. at 85.
16 Id. at 87.

on November 14, 2006 that Corazon became the registered owner of the Centro I property, the CA noted that based on the RTC's finding, the final payment for the Centro I property was made in April 2008 at which time, Corazon had every right to transfer ownership thereof.[17]

As to the payment of the purchase price, the CA reviewed the records of the case and found no cogent reason to deviate from the finding of the RTC that there is preponderance of evidence showing full payment by respondents of the ₱450,000.00 purchase price of the Centro I property.[18]

The CA jointly resolved the issues pertaining to the oral contracts of sale of the Bunay property in favor of Elizabeth and the Poblacion property in favor of Rosalina in order not to be repetitious.[19]

The CA noted that while the sales were agreed upon orally by the parties, they are not covered by the Statute of Frauds and are, thus, enforceable because there can be no serious argument about the total execution of the two sales.[20] The CA pointed out that the oral contract of sale between Corazon and Elizabeth for the Bunay property was evidenced by two remittances totaling ₱250,000.00 and their corresponding receipts signed by Corazon.[21] Regarding the oral contract of sale between Corazon and Rosalina for the Poblacion property, it was evidenced by several remittances starting June 2000 to April 2003 amounting to ₱207,020.52, with an Acknowledgment Receipt dated February 11, 2005 signed by Corazon wherein she acknowledged receipt of ₱85,000.00 representing full payment.[22]

The CA concluded that respondents having fully paid the respective purchase prices for the Centro I, Bunay and Poblacion properties, petitioners and the other defendants may be compelled to execute the necessary documents transferring ownership of the Centro I property covered by TCT No. T-356999 to Elizabeth and Rosalina, the Bunay property covered by TCT No. T-297393 to Elizabeth and the Poblacion property covered by TCT No. 106311 to Rosalina.[23]

As to damages, the CA found that the awards of moral and exemplary damages were not properly substantiated while the award of attorney's fees is justified by paragraphs 2 and 11 of Article 2208 of the Civil Code which allow recovery of counsel's fees where a defendant's act or omission has compelled the plaintiff to litigate with a third person or to incur expenses to protect his interest and where the court deems it just and equitable that attorney's fees and expenses of litigation should be awarded.[24]

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17 Id. at 87-88.
18 Id. at 88.
19 Id. at 89.
20 See id. at 90-92.
21 Id. at 91.
22 Id. at 91-92.
23 Id. at 93.
24 Id. at 93-94.

The dispositive portion of the CA Decision states:

> **WHEREFORE**, premises considered, the three (3) separate Appeals are **DENIED**. The three (3) Decisions all dated August 30, 2016 of Branch 20, Regional Trial Court of Cauayan City, Isabela in Civil Cases Nos. Br. 20-3009, Br. 20-3010 and Br. No. 20-3011 are hereby **AFFIRMED WITH MODIFICATION** in that the awards of moral and exemplary damages are **DELETED**.
>
> **SO ORDERED.**[25]

Hence the present Petition. Respondents filed their Comment[26] dated August 15, 2019, wherein they merely questioned the timeliness of the payment by petitioners of the required fees. Petitioners filed their Reply[27] dated December 2, 2019.

The Issues

The Petition states the following issues to be resolved:

1. Whether the CA erred in ruling that there is a perfected agreement of sale between respondents and Corazon.

2. Whether the CA erred in not dismissing the cases for specific performance for lack of cause of action because respondents should have filed their claims against the estate of Corazon under Rules 86 and 87 of the Rules of Court.

3. Whether the CA erred in affirming the Decision of the RTC ordering petitioners to execute deeds of conveyance in favor respondents.[28]

The Court's Ruling

The Petition lacks merit.

The issues raised and arguments propounded by petitioners are recycled. In fact, they have been resoundingly rejected by both the RTC and the CA.

Petitioners' arguments in support of the errors of the CA that they identified have been discussed jointly in their Petition.

Firstly, they reiterate that the sale of the Centro 1 property between Corazon and respondents is void because at the time the DCS was executed

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25 Id. at 94.
26 Id. at 109-112.
27 Id. at 119-123.
28 Id. at 22.

Corazon could not have sold the property belonging to Inocencio without his consent.[29] The consideration of the sale was not established with certainty and petitioners claimed that the remittances made by respondents to Corazon were intended to purchase materials which were used in the construction of respondents' house.[30] Petitioners also argue that they knew nothing about the purported sale. Thus, respondents could only recover from Corazon during her lifetime and upon her death, respondents should have brought a claim against her estate.[31]

Secondly, no written deeds of conveyance over the Bunay and Poblacion properties were presented by respondents to show that contracts of sale were executed by Corazon in respondents' favor.[32] The receipts presented do not prove that contracts of sale had been executed.[33]

Lastly, petitioners claim that Corazon died intestate as a spinster and she did not have any children, and petitioners are children of Corazon's siblings.[34] Citing Article 1311 of the Civil Code, petitioners argue that, not being parties to the contracts of sale between respondents and Corazon, they cannot be sued for the enforcement of the supposed obligations arising from said contracts.[35] Petitioners also argue that the DCS does not contain a stipulation *pour autrui* in their favor to make it binding upon them. They further argue that respondents should have filed the cases of specific performance against Corazon's estate pursuant to Section 8, Rule 89 of the Rules of Court and that prior notice should first be served on the heirs and other interested persons of the application for approval of any conveyance of any property held in trust by the administrator before approval by the probate court of the disposition pursuant to Section 9, Rule 89[36] of the Rules of Court.[37]

As mentioned earlier, the foregoing arguments have been totally rejected by the lower courts and the Court does not find their rejection erroneous.

Before delving into the substantive issues, the Court will clarify certain preliminary procedural matters.

On the argument of petitioners that the consideration of the sale contemplated in the DCS was not established with certainty and that the remittances made by respondents to Corazon were intended to purchase materials, which were used in the construction of respondents' house, this matter calls for reassessment of the factual findings of the lower courts.

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29 See id. at 24.
30 Id. at 26.
31 Id. at 24-25.
32 Id. at 26-27.
33 Id. at 27.
34 Id. at 29.
35 Id.
36 Mistakenly referred to in the Petition as Rule 90; *rollo*, p. 30.
37 *Rollo*, pp. 29-30.

Petitioners having availed of a review of the CA Decision via a Rule 45 *certiorari* petition are precluded from raising factual issues. Section 2 of Rule 45 of the Rules of Court is clear. Only questions of law may be raised in the *certiorari* petition and must be distinctly set forth.

As to the payment of the purchase prices of the three properties, the CA's finding that, upon its review of the records of the case, there is no cogent reason to deviate from the finding of the RTC that there is preponderance of evidence showing full payment by respondents of the ₱450,000.00 purchase price of the Centro I property stands.[38] The CA stated: "The sum of these payments [(consisting of receipts and remittances)] amounted to [₱]454,233.00, an amount exceeding the contract price of [₱]450,000.00[; thus, this court] agrees with the RTC's findings in [CV] Br. No. 20-2009, that [respondents] have fully paid the Centro I property."[39]

For the Bunay property, the CA stated that: "the records show that Elizabeth had given [₱]250,000.00 as full payment [as evidenced by two remittances and acknowledgment receipts]."[40]

For the Poblacion property, the CA stated that: "Rosalina had, on several occasions, sent Corazon remittances totaling [₱]307,020.52 as partial payments of the purchase price x x x [and] presented a document wherein Corazon acknowledged receipt of [₱]85,000.00 as payment in full of Corazon's 225 sq.m. parcel of land x x x."[41]

Thus, the Court, faced with a Rule 45 review of the CA Decision, is bound by the CA's factual conclusion that "[respondents] have fully paid the respective purchase price[s] for the Centro I, Bunay and Poblacion properties,"[42] which merely affirms the RTC's findings.

Petitioners cited Rules 86 and 87 of the Rules of Court in the grounds of their Petition in support of their claim that respondents should have filed their claim against Corazon's estate.[43] In the discussion portion, they mentioned Rule 73 in passing, but they zeroed in on Sections 8 and 9 of Rule 89. Rules 86 and 87 were not even mentioned. Rule 86 is on "Claims Against the Estate," Rule 87 is on "Actions by and against Executors and Administrators," while Rule 73 is on "Venue and Process" of the "Settlement of Estates of Deceased Persons." There being no discussion in the Petition of the specific application of Rules 73, 86 and 87 in the present cases, the Court will not argue for them and only consider petitioners' argument in relation to Sections 8 and 9 of Rule 89.

Petitioners argue that the actions for specific performance should be filed against the estate of Corazon because they were not privies to the

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38 Id. at 88.
39 Id. at 89.
40 Id. at 91-92.
41 Id. at 92-93.
42 Id. at 93.
43 Id. at 22.

contracts entered into by Corazon and that whatever actions for the execution of deeds of conveyance over real property which the decedent contracted prior to his or her death, or held in trust should be pursued in accordance with Sections 8 and 9, Rule 89 of the Rules of Court.

Section 8, Rule 89 provides:

> SEC. 8. *When court may authorize conveyance of realty which deceased contracted to convey. Notice. Effect of deed.* – Where the deceased was in his lifetime under contract, binding in law, to deed real property, or an interest therein, the court having jurisdiction of the estate may, on application for that purpose, authorize the executor or administrator to convey such property according to such contract, or with such modifications as are agreed upon by the parties and approved by the court; and if the contract is to convey real property to the executor or administrator, the clerk of court shall execute the deed. The deed executed by such executor, administrator, or clerk of court shall be as effectual to convey the property as if executed by the deceased in his lifetime; but no such conveyance shall be authorized until notice of the application for that purpose has been given personally or by mail to all persons interested, and such further notice has been given, by publication or otherwise, as the court deems proper; nor if the assets in the hands of the executor or administrator will thereby be reduced so as to prevent a creditor from receiving his full debt or diminish his dividend.

On the other hand, Section 9, Rule 89 provides:

> SEC. 9. *When court may authorize conveyance of lands which deceased held in trust.* – Where the deceased in his lifetime held real property in trust for another person, the court may, after notice is given as required in the last preceding section, authorize the executor or administrator to deed such real property to the person, or his executor or administrator, for whose use and benefit it was so held; and the court may order the execution of such trust, whether created by deed or by law.

Clearly, Section 9 of Rule 89 finds no application in these cases inasmuch as the subject properties located in Centro I, Bunay and Poblacion were not held in trust by Corazon for respondents or any other person. Respondents have not even alleged any trust arrangement in any of the three Amended Complaints.

Section 8, Rule 89 presupposes a pending probate or administration proceeding for the testate or intestate estate of a decedent. The heirs of Corazon have not initiated a special proceeding for the settlement of her estate where an administrator has been appointed. Without such special proceeding, respondents are not required to make an application to authorize the administrator to convey the subject properties according to the contracts that Corazon entered into but was unable to execute due to her death.

The Court agrees with the CA that petitioners' invocation of Section 8, Rule 89 is misplaced because that section presupposes that there is no controversy as to the contract contemplated therein, and if objections obtain,

the remedy of the person seeking the execution of the contract is an ordinary and separate action to compel the same.[44] This is so given that, as correctly observed by the CA, subject to settled exceptions not present in the instant three cases, the law does not extend the jurisdiction of a probate court to the determination of questions of ownership, and similarly, a court of administration proceedings cannot determine questions which arise as to the ownership of property alleged to be part of the decedent's estate, but claimed by some other person to be his or her property, not by virtue of any right of inheritance from the decedent, but by title adverse to that of the decedent and the latter's estate.[45] The institution by respondents of the actions for specific performance was thus the proper recourse because petitioners dispute the validity of the conveyances over the contested properties.[46]

Proceeding now to the substantive issues.

Regarding the Centro I property, is the DCS a valid contract between Corazon and Rosario, as sellers, and respondents, as buyers?

The salient provisions of the DCS are as follows:

> ["x x x x]
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> That Corazon C. Villeza and Rosario V. Agpaoa are the present owners of an unregistered residential lot with an area of x x x (540.5) Square Meters, more or less, together with a residential house located at Centro I, Angadanan, Isabela;
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> That FOR AND IN CONSIDERATION of the sum of x x x (P450,000.00), Philippine [c]urrency, to be paid in installments basis, the VENDORS [(Corazon and Rosario)] does hereby SELL, TRANSFER and CONVEY, by way of CONDITIONAL SALE, unto the said VENDEES [(respondents)], the aforesaid residential house and unregistered residential lot, free from any lien or encumbrance;
>
> That the down payment in the amount of x x x (P50,000.00), Philippine Currency, [shall] be paid upon the execution of this Conditional Sale;
>
> That the remaining balance of [x x x] ([₱]400,000.00), Philippine [c]urrency, shall be paid in equal monthly installment of [x x x] (P10,000.00)[, Philippine currency,] until the herein remaining balance shall have been fully paid; and
>
> **That the corresponding Deed of Absolute Sale [(DAS)] shall be executed by the VENDORS upon full payment of the balance.**
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> [x x x x.]" (*Emphasis ours*)[47]

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44 *Rollo*, p. 83, citing Florenz D. Regalado, REMEDIAL LAW COMPENDIUM, VOLUME II (11th Edition, 2008), p. 110.

45 Id. at 82-83. Citations omitted.

46 Id. at 83.

47 Id. at 85.

Given the stipulation: "[t]hat the corresponding Deed of Absolute Sale [(DAS)] shall be executed by the VENDORS upon full payment of the balance," the CA characterized the DCS as a contract to sell.

As defined in Article 1458 of the Civil Code, a contract of sale is a contract whereby one of the contracting parties obligates himself to transfer the ownership and to deliver a determinate thing, and the other to pay therefor a price certain in money or its equivalent. It may be absolute or conditional.

Professor Araceli Baviera (Prof. Baviera), a noted civil law professor, made this comment on the definition of "Sale":

> The Spanish Civil Code defined a contract of purchase and sale as one where a contracting party obligates himself to deliver a determinate thing and the other to pay a certain price therefor in money or in something representing it.[48] The New Civil Code defines a contract of sale as a contract where one of the parties obligates himself to transfer the ownership of and to deliver a determinate thing, and the other party to pay therefor a price certain in money or its equivalent.[49] The Uniform Sales Act defines a sale of goods as an agreement whereby the seller transfers the property in goods to the buyer for a consideration called the price, while a contract to sell goods is a contract whereby the seller agrees to transfer the property in goods to the buyer for a consideration called the price.[50] Under the Uniform Commercial Code, a "contract for sale" includes both a present sale of goods and a contract to sell goods at a future time, and a "sale" consists in the passing of title from seller to the buyer for a price.[51]
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> The Spanish Civil Code followed the Roman law definition imposing a duty on the seller to deliver, but the seller was not bound to make the buyer owner immediately and directly.[52] According to the Code Commission, the definition in the Spanish Civil Code is unsatisfactory because even if the seller is not the owner of the thing sold, he may validly sell, subject to the warranty against eviction.[53] The present definition is similar to the definition in the German Civil Code imposing two obligations on the seller.[54] The implication of these separate obligations is that the seller may reserve ownership over the thing sold, notwithstanding delivery to the buyer.[55]

As to "Contract to Sell" or "Executory Contract of Sale," Prof. Baviera noted:

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48 Citing CIVIL CODE (1889), Art. 1445.
49 Citing CIVIL CODE, Art. 1458.
50 Citing Sec. 1.
51 Citing Sec. 2-106(1).
52 Citing Dig. 18.1 25, 1: *qui vendidit necesse non habet fundum emptoris facere, ut cogitur qui fundum stipulanti spopondit.*
53 Citing Report of the Code Commission, p. 141.
54 Citing Art. 433.
55 Araceli Baviera, SALES (published by U.P. Law Center), pp. 3-4.

> A sale is an executory contract, "if the seller merely promises to transfer the property at some future date, or when the agreement contemplates the performance of some act or condition necessary to complete the transfer. Under such a contract, until the act is performed or the condition fulfilled, which is necessary to convert the executory into an executed contract, no title passes to the buyer, as against the seller or persons claiming under him."[56]

Thus, it can be gathered from the above discussion that the definition of sale in Article 1458 envisions both a contract of sale and a contract to sell as understood in the Uniform Sales Act.

In a contract of sale, the seller transfers the property sold to the buyer for a consideration called the price, which means ownership is transferred to the buyer upon its execution through any of the modes of delivery or tradition.

On the other hand, in a contract to sell, the seller merely "agrees to transfer" the property object of the sale to the buyer for a consideration called the price, which implies that ownership is not right away transferred to the buyer.

Pursuant to Article 1478 of the Civil Code, even if the object of the sale is delivered to the buyer upon the execution of the contract, the parties may still stipulate that the ownership in the thing shall not pass to the purchaser until he has fully paid the price. The withholding of ownership despite delivery of the object to the buyer must be expressly stipulated. Otherwise, with the delivery or tradition of the object to the buyer, ownership is acquired by the buyer. Under Article 712, ownership and other real rights over property are acquired and transmitted by tradition, in consequence of certain contracts, like sale. Specifically, in sales, Article 1496 states that: "The ownership of the thing sold is acquired by the vendee from the moment it is delivered to him in any of the ways specified in Articles 1497 to 1501,[57] or in any other manner signifying an agreement that the possession is transferred from the vendor to the vendee."

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56 Id. at 5. Citations omitted.

57 ART. 1497. The thing sold shall be understood as delivered, when it is placed in the control and possession of the vendee. (1462a)

ART. 1498. When the sale is made through a public instrument, the execution thereof shall be equivalent to the delivery of the thing which is the object of the contract, if from the deed the contrary does not appear or cannot clearly be inferred.

With regard to movable property, its delivery may also be made by the delivery of the keys of the place or depository where it is stored or kept. (1463a)

ART. 1499. The delivery of movable property may likewise be made by the mere consent or agreement of the contracting parties, if the thing sold cannot be transferred to the possession of the vendee at the time of the sale, or if the latter already had it in his possession for any other reason. (1463a)

ART. 1500. There may also be tradition *constitutum possessorium*. (n)

ART. 1501. With respect to incorporeal property, the provisions of the first paragraph of Article 1498 shall govern. In any other case wherein said provisions are not applicable, the placing of the titles of ownership in the possession of the vendee or the use by the vendee of his rights, with the vendor's consent, shall be understood as a delivery. (1464)

The instance wherein the transfer of ownership is withheld by the seller despite delivery of the object sold highlights the two obligations of the seller in a contract of sale under Article 1495, which provides: "The vendor is bound to transfer the ownership of and deliver, as well as warrant the thing which is the object of the sale." To fully comply with his obligations, the seller has still to transfer the ownership of the object of the sale despite its delivery to the buyer at an earlier time if transfer of ownership has been withheld until full payment of the consideration.

Going back to the DCS, the provision: "[t]hat the corresponding Deed of Absolute Sale shall be executed by the VENDORS upon full payment of the balance"[58] is sanctioned by Article 1478 of the Civil Code, which allows the parties to stipulate that the ownership in the thing shall not pass to the purchaser until he has fully paid the price. The provision where the seller agrees to execute a deed of absolute sale when the buyer has paid in full the purchase price has been construed by the Court to signify that the seller has withheld the transfer of ownership until the purchase price has been paid in full, making the agreement between the seller and the buyer a contract to sell and not a contract of sale.

The categorization of an agreement or contract pertaining to the sale of an immovable containing a stipulation that a deed of absolute sale will be executed upon full payment of the consideration or purchase price as a contract to sell is settled jurisprudence as enunciated by the Court in *Diego v. Diego*,[59] *viz.*:

> It is settled jurisprudence, to the point of being elementary, that an agreement which stipulates that the seller shall execute a deed of sale only upon or after full payment of the purchase price is a ***contract to sell,*** not a contract of sale. In *Reyes v. Tuparan,* this Court declared in categorical terms that **"[w]here the vendor promises to execute a deed of absolute sale upon the completion by the vendee of the payment of the price, the contract is only a contract to sell. The aforecited stipulation shows that the vendors reserved title to the subject property until full payment of the purchase price."**
>
> In this case, it is not disputed as in fact both parties agreed that the deed of sale shall only be executed upon payment of the remaining balance of the purchase price. Thus, pursuant to the above stated jurisprudence, we similarly declare that the transaction entered into by the parties is a contract to sell.[60] (Emphasis in the original; citations omitted)

It must be remembered that the execution of a public instrument, such as a deed of absolute sale, is equivalent to the delivery of the object of the sale pursuant to Article 1498 of the Civil Code, which states: "[w]hen the sale is made through a public instrument, the execution thereof shall be equivalent to the delivery of the thing which is the object of the contract, if

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58 *Rollo*, p. 85.
59 G.R. No. 179965, February 20, 2013, 691 SCRA 361.
60 Id. at 364.

from the deed the contrary does not appear or cannot clearly be inferred." With respect to the Centro I property, there was no physical delivery thereof upon the execution of the DCS and Corazon remained in possession thereof until she died, with her heirs continuing such possession after her death. Thus, the execution of the DAS upon full payment of the purchase price was contemplated as the mode of delivery to transfer ownership of the Centro I property to respondents with the possessors vacating the premises.

The DCS is, therefore, a contract to sell as correctly ruled by the CA. That the DCS is a contract to sell does not in any way compromise its validity and enforceability, given the fact that the essential requisites of a perfected contract are evident from the DCS. Article 1475 of the Civil Code provides:

> ART. 1475. The contract of sale is perfected at the moment there is a meeting of minds upon the thing which is the object of the contract and upon the price.
>
> From that moment, the parties may reciprocally demand performance, subject to the provisions of the law governing the form of contracts. (1450a)

Not only is the DCS a binding perfected contract, the buyers, herein respondents, have in fact fully paid the agreed purchase price of ₱450,000.00 and have complied with their prestation under the DCS. With the payment in full of the purchase price by the buyers, the DCS has been performed or consummated. At that point, had the sellers, Corazon and Rosario, been still alive, they could be compelled by court action to execute the DAS over the Centro I property, which they contractually promised to execute upon full payment of the purchase price. To reiterate, as the sellers, it was incumbent upon them to comply with their obligations under Article 1458 of the Civil Code, which are "to transfer the ownership of and to deliver a determinate thing," and Article 1495, which provides that "[t]he vendor is bound to transfer the ownership of and deliver, as well as warrant the thing which is the object of the sale."

Whether petitioners and the other defendants, being heirs of the sellers, Corazon and Rosario having died in the meantime, may be compelled to execute the DAS and deliver possession of the Centro I property to respondents, this matter will be discussed subsequently.

Regarding petitioners' contention that the DCS is not valid because at the time it was executed on January 10, 2006 the Centro I property was then registered in the name of Inocencio and it was only on November 14, 2006 that Corazon became the registered owner thereof by virtue of TCT T-356999, the same is not tenable. In this regard, the CA correctly ruled that:

> Like a contract of sale, a *contract to sell* is consensual. It is **perfected** at the moment there is a meeting of the minds upon the thing which is the object of the contract and upon the price. At this stage, the seller's ownership of the thing sold is **not** an element in the perfection of the contract of sale. It is, therefore, not required that, at the perfection stage, the seller be the owner of the thing sold or even that such subject matter of the sale exists at that point in time. Thus, under Art[icle] 1434 of the Civil Code, when a person sells or alienates a thing which, at that time, was not his, but later acquires title thereto, such title passes by operation of law to the buyer or grantee. This is the same principle behind the sale of "future goods" under Art[icle] 1462 of the Civil Code. However, under Art[icle] 1459, at the time of **delivery** or **consummation** stage of the sale, **it is required that the seller be the owner of the thing sold**. Otherwise, he will not be able to comply with his obligation to transfer ownership to the buyer. It is at the consummation stage where the principle of *nemo dat quod non habet* [(one cannot give what one does not have)] applies.[61] (Citations omitted)

Indeed, as earlier mentioned, under Article 1475 of the Civil Code, the contract of sale is perfected at the moment there is a meeting of the minds upon the thing which is the object of the contract and upon the price, and from that moment, the parties may reciprocally demand performance, subject to the provisions of the law governing the forms of contracts. According to Article 1462, the goods which form the subject of a contract of sale may be either existing goods, owned or possessed by the seller, or goods to be manufactured, raised, or acquired by the seller after the perfection of the contract of sale, called "future goods." There may even be a contract of sale of goods, whose acquisition by the seller depends upon a contingency which may or may not happen.

At such time when the contract of sale or contract to sell is perfected, the seller does not need to have the right to transfer ownership of the object of the sale. All that is required is that provided by Article 1459 of the Civil Code which states that "the vendor must have a right to transfer the ownership thereof at the time it is delivered." Thus, while the seller may not own the object of the sale at the time the contract is perfected, for the sale to be validly consummated, the seller must be the owner thereof at the time of its delivery or tradition to the buyer.

With respect to the Centro I property, while on January 10, 2006 when the DCS was executed it was still registered in Inocencio's name, the certificate of title over the property was already transferred to Corazon on November 14, 2006 when TCT T-356999 was issued in her name. From that time, Corazon had the right to transfer the ownership of the Centro I property such that in April 2008, when the purchase price was paid in full by respondents, the sellers could have transferred the ownership thereof to the buyers, as indeed they had the obligation to do so.

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61 *Rollo*, p. 87.

Also, the fact that the seller is not the owner of the object of the sale at the time it is sold and delivered does not prevent title or ownership from passing to the buyer by operation of law if subsequently the seller acquires title thereto or becomes the owner thereof pursuant to Article 1434 of the Civil Code. The said Article provides:

> ART. 1434. When a person who is not the owner of a thing sells or alienates and delivers it, and later the seller or grantor acquires title thereto, such title passes by operation of law to the buyer or grantee.

In view of the foregoing, the CA was correct when it concluded that the DCS is valid and enforceable.[62]

Regarding the Bunay and Poblacion properties, are the oral contracts of sale covering them valid and enforceable?

According to Article 1483 of the Civil Code, "[s]ubject to the provisions of the Statute of Frauds and of any other applicable statute, a contract of sale may be made in writing, or by word of mouth, or partly in writing and partly by word of mouth, or may be inferred from the conduct of the parties." This provision echoes Article 1356, which provides that contracts shall be obligatory in whatever form they may be entered into provided all the essential requisites for their validity are present; however, when the law requires that a contract be in some form in order that it may be valid or enforceable, or that a contract be proved in a certain way, that requirement is absolute and indispensable.

With respect to the Statute of Frauds, which is provided in Article 1403(2) of the Civil Code, an agreement for the sale of real property or of an interest therein[63] is unenforceable by action, unless the same, or some note or memorandum thereof, be in writing, and subscribed by the party charged, or by his agent; and evidence of the agreement cannot be received without the writing, or a secondary evidence of its contents.

The Court in *Swedish Match, AB v. Court of Appeals*[64] noted:

> The Statute of Frauds embodied in Article 1403, paragraph (2), of the Civil Code requires certain contracts enumerated therein to be evidenced by some note or memorandum in order to be enforceable. The term "Statute of Frauds" is descriptive of statutes which require certain classes of contracts to be in writing. The Statute does not deprive the parties of the right to contract with respect to the matters therein involved, but merely regulates the formalities of the contract necessary to render it enforceable. Evidence of the agreement cannot be received without the writing or a secondary evidence of its contents.

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62 Id. at 88.
63 CIVIL CODE, Art. 1403(2)(e).
64 G.R. No. 128120, October 20, 2004, 441 SCRA 1.

> The Statute, however, simply provides the method by which the contracts enumerated therein may be proved but does not declare them invalid because they are not reduced to writing. By law, contracts are obligatory in whatever form they may have been entered into, provided all the essential requisites for their validity are present. However, when the law requires that a contract be in some form in order that it may be valid or enforceable, or that a contract be proved in a certain way, that requirement is absolute and indispensable. Consequently, the effect of non-compliance with the requirement of the Statute is simply that no action can be enforced unless the requirement is complied with. Clearly, the form required is for evidentiary purposes only. Hence, if the parties permit a contract to be proved, without any objection, it is then just as binding as if the Statute has been complied with.
>
> The purpose of the Statute is to prevent fraud and perjury in the enforcement of obligations depending for their evidence on the unassisted memory of witnesses, by requiring certain enumerated contracts and transactions to be evidenced by a writing signed by the party to be charged.[65] (Citations omitted)

In the early case of *Berg v. Magdalena Estate, Inc.*[66] (*Berg*), the Court stated certain principles governing the meaning, extent and scope of the rule underlying the Statute of Frauds relative to the note or memorandum that may serve as proof to determine the existence of an oral contract or agreement contemplated thereby, *viz.*:

> Before we proceed, it is important to state at this juncture some principles governing the meaning, extent and scope of the rule underlying the statute of frauds relative to the note or memorandum that may serve as proof to determine the existence of an oral contract or agreement contemplated by it, and for our purpose, it suffices for us to quote the following authorities:
>
> "No particular form of language or instrument is necessary to constitute a memorandum or note in writing under the statute of frauds; any document or writing, formal or informal, written either for the purpose of furnishing evidence of the contract or for another purpose, which satisfies all the requirements of the statute as to contents and signature, as discussed respectively *infra* secs. 178-200, and *infra* secs. 201-215, is a sufficient memorandum or note. A memorandum may be written as well with lead pencil as with pen and ink. It may also be filled in on a printed form." (37 C. J. S., 653- 654.)
>
> "The note or memorandum required by the statute of fraud need not be contained in a single document, nor, when contained in two or more papers, need each paper be sufficient as to contents and signature to satisfy the statute. Two or more writings properly connected may be considered together, matters missing or uncertain in one may be supplied or rendered certain by another, and their sufficiency will depend on whether, taken together, they meet the requirements of the statute as to contents and the requirements of the statute as to signature, as considered respectively *infra* secs. 179-200 and secs. 201-215.

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65 Id. at 15-16.
66 92 Phil. 110 (1952).

"*Papers connected.* — The rule is frequently applied to two or more, or a series of, letters or telegrams, or letters and telegrams sufficiently connected to allow their consideration together; but the rule is not confined in its application to letters and telegrams; any other documents can be read together when one refers to the other. Thus, the rule has been applied so as to allow the consideration together, when properly connected, of a letter and an order of court, a letter and order for goods, a letter and a deposition, letters or telegrams and undelivered deeds, wills, correspondence and related papers, a check and a letter, a receipt and a check, deeds and a map, a memorandum of agreement and a deed, a memorandum of sale and an abstract of title, a memorandum of sale and a will, a memorandum of sale and a receipt, and a contract, deed, and instructions to a depository in escrow. The number of papers connected to make out a memorandum is immaterial." (37 C. J. S. 656-659).

Bearing in mind the foregoing rules, we are of the opinion that the applications marked exhibits "3" and "4",[67] whether considered separately or jointly, satisfy all the requirements of the statute as to contents and signature and, as such, they constitute sufficient proof to evidence the agreement in question. And we say so because in both applications all the requirements of a contract are present, namely, the parties, the price or consideration, and the subject-matter. In the application exhibit "3", Ernest Berg appears as the seller and the Magdalena Estate Inc., as the purchaser, the former's interest in the Crystal Arcade as the subject-matter, and the sum of P200,000 as the consideration. And the application appears signed by Ernest Berg, the party sought to be charged by the obligation. In other words, it can clearly be implied that between Ernest Berg and the Magdalena Estate Inc. there has been a clear agreement to sell said property for P200,000. From the language of the application no other logical conclusion can be drawn for if there has not been any previous agreement between the parties it is foolhardy to suppose that Ernest Berg would take the trouble of filing an application with the Treasury Department of the United States to secure a license to sell the property. The claim of Ernest Berg that the negotiations he had with Hemady ended with an offer on his part to buy his interest for P350,000 cannot be sustained, for if such is the case it is indeed hard to comprehend why he should state in his application that he was selling the property for P200,000. The fact that in the same application Berg also asked for license to place the money in an account in his name, or in the name of the company he represents, and to apply the same to the payment of the obligations of said company is of no consequence, nor does it argue against the purpose of the application, for that request only means that, should the sale be carried out, he would deposit the money in the name of the company and later would apply it to the payment of its obligations.[68]

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67 In the application exhibit "3", Ernest Berg stated that he desires a license in order to sell his interest in the Crystal Arcade, Escolta, Manila, for P200,000 in cash to Magdalena Estate, Inc., asking at the same time for permission to place the amount in an account in his name or in the name of the company he represents and to apply the same from time to time to the payment of the obligations of Red Star Store, Inc. In the application exhibit "4", defendant in turn stated, through its president K. H. Hemady, that it desires a license in order "to use a portion of the P400,000 requested as a loan from the National City Bank of New York, Manila, or from any other local bank in Manila, together with funds to be collected from old and new sales of his real estate properties, for the purchase of the one-third (1/3) of the Crystal Arcade property in the Escolta, Manila, belonging to Mr. Ernest Berg." Id. at 113.

68 Id. at 114-116.

In *Litonjua v. Fernandez*[69] (*Litonjua*), the Court elucidated on what the note or memorandum should contain, *viz.*:

> x x x The statute is satisfied or, as it is often stated, a contract or bargain is taken within the statute by making and executing a note or memorandum of the contract which is sufficient to state the requirements of the statute. The application of such statute presupposes the existence of a perfected contract. However, for a note or memorandum to satisfy the statute, it must be complete in itself and cannot rest partly in writing and partly in parol. The note or memorandum must contain the names of the parties, the terms and conditions of the contract and a description of the property sufficient to render it capable of identification. Such note or memorandum must contain the essential elements of the contract expressed with certainty that may be ascertained from the note or memorandum itself, or some other writing to which it refers or within which it is connected, without resorting to parol evidence. To be binding on the persons to be charged, such note or memorandum *must be signed by the said party or by his agent duly authorized in writing*.
>
> In *City of Cebu v. Heirs of Rubi*, we held that the exchange of written correspondence between the parties may constitute sufficient writing to evidence the agreement for purposes of complying with the statute of frauds.[70] (Italics in the original; citations omitted)

Even if the requirement of a note, memorandum or writing in Article 1403(2) is not met, contracts infringing the Statute of Frauds become enforceable when they are ratified by the failure to object to the presentation of oral evidence to prove the same, or by acceptance of benefits under them according to Article 1405 of the Civil Code.

It is the well-established rule that the Statute of Frauds is applicable only to executory contracts and not to partially or totally consummated ones, and the basis of this rule is the fact that in consummated contracts, there is already a ratification of the contract by acceptance of benefits within the meaning of Article 1405.[71]

On this score, the disquisition of the Court *en banc* in *Carbonnel v. Poncio, et al.*[72] bears reiterating:

> x x x It is well settled in this jurisdiction that the Statute of Frauds is applicable only to executory contracts (Facturan *vs.* Sabanal, 81 Phil., 512), not to contracts that are totally or *partially* performed (Almirol, et al., *vs.* Monserrat, 48 Phil., 67, 70; Robles *vs.* Lizarraga Hermanos, 50 Phil., 387; Diana *vs.* Macalibo, 74 Phil., 70).

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69 G.R. No. 148116, April 14, 2004, 427 SCRA 478.

70 Id. at 492-493.

71 Desiderio P. Jurado, COMMENTS AND JURISPRUDENCE ON OBLIGATIONS AND CONTRACTS (1987 Ninth Revised Edition), p. 556. Citations omitted.

72 103 Phil. 655 (1958).

> "Subject to a rule to the contrary followed in a few jurisdictions, it is the accepted view that part performance of a parol contract for the sale of real estate has the effect, subject to certain conditions concerning the nature and extent of the acts constituting performance and the right to equitable relief generally, of taking such contract from the operation of the statute of frauds, so that chancery may decree its specific performance or grant other equitable relief. It is well settled in Great Britain and in this country, with the exception of a few states, that a sufficient part performance by the purchaser under a parol contract for the sale of real estate removes the contract from the operation of the statute of frauds." (49 Am. Jur. 722-723.)

In the words of former Chief Justice Moran: "The reason is simple. In executory contracts there is a wide field for fraud because unless they be in writing there is no palpable evidence of the intention of the contracting parties. The statute has precisely been enacted to prevent fraud." (Comments on the Rules of Court, by Moran, Vol. III [1957 ed.], p. 178.) However, if a contract has been totally or partially performed, *the exclusion of parol evidence would promote fraud or bad faith*, for it would enable the defendant to keep the benefits already derived by him from the transaction in litigation, and, at the same time, evade the obligations, responsibilities or liabilities assumed or contracted by him thereby.

For obvious reasons, it is not enough for a party to *allege* partial performance in order to *hold* that there has been such performance and *to render a decision* declaring that the Statute of Frauds is inapplicable. But neither is such party required to establish such partial performance by *documentary* proof *before* he could have the *opportunity* to introduce *oral* testimony on the transaction. Indeed, such oral testimony would usually be unnecessary if there were documents proving partial performance. Thus, the rejection of any and all testimonial evidence on partial performance, would nullify the rule that the Statute of Frauds is inapplicable to contracts which have been partly executed, and *lead to the very evils that the statute seeks to prevent.*

> "The true basis of the doctrine of part performance according to the overwhelming weight of authority, is that it would be a fraud upon the plaintiff if the defendant were permitted to escape performance of his part of the oral agreement after he has permitted the plaintiff to perform in reliance upon the agreement. The oral contract is enforced in harmony with the principle that courts of equity will not allow the statute of frauds to be used as an instrument of fraud. In other words, *the doctrine of part performance was established for the same purpose for which, the statute of frauds itself was enacted, namely, for the prevention of fraud*, and arose from the necessity of preventing the statute from becoming an agent of fraud for it could not have been the intention of the statue to enable any party to commit a fraud with impunity." (49 Am. Jur., 725-726; italics supplied.)

When the party concerned has pleaded partial performance, such party is entitled to a reasonable chance to establish by parol evidence the

> truth of this allegation, as well as the contract itself. "The recognition of the exceptional effect of part performance in taking an oral contract out of the statute of frauds involves the principle that oral evidence is admissible in such cases to prove both the contract and the part performance of the contract" (49 Am. Jur., 927).
>
> Upon submission of the case for decision on the merits, the Court should determine whether said allegation is true, bearing in mind that parol evidence is easier to concoct and more likely to be colored or inaccurate than documentary evidence. If the evidence of record fails to prove clearly that there has been partial performance, then the Court should apply the Statute of Frauds, if the cause of action involved falls within the purview thereof. If the Court is, however, convinced that the obligation in question has been partly executed and that the allegation of partial performance was not resorted to as a devise to circumvent the Statute, then the same should not be applied.[73]

While the contracts of sale of the Bunay and Poblacion properties were orally made between Corazon and Elizabeth, and between Corazon and Rosalina, respectively, there were, in fact, remittances and receipts signed by Corazon[74] evidencing the payments made by Elizabeth and Rosalina.

As to the Bunay property, the CA observed:

> Here, the oral contract of sale between Corazon and Elizabeth for the 36,834 sq.m. Bunay property was evidenced by two (2) remittances (totaling [P]250,000.00) and their corresponding receipts signed by Corazon herself. The remittances also included a message to Corazon which uniformly read:
>
> > "I'll call you. Worth P250,000. For the full payment of Azon's rice and corn field at Nakar, San Guillermo."
> >
> > x x x x
>
> For the Bunay property, the records show that Elizabeth had given [P]250,000.00 as full payment for: "*Azon's rice and corn field at Nakar, San Guillermo*". It should be noted that the only agricultural land registered under the name of Corazon at the time of the oral sale was the Bunay property at Angadanan, Isabela. No explanation was presented as to the discrepancy of the two (2) properties; neither did defendants-appellants [(petitioners)] question such disparity. Verily, Gemma Villanueva (Gemma), Corazon's long-time caretaker of the Bunay property, testified that in 2008, Corazon told her that the property they were tilling [was] already sold to Elizabeth Aliangan and that her share [in] the cropping for April 2009 should be given to Elizabeth. Considering that Nakar, San Guillermo is just adjacent to Bunay, Angadanan, the parties may have mistakenly thought that the Bunay property is within the boundary of Nakar. This confusion does not however negate the fact that Corazon received [P]250,000.00 as full payment of her rice and corn field.

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73 Id. at 658-660.
74 See *rollo*, pp. 91-93.

> Without doubt, there is total execution of the oral contract of sale of the Bunay property.[75]

With respect to the Poblacion property, the CA noted:

> While the oral contract of sale between Corazon and Rosalina for the 225 sq.m. Poblacion property was evidenced by several remittances starting June 2000 to April 2003 amounting to [P]207,020.52, Rosalina alleged that a remittance worth [P]100,000.00 got lost beyond recovery. Corazon however signed an *Acknowledgement Receipt* dated February 11, 2005, which reads in part:
>
> "ACKNOWLEDGEMENT RECEIPT
>
> KNOW ALL MEN BY THESE PRESENTS:
>
> That, I, CORAZON C. VILLEZA, x x x hereby acknowledged to have received the amount of EIGHTY FIVE THOUSAND PESOS (P85,000.00), Philippine Currency, from ROSALINA S. ALIANGAN, x x x representing payment (FULL) of the certain parcel of land with an area of 225 Square Meters, more or less, including a residential house therein located at Centro I, [Angadanan], Isabela[."]
>
> x x x x
>
> x x x Again, there seems to be a confusion as to the proper address of the property subject of the sale. This Court however observes that only the 225 sq.m. parcel of land registered in Corazon's name when the *Acknowledgement Receipt* dated February 11, 2005 was executed was the Poblacion property under TCT No. T-106311. There can be no other conclusion than the object of the oral contract of sale was the Poblacion property.[76]

The Court finds that the remittances and receipts which were executed in relation to the Bunay property may not qualify as "some note or memorandum thereof, x x x in writing, and subscribed by the party charged" in compliance with Article 1403(2) because they are lacking in the required details as prescribed in *Litonjua* and *Berg*. The Court notes that it was Elizabeth who wrote the details of the oral sale in the remittances and Corazon, the party charged, did not subscribe therein. While the receipts might have been signed by Corazon, they do not apparently reflect the application of the amounts which Elizabeth remitted to Corazon. If the receipts reflected that the amounts indicated therein were for the payment of the purchase price of the Bunay property, then petitioners would not be insisting that said amounts were intended to purchase materials which were used in the construction of respondents' house.

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75 Id. at 91-92.
76 Id. at 92-93.

However, with respect to the Poblacion property, the Court finds that the remittances together with the Acknowledgement Receipt sufficiently satisfy the note or memorandum requirement under Article 1403(2) of the Civil Code. Specifically, the Acknowledgement Receipt contains the names of the parties, the terms and conditions of the contract (*i.e.*, the ₱85,000.00 being the remaining balance of the purchase price, which amounted to the ₱85,000.00 plus the previous remittances), a description of the property sufficient to render it capable of identification and signature of Corazon, the party charged.

Nonetheless, the remittances and receipts are sufficient proof that the oral sales had been ratified by Corazon.

When Corazon received the full consideration of the sales from Elizabeth and Rosalina, which is supported by the undisturbed finding of both the RTC and CA that the respective purchase prices for the Bunay and Poblacion properties had been fully paid by Elizabeth and Rosalina to Corazon, there was ratification of the oral contracts of sale by acceptance of benefits, making them enforceable. With the complete payment of the consideration by respondents, the oral contracts of sale covering the Bunay and Poblacion properties have been "partially executed", rendering the Statute of Frauds inapplicable.

The Court agrees with the CA that while there may be disparities in the locations of the properties subject of the oral sales, the disparities have been adequately explained and petitioners did not even question them. Petitioners did not also raise this factual issue in their Petition, which the Court may not now rule upon given that petitioners availed of a Rule 45 *certiorari* review.

Thus, the CA did not err in recognizing the total execution of the said two sales and their enforceability.[77]

These oral contracts of sale being enforceable, they should be reduced into public documents so that they can be registered in the Registry of Deeds. In this regard, Article 1406 of the Civil Code allows the parties to avail themselves of the right under Article 1357, which states:

> ART. 1357. If the law requires a document or other special form, as in the acts and contracts enumerated in the following article, the contracting parties may compel each other to observe that form, once the contract has been perfected. This right may be exercised simultaneously with the action upon the contract. (1279a)

Now that the DCS, with respect to the Centro I property, and the oral contracts of sale, regarding the Bunay and Poblacion properties, are declared

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[77] See id. at 92-93.

valid and enforceable, may the heirs of the sellers be compelled to comply with the obligations of the deceased sellers and to execute the necessary public documents for their registration with the proper Registry of Deeds?

Petitioners' claim that they are not bound by contracts entered into by Corazon because they are not privies thereto and there is no stipulation *pour autrui* in the DCS in their favor, citing Article 1311 of the Civil Code.[78]

Article 1311 states:

> ART. 1311. Contracts take effect only between the parties, their assigns and heirs, except in case where the rights and obligations arising from the contract are not transmissible by their nature, or by stipulation or by provision of law. The heir is not liable beyond the value of the property he received from the decedent.
>
> If a contract should contain some stipulation in favor of a third person, he may demand its fulfillment provided he communicated his acceptance to the obligor before its revocation. A mere incidental benefit or interest of a person is not sufficient. The contracting parties must have clearly and deliberately conferred a favor upon a third person. (1257a)

Petitioners' invocation of stipulation *pour autrui* is preposterous.

It is apparent from the relevant portions of the DCS quoted above that petitioners are not privies or parties thereto and there is no stipulation *pour autrui* in their favor, which the contracting parties clearly and deliberately conferred upon them.

Also, such stipulation creates a right in favor of the third person upon whom the stipulation is conferred, which he can enforce against the contracting parties even if he is not a party to the contract. With respect to the DCS, no such stipulation exists in favor of petitioners. Rather, petitioners are being made liable to comply with the obligations of Corazon, and respondents who are parties to the DCS are the ones enforcing the contract.

Clearly petitioners and the other defendants are not parties to the DCS and the two oral contracts of sale. There is also no evidence that they were aware of, or consented to, the contracts when they were entered into by their predecessors in interest, Corazon and Rosario. Can they, nevertheless, be bound by those contracts as heirs of Corazon and Rosario? To resolve this question, the relevant issue is whether the obligations of Corazon and Rosario arising from the DCS with respect to the Centro I property and the obligations of Corazon arising from the oral contracts of sale with respect to the Bunay and Poblacion properties are transmitted to petitioners as well as the other defendants, as heirs, and not extinguished by the death of Corazon and Rosario.

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[78] Id. at 29.

The first paragraph of Article 1311 — "Contracts take effect only between the parties, their assigns and heirs, except in case where the rights and obligations arising from the contract are not transmissible by their nature, or by stipulation or by provision of law. The heir is not liable beyond the value of the property he received from the decedent." — expresses the doctrine of the relative and personal character of contracts.[79] Under relativity of contracts, it is a general principle of law that a contract can only bind the parties who had entered into it or their successors or heirs who have assumed their personality or juridical possession, and that, as a consequence, such contract cannot favor or prejudice a third person (in conformity with the axiom *res inter alios acta aliis neque nocet podest*).[80]

In the early case of *Mojica v. Fernandez*,[81] the Court ruled that the heirs of a deceased person cannot be regarded as "third persons" with respect to a contract of sale or lease of real estate executed by their decedent in his lifetime,[82] *viz.*:

> But with respect to the contract[, the *venta con pacto de retro* (sale with right of repurchase),] entered into by the deceased and evidenced by the document of September 1, 1901, the heirs cannot be regarded as "third persons." Article 27 of the Mortgage Law defines a "third person" to be "one who has taken part in the act or contract recorded." Under the Civil Code, the heirs, by virtue of the right of succession are subrogated to all the rights and obligations of the deceased (art. 661)[83] and can not be regarded as third parties with respect to a contract to which the deceased was a party, touching the estate of the deceased. (Barrios *vs.* Dolor, 2 Phil. Rep., 44.) This doctrine was enunciated by the supreme court of Spain in its decision of January 27, 1881, wherein it held that "both judicial and extrajudicial acts, formally accepted by one who was a lawful party thereto, are effective as to the heirs and successors of such persons, who are not to be regarded as third persons for this purpose;" also in its decision of January 28, 1892, wherein it held that "the heirs are no more than the continuation of the juridical personality of their predecessor in

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79 Desiderio P. Jurado, supra note 71, at 371. Citation omitted.

80 Id.

81 9 Phil. 403 (1907).

82 See id. at 406.

83 In *Suiliong & Co. v. Chio-Taysan*, 12 Phil. 13 (1908), the Court, in ruling that the judicial proceeding for the declaration of heirship (*delcaracion de herederos*) under Spanish procedural law which was effective prior to the 1901 Code of Civil Procedure, at least so far as that proceeding served as a remedy whereby the right of specific persons to succeed to the rights and obligations of the deceased as his heirs might be judicially determined and enforced, had been superseded by Code of Civil Procedure for the administration and distribution of the estates of deceased persons, pronounced that:

> x x x The new Code of Procedure furnishing no remedy whereby the provisions of article 661 of the Civil Code may be enforced, in so far as they impose upon the *heredero* (heir) the duty of assuming as a personal obligation all the debts of the deceased, at least to the extent of the value of the property received from the estate; or in so far as they give to the *heredero* the reciprocal right to receive the property of the deceased, without such property being specifically subjected to the payment of the debts of the deceased by the very fact of his decease, these provisions of article 661 may properly be held to have been abrogated; and the new code having provided a remedy whereby the property of the deceased may always be subjected to the payment of his debts in whatever hands it may be found, the right of a creditor to a lien upon the property of the deceased, for the payment of the debts of the deceased, created by the mere fact of his death, may be said to be recognized and created by the provisions of the new code. (Pavia *vs.* De la Rosa, 8 Phil. Rep., 70.) Id. at 23-24. (Underscoring supplied)

> interest,[84] and can in no way be considered as third persons within the meaning of article 27 of the Mortgage Law."
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> The principle on which these decisions rest is not affected by the provisions of the new Code of Civil Procedure, and, in accordance with that principle, the heirs of a deceased person can not be held to be "third persons" in relation to any contracts touching the real estate of their decedent which comes into their hands by right of inheritance; they take such property subject to all the obligations resting thereon in the hands of him from whom they derive their rights.
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> x x x x
>
> But we have said that with respect to the contract entered into by the deceased, and evidenced by the private document of September 1, 1901, the heirs cannot be regarded as "third persons," and, therefore, under the provisions of article 1279 of the Civil Code, the heirs of Pedro Sanchez may be compelled in a proper action to execute the public instrument evidencing the said contract, as required by the provisions of article 1280 of that code.[85]

In *Alvarez v. Intermediate Appellate Court*,[86] where the Court rejected the contention of the heirs of the deceased seller, who fraudulently sold two lots owned by another, that the liability arising therefrom should be the sole liability of the deceased or his estate, the Court pronounced:

> Petitioners further contend that the liability arising from the sale of Lots No[s]. 773-A and 773-B made by Rosendo Alvarez to Dr. Rodolfo Siason should be the sole liability of the late Rosendo Alvarez or of his estate, after his death.
>
> Such contention is untenable for it overlooks the doctrine obtaining in this jurisdiction on the general transmissibility of the rights and obligations of the deceased to his legitimate children and heirs. Thus, the pertinent provisions of the Civil Code state:

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84 In *Limjoco v. Intestate Estate of Fragante*, 80 Phil. 776 (1948), the Court observed:

> Under the regime of the Civil Code and before the enactment of the Code of Civil Procedure, the heirs of a deceased person were considered in contemplation of law as the continuation of his personality by virtue of the provision of article 661 of the first Code that the heirs succeed to all the rights and obligations of the decedent by the mere fact of his death. It was so held by this Court in Barrios *vs.* Dolor, 2 Phil., 44, 46. However, after the enactment of the Code of Civil Procedure, article 661 of the Civil Code was abrogated, as held in Suiliong & Co. *vs.* Chio-Taysan, 12 Phil., 13[,] 22. In that case, as well as in many others decided by this Court after the innovations introduced by the Code of Civil Procedure in the matter of estates of deceased persons, it has been the constant doctrine that it is the estate or the mass of property, rights and assets left by the decedent, instead of the heirs directly, that becomes vested and charged with his rights and obligations which survive after his demise.
>
> The heirs were formerly considered as the continuation of the decedent's personality simply by legal fiction, for they might not be even of his flesh and blood—the reason was one in the nature of a legal exigency derived from the principle that the heirs succeeded to the rights and obligations of the decedent. Under the present legal system, such rights and obligations as survive after death have to be exercised and fulfilled only by the estate of the deceased. And if the same legal fiction were not indulged, there would be no juridical basis for the estate, represented by the executor or administrator, to exercise those rights and to fulfill those obligations of the deceased. x x x Id. at 784-785.

85 *Mojica v. Fernandez*, supra note 81, at 406-407.

86 G.R. No. 68053, May 7, 1990, 185 SCRA 8.

> "Art. 774. Succession is a mode of acquisition by virtue of which the property, rights and obligations to the extent of the value of the inheritance, of a person are transmitted through his death to another or others either by his will or by operation of law.
>
> "Art. 776. The inheritance includes all the property, rights and obligations of a person which are not extinguished by his death.
>
> "Art. 1311. Contract stake effect only between the parties, their assigns and heirs except in case where the rights and obligations arising from the contract are not transmissible by their nature, or by stipulation or by provision of law. The heir is not liable beyond the value of the property received from the decedent."

As explained by this Court through Associate Justice J.B.L. Reyes in the case of *Estate of Hemady vs. Luzon Surety Co., Inc.*

> "The binding effect of contracts upon the heirs of the deceased party is not altered by the provision of our Rules of Court that money debts of a deceased must be liquidated and paid from his estate before the residue is distributed among said heirs (Rule 89). The reason is that whatever payment is thus made from the [e]state is ultimately a payment by the heirs or distributees, since the amount of the paid claim in fact diminishes or reduces the shares that the heirs would have been entitled to receive.
>
> "Under our law, therefore. the general rule is that a party's contractual rights and obligations are transmissible to the successors. The rule is a consequence of the progressive 'depersonalization' of patrimonial rights and duties that, as observed by Victorio Polacco, has characterized the history of these institutions. From the Roman concept of a relation from person to person, the obligation has evolved into a relation from patrimony to patrimony, with the persons occupying only a representative position, barring those rare cases where the obligation is strictly personal, i.e., is contracted *intuitu personae*, in consideration of its performance by a specific person and by no other. x x x"
>
> Petitioners being the heirs of the late Rosendo Alvarez, they cannot escape the legal consequences of their father's transaction, which gave rise to the present claim for damages. That petitioners did not inherit the property involved herein is of no moment because by legal fiction, the monetary equivalent thereof devolved into the mass of their father's hereditary estate, and we have ruled that the hereditary assets are always liable in their totality for the payment of the debts of the estate.[87]

The discussion on Article 1311 of the Court in *DKC Holdings Corporation v. Court of Appeals*[88] is likewise enlightening:

> The general rule, therefore, is that heirs are bound by contracts entered into by their predecessors-in-interest except when the rights and

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87 Id. at 19-20.

88 G.R. No. 118248, April 5, 2000, 329 SCRA 666.

obligations arising therefrom are not transmissible by (1) their nature, (2) stipulation or (3) provision of law.

In the case at bar, there is neither contractual stipulation nor legal provision making the rights and obligations under the contract intransmissible. More importantly, the nature of the rights and obligations therein are, by their nature, transmissible.

The nature of intransmissible rights as explained by Arturo Tolentino, an eminent civilist, is as follows:

> "Among contracts which are intransmissible are those which are purely personal, either by provision of law, such as in cases of partnerships and agency, or by the very nature of the obligations arising therefrom, such as those requiring special personal qualifications of the obligor. It may also be stated that contracts for the payment of money debts are not transmitted to the heirs of a party, but constitute a charge against his estate. Thus, where the client in a contract for professional services of a lawyer died, leaving minor heirs, and the lawyer, instead of presenting his claim, for professional services under the contract to the probate court, substituted the minors as parties for his client, it was held that the contract could not be enforced against the minors; the lawyer was limited to a recovery on the basis of *quantum meruit*."

In American jurisprudence, "(W)here acts stipulated in a contract require the exercise of special knowledge, genius, skill, taste, ability, experience, judgment, discretion, integrity, or other personal qualification of one or both parties, the agreement is of a personal nature, and terminates on the death of the party who is required to render such service."

It has also been held that a good measure for determining whether a contract terminates upon the death of one of the parties is whether it is of such a character that it may be performed by the promissor's personal representative. Contracts to perform personal acts which cannot be as well performed by others are discharged by the death of the promissor. Conversely, where the service or act is of such a character that it may as well be performed by another, or where the contract, by its terms, shows that performance by others was contemplated, death does not terminate the contract or excuse nonperformance.

In the case at bar, there is no personal act required from the late Encarnacion Bartolome. Rather, the obligation of Encarnacion in the contract to deliver possession of the subject property to petitioner upon the exercise by the latter of its option to lease the same may very well be performed by her heir Victor.

As early as 1903, it was held that "(H)e who contracts does so for himself and his heirs." In 1952, it was ruled that if the predecessor was duty-bound to reconvey land to another, and at his death the reconveyance had not been made, the heirs can be compelled to execute the proper deed for reconveyance. This was grounded upon the principle that heirs cannot escape the legal consequence of a transaction entered into by their

predecessor-in-interest because they have inherited the property subject to the liability affecting their common ancestor.

It is futile for Victor to insist that he is not a party to the contract because of the clear provision of Article 1311 of the Civil Code. Indeed, being an heir of Encarnacion, there is privity of interest between him and his deceased mother. He only succeeds to what rights his mother had and what is valid and binding against her is also valid and binding as against him. This is clear from *Parañaque Kings Enterprises vs. Court of Appeals*, where this Court rejected a similar defense —

> With respect to the contention of respondent Raymundo that he is not privy to the lease contract, not being the lessor nor the lessee referred to therein, he could thus not have violated its provisions, but he is nevertheless a proper party. Clearly, he stepped into the shoes of the owner-lessor of the land as, by virtue of his purchase, he assumed all the obligations of the lessor under the lease contract. Moreover, he received benefits in the form of rental payments. Furthermore, the complaint, as well as the petition, prayed for the annulment of the sale of the properties to him. Both pleadings also alleged collusion between him and respondent Santos which defeated the exercise by petitioner of its right of first refusal.
>
> In order then to accord complete relief to petitioner, respondent Raymundo was a necessary, if not indispensable, party to the case. A favorable judgment for the petitioner will necessarily affect the rights of respondent Raymundo as the buyer of the property over which petitioner would like to assert its right of first option to buy.

In the case at bar, the subject matter of the contract is likewise a lease, which is a property right. The death of a party does not excuse nonperformance of a contract which involves a property right, and the rights and obligations thereunder pass to the personal representatives of the deceased. Similarly, nonperformance is not excused by the death of the party when the other party has a property interest in the subject matter of the contract.

Under both Article 1311 of the Civil Code and jurisprudence, therefore, Victor is bound by the subject Contract of Lease with Option to Buy.[89]

To better understand Article 1311 insofar as heirs are concerned, it must be construed in relation to Article 776, which provides: "The inheritance includes all the property, rights and obligations of a person which are not extinguished by his death." In determining which rights are intransmissible (extinguished by a person's death) or transmissible (not extinguished by his death), the following general rules have been laid down:

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[89] Id. at 672-675.

First: That rights which are *purely personal*, not in the inaccurate equivalent of this term in contractual obligations, but in its proper sense, are, by their nature and purpose, *intransmissible*, for they are extinguished by death; examples, those relating to civil personality, to family rights, and to the discharge of public office.

Second: That rights which are *patrimonial* or relating to property are, as a general rule, *not extinguished* by death and properly constitute part of the inheritance, except those expressly provided by law or by the will of the testator, such as usufruct and those known as personal servitudes.

Third: That *rights of obligation* are by nature *transmissible* and may constitute part of the inheritance, both with respect to the rights of the creditor and as regards the obligations of the debtor.

The third rule stated above has three exceptions, especially with respect to the obligations of the debtor. They are: (1) those which are personal, in the sense that the personal qualifications and circumstances of the debtor have been taken into account in the creation of the obligation, (2) those that are intransmissible by express agreement or by will of the testator, and (3) those that are intransmissible by express provision of law, such as life pensions given under contract.

x x x x

x x x In connection with "obligations" as forming part of the inheritance, the provisions of the Rules of Court on the settlement of the estates of deceased persons should not be overlooked. The heirs of the deceased are no longer liable for the debts he may leave at the time of his death. Such debts are chargeable against the property or assets left by the deceased. The property of the deceased may always be subjected to the payment of his debts in whatever hands it may be found, inasmuch as the right of a creditor to a lien upon such property, created by the mere fact of the debtor's death, may be said to be recognized by the provisions of the Rules of Court. Only what remains after all such debts have been paid will be subject to distribution among the heirs. In other words, the heirs are no longer personally liable for the debts of the deceased; such debts must be collected only from the property left upon his death, and if this should not be sufficient to cover all of them, the heirs cannot be made to pay the uncollectible balance.

x x x x

This should not be understood to mean, however, that "obligations" are no longer a part of the inheritance. Only *money debts* are chargeable against the estate left by the deceased; these are the obligations which do not pass to the heirs, but constitute a charge against the hereditary property. There are other obligations, however, which do not constitute money debts; these are not extinguished by death, and must still be considered as forming part of the inheritance. Thus, if the deceased is a lessee for a definite period, paying a periodical rental, then his heirs will inherit the obligation to pay the rentals as they fall due together with the rights arising from the lease contract.[90] (Citations omitted)

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[90] Arturo M. Tolentino, COMMENTARIES AND JURISPRUDENCE ON THE CIVIL CODE OF THE PHILIPPINES, Vol. 3 (1979 ed.), pp. 11-15.

In *Bonilla v. Barcena,*[91] the Court stated:

> x x x The question as to whether an action survives or not depends on the nature of the action and the damage sued for. In the causes of action which survive the wrong complained affects primarily and principally property and property rights, the injuries to the person being merely incidental, while in the causes of action which do not survive the injury complained of is to the person, the property and rights of property affected being incidental. Following the foregoing criterion the claim of the deceased plaintiff which is an action to quiet title over the parcels of land in litigation affects primarily and principally property and property rights and therefore is one that survives even after her death. x x x[92] (Citations omitted)

In *National Housing Authority v. Almeida,*[93] the Court ruled that the obligations of the seller and the buyer in a contract to sell are transmissible, *viz.*:

> The death of Margarita Herrera does not extinguish her interest over the property. Margarita Herrera had an existing Contract to Sell with NHA as the seller. Upon Margarita Herrera's demise, this Contract to Sell was neither nullified nor revoked. This Contract to Sell was an obligation on both parties—Margarita Herrera and NHA. Obligations are transmissible. Margarita Herrera's obligation to pay became transmissible at the time of her death either by will or by operation of law.
>
> If we sustain the position of the NHA that this document is not a will, then the interests of the decedent should transfer by virtue of an operation of law and not by virtue of a resolution by the NHA. For as it stands, NHA cannot make another contract to sell to other parties of a property already initially paid for by the decedent. Such would be an act contrary to the law on succession and the law on sales and obligations.[94]

From the foregoing, it is quite clear that with respect to "obligations," similar to "rights", patrimonial obligations or those pertaining to property are by nature generally transmissible and not extinguished by death. Thus, patrimonial obligations form part of the inheritance of the decedent, which are transmitted to or acquired by the heirs upon the decedent's death. This is pursuant to Article 774 of the Civil Code which recognizes succession as a mode of acquisition whereby the property, rights **and obligations** to the extent of the value of the inheritance of a person are transmitted through his death to another or others either by his will or by operation of law, and Article 777 which provides the transmission of the rights to the inheritance at the precise moment of the death of the decedent. A contract of sale or a contract to sell with land or immovable property as its object certainly involves patrimonial rights and obligations, which by their nature are essentially transmissible or transferable. Thus, the heirs of the seller and the

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91 No. L-41715, June 18, 1976, 71 SCRA 491.
92 Id. at 495-496.
93 G.R. No. 162784, June 22, 2007, 525 SCRA 383.
94 Id. at 398.

buyer are bound thereby and the former cannot be deemed as "third persons" or non-privies to the contract of sale or contract to sell.

Consequently, Article 1311 of the Civil Code upon which petitioners rely to negate their liability is itself the very basis of the obligation that respondents are exacting from them. Since the obligations of the sellers in the DCS and the two oral contracts of sale were transmitted upon the death of Corazon and Rosario to petitioners and the other defendants, the latter are bound to comply with the obligations to deliver and transfer ownership of the Centro I property to respondents, the Bunay property to Elizabeth, and the Poblacion property to Rosario. Likewise, since a public document is required to be registered with the Registry of Deeds to effect the transfer of the certificates of title covering the said properties to the buyers, petitioners and the other defendants can be compelled and are obligated to execute the necessary public documents for that purpose pursuant to Article 1357 of the Civil Code.

WHEREFORE, the Petition is hereby **DENIED**. Accordingly, the Decision dated December 17, 2018 of the Court of Appeals in CA-G.R. CV Nos. 108495-97 is **AFFIRMED WITH MODIFICATION**. To avoid any confusion, the dispositive portions of the three Decisions all dated August 30, 2016 of the Regional Trial Court of Cauayan City, Isabela, Branch 20, in Civil Case Nos. Br. 20-3009, Br. 20-3010, and Br. 20-3011 are restated with modification:

Civil Case No. Br. 20-3009

WHEREFORE, in the light of the foregoing, judgment is hereby rendered in favor of the plaintiffs and against the defendants. Defendants are hereby ordered:

(1) To execute the corresponding document to effectuate the transfer of property containing an area of 540 square meters, more or less, located at Centro I, Angadanan, Isabela covered and embraced by Transfer Certificate of Title No. T-356999 in favor of the plaintiffs;

(2) To surrender to the plaintiffs the owner's duplicate copy of TCT No. T-356999 so that the plaintiffs could register in their names, as the lawful purchasers for value of the property described therein;

(3) To deliver to the plaintiffs physical possession of the property described therein;

(4) To pay P150,000.00 as attorney's fees and cost of the suit.

SO ORDERED.

Civil Case No. Br. 20-3010

WHEREFORE, in the light of the foregoing, judgment is hereby rendered in favor of the plaintiff Elizabeth Aliangan and against the defendants heirs of Corazon Villeza. The said defendants are hereby ordered:

(1) To execute the corresponding document to effectuate the transfer of property covered by Transfer Certificate of Title No. T-297393 in favor of the plaintiff Elizabeth Aliangan;

(2) To surrender the owner's duplicate copy of TCT No. T-297393 to plaintiff Elizabeth Aliangan so that she could register into her name the property described therein;

(3) To deliver to the plaintiff Elizabeth Aliangan physical possession of the property described therein;

(4) To pay P150,000.00 as attorney's fees and cost of the suit.

SO ORDERED.

Civil Case No. Br. 20-3011

WHEREFORE, in the light of the foregoing, judgment is hereby rendered in favor of the plaintiff Rosario Aliangan and against the defendants heirs of Corazon Villeza. The said defendants are hereby ordered:

(1) To execute the corresponding document to effectuate the transfer of property covered by Transfer Certificate of Title No. T-106311 in favor of the plaintiff Rosario Aliangan and to surrender the owner's duplicate copy of TCT No. T-106311 to enable the said plaintiff to register in her name the property described therein;

(2) To deliver to the plaintiff Rosario Aliangan physical possession of the property described therein;

(3) To pay P150,000.00 as attorney's fees and cost of the suit.

SO ORDERED.

SO ORDERED.

ALFREDO BENJAMIN S. CAGUIOA
Associate Justice

WE CONCUR:

DIOSDADO M. PERALTA
Chief Justice
Chairperson

RAMON PAUL L. HERNANDO
Associate Justice

ROSMARI D. CARANDANG
Associate Justice

RODIL V. ZALAMEDA
Associate Justice

CERTIFICATION

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.

DIOSDADO M. PERALTA
Chief Justice