



Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

NOTICE

Sirs/Mesdames:

*Please take notice that the Court, First Division, issued a Resolution dated **March 2, 2022** which reads as follows:*

“G.R. No. 239178 (*Spouses Rodolfo M. Covita and Avelina Ignacio-Covita, petitioners vs. Florentina Marcelino, respondent*).

This is an Appeal¹ by *certiorari* seeking to reverse and set aside the January 8, 2018 Decision² and April 12, 2018 Resolution³ of the Court of Appeals (CA) in CA-G.R. CV No. 104165. The CA set aside the October 30, 2014 Decision⁴ and December 9, 2014 Order⁵ of the Regional Trial Court of Bayombong, Nueva Vizcaya, Branch 28 (RTC), in Civil Case No. 6518, and dismissed the amended petition for reformation of deed of absolute sale, surrender of owner’s duplicate certificate, injunction, temporary restraining order, and damages filed by Spouses Rodolfo M. Covita (*Rodolfo*) and Avelina Ignacio-Covita (*petitioners*) against Florentina Marcelino (*respondent*).⁶

Antecedents

Respondent was the registered owner of a 869-square meter (*sq. m.*) land located at La Torre North, Bayombong, Nueva Vizcaya (*subject property*), and covered by Transfer Certificate of Title No. T-35366.⁷ Respondent divided the subject property among her four

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¹ *Rollo*, pp. 7-26.

² *Id.* at 27-41; penned by Associate Justice Nina G. Antonio-Valenzuela, with Associate Justices Priscilla J. Baltazar-Padilla (retired Member of the Court) and Pedro B. Corales, concurring.

³ *Id.* at 42-43.

⁴ *Records*, pp. 375-387; penned by Presiding Judge Fernando F. Flor, Jr.

⁵ *Id.* at 395.

⁶ *Id.* at 97-103.

⁷ *Id.* at 375.

children, namely, Domingo Gutierrez (*Domingo*), Lourdes Gutierrez (*Lourdes*), Marites Gutierrez, and Eduardo Gutierrez,⁸ although no written document of said division among her children was executed by respondent.⁹

On June 15, 1999, respondent leased to petitioners an unfinished house built on the portion allotted to Domingo.¹⁰ They agreed that the monthly rental payment would be ₱500.00 and that petitioners would be allowed to introduce substantial improvements on the leased house.¹¹

Thereafter, Lourdes mortgaged the entire subject property to the Rural Bank of Bayombong, Inc. (*bank*) as security for a loan. Lourdes, however, failed to pay her loan, which prompted the bank to foreclose the real estate mortgage on the subject property.¹²

Petitioners claimed that respondent offered to sell to them the lot where the house they were occupying was built on (*Domingo's lot*) in order to finance the redemption of the entire subject property. Respondent offered the 269-sq. m. lot of Domingo for ₱87,904.06, which corresponded to the redemption price imposed by the bank. Petitioners accepted the offer and initially paid ₱87,904.06 for Domingo's lot.¹³ Petitioners also claimed that respondent returned the amount of ₱17,000.00 from the initial payment of ₱87,904.06, in order to force Lourdes to pay for the ₱17,000.00.¹⁴ Respondent allegedly intended the amount to be paid by Lourdes as the latter's contribution to the redemption price, since she was the one who wholly benefited from the bank loan. Petitioners, thus, withheld the ₱17,000.00 because respondent agreed to receive the same only after the latter surrenders the title over the land.¹⁵

Thereafter, the parties went to the Gambito Law Office (*law office*) for the preparation and execution of the deed of sale of a parcel of land (*deed of sale*). Petitioners claimed that respondent also offered to sell them an additional 90-sq. m. portion adjacent to Domingo's lot for ₱15,000.00. Thus, the total purchase price they agreed upon was

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⁸ TSN, September 28, 2010, p. 5.

⁹ Records, p. 384; TSN, June 8, 2010, p. 3.

¹⁰ Id. at 375.

¹¹ TSN, June 1, 2010, p. 6.

¹² Records, p. 375.

¹³ Id. at 375-376.

¹⁴ Id. at 106.

¹⁵ Id. at 375-376.

₱102,900.00, which included the ₱15,000.00 consideration for the 90-sq. m. portion.¹⁶ The deed of sale, however, did not include the additional 90-sq. m. portion, as they allegedly agreed to execute a separate deed of sale for the said 90-sq. m. portion. After executing and signing the deed of sale for Domingo's lot, respondent refused to execute the separate deed of sale for the 90-sq. m. adjacent portion. Petitioners also offered to pay for the remaining balance of ₱15,000.00 corresponding to the 90-sq. m. portion, but respondent declined to accept it and even refused to surrender the owner's duplicate certificate of title of Domingo's lot. Petitioners attempted to tender the ₱15,000.00 to respondent and the ₱17,000.00 they withheld but the latter repeatedly rejected the same.¹⁷

On the other hand, respondent claimed that the object of the deed of sale was, in fact, the portion assigned to Lourdes, and not Domingo's lot. Respondent also contended that she withheld the owner's duplicate certificate of title because petitioners merely made a partial payment of ₱70,000.00 out of the total selling price of ₱102,900.00. Respondent made a counterclaim and also asked for the reformation of the contract to reflect the true object of the sale and the consideration agreed upon by the parties.¹⁸

The RTC Ruling

In its October 30, 2014 Decision, the RTC ruled that the parties' execution of a notarized deed of sale was equivalent to the delivery of the object of the contract. Thus, respondent's failure to surrender the certificate of title to petitioners as part of the delivery violated petitioners' right to the delivery of the leased property.¹⁹ Contrary to respondent's claim that she rightfully withheld the owner's duplicate certificate of title due to petitioners' incomplete payment of the purchase price, the RTC found that no such stipulation was found in the deed of sale as a condition for the delivery of the object of the sale. According to the RTC, the mere execution of the deed of sale conferred upon respondent the obligation to deliver the certificate of title to petitioners.²⁰

The RTC also held that the true object of the deed of sale was the 269-sq. m. portion of the subject property, which corresponded to Domingo's lot, for a consideration of ₱87,904.06. It gave credence to

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¹⁶ Id. at 376.

¹⁷ Id. at 106-108.

¹⁸ Id. at 114-115.

¹⁹ Id. at 380.

²⁰ Id. at 380-381.

the testimony of petitioner Rodolfo that respondent offered Domingo's lot for sale in exchange for the payment of the redemption price amounting to ₱87,904.06. It also cited respondent's testimony during her cross-examination, where she stated that Rodolfo pleaded to buy the lot where the house they were renting stood on.²¹

Thus, the RTC disposed of the case in this wise:

WHEREFORE, in all the foregoing, this court hereby renders judgment in favor of plaintiffs and against the defendant and:

1. ordering the parties for a reformation of the Deed of Sale they executed on August 2, 2001, and to prepare, execute and sign a new Deed of Absolute Sale indicating the particular area of that 269 square meters that plaintiffs bought, that is on the northern portion and where the house the plaintiffs are presently occupying and indicate in the new deed the actual consideration that is, P87,904.06[;]
2. ordering defendant to surrender the Owner's Duplicate copy of TCT No. T-35366 of the Land Records of Nueva Vizcaya to the Register of Deeds of Nueva Vizcaya;
3. ordering the Register of Deeds of Nueva Vizcaya for the registration of the reformed Deed of Absolute Sale of plaintiffs and [defendant] and in case the defendant cannot deliver the said owner's duplicate copy of title, the Register of Deeds is ordered to cancel from the office copy of TCT No. T-35366, the 269 square meter portion covered by the Deed of Sale dated August 2, 2001;
4. ordering the Register of Deeds to issue a new certificate of title for the area bought by plaintiffs covering the 269 square meter portion after the subdivision survey shall be effected[;]
5. ordering defendant to pay P30,000.00 as moral damages; P10,000.00 as exemplary damages and attorney's fees;
6. ordering defendant to pay P30,000.00 as attorney's fees; and

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²¹ Id. at 385-386.

7. Costs against defendant.

SO ORDERED.²²

Aggrieved, respondent appealed to the CA.

The CA Ruling

In its January 8, 2018 Decision, the CA set aside the RTC decision, dismissed the petition filed by petitioners with the RTC, and ruled in favor of respondent, to wit:

We **SET ASIDE** the Decision dated 30 October 2014, and the Order dated 9 December 2014, both issued by the Regional Trial Court, Branch 28, Bayombong, Nueva Vizcaya. Instead, we **DISMISS** the Amended Petition filed by the Spouses Rodolfo M. Covita and Avelina Ignacio-Covita.

IT IS SO ORDERED.²³ (emphases in the original)

The CA ruled that petitioners failed to show the presence of all the requisites to properly avail of the remedy of reformation of contract under Article 1359 of the Civil Code. It opined that there was no meeting of the minds of the parties as to the contract.²⁴ It also held that Joel C. Castriciones (*Castriciones*), the tutor of petitioners' grandchild who allegedly overheard respondent's offer to sell to petitioners Domingo's lot and the 90-sq. m. portion adjacent to it, and Manuela P. Navarro (*Navarro*), the law office secretary who prepared the deed of sale, were both incompetent to prove the real intention of the parties as to the object of the contract and the price thereof. According to the CA, Castriciones and Navarro had no personal knowledge or involvement in the transaction.²⁵

Petitioners filed a motion for reconsideration, but it was denied by the CA in its April 12, 2018 Resolution.

Hence, this petition.

Issues

- I. THE HONORABLE COURT OF APPEALS ERRED IN RULING THAT THERE WAS NO PERFECTED CONTRACT OF SALE BETWEEN HEREIN PETITIONER AND RESPONDENT;

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²² Id. at 386-387.

²³ *Rollo*, p. 40.

²⁴ Id. at 38.

²⁵ Id.

II. THE HONORABLE COURT OF APPEALS ERRED IN RULING THAT THERE WAS NO BASIS FOR THE REFORMATION OF THE SUBJECT DEED OF SALE[.]²⁶

Petitioners argue that a contract of sale was perfected as there was a meeting of the minds of the parties with respect to the object and the consideration.²⁷ According to petitioners, the object of the contract was Domingo's lot, as can be determined from the deed of sale, and that the price agreed upon by the parties for the sale of Domingo's lot was actually ₱87,904.06. Petitioners reiterate their claim that respondent later on verbally agreed to also sell the 90-sq. m. portion adjacent to Domingo's lot for a consideration of ₱15,000.00, which explained the total purchase price reflected in the deed of sale. Petitioners acknowledge the futility of their claim on their alleged agreement with respondent to buy the 90-sq. m. portion for ₱15,000.00, but maintain that the true object of the deed of sale was the 269-sq. m. portion for a consideration of ₱87,904.06, which corresponded to the redemption price imposed by the bank, despite the lack of particularity of the lot's description in the deed of sale.²⁸

Respondent, in her Comment²⁹ dated January 31, 2020, contends that the instant petition must be dismissed for improperly raising mixed questions of fact and law. Respondent alleges that certain facts are disputed, specifically, the subject property of the case and the consideration therefor, which would require a review of the facts of the case. Respondent argues that questions of fact may not be raised in a petition for review on *certiorari* before the Court.³⁰

In petitioners' Reply³¹ dated October 7, 2020, they argue that the petition falls under the exceptions to the rule that the Court may not examine factual issues. Specifically, because the RTC and the CA had conflicting findings of fact. Petitioners reiterate their stand that there was a meeting of the minds of the parties as to the object of the sale and the consideration for said property.³²

The Court's Ruling

We find the petition meritorious.

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²⁶ Id. at 11.

²⁷ Id. at 11-20.

²⁸ Id. at 19-20.

²⁹ Id. at 147-149.

³⁰ Id.

³¹ Id. at 155-158.

³² Id.

It is well-settled that the Court is not a trier of facts. As such, it refrains from disturbing the findings of the CA and does not entertain questions of fact, since factual findings of appellate courts are final, binding, or conclusive on the parties and upon this Court when supported by substantial evidence.³³

Hence, only pure questions of law should be raised in a petition for review under Rule 45 of the Rules of Court, save for the following exceptions: (1) when the conclusion is a finding grounded entirely on speculation, surmises, and conjectures; (2) when the inference made is manifestly mistaken, absurd, or impossible; (3) where there is a grave abuse of discretion; (4) when the judgment is based on a misapprehension of facts; (5) when the findings of fact are conflicting; (6) when the CA, in making its findings, went beyond the issues of the case and the same is contrary to the admissions of both appellant and appellee; (7) when the findings are contrary to those of the trial court; (8) when the findings of fact are conclusions without citation of specific evidence on which they are based; (9) when the facts set forth in the petition as well as in the petitioner's main and reply briefs are not disputed by the respondent; and (10) when the findings of fact of the CA are premised on the supposed absence of evidence and are contradicted by the evidence on record.³⁴

The CA misapprehended certain facts, which calls for a review of the facts of the case.

Petitioners filed before the RTC an amended petition praying for the reformation of the deed of sale. According to petitioners, the real object of the sale was Domingo's lot, with an area of 269 sq. m., and the consideration agreed upon by the parties for the said lot was ₱87,904.06. According to them, the selling price indicated in the deed of sale was muddled by the parties' subsequent verbal agreement to include the 90-sq. m. portion adjacent to Domingo's lot.³⁵ On the other hand, respondent contended that the object of the sale was Lourdes' portion of the subject property, and not Domingo's portion, for a total price of ₱102,900.00.³⁶

Reformation is a remedy in equity whereby a written instrument is made or construed so as to express or conform to the real intention of the parties, where some error or mistake has been committed. In

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³³ *Pascual v. Burgos*, 776 Phil. 167, 182 (2016).

³⁴ *Spouses Miano, Jr. v. Manila Electric Company*, 800 Phil. 118, 123 (2016).

³⁵ Records, p. 109.

³⁶ Id. at 113-114.

granting reformation, the remedy in equity is not making a new contract for the parties, but establishing and perpetuating the real contract between the parties which, under the technical rules of law, could not be enforced but for such reformation.³⁷

In order for an action for reformation of instrument to prosper, the following requisites must concur: (1) there must have been a meeting of the minds of the parties to the contract; (2) the instrument does not express the true intention of the parties; and (3) the failure of the instrument to express the true intention of the parties is due to mistake, fraud, inequitable conduct, or accident.³⁸

As to the first requisite, it is noteworthy that the parties consistently admitted having executed a deed of sale. Thus, contrary to the finding of the CA, there was a meeting of the minds of the parties to the deed of sale and a perfected contract of sale occurred. The controversy, however, arose from the parties' conflicting claims as to the true object of the sale and the consideration agreed upon.

Nonetheless, the deed of sale remains valid and unimpaired and has all the earmarks of a valid contract. Respondent sold a portion of her lot to petitioners, and the latter paid the redemption price as consideration for said portion, in order to prevent the consolidation of the subject property in favor of the bank.

Thus, having repeatedly admitted the existence and execution of the instrument, what remains to be resolved is whether the contract expressed the true intention of the parties. The *onus probandi* is upon the party who insists that the contract should be reformed.³⁹ This is consistent with the presumption that an instrument sets out the true agreement of the parties thereto and that it was executed for valuable consideration.⁴⁰

In the case at bar, petitioners bear the burden of proving that the deed of sale did not state the true intention of the parties. If proven that the deed of sale did not express the parties' true intention, petitioners must also prove that it was due to mistake, fraud, inequitable conduct, or accident.

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³⁷ *Quiros v. Arjona*, 468 Phil. 1000, 1010 (2004).

³⁸ *Multi-Ventures Capital and Management Corp. v. Stalwart Management Services Corp.*, 553 Phil. 385, 391 (2007).

³⁹ *Emilio v. Rapal*, 631 Phil. 197, 201 (2010).

⁴⁰ *Multi-Ventures Capital and Management Corp. v. Stalwart Management Services Corp.*, supra at 392.

The deed of sale executed by the parties on August 2, 2001 stated the object of the sale and the consideration therefor as follows:

That I, FLORENTINA MARCELINO, married to Marcelino Gutierrez, of legal age, Filipino citizen and resident of La Torre, Bayombong, Nueva Vizcaya, for and in consideration of the sum of [ONE HUNDRED TWO THOUSAND] AND NINE HUNDRED PESOS (P102,900.00) Philippine currency, to me in hand paid in cash and receipt of which is hereby acknowledged to my full and entire satisfaction by: SPS. [RODOLFO] M. COVITA and AVELINA IGNACIO COVITA, both of legal age, Filipino citizens and residents of #12 Bacani St., La Torre North, Bayombong, Nueva Vizcaya, do hereby SELL, TRANSFER, and CONVEY by way of absolute and irrevocable sale unto the said Sps. Rodolfo M. Covita and Avelina I. Covita, their heirs and assign[s] a parcel of land particularly bounded and identified as follows:

“A parcel of land (Lot 812-C of the subdivision plan [LRC]) Psd-17751, being a portion of Lot No. 812, Bayombong Cadastre; L.R.C. Cad. Rec. No. 888 situated in the Barrio of La Torre, Municipality of Bayombong, Province of Nueva Vizcaya, Island of Luzon Bounded on the NE., points 3 to 4 by Lot 813; Bayombong Cadastre, on the SE., points 4 to 1 by Lot 812-B of the subdivision plan; on the SW., points 1 to 2 by Road and on the NW., points 2 to 3 by Road. Beginning at a point marked “1” on plan being N. 17 deg. 15”E., 311.7 m. from BLLM 10, Bayombong Cadastre; thence x x x to the point of beginning; containing an area of EIGHT HUNDRED SIXTY NINE (869) SQUARE METERS, more or less.”

which parcel of land I am the absolute owner my ownership thereto is being evidence with Transfer Certificate of Title No. T-35366 issued by the Land Records of Nueva Vizcaya.

That this Deed of Sale pertains only to TWO HUNDRED SIXTY NINE (269) SQUARE METERS, more or less, portion of the above parcel of land.⁴¹

From the foregoing, whether the deed of sale pertained to Domingo's lot or Lourdes' portion is indeed unclear. What is clear is that respondent agreed to sell a 269-sq. m. portion of the entire subject property to petitioners for a consideration of ₱102,900.00.

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⁴¹ Records, p. 12.

In order to determine the true object of the sale – whether the deed of sale pertained to Domingo’s portion or Lourdes’ portion of the subject property – and the consideration agreed upon by the parties, it is necessary to determine the parties’ intention in the execution of the deed of sale. While intentions involve a state of mind, which may sometimes be difficult to decipher, subsequent and contemporaneous acts of the parties as well as the evidentiary facts as proved and admitted can be reflective of one’s intention.⁴²

In this case, petitioners continued to occupy and possess the house built on Domingo’s lot after the execution of the deed of sale. Petitioners attempted to tender the remaining ₱17,000.00 to respondent several times after the execution of the deed of sale in order to complete their payment of the leased property and to compel respondent to surrender the title to the leased property.⁴³ During the conciliation before the *barangay*, petitioners attempted to pay ₱32,000.00⁴⁴ to respondent for Domingo’s lot so that respondent would finally deliver the certificate of title; and, after due discussion before the *barangay*, respondent eventually agreed that petitioners’ unpaid balance was merely ₱17,000.00.⁴⁵ Respondent’s agreement to the unpaid balance signified her recognition of her obligation to deliver the certificate of title to Domingo’s lot under the deed of sale. Indeed, as observed by the RTC, it is only natural that petitioners would buy the lot where the house they were renting is built on, more so because of the substantial improvements they had introduced on their leased house. Verily, it would be illogical for petitioners to purchase Lourdes’ lot considering that the house they were staying in was erected on Domingo’s lot. Thus, respondent’s allegation that petitioners were purchasing Lourdes’ lot is not meritorious.

In *Atilano v. Atilano*,⁴⁶ the Court recognized the real intention of the parties to the sale on the basis of their continued possession of the respective lots in question even after the sale.⁴⁷ Thus, the Court found that a reformation of the contract was proper in order to correct the simple mistake in the referencing of the lots in the contract.

Respondent admitted that petitioners came to her and pleaded to buy the lot where the house they were renting was situated, since they had nowhere to go. As found by the RTC:

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⁴² *Sarming v. Dy*, 432 Phil. 685, 699 (2002).

⁴³ TSN, May 26, 2009, p. 8.

⁴⁴ The ₱32,000.00 was computed by subtracting the amount paid by petitioners, which was ₱70,000.00, from the selling price indicated in the deed of sale, which was ₱102,900.00.

⁴⁵ TSN, March 27, 2007, p. 6.

⁴⁶ 138 Phil. 240 (1969).

⁴⁷ *Id.* at 243-244.

Seventh, by the admission of defendant, she knew that what the plaintiffs were buying was the portion where the house they were renting was standing.

Atty. Rosario:

Q: Isn't it madam witness that you offered that land for sale to your relatives?

A: I did not offer but he was the one who got interested on that property; he was renting the house?

x x x x

Q: Isn't it madam witness that you were looking for buyers of the land so that it will not go to the bank?

A: We looked for prospective buyers but it was Kulas who came to us and pleaded that he will be the one to buy because they have no place to go.

x x x x

Q: So, you would admit then madam witness that Kulas introduced improvements on the house he was renting?

A: Yes, sir.

Q: So that when he pleaded to you that he will buy a portion of that land you agreed because you claimed that they have nowhere to go and he was already staying there? x x x

A: Yes.

x x x x

Accordingly, both parties agreed to the object of the sale, i.e., the 269 square meters portion of the lot where the rented house is erected. Since this portion was not specifically mentioned in the Deed of Sale, reformation is proper to conform to the real intention of the parties.

Eighth, the exact location of the lot subject of the Deed of Sale is the northern part of the lot where the rented house is constructed. This conclusion is supported by the testimonies of witnesses:

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Q: And what portion of the lot was being offered to you then by [spouses] Florentina and Marcelino Gutierrez?

A: There is no other lot being offered to us but the lot where the house we were renting is located.

Q: You are referring to that lot where the house owned by Domingo Gutierrez was erected then?

A: Yes, sir.

x x x x

Q: How about the offer to you for sale of the said lot aside from the fact that there was no mention as to the actual price of the said lot, there was no mention also about the actual area of the lot subject matter of that lot offered for sale?

A: That was told to me by the defendant and the defendant also told me that I will pay the redemption price of that land where the house we are renting is located, and after payment the defendant will execute a deed of sale for the portion where the house we are renting is located.

x x x x

Also, when Florentina Marcelino was confronted on cross examination on May 27, 2013, she testified that:

Atty. Rosario:

Q: But you are aware madam witness that what Kulas was buying from you is that place where he is already staying since you claimed that he pleaded he has nowhere to go, is that correct?

A: Yes, sir.

Q: And you pitied him, madam witness, that's why you agreed that [he] purchased it?

A: Yes, sir.⁴⁸ (underscoring in the original)

Indeed, the lot subject of the deed of sale is Domingo's lot, or the lot where the house that petitioners were renting is located. Failure to describe with particularity the subject lot in the deed of sale caused the failure of the contract to reflect the real agreement between petitioners and respondent.

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⁴⁸ Records, pp. 384-385.

Significantly, it is undisputed that it was petitioners who paid for the redemption price of the entire subject property in exchange for the 269-sq. m. portion stated in the deed of sale, save for Lourdes' forced share in the redemption price, which respondent herself insisted on. As it has been established that the lot pertained to in the deed of sale is Domingo's lot, it is only reasonable that the purchase price correspond to the redemption price paid by petitioners. As explained by petitioners, the mistake in the purchase price stated in the deed of sale, which amounted to ₱102,900.00, was brought about by the subsequent verbal agreement to include in the sale the 90-sq. m. portion adjacent to Domingo's lot for a consideration of ₱15,000.00. Respondent, however, reneged on said agreement, as well as on her obligation to deliver the certificate of title of the 269-sq. m. portion paid for by petitioners.

Petitioners, however, are liable to pay ₱17,904.06, which is the amount returned by respondent after they paid for the whole redemption price of ₱87,904.06. Respondent's return of said amount to petitioners, to force Lourdes to contribute to the redemption price, since she was the one who benefited from the loan, which caused the foreclosure of the subject property, is undisputed by the parties. However, it does not appear from the records that Lourdes indeed paid such contribution. Accordingly, upon payment of this balance by petitioners, they would have fulfilled their obligations in the contract. The unpaid balance of ₱17,904.06 should earn interest at the rate of six percent (6%) *per annum*, in accordance with the Court's ruling in *Nacar v. Gallery Frames*.⁴⁹

As to the damages and attorney's fees awarded, the Court finds no reason to disturb the findings of the RTC. Under Art. 2220 of the Civil Code, in case of breaches of contract, moral damages may be awarded where the defendant acted fraudulently or in bad faith.

In this case, respondent's deliberate refusal to surrender the owner's duplicate certificate of title to petitioners, despite the latter's payment for the lot, constitutes bad faith on her part. Respondent and her heirs took advantage of the payment made by petitioners in order to prevent the consolidation of the entire subject property in favor of the bank. In return, respondent and her heirs, for many years, prevented petitioners from exercising their ownership rights over the lot that they had bought and promptly paid for.

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⁴⁹ 716 Phil. 267 (2013).

As to the exemplary damages, the Court sustains the same on the basis of Art. 2232 of the Civil Code, which states that “[i]n contracts and quasi-contracts, the court may award exemplary damages if the defendant acted in a wanton, fraudulent, reckless, oppressive, or malevolent manner.” Respondent’s deliberate refusal to surrender the certificate of title while benefiting from the redemption of her property, which could not have occurred had it not been for petitioners’ payment of the purchase price, was clearly oppressive to petitioners.

The award of attorney’s fees is also proper in the light of respondent’s gross and evident bad faith in refusing to surrender the certificate of title to petitioners.⁵⁰

Lastly, all damages awarded shall earn interest at the rate of six percent (6%) *per annum*, pursuant to the ruling in *Nacar v. Gallery Frames*.⁵¹

WHEREFORE, the petition is **GRANTED**. The January 8, 2018 Decision and April 12, 2018 Resolution of the Court of Appeals in CA-G.R. CV No. 104165 are **REVERSED** and **SET ASIDE**. The October 30, 2014 Decision and December 9, 2014 Order of the Regional Trial Court of Bayombong, Nueva Vizcaya, Branch 28, in Civil Case No. 6518, are **REINSTATED** and **AFFIRMED** with **MODIFICATION** in that petitioners Spouses Rodolfo M. Covita and Avelina Ignacio-Covita are **ORDERED** to **PAY** respondent Florentina Marcelino the amount of ₱17,904.06 representing the unpaid balance under the deed of sale. Said amount, and the damages to be paid by respondent Florentina Marcelino to petitioners Spouses Rodolfo M. Covita and Avelina Ignacio-Covita, shall all earn interest at the rate of six percent (6%) *per annum* from the date of this Resolution until full payment.

SO ORDERED.”

By authority of the Court:


LIBRADA C. BUENA,
Division Clerk of Court

by:

MARIA TERESA B. SIBULO
Deputy Division Clerk of Court
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⁵⁰ Article 2208 of the Civil Code.

⁵¹ *Supra* note 49.



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