



REPUBLIC OF THE PHILIPPINES  
SUPREME COURT  
Manila

SECOND DIVISION

NOTICE

Sirs/Mesdames:

*Please take notice that the Court, Second Division, issued a Resolution dated **February 27, 2023** which reads as follows:*

“**G.R. No. 263194 (Cecilia S. Inso, joined by her husband Edgardo Inso, Petitioners v. Spouses Jesus M. Reyes and Teresita R. Reyes, Respondents).** — This Court resolves the Petition for Review on *Certiorari*<sup>1</sup> under Rule 45 of the Rules of Court filed by petitioners Cecilia S. Inso (*Cecilia*), joined by her husband Edgardo Inso (*Spouses Inso*), seeking to reverse and set aside the Decision<sup>2</sup> and the Resolution<sup>3</sup> of the Court of Appeals (*CA*) in CA-G.R. SP No. 10265, affirming their liability to pay respondents Spouses Jesus M. Reyes (*Jesus*) and Teresita Reyes (*Teresita*) (*Spouses Reyes*) under the parties’ Memorandum of Agreement.

On January 16, 2003, Cecilia and Jesus entered into an Agreement<sup>4</sup> for the sale of a portion of Cecilia’s property described as Lot No. 4851-A-6 located at Buaya, Lapu-Lapu City. Her total interest in the property consisted of 433 square meters, but only 233 square meters were sold to Jesus for a consideration of PHP 267,600.00. Upon execution of the Agreement, Spouses Reyes paid a partial payment of PHP 110,000.00 and eventually, the balance amounting to PHP 157,600.00.<sup>5</sup> After which, the parties executed a Deed of Absolute Sale<sup>6</sup> dated January 15, 2004.

Subsequently, Spouses Inso claimed that since the capital gains tax was not paid on time, their lawyer requested that a new deed of sale be executed.<sup>7</sup> Accordingly, the parties executed another Deed of Absolute Sale<sup>8</sup> dated July 8, 2004.

<sup>1</sup> *Rollo*, pp. 3–19.

<sup>2</sup> *Id.* at 20–30. The September 29, 2021 Decision was penned by Associate Justice Dorothy P. Montejo-Gonzaga, and concurred in by Associate Justices Gabriel T. Ingles and Bautista G. Corpin, Jr. of the Eighteenth Division, Court of Appeals, Cebu City.

<sup>3</sup> *Id.* at 31–35. The August 23, 2022 Resolution was penned by Associate Justice Bautista G. Corpin, Jr., and concurred in by Associate Justices Mercedita G. Dadole-Ygnacio and Eleuterio L. Bathan of the Special Former Eighteenth Division, Court of Appeals, Cebu City.

<sup>4</sup> *Id.* at 67–68.

<sup>5</sup> *Id.* at 21.

<sup>6</sup> *Id.* at 76–77.

<sup>7</sup> *Id.* at 21.

<sup>8</sup> *Id.* at 78–79.

However, despite full payment of the purchase price and execution of the Deed of Absolute Sale, no certificate of title was delivered to Spouses Reyes. This caused Spouses Reyes to worry, particularly when Cecilia mentioned that she had another property in Bankal, Lapu-Lapu City, which could be a substitute for the property sold to them. Later on, Spouses Reyes discovered that the property sold to them was not registered under Cecilia's name. Moreover, the same property was the subject of a pending case and notice of *lis pendens*. As a result, Spouses Reyes demanded Spouses Inso to refund the amount that they have already paid.<sup>9</sup>

Sometime in 2005, the parties executed a Memorandum of Agreement,<sup>10</sup> whereby Spouses Inso agreed to reimburse Spouses Reyes the amount of PHP 280,000.00 and to revoke the Deed of Absolute Sale that they have previously executed. Out of the said amount, Spouses Inso only paid the amount of PHP 82,500.00. Spouses Reyes made several demands, but to no avail prompting them to bring the dispute for barangay conciliation.<sup>11</sup> When the same proved futile, they filed a Complaint for Sum of Money and Damages<sup>12</sup> against Spouses Inso.

For their part, Spouses Inso asserted that the Complaint stated no cause of action because Teresita, the wife of Jesus, was not privy to the parties' Agreement. They also claimed that they did not promise to deliver the title of the property because what was sold to Spouses Reyes was only a portion thereof and they did not actually own the entire property. Spouses Inso averred that while Spouses Reyes was still paying the portion of the property, it was already explained to them that the title could not be delivered until the subdivision plan is approved. They also averred that Spouses Reyes failed to comply with conditions 4 and 5 of the Agreement because of their delay and failure to pay the required taxes. Due to this breach, Spouses Inso asserted that the advance payment made by Spouses Reyes was already forfeited in their favor. Lastly, they claimed that they did not receive a demand letter, hence the Complaint was dismissible.<sup>13</sup>

The Municipal Trial Court in Cities (MTCC), Lapu-Lapu City issued a Decision<sup>14</sup> in favor of Spouses Reyes and ordered Spouses Inso to reimburse them the amount of PHP185,100.00. The dispositive portion of the said Decision reads:

IN VIEW OF THE FOREGOING, the Court hereby renders judgment ordering the defendants to pay the plaintiffs the amount of ONE HUNDRED EIGHTY[FIVE] THOUSAND ONE HUNDRED PESOS

<sup>9</sup> *Id.*

<sup>10</sup> *Id.* at 81-82.

<sup>11</sup> *Id.* at 22.

<sup>12</sup> *Id.* at 44-47.

<sup>13</sup> *Id.*

<sup>14</sup> *Id.* at 41-43. The October 9, 2013 Decision in Civil Case No. R-3988 was penned by Assisting Judge Anacleto G. Debalucos of the Municipal Trial Court in Cities, Lapu-Lapu City.

([PHP] 185,100.00) with 12% legal interest per annum to be computed from August 31, 2007 until the entire amount is fully paid. The defendants are likewise ordered to pay the costs.

SO ORDERED.<sup>15</sup>

At odds with the ruling, Spouses Inso interposed an Appeal before the Regional Trial Court (RTC).

The RTC rendered a Decision,<sup>16</sup> modifying the Decision of the MTCC as to the total amount to be paid by Spouses Inso. According to the RTC, Spouses Inso are liable to pay Spouses Reyes the amount of PHP 197,500.00 under the parties' Memorandum of Agreement. The dispositive portion of the said Decision reads:

With all the foregoing considered, the Court finds no valid reason to depart from the findings of the court a quo finding defendants-appellants liable. WHEREFORE, the appeal is DENIED. The assailed Decision dated October 9, 2013 of the Lapu-Lapu City, Municipal Trial Court in Cities in Civil Case No. R-3988 is however modified as follows:

The Court hereby renders judgment ordering the defendants to pay the plaintiffs the amount of ONE HUNDRED NINETY[-]SEVEN THOUSAND FIVE HUNDRED PESOS ([PHP] 197,500.00) with 12% legal interest per annum to be computed from August 31, 2007 until the entire amount is fully paid. The defendants are likewise ordered to pay the costs.

Furnish all concerned with a copy of this Decision.

SO ORDERED.<sup>17</sup>

Unconvinced, Spouses Inso moved for reconsideration but failed to obtain a favorable relief, as the RTC denied the same.<sup>18</sup>

Still unyielding, Spouses Inso filed a Petition for Review before the CA claiming that they did not promise to deliver the titles to Spouses Reyes, as in fact, only a portion of the property was sold to them. They also asserted that the MTCC had no jurisdiction over the case because the subject of the litigation is incapable of pecuniary estimation and therefore cognizable exclusively by the RTC.<sup>19</sup>

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<sup>15</sup> *Id.* at 43.

<sup>16</sup> *Id.* at 36-40. The June 23, 2015 Decision in Civil Case No. R-3988-Roo-00 was penned by Presiding Judge Anna Marie P. Militante of Branch 53, Regional Trial Court of Cebu, Lapu-Lapu City.

<sup>17</sup> *Id.* at 23-24.

<sup>18</sup> *Id.* at 24.

<sup>19</sup> *Id.* 24-25.

The CA rendered the assailed Decision,<sup>20</sup> which affirmed Spouses Inso's liability to pay the amount of PHP 197,500.00 representing their unpaid balance under the parties' Memorandum of Agreement. According to the CA, Spouses Inso bound themselves to reimburse Spouses Reyes the amount they have already paid, and their failure to pay the remaining balance despite repeated demands gave rise to an action for sum of money.<sup>21</sup>

On the issue of jurisdiction, the CA held that Spouses Inso are already estopped from questioning the jurisdiction of the MTCC considering that: (1) they only raised the issue for the first time in their motion for reconsideration assailing the RTC's Decision; and (2) they have actively participated in the proceedings in the MTCC.<sup>22</sup>

Dissatisfied, Spouses Inso moved for reconsideration, but the CA denied the same in its impugned Resolution.<sup>23</sup> Apart from reiterating that Spouses Inso are obliged to reimburse Spouses Reyes and that Teresita, the wife of Jesus, was not an interested party, the CA held that the action filed by Spouses Reyes was capable of pecuniary estimation. Since the amount demanded was only PHP 197,500.00, the action is cognizable by the MTCC.<sup>24</sup>

Seeking further recourse, Spouses Inso lodged this present Petition, maintaining that Spouses Reyes has no cause of action for sum of money because they never promised to deliver the title of the property because only a portion was sold to them.<sup>25</sup> They further submit that they were not obligated to pay the terms of the 2005 Memorandum of Agreement because its signatory was Teresita, who was not privy to the parties' original Agreement and to the two Deeds of Absolute Sale.<sup>26</sup> Lastly, they insist that the MTCC has no jurisdiction over the case because the subject of the litigation is incapable of pecuniary estimation, and thus, exclusively cognizable by the RTCs.<sup>27</sup>

After judicious scrutiny of the Petition, this Court finds an abundance of reasons, both procedurally and substantively, for its dismissal.

Foremost, the Verification/Certification<sup>28</sup> [of Non-Forum Shopping] is fatally defective for failure to allege the required attestations as mandated by Rule 7, Sections 4 and 5 of the 2019 Amended Rules of Court. More

<sup>20</sup> *Id.* at 20-30.

<sup>21</sup> *Id.* at 28.

<sup>22</sup> *Id.* at 28-29.

<sup>23</sup> *Id.* at 31-35.

<sup>24</sup> *Id.* at 33-35.

<sup>25</sup> *Id.* at 12-13.

<sup>26</sup> *Id.* at 15-16.

<sup>27</sup> *Id.* at 14.

<sup>28</sup> *Id.* at 17.

specifically, the following attestations were lacking: (1) The pleading is not filed to harass, cause unnecessary delay, or needlessly increase the cost of litigation;<sup>29</sup> (2) The factual allegations therein have evidentiary support or, if specifically so identified, will likewise have evidentiary support after a reasonable opportunity for discovery;<sup>30</sup> and (3) [If] there is such other pending action or claim, a complete statement of the present status thereof[.]<sup>31</sup>

Aside from the incomplete attestations, the affiants who signed the verification/certification failed to provide competent evidence of their respective identities. Cecilia did not indicate any proper identification card. On the other hand, Edgardo only stated his identification number but failed to specify which identification card was presented before the notary public.<sup>32</sup>

In *Hubilla v. HSY Marketing, Ltd.*,<sup>33</sup> this Court restated the guidelines laid down in *Altres v. Empleo*<sup>34</sup> with respect to non-compliance with the requirements on or submission of a defective verification and certification against forum shopping. Rules 2 and 4 of the Rules of Court thereof pertinently state:

2) As to verification, non-compliance therewith or a defect therein does not necessarily render the pleading fatally defective. The court may order its submission or correction or act on the pleading if the attending circumstances are such that strict compliance with the Rule may be dispensed with in order that the ends of justice may be served thereby.

4) As to certification against forum shopping, non-compliance therewith or a defect therein, unlike in verification, is generally not curable by its subsequent submission or correction thereof, unless there is a need to relax the Rule on the ground of "substantial compliance" or presence of "special circumstances or compelling reasons."<sup>35</sup> (Citations omitted)

It can be gleaned from the foregoing that in case of non-compliance with the requirements on verification, such non-compliance will not automatically result in a defective pleading as the court may order its submission or correction provided that there are attending circumstances to relax the application of the rules. When there is non-compliance with the rules on certification against forum shopping, the general rule is that it cannot be cured by a subsequent submission or correction, unless the

<sup>29</sup> AMENDED RULES OF COURT, Rule 7, sec. 4.

<sup>30</sup> *Id.*

<sup>31</sup> AMENDED RULES OF COURT, Rule 7, sec. 5.

<sup>32</sup> *Rollo*, p. 17.

<sup>33</sup> 823 Phil. 358 (2018) [Per J. Leonen, Third Division].

<sup>34</sup> 594 Phil. 246 (2008) [Per J. Carpio Morales, *In Banc*].

<sup>35</sup> *Id.* at 261-262.

relaxation of the rules may be justified on the ground of “substantial compliance”<sup>36</sup> or presence of “special circumstances or compelling reasons.”<sup>37</sup> In this case, however, this Court finds no such special circumstance or compelling reason to brush aside the technical lapses committed or to disregard the strict application of the rules. In fact, even on the merits, this present Petition miserably fails.

On the issue of jurisdiction, Spouses Inso seriously erred in claiming that the MTCC has no jurisdiction over the case because the subject of the litigation is incapable of pecuniary estimation, and thus, falls within the exclusive jurisdiction of the RTC.

In *De Ungria v. Court of Appeals*,<sup>38</sup> this Court reiterated the criterion enunciated in *Singson v. Isabela Sawmill*,<sup>39</sup> on how to ascertain if an action is capable of pecuniary estimation and correlatively, the jurisdiction of the court to which it belongs, viz.:

In determining whether an action is one the subject matter of which is not capable of pecuniary estimation, this Court has adopted the criterion of first ascertaining the nature of the principal action or remedy sought. If it is primarily for the recovery of a sum of money, the claim is considered capable of pecuniary estimation, and whether jurisdiction is in the municipal courts or in the courts of first instance would depend on the amount of the claim. However, where the basic issue is something other than the right to recover a sum of money, where the money claim is purely incidental to, or a consequence of, the principal relief sought, this Court has considered such actions as cases where the subject of the litigation may not be estimated in terms of money, and are cognizable by courts of first instance [now Regional Trial Courts].<sup>40</sup> (Citations omitted)

Guided by the foregoing criterion, it is unmistakably clear that the action filed by Spouses Reyes against Spouses Inso is one that is capable of pecuniary estimation because the principal relief sought in the Complaint is the collection of sum of money amounting to PHP 197,500.00 under the parties’ Memorandum of Agreement.

Correlatively, to determine whether the action falls within the exclusive jurisdiction of the Metropolitan Trial Courts, Municipal Trial Courts, Municipal Circuit Trial Courts, or the Regional Trial Courts would depend on the amount of claim demanded by Spouses Reyes.

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<sup>36</sup> *Id.* at 261-262.

<sup>37</sup> *Id.* at 262.

<sup>38</sup> 669 Phil. 585 (2011) [Per J. Peralta, Third Division].

<sup>39</sup> 177 Phil. 575-595 (1979) [Per J. Fernandez, First Division].

<sup>40</sup> *Id.* at 588.

Since the Complaint was filed in 2008, the governing rule on jurisdiction is Batas Pambansa Blg. 129,<sup>41</sup> as amended by Republic Act No. 7691,<sup>42</sup> which provides that the Metropolitan Trial Courts, Municipal Trial Courts, and Municipal Circuit Trial Courts shall exercise exclusive original jurisdiction over civil actions where the amount of demand does not exceed PHP 300,000.00 outside Metro Manila, exclusive of interest, damages of whatever kind, attorney's fees, litigation expenses, and costs.

Verily, since the principal amount demanded by Spouses Reyes is only PHP 197,500.00 and did not exceed the threshold amount of PHP 300,000.00, the CA correctly held that the MTCC has jurisdiction over the case.

Similarly, this Court adopted the findings of the CA that Spouses Reyes has proven by a preponderance of evidence their cause of action for sum of money. Spouses Inso's insistence that they did not promise to deliver the title of the property to Spouses Reyes was indeed irrelevant and has no bearing in the present case because the basis of Spouses Reyes's complaint for sum of money is not the parties' original agreement, but their subsequent Memorandum of Agreement<sup>43</sup> in 2005.

For a better perspective, material portions of the Memorandum of Agreement are reproduced as follows:

- a) That the SELLER is the previous owner of LOT NO. 4851-A-6-C, situated at Buaya, Lapu-lapu City[.]
- b) That the above-described property was a subject of a DEED OF ABSOLUTE SALE between parties and the BUYER already paid the total consideration of the said lot, in the sum of PHP 280,000.00 to the SELLER and the said payment of the BUYER in favor of the SELLER is of the condition that the TITLE of the said lot be surrendered to them, in order that the SELLER can transfer to their names the ownership of the portion equivalent to 223 square meters, to which the SELLER failed to surrender the Title of the said Lot:
- c) That due to the failure of the SELLER to surrender the title to the BUYER, the BUYER intend to be reimbursed of what they have paid to the SELLER in order not to pursue the said transaction. the DEED OF ABSOLUTE SALE which they have drawn, which in effect will revoke as it hereby REVOKED the said Deed of Absolute Sale, executed and acknowledged before Notary Public ISABELO YCONG on July 8, 2004[.]

<sup>41</sup> The Judiciary Reorganization Act of 1980, August 14, 1981.

<sup>42</sup> AN ACT EXPANDING THE JURISDICTION OF THE METROPOLITAN TRIAL COURTS, MUNICIPAL TRIAL COURTS, AND MUNICIPAL CIRCUIT TRIAL COURTS, AMENDING FOR THE PURPOSE BATAS PAMBANSA, BLG. 129, OTHERWISE KNOWN AS THE "JUDICIARY REORGANIZATION ACT OF 1980."

<sup>43</sup> *Rollo*, pp. 81-82.

d) That as a consideration for the revocation of the DEED OF ABSOLUTE SALE hereto above, both parties agreed the following terms and conditions[,] to wit:

1. That the SELLER will pay unto the BUYER or reimbursed the sum of [PHP] 280,000.00 as reimbursement of what they have paid to the SELLER[.]<sup>44</sup>

As a brief background of the facts leading to the execution of the aforesaid Memorandum of Agreement, it must be recalled that Cecilia and Jesus initially executed an agreement for the sale of a portion of Cecilia's property. After payment of the full purchase price, Spouses Inso and Jesus executed a Deed of Absolute Sale dated January 14, 2004. Subsequently, they executed another Deed of Absolute Sale dated July 8, 2004, supposedly to avoid incurring penalties for the late payment of taxes. Despite the execution of the Deed of Absolute Sale, Spouses Inso did not surrender the title of the property to Spouses Reyes. As a result, they executed the aforesaid Memorandum of Agreement in 2005, which provided that Spouses Inso agreed to reimburse Spouses Reyes the amount of PHP 280,000.00 representing their payment for the sale of a portion of their property and to revoke the two Deeds of Absolute Sale covering the said sale transaction that they have previously executed.

Since the terms and conditions of the Memorandum of Agreement are clear and unequivocal, and the stipulations therein are valid, there could be no doubt that Spouses Inso is obliged to comply therewith in good faith. As further pointed out by the CA, Spouses Inso could not renege on their obligation on the ground that Teresita, the signatory therein, was not privy to their original agreement and two deeds of sales. To reiterate, the basis of the Complaint for sum of money is not the parties' agreement, but the Memorandum of Agreement in 2005, in which Teresita being the wife of Jesus, was one of the signatories.

Basic is the rule that "a contract is a law between the parties."<sup>45</sup> Obligations arising from contracts have the force of law between them and should be complied with in good faith.<sup>46</sup> "Unless the stipulations in a contract are contrary to law, morals, good customs, public order, or public policy, the same are binding as between the parties."<sup>47</sup>

As to the amount to be reimbursed, the RTC and the CA uniformly held that out of PHP 280,000.00, Spouses Inso only paid the amount of PHP 82,500.00. Despite repeated demands, they failed to pay the remaining balance amounting to PHP 197,500.00, which gave Spouses Reyes a cause

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<sup>44</sup> *Id.* at 81.

<sup>45</sup> *IP E-Games Ventures, Inc., v. Tan*, G.R. No. 239576, June 30, 2021 [Per J. J. Lopez, Third Division].

<sup>46</sup> CIVIL CODE OF THE PHILIPPINES, art. 1159.

<sup>47</sup> *Roxas v. De Zuzuarregui, Jr.*, 516 Phil. 605, 623 (2006) [Per J. Chico-Nazario, First Division].



of action against them for the collection of sum of money. This Court finds no cogent reason to deviate from their unanimous findings on this matter, as well as their common appreciation of the evidence presented. As a matter of sound practice and procedure, this Court defers and accords finality to the factual findings of trial courts.<sup>48</sup> More so, when these factual findings carry the full concurrence of the CA, as in this case.

On the imposition of interest, the RTC, as affirmed by the CA imposed an interest of 12% per annum on the remaining balance of PHP 197,500.00 to be computed from the time of extra-judicial demand on August 31, 2007 until the entire amount is fully paid.

To conform with prevailing jurisprudence,<sup>49</sup> the interest to be imposed must be modified. Accordingly, Spouses Inso are ordered to pay Spouses Reyes the amount of PHP 197,500.00, which shall earn an interest of 12% per annum from the time of extra-judicial demand on August 31, 2007 until June 30, 2013, and thereafter, at the rate of 6% per annum, from July 1, 2013 until finality of this Resolution. The total judgment award shall further earn an interest of 6% per annum from the finality of this Resolution until full satisfaction.

**FOR THESE REASONS**, the Petition for Review on *Certiorari* is **DISMISSED**. The Decision dated September 29, 2021 and the Resolution dated August 23, 2022 of the Court of Appeals, Cebu City in CA-G.R. SP No. 10265 are **AFFIRMED** with **MODIFICATION**.

Petitioner Spouses Cecilia S. Inso and Edgardo Inso are **ORDERED** to **PAY** respondents Spouses Jesus M. Reyes and Teresita R. Reyes the following:

- 1) The amount of PHP 197,500.00, plus interest at the rate of 12% per annum from the time of extra-judicial demand on August 31, 2007 until June 30, 2013, and thereafter at the rate of 6% per annum, from July 1, 2013 until finality of this Resolution; and
- 2) Costs of suit.

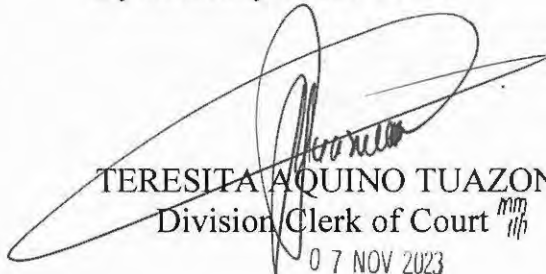
The total judgment award shall further earn an interest of 6% per annum from the finality of this Resolution until fully paid.

**SO ORDERED.”**

<sup>48</sup> *Pascual v. Pangyarihan-Ang*, G.R. No. 235711, March 11, 2020 [C.J. Peralta, First Division].

<sup>49</sup> *Nacar v. Gallery Frames*, 716 Phil. 267 (2013) [Per J. Peralta, *En Banc*].

By authority of the Court:

  
TERESITA AQUINO TUAZON  
Division Clerk of Court  
07 NOV 2023

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HON. PRESIDING JUDGE (reg)  
Regional Trial Court, Branch 53  
Lapu-Lapu City  
(Civil Case No. R-3988-R00-00)

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Supreme Court, Manila

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Cebu City  
CA-G.R. SP No. 10265

\*with copy of CA Decision dated September 29, 2021  
*Please notify the Court of any change in your address.*  
GR263194. 03/27/2023(192)URES