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FIRST DIVISION

[G.R. No. 83904. August 13, 1990]

HEIRS OF SEVERO LEGASPI, SR. NAMELY: CATALINA *VDA. DE* LEGASPI, VICTORINO LEGASPI, RAMONA LEGASPI, SEVERO LEGASPI, JR., ANTONIA L. QUIAMBAO, AMPARO L. SILAO, LUCINA L. GENOVIA & FELOMINA L. ROSALIN, *petitioners, vs.* **LUCIA *VDA. DE* DAYOT & FELIXBERTO LAPE,** *respondents.*

SYLLABUS

1. CIVIL LAW; CONTRACTS; INTERPRETATION OF; THE VARIOUS STIPULATIONS IN A CONTRACT SHOULD BE READ TOGETHER IN ORDER TO GIVE EFFECT TO ALL. — The general rule in the interpretation of contracts is that if the terms thereof are clear as to the intention of the contracting parties, the literal meaning of the stipulations shall control. On the basis of this rule, the court *a quo* and the Court of Appeals came up with different interpretation of the agreement — the former holding that the agreement is a contract of lease while the latter, a contract of sale. The conflict in the interpretations by the trial court and the appellate court seems to have arisen from a reading of paragraph 1 of the agreement in question, to wit: "that the party of the second part shall shoulder one-half of the amount owing to the Bureau of Building and Real Property Management representing the rental of the lot." The trial court opined that the agreement under paragraph 1 speaks of "rental" on the lot, so undoubtedly the intention of the contracting parties was only to lease one-half (½) of the lot. The Court of Appeals, on the other hand, observed that the trial court had taken out of context the word "rental." Said court held that the phraseology of paragraph 1 should mean that Lape will pay ½ of the amount due on the lot to the Bureau of Building which is the rental thereof, the word "rental" being merely descriptive of the "amount" due the government. An important task in contract interpretation is the ascertainment of the intention of the contracting parties which is accomplished by looking to the words they used to project that intention in

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their contract, *i.e.*, all the words, not just a particular word or two, and words in context, not words standing alone. The various stipulations in a contract should be read together in order to give effect to all. Thus, reading the agreement in its entirety, We come to the conclusion that the intention of the contracting parties, Severo Legaspi and Felixberto Lape, was to enter into a contract of lease.

2. ID.; ID.; ID.; INTERPRETATION OF CONTRACT IN CASE OF DOUBT; CONSTRUED. — In the event of doubt as to the nature and conditions of a contract that cannot be decided by the language of a document setting forth such agreement, in justice, it must be presumed that the debtor assumed the lesser obligation and that the liability contracted is that which permits the greatest reciprocity of interests and rights. It is more sound that the agreement in question be considered as a contract of lease rather than of sale because such contract involves a lesser transmission of rights and interest with Severo Legaspi not surrendering all rights to the property but simply conferring upon Lape as tenant the right to possess the property in Legaspi's name, there existing between the parties a greater reciprocity of rights and obligations. By executing the lease, Legaspi's financial burden of continuing with the amortization of the subject property would be eased without him having to give up the property.

3. ID.; ID.; ID.; INTENTION OF THE PARTIES MAY BE JUDGED FROM THE SUBSEQUENT ACTS THEREOF. — Moreover, judging from the subsequent acts of the contracting parties, it is evident that the intention of the parties was to enter into a contract of lease. In the receipt issued by private respondents Lape on September 13, 1966 acknowledging the payment of ₱200.00 made by Dayot as "final payment of the sale of my house erected in (sic) the lot of Mr. Severo Legaspi," a fact attested to by Catalina *Vda. de* Legaspi in whose presence payment was made, Lape recognized the ownership of Legaspi over the lot. Even the payments made by Dayot with the Bureau of Building were always in the name of Severo Legaspi. Dayot even executed a document on September 12, 1966 promising to contribute ₱50.00 to Legaspi when the time comes for him to pay "the second installment of his lot which I am occupying." Thus, Dayot himself acknowledged that the lot he was occupying belongs to Legaspi. The records of the Bureau of Building

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likewise show that there was no other applicant for subject lot except Legaspi.

4. ID.; ID.; ID.; INTERPRETATION OF CONTRACTS ACCORDING TO CIRCUMSTANCES; CASE AT BAR. — But the most convincing argument in favor of petitioner's theory that the agreement was for a lease is the prohibition against the sale or encumbrance of NAFCO lots embodied in Section 8 of Republic Act No. 477 which provides: x x x. Under the foregoing provision, it is clear that Severo Legaspi as occupant/applicant cannot transfer his rights over the subject lot and its improvements. Any such transfer shall be considered null and void. Considering that at the time the agreement was made the existing law then prohibited the conveyance of NAFCO lots, there can be no other construction of said agreement except that it is a contract of lease.

5. ID.; ID.; ID.; WHERE THE AGREEMENT IS SUSCEPTIBLE OF TWO INTERPRETATIONS, THE CONSTRUCTION WHICH WOULD RENDER IT EFFECTUAL SHOULD BE ADOPTED. — The agreement in question being susceptible of two interpretations, We should adopt the construction which would render it effectual. To follow respondent's argument that the contract was one of sale would make it illegal and invalid by reason of the prohibition under Republic Act No. 477. Therefore, the interpretation given by the court *a quo* that the agreement is one of lease should prevail. In view of the foregoing, We hold that the agreement entered into by and between Severo Legaspi and Felixberto Lape was a contract of lease.

6. ID.; OWNERSHIP; REALTY TAX PAYMENT NOT CONCLUSIVE EVIDENCE OF OWNERSHIP BUT ARE GOOD *INDICIA* OF POSSESSION IN THE CONCEPT OF OWNER. — Furthermore, as per records of the City Assessor's Office, the Legaspis are the owners of subject property inasmuch as they declared their ownership of the property in 1974 and 1980 for the purpose and paid the real estate taxes thereon on December 10, 1981. Although tax declarations or realty tax payments of property are not conclusive evidence of ownership, nevertheless, they are good indicia of possession in the concept of owner for no one in his right mind would be paying taxes for a property that is not in his right mind would be paying taxes for a property that is not in his actual or at

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least constructive possession. Indeed, if Lape and Dayot were of the belief that they had become the true owners of the subject property, they would have made the proper tax declarations as new owners as required by law and subsequently paid the real property taxes due thereon.

APPEARANCES OF COUNSEL

Victorino L. Enriquez, Jr. for petitioners.
Simeon N. Millan, Jr. for respondents.

D E C I S I O N

GANCAYCO, *J.*:

The question addressed in this case is whether the transaction between the contending parties is a lease or a sale.

By this petition which is sought to be reviewed is the decision of the Court of Appeals dated February 10, 1988[1] which reversed and set aside the decision of Branch 16 of the Regional Trial Court of Davao City dated October 7, 1985, ordering the reconveyance of the subject property from the respondent to petitioners.[2]

The undisputed facts of the case are —

Severo Legaspi, Sr. was the actual occupant and possessor of Lot 257 with an area of 600 square meters located at the Mintal Townsite, Mintal, Davao City. The property is being administered by the National Abaca and Other Fibers Corporation (now Bureau of Building and Real Property Management) for the Republic of the Philippines since 1947. He filed his "Occupant's Affidavit for Lot 257, Mintal Townsite" on December 12, 1959.[3]

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[1] Penned by Associate Justice Antonio M. Martinez and concurred in by Associate Justices Lorna S. Lombos-de la Fuente and Cecilio Pe. Page 47, *Rollo*.

[2] Penned by Judge Roque A. Agton, page 88, Original Record.

[3] Exhibit A.

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On September 24, 1962, Severo Legaspi, Sr. entered into an agreement with respondent Felixberto Lape over 300 square meters of the subject property, the contents of the agreement of which are reproduced herein below:

"KNOW ALL MEN BY THESE PRESENTS:

This AGREEMENT entered into in Davao City, Philippines, this 24 (sic) day of September, 1962, by and between SEVERO LEGASPI, of legal age, Filipino, married to CATALINA LEGASPI, with residence at Mintal, Davao City, hereinafter called the PARTY OF THE FIRST PART, and FELIXBERTO LAPE, of legal age, Filipino, married to ROSARIO LAPE, with residence at Mintal, Davao City, hereinafter called the PARTY OF THE SECOND PART.

W I T N E S S E T H:

That the PARTY OF THE FIRST PART is the actual occupant and possessor of a residential lot identified as Lot No. 257, containing an area of 600 Square Meters, Mintal Townsite, Mintal, Davao City, his occupation thereto commencing from the year 1947;

That the PARTY OF THE FIRST PART is presently financially hard up and cannot further comply with the requirements by the Bureau of Building and Real Property Management pertinent to the occupation of the above-described parcel of land;

That the PARTY OF THE SECOND PART offers to the PARTY OF THE FIRST PART to occupy a half portion of the above-mentioned land the latter by these presents accepts the offer subject to the following terms and conditions, enumerated below:

1. That the PARTY OF THE SECOND PART shall shoulder one-half (½) of the amount owing to the Bureau of Building and Real Property Management representing the rental on the lot;

2. That the PARTY OF THE SECOND PART shall pay to the PARTY OF THE FIRST PART the amount of ₱100.00 representing payment of the improvements introduced and now existing in the portion which shall appertain to the PARTY OF THE SECOND PART, which improvements consists (sic) of bananas and other fruit trees;

3. That the one-half portion of the land above-described which shall consist of an area of 300 Square Meters that will

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> pertain to the PARTY OF THE SECOND PART shall be that portion which is bounded on the North by the Road; on the East by Lot No. 258; on the South by the remaining portion of Lot 257 which is owned by the Party of the First Part; and on the West by Road facing the Market.

IN WITNESS WHEREOF, the parties have hereunto set their hands this 24 (sic) day of September, 1962, in Davao City, Philippines."[4]

After execution of the agreement, respondent Lape immediately took possession of the 300 square meter lot and constructed a house thereon. Four (4) years later or on July 14, 1966, he sold the house and his rights to the lot to Segundo Dayot, the husband of respondent Lucia *Vda. de* Dayot, which sale is contained in a public document, entitled "Sale of Residential house and Relinquishment of Right Over Residential lot" the pertinent provisions of which read as follows:

"THAT, I FELIXBERTO LAPE, a Filipino, of legal age, married to Rosario Lianos-Lape and presently a resident of Davao City, Philippines, am the true and lawful owner and possessor of a residential house covered by Bldg. Permit No. 640242, dated April 17, 1964, which residential house is located on a portion of Lot No. 257, Mintal Subdivision, Mintal, Davao City;

That I am also the true and lawful possessor and occupant of that half-portion of Lot No. 257, Mintal Townsite Subdivision, Mintal, Davao City on which the aforementioned residential house is located, my rights to the said lot being evidenced by a document captioned: Agreement, dated September 24, 1962, executed in my favor by Severo Legaspi before Notary Public Emmanuel D. Galicia and entered as Doc. No. 447, Page No. 42, Book No. II, Series of 1962 of his Notarial Register;

That for and in consideration of the sum of ONE THOUSAND FOUR HUNDRED PESOS (₱1,400.00) of which has been paid and received by me to my full and complete satisfaction from SEGUNDO DAYOT, a Filipino, of legal age, married and resident of Mintal, Davao City, I have sold, transferred, conveyed, ceded, waived and relinquished as I by these presents do hereby SELL, TRANSFER, CONVEY, CEDE, WAIVE, and RELINQUISH, in favor of the said

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[4] Exhibit C.

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SEGUNDO DAYOT, his heirs, assigns and successors-in-interest the above-mentioned residential house and all my right to, interests in and improvements on the aforementioned half-portion of Lot No. 257, Mintal Townsite Subdivision, Mintal, Davao City";[5]

Immediately thereafter, Segundo Dayot entered and took possession of the property and had been in continuous possession since then.

On August 17, 1977, the Bureau of Building and Real Property Management (hereinafter referred to as Bureau of Building) executed a Deed of Sale over Lot 257 in favor of Severo Legaspi.[6]

On April 14, 1982, after settling all the back taxes on the subject property, the petitioners as heirs of Severo Legaspi, Sr. secured Transfer Certificate of Title No. T-36122 in their name from the Register of Deeds of Davao City.[7]

On September 29, 1982, petitioners brought an action for recovery of possession, payment of back rentals and damages against private respondents Lucia *Vda. de* Dayot, widow of the late Segundo Dayot and Felixberto Lape before the Regional Trial Court of Davao City claiming that private respondent Lape had illegally sold the 300-square meter lot leased by him to the late Segundo Dayot who, with his wife, unlawfully entered and took possession of the said premises.[8]

In her answer to the complaint dated April 2, 1984, private respondent Lucia *Vda. de* Dayot denied that petitioners are still the owners of the subject property, the same having been sold first to private respondent Lape then later to Segundo Dayot.[9]

In view of certain stipulations and admissions made by the parties, they presented only one witness each, namely: petitioner

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[5] Exhibit 1-B.

[6] Exhibit "M".

[7] Page 6, Original Records.

[8] Page 1, Original Records.

[9] Page 14, Original Record.

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Catalina *Vda. de* Legaspi for the plaintiffs and City Fiscal Emmanuel D. Galicia for the defendants.

On October 7, 1985, the trial court rendered its decision finding the agreement entered into by and between Severo Legaspi and Felixberto Lape on September 24, 1962 to be a contract of lease and ordering private respondent Dayot to vacate the premises and to turn it over to petitioners and to pay petitioners, jointly and severally with private respondent Lape, ₱30.00 a month from September, 1962 as rental in arrears and attorney's fees in the amount of ₱2,000.00.

Private respondents appealed the decision of the trial court. In its decision dated February 10, 1988, the Court of Appeals, finding that the agreement of September 24, 1962 was a contract of sale and not of lease, reversed the decision of the lower court and ordered the petitioners to reconvey one-half portion of Lot 257 to private respondent Lucia *Vda. de* Dayot, to pay the private respondent ₱6,000.00 as moral damages and ₱5,000.00 as attorney's fees, and directed the Register of Deeds to amend TCT No. T-36122 to exclude therefrom the portion belonging to private respondent Lucia *Vda. de* Dayot and to issue a separate title thereto.

The motion for reconsideration filed by petitioners was denied by the appellate court in a resolution dated May 2, 1988.

In the petition for review on *certiorari* before Us, the main issue presented for resolution pertains to the interpretation of the agreement of September 24, 1962, entered into by and between Severo Legaspi and Felixberto Lape — whether said agreement is a contract of lease or a contract of sale.

We find merit in the petition.

The general rule in the interpretation of contracts is that if the terms thereof are clear as to the intention of the contracting parties, the literal meaning of the stipulations shall control.[10]

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[10] Article 1370, *Civil Code of the Philippines*; *Herrera vs. Petrophil Corp*., 146 SCRA 385 (1986); *GSIS vs. CA*, 145 SCRA 311 (1986); *Sy vs. CA*, 131 SCRA 116 (1984); *Labasan vs. Lacuesta*, 86 SCRA 16 (1978).

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On the basis of this rule, the court *a quo* and the Court of Appeals came up with different interpretation of the agreement — the former holding that the agreement is a contract of lease while the latter, a contract of sale.

The conflict in the interpretations by the trial court and the appellate court seems to have arisen from a reading of paragraph 1 of the agreement in question, to wit: "that the party of the second part shall shoulder one-half of the amount owing to the Bureau of Building and Real Property Management representing the rental of the lot."[11]

The trial court opined that the agreement under paragraph 1 speaks of "rental" on the lot, so undoubtedly the intention of the contracting parties was only to lease one-half (½) of the lot. The Court of Appeals, on the other hand, observed that the trial court had taken out of context the word "rental." Said court held that the phraseology of paragraph 1 should mean that Lape will pay ½ of the amount due on the lot to the Bureau of Building which is the rental thereof, the word "rental" being merely descriptive of the "amount" due the government.

An important task in contract interpretation is the ascertainment of the intention of the contracting parties which is accomplished by looking to the words they used to project that intention in their contract, *i.e.*, all the words, not just a particular word or two, and words in context, not words standing alone.[12] The various stipulations in a contract should be read together in order to give effect to all.[13] Thus, reading the agreement in its entirety, We come to the conclusion that the intention of the contracting parties, Severo Legaspi and Felixberto Lape, was to enter into a contract of lease.

Firstly, the agreement reads "that the Party of the Second Part offers to the Party of the First Part to *occupy* a half portion

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[11] Exhibit "C".

[12] *Fernandez vs. Court of Appeals*, 166 SCRA 577 (1988).

[13] Article 1374, *Civil Code of the Philippines*; *Bank of the Philippine Islands vs. Ty Camco Sobrino*, 57 Phil. 801 (1933).

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of the above-mentioned land x x x.[14] If the intention of the parties was to conclude a sale, then Lape, as Party of the Second Part, should have made an offer to purchase the ½ portion of the lot or at least the rights to said ½ portion, considering that Severo Legaspi was not yet the owner of the lot but merely an occupant of the subject property. The testimony of Fiscal Galicia, who prepared the controversial agreement, that the agreement was for the transfer of rights over the property cannot be given much credit. It would have been easy to denominate the subject document as a deed of sale or transfer of rights or to indicate in the body that Legaspi was selling, transferring and ceding all his rights over one-half portion of the lot as is usually done if that had really been the intention but that was not done. When queried as to why he did not specifically state that the document was for the sale of half of the subject lot if it was indeed the intention of the parties, Fiscal Galicia replied, "it does not make any difference because even if it is denominated (as an) agreement the intent is very clear."[15] Obviously, the intent was not clear as can be seen from the two interpretations given by the trial and the appellate courts.

Secondly, it can be seen from the agreement that Severo Legaspi had to enter into such an agreement because he was financially hard up and can no longer comply with the requirements of the Bureau of Building. The respondent court was of the opinion that by reason of this financial difficulty, Legaspi opted to give up his possession of one-half of the subject lot in favor of Lape. We believe otherwise.

In the event of doubt as to the nature and conditions of a contract that cannot be decided by the language of a document setting forth such agreement, in justice, it must be presumed that the debtor assumed the lesser obligation and that the liability contracted is that which permits the greatest reciprocity of interest and rights.[16]

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[14] Exhibit "C", italics supplied.

[15] Tsn., Page 61, March 27, 1985.

[16] Article 1378, Civil Code of the Philippines; *Perez vs. Cortez*, 15 Phil. 212 (1910).

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It is more sound that the agreement in question be considered as a contract of lease rather than of sale because such contract involves a lesser transmission of rights and interest with Severo Legaspi not surrendering all rights to the property but simply conferring upon Lape as tenant the right to possess the property in Legaspi's name, there existing between the parties a greater reciprocity of rights and obligations.[17] By executing the lease, Legaspi's financial burden of continuing with the amortization of the subject property would be eased without him having to give up the property.

Moreover, judging from the subsequent acts of the contracting parties,[18] it is evident that the intention of the parties was to enter into a contract of lease.

In the receipt issued by private respondents Lape on September 13, 1966 acknowledging the payment of ₱200.00 made by Dayot as "final payment of the sale of my house erected in (sic) the lot of Mr. Severo Legaspi,"[19] a fact attested to by Catalina *Vda. de* Legaspi in whose presence payment was made,[20] Lape recognized the ownership of Legaspi over the lot. Even the payments made by Dayot with the Bureau of Building were always in the name of Severo Legaspi.[21] Dayot even executed a document on September 12, 1966 promising to contribute ₱50.00 to Legaspi when the time comes for him to pay "the second installment of his lot which I am occupying."[22] Thus, Dayot himself acknowledged that the lot he was occupying belongs to Legaspi. The records of the Bureau of Building likewise show that there was no other applicant for subject lot except Legaspi.[23]

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[17] *Ibid.*; *Olino vs. Medina*, 13 Phil. 379 (1909).

[18] Article 1371, *Civil Code of the Philippines.*

[19] Exhibit E.

[20] Tsn., Page 25, January 11, 1985.

[21] Exhibit 1C to 1E; 1K2 to 1K3.

[22] Exhibit D.

[23] TSN., page 2, January 11, 1985.

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Furthermore, as per records of the City Assessor's Office, the Legaspi's are the owners of subject property inasmuch as they declared their ownership of the property in 1974 and 1980[24] for the purpose and paid the real estate taxes thereon on December 10, 1981.[25] Although tax declarations or realty tax payments of property are not conclusive evidence of ownership,[26] nevertheless, they are good indicia of possession in the concept of owner for no one in his right mind would be paying taxes for a property that is not in his right mind would be paying taxes for a property that is not in his actual or at least constructive possession.[27] Indeed, if Lape and Dayot were of the belief that they had become the true owners of the subject property, they would have made the proper tax declarations as new owners as required by law[28] and subsequently paid the real property taxes due thereon.

We agree with the observation of the trial court that if respondents are the true owners of the lot in question, they would have caused the survey of the half-portion of the lot, declared and paid the same for taxation purposes, filed an application before the competent agency to support their claim or at the very least requested the withholding of the issuance of the title to petitioners or caused the annotation of an adverse claim thereon. Respondents have not done any of these despite the length of time they have occupied said lot (from 1962 up to the present) which thus gives the impression that respondents were aware that they are mere tenants on the subject property, otherwise, they would have taken positive steps to enforce their claim of ownership.

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[24] Exhibits H to H-1.

[25] Exhibit I.

[26] *Ferrer-Lopez vs. CA*, 150 SCRA 393 (1987); *Rizal Cement Co. Inc. vs. Villareal*, 135 SCRA 15 (1985); *Municipality of Santiago, Isabela vs. Court of Appeals*, 120 SCRA 734 (1983).

[27] *Ramos vs. Court of Appeals*, 112 SCRA 542 (1982); *Detera vs. Dulay, et al.*, Vol. 49 No. 11, O.G., November 1953, p. 4883.

[28] *Gonzales vs. Intermediate Appellate Court*, 157 SCRA 587 (1988).

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But the most convincing argument in favor of petitioner's theory that the agreement was for a lease is the prohibition against the sale or encumbrance of NAFCO lots embodied in Section 8 of Republic Act No. 477 which provides:

"Except in favor of the Government or any of its branches, units, or institutions, and of any church, sect or denomination for its church and/or cemetery site, land acquired under the provisions of this Act of any permanent improvements hereon shall not be subject to encumbrance or alienation from the date of the award of the land or the improvements thereon and for a term of ten years from and after the date of issuance of certificate of title, nor shall be become liable to the satisfaction of any debt contracted prior to the expiration of such period.

Any occupant or applicant of lands under this Act who transfers whatever rights he has acquired on said lands and/or improvements thereon before the date of the award or signature of the contract of sale, shall not be entitled to apply for another piece of agricultural land or urban, homesite or residential lot, as the case may be, from the National Abaca and other Fiber Corporation, and such transfer shall be null and void."[29]

Under the foregoing provision, it is clear that Severo Legaspi as occupant/applicant cannot transfer his rights over the subject lot and its improvements. Any such transfer shall be considered null and void. Considering that at the time the agreement was made the existing law then prohibited the conveyance of NAFCO lots, there can be no other construction of said agreement except that it is a contract of lease.[30]

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[29] Amended by Presidential Decree No. 967 on July 24, 1976 and by Presidential Decree No. 1304 on February 24, 1978 to read as follows:

"SEC. 8. Any provision of law, executive order, rules or regulations to the contrary notwithstanding, an applicant who has acquired land pursuant to the provisions of this Act and to whom a certificate of title has been issued covering such land may sell, cede, transfer, or convey his rights and interests therein, including the permanent improvements on the land, to any interested party; and all previous sales, transfers, conveyances and encumbrances regarding such land including the permanent improvements therein, made and consummated prior to July 24, 1976, are hereby confirmed, ratified and validated."

[30] Section 11, Rule 130, Revised Rules of Court.

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The appellate court, however, giving full weight and credence to the testimony of Fiscal Galicia to the effect that the said deed was for a transfer of rights over one-half portion of subject lot in favor of Lape, declared the agreement to be a sale. Fiscal Galicia admitted being aware of the prohibition of the sale or conveyance of NAFCO lots but despite this knowledge, he prepared the document nonetheless claiming that this was being done so long as the parties and the city council approve the transfer.[31] However, no legal basis was presented to support this contention. It would seems that the document was intentionally worded so as to cast doubt to its true nature for the purpose of circumventing the prohibition under the law.

The agreement in question being susceptible of two interpretations, We should adopt the construction which would render it effectual.[32] To follow respondent's argument that the contract was one of sale would make it illegal and invalid by reason of the prohibition under Republic Act No. 477. Therefore, the interpretation given by the court *a quo* that the agreement is one of lease should prevail.

In view of the foregoing, We hold that the agreement entered into by and between Severo Legaspi and Felixberto Lape was a contract of lease.

WHEREFORE, the decision of the Court of Appeals promulgated February 10, 1988 is hereby REVERSED AND SET ASIDE and the decision of the trial court dated October 7, 1985 is REINSTATED. No pronouncement as to costs.

SO ORDERED.

Narvasa, Cruz, Griño-Aquino, and *Medialdea, JJ.*, concur.

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[31] Tsn., Page 67, March 27, 1985.

[32] Article 1373, *Civil Code of the Philippines*; *Luna vs. Linatoc*, 74 Phil. 15 (1942).