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SECOND DIVISION

[G.R. No. L-48436. January 30, 1986]

JOSE MATIAS, CLARO APOSTOL, TEOFILO NAVARRA, JEREMIAS DEL ROSARIO, FELICIDAD SANTOS, MAXIMA SY JUECO, and ROMANA AQUINO, *petitioners, vs.* **HONORABLE COURT OF APPEALS, CARLOS GOCO, LEONILA SIOCHI, and A.M. RAYMUNDO & COMPANY,** *respondents.*

SYLLABUS

CIVIL LAW; SPECIAL CONTRACTS; SALE; PREFERENTIAL RIGHT OF TENANTS TO PURCHASE THE LAND; MUST BE EXERCISED AT THE MOST REASONABLE TIME.— During the early stages of the negotiations, petitioners have already been in arrears in the payment of rentals, which delinquency lasted up to the time of the consummation of the sale of the Hacienda. In spite of such failure, the new owner of the Hacienda gave them top priority to purchase their respective lots. This is a clear indication that the partnership complied with the conditions attached to the sale; otherwise, it could have right then and there demanded the ejectment of petitioners as delinquent tenants. Instead of discussing with the new owner the terms and conditions they wish to impose on the projected sale, petitioners insist on their claim that the price of the lots are exorbitant; and that their right to purchase the lot at a price fixed in the complaint was disregarded. Petitioners' insistence as to the price of the lot rests on the false assumption that the fixing of the price of the lot they wanted to purchase is one of the rights granted to them by law. To sustain such idea would run counter to the provision of Article 1321 of the New Civil Code which states that - "The person making the offer may fix the time, place and manner of acceptance, all of which must be complied with."

APPEARANCES OF COUNSEL

Jose Ramos Sunga for petitioners.

Bausa Ampil Suares Paredes & Bausa Law Office for private respondents.

Supreme Court E-Library

DECISION

CUEVAS, *J.*:

Petition for review on *certiorari* of the decision of the defunct Court of Appeals affirming with modifications[1] the trial court's judgment in Civil Case No. 2847 entitled *Jose Matias, et al., plaintiffs, vs. Carlos Goco, et al., defendants* which, among other things dismissed the plaintiffs' (now petitioners') complaint for specific performance and ordered them to vacate the lots respectively occupied by them.

Petitioners, together with Jose Gonzales, Gregorio Enriquez and Fromifenela Rubrico, in their twice-amended complaint filed with the Court of First Instance of Rizal, alleged that they were *bonafide* tenants of Hacienda de Tulay in Malabon, Rizal, originally belonging to the Roman Catholic Archbishop of Manila, each of them occupying a particular lot of the *hacienda*; that they have been continuously occupying the lot assigned to them for a period of more than 30 years, and have constructed their own dwellings and made necessary improvements thereon; that in 1949, they decided to purchase the lot from the Archbishop and designated defendant Carlos Goco (now respondent) as their official and personal representative for the necessary negotiation regarding the sale; that between 1950 and 1953, Goco was collecting various amounts of money from the tenants as deposit or earnest money required by the Archbishop during the negotiations; that on January 19, 1954, the Archbishop sold the hacienda to Leonila Siochi (one of the respondents), through the intervention of her husband, Carlos Goco, for ₱130,000.00 with the understanding of reselling the same to the tenants without profit, subject to the condition, among others, that "the vendee shall recognize and respect the rights of the present *bonafide* tenants listed" in the deed of absolute sale; that Carlos Goco betrayed the trust reposed on him by the tenants when he organized a partnership under the name of A.M. Raymundo & Company and convinced his wife to sell the hacienda to the

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[1] Decision in CA-G.R. No. 51654-R pages 39-59, *Rollo*.

Supreme Court E-Library

partnership for a consideration of one peso (₱1.00) without notifying the tenants of such sale; that the partnership is now offering to sell the lots to the tenants at exorbitant prices, ranging from ₱10.00 to ₱40.00 per square meter, which the poor tenants cannot afford to pay; that according to the final negotiation made by Carlos Goco the prices of the subject lots range from ₱4.50 to ₱8.50 per square meter and that the partnership now refused to sell the lots to them unless they pay the above-mentioned prices.

Petitioners (plaintiffs) prayed that judgment be rendered in their favor ordering defendants, now private respondents, (1) to recognize their rights as *bonafide* tenants to lease the property from the defendants (now respondents) with option to purchase the same; (2) fixing the purchase price of each lot in accordance with the schedule rates in paragraph 10 of their complaint, or at such reasonable price as the court may deem fit; and (3) ordering Carlos Goco and wife Leonila Siochi to jointly and severally pay them moral damages plus attorney's fees.

Answering the complaint, then defendants, now respondent spouses, alleged that when Carlos Goco was approached by the tenants to represent them in negotiating with the Archbishop for the sale of the *hacienda*, he declined because of the pressure of his work as Asst. Fiscal of Rizal, and that the tenants decided to create a committee of several persons, including Carlos Goco, who are all residents of Malabon, to make inquiries and obtain all the necessary information regarding the conditions and terms of the sale together with the manner of payment for the lots; that Carlos substituted his wife Leonila in the negotiation because it interferred with his job as Asst. Fiscal; that later, negotiations were made in the name of Leonila in behalf of the *bonafide* tenants of the *hacienda*, which were continued by Atty. Augusto Francisco and real estate brokers Cunanan and Tolentino; and that on December 7, 1953, the Archbishop accepted the offer of Leonila Siochi to purchase the *hacienda* for ₱130,000.00, payable upon the signing of the deed of sale; and that she agreed to buy the *hacienda* "as is", meaning, as described in the transfer certificate of title with no guarantee as regards the actual area. Respondents-defendants further alleged that the deed of sale

Supreme Court E-Library

was executed by the Archbishop in favor of Leonila but it was the partnership which collected and raised the money to buy the *hacienda* and to defray the incidental expenses with the understanding that Leonila will assign the title to the partnership under the same conditions with which she acquired it from the Archbishop; that the partnership, acting in the name of Leonila Siochi, acquired the hacienda with the obligation to recognize and respect the rights of the *bonafide* tenants listed in Annex "A" of the Deed of Sale; and that the rights of A.M. Raymundo & Company to eject occupants or squatters and to collect back rentals are expressly provided for, and that said partnership acquired the hacienda at an estimated total cost of ₱214,485.00.

After trial, (jointly with 2 other related cases Civil Cases Nos. 2871 & 2872) the court *a quo* dismissed the complaint; ordered all plaintiffs to vacate the lots respectively occupied by them, and to remove whatever improvements they may have constructed thereon; and to pay rental arrearages plus ₱20.00 monthly beginning May 1, 1969 until the premises shall have been completely vacated.

From the aforesaid judgment, petitioners (plaintiffs) went to the Court of Appeals (now Intermediate Appellate Court) by way of appeal and the said court affirmed the trial court's decision but reversed the same insofar as plaintiffs Jose Gonzales, Gregorio Enriquez and Fromifenela Rubrico are concerned, and deleted paragraphs 8, 9, and 10 of the dispositive part of the appealed decision relative to attorney's fees since it does not appear that plaintiffs were actuated by malice and bad faith.

Petitioners' Motion for Reconsideration having been denied, they now come to Us seeking the reversal of the judgment complained of, contending that:

(1) The construction by the CA of identical provisions contained in the documentary evidence, Exhibit "C" * and Exhibit "E" ** that

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* Exh. "C" – Deed of Sale by the Archbishop in favor of Siochi (p. 24, Orig. Record on Appeal).

** Exh. "E" – Deed of Sale between Siochi and A.M. Raymundo (p. 32, Orig. Record on Appeal).

Supreme Court E-Library

they are vague and ambiguous as to the rights of petitioners over the hacienda lots is contrary to law and not substantiated by the established evidence, taking into account the undisputed antecedent facts that gave rise to the conveyance as well as to the aforesaid provisions;

(2) The Hon. Court of Appeals disregarded the rule of evidence that when a document is vague and ambiguous, such ambiguity or vagueness should be resolved against the party who prepared the same, instead of resolving against the interest of petitioners;

(3) The only legal interpretation if one is needed, of said provisions is that petitioners have a preferential right to buy the lots in accordance with prices fixed in the complaint and as pronounced by the Hon. Court of Appeals respecting the rights of Jose Gonzales, Gregorio Enriquez and Fromifenela Rubrico;

(4) The Deeds of Sales themselves supported by the facts as pronounced by the Hon. Court of Appeals, show that their being *cuerpo cierto* is more apparent than real. This is an issue that likewise involves an interpretation of the same documentary evidence;

(5) Considering the admitted facts, in the case, the exertion by respondents of time and effort is not sufficient justification for them to impose the prices demanded by them from petitioners; and

(6) In the light of the established facts, the Hon. Court of Appeals committed a reversible error in ruling that the absence of proof of receipt of the letter of petitioners to respondent partnership, Exhibit "H-8" makes the letter of no probative value.

The case was set for oral argument but counsel for both parties filed a joint motion requesting that the hearing be cancelled and *in lieu* thereof they be merely given time within which to settle the case amicably. Despite several meetings and conferences, however, no settlement was arrived at by the parties.[2]

At the trial, plaintiffs-petitioners admitted that they completely ignored the letter of A.M. Raymundo & Company giving them top priority to purchase the lots respectively occupied by them and inviting them to visit its office to discuss the price acceptable by all concerned.

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[2] Manifestation dated October 25, 1980.

Supreme Court E-Library

The pertinent portions of the said letter reads —

"As you are undoubtedly aware, we have no intention of keeping the Hacienda de Tulay for ourselves when we purchased the same from the Archbishop of Manila; we acquired the property mainly for the purpose of reselling the same. We are pleased to inform you that we have agreed to give the registered tenants "TOP PRIORITY" to buy the lot they occupy. Our records show that you are the registered tenant of Lot No. ___, Parcel No. ___ and we are giving you the first available opportunity to acquire the same.

x x x x x x x x x

Your deposit previously made with Mr. Carlos Goco shall be credited to your account and deducted from the total price, upon your proof of such deposit.

In this connection, we wish to inform you that you must advise us, within ten (10) days from receipt hereof, of your willingness to acquire the lot/lots at the above price. Your failure to do so will be considered as a waiver of the privilege we are giving you and we shall feel free to sell the same to any party who is ready and willing to pay the same or a better price.

x x x x x x x x x

The trial court held that petitioners forfeited their preferential rights to buy the lots from respondent partnership when they failed to respond to the letter-invitation of the latter. Petitioners, however, argue that they refused to reply to the said letter since they have nothing to do with the decision of the partnership to acquire the Hacienda because they were dealing only with the Committee.

We cannot sustain petitioners' aforesaid assertion for whoever acquired the Hacienda, the same terms and conditions imposed by the Archbishop were all carried over in the Deed of Sale executed by and between Siochi and the partnership[3] namely:

(1) The vendee shall recognize and respect the rights of the present *bonafide* tenants listed in Annex "A" *** accordance with the laws in force in the Philippines;

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[3] Page 33, Original Record on Appeal.

*** Annex "A" - List of Tenants and Rentals Due (p. 27, Original Record on Appeal).

Supreme Court E-Library

(2) Should there be any occupants or "squatter," the expenses for the ejectment of the same shall be borne exclusively by the vendee and the vendors shall not be liable for any damages that may be suffered by the vendee due to the presence of said "squatters";

(3) That the vendee shall at its own risk and expenses take physical possession of the property herein sold inasmuch as by these presents constructive delivery has been made to the vendee and it has been in constructive possession thereof; and

(4) That the vendee shall at its own name and at its own risk and expense undertake the collection from the tenants of the above mentioned back rentals sold to it, and the vendor shall not in any way be liable for any amount of such rentals which the vendee can not recover from the tenants, or for any claim or counterclaim which said tenants may set up.

During the early stages of the negotiations, petitioners have already been in arrears in the payment of rentals, which delinquency lasted up to the time of the consummation of the sale of the Hacienda. In spite of such failure, the new owner of the Hacienda gave them top priority to purchase their respective lots. This is a clear indication that the partnership complied with the conditions attached to the sale; otherwise, it could have right then and there demanded the ejectment of petitioners as delinquent tenants. Instead of discussing with the new owner the terms and conditions they wish to impose on the projected sale, petitioners insist on their claim that the price of the lots are exorbitant; and that their right to purchase the lot at a price fixed in the complaint was disregarded. Petitioners' insistence as to the price of the lot rests on the false assumption that the fixing of the price of the lot they wanted to purchase is one of the rights granted to them by law. To sustain such idea would run counter to the provision of Article 1321 of the New Civil Code which states that —

"The person making the offer may fix the time, place and manner of acceptance, all of which must be complied with."

Supreme Court E-Library

As to the price of the lots, the contention of petitioners that it is exorbitant has no sufficient basis for having failed to present evidence to rebut the explanation of respondents regarding the fixing of the price. As aptly held by the appellate court —

"x x x x x x x x x

Said plaintiffs, however, assail in this appeal the prices quoted by defendant-appellee A.M. Raymundo & Company as exorbitant.

In the statement of facts in their brief, the defendants-appellees explained that '(T)he price at which the partnership was selling to each of the tenants depends on the location of the lots in relation to the main highway of Rizal Avenue and Gen. Luna. Thus, the first 15 meters at P25.50, the next 15 meters at P16.00 and the succeeding 15 meters at P10.00 per square meter. x.x x The plaintiffs-appellants do not challenge the truth of the statement of the defendants-appellees.

x x x x x x x x x"

Petitioners should have taken advantage of the opportunity extended to them by the partnership. The loss of their preferential rights to purchase the lots occupied by them is of their own doing.

The tenants under condition number (1) of the Deed of Sale, can continue enjoying their leasehold rights even though the Hacienda has been transferred to a new owner and should not be disturbed in the possession of their respective premises, provided however that they religiously pay their rentals. Such a condition should not be interpreted to mean that the new owner is under obligation to sell the lots to the tenants at a price dictated by the latter.

WHEREFORE, the decision under review is hereby AFFIRMED without pronouncement as to costs.

SO ORDERED.

Concepcion, Jr. (Chairman), Abad Santos, Escolin, and *Alampay, JJ.*, concur.