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solidary. Petitioner may recover from respondent Galan any amount that he pays, in his capacity as a partner, to the above intervenors.

SO ORDERED.

Teehankee (Chairman), Melencio-Herrera, De la Fuente, and Patajo, JJ., concur.

Plana, J., no part.

Relova, J., on leave.

FIRST DIVISION

(G. R. No. L-40105. November 11, 1985)

NESTOR L. CENTENO, BONIFACIO GUTIERREZ, ARTEMIO GUTIERREZ, GREGORIO FERNANDEZ, ZENAIDA DE LA CRUZ, FRANCISCO GOMEZ, RICARDO ADRAO, AMPARO RAYOS and OFELIA SANTOS, *petitioners, vs.* **COURT OF APPEALS, RUFINA C. VICTORIA and DANIEL O. VICTORIA,** *respondents.*

SYLLABUS

1. **CIVIL LAW; LAND TITLES AND DEEDS; PURCHASER OF LAND REGISTERED UNDER THE TORRENS SYSTEM NOT REQUIRED TO EXPLORE FURTHER THAN WHAT THE TORRENS TITLE UPON ITS FACE INDICATES.—** Well settled is the rule that all persons dealing with property covered by torrens certificate of title are not required to go beyond what appears on the face of the title. When there is nothing on the certificate of title to indicate any cloud or vice in the ownership of the property, or any encumbrance thereon,

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the purchaser is not required to explore further than what the torrens titles upon its face indicates in quest for any hidden defect or inchoate right that may subsequently defeat his right thereto.

2. **ID.; OBLIGATIONS AND CONTRACTS; MORTGAGE; MORTGAGEE'S RIGHTS SUPERIOR OVER RIGHTS OF THE SUBSEQUENT BUYER OF DISPUTED PROPERTY.**— After Pedro M. Cruz had obtained a certificate of title over the property in his name said title was subject to the mortgage in favor of the Victorias. Any sale executed by the Cruzes in favor of the petitioners would then be subject to the rights of the mortgages of said property. Even if the petitioners had registered the deed in their favor, which they did not, their rights under said deed of sale can not prevail over the rights of the mortgagee which have been annotated on said property from the beginning, that is to say when original certificate of title 8626 was issued in February 1971.

3. **REMEDIAL LAW; CIVIL PROCEDURE; PARTIES; PARTIES TO A CONTRACT HAVE NO CAUSE OF ACTION AGAINST PERSONS NOT PRIVY THERETO.**— As the Victorias were not parties to the contracts of sale in favor of petitioners, the same having been executed by Pedro M. Cruz and petitioners and according to the stipulation of Facts Pedro M. Cruz had never been appointed attorney-in-fact of the Victorias, there is no privity of contract between petitioners and the Victorias. Petitioners have no cause of action against the Victorias since there is no evidence whatsoever to show that petitioner by acts or omissions of the Victorias had been induced to buy lots to which the property had been subdivided by the Cruzes. Neither is there any evidence that the Victorias had received any of the money paid by said petitioners to the Cruzes for the lots bought by them. Petitioners recourse must be against the Cruzes.

APPEARANCES OF COUNSEL

Fortunato Gupit, Jr. & Associates for petitioners.
Roldan, Sandoval & Malate Law Office for respondents.

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DECISION

PATAJO, *J.*:

This is a petition for review on *certiorari* of the decision of the Court of Appeals promulgated on December 4, 1974, reversing the decision of the Court of First Instance of Rizal, based on the following Stipulation of Facts:

"STIPULATION OF FACTS AND STATEMENT OF ISSUES

"COME NOW the plaintiffs and the defendants, thru their undersigned counsels, and to this Honorable Court respectfully submit the following Stipulation of Facts and Statement of the Issues:

'1.The personal circumstances of the plaintiffs and the defendants are admitted.

'2.In June 1969, the spouses Pedro M. Cruz and Rosalina Villar offered to purchase from the defendants-spouses and the latter agreed to sell to the former, a parcel of unregistered land situated in Hagonoy, Taguig, Rizal, covered and evidenced by Tax Declaration No. 5685. In making the offer to purchase, the spouses Pedro M. Cruz and Rosalina Villar disclosed to the defendants their intention to subdivide the said property into residential lots to be sold later on as such.

'3.On July 10, 1969, defendants executed a Contract to Sell in favor of the spouses Pedro M. Cruz and Rosalina Villar the above-described parcel of land covered by Tax Declaration No. 5685. Xerox copy of said Contract to Sell is hereto attached as ANNEX 'A'.

'4.The spouses Pedro M. Cruz and Rosalina Villar in fact caused to be subdivided the said property subject of the Contract to Sell into residential lots to be offered for sale to individual purchasers.

'5.The said Pedro M. Cruz entered into separate 'Contracts of Sale' involving thirty-one (31) residential lots with various persons, among them whom are the plaintiffs. The separate 'Contracts of Sale' entered into by the said Pedro M. Cruz with the plaintiffs are hereto attached and marked as follows:

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Nestor Centeno	—	Annex 'B'
Bonifacio Gutierrez	—	Annex 'B-1'
Artemio Gutierrez	—	Annex 'B-2'
Gregorio Fernandez	—	Annex 'B-3'
Zenaida de la Cruz	—	Annex 'B-4'
Francisco Gomez	—	Annex 'B-5'
Ricardo Adrao	—	Annex 'B-6'
Ricardo Adrao	—	Annex 'B-7'
Amparo Rayos	—	Annex 'B-8'
Ofelia Santos	—	Annex 'B-9'

'6. In Annexes 'B-2', 'B-3', 'B-4', 'B-5', 'B-6', 'B-7', 'B-8', 'B-9', the said Pedro M. Cruz represented himself 'as attorney-in-fact of the owner of a parcel of land situated in Hagonoy, Taguig, Rizal, which is more particularly described in Tax Declaration No. 5685' when in truth and in fact he has never been appointed as Attorney-in-Fact by either or both of the defendants.

'7. On March 11, 1970, defendants executed 'Deed of Sale with First Mortgage' in favor of the land subject matter of the Contract to Sell (ANNEX 'A') and ownership of said property passed from defendants to the Cruz spouses, subject to the said first mortgage. Xerox copy of said Deed of Sale with First Mortgage is hereto attached as ANNEX 'C'.

'8. The spouses Pedro M. Cruz and Rosalina Villar thereafter applied for the registration of the subject land with the Court of First Instance of Rizal and after due hearing on August 14, 1970, a Decision was rendered in Land Registration Case No. N-129-M (N-66) L.R.C. Rec. No. N-38492, granting their application for registration and once final, Original Certificate of Title No. 8626 was issued in the name of the Cruz spouses. In said Original Certificate of Title No. 8626, it is expressly stated that the parcel of land so registered is subject 'to a first mortgage in favor of Rufina Cruz Victoria in the amount of ₱72,000.00 Philippine Currency, payable in four (4) equal installments of ₱18,000.00 each on July 31, 1970, December 31, 1970, May 31, 1971 and October 31, 1971, respectively.' Xerox copy of the said Original Certificate of Title No. 8626 is hereto attached as Annex 'D'.

'9. In view of the failure of Pedro M. Cruz and Rosalina Villar to comply with the terms and conditions of the mortgage

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on the land covered in and evidenced by Original Certificate of Title No. 8626, defendants caused the extrajudicial foreclosure of the mortgage on January 9, 1971 the Provincial Sheriff of Rizal gave written notice of the Sheriff's sale at public auction of said property set for February 15, 1971. Xerox copy of the 'Notice of Sheriff's Sale' is hereto attached as ANNEX 'E'.

'10. On February 9, 1971 after the 'Notice of the Sheriff's Sale' (ANNEX 'E') was published and before the sale at public auction, Pedro M. Cruz filed a petition with the Court of First Instance of Rizal for the approval of subdivision plan (LRC) Psd-132057 of the property covered by Original Certificate of Title No. 8626 and for the cancellation of said title for each of the resulting lots in the approved subdivision plan.

'11. On February 15, 1971, the extrajudicial foreclosure sale of Original Certificate of Title No. 8626 was held and the defendants-spouses, being the highest bidders, were awarded the property and the corresponding Certificate of Sale was executed in their favor by the Provincial Sheriff of Rizal. Copy of said Certificate of Sale is attached hereto as ANNEX 'F'.

'12. The 'Contract of Sale' between the said Pedro M. Cruz and the plaintiffs (ANNEXES 'B', 'B-1', to 'B-9', inclusive) were not registered with the Registry of Deeds for the Province of Rizal, nor annotated in Original Certificate of Title No. 8626 issued in the name of the spouses Pedro M. Cruz and Rosalina Villar, nor annotated in the new and individual Transfer Certificate of Title issued also in the name of the Cruz spouses for each of the lots of the above-mentioned plan.

'13. On April 17, 1971, defendants spouses on one hand and Pedro M. Cruz and Rosalina Villar on the other, entered into an 'Interim Agreement Pending Expiration of Redemption Period' consisting of four (4) pages and entered in the Notarial Register of Notary Public for Rizal, Gil M. Madarang, as Document No. 208, Page No. 43, Book No. 1, series of 1971. Xerox copy of which Agreement is hereto attached and marked as ANNEX 'G', Annex A therein being marked as ANNEX 'G-1'.

'14. On April 19, 1971, defendants thru their attorney-in-fact, Atty. Alfonso C. Roldan, wrote the Register of Deeds of Rizal expressing their conformity and lack of objection to the approval of the subdivision plan and the issuance of separate

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titles, subject to the conditions therein specified. Xerox copy of said letter is hereto attached as ANNEX 'H'.

'15. On the basis of the Order of the Court of First Instance of Rizal dated February 27, 1971 in Land Registration Case No. N-129-M approving the subdivision plan and directing the issuance of new and separate titles for the resulting lots, Original Certificate of Title No. 8626 was cancelled and individual titles were issued by the Register of Deeds of Rizal. Copy of the said Order of the CFI of Rizal is hereto attached as ANNEX 'I'.

'Each of the new and separate Transfer Certificates of Title issued in the name of the Cruz spouses for the subdivision lots uniformly contained the following encumbrances or annotations:

'(a) A First Mortgage in favor of Rufina Cruz Victoria in the amount of ₱72,000.00, Philippine Currency, payable in four equal installments of ₱18,000.00 each on July 31, 1970, December 31, 1970, May 31, 1971 and October 31, 1971 respectively. (Fr. OCT No. 8626/A-79).

'(b) Entry No. 39329/0-8626-CERTIFICATE OF SALE in favor of RUFINA CRUZ VICTORIA Vendee; covering the property described herein for the sum of ₱78,082.88 in accordance with the Certificate of Sale issued by the Provincial Sheriff of Rizal.

'Date of the instrument — Feb. 15, 1971.

'Date of the inscription — Feb. 16, 1971 at 11:40 a.m.

'(c) Entry No. 47353/PA-11343. SPECIAL POWER OF ATTORNEY executed by RUFINA CRUZ VICTORIA, in favor of ALFONSO C. ROLDAN, an attorney-in-fact, among other powers to act for and in behalf in connection with the obligations of the herein registered owners, and to enter into and execute any agreement or contract with the said owners involving the property herein described. (Doc. No. 126, Page 27, Bk. I., S. of 1971 of Not. Pub. for Rizal, Gil. M. Madarang).

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'Date of the instrument — March 18, 1971.

'Date of the inscription — April 21, 1971 at 11:59 a.m.

'(d) Entry No. 47354/T-No. 322-281 — INTERIM AGREEMENT PENDING EXPIRATION OF REDEMPTION PERIOD duly executed by the herein registered owners and ALFONSO C. ROLDAN, as attorney-in-fact, covering the property herein described subject to the terms and conditions set forth in Doc. No. 208, Page No. 43, Bk. I., S. of 1971 of Not. Pub. for Rizal, Gil M. Madarang.

'Date of the instrument — April 17, 1971.

'Date of inscription — April 21, 1971 at 12:00 a.m.

'16. The spouses Pedro M. Cruz and Rosalina Villar failed to redeem the subject property within the reglementary and redemptive period of one year or on February 15, 1972 and defendants-spouses caused ownership of said realty to be consolidated with them thereafter obtaining the issuance to them of new Transfer Certificates of Title with them appearing as the registered owners, free from any liens and encumbrances.

'The ten (10) residential lots involved in the 'Contracts of Sale' (ANNEXES 'B', 'B-1' to 'B-9', inclusive) are presently registered in the name of defendants, free from any liens and encumbrances, as evidenced by the Transfer Certificates of Title, xerox copies of which are hereto attached as ANNEXES, as follows:

T.C.T. NO.	LOT & BLOCK NO.	
355815	Lot 4, Block II	ANNEX 'J'
355809	Lot 9, Block I	ANNEX 'J-1'
355810	Lot 10, Block I	ANNEX 'J-2'
355829	Lot 18, Block II	ANNEX 'J-3'
355811	Lot 11, Block I	ANNEX 'J-4'
355802	Lot 2, Block I	ANNEX 'J-5'
355812	Lot 1, Block II	ANNEX 'J-6'
355814	Lot 3, Block II	ANNEX 'J-7'
355801	Lot 1, Block I	ANNEX 'J-8'
355830	Lot 19, Block II	ANNEX 'J-9'

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'17. On April 11, 1972 and May 29, 1972, defendants thru their attorney-in-fact, Alfonso C. Roldan, gave individual written notices to all persons in whose favor the said Pedro M. Cruz had executed contracts to sell for lots in St. Michael subdivision II, Hagonoy, Taguig, Rizal, including herein plaintiffs, granting the said persons the option or privilege to purchase the lots involved under the terms and conditions as therein stated. Copy of said letters of April 11, 1972 and May 29, 1972 are hereto attached as ANNEXES 'K' and 'L', respectively.

'18. The defendants came to know from said Pedro M. Cruz himself of the 'Contracts of Sale' executed by the latter in favor of various persons, including the plaintiffs only after the Certificate of Sale executed by the Provincial Sheriff of Rizal (ANNEX 'F') was issued.

'19. The present Complaint was filed on June 28, 1972 and summons was served upon the defendants on July 14, 1972.

'20. Plaintiffs have not made any demand, oral or written, upon the defendants, prior to the filing of their Complaint.

'21. Lot 4, Block II, involved in the 'Contract of Sale' (ANNEX 'B') executed by Pedro M. Cruz in favor of plaintiff Nestor Centeno, was the subject of an earlier 'Contract of Sale' executed by said Pedro M. Cruz in favor of Conrado P. Uy on May 26, 1969, xerox copy of which is hereto attached as 'ANNEX M'.

'Subsequently, said Conrado P. Uy, for consideration paid to him by plaintiff Nestor Centeno, assigned and transferred his rights and interests on said Lot 4, Block II to the said plaintiff, with the conformity of Pedro M. Cruz. Thus Pedro M. Cruz executed the Contract of Sale (ANNEX 'B') in favor of plaintiff Nestor Centeno.

'22. From February 1972 up to the present, plaintiffs have not paid the installments specified under the 'Contract of Sale' (ANNEXES 'B-1' to 'B-9', inclusive) either to the spouses Pedro M. Cruz and Rosalina Villar, or to the defendants. Plaintiffs have not made any tender of payment of the said installments as they fell due to the spouses Pedro M. Cruz and Rosalina Villar or to the defendants after consolidation of ownership of the foreclosed property in favor of the defendants. Neither have the plaintiffs made consignation of

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the said installments as they fell due with the court of proper jurisdiction, also after consolidation of ownership of said property in favor of the defendants. xxx

(Sgd.) ALFONSO C. ROLDAN
Counsel for Defendants
Rm. 701 Madrigal Building
Ayala Avenue, Makati, Rizal.

(Sgd.) PROSPERO CRESCINI
Counsel for Plaintiffs
Rm. 511 Madrigal Building
Escolta, Manila" (pp. 124-137, RA)

On the basis of the aforequoted stipulation of facts, the lower court rendered judgment on April 11, 1973, the dispositive portion of which reads:

"WHEREFORE, in view of all the foregoing, the Court hereby renders judgment directing defendants to respect, recognize and abide by the terms and conditions of the contracts of sale, Annexes B, B-1 to B-9; for plaintiffs to continue the payments of the installment due thereunder; for defendants to credit plaintiffs for all the installment payments heretofore made by them on their respective lots; and for defendants to pay plaintiffs the sum of ₱2,000.00 by way of attorney's fees. The rest of the prayer for damages is denied for lack of sufficient basis."

On appeal, the Court of Appeals reversed said judgment and dismissed plaintiffs' complaint. In reversing the lower court, the Court of Appeals held that the disclosure by the spouses Cruz to the Victorias of their intention to subdivide the property into residential lots was merely simple talk on preliminaries attendant to a contract of sale, and its non-compliance does not affect the rights and obligations embodied in their contract; that the statement made by Cruz spouses that they were the attorney in fact of Victorias was not at all binding upon Victoria, as it was expressly stated in paragraph 6 of the Stipulation of Facts that the Cruz spouses were never been appointed as such; that when the spouses Cruz and the Victorias formally executed a deed of sale with mortgage on March 11, 1970, the contracts of sale in favor of the lot buyers were not mentioned in the said

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deed considering that the contracts of sale were made prior to the execution of the said deed, hence, the lot buyers could not compel the Victorias to recognize their contracts with the spouses Cruz; that there is no stipulation and evidence that the lot buyers upon the execution of the contracts in their favor took possession, openly and publicly of the property in question so as to give notice to the Victorias of their prior rights; that the separate titles issued on each lot were all in the name of Cruz with the mortgage in favor of the Victorias annotated, but no notation was made as to the interests of the lot buyers; that there is no evidence on record to show that the Victorias were in estoppel; that there is no stipulation that any of the money paid by the lot buyers to the spouses Cruz had been illegally appropriated by the Victorias; and that the spouses Victoria were clearly mortgagees with real right to foreclose the same when their mortgage credit was not paid on time.

Hence, the instant petition for review on *certiorari*, petitioner assigned to this Court for resolution five (5) errors, to wit:

"I

"THE COURT OF APPEALS ERRED IN NOT HOLDING THAT FROM THE COMBINATION OF THE UNDISPUTED CIRCUMSTANCES IN THIS CASE, THE VICTORIAS KNEW OF THE SALE BY PEDRO M. CRUZ OF THE SUBDIVIDED LOTS TO THE PETITIONERS.

"II

"THE COURT OF APPEALS ERRED IN NOT HOLDING THAT THE VICTORIAS MERELY STEPPED INTO THE SHOES OF THE CRUZ SPOUSES.

"III

"THE COURT OF APPEALS ERRED IN NOT HOLDING THAT THE EXTRAJUDICIAL FORECLOSURE OF THE MORTGAGE HERE INVOLVED IS A TOTAL NULLITY BECAUSE THE DEED OF MORTGAGE DID NOT CONTAIN A SPECIAL POWER OF ATTORNEY IN FAVOR OF THE MORTGAGEES TO SELL THE PROPERTY AT PUBLIC AUCTION.

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"IV

"THE COURT OF APPEALS ERRED IN HOLDING THAT THE VICTORIAS WERE NOT UNJUSTLY ENRICHED AT THE EXPENSE OF THE PETITIONERS.

"V

"THE COURT OF APPEALS ERRED IN NOT *MOTU PROPRIO* HOLDING THAT IT HAD NO JURISDICTION OVER THE PRESENT APPEAL AND IN NOT ELEVATING THE APPEAL TO THIS HONORABLE COURT FOR DETERMINATION."

We find no merit in the present appeal. The property in question was originally owned by the Victorias. On July 10, 1969, they executed in favor of the spouses Pedro M. Cruz and Rosalina Villar a contract to sell said property, which at that time was still unregistered and was covered by Tax Declaration No. 5685. Under said agreement, it was stipulated that while possession of the property shall be considered delivered to the buyers Pedro M. Cruz and Rosalina Villar, the ownership thereof shall remain with the Victorias until the down payment of ₱70,000.00 shall have been paid, in which event the necessary deed of transfer of ownership of the property will be executed together with a first mortgage on the property in favor of the Victorias to secure payment of the balance of the purchase price. On March 11, 1970, said deed of transfer with a first mortgage on the property was executed between the Victorias and Pedro M. Cruz and Rosalina Villar. Thereafter the Cruzes registered the property and were issued Original Certificate of Title No. 8626 with the mortgage constituted on the property in favor of the Victorias annotated thereon.

Because the Cruzes failed to pay the balance of the purchase price of the property the Victorias foreclosed extrajudicially the mortgage in their favor and at the auction sale they were the highest bidder. Before the expiration of the period of redemption with the consent of the Victorias the property was subdivided into several lots and individual titles were issued covering said lots in the name of Pedro M. Cruz. Each of new certificate of transfer for the lots to which the property was

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subdivided was issued in the name of Pedro M. Cruz with the mortgage and sheriffs certificate of sale in favor of the Victorias duly annotated thereon.

When the property was sold at public auction in view of the default of the Cruzes to pay their mortgage indebtedness there was no annotation of any sale executed by the Cruzes in favor of the petitioners which would have placed on notice the bidders including the Victorias at said public auction sale. Well settled is the rule that all persons dealing with property covered by torrens certificate of title are not required to go beyond what appears on the face of the title. When there is nothing on the certificate of title to indicate any cloud or vice in the ownership of the property, or any encumbrance thereon, the purchaser is not required to explore further than what the torrens title upon its face indicates in quest for any hidden defect or inchoate right that may subsequently defeat his right thereto. (*William Anderson vs. Garcia*, 64 Phil., 506; *Fulle vs. Legare*, 7 SCRA 351).

As a matter of fact, there is no evidence nor any statement in the Stipulation of Facts to show that petitioners had actually taken possession of portions of the property in question sold to them which would have at least called the attention of the Victorias that the Cruzes had sold said portions to petitioners. The contracts of sale in favor of some petitioners executed in 1959 stated that Pedro M. Cruz was merely the attorney-in-fact of the owner of the property. (Annexes A-2, Contract of Sale in favor of Artemio Gutierrez; Annex A-3, Contract of Sale in favor of Gregorio Hernandez; A-4, Contract of Sale in favor of Zenaida de la Cruz; A-5, Contract of Sale in favor of Francisco Gomez; A-6, Contract of Sale in favor of Ricardo Adrao; A-7, Contract of Sale in favor of Amparo Rayos; A-8, Contract of Sale in favor of Ofelia Santos). At the time Pedro M. Cruz executed said deeds of sale, he was not yet the owner of the property. Said buyers should have known that the owners of the property were the Victorias as the deeds of sale in their favor described the property as property described in Tax Declaration No. 8685 of the municipality of Taguig, Rizal. Had they investigated in whose

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name Tax Declaration No. 5685 was issued, they would have found out that it was in the name of the Victorias.

After Pedro M. Cruz had obtained a certificate of title over the property in his name said title was subject to the mortgage in favor of the Victorias. Any sale executed by the Cruzes in favor of the petitioners would then be subject to the rights of the mortgages of said property. Even if the petitioners had registered the deed in their favor, which they did not, their rights under said deed of sale can not prevail over the rights of the mortgagee which have been annotated on said property from the beginning, that is to say when original certificate of title 8626 was issued in February 1971.

Moreover, the petitioners can not bind the Victorias under the deeds of sale executed in their favor by Cruz allegedly as an attorney-in-fact of the Victorias because it is not true that Pedro M. Cruz was the attorney-in-fact of the Victorias. According to paragraph 6 of the Stipulation of Facts, Pedro M. Cruz had never been appointed as their attorney-in-fact by the Victorias. Neither can they compel the Victorias to recognize the deeds of sale in their favor the ground of estoppel in allowing Pedro M. Cruz to sell the properties in question to petitioners. According to paragraph 18 of the Stipulation of Facts the Victorias came to know of the sales made by Pedro M. Cruz in favor of petitioners only after the property was sold to them at the foreclosure sale.

"18. The defendants came to know from said Pedro M. Cruz himself of the 'Contract of Sale' executed by the latter in favor of various persons, including the plaintiffs only after the Certificate of Sale executed by the Provincial Sheriff of Rizal (Annex 'F') was issued."

Par. 2 of the Stipulation of Facts wherein it is stated that when the Victorias agreed to sell the property to the Cruzes in 1969 the latter informed the former that their intention was to subdivide the property for resale is cited by petitioners as proof that the Victorias had knowledge of the sales of the lots to which the property had been subdivided. That is not necessarily so. Moreover, even granting that the Cruzes had told the Victorias of their plan to subdivide the property they were buying, that

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did not impose any legal obligation upon the Victorias to be bound by any sales made by Cruz before they become the owner of the property. Neither did that imply that subdivision of the property and subsequent sale of the lots to which it be subdivided would in any way bar them from asserting their legal rights to said property as the owners thereof before they are fully paid the purchase price or their rights under any mortgage executed in their favor to secure the balance of the payment of the purchase price of the property.

As the Victorias were not parties to the contracts of sale in favor of petitioners, the same having been executed by Pedro M. Cruz and petitioners and according to the Stipulation of Facts Pedro M. Cruz had never been appointed attorney-in-fact of the Victorias, there is no privity of contract between petitioners and the Victorias. Petitioners have no cause of action against the Victorias since there is no evidence whatsoever to show that petitioners by acts or omissions of the Victorias had been induced to buy lots to which the property had been subdivided by the Cruzes. Neither is there any evidence that the Victorias had received any of the money paid by said petitioners to the Cruzes for the lots bought by them. Petitioners recourse must be against the Cruzes.

In view of the foregoing, the present petition is DISMISSED for lack of merit and the decision of the Court of Appeals AFFIRMED with costs against petitioners.

SO ORDERED.

Teehankee (Chairman), Melencio-Herrera, Gutierrez, Jr., and *De la Fuente, JJ.*, concur.

Plana, J., took no part.

Relova, J., on official leave.