



Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

THE HEIRS OF ANSELMA
GODINES, namely: MARLON,
FRANCISCO, ROQUE, ROSA
AND ALMA, all surnamed
GODINES,*

Petitioners,

- versus -

PLATON DEMAYMAY and
MATILDE DEMAYMAY,

Respondents.

G.R. No. 230573

Present:

LEONEN, J.,
Chairperson,
HERNANDO,
INTING,
DELOS SANTOS, and
LOPEZ, J. Y., JJ.

Promulgated:

June 28, 2021

MisADC B-11

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DECISION

HERNANDO, J.:

This is a Petition for Review on *Certiorari*¹ seeking the reversal of the August 16, 2016 Decision² and the March 8, 2017 Resolution³ of the Court of Appeals (CA) in CA-G.R. SP No. 133147.

* Spelled as Godinez in some parts of the records.

¹ *Rollo*, 22-34.

² Id. at 229-239; penned by Associate Justice Francisco P. Acosta and concurred in by Associate Justices Noel G. Tijam (now a retired Member of this Court) and Eduardo B. Peralta, Jr.

³ Id. at 252-253.

Factual antecedents:

Petitioners Marlon, Francisco, Roque, Rosa, and Alma, all surnamed Godines, claim to be the forced heirs of Anselma Yuson Godines (Anselma) who died on August 11, 1968 leaving a parcel of residential lot more particularly described as follows:

A parcel of residential lot located at Divisoria, Cawayan, Masbate, bounded on the North by Crisanta Yuson; on the East by Emilio Gudayawan; on the South Bagtic Street; and on the West by Pio Gudayawan; containing an area of 68 square meters, more or less; and declared for taxation purposes in the name of Anselma Yuson under Tax Declaration No. 6111 with an assessed value of P330.00.⁴

However, respondent spouses Platon and Matilde (Matilde; collectively, spouses Demaymay or respondents) are in possession of the land in question⁵ considering that during her lifetime, Anselma obtained a loan from Matilde and in consideration thereof, the spouses Demaymay were allowed to use the land⁶ for a period of 15 years. However, this agreement was not reduced into writing.⁷

Sometime in August 1987, petitioners went to the Office of the Provincial Assessor of Masbate to inquire about the status of the lease contract between Anselma and the spouses Demaymay.⁸ Petitioners then found out that Tax Declaration No. 6111 in the name of Anselma was cancelled and Tax Declaration No. 7194 was issued under the name of Matilde by virtue of a Deed of Confirmation of Sale supposedly executed by petitioner Alma in 1970.⁹

Moreover, it was found out after an actual survey that the area of sixty-eight (68) square meters indicated in Tax Declaration No. 6111 was not the correct and true area of the land in question; the correct area thereof was three hundred thirty-two (332) square meters which appears in Tax Declaration No. 7164 in the name of Matilde.¹⁰

Given this, petitioners filed a Complaint for Recovery of Ownership and Possession and Declaration of the Deed of Confirmation as Null and Void with Damages against the spouses Demaymay before the Regional Trial Court (RTC) of Catalingan, Masbate, Branch 49.¹¹

⁴ Id. at 13. Gudayawan also spelled as Guidayawan in some parts of the records.

⁵ Id. at 230.

⁶ Id.

⁷ Id.

⁸ Id. at 108.

⁹ Id. at 230.

¹⁰ Id.

¹¹ Id. at 72.

In their Complaint, petitioners argued that it was impossible for Alma to execute the Deed of Confirmation of Sale because she was in Bogo, Cebu from 1969 to 1975, and that she was only fourteen (14) years old when the alleged Deed of Confirmation of Sale was executed as she was born in 1956.¹² Petitioners also claimed that in obtaining the said Deed, the spouses Demaymay acted in bad faith, fraudulently and illegally, prejudicial to the rights and interests of the petitioners causing them to suffer mental torture, wounded feelings and social humiliation.¹³

On the other hand, the spouses Demaymay in their Answer denied petitioners' allegations and argued that there was no cause of action; that such action, if any, had already prescribed.¹⁴ They further claimed that they were the absolute owners and actual possessors of the subject land which they acquired through sale. They also averred that Alma was estopped from questioning the documents conveying the land in question, as she was the one who received the last installment for the land and voluntarily executed the confirmation due to the untimely demise of her parents.¹⁵

Before the pre-trial, specifically on January 30, 1995, the RTC ordered the transfer of the case to the Municipal Circuit Trial Court (MCTC) in Placer, Masbate, considering the assessed value of the subject property was less than ₱20,000.00.¹⁶

The MCTC took cognizance of the case and during the course of the proceedings, petitioners presented their evidence *ex parte* as the spouses Demaymay were declared in default.¹⁷ However, instead of deciding the case based on its merit, the MCTC in its September 18, 2008 judgment dismissed it on the ground that the cause of action was annulment of the Deed of Confirmation of Sale over which the RTC had jurisdiction.¹⁸

On appeal, the RTC reversed the said MCTC judgment and once again remanded the case to the MCTC for disposition.¹⁹ During the proceedings before the MCTC, the spouses Demaymay filed a Motion to Dismiss but were denied by the MCTC in an Order dated May 3, 2011.²⁰

On May 31, 2011, the MCTC rendered a Decision, the dispositive portion of which reads:

WHEREFORE, judgment is hereby rendered in favor of the plaintiffs, declaring:

¹² Id. at 73.

¹³ Id. at 73-74.

¹⁴ Id. at 77-79.

¹⁵ Id.

¹⁶ Id. at 230.

¹⁷ Id.

¹⁸ Id.

¹⁹ Id. at 231.

²⁰ Id. at 83.

1. Plaintiffs and her brothers and sisters, as heirs of Anselma Godines, are hereby declared owners of the disputed property;

2. Ordering the cancellation of Tax Declaration No. 7194 in the name of Matilde Ramirez Dimaymay and its subsequent revision in the name of Platon Dimaymay under Tax Declaration No. 002715;

3. Ordering Defendants to pay the Plaintiffs the sum of TWENTY THOUSAND (P20,000.00) PESOS, as litigation expenses;

4. Defendants are directed to VACATE the disputed property upon the finality of this Decision;

5. No Cost.

SO ORDERED.²¹

Aggrieved, the spouses Demaymay filed a Motion for Reconsideration with the MCTC but were denied.²² Thus, they filed an appeal with the RTC, arguing that the MCTC erred in not dismissing the complaint for lack of jurisdiction and laches.²³

The RTC did not decide the case on the merits and instead issued an Order²⁴ on January 31, 2012, the dispositive portion of which reads:

WHEREFORE AND IN VIEW OF THE FOREGOING CONSIDERATIONS, the herein appeal is denied due course, and this case is hereby remanded to the MCTC, Placer for further hearing and reception of evidence from the parties.

SO ORDERED.²⁵

Accordingly, the MCTC conducted further proceedings wherein the spouses Demaymay's daughter, Nida Demaymay Pepito (Nida), testified that Anselma indeed sold the subject property to the spouses Demaymay for ₱1,460.00 in January 1967.²⁶ Nida claimed that she was present when her parents gave the initial payment of ₱1,010.00, but no contract of sale was executed since Anselma was about to give birth at that time.²⁷

However, Anselma and her husband, Pedro, died before any contract of sale was executed.²⁸ This is why it was Alma and Anselma's uncle, Emilio Gudayawan, who executed a receipt for the initial amount of ₱1,010.00 worded in the local vernacular as follows: "*Resibo Sa Kwarta Nga Gibayad Sa*

²¹ Id. at 95-96; penned by Presiding Judge Dioscoro V. Conag.

²² Id. at 231.

²³ Id.

²⁴ Id. at 108-112; penned by Executive Judge Domingo B. Maristela, Jr.

²⁵ Id. at 112.

²⁶ Id. at 231-232; see also *CA rollo*, p. 71.

²⁷ Id.

²⁸ Id.

*Yuta Sa Kantidad Na Php1,460.00 nga bili sa Yuta.*²⁹ The subject Deed of Confirmation of Sale was then allegedly executed by Alma on October 12, 1970 upon full payment of the purchase price, and hence the property was tax-declared under Matilde's name.³⁰

**Ruling of the Municipal Circuit
Trial Court:**

A Judgment³¹ in favor of petitioners was rendered by the MCTC on June 19, 2013, to wit:

WHEREFORE, premises considered, judgment is hereby rendered in favour of the plaintiffs, and against the defendants. Accordingly, the plaintiffs, as heirs of Anselma Yuson Godines, are hereby declared the owners of the property in question thus, legally entitled to its possession. The Confirmation of Sale of Real Property is hereby declared null and void. The tax declaration issued in the name of Matilde Ramirez Demaymay over the subject property is likewise annulled and cancelled/set aside.

SO ORDERED.³²

**Ruling of the Regional Trial
Court:**

Given the adverse decision, the spouses Demaymay again filed an appeal with the RTC.³³ On November 18, 2013, the RTC dismissed³⁴ the appeal for lack of merit, to wit:

WHEREFORE, the instant appeal is hereby dismissed for lack of merit. Finding no reversible error, the assailed decision dated June 19, 2013 is hereby affirmed with modification. The defendants including those who derive title from them are also hereby directed to vacate the land in question and restore possession thereof to the plaintiffs.

SO ORDERED.³⁵

Ruling of the Court of Appeals:

Aggrieved, the spouses Demaymay filed a petition for review under Rule 42 of the Rules of Court with the CA.³⁶ On August 16, 2016, the CA issued a Decision³⁷ granting the spouses Demaymay's petition and reversing the judgment of the lower court, the dispositive portion of which reads:

²⁹ Id.

³⁰ Id. at 232.

³¹ Id. at 113-120, penned by Judge Mary Flor D. Tabigue-Logarta.

³² Id. at 120.

³³ Id. at 122.

³⁴ Id. at 67-71; penned by Presiding Judge Arturo Clemente B. Revil.

³⁵ Id. at 71.

³⁶ Id. at 17.

³⁷ Id. at 229-239.

WHEREFORE, the petition is GRANTED. The appealed Decision dated November 18, 2013 of the Regional Trial Court affirming the Judgment dated June 19, 2013 of the 4th Municipal Circuit Trial Court is REVERSED and SET ASIDE. Accordingly, the Spouses Platon and Matilde Demaymay are recognized to be the owners of the subject property entitled to possession thereof. Upon finality of this Decision, the heirs of Anselma Godines are ORDERED to execute a Deed of Absolute Sale for the transfer of the subject property to the name of the Spouses Demaymay.

SO ORDERED.³⁸

On September 19, 2016, the petitioners filed a Motion for Reconsideration³⁹ which was denied by the appellate court in its Resolution dated March 8, 2017.⁴⁰

Hence, the instant petition.

Issue

Whether the CA gravely erred in ruling that the heirs of Anselma are bound by the oral contract of sale allegedly executed in favor of the spouses Demaymay.⁴¹

Our Ruling

We deny the instant petition.

Preliminarily, it must be emphasized that the main issue at hand is the validity of the oral sale between Anselma and the spouses Demaymay, and not the validity of the Deed of Confirmation of Sale, which merely documents the sale that supposedly happened. We agree with the CA's observation that the lower courts were fixated on the validity and due execution of the Deed of Confirmation of Sale, despite the primary issue being the validity of the sale itself, which was claimed to be an oral or verbal sale. Keeping this in mind, we proceed with our discussion on whether or not the purported oral sale was indeed valid.

Our jurisdiction has long recognized the validity of oral contracts, including oral contracts of sale. Article 1305 of the Civil Code provides the following definition of a contract:

Article 1305. A contract is a meeting of minds between two persons whereby one binds himself, with respect to the other, to give something or to render some service.

³⁸ Id. at 239.

³⁹ Id. at 240-250.

⁴⁰ Id. at 252-253.

⁴¹ Id. at 20.

Pertinently, Article 1356 of the Civil Code provides:

Article 1356. Contracts shall be obligatory, in whatever form they may have been entered into, provided all the essential requisites for their validity are present. However, when the law requires that a contract be in some form in order that it may be valid or enforceable, or that a contract be proved in a certain way, that requirement is absolute and indispensable. In such cases, the right of the parties stated in the following article cannot be exercised. (Underscoring supplied)

Indeed, contracts that have all the essential requisites for their validity are obligatory regardless of the form they are entered into, except when the law requires that a contract be in some form to be valid or enforceable.⁴² Article 1358 of the Civil Code provides that the following must appear in a public instrument:⁴³

1. Acts and contracts which have for their object the creation, transmission, modification or extinguishment of real rights over immovable property; sales of real property or of an interest therein are governed by articles 1403, No. 2, and 1405;

2. The cession, repudiation or renunciation of hereditary rights or of those of the conjugal partnership of gains;

3. The power to administer property, or any other power which has for its object an act appearing or which should appear in a public document, or should prejudice a third person;

4. The cession of actions or rights proceeding from an act appearing in a public document. (Underscoring supplied)

Article 1403(2) of the Civil Code, otherwise known as the Statute of Frauds, requires that covered transactions must be reduced into writing; otherwise, the same would be unenforceable by action.⁴⁴ In other words, a sale of real property must be evidenced by a written document as an oral sale of immovable property is unenforceable.⁴⁵

However, this does not necessarily mean that oral contracts of sale of real property are void or invalid.⁴⁶ We have held in the case of *The Estate of Pedro C. Gonzales v. The Heirs of Marcos Perez*⁴⁷ that failure to observe the prescribed form of contracts does not invalidate the transaction, to wit:

Nonetheless, it is a settled rule that the failure to observe the proper form prescribed by Article 1358 does not render the acts or contracts enumerated therein invalid. It has been uniformly held that the form required under the said Article is not essential to the validity or enforceability of the transaction, but

⁴² *Heirs of Soledad Alido v. Campano* G.R. No. 226065, July 29, 2019.

⁴³ Id.

⁴⁴ Id.

⁴⁵ Id.

⁴⁶ Id.

⁴⁷ 620 Phil. 47 (2009).

merely for convenience. The Court agrees with the CA in holding that a sale of real property, though not consigned in a public instrument or formal writing, is, nevertheless, valid and binding among the parties, for the time-honored rule is that even a verbal contract of sale of real estate produces legal effects between the parties. Stated differently, although a conveyance of land is not made in a public document, it does not affect the validity of such conveyance. Article 1358 does not require the accomplishment of the acts or contracts in a public instrument in order to validate the act or contract but only to insure its efficacy.⁴⁸ (Underscoring supplied)

Further, as we have also reiterated in *Heirs of Soledad Alido v. Campano*,⁴⁹ the Statute of Frauds applies only to executory contracts and not to those which have been executed either fully or partially.⁵⁰ In *Swedish Match, AB v. Court of Appeals*,⁵¹ the Court explained why certain contracts must be in writing, to wit:

The Statute of Frauds embodied in Article 1403, paragraph (2), of the Civil Code requires certain contracts enumerated therein to be evidenced by some note or memorandum in order to be enforceable. The term "Statute of Frauds" is descriptive of statutes which require certain classes of contracts to be in writing. The Statute does not deprive the parties of the right to contract with respect to the matters therein involved, but merely regulates the formalities of the contract necessary to render it enforceable. Evidence of the agreement cannot be received without the writing or a secondary evidence of its contents.

The Statute, however, simply provides the method by which the contracts enumerated therein may be proved but does not declare them invalid because they are not reduced to writing. By law, contracts are obligatory in whatever form they may have been entered into, provided all the essential requisites for their validity are present. However, when the law requires that a contract be in some form in order that it may be valid or enforceable, or that a contract be proved in a certain way, that requirement is absolute and indispensable. Consequently, the effect of non-compliance with the requirement of the Statute is simply that no action can be enforced unless the requirement is complied with. Clearly, the form required is for evidentiary purposes only. Hence, if the parties permit a contract to be proved, without any objection, it is then just as binding as if the Statute has been complied with.

The purpose of the Statute is to prevent fraud and perjury in the enforcement of obligations depending for their evidence on the unassisted memory of witnesses, by requiring certain enumerated contracts and transactions to be evidenced by a writing signed by the party to be charged.⁵² (Underscoring supplied)

While the Statute of Frauds aims to safeguard the parties to a contract from fraud or perjury, its non-observance does not adversely affect the intrinsic validity of their agreement.⁵³ The form prescribed by law is for

⁴⁸ Id. at 61-62.

⁴⁹ Supra note 42.

⁵⁰ See *Vda. de Quano v. Republic*, 657 Phil. 391, 411 (2011).

⁵¹ 483 Phil. 735 (2004).

⁵² Id. at 747-748.

⁵³ *Heirs of Soledad Alido v. Campano*, supra note 42.

evidentiary purposes, non-compliance of which does not make the contract void or voidable, but only renders the contract unenforceable by any action.⁵⁴ In fact, contracts which do not comply with the Statute of Frauds are ratified by the failure of the parties to object to the presentation of oral evidence to prove the same, or by an acceptance of benefits under them.⁵⁵

Further, the Statute of Frauds is confined to executory contracts where there is a wide field for fraud as there is no palpable evidence of the intention of the contracting parties.⁵⁶ It has no application to executed contracts because the exclusion of parol evidence would promote fraud or bad faith as it would allow parties to keep the benefits derived from the transaction and at the same time evade the obligations imposed therefrom.⁵⁷

Considering the above discussion, the Court agrees with the observations of the CA that the Statute of Frauds is inapplicable in the present case as the verbal sale between Anselma and the spouses Demaymay had already been partially consummated when the former received the initial payment of ₱1,010.00 from the latter. In fact, the said sale was already totally executed upon receipt of the balance of ₱450.00.

Furthermore, from the time the verbal sale happened in 1967, the spouses Demaymay were in possession the property for more than the 15-year period of their purported lease contract with Anselma. Such property was eventually tax declared under Matilde's name after Alma had executed the Deed of Confirmation of Sale in 1970 upon receipt of the full purchase price. Indeed, possession of the property and payment of real property taxes may serve as indicators that an oral sale of a piece of land has been performed or executed.⁵⁸

Considering that the oral sale between Anselma and the spouses Demaymay is valid (and is actually enforceable by virtue of the partial, if not total consummation of the contract), petitioners, being the heirs of Anselma, are legally bound by the said oral sale. Having already been validly sold and transferred to the spouses Demaymay, we agree with the CA's conclusion that the subject piece of land described in Tax Declaration No. 7194 no longer formed part of Anselma's estate that petitioners could have inherited.

WHEREFORE, the petition is **DENIED**. The August 16, 2016 Decision and March 8, 2017 Resolution of the Court of Appeals in CA-G.R. SP No. 133147 are **AFFIRMED**.

⁵⁴ Id.


⁵⁵ Id.

⁵⁶ *Carbannel v. Poncio*, 103 Phil. 655, 659 (1958).


⁵⁷ Id.


⁵⁸ *Ortega v. Leonardo*, 103 Phil. 870, 872 (1958).

SO ORDERED.


RAMON PAUL L. HERNANDO
Associate Justice

WE CONCUR:


MARVIC M. V. F. LEONEN
Associate Justice
Chairperson



HENRI JEAN PAUL B. INTING
Associate Justice


EDGARDO L. DELOS SANTOS
Associate Justice


JHOSEP V. LOPEZ
Associate Justice

ATTESTATION


I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



MARVIC M. V. F. LEONEN
Associate Justice
Chairperson

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



ALEXANDER G. GESMUNDO
Chief Justice