Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

ULYSSES RUDI V. BANICO,
Petitioner,

- *versus* -

LYDIA BERNADETTE M. STAGER a.k.a BERNADETTE D. MIGUEL (substituted by her compulsory heirs, namely: Bobby Unilongo I, Prospero Unilongo I, Prospero Unilongo II, Maricon U. Bayog, Glenn Unilongo and Luzviminda Unilongo),
Respondents.

G.R. No. 232825

Present:

PERALTA, *CJ.*, *Chairperson,*
CAGUIOA,
REYES, J., JR.,
LAZARO-JAVIER, and
LOPEZ, *JJ.*

Promulgated:

SEP 16 2020

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D E C I S I O N

LOPEZ, *J.*:

The lawyer's mistake in drafting the written instrument will not prevent its reformation if the contemporaneous and subsequent acts of the parties show that their true intention was not disclosed in the document. This resolves the Petition for Review on *Certiorari* under Rule 45 of the Rules of Court assailing the Court of Appeal's (CA) Decision[1] dated February 22, 2017 in CA-G.R. CV No. 104805.

ANTECEDENTS

Lydia Bernadette M. Stager (Lydia) owns a 6,100-square meter (sq m)

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[1] *Rollo*, pp. 8-20; penned by Associate Justice Florito S. Macalino (+), with the concurrence of Associate Justices Mariflor P. Punzalan Castillo and Zenaida T. Galapate-Laguilles.

real property identified as Lot No. 199 and situated in *Barangay* Manoc-Manoc, Boracay Island. The land adjoins the sea on its eastern part and is generally flat at the center but has an elevated rocky northern part. In 1991, Lydia offered to sell the entire lot to Ulysses Rudi Banico (Ulysses) but he only agreed to buy an area suitable for building a beach resort. Accordingly, Ulysses' lawyer drafted a Deed of Absolute Sale[2] over the 800-sq m portion of the land for ₱350,000.00. On February 8, 1992, Lydia and Ulysses signed the contract. The property sold is described in the deed as follows:

> A portion of land from Lot 199, x x x, on its Northern part, containing a surveyed and plotted area of EIGHT HUNDRED (800) SQUARE METERS, more or less, xxx adjoining the Sibuyan Sea; Bounded on the Northeast by seashore of Sibuyan Sea with a beachfront of 40 meters length, on the Southeast by the remaining portion of Lot 199, the Northwest by Lot 200 of the Heirs of Sabiniano Castro, and the Southwest by the remaining portion of Lot 199 x x x.[3]

Upon payment of the purchase price, Ulysses took possession of the flat terrain and hired a surveyor. However, Ulysses discovered that the land described in the deed of sale refers to the elevated and rocky portion and not the flat area which he bought and occupied. Ulysses confronted Lydia who promised to make necessary corrections. At that time, Lydia convinced Ulysses to buy an additional 400-square meter portion of Lot No. 199 that is adjacent to the flat terrain for ₱160,000.00 on installment basis. Ulysses agreed on the condition that Lydia will amend the deed of sale reflecting the correct location, area and consideration. On October 19, 1992, the parties entered into a contract to sell over the 400-square meter lot. Ulysses gave initial payment and Lydia issued the corresponding receipt.[4] Meantime, Ulysses began constructing the resort and paid the remaining amount. In 1997, Ulysses asked Lydia to prepare the amended deed of sale but she refused because he still has an unpaid balance of ₱12,000.00. Yet, Ulysses maintained that he already paid Lydia more than ₱160,000.00.[5]

In 2001, Ulysses brought the matter to the *barangay*. Thereat, Lydia honored the transaction over the 800-square meter lot and presented a notarized Deed of Absolute Sale dated December 6, 2001, containing the accurate description, thus:

> That I, Bernadette D. Miguel, x x x, for and in consideration of the sum of EIGHTY THOUSAND PESOS (P80,000.00), x x x from RUDY ULYSSES BANICO, x x x do hereby SELL, TRANSFER and CONVEY by way of Absolute Sale unto the said RUDY ULYSSES, his heirs and assigns a portion, consisting of 800 square meters only of a certain parcel of land xxx described as follows:
>
> "A parcel of land (Lot No. 199) with an area of 6100 square

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2 *Id.* at 88-89.
3 *Id.* at 88.
4 *Id.* at 90.
5 *Id.* at 10-11; 33-34; and 273-276.

meters, more or less, x x x."

x x x x

That the portion herein sold constitute part of the bigger parcel of land above-described and is bounded as follows: on North by Lot 199-B; on the East by Proposed Brgy. Road; on the South by Lot 199-A-2; and on the West by Lot 199-C.[6] (Emphasis supplied.)

However, Ulysses did not sign the deed because it failed to state the true consideration.[7] On July 9, 2002, Ulysses filed against Lydia an action for specific performance and damages before the Regional Trial Court (RTC) docketed as Civil Case No. 02-104001.[8] Ulysses asked that Lydia be ordered to execute an amended contract reflecting all the stipulations between the parties. In her answer,[9] Lydia claimed that the contract over the 800-square meter lot is distinct from the additional 400-square meter lot. The first transaction was based on the consummated Deed of Absolute Sale dated February 8, 1992. She even executed a Deed of Absolute Sale dated December 6, 2001, but Ulysses rejected it. In contrast, the second transaction transpired on October 19, 1992, but Ulysses failed to settle the balance of the purchase price.

In 2012, Lydia died and was substituted by her heirs. On February 18, 2015, the RTC in its Decision ordered the reformation of the Deed of Absolute Sale[10] dated February 8, 1992 to reflect the exact location of the 800-sq m lot that Ulysses purchased from Lydia. The RTC also examined the receipts and found that Ulysses still had a balance of ₱6,600.00 in the contract to sell over the 400-sq m lot. Lastly, the RTC denied the parties' respective claims for damages for lack of factual and legal bases, *viz.*:

> There is [*sic*] no qualms anymore on the part of Stager as to the lot that plaintiff originally occupied and built his house on. She did not vigorously contest the same, nor did she ask for the removal of the said structure despite her initial observation and allegation that the lot he occupied was actually not the one that was agreed upon or described in the Deed of Absolute Sale that they have originally executed. All that Stager did after learning about the erroneous occupation was to suggest to plaintiff that he buy another 400 square meters of her property so that she could move to that area which he originally purchased because she would be caught or placed in between the two properties. She also told him that such purchase would allow him to have 1200 square meters of the property which would be adjacent to each other. **Thus, by the actions of both parties, it would seem that the lot first occupied by plaintiff is the one that they have actually intended to be the subject of the sale. The problem, though, is that the Deed of Sale did not reflect or state the correct portion of Stager's property. Reformation is thus warranted to reflect the true intention of parties in the subject deed**. x x x.

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6 *Id.* at 91.
7 *Id.* at 12; 35 and 277.
8 *Id.* at 80-87.
9 *Id.* at 93-97.
10 *Id.* at 273-284.

x x x x

To reiterate, there is no more issue anymore as to the first lot (800 square meters) that plaintiff bought from Stager. She herself has already clarified and admitted to the same. **What is left for the parties to do is to amend or reform the deed of sale in order to reflect and state therein to correct the erroneous entries or description pertaining to the subject lot**. The mistake is obviously mutual, with both parties expectedly not being well-versed in comprehending the technical description of the property. In *Dihiansan v. Court of Appeals*, it has been explained that the mistake in designating the lot in the document does not vitiate the consent of the parties, or affect the validity and binding effect of the contract. The reason is that when one sells or buys real property x x x one sells or buys the property as he sees it, in its actual setting and by its physical metes and bounds, and not by the mere lot number assigned to it in the certificate of title.

When a mutual mistake of the parties causes the failure of the instrument to disclose their real agreement, said instrument may be reformed. Thus, the Deed of Sale covering the first real estate transaction between the parties should be amended or reformed. It should be noted that Stager even executed a second Deed of Sale that is duly notarized covering the first lot which actually already reflected the correct description thereof.

With regard to the second lot (400 square meters), the issue that needs to be resolved is whether or not full payment has already been made by plaintiff therefor. It is worth to note that from the outset, Stager has already made it clear that she has no more issues with regard to the 800 square meter lot that she sold to plaintiff and that what she is actually just complaining about is the 400 square-meter lot that the latter has fenced despite the fact that he has yet to complete payment therefor.

x x x x

While the court gives value and credence to the receipts proffered by plaintiff, not all of them will be credited to the obligation in question for lack of proof that the purpose thereof was for the payment for the 400 square-meter lot. Thus, Exhibit "C-3" cannot be taken into consideration for it does not state the purpose of the payment or amount reflected therein. On the other hand, Exhibits "C-9" and "C-19" states [*sic*] a different purpose. Exhibits "C-7" and "C-12" were signed by different persons and stated no purpose therefor, while Exhibits "C-10" and "C-24" bears [*sic*] no signature at all. The rest of the receipts are all signed by Stager and sufficiently refers [*sic*] to the payment of the 400 square-meter lot. **Thus, as per the Court's own computation, the total amount that plaintiff was able to pay Stager is ₱153,400.00 leaving a balance of ₱6,600.00.**

x x x x

WHEREFORE, premises considered, judgment is hereby rendered ordering:

1. The Heirs of Lydia Bernadette M. Stager x x x to amend/reform the Deed of Absolute Sale dated February 8, 1992 so as to reflect the exact location of the 800 square-meter lot that plaintiff has purchased from Lydia Bernadette M. Stager;

> 2. Plaintiff to pay the Heirs of Lydia Bernadette M. Stager x x x the sum of ₱6,600.00 representing the unpaid balance of the purchase price of the subject 400 square-meter lot;
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> 3. The Heirs of Lydia Bernadette M. Stager x x x to execute in favor of plaintiff another Deed of Absolute Sale covering the 400 square-meter lot, or to include the 400 square-meter lot in the Deed of Absolute Sale meant for the 800 square-meter lot.
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> SO ORDERED.[11] (Emphases supplied; citations omitted.)

Dissatisfied, both parties elevated the case to the CA docketed as CA-G.R. CV No. 104805. The Heirs of Lydia argued that the RTC erred in granting the reformation of the Deed of Absolute Sale dated February 8, 1992 and ordering them to execute another contract of sale in favor of Ulysses.[12] On the other hand, Ulysses insisted that he fully paid the purchase price of ₱160,000.00 in the contract to sell and that he is entitled to damages.[13]

On February 22, 2017, the CA denied the reformation because Ulysses' cause of action had prescribed. The complaint was filed on July 9, 2002 or more than 10 years from the execution of the deed on February 8, 1992 or beyond the prescriptive period for bringing actions based upon a written contract. Further, the CA noted that it was Ulysses' lawyer who drafted the contract and any error must be construed against the party who caused the ambiguity. As to the transaction over the 400-sq m lot, the CA reduced Ulysses' unpaid balance from ₱6,600.00 to ₱5,860.00. It affirmed the RTC's finding that several receipts do not prove payment of the ₱160,000.00 purchase price. Nevertheless, the RTC erred in its computation given that the receipts Ulysses submitted have the sum of ₱167,840.00 while the rejected receipts are worth ₱13,700.00. The difference between these amounts is ₱154,140.00 leaving a balance of ₱5,860.00 out of the ₱160,000.00 purchase price. Thus, it ordered the Heirs of Lydia to execute the corresponding deed of sale in favor of Ulysses upon satisfaction of the unpaid amount. Finally, it denied Ulysses' claim for damages,[14] to wit:

> **WHEREFORE**, premises considered, the Decision dated February 18, 2015 of the Regional Trial Court x x x in Civil Case No. 02-104001 is hereby **MODIFIED**. Accordingly, judgment is hereby rendered:
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> (1) **DENYING the REFORMATION** of the Deed of Absolute Sale dated February 8, 1992 x x x, on the ground of prescription;
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> (2) **ORDERING** Plaintiff-Appellant Ulysses Rudi V. Banico to **PAY** the heirs of Defendant Lydia Bernadette M. Stager x x x, **the balance of Php5,860.00,** with **6% interest per annum** from the finality of this Decision until full payment thereof;

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[11] *Id.* at 281-284.
[12] *Id.* at 312-323.
[13] *Id.* at 285-311.
[14] *Id.* at 8-20.

> (3) Upon full payment of the balance in the aforementioned amount, **DIRECTING** the heirs of Defendant Lydia Bernadette M. Stager x x x, to **EXECUTE the necessary deed of sale** of the 400 square-meter lot in favor of Plaintiff-Appellant Ulysses Rudi V. Banico; and
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> (4) **DISMISSING** Plaintiff-Appellant Ulysses Rudi V. Banico's claims for damages.
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> **SO ORDERED.**[15] (Emphasis in the original.)

Undaunted, both parties sought reconsideration. The Heirs of Lydia prayed that the contract to sell as to the 400-sq m lot be declared ineffective given the long period of time that Ulysses failed to pay the purchase price.[16] Conversely, Ulysses maintained that he paid more than ₱160,000.00 pursuant to the contract to sell. With regard to the filing of an action for reformation, Ulysses argued that the prescriptive period is tolled when Lydia acknowledged her obligation and executed a Deed of Absolute Sale dated December 6, 2001 containing the accurate description of the 800-sq m lot.[17]

On July 11, 2017, the CA denied the Heirs of Lydia's motion explaining that rescission is not allowed absent substantial breach of the contract. Further, Ulysses had paid considerable amount to Lydia and must be permitted to complete the payment. Similarly, the CA denied Ulysses' motion without discussing the issue of prescription. Instead, the CA delved on the requisites of an action for reformation of contract and held that the Deed of Absolute Sale dated February 8, 1992 reflected the true intention of the parties. The CA reiterated that Ulysses' lawyer drafted the original contract and is liable for any ambiguity. Finally, Lydia prepared the Deed of Absolute Sale dated December 6, 2001, only to accommodate Ulysses,[18] thus:

> x x x For an action for reformation of instrument to prosper, the following requisites must concur: (1) there must have been a meeting of the minds of the parties to the contract; (2) **the instrument does not express the true intention of the parties**; and (3) the failure of the instrument to express the true intention of the parties is due to mistake, fraud, inequitable conduct or accident. **The second requisite is not present in this case. As borne out by the records of this case, what Stager sold to Banico was at the side of her property, and not at the center as Banico claims.**
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> Banico had only himself to blame. Admittedly, it was only after the consummation of the sale of the first lot that he decided to visit the same. It was also Banico's lawyer who prepared the said Deed of Absolute Sale. Stager verbally agreed to amend the Deed of Absolute Sale after its execution only as an accommodation to Banico, but not because the said deed failed to express their true intent. Worse, Banico refused to afix his signature to the amended and already notarized deed of sale of the first lot

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15 *Id.* at 19-20.
16 *Id.* at 343-347.
17 *Id.* at 324-342.
18 *Id.* at 22-25.

> dated December 6, 2001 prepared by Stager herself. **The second requisite for reformation being absent, it is futile to discuss further whether the prescriptive period therefor had been tolled.**
>
> **As for Banico's allegation of full payment of the purchase price of the second lot, it is worth reiterating that he, as the debtor, has the burden of showing with legal certainty that the obligation has been discharged by payment.** Banico may not validly claim that Stager admitted to have received additional payments because aside from her institution of an earlier action for collection, her consistent denial thereof during trial belies such allegation. **The receipts produced by Banico do not likewise suggest full payment.**
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> x x x x
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> WHEREFORE, premises considered, Plaintiff-Appellant's Motion for Reconsideration and Defendants-Appellants' Partial Motion for Reconsideration are hereby DENIED.
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> SO ORDERED.[19] (Emphases supplied.)

Aggrieved, Ulysses filed this petition on the ground that the CA erred in ruling that the party who caused the ambiguity cannot ask to reform the contract. Ulysses also argued that the CA erred in appreciating the receipts and in finding that he has still unpaid balance to Lydia.[20]

RULING

A contract is a meeting of the minds between two persons whereby one binds himself, with respect to the other, to give something or to render some service.[21] If the contract is reduced into writing, it is considered as containing all the terms agreed upon and is presumed to set out the true covenant of the parties.[22] However, equity orders the reformation of a written instrument when the real intention of the contracting parties are not expressed by reason of mistake, fraud, inequitable conduct or accident. *Apropos* is Article 1359 of the New Civil Code, to wit:

> Art. 1359. When, there having been a meeting of the minds of the parties to a contract, their true intention is not expressed in the instrument purporting to embody the agreement, by reason of mistake, fraud, inequitable conduct or accident, one of the parties may ask for the reformation of the instrument to the end that such true intention may be expressed.

The rationale is that it would be unjust to allow the enforcement of an instrument which does not reflect or disclose the parties' real meeting of the minds.[23] In an action for reformation, the court does not attempt to make

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19 *Id.* at 23-24.
20 *Id.* at 30-60.
21 CIVIL CODE, Art. 1305.
22 *BA Finance Corp. v. Intermediate Appellate Court*, 291 Phil. 265, 280 (1993).
23 *Sps. Rosario v. Alvar*, 817 Phil. 994, 1006 (2017).

another contract for the parties[24] but the instrument is made or construed to express or conform to their real intention.[25] Hence, we determine whether the Deed of Absolute Sale dated February 8, 1992 between Lydia and Ulysses failed to reflect the true intention of the parties allowing reformation of the instrument.

There was a meeting of the minds between the parties to the contract but the deed did not express their true intention due to mistake in the technical description of the lot.

The complaint and the prayer for reliefs show that this is clearly a case for reformation of instrument. Ulysses alleged that the Deed of Absolute Sale dated February 8, 1992 does not express the correct description of the lot he bought and asked Lydia to execute an amended deed of sale containing all the stipulations of the parties. Specifically, an action for reformation of instrument may prosper only upon the concurrence of the following requisites: (1) there must have been a meeting of the minds of the parties to the contract; (2) the instrument does not express the true intention of the parties; and (3) the failure of the instrument to express the true intention of the parties is due to mistake, fraud, inequitable conduct or accident.[26] The *onus probandi* is upon the party who insists that the contract should be reformed.[27] Here, all these requisites are present.

First, there was a meeting of minds between the contracting parties. In executing the Deed of Absolute Sale dated February 8, 1992, Lydia conveyed the 800-sq m portion of Lot No. 199 to Ulysses who accepted it in consideration of ₱350,000.00. Inarguably, there is a perfected contract of sale at the moment the parties agreed upon the thing that is the object of the contract and upon the price.

Second, the written instrument did not express the true intention of the parties. It bears emphasis that Ulysses bought an area suitable for building a beach resort. Upon payment of the purchase price, Ulysses occupied the flat terrain, surveyed it and began constructing the resort. Verily, Ulysses would not possess the flat terrain if it was not the lot sold to him. Besides, the flat terrain is a proper location for building the resort and not the elevated rocky northern part. At any rate, Lydia should have objected when Ulysses occupied the flat terrain if it were true that she was still the owner of such area. Quite the contrary, Lydia promised to rectify the erroneous description of the lot in the deed of sale. She did not protest the construction of the resort and instead, offered Ulysses an additional 400-sq m portion of Lot No. 199 that is adjacent to the flat terrain. Moreover, Lydia acknowledged the transaction over the

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24 *Makati Tuscany Condominium Corp. v. Multi-Realty Dev't. Corp.*, 830 Phil. 1, 13 (2018).
25 *Toyota Motor Philippines Corporation v. Court of Appeals*, 290 Phil. 662, 677 (1992).
26 *National Irrigation Administration v. Gamit*, 289 Phil. 914, 931 (1992).
27 *Mata v. Court of Appeals*, 284 Phil. 36, 43 (1992).

800-sq m lot before the *barangay* and presented a notarized Deed of Absolute Sale dated December 6, 2001, containing the accurate description of the flat terrain. At this juncture, we stress that Lydia never rebutted these acts and even admitted them in her answer.

Third, there is a mistake in identifying the exact location of the lot which caused the failure of the instrument to disclose the parties' real agreement. In *Atilano, et al. v. Atilano, et al.*,[28] this Court noted that a person sells or buys real property as he sees it, in its actual setting and by its physical metes and bounds, and not by the mere lot number assigned to it in the certificate of title. In that case, the parties' real intention was to convey "Lot No. 535-A" considering that it is where the vendee constructed a house and his heirs continued to reside. The reference to "Lot No. 535-E" in the deed of sale was a simple mistake in the drafting of the document, which did not vitiate the consent of the parties or affect the validity of the contract between them. In *Sarming v. Dy*,[29] we reformed a document entitled Settlement of Estate and Sale by changing the designation of the land given that the totality of evidence clearly indicates that what was intended to be sold was "Lot 4163" and not "Lot 5734." In *Quiros v. Arjona*,[30] this Court held that the inability to identify the exact location of the inherited property did not negate the principal object of the contract. This is an error occasioned by the failure of the parties to describe the subject property, which is correctible by reformation and does not indicate the absence of the principal object as to render the contract void. In that case, the object is determinable as to its kind and can be determined without need of a new contract.

In *Huibonhoa v. Court of Appeals*,[31] however, the oversight of a lawyer in drafting the instrument is not a reason for reformation. In that case, the petitioner failed to prove what mistake allegedly suppressed the real agreement of the parties and merely relied on the oversight of her counsel in preparing the document. We ruled that the error may not be attributed to all the contracting parties and any obscurity should be construed against the petitioner. The present case is starkly different. Unlike in *Huibonhoa,* Ulysses was able to substantiate his stance that the Deed of Absolute Sale dated February 8, 1992, did not express the true intention of the parties as to the description of the lot. There is preponderant evidence that the real object of the contract refers to the flat terrain and not the elevated and rocky northern part of Lot No. 199, as revealed in the proven and admitted facts as well as the contemporaneous and subsequent acts of the parties. Corollarily, there is no reason to consider against Ulysses the mistake of his counsel. As the RTC aptly observed, the parties are not experts in comprehending technical description of the land. The fact that it was Ulysses' counsel who prepared the deed of sale will not prevent the reformation of the instrument.

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28 138 Phil. 240 (1969).
29 432 Phil. 685 (2002).
30 468 Phil. 1000 (2004).
31 378 Phil. 386 (1999).

Taken together, the Deed of Absolute Sale dated February 8, 1992 failed to reflect the true intention of the parties. As such, Ulysses may validly ask for reformation of the instrument. The rigor of the legalistic rule that a written instrument should be the final and inflexible criterion and measure of the rights and obligations of the contracting parties is thus tempered, to forestall the effect of mistake, fraud, inequitable conduct or accident.[32] We now resolve whether prescription bars Ulysses' action for reformation of instrument.

The period to file an action for reformation of instrument is interrupted on account of written acknowledgement of the obligation.

A suit for reformation of an instrument may be barred by lapse of time. The prescriptive period for actions based upon a written contract and for reformation of an instrument is ten years.[33] In holding that Ulysses' cause of action is time-barred, the CA explained that the complaint was filed on July 9, 2002, or more than ten years from the execution of the deed on February 8, 1992, or beyond the prescriptive period for bringing actions based upon a written contract. We do not agree.

The prescription of actions is interrupted when they are filed before the court, when there is a written extrajudicial demand by the creditors, and when there is any written acknowledgment of the debt by the debtor.[34] The effect of interruption is to renew the obligation and to make the full period of prescription run again. Whatever time of limitation might have already elapsed from the accrual of the cause of action is negated and rendered inefficacious.[35] Interruption should not be equated with suspension where the past period is included in the computation being added to the period after prescription is resumed.[36]

As discussed earlier, Ulysses brought the dispute before the *barangay* where Lydia honored the transaction over the 800-square meter lot and presented a notarized Deed of Absolute Sale dated December 6, 2001, containing the accurate description of the lot. This is tantamount to an explicit acknowledgement of the obligation to execute an amended deed of sale. Applying the above precepts, the ten-year prescriptive period commenced to

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32 *National Irrigation Administration v. Gamit*, *supra* note 26, citing the Report of the Code Commission, p. 36.

33 CIVIL CODE, Art. 1144. See also *Rosello-Bentir v. Leanda*, 386 Phil. 802 (2000), citing *Ramos v. Court of Appeals*, 259 Phil. 1122 (1989); *Spouses Jayme and Solidarios v. Alampay*, 62 SCRA 131; and *Conde v. Cuenca*, 99 Phil. 1056 (1956).

34 CIVIL CODE, Art. 1155.

35 *Ledesma v. Court of Appeals*, 295 Phil. 1070, 1074 (1993), citing, *Philippine National Railways v. National Labor Relations Commission*, 258 Phil. 552 (1989).

36 *Provident Savings Bank v. Court of Appeals*, 294 Phil. 143, 152 (1993), citing *Osmena v. Rama*, 14 Phil. 99, 102 (1909) and 4 Tolentino, Commentaries and Jurisprudence on the Civil Code of the Philippines, 1991 ed., p. 50.

run anew from December 6, 2001. Thus, the complaint filed on July 9, 2002, is well within the prescriptive period.

Ulysses is liable for the unpaid balance under the contract to sell the 400-square meter portion of Lot No. 199. However, Ulysses and Lydia are not entitled to damages.

We find no reason to disturb the CA and RTC's findings that Ulysses still has a balance to Lydia in the contract to sell over the 400-square meter lot. This is a question of fact and is beyond the ambit of this Court's jurisdiction in a petition for review on *certiorari*. As to the correct amount, we quote with approval the CA's computation that Ulysses' unpaid balance is ₱5,860.00, to wit:

> Banico's receipts, marked as Exhibits "C" to "C-30[,"] show payments of a total of PhP167,840.00 – an amount more than the consideration of PhP160,000.00 for the sale of the second lot. The RTC, however, rejected Exhibits "C-3[,"] "C-7[,"] "C-9[,"] "C-10[,"] "C-12[,"] "C-19" and "C-24" for various reasons.
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> We agree with the RTC that Exhibits "C-10" for the amount of PhP3,500.00 and "C-24" for the amount of PhP1,200.00 were not signed by Stager and do not sufficiently prove payment to her. We likewise share the RTC's view that Exhibit "C-9" for the amount of PhP1,000.00 is totally unrelated to this case since the same was issued as payment for pawned earrings. Exhibit "C-19" evidencing the receipt of PhP500.00 from Banico "for credit" to Stager was also correctly disregarded, especially since the latter denied having executed the same. Exhibit "C-12" for the amount of PhP500.00 was also signed only by Stager's son, Bobby Unilongo, without stating any purpose.
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> Although Exhibits "C-3" evidencing Stager's receipt of the amount of PhP2,000.00 as "downpayment[,"] and "C-7" showing the receipt by Stager's nephew of PhP5,000.00 "charged to Stager[,"] were not denied by Stager in her testimony, they do not establish payment specifically for the sale of the second lot.
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> As a general rule, one who pleads payment has the burden of proving it. The debtor has the burden of showing with legal certainty that the obligation has been discharged by payment. **Banico failed to prove payment in the case of the aforementioned exhibits, totaling PhP13,700.00**.
>
> The RTC, however, committed an error in computing Banico's balance. **The receipts marked as Exhibits "C" to "C-30" show payment of a total of PhP167,840.00.** We subtract from this amount the amounts of the rejected receipts worth PhP13,700.00, yielding a total payment of [PhP154.140.00]. **Thus, Banico should be ordered to pay Stager's heirs**

the balance of only PhP5,860.00, and not PhP6,600.00 as ordered by the RTC.[37] (Emphases supplied; citation omitted.)

Applying *Nacar v. Gallery Frames, et al.*,[38] the amount of ₱5,860.00 shall earn interest at the rate of 6% *per annum* from the date of the RTC's Decision on February 18, 2015 until full payment. Similarly, the CA is correct in requiring the Heirs of Lydia to execute the corresponding deed of absolute sale over the 400-sq m lot upon satisfaction of the unpaid balance. As the CA aptly ruled, Ulysses had paid considerable amount to Lydia under the contract to sell. Absent substantial breach of the contract, the rescission is not allowed and Ulysses must be permitted to complete the payment.

Lastly, both the CA and RTC properly denied the parties' claims for damages. To reiterate, the mistake in the Deed of Absolute Sale dated February 8, 1992 involving the 800-sq m lot is not malicious and deliberate. The parties are not even aware of the error until the land was surveyed. Likewise, there is no substantial breach of the contract to sell over the 400-sq m lot that warrants the award of damages.

FOR THESE REASONS, the petition is **GRANTED**. The Court of Appeals' Decision dated February 22, 2017 in CA-G.R. CV No. 104805 is **REVERSED** and **SET ASIDE**. The Regional Trial Court's Decision dated February 18, 2015 in Civil Case No. 02-104001 is **REINSTATED** and **AFFIRMED** with **MODIFICATION** in that Ulysses Rudi Banico is ordered to pay the Heirs of Lydia Bernadette Stager the amount of ₱5,860.00 representing the unpaid balance under the contract to sell. The amount shall earn interest at the rate of 6% *per annum* from the date of the Regional Trial Court's Decision on February 18, 2015 until full payment.

SO ORDERED.

MARIO V. LOPEZ
Associate Justice

WE CONCUR:

DIOSDADO M. PERALTA
Chief Justice
Chairperson

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37 *Rollo*, pp. 17-18.
38 716 Phil. 267 (2013).

ALFREDO BENJAMIN S. CAGUIOA
Associate Justice

JOSE C. REYES, JR.
Associate Justice

AMY C. LAZARO-JAVIER
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, 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.

DIOSDADO M. PERALTA
Chief Justice