



Republic of the Philippines  
Supreme Court  
Manila

THIRD DIVISION

ELISEO N. JOSEPH,

Petitioner,

G.R. No. 234384

Present:

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

- versus -

SPOUSES JOSEFINA JOSEPH  
and DANILO JOSEPH,

Respondents.

Promulgated:

April 26, 2021

Mis DCS-H

DECISION

LOPEZ, J., J.:

This is a Petition<sup>1</sup> for Review on *Certiorari* under Rule 45 of the Revised Rules of Court seeking the reversal of the Decision<sup>2</sup> dated September 15, 2017 of the Court of Appeals (CA) in CA-G.R. CV No. 105625, which affirmed with modification the Decision<sup>3</sup> dated July 28, 2015 rendered by the Regional Trial Court (RTC) Branch 172 of Valenzuela City in Civil Case No. 44-V-05, with the CA decreeing that the unpaid purchase price of the subject property in the amount of P30,000.00 shall earn interest at the rate of 12% *per annum* from May 20, 2005 until June 30, 2013, and 6% *per annum* from July 1, 2013, until its full satisfaction; and that the moral damages and attorney's fees shall earn interest at the rate of 6% *per annum* from the finality of the judgment until full satisfaction thereof.

<sup>1</sup> Rollo, pp. 12-30.

<sup>2</sup> Penned by Associate Justice Victoria Isabel A. Paredes, with Associate Justices Jose C. Reyes, Jr. (ret.) (member of the Court) and Jane Aurora C. Lantion (ret.) concurring; *rollo*, pp. 34-45.

<sup>3</sup> Penned by Judge Nancy Rivas-Palmones, *id.* at 93-98.

## FACTS AND ANTECEDENT PROCEEDINGS

Respondents Spouses Josefina and Danilo Joseph (*respondents*) are the registered owners of a parcel of land (*subject property*) situated in the Barrio of Balangcas, Valenzuela City, covered by TCT No. V-46412, and measuring Two Hundred Twenty Five square meters (225 sq. m.) more or less.<sup>4</sup> On January 15, 2002, respondents and petitioner Eliseo Joseph (*petitioner*) entered into an Agreement to Sell of the subject property in consideration of the sum of Two Hundred Twenty Five Thousand Pesos (₱225,000.00), with petitioner making a downpayment of One Hundred Thousand Pesos (₱100,000.00) upon the signing of the contract and the balance of One Hundred Twenty Five Thousand Pesos (₱125,000.00) shall be paid by petitioner within one year from and after the execution of the contract.<sup>5</sup>

According to petitioner, he was able to fully pay the agreed consideration of the subject property. Consequently, he demanded from respondents the execution of a deed of absolute sale in his favor, which was however signed only by respondent Josefina Joseph while respondent Danilo Joseph refused to sign the same unless petitioner pays an additional sum of money which is beyond the price agreed upon by the parties in their contract to sell.<sup>6</sup> After exerting earnest efforts for amicable settlement, which proved futile, petitioner filed a complaint for specific performance and damages dated February 23, 2005 against respondents praying that they be ordered to execute a final deed of absolute sale concerning the subject property, in his favor.<sup>7</sup>

In their Answer with Compulsory Counterclaim,<sup>8</sup> respondents claimed that in addition to the purchase price of ₱225,000.00, the parties also agreed for petitioner to pay them an additional amount of Eighty Thousand Pesos (₱80,000.00), representing the value of the fence constructed by respondents around the subject property and the filling materials therein, before a Deed of Absolute Sale may be executed in favor of petitioner. After some negotiations, respondents agreed that petitioner will only pay an additional sum of Thirty Thousand Pesos (₱30,000.00) thus increasing the purchase price of the property to ₱255,000.00, from the original contract price of ₱225,000.00. As such, a Deed of Absolute Sale for the price of ₱255,000.00 was drafted with the agreement that the balance of ₱30,000.00 will be paid by petitioner upon signing of the agreement. Respondents, however, claimed that with the refusal of petitioner to pay the amount of ₱30,000.00 despite repeated demands, their refusal to sign the Deed of Absolute Sale is justified.

After the parties filed their respective pleadings, due proceedings were conducted, and in a Decision dated July 28, 2015, the RTC Branch 172 of Valenzuela City ruled in favor of respondents,<sup>9</sup> disposing the case as follows:

<sup>4</sup> *Id.* at 47-51, Complaint; p. 53, Transfer Certificate of Title.

<sup>5</sup> *Id.* at 48, Complaint.

<sup>6</sup> *Id.*

<sup>7</sup> *Id.* at 47-51.

<sup>8</sup> *Id.* at 57-61.

<sup>9</sup> Referred as "defendant" in the RTC Decision.

WHEREFORE, plaintiff is ordered to pay the defendants the unpaid additional purchase price of Php30,000.00 within ten (10) days upon finality of this decision and for the defendants to execute the deed of absolute sale immediately thereafter in favor of the plaintiff.

The plaintiff is further directed to pay the defendants the amount of Php50,000.00 as moral damages and Php50,000.00 as attorney's fees and costs of litigation.

**SO ORDERED.**

Aggrieved, petitioner brought an appeal before the Court of Appeals, which was denied.

The CA found that the consideration of the sale of the subject property in the amount of ₱225,000.00 was increased by the parties to ₱255,000.00. Respondents<sup>10</sup> repeatedly claimed that they entered into an agreement with petitioner<sup>11</sup> to increase the purchase price of the subject property by ₱30,000.00, corresponding to the expenses incurred for the improvements made on the subject property. Aside therefrom, the Deed of Absolute Sale prepared by petitioner and the letter of demand he sent to respondents show that he explicitly claimed that he already paid in full the purchase price of ₱255,000.00. Such fact was even admitted by him during his testimony in court.<sup>12</sup>

The CA also held that the Statute of Frauds is no longer applicable since the contract has already been partially consummated. It found that the verbal amendment of the contract to sell, increasing the purchase price of the subject property to ₱255,000.00, had already been partially executed through the partial payments made by petitioner and received by respondents. Petitioner had, on separate occasions, paid ₱100,000.00 to respondents and ₱125,000.00 to the bank. Thus, the contract is no longer within the purview of the Statute of Frauds.<sup>13</sup>

In ruling that petitioner is liable to pay respondents a sum of money, the CA declared that petitioner submitted receipts totaling ₱94,810.00. When added to the ₱100,000.00 downpayment, it would appear that the purchase price was not paid in full. What is being disputed is that the remaining ₱30,000.00 has already been paid by petitioner. Since no other evidence was offered to prove that petitioner was able to pay in full the purchase price of ₱255,000.00, the CA concluded that the remaining balance of ₱30,000.00 remains unsettled. As it was the petitioner who filed the complaint against respondents before the RTC, it was incumbent upon him to prove full payment of the amount of ₱255,000.00 by preponderance of evidence. This, he failed to do so.<sup>14</sup>

<sup>10</sup> Referred as "appellees" in the CA Decision.

<sup>11</sup> Referred as "appellant" in the CA Decision.

<sup>12</sup> See *Rollo*, p. 39.

<sup>13</sup> *Id.* at 40-41.

<sup>14</sup> *Id.* at 41-42.

The CA likewise affirmed the award of moral damages and attorney's fees in favor of respondents and modified the award of damages in accordance with the case of *Nacar v. Gallery Frames*, ultimately disposing the case as follows:

**WHEREFORE**, premises considered, the Appeal is **DENIED**. The Decision dated July 28, 2015 of the Regional Trial Court, Branch 172, Valenzuela City, in Civil Case No. 44-V-05 is **AFFIRMED with the Modification** that the unpaid purchase price of the subject property in the amount of ₱30,000.00 shall earn interest at the rate of 12% per annum from May 30, 2005 until June 30, 2013, and 6% *per annum* from July 1, 2013, until its full satisfaction; and that the moral damages and attorney's fees shall earn interest at the rate of 6% *per annum* from the finality of the judgment until full satisfaction thereof.

**SO ORDERED.**<sup>15</sup>

Aggrieved, petitioner brought the instant petition for review on *certiorari* under Rule 45 seeking to reverse the CA Decision.

On the part of the respondents, after filing a series of extensions to file Comment, they were able to file their Comment to the petition on June 27, 2018, echoing the CA Decision, principally arguing that the very Deed of Absolute Sale which petitioner seeks to be signed by respondents states that the consideration for the sale is ₱255,000.00. Likewise, the letter from petitioner's counsel admits that the consideration for the sale is ₱255,000.00.<sup>16</sup> Further, the testimony of petitioner during trial showed that he admitted that there were improvements, although dilapidated, that were already existing on the subject property when the parties agreed on its sale.<sup>17</sup> Having no cause of action, petitioner was not justified in bringing suit against respondents; thus, the award of moral damages, attorney's fees and costs of suit was proper.<sup>18</sup>

## ISSUES

The issues brought forth by petitioner are the following:

### I.

Whether the Court of Appeals gravely erred in ruling that there was a subsequent agreement between the parties increasing the consideration by Thirty Thousand Pesos, thus making him liable therefor

### II.

Whether the Court of Appeals gravely erred in ruling that petitioner is liable to pay respondents moral damages, attorney's fees and costs of litigation

<sup>15</sup> *Id.* at 44-45.

<sup>16</sup> *Id.* at 160.

<sup>17</sup> *Id.* at 162.

<sup>18</sup> *Id.* at 165.

## RULING

The petition lacks merit.

Rule 45 of the Revised Rules of Court provides a party with the remedy of filing a verified petition for review before this Court when seeking to assail a judgment or final order or resolution of the Court of Appeals, the Sandiganbayan, the Regional Trial Court or other courts whenever authorized by law, which petition shall raise only questions of law that must be distinctly set forth.<sup>19</sup> Consistent therewith, it has been held that it is not this Court's function to once again analyze or weigh evidence that has already been considered in the lower courts.<sup>20</sup>

A question of law arises when there is doubt as to what the law is on a certain state of facts, while there is a question of fact when the doubt arises as to the truth or falsity of the alleged facts. For a question to be one of law, the same must not involve an examination of the probative value of the evidence presented by the litigants or any of them. The resolution of the issue must rest solely on what the law provides on the given set of circumstances. Once it is clear that the issue invites a review of the evidence presented, the [question] posed is one of fact. Thus, the test of whether a question is one of law or of fact is not the appellation given to such question by the party raising the same; rather, it is whether the appellate court can determine the issue raised without reviewing or evaluating the evidence, in which case, it is a question of law; otherwise, it is a question of fact.<sup>21</sup>

In the instant case, it is the amount of ₱30,000.00 as an additional amount to the consideration in the sale of the subject property that is being contested by petitioner. As argued by petitioner, the ₱30,000.00 increase of the consideration was not due to improvements (e.g. fencing and filling) made thereon. Petitioner claims that except for the respondents' allegations, nothing in the records would show that there were, in fact, improvements made after the execution of the Contract to Sell. Petitioner averred that it is highly unlikely that after the respondents have already contracted to sell the subject property to the petitioner, and with the latter actually paying for part of the consideration, the former would subsequently, without the consent of petitioner, introduced improvements on the subject property.<sup>22</sup>

Petitioner adds that the respondents never denied receipt of the letter of demand from the petitioner asking for the execution of the Deed of Absolute Sale by reason of full payment. If he has not yet, in fact, paid for the full price, then it would have been more in accordance with human nature and experience for the respondents to have denied, in writing, full payment of the

<sup>19</sup> See Rule 45, Sec. 1.

<sup>20</sup> *Spouses Miano v. Manila Electric Company*, 800 Phil. 118, 122 (2016) citing *Quintos v. Nicolas*, 736 Phil. 438, 451 (2014) [Per J. Velasco, Third Division] (Citations omitted).

<sup>21</sup> *Faj Construction & Development Corporation v. Saulog*, 757 Phil. 191, 210 (2015), citing *Fong v. Velayo*, 539 Phil. 377, 387 (2006).

<sup>22</sup> *Rollo*, p. 20.

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contract price and, at the same time, to mention the increase of the contract price as a result of the alleged improvements. However, this was not the case.<sup>23</sup>

All of the arguments raised by petitioner are factual in nature, which requires a re-examination of the evidence presented during trial. The issue of whether full payment was indeed made by petitioner requires the presentation of relevant and competent evidence to produce proof that would satisfy the burden of proof that a party bears. This falls outside the ambit of a petition for review on *certiorari* under Rule 45. Time and again, it has been held that the Supreme Court is not a trier of facts. The function of the Court in petitions for review on *certiorari* under Rule 45 of the Rules of Court is limited to reviewing errors of law that may have been committed by the lower courts. As a matter of sound practice and procedure, the Court defers and accords finality to the factual findings of trial courts. To do otherwise would defeat the very essence of Rule 45 and would convert the Court into a trier of facts, which is not its intended purpose under the law.<sup>24</sup>

Nonetheless, there are recognized exceptions to the rule that petitions filed under Rule 45 shall only be limited to questions of law, which are as follows:

- (1) When the conclusion is a finding grounded entirely on speculation, surmises or conjectures;
- (2) When the inference made is manifestly mistaken, absurd or impossible;
- (3) Where there is a grave abuse of discretion;
- (4) When the judgment is based on a misapprehension of facts;
- (5) When the findings of fact are conflicting;
- (6) When the Court of Appeals, in making its findings, went beyond the issues of the case and the same is contrary to the admissions of both appellant and appellee;
- (7) The findings of the Court of Appeals are contrary to those of the trial court;
- (8) When the findings of fact are conclusions without citation of specific evidence on which they are based;
- (9) When the facts set forth in the petition as well as in the petitioner's main and reply briefs are not disputed by the respondents; and
- (10) The finding of fact of the Court of Appeals is premised on the supposed absence of evidence and is contradicted by the evidence on record.

These exceptions similarly apply in petitions for review filed before this court involving civil, labor, tax, or criminal cases.<sup>25</sup>

<sup>23</sup> *Id.* at 20-21.

<sup>24</sup> See *Heirs of Teresita Villanueva v. Heirs of Petitioner Siquia Mendoza, et al.*, 810 Phil. 172, 178 (2017).

<sup>25</sup> *Spouses Miano v. Manila Electric Company*, *supra* note 20, at 123, citing *Medina v. Mayor Asistio, Jr.*, 269 Phil. 225 (1990) [Per J. Bidin, Third Division], *Dichoso, Jr. v. Marcos*, 663 Phil. 48, 54 (2011) [Per J. Nachura, Second Division] and *Spouses Caoili v. Court of Appeals*, 373 Phil. 11, 132 (1999) [Per J. Gonzaga-Reyes, Third Division], *Go v. Court of Appeals*, 474 Phil. 404, 411 (2004) [Per J. Ynares-Santiago, First Division] and *Arriola v. Pilipino Star Ngayon, Inc.*, G741 Phil. 171, 185-187 (2014) [Per J. Leonen, Third Division], *Commissioner of Internal Revenue v. Embroidery and Garments Industries (Phil.), Inc.*, 9

None of the exceptions apply to the case of petitioner. Rather than presenting arguments in support of any of the aforementioned exceptions, petitioner harps on speculations, theorizing why respondent Danilo did not want to sign the Deed of Absolute Sale. According to petitioner, the fact that he has already fully paid the contract price was bolstered by the fact that respondent Josefina had already signed the Deed of Absolute Sale on January 6, 2005. Petitioner claimed that it even appears that respondent Danilo's refusal to sign was an afterthought to extort more money from him. Petitioner also alleged that the increase in the price was due to the payment of mortgage on the subject property he has made in excess of the contract price. In support thereof, petitioner averred that the TCT introduced in evidence shows several annotations pertaining to previous mortgages on the subject property cancelled by a subsequent mortgage obtained by the petitioner and his live-in partner in 2004, the year the Deed of Absolute Sale appears to have been drafted.<sup>26</sup>

Explaining the motive behind the alleged non-performance of an obligation is not for this Court to rule upon. These are matters for the trial court to consider based upon the appreciation of the evidence presented by the parties. In any case, proceeding with the petition will not result in the reversal of the assailed CA Decision.

The settled rule is that one who pleads payment has the burden of proving it. Even where the creditor alleges non-payment, the general rule is that the *onus* rests on the debtor to prove payment, rather than on the creditor to prove non-payment. The debtor has the burden of showing with legal certainty that the obligation has been discharged by payment. Where the debtor introduces some evidence of payment, the burden of going forward with the evidence – as distinct from the general burden of proof – shifts to the creditor, who is then under a duty of producing some evidence to show non-payment.<sup>27</sup>

In this case, petitioner is the debtor who pleads full payment of the purchase price of the subject property. As such, it is he who carries the burden to prove his allegation of full payment. Whether the increase of ₱30,000.00 was due to the improvements introduced by the respondents or due to the payment of mortgage on the subject property, the trial court, as affirmed by the CA, already found, based on the evidence presented by the parties that the total amount of the consideration in the sale of the subject property is ₱255,000.00. Thus, it is the full payment of this amount which petitioner must show, not the purpose for which the increase was attributed. This, petitioner failed to do.

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364 Phil. 541, 546-547 (1999) [Per J. Pardo, First Division], *Macayan, Jr. v. People*, 756 Phil. 202 (2015) [Per J. Leonen, Second Division] and *Benito v. People*, 753 Phil. 616 (2015). [Per J. Leonen, Second Division].

<sup>26</sup> *Rollo*, p. 21.

<sup>27</sup> *Royal Cargo Corporation v. DFS Sports Unlimited, Inc.*, 594 Phil. 73, 84 (2008) citing *Citibank, N.A. (Formerly First National City Bank) v. Sabeniano*, 535 Phil. 384 (2006); *Coronel v. Capati*, 498 Phil. 248 (2005); *G & M (Phils.), Inc. v. Cruz*, 496 Phil. 119 (2005).

It bears noting that the Agreement to Sell<sup>28</sup> dated January 15, 2002 which was entered into by the parties, with an agreed price of ₱225,000.00 already amounted to a binding contract between them. It is in the nature of a contract to sell, which is defined as “a bilateral contract whereby the prospective seller, while expressly reserving the ownership of the subject property despite delivery thereof to the prospective buyer, binds himself to sell the said property exclusively to the prospective buyer upon fulfillment of the condition agreed upon, that is, full payment of the purchase price.” In a contract to sell, “ownership is retained by the seller and is not to pass until the full payment of the price x x x.” It is “commonly entered into so as to protect the seller against a buyer who intends to buy the property in installments by withholding ownership over the property until the buyer effects full payment therefor.”<sup>29</sup>

While a contract to sell operates as a preparatory contract to the execution of a written contract of sale because of the condition for which the parties may agree on, it is already a contract in itself for which a meeting of the minds already exists. The consent, object and consideration of the contract are already present. Thus, the obligatory nature of a contract, which stresses the binding effect of the terms agreed upon by the parties as having the force of law between them, which should be complied with in good faith<sup>30</sup> already becomes applicable. Nonetheless, considering the nature of a contract to sell, which creates a period for the other party to comply with his/her obligation, there still remains a room for negotiation with respect to the terms already agreed upon. Any change in the terms of the agreement cannot however be unilaterally imposed by a single party; the same must be mutually agreed upon by the parties. This is consistent with the characteristic of autonomy of contracts, which allows the parties to establish such stipulations, clauses, terms and conditions as they may deem appropriate provided only that they are not contrary to law, morals, good customs, public order or public policy. The standard norm in the performance of their respective covenants in the contract, as well as in the exercise of their rights thereunder, is expressed in the cardinal principle that the parties in that juridical relation must act with justice, honesty and good faith.<sup>31</sup>

Maintaining the essence of a contract, which is the meeting of the minds of the parties, agreements which may be subsequently entered into by the parties must be consensually agreed upon. As in this case, the purchase price originally agreed upon at ₱225,000.00 was increased to ₱255,000.00 as stated in the Deed of Absolute Sale. The Rules of Court recognizes the possibility that an agreement already entered into by the parties may still undergo changes. The Parol Evidence Rule<sup>32</sup> provides an exception to the existence of other agreements entered into by the parties, to wit:

<sup>28</sup> *Rollo*, p. 54.

<sup>29</sup> *Spouses Tumibay, et al. v. Spouses Lopez*, 710 Phil. 19, 31 (2013).

<sup>30</sup> *William Golangco Construction Corporation v. Philippine Commercial International Bank*, 520 Phil. 167, 171 (2006).

<sup>31</sup> *Bricktown Development Corp. v. Amor Tierra Development Corporation*, 309 Phil. 119, 120 (1994).

<sup>32</sup> Rule 130, Sec. 10, A.M. No. 19-08-15-SC, 2019 Amendments to the 1989 Revised Rules on Evidence.



### 3. Parol Evidence Rule

Section 10. *Evidence of written agreements.* – When the terms of an agreement have been reduced to writing, it is considered as containing all the terms agreed upon and there can be, as between the parties and their successors in interest, no evidence of such terms other than the contents of the written agreement.

However, a party may present evidence to modify, explain or add to the terms of the written agreement if he or she puts in issue in a verified pleading:

- (a) An intrinsic ambiguity, mistake or imperfection in the written agreement;
- (b) The failure of the written agreement to express the true intent and agreement of the parties thereto;
- (c) The validity of the written agreement; or
- (d) The existence of other terms agreed to by the parties or their successors in interest after the execution of the written agreement.

The term “agreement” includes wills. (9a)

In this case, while the Deed of Absolute Sale did not specifically indicate that it amends the Agreement to Sell that was first agreed upon by the parties, the same subject property, which is the object of the two contracts were alluded to. Neither petitioner nor respondent even assailed the purchase price that was in the Deed of Absolute Sale. As found by the Court of Appeals, the evidence of petitioner, specifically the Deed of Sale and the demand letter indicates that the amount of the subject property is ₱255,000.00.

It was, therefore, incumbent for petitioner to show proof that he fully paid this amount as subsequently agreed upon by the parties, before asking the respondents to execute a Deed of Absolute Sale and the delivery of the subject property to him. A contract of sale gives rise to a reciprocal obligation of the parties. Reciprocal obligations are those which arise from the same cause, and wherein each party is a debtor and a creditor of the other, such that the obligation of one is dependent upon the obligation of the other. They are to be performed simultaneously, so that the performance of one is conditioned upon the simultaneous fulfillment of the other.<sup>33</sup> With his failure to perform his obligation, petitioner cannot compel the respondents to comply with their obligation.

Anent the award of moral damages and attorney’s fees, this Court resolves to delete the awards bestowed upon the respondents.

The award of moral damages is proper when the following circumstances concur: (1) there is an injury, whether physical, mental or psychological, clearly sustained by the claimant; (2) there is a culpable act or

<sup>33</sup> *Cortes v. Court of Appeals*, 527 Phil. 153, 160 (2006).

omission factually established; (3) the wrongful act or omission of the defendant is the proximate cause of the injury sustained by the claimant; and (4) the award of damages is predicated on any of the cases stated in Article 2219. This article provides:

Art. 2219. Moral damages may be recovered in the following and analogous cases:

- (1) A criminal offense resulting in physical injuries;
- (2) Quasi-delicts causing physical injuries;
- (3) Seduction, abduction, rape, or other lascivious acts;
- (4) Adultery or concubinage;
- (5) Illegal or arbitrary detention or arrest;
- (6) Illegal search;
- (7) Libel, slander or any other form of defamation;
- (8) Malicious prosecution;
- (9) Acts mentioned in Article 309;
- (10) Acts and actions referred to in Articles 21, 26, 27, 28, 29, 30, 32, 34, and 35.

The parents of the female seduced, abducted, raped, or abused, referred to in No. 3 of this article, may also recover moral damages.

The spouse, descendants, ascendants, and brothers and sisters may bring the action mentioned in No. 9 of this article, in the order named.<sup>34</sup>

In awarding moral damages, the CA found that petitioner maliciously filed the complaint because he knew that he had a pending payment before filing the case. The circumstances of the case nonetheless show that petitioner believed that he had already fully paid the purchase price. While he may have failed to present evidence to prove his allegations, this does not equate to bad faith. Petitioner even attached to his pleadings, evidence demanding the execution of the Deed of Absolute Sale with the amount of ₱255,000.00. Petitioner did not attempt to make any alteration in the amount of the consideration that was subsequently agreed upon to make it appear that he already made full payment. As held in *Delos Santos v. Papa*:<sup>35</sup>

x x x The award of moral damages is not a legal consequence that automatically followed. Moral damages are only awarded if the basis therefor, as provided in the law quoted above, is duly established. In the present case, the ground the respondents invoked and failed to establish is malicious prosecution. *Crystal v. Bank of the Philippine Islands* is instructive on this point, as it tells us that the law never intended to impose a penalty on the right to litigate so that the filing of an unfounded suit does not automatically entitle the defendant to moral damages:

The spouses' complaint against BPI proved to be unfounded, but it does not automatically entitle BPI to moral damages. Although the institution of a clearly unfounded civil suit can at times be a legal justification for an award of attorney's fees, such filing, however, has almost invariably been held not to be a ground for an award of moral damages. The rationale for the rule is that the law could not have meant to

<sup>34</sup> See *Delos Santos v. Papa, et al.*, 605 Phil. 460, 467-468 (2009).

<sup>35</sup> *Supra*, at 471-472.

impose a penalty on the right to litigate. *Otherwise, moral damages must every time be awarded in favor of the prevailing defendant against an unsuccessful plaintiff.*

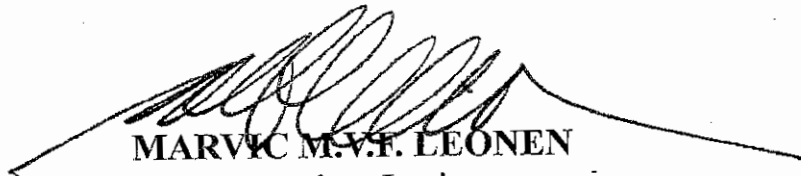
In the same vein, the award of attorney's fees must, likewise, be deleted. It is a rule that the award of attorney's fees is the exception rather than the general rule, and "counsel's fees are not to be awarded every time a party wins a suit. The discretion of the court to award attorney's fees under Article 2208 of the Civil Code demands factual, legal, and equitable justification, without which the award is a conclusion without a premise, its basis being improperly left to speculation and conjecture. In all events, the court must state the reason for the award of attorney's fees." None of the circumstances justifying an award of attorney's fees enumerated under Art. 2008 of the Civil Code are present, or have been proven in this case.<sup>36</sup>


**WHEREFORE**, the instant petition is **DENIED**. The Decision dated September 15, 2017 of the Court of Appeals in CA-G.R. CV No. 105625 is **AFFIRMED with MODIFICATION** hereby **DELETING** the award of moral damages and attorney's fees in favor of respondents Spouses Josefina and Danilo Joseph. Petitioner Eliseo Joseph shall pay the respondents Spouses Josefina and Danilo Joseph the unpaid purchase price of the subject property in the amount of ₱30,000.00, which shall earn interest at the rate of 12% *per annum* from May 30, 2005 until June 30, 2013, and 6% *per annum* from July 1, 2013, until its full satisfaction


**SO ORDERED.**

  
**JHOSEPH V. LOPEZ**  
 Associate Justice

**WE CONCUR:**

  
**MARVIC M. V. LEONEN**  
 Associate Justice

  
**RAMON PAUL L. HERNANDO**  
 Associate Justice

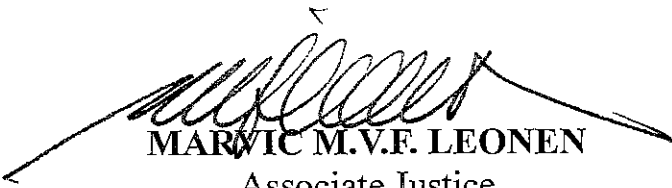
  
**HENRI JEAN PAUL B. INTING**  
 Associate Justice



**EDGARDO L. DELOS SANTOS**  
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, Third Division

**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