

Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

**FELIX CHINGKOE and
ROSITA CHINGKOE,**
Petitioners,

G.R. No. 244076

Present:

LEONEN, J., *Chairperson,*
LAZARO-JAVIER,
LOPEZ, M.,
LOPEZ, J., and
KHO, JR., *JJ.*

— versus —

**FAUSTINO CHINGKOE
and GLORIA
CHINGKOE,**
Respondents,

Promulgated:

March 16, 2022

X-----X

DECISION

LOPEZ, M. J.:

This is a Petition for Review on *Certiorari* under Rule 45 of the Rules of Court, assailing the Court of Appeals' (CA) Decision¹ dated April 30, 2018 in CA-G.R. CV No. 106434, which reversed the Decision² dated May 12, 2014 of the Regional Trial Court (RTC).

ANTECEDENTS

Faustino Chingcoe (Faustino) and his wife, Gloria Chingcoe (Gloria), were the registered owners of a parcel of land in Lopez Jaena St., Ayala Heights, Quezon City covered by Transfer Certificate of Title (TCT) No. 8283 (subject property). Faustino alleged that sometime in 1990, he allowed his brother, Felix Chingcoe (Felix), to occupy the subject property. Upon the

¹ *Rollo*, pp. 8–25. Penned by Associate Justice Magdangal M. De Leon (Chair) with the concurrence of Associate Justices Rodil V. Zalameda (now a member of the Court), and Renato C. Francisco.

² *Id.* at 110–113. Penned by Presiding Judge Evangeline Castillo–Marigomen.

request of Tan Po Chu, their mother, Faustino signed an undated Deed of Sale over the subject property in favor of Felix. Tan Po Chu assured Faustino that she will keep the undated Deed of Sale because she just wanted to appease Felix who was then becoming an alcoholic.³

On the other hand, Felix averred that he had been in possession of the subject property since 1989. After five years of occupying the subject property or on October 10, 1994, Felix purchased it from Faustino for ₱3,130,000.00. Both parties then signed the Deed of Sale before a notary public, Atty. Reynaldo Z. Calabio (Atty. Calabio). Despite repeated demands, Faustino refused to surrender the Owner's Duplicate of TCT No. 8283 which prevented Felix from having it transferred to his name. Felix later discovered that Faustino had mortgaged the subject property to Rizal Commercial Banking Corporation (RCBC). This discovery prompted Felix to file a complaint for specific performance with damages to compel Faustino to turn over the TCT, and facilitate its transfer pursuant to the Deed of Sale.⁴

In its Decision⁵ dated May 12, 2014, the RTC ruled in favor of Felix and held that the testimony of Tan Po Chu failed to overturn the presumption of regularity of the notarized Deed of Sale. Further, the RTC noted that the notary public, Atty. Calabio, testified that both parties appeared before him when he notarized the Deed of Sale. The RTC ruled, thus:

WHEREFORE, the Court hereby finds for the plaintiffs, Spouses Felix and Rosita Chingkoe, and declares the existence and due execution of the Deed of Absolute Sale, over real property as described in and covered by TCT No. 8283 registered under the name of the defendants, Spouses Faustino and Gloria Chingkoe, as acknowledged on October 10, 1994 before notary public Reynaldo Z. Calabio.

As and by way of attorney's fees, the Spouses Faustino and Gloria Chingkoe are ordered to pay the Spouses Felix and Rosita Chingkoe the amount of P50,000.00.

SO ORDERED.⁶

Felix filed a motion for partial reconsideration of the RTC's ruling to include an order to surrender the TCT. The RTC granted the motion and modified the dispositive portion directing the spouses Faustino and Gloria Chingkoe to surrender the owner's duplicate copy of TCT No. 8283 to Felix and Rosita.⁷

Meanwhile, Faustino filed an appeal before the CA seeking the reversal of the RTC's Decision. In its assailed Decision dated April 30, 2018, the CA granted Faustino's appeal and gave credence to the testimony of Tan Po Chu that Faustino only signed the Deed of Absolute Sale to appease Felix

³ Id. at 9–10.

⁴ Id. at 43–44.

⁵ Id. at 110–113.

⁶ Id. at 113.

⁷ Id. at 114–115. RTC order dated July 30, 2015.

without the intention to sell the subject property. The CA held that Felix failed to prove that he paid the contract price of ₱3,130,000.00 rendering the contract void for lack of consideration. The CA highlighted that the contemporaneous and subsequent acts of both parties point to the intention of Faustino to sign the Deed of Sale only to give in to the request of his mother.⁸ Thus, the CA disposed:

WHEREFORE, the appeal of defendants-appellants is hereby **GRANTED**. The RTC *Decision* dated May 12, 2014 and *Order* dated July 30, 2015 are **REVERSED and SET ASIDE**.

SO ORDERED.⁹ (Emphases in the original and citation omitted)

Felix sought reconsideration but the CA denied his motion.¹⁰

Hence, this petition. Felix argues that the CA erred when it considered the testimony of Tan Po Chu as “critical” without elaborating how the trial court misjudged in its assessment of Tan Po Chu’s credibility as a witness. Further, Felix posits that the CA did not explain how the testimony of Tan Po Chu outweighed his testimony as to the signing of the Deed of Sale and payment of the purchase price, and Atty. Calabio’s testimony regarding the appearance of the parties before him to acknowledge the Deed of Sale.¹¹ Finally, Felix insists that he be awarded actual damages because of lost business opportunity which he could have pursued had he been able to secure a mortgage over the subject property.¹²

RULING

In a petition for review on *certiorari* under Rule 45, the Court's judicial review is generally confined only to errors of law. However, this rule admits of exceptions,¹³ one of which is when the CA's findings are contrary to those of the trial court's, such as in this case.

We find that the records do not support the CA’s findings.

⁸ Id. at 21–23.

⁹ Id. at 24.

¹⁰ Id. at 28–29. The January 14, 2019 Resolution in CA–G.R. CV No. 106434 was penned by Associate Justice Rodil V. Zalameda (now a member of the Court), with the concurrence of Associate Justices Fernanda Lampas Peralta and Henri Jean Paul B. Inting (now a member of the Court).

¹¹ Id. at 59.

¹² Id. at 72.

¹³ The recognized exceptions are: (a) When the findings are grounded entirely on speculation, surmises, or conjectures; (b) When the inference made is manifestly mistaken, absurd, or impossible; (c) When there is grave abuse of discretion; (d) When the judgment is based on a misapprehension of facts; (e) When the findings of facts are conflicting; (f) When in making its findings the CA went beyond the issues of the case, or its findings are contrary to the admissions of both the appellant or the appellee; (g) When the CA’s findings are contrary to those by the trial court; (h) When the findings are conclusions without citation of specific evidence on which they are based; (i) When the facts set forth in the petition, as well as in the petitioner’s main and reply briefs, are not disputed by the respondent; (j) When the findings of fact are premised on the supposed absence of evidence and contradicted by the evidence on record; or (k) When the CA manifestly overlooked certain relevant facts not disputed by the parties, which, if properly considered, would justify a different conclusion. (*Navaja v. Hon. de Castro*, 761 Phil. 143, 155 [2015]). (Citation omitted)

Settled is the rule that notarized documents enjoy the presumption of regularity which can be overturned only by clear and convincing evidence.¹⁴ Being duly notarized, the Deed of Sale carries with it the presumption of regularity, authenticity, and due execution. "It has been the consistent rule that without clear, convincing, and more than preponderant evidence to controvert the presumption of regularity, the evidentiary weight conferred upon such public document with respect to its execution, as well as the statements and the authenticity of the signatures thereon, stand."¹⁵

In this case, the CA overturned the presumption of regularity of the notarized Deed of Sale based solely on the testimony of Tan Po Chu. However, her testimony only consisted of repetitive and unresponsive answers insisting that she pleaded with Faustino to prepare a document to appease Felix:

x x x x

Q This document, Exhibit "1" was prepared upon your instruction, is that correct?

A Yes, sir, because at that time Felix was sick and I asked him [Faustino] to do that, I asked him to issue that document to appease Felix.

Atty. Flores

I move to strike out every answer that is not in connection with my question, the only question to you is, [is] this document was prepared upon your instructions, that is the only question.

x x x x

Court

Q When you did that, did you intend to command Faustino?

A Well, I insisted that he make the document if only, as I said, to appease his brother Felix, sir.

Atty. Flores

Your Honor please, I am not asking the reason for the issuance of the document, my simple question was, did she instruct the making out [*sic*] of the document, I am not asking about the reason for the document.

x x x x

Court

Anyway, the witness has been asked several times and she kept on telling us that it was she who insisted, that was her last word with the son Faustino to make that document.¹⁶

¹⁴ *Heirs of Spouses Arcilla v. Teodoro*, 583 Phil. 540, 560 (2008).

¹⁵ *Heirs of Spouses Liwagon v. Heirs of Spouses Liwagon*, 748 Phil. 675, 684 (2014).

¹⁶ TSN, January 13, 2000, pp. 9 and 11-12; *rollo*, pp. 775 and 777-778.

A further review of her testimony reveals that she could not even read the document and did not know about the contract price. What she understood is that the document given to Felix was only temporary but will be replaced with a "real document concerning the sale," viz.:

Atty. Flores

Q Did you tell Faustino what kind of document was going to be prepared?

A I just told him to make a certain document, **I do not know what it was all about**, only something that Felix can hold on to, sir.

x x x x

Q Do you know how to read English and understand the same?

A No, sir.

Q Do you know that this document states that it is a deed of sale and that the contract price is ₱3,130,000.00?

x x x x

A No sir, I even asked my other child to read, it for me.

x x x x

Atty. Flores

Q In any event, this person you asked to read, and interpret this document is someone you trusted?

A I did not know what to think, **it was just read to me and I did not pay too much attention to it anyway**, sir.

x x x x

Q You told him [that] the document was for real or only that it was simulated?

A I told Felix that that was a temporary document only but I promised him also that when the time comes, the real document would be given to him.

Q What do you mean by temporary document?

A What I mean by temporary was only a temporary document to save him from going crazy, sir.

Q And you say that a final and real document will follow?

A That is right, yes, sir.

Q What kind of document do you have in mind that will be for real?

A A real document concerning the sale, sir.¹⁷ (Emphases supplied)

¹⁷ TSN, January 13, 2000, pp. 16, 18 and 25-27; *rollo*, pp. 782, 784 and 791-793.

It can be gleaned from Tan Po Chu's testimony that she was incompetent in attesting as to the validity of the sale for the simple reason that she never understood it and even admitted that she "did not pay too much attention to it." Significantly, she had no part in the preparation of the Deed of Sale and she was neither present when it was signed and notarized nor was she part of the discussion of its terms of agreements. Clearly, the trial court correctly considered Tan Po Chu's testimony insufficient to overturn the presumption of regularity of the notarized Deed of Sale.

We emphasize that the evaluation of the witnesses and their testimonies is a matter best undertaken by the trial court because of its unique opportunity to observe the witnesses firsthand and to note their demeanor, conduct, and attitude under grueling examination.¹⁸ Too, it is a basic rule in evidence that a witness can testify only on the facts that she/he knows of her/his own personal knowledge, *i.e.*, those which are derived from her/his own perception. A witness may not testify on what she/he merely learned, read, or heard from others because such testimony is considered hearsay and may not be received as proof of the truth of what she/he has learned, read, or heard.¹⁹

In contrast, there is ample evidence to prove the validity of the Deed of Sale and the parties' intention in the execution of the contract. The rule is that one who signs a contract is presumed to know its contents, especially if the person who signed has caused the preparation of the document. It is, thus, reasonable to conclude that Faustino knew the contents of the Deed of Sale which was executed with legal formalities.²⁰

First, the notary public, Atty. Calabio, attested in open court that both parties appeared before him when he notarized the Deed of Sale.²¹

Second, Faustino admitted that his staff prepared the Deed of Sale, and that he and his wife voluntarily signed it, to wit:

Q The terms and conditions of Exhibit 4 [Deed of Absolute Sale] are provisions of the contract, are these your [Faustino] authorship?

A They were taken from standard form, sir.

Q But you initiated the drawing up of that document?

A Yes, sir.²²

Q There is a signature on the first page, on the top margin, do you know whose signature is this?

A First is mine [Faustino], and the second is that of my wife.

Q Why do you know that this is the signature of your wife?

A We have been signing documents together and I know her signature, sir.

¹⁸ *Heirs of Teresita Villanueva v. Heirs of Peronila Syquia Mendoza*, 810 Phil. 172, 184 (2017).

¹⁹ *Mancol v. Development Bank of the Philippines*, 821 Phil. 323, 335 (2017).

²⁰ See *ECE Realty and Development[,] Inc. v. Mandap*, 742 Phil. 164, 172-173 (2014).

²¹ TSN, November 21, 2011, pp. 4-5; *rollo*, pp. 758-759.

²² TSN, November 7, 2002, p. 13; *id.* at 746.

- Q What about this signature?
A This is the signature of one of my staff who helped preparing [sic] this document, sir.
- Q Why do you say that this is her signature?
A She was one of my staff, sir.²³

Third, the CA's conclusion that the Deed of Sale was an absolute simulation contradicts the evidence presented. Apropos, Articles 1345 and 1346 of the Civil Code provide:

Art. 1345. Simulation of a contract may be absolute or relative. The former takes place when the parties do not intend to be bound at all; the latter, when the parties conceal their true agreement.

Art. 1346. An absolutely simulated or fictitious contract is void. A relative simulation, when it does not prejudice a third person and is not intended for any purpose contrary to law, morals, good customs, public order or public policy binds the parties to their real agreement.

The main characteristic of an absolute simulation is that the apparent contract is not really desired or intended to produce a legal effect or alter the parties' juridical situation.²⁴ However, a reading of Faustino's testimony clearly shows that he fully intended to be bound by the Deed of Sale, to wit:

- Q Did you ever realize at any stage of this case that this contract which is Exhibit 4 did not express the true intentions of the parties?
A **The intention has always been there, up to now, the intention has always been there**, sir. I have no intention to drive away my brother, never.
- Q You said that your mother was the one who asked you to draw this kind of document?
A She asked me to give assurances to my brother that eventually this house will go to him, that was my commitment to my mother, that this house will go to him once we have fully satisfied the obligation of the house and eventually my house.

x x x x

- Q In other words, you delivered this document to your mother after it was drawn and signed by you?
A This one, Exhibit 4, not the one you showed me, sir.
- Q The original of this document?
A Yes, sir.

- Q And when you delivered the original of that document to your mother, what was your instruction to her, if any?
A I have informed her that when the payment of the house and my house is complete, both of us will process the title to its individual owner, that is why she will safe keep it until the house is fully paid

²³ TSN, July 18, 2002, p. 12; id at 892.

²⁴ *Spouses de Leon v. Spouses dela Llana*, 753 Phil. 692,704 (2015).

and until I get my house and both of us will have our own individual house.²⁵ (Emphasis supplied)

Indeed, Faustino conceded that there was such a Deed of Sale, but only that he and his wife were induced by his mother to draw up the document and sign it. According to Faustino, his mother even asked him to assure his brother that the house in question will eventually be the latter's property. These circumstances support the true nature of the document. Faustino's excuses are therefore flimsy and specious.

Fourth, the CA erred in declaring that Felix's supposed failure to prove payment renders the Deed of Sale void. **Failure to pay consideration is different from lack of consideration; actual payment of the obligation is not one of the three (3) essential requisites of a valid contract.**²⁶ In other words, non-payment of an obligation does not render a contract void, in which case, the remedy of the injured party is simply demand fulfillment, or rescission of the contract under Article 1191 of the Civil Code.²⁷

In any case, the subject Deed of Sale²⁸ states:

NOW, THEREFORE, for and in consideration of the sum of THREE MILLION ONE HUNDRED THIRTY THOUSAND ONLY (P3,130,000.00) Philippine currency, paid in full by the VENDEE, **receipt is hereby acknowledged by the VENDORS, to the full satisfaction**, the VENDORS hereby these presents, SELL, CEDE, CONVEY, and otherwise dispose of the above described parcels of land, unto the said VENDEE, the heirs, administrators, executors, successors and assigns free from any and all liens or encumbrances. The VENDORS also warrants that Property [*sic*] is not subject to deficiency or non-payment of realty tax and any kind of tax[.]²⁹ (Emphasis supplied)

Given that Faustino failed to overturn the presumption of regularity in favor of the Deed of Sale, the attestation of payment in it sufficiently proves that Felix has fully paid the purchase price. Invariably, Faustino cannot now be allowed to disavow the contractual effects of the notarized deed. It is true that parol evidence may be admitted to challenge the contents of an agreement "where a mistake or imperfection of the writing, or its failure to express the true intent and agreement of the parties, or the validity of the agreement is put in issue by the pleadings."³⁰ However, evidence must be clear and convincing and of sufficient credibility as to overturn the written agreement. The flimsy protestations of Faustino are not substantiated by any compelling evidence. As borne out by the notarized deed, a perfected contract of sale was forged

²⁵ TSN, November 7, 2002, pp. 13–15; *rollo*, pp. 746–748.

²⁶ Art. 1318 (CIVIL CODE). There is no contract unless the following requisites concur:

- (1) Consent of the contracting parties;
- (2) Object certain which is the subject matter of the contract;
- (3) Cause of the obligation which is established.

²⁷ Art. 1191. The power to rescind obligations is implied in reciprocal ones, in case one of the obligors should not comply with what is incumbent upon him.

x x x x

²⁸ *Rollo*, pp. 116–117

²⁹ *Id.* at 116.

³⁰ *Diamnoc v. Buenaventura*, 828 Phil. 479, 486 (2018).

between the parties, and Faustino received in full the payment of ₱3,130,000.00 from Felix for the sale of the subject property. Faustino even caused the preparation of the Deed and if its terms were not in consonance with his expectations, he could have easily insisted on the provisions he wanted. Thus, the RTC was correct in its findings.

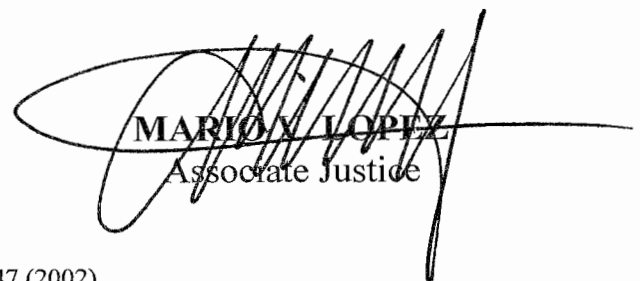
It is a well-settled principle that:

[T]he law will not relieve parties from the effects of an unwise, foolish, or disastrous agreement they entered into with all the required formalities and with full awareness of what they were doing. Courts have no power to relieve them from obligations they voluntarily assumed, simply because their contracts turn out to be disastrous deals or unwise investments. Neither the law nor the courts will extricate them from an unwise or undesirable contract which they entered into with all the required formalities and with full knowledge of its consequences.³¹

However, with respect to Felix's claim for actual damages based on unrealized profits, the same has no merit. His claim for actual damages is based only on his testimony that he failed to undertake a business venture because Faustino refused to surrender the TCT of the subject property to him. Article 2199 of the Civil Code provides that “[e]xcept as provided by law or by stipulation, one is entitled to an adequate compensation only for such pecuniary loss suffered by him as he has **duly proved**. x x x.”³² Time and again, this Court ruled that actual or compensatory damages cannot be presumed but must be proved with reasonable degree of certainty. A court cannot rely on speculations, conjectures, or guesswork as to the fact of damage but must depend upon competent proof that they have indeed been suffered by the injured party and based on the best evidence obtainable as to the actual amount thereof. It must point out specific facts that could gauge whatever compensatory or actual damages were borne.³³ Hence, Felix's testimony of unrealized profits alone, without receipts, documents, or other similar evidence, cannot be a basis for the award of actual damages.

FOR THESE REASONS, the petition is **GRANTED**. The Court of Appeals' Decision dated April 30, 2018, in CA-G.R. CV No. 106434 is **REVERSED**. The Decision of the Regional Trial Court Branch 101, Quezon City dated May 12, 2014, and its Order dated July 30, 2015 in Civil Case No. Q-95-22865 are **REINSTATED**.

SO ORDERED.”



MARIO LOPEZ
Associate Justice

³¹ *Fernandez v. [Spouses] [Tarun]*, 440 Phil. 334, 347 (2002).

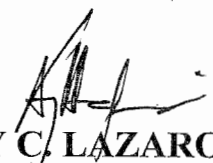
³² Emphasis supplied.

³³ *Heirs of Domidador S. Asis, Jr. v. G.G. Sportswear Manufacturing Corporation*, G.R. No. 225052, March 27, 2019, <<https://elibrary.judiciary.gov.ph/thebookshelf/docmonth/Mar/2019/1>>.

WE CONCUR:




MARVIC M.V.F. LEONEN
Associate Justice
Chairperson



AMY C. LAZARO-JAVIER
Associate Justice




JHOSEP Y. LOPEZ
Associate Justice



ANTONIO T. KHO, JR.
Associate Justice

ATTESTATION

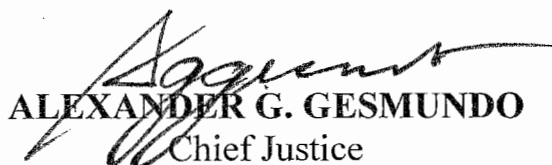
I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



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