Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

MUNICIPALITY OF DASMARIÑAS,
Petitioner,

- versus -

DR. PAULO C. CAMPOS, substituted by his children JOSE PAULO CAMPOS, PAULO CAMPOS, JR., and ENRIQUE CAMPOS,
Respondents.

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G.R. No. 232675

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NATIONAL HOUSING AUTHORITY,
Petitioner,

- versus -

DR. PAULO C. CAMPOS, substituted by his children JOSE PAULO CAMPOS, PAULO CAMPOS, JR., and ENRIQUE CAMPOS,
Respondents.

G.R. No. 233078

Present:

PERALTA, *J.*,
Chairperson,
LEONEN,
REYES, A., JR.,
HERNANDO, and
INTING, *JJ.*

Promulgated:

July 17, 2019

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DECISION

REYES, A., JR., *J.*:

Reyes

Before this Court are two separate Petitions for Review on *Certiorari* under Rule 45 of the Rules of Court, which were ordered consolidated in a Resolution[1] dated September 20, 2017. These challenge the Decision[2] dated November 10, 2016 and Resolution[3] dated July 3, 2017 of the Court of Appeals (CA) in CA-G.R. CV No. 100259, which affirmed the Decision[4] dated March 16, 2011 of the Regional Trial Court (RTC) of Imus, Cavite, Branch 22, in Civil Case No. 2459-01, the latter dismissing the complaint filed by the Municipality of Dasmariñas (now City of Dasmariñas) and the National Housing Authority (NHA) (collectively, the petitioners) for lack of merit.

Petitioner Municipality of Dasmariñas is a local government unit, while co-petitioner NHA is a government instrumentality created pursuant to Presidential Decree (P.D.) No. 757.[5] Respondent, the late Dr. Paulo C. Campos (Dr. Campos), substituted by his children-heirs Jose Paulo Campos, Paulo Campos, Jr. and Enrique Campos (respondents-heirs), was the former registered owner of the property subject of the case at bar who first filed a Petition for Revocation of Donation.[6]

The Facts

Dr. Campos was the absolute owner of certain parcels of land situated in Dasmariñas, Cavite, covered by Transfer Certificate of Title (TCT) Nos. T-69124, T-69125, T-76195, and [T-17736].[7] On July 28, 1976, Dr. Campos executed a Deed of Donation (First Deed of Donation) in favor of the NHA, involving a parcel of land with an area of 12,798 square meters.[8]

Under the Deed of Donation, the donee NHA was to construct a 36-meter-wide access road from Highway 17 to the Dasmariñas Resettlement Project.[9] The pertinent provisions of the Deed of Donation state:

> B. WHEREAS, the DONOR has agreed to donate in favor of the DONEE portions of the above listed properties to be traversed by the 36 meter wide access road to be constructed by the National Housing

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1 *Rollo* (G.R. No. 232675), pp. 46-47.

2 Penned by Associate Justice Myra V. Garcia-Fernandez, with Associate Justices Mario V. Lopez and Elihu A. Ybañez concurring; id. at 18-29.

3 Id. at 15-16.

4 *Rollo* (G.R. No. 233078), pp. 92-100.

5 CREATING THE NATIONAL HOUSING AUTHORITY AND DISSOLVING THE EXISTING HOUSING AGENCIES, DEFINING ITS POWERS AND FUNCTIONS, PROVIDING FUNDS THEREFOR, AND FOR OTHER PURPOSES (approved on July 31, 1975).

6 *Rollo* (G.R. No. 233078), pp. 3-4.

7 Id. at 4.

8 Id.

9 Id. at 44.

> Authority from Highway 17 to the Dasmariñas Resettlement Project which are particularly described in the technical descriptions x x x[.]
>
> x x x x
>
> NOW, THEREFORE, for and in consideration of the foregoing premises, the DONOR by these presents hereby convey and transfer by way of donation in favor of the DONEE, the parcels of land described in Annexes "A", "B", "C" and "D" which will be traversed by the [36] meter wide access road to be constructed by the National Housing Authority from Highway 17 to the Dasmariñas Resettlement Project and designated as Lots 2-C-1; 2-D-2; 2-B-1-A and 1-B, all situated in the Municipality of Dasmariñas, Province of Cavite, containing a total area of TWELVE THOUSAND SEVEN HUNDRED NINETY EIGHT (12,798) square meters, more or less[.] x x x
>
> It is hereby stipulated that should the DONEE fail to use the area or part of it for the 36 meter access road, or should its development be delayed, the DONOR reserves the right to use it until such a time that DONEE is in a position to use the said parcel of properties.[10]

In an attempt to comply with the provisions of the Deed of Donation, the NHA constructed a 20-m-wide access road, in lieu of the stipulated 36-m-wide access road.[11] The NHA reasoned that the volume of the traffic at that time did not justify the outright construction of the 36-m-wide access road, and that it had reserved the remaining 16 m for road widening purposes. The NHA also promised that the property had not been diverted or used for any other purpose.[12]

However, on June 13, 1993, without any notice to Dr. Campos, the NHA donated the subject property to the Municipality of Dasmariñas. This was done allegedly pursuant to Section 31 of P.D. No. 957.[13] The pertinent provisions of the Deed of Donation and Acceptance (Second Deed of Donation) executed between the petitioners read, to wit:

> WHEREAS, the DONOR being the registered owner and developer of Dasmariñas Bagong Bayan Resettlement Project has made possible the concreting of road networks containing an aggregate land area of 219,765.60 sq. meters more or less[.]

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10 Id. at 44-45.

11 Id. at 4.

12 Id. at 8.

13 REGULATING THE SALE OF SUBDIVISION LOTS AND CONDOMINIUMS, PROVIDING PENALTIES FOR VIOLATIONS THEREOF (Approved on July 12, 1976).

Section 31. *Donations of roads and open spaces to local government.* The registered owner or developer of the subdivision or condominium project, upon completion of the development of said project may, at his option, convey by way of donation the roads and open spaces found within the project to the city or municipality wherein the project is located. Upon acceptance of the donation by the city or municipality concerned, no portion of the area donated shall thereafter be converted to any other purpose or purposes unless after hearing, the proposed conversion is approved by the Authority.

x x x x

WHEREAS, pursuant to Section 31 of [P.D.] No. 957, as amended by Section 2 of [P.D.] No. 1216, the owner or developer of a subdivision shall provide adequate roads, alleys, sidewalks and open spaces for public purposes, the donation of which to the City or Municipality where the same belongs and the acceptance of said donation is mandatory.

WHEREAS, pursuant to Board Resolution No. 2696 dated June 2, 1993, a copy of which is hereto attached as Annex "E", the DONOR has agreed to donate in favor of the DONEE the above-stated road works.

WHEREAS, the DONEE under Resolution No. 65-S-88 dated June 20, 1988 of its Sangguniang Bayan, attached hereto as Annex "F", has agreed to the donation by the DONOR of all roads in the Project.

NOW, THEREFORE, for and in consideration of the foregoing premises, the DONOR by these presents does hereby cede, transfer and convey by way of donation in favor of the DONEE the abovementioned roads, containing a total area of 219,765.60 square meters, more or less, all situated at Dasmariñas Bagong Bayan Resettlement Project, the as-built-plan of which are attached as Annexes "A", "B", "C" and "D", subject to the following conditions:

1.) The donated concreted roads shall be used exclusively for public purpose as roads and shall not be converted to other uses;

2.) The expenses to be incurred in the maintenance and repair of such roads shall be shouldered solely by the DONEE;

3.) Appropriate traffic precautionary measures shall be implemented by the DONEE on the subject roads.

The DONOR has reserved sufficient properties in its full possession and enjoyment in accordance with the provisions of its Charter.[14]

Due to the failure of the NHA to fully comply with the provisions in the Deed of Donation despite the long lapse of time, and due to the foregoing transaction between the petitioners, on November 13, 2001, Dr. Campos filed an action for Revocation of Donation against the NHA with the RTC of Dasmariñas, Branch 90.[15] Dr. Campos claimed that the NHA failed to comply with the condition attached to the donation and construct the 36-m-wide access road. He also alleged that the NHA further violated the parties' agreement by subsequently donating the subject property to the Municipality of Dasmariñas.[16]

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14 *Rollo* (G.R. No. 233078), pp. 51-52.
15 Id. at 141.
16 Id.

Proceedings in the Trial Court

In the RTC Branch 90, the Municipality of Dasmariñas and the NHA filed their Answers to Dr. Campos' claim on December 19, 2001 and January 31, 2002, respectively.[17] The case was re-raffled to the RTC, Branch 22, which directed the parties to submit their respective memoranda.

On June 2, 2007, Dr. Campos passed away. As a result, the respondents-heirs submitted a Notice of Death with Manifestation, as well as a Motion for Substitution, which was granted by the RTC.[18]

On March 16, 2011, the RTC handed its Decision,[19] partially granting the action for Revocation of Donation against the petitioners.[20] The dispositive portion of the RTC decision reads:

> WHEREFORE, the petition is hereby partially granted in that:
>
> (a) The Deed of Donation dated July 28, 1976 involving 12,798 square meters of land covered by [TCT] Nos. T-69124, T-69125, T-76195 and T-17786 is declared partially revoked to the extent of the area of the property not included in the 20-meter wide access road;
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> (b) The Deed of Donation and Acceptance dated 1993 is declared without legal effect to the extent of the area of the property not included in the 20-meter wide access road referred to in paragraph (a) above;
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> (c) [Dr. Campos], as represented by his legal heirs, is declared the rightful owner of the area of the property not included in the 20-meter wide access road referred to in paragraphs (a) and (b) above and reconveyance of the said area is hereby ordered in favor of [Dr. Campos] as represented by his legal heirs; and,
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> (d) [The petitioners] are ordered to immediately turn over the possession and control of the subject property in favor of [Dr. Campos'] legal heirs.
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> [Dr. Campos'] claims for moral damages, attorney's fees and cost of suit are denied.
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> SO ORDERED.[21]

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17 Id.
18 Id.
19 Id. at 92-100.
20 Id. at 100.
21 Id.

The Motion for Reconsideration filed by the NHA was denied by the RTC on August 12, 2011.[22] Both the petitioners, thus, filed their Notices of Appeal.[23]

Proceedings in the CA

On November 10, 2016, the CA rendered its Decision, denying the petitioners' Appeal and affirming the RTC Decision dated March 16, 2011.[24]

In affirming the decision of the RTC, the CA agreed with the lower court that the donation is one that is onerous in nature, as it contained a condition imposed upon the NHA.[25] Since the donation was onerous, any action for the revocation of the same should be brought within 10 years from accrual of the right of action. The CA held that this was timely effected by Dr. Campos.

The CA also found that the NHA violated the terms of the Deed of Donation and failed to fulfill its obligation to build a 36-m-wide access road.[26] The CA stated that the evidence on record indisputably showed that the NHA only built a 20-m-wide access road despite the more than 25 years since the donation was perfected. It was held, thus, that the NHA's omission was not merely a casual breach as advocated by the petitioners, but a substantial one.

Likewise, the CA found that the reason behind the subsequent donation of the subject property by the NHA to the Municipality of Dasmariñas was unjustified. It was held that P.D. No. 957 refers to the transfer of a condominium or a subdivision project, and since the Dasmariñas Resettlement Project is not classified as either a condominium or a subdivision project under the law, then the provisions of P.D. No. 957 cannot be used as justifiable reason to donate the same.[27]

The dispositive portion of the CA decision, affirming the findings of the lower court, reads, to wit:

> WHEREFORE, the appeal is DENIED. The decision issued by the [RTC] of Imus, Cavite Br. 22 dated March 16, 2011 in Civil Case No. 2459-01 is AFFIRMED.[28]

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22 Id. at 116-118.
23 Id. at 6.
24 Id. at 40.
25 Id. at 32.
26 Id. at 37-38.
27 Id. at 39.
28 Id. at 40.

The petitioners' respective Motions for Reconsideration were likewise denied by the CA in a Resolution[29] dated July 3, 2017, prompting the petitioners to file with the Court the instant consolidated Petition.

In the interim, the Municipality of Dasmariñas commenced construction and road widening works along Governor Mangubat Avenue, in the vicinity of the portion adjudged for reconveyance to the respondents-heirs.[30] Accordingly, the respondents-heirs wrote a letter to the Municipality of Dasmariñas on January 18, 2018, seeking clarification as to how the construction and road widening works would affect the property subject of the consolidated case, as well as praying that the parties keep the status *quo* and defer any further works until final resolution of the Court.[31]

In a letter-response[32] dated February 12, 2018, the Municipality of Dasmariñas, through City Engineer Florante Timbang, replied that it intended to proceed with the construction and road widening works on the subject property, notwithstanding the pendency of the petitions. The letter response stated:

> For all intents and purposes, at present, the City of Dasmariñas is still the owner of the 36 meter wide access road which includes the donated lot of [Dr. Campos]. Being the owner of the 36 meter access road, the local government can make the necessary road works including the road widening that the City of Dasmariñas is currently undertaking.
>
> Moreover, if the City will exclude the portion donated by [Dr. Campos] to the road widening and construction of drainage in Governor Mangubat Avenue, the portion starting from the exit ramp of the DLSU-HIS going towards the 7-Eleven convenience store near the creek the road will be having an uneven width instead of the six (6) lanes as originally planned. There will be no drainage in that area and flooding will occur which shall not only unduly prejudice the occupants of nearby establishments but also those who are passing in the area.
>
> In the event that the Supreme Court shall rule in favor of the revocation of the donation, for the promotion of general welfare and considering that Governor Mangubat is the primary road from Aguinaldo Highway going to Congressional Avenue in Kadiwa linking the town proper to different barangays in the Dasmariñas Bagong Bayan, the City of Dasmariñas shall be constrained and left without any alternative but to exercise its power of eminent domain and expropriate the property.[33]

On August 8, 2018, the respondents-heirs filed a Motion for Early Resolution,[34] praying for the Court to resolve the subject Petitions at the earliest opportunity.

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29 Id. at 42-43.
30 *Rollo* (G.R. No. 232675), pp. 85-86.
31 Id. at 86.
32 Id. at 86-87.
33 Id.
34 Id. at 85-89.

The Municipality of Dasmariñas subsequently filed a Manifestation[35] dated August 24, 2018, likewise stating that, given the supervening events, it would also appreciate the earlier resolution of the instant case.

With the foregoing factual antecedents in mind, the Court will now proceed to rule on this consolidated Petition.

The Issues

The issues in this case are as follows:

First, as to the procedural aspect of the case, whether or not the action to revoke the Deed of Donation has prescribed and/or is barred by laches.

Second, as to the substantial merits, whether or not the CA gravely erred when it affirmed the decision of the RTC that the NHA violated the terms of the Deed of Donation, said violations authorizing the partial revocation of the property donated, specifically the unused 16 m, and whether or not petitioners have proffered any valid justification to show any infirmity in the decision.

The Arguments of the Parties

The petitioners allege that the CA erred when it held that the action to revoke the Deed of Donation had not yet prescribed pursuant to Article 1144 of the Civil Code,[36] the latter provision stating that an action upon a written contract must be brought within 10 years from the time the right of action accrued.[37] In this case, the CA stated that the right of action accrued when the NHA donated the subject property to the Municipality of Dasmariñas.[38] The petitioners allege that the reckoning point should be at the time the late Dr. Campos discovered that the NHA only constructed a 20-m-wide access road instead of the stipulated 36-m-wide access road,[39] which means that the right to file had long prescribed when Dr. Campos filed an action to revoke the donation on November 13, 2001.

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35 *Rollo* (G.R. No. 233078), pp. 213-221.

36 Id. at 12.

37 **Art. 1144**. The following actions must be brought within ten years from the time the right of action accrues:

(1) Upon a written contract;

(2) Upon an obligation created by law;

(3) Upon a judgment.

38 *Rollo* (G.R. No. 233078), p. 12.

39 Id.

Finally, the NHA also alleges that the respondents-heirs, particularly Dr. Campos, are guilty of laches.[40] In particular, Dr. Campos allegedly had known ever since that the NHA constructed a 20-m-wide access road instead of one that was 36-m-wide, however, he "slept on his rights and waited for a period of 25 years before filing the action for revocation."[41]

On the substantial aspect, despite the fact that 16 m of the donated property remain unused for the stipulated purpose to this day, the petitioners allege that the NHA actually complied with the condition imposed by Dr. Campos pertaining to the construction of the access road.[42] The petitioners advocate their side that there was full compliance with the condition stipulated in the Deed of Donation, as there was actual construction of the access road, albeit only 20 m wide, and the remaining 16 m was reserved for road widening purposes.[43] While ultimately only a 20-m-wide access road was constructed by the NHA, the petitioners allege that the unpaved portion of the donated property remained to be part of the latter, and was not used for any other purpose. The petitioners state that the reason for this was the high volume of traffic that, at that time, would not allow outright construction and completion of the road.[44]

For the petitioners, the fact that the donated property, up to the present, remains to be part of the access road from Aguinaldo Highway up to the Dasmariñas Resettlement Project, and the fact that the access road is more developed thus neighboring properties of the respondents-heirs, as well as other pedestrians, have benefited,[45] these lend credence to their allegation that there was no breach of the condition.

The petitioners likewise point to paragraph C of the Deed of Donation, which states that any delay in the development for the avowed purposes would only allow the donor (respondents-heirs in the case) to reserve the right to use the property until such time that the donee (NHA) is in a position to use the property, and not allow the revocation of the Deed of Donation.[46] The paragraph is reiterated as follows:

> It is hereby stipulated that should the donee fail to use the area or part of it for the 36[-]meter access road, or should its development be delayed, the donor reserves the right to use it until such time that the donee is in a position to use the property.[47]

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40 Id. at 16.
41 Id.
42 *Rollo* (G.R. No. 232675), p. 5.
43 *Rollo* (G.R. No. 233078), p. 8.
44 Id. at 7.
45 *Rollo* (G.R. No. 232675), p. 8.
46 *Rollo* (G.R. No. 233078), pp. 10-11.
47 Id.

The petitioners also state that even assuming that there was a breach of the condition imposed, the same does not warrant the revocation of the donation, as this constituted merely a casual breach of the Deed of Donation, and not a substantial breach that would warrant the rescission of the same.[48]

On the side of the respondents-heirs, they disagree that their right of action had not yet prescribed. The respondents-heirs agree with the CA that Article 1144 of the Civil Code is the applicable legal provision, pursuant to jurisprudence that states that donations with an onerous clause are governed by the rules on contracts and the general rules on prescription apply in the said revocation, and pursuant to the aforecited Article 1144 which states that all actions upon a written contract shall be brought within 10 years from accrual of the right of action.[49] The respondents-heirs argue that since the right of action accrued in 1993 (the year when the NHA donated the subject property to the Municipality of Dasmariñas), the action to revoke the Deed of Donation had not yet prescribed when the Complaint was filed on November 13, 2001.[50]

For the respondents-heirs, it is crystal clear that the NHA clearly failed to comply with the agreement between the parties as clearly stated in the Deed of Donation which can be readily observed in the fact that a 20-m-wide access road was built instead of the agreed upon 36-m-wide one.[51] This, according to the respondents-heirs, is not a mere casual breach as the petitioners would argue, as the 16 m difference is more than substantial and would definitely warrant the revocation of the donation. The respondents-heirs state that the fact that the NHA donated the property means that the missing 16 m will never be devoted for road widening or as an access road.[52] Subsequent donation also contravenes the provision in the initial Deed of Donation that "the donor (Dr. Campos) reserves the right to use it until such time that the done[e] (NHA) is in a position to use the property," such provision now being an impossibility because it was not reproduced in the second deed.[53]

Ruling of the Court

After a perusal of the pleadings and arguments of the parties, the Court finds that the consolidated petition is bereft of merit.

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48 *Rollo* (G.R. No. 232675), pp. 6-7.
49 Id. at 51-53.
50 Id.
51 Id. at 49.
52 Id. at 50.
53 Id.

As to the Issues on Prescription and Laches

There is no question that Dr. Campos properly filed the action for Revocation of Donation within the allowable time under the law. The first donation between Dr. Campos and the NHA was a donation of an onerous nature, as it contained the stipulation to build the 36-m-wide access road. Jurisprudence, including the *C-J Yulo & Sons, Inc. v. Roman Catholic Bishop of San Pablo, Inc.*[54] case cited by the petitioners themselves, is clear that donations of an onerous type are governed by the law on contracts, and not by the law on donations.[55] Being as such, under Article 1144 of the New Civil Code, all actions upon a written contract shall be brought within 10 years from accrual of the right of action, and herein, the respondents-heirs' right of action only accrued when the NHA donated the subject property to the Municipality of Dasmariñas, as this transfer effectively removed not only NHA's ability to complete the access road based on the stipulation, but also precluded any move on the part of the NHA to compel the transferee to finish the same.

If the Municipality of Dasmariñas chooses not to honor the previous agreement between the NHA and the respondents-heirs, there would be nothing to compel the Municipality of Dasmariñas from doing so. This is a clear concern for the respondents-heirs, which could have only realistically been raised as a red flag at the onset of the second donation and after a perusal of the contents therein. Thus, the CA correctly ruled that the prescriptive period could only start running from the time of the second donation between the petitioners.

There is likewise no merit to the assertion that the laches doctrine applies as a ground to overturn the CA ruling. While laches is principally a question of equity, and necessarily, there is no absolute rule as to what constitutes laches or staleness of demand, each case is to be determined according to its particular circumstances.[56] The question of laches is addressed to the sound discretion of the court and since laches is an equitable doctrine, its application is controlled by equitable considerations.[57]

Jurisprudence, however, has set established requisites for laches, *viz.*:

> (1) Conduct on the part of the defendant or one under whom he claims, giving rise to the situation of which complaint is made and for which the complainant seeks a remedy;

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54 494 Phil. 282 (2005).
55 *Republic of the Phils. v. Silim*, 408 Phil. 69, 77 (2001).
56 *Agra v. Philippine National Bank*, 368 Phil. 829, 842 (1999).
57 Id.

(2) Delay in asserting the complainant's right, the complainant having had knowledge or notice of defendant's conduct and having been afforded an opportunity to institute a suit;

(3) Lack of knowledge or notice on the part of the defendant that the complainant would assert the right on which he bases his claim; and

(4) Injury or prejudice to the defendant in the event relief accorded to the complainant, or the suit is not held barred.[58]

In this case, it cannot be said that Dr. Campos slept on his rights and is guilty of laches, as the second requisite of delay is factually and legally absent. Dr. Campos had shown patience in allowing the NHA the time to finish its obligation despite the long period that was starting to elapse, and filed the case only when it was clear that the NHA could no longer fulfill its obligation.

In addition, the fact that the case was filed within the prescriptive period of 10 years aptly removes the case from the clutches of possible laches.

In *Agra v. Philippine National Bank*,[59] the Court held:

> The second element cannot be deemed to exist. Although the collection suit was filed more than seven years after the obligation of the sureties became due, the lapse was within the prescriptive period for filing an action. In this light, we find immaterial petitioners' insistence that the cause of action accrued on December 31, 1968, when the obligation became due, and not on August 30, 1976, when the judicial demand was made. In either case, both submissions fell within the ten-year prescriptive period. In any event, "the fact of delay, standing alone, is insufficient to constitute laches."
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> Petitioners insist that the delay of seven years was unreasonable and unexplained, because demand was not necessary. Again we point that, unless reasons of inequitable proportions are adduced, a delay within the prescriptive period is sanctioned by law and is not considered to be a delay that would bar relief. x x x
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> Thus, where the claim was filed within the three-year statutory period, recovery therefore cannot be barred by laches.[60] (Citations omitted)

To note, the petitioners themselves point out that nothing in the Deed of Donation gives an exact timeline for the NHA to complete the building of the access road, saying that "[t]he construction of the exactly [36-m-wide]

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58 Id. at 843.

59 368 Phil. 829 (1999).

60 Id. at 843-844.

access road is not time-bound,"[61] which means that, for the time NHA was in control of the property, the respondents-heirs' cause of action could not have arisen. This would explain the relatively long period before which the late Dr. Campos filed a complaint for Revocation of Donation, because before the subsequent donation to the Municipality of Dasmariñas, the respondents-heirs, in their generosity, gave the NHA leeway to hopefully deliver on its pledge to complete the construction. Unfortunately, the second donation completely eradicated any vestiges of hope that would be fulfilled, prompting respondents to take action, well within the time allowed by the statute.

As to the Revocation of the Deed of Donation

Even notwithstanding the procedural aspects of the case, on the substantial merits on whether or not the NHA committed a substantial breach that would justify the partial revocation of the Deed of Donation, as well as the facts of the case, the petitioners' arguments fall flat. At the onset, the Court notes that the factual findings that the NHA failed to comply with the express stipulations contained in the Deed of Donation are consistent and parallel with that of the trial court, as well as the CA. Thus, these findings of fact are binding on the Court of last resort unless there was an oversight or misinterpretation on the part of the lower courts.[62]

As held in *The Secretary of Education v. Heirs of Rufino Dulay, Sr.*:[63]

> Under Rule 45 of the 1997 Rules of Civil Procedure, only questions of law may be raised in a petition for review on *certiorari*, for the simple reason that this Court is not a trier of facts. It is not for the Court to calibrate the evidence on record, as this is the function of the trial court. Although there are well-defined exceptions to the rule, nevertheless, after a review of the records, we find no justification to depart therefrom. **Moreover, the trial courts' findings of facts, as affirmed by the appellate court on appeal, are binding on this Court, unless the trial and appellate courts overlooked, misconstrued or misinterpreted facts and circumstances of substance which, if considered, would change the outcome of the case.**[64] (Emphasis and underscoring Ours)

The Court finds that the petitioners were unable to prove the presence of any possible oversight that would create doubt on the findings of fact of the trial court and the CA. The Court's own review of the evidence on record will show that indeed, a substantial breach, and not just a slight breach, was committed by the NHA that would validate a revocation of the

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61 *Rollo* (G.R. No. 233078), p. 10.
62 *People v. Tamolon, et al.*, 599 Phil. 542, 551 (2009).
63 516 Phil. 244 (2006).
64 Id. at 251.

donation and a rescission of the subject contract between the NHA and the respondents-heirs necessitating the immediate return of the unused property back to the respondents-heirs.

Axiomatically, the general rule is that rescission will not be permitted for a slight or casual breach of the contract, but only for such breaches as are so substantial and fundamental as to defeat the object of the parties in making the agreement.[65] Substantial breaches, unlike slight or casual breaches of contract, are fundamental breaches that defeat the object of the parties in entering into an agreement,[66] and the question of whether the breach is slight or substantial is largely determined by the attendant circumstances.[67]

Based on the foregoing, and for a myriad of reasons, a substantial breach of contract was committed by the NHA when it only built a 20-m-wide access road, and not a mere casual breach which the petitioners allege would render nugatory the revocation of the donation.

As gleaned from the provisions, the object of the agreement is clearly the construction of a 36-m-wide access road from Highway 17 to the Dasmariñas Resettlement Project, which was reiterated no less than three times in the Deed of Donation. There was no allowance for any deviation from that number, as stipulated or in the nature of the undertaking. The failure to construct the access road with the expressly mentioned specifications is unmistakably a breach of the same.

The Court does not agree with the contention of the petitioners that the condition pertaining to the construction of the access road was complied with because the unpaved 16-m portion was still reserved to be completed.[68] The stipulation in the Deed of Donation is clear that the entire 36-m property must be used for **actual construction** of the access road, and non-usage of even a portion would constitute contravention of the Deed of Donation, especially in this case when a substantial portion of the property ultimately remained unused for the stated purpose and object of the donation. Law[69] and jurisprudence consistently hold that if the terms of a contract are clear and leave no doubt upon the intention of the contracting parties, the literal meaning of its stipulations shall control.[70]

In *Century Properties, Inc. v. Babiano, et al.*,[71] citing *Norton Resources and Dev't. Corp. v. All Asia Bank Corp.*,[72] the Court held:

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65 *Song Fo & Co. v. Hawaiian-Philippine Co.*, 47 Phil. 821, 827 (1925).
66 *Maglasang v. Northwestern University, Inc.*, 707 Phil. 118, 125-126 (2013).
67 *G.G. Sportswear Mfg. Corp. v. World Class Properties, Inc.*, 627 Phil. 703, 715 (2010).
68 *Rollo* (G.R. No. 232675), p. 5.
69 CIVIL CODE OF THE PHILIPPINES, Article 1370.
70 *The Wellex Group, Inc. v. U-Land Airlines Co., Ltd.*, 750 Phil. 530, 568 (2015).
71 789 Phil. 270 (2016).
72 620 Phil. 381, 388-389 (2009).

> **The rule is that where the language of a contract is plain and unambiguous, its meaning should be determined without reference to extrinsic facts or aids.** The intention of the parties must be gathered from that language, and from that language alone. **Stated differently, where the language of a written contract is clear and unambiguous, the contract must be taken to mean that which, on its face, it purports to mean, unless some good reason can be assigned to show that the words should be understood in a different sense.** Courts cannot make for the parties better or more equitable agreements than they themselves have been satisfied to make, or rewrite contracts because they operate harshly or inequitably as to one of the parties, or alter them for the benefit of one party and to the detriment of the other, or by construction, relieve one of the parties from the terms which he voluntarily consented to, or impose on him those which he did not.[73] (Emphasis and underscoring Ours)

Thus, any assertions that there was compliance with the provisions of the Deed of Donation are simply and completely spurious in light of the fact that there was clear failure to build the access road despite the long period of time given for the NHA to do so. The NHA's contention that outside factors, such as the volume of traffic at that time,[74] were to blame for any apparent breach do not offer a semblance of validity. Even assuming that this was true, almost two decades had lapsed from the time the property was donated, to the subsequent donation from the NHA to the Municipality of Dasmariñas. It is simply inconceivable that in that lengthy span of time, the NHA would have not been able to address the problem of traffic and/or found a way to alleviate that specific obstacle in order to complete the construction of the access road. The NHA's failure to do so indicates the lack of prioritizing on its part to comply with the agreement, and it cannot now use extraneous factors as justification for its own lack of diligence.

The contemporaneous and subsequent actions of the NHA and the Municipality of Dasmariñas exacerbate the breach committed, and take it firmly out of the realm of slightness. The petitioners' invocation of *C-J Yulo & Sons, Inc.*[75] case as analogous to their case in actuality highlights their erroneous actions because the circumstances in the cited case and the case at bar are drastically different.

In the *C-J Yulo & Sons, Inc.* case, a condition for the donation between the parties was the construction of a home for the aged and the infirm, and that, except with prior written consent of the donor or its successor, the donee shall not use the land except for the purpose as provided.[76] The donee, however, leased a portion of the property without the prior written consent of the donor, alleging however that this was to generate funds for the realization of the stated purpose.

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73 *Century Properties, Inc. v. Babiano, et al.*, supra note 71, at 280.
74 *Rollo* (G.R. No. 233078), p. 8.
75 Supra note 54.
76 Id. at 287.

The Court, in *C-J Yulo & Sons, Inc.*, looked at the fact that the subsequent donations were to protect the property and fulfill the object of the donation, which was to build a home for the aged, something the donee was able to adequately prove. The Court explained, thus:

> The Court, however, understands that such a condition was written with a specific purpose in mind, which is, to ensure that the primary objective for which the donation was intended is achieved. A reasonable construction of such condition rather than totally striking it would, therefore, be more in accord with the spirit of the donation. Thus, for as long as the contracts of lease do not detract from the purpose for which the donation was made, the complained acts of the donee will not be deemed as substantial breaches of the terms and conditions of the deed of donation to merit a valid revocation thereof by the donor.
>
> Finally, anent petitioner's contention that the [CA] failed to consider that respondent had abandoned the idea of constructing a home for the aged and infirm, the explanation in respondent's comment is enlightening. Petitioner relies on Bishop Bantigues letter dated June 21, 1990 as its basis for claiming that the donee had altogether abandoned the idea of constructing a home for the aged and the infirm on the property donated. Respondent, however, explains that the Bishop, in his letter, written in the vernacular, expressed his concern that the surrounding area was being considered to be re-classified into an industrial zone where factories are expected to be put up. There is no question that this will definitely be disadvantageous to the health of the aged and the infirm. Thus, the Bishop asked permission from the donor for a possible exchange or sale of the donated property to ultimately pursue the purpose for which the donation was intended in another location that is more appropriate.
>
> The Court sees the wisdom, prudence and good judgment of the Bishop on this point, to which it conforms completely. We cannot accede to petitioner's view, which attributed the exact opposite meaning to the Bishop's letter seeking permission to sell or exchange the donated property.[77]

As mentioned, substantial, unlike slight or casual breaches of contract are fundamental breaches that defeat the object of the parties in entering into an agreement.[78] Thus, the object of the parties is a vital indicator in determining whether the breach is substantial, or merely casual and minor. The stark difference in the *C-J Yulo & Sons, Inc.* case with the one advocated by the petitioners is that the subsequent acts of the donee, which would have constituted material breaches of the provisions of the donation contract should they be considered in isolation sans the purpose, were held to be casual breaches as they were actually done in furtherance for the avowed purpose to construct a home for the aged.

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77 Id. at 295-296.

78 *Maglasang v. Northwestern Inc. University*, supra note 66, at 125-126.

In the case herein, the NHA failed to show any concrete proof that it was bent on fulfilling its obligation to complete the construction of the access road. The mere allegation that it "reserved" the remaining portion is inconsistent with its simultaneous and concurrent acts, which include failing to build despite the long period with the opportunity to do so. In fact, the current state of the property, which has now seen developments started and completed by the Municipality of Dasmariñas, would readily show that the remaining portion has obviously not been reserved, a situation that prompted respondents to file a Motion for Early Resolution in order to preserve the property which had been made the subject of development by the Municipality of Dasmariñas despite the pendency of its appeal. This clearly shows bad faith on the part of the petitioners, and proves that the NHA's contention that the remaining portion meant to be converted into an access road remained to be reserved is a sham.

The NHA's flimsy attempts to show that the non-fulfillment of the condition was out of its hands and that it had every intention of completing the road, are contradicted by its own actions, not the least of it was the subsequent donation to the Municipality of Dasmariñas. The petitioners cannot also find solace in the provision stating that any delay in the development for the avowed purposes would only allow the respondents-heirs to reserve the right to use the property until such time that the original done, the NHA, is in a position to use the property. The act of transferring the subject property to the Municipality of Dasmariñas, in effect, decimated any opportunity for the NHA to comply with the condition stated in the Deed of Donation and, as such, the NHA will never be in a position to utilize the property. The Court takes particular notice of the fact that nothing in the subsequent transfer agreement between the petitioners reiterates the condition that the access road be completed according to the specifications laid out in the original Deed of Donation, which means that there is no legal obligation on the part of the Municipality of Dasmariñas to complete the road, nor a way for the NHA to compel the same. As the condition can no longer be completed, the trial court's act of revoking the donation was proper.

It is likewise untrue, as the petitioners allege, that the subsequent donation of the subject property from the NHA to the Municipality of Dasmariñas was required by law, particularly Section 31 of P.D. No. 957. This reads, to wit:

> **Sec. 31.** *Donations of roads and open spaces to local government.* The registered owner or developer of the subdivision or condominium project, upon completion of the development of said project may, at his option, convey by way of donation the roads and open spaces found within the project to the city or municipality wherein the project is located. Upon acceptance of the donation by the city or municipality concerned, no portion of the area donated shall thereafter be converted to any other

> purpose or purposes unless after hearing, the proposed conversion is approved by the Authority.

This provision is inapplicable and cannot be used to justify the subsequent transfer for the simple reason that the Dasmariñas Resettlement Project is neither a subdivision project nor a condominium project, either of which would legally mandate a transfer. Under the same P.D. No. 957, a subdivision project, as well as a condominium project, is respectively defined as such:

> 15(d) Subdivision project. "Subdivision project" shall mean a tract or a parcel of land registered under Act No. 496 which is partitioned primarily for residential purposes into individual lots with or without improvements thereon, and offered to the public for sale, in case or in installment terms. It shall include all residential, commercial, industrial and recreational areas as well as open spaces and other community and public areas in the project.
>
> x x x x
>
> Condominium project. "Condominium project" shall mean the entire parcel of real property divided or to be divided primarily for residential purposes into condominium units, including all structures thereon.

In the mind of this Court, and in agreement with the CA, the Dasmariñas Resettlement Project does not constitute a subdivision nor a condominium project that would necessitate the transfer. The onus was on the petitioners to prove that the project was classified as such, but they were not able to produce any evidence aside from their bare assertions. Perforce, this justification cannot stand even as to show a possibility that the transfer was effected in good faith.

As a final note, the Court is well-aware of the long period from the inception of the case up to the present. Since the time the case was filed back in 2001, more than a decade ago, a myriad of supervening events has taken place, including, as mentioned by both parties, the construction of buildings and the commencement of infrastructure projects directly or indirectly involving the subject property. Indeed, as emphasized by the petitioners in their pleadings, the current structures will be affected by the upholding of the revocation and the return of the affected property to the respondents-heirs.

However, it must be stressed that any dire effects of the revocation of the donation are solely on the account of the petitioners. The petitioners' allegations that the access road is more developed and that the neighboring properties have been benefited cannot hold up against the clear breach of the contract committed by the NHA, and subsequently allowed by both the petitioners. Even if proven, the apparent showings of pedestrian and city

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benefits are *non sequitur*, and clearly it is an immense leap of the imagination to correlate the petitioners' act with the clear failure to comply with the condition despite the extended period for doing so.

Clearly, bad faith is attendant on the part of both the petitioners. The NHA showed bad faith by donating the property without substantially complying with the condition that was the purpose for the donation in the first place, as well as failing to reproduce the condition in the second donation contract. The Municipality of Dasmariñas showed bad faith in the acquisition and its overall conduct in this case, by introducing structures and developing the land even with the knowledge that there was not only a pending appeal, but with the understanding that both the RTC and the CA ruled in favor of revoking the donation. If this Court were to reward the Municipality of Dasmariñas with the granting of its petition solely because existing structures would be affected, then it would encourage entities to build in bad faith hoping that the impracticality would sway the Court towards ruling in favor of keeping the status *quo*. Suffice it to say, that sort of precedent cannot and will never be set by this Court in the interest of justice, law, and fair play.

There is, however, an equitable recourse, which the petitioners themselves recognize. To save the developments already made, the petitioners may choose to exercise the powers of eminent domain to keep the subject property and continue their infrastructure-based improvements. But the Court, in the interest of justice, will not grant the petitioners an easy way out of the hole they are in, when it was they who opened it in the first place.

WHEREFORE, the consolidated petition is **DENIED** for lack of merit.

SO ORDERED.

ANDRES B. REYES, JR.
Associate Justice

WE CONCUR:

DIOSDADO M. PERALTA
Associate Justice
Chairperson

MARVIC M.V.F. LEONEN
Associate Justice

RAMON PAUL L. HERNANDO
Associate Justice

HENRI JEAN PAUL B. INTING
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.

DIOSDADO M. PERALTA
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.

LUCAS P. BERSAMIN
Chief Justice