



Republic of the Philippines  
**Supreme Court**  
 Manila

**SECOND DIVISION**

**SPOUSES DESIDERIO and  
 TERESA DOMINGO,**  
*Petitioners,*

**G.R. No. 201883**

Present:

- versus -

CARPIO, *Chairperson,*  
 BRION,  
 DEL CASTILLO,  
 MENDOZA,\* *and*  
 LEONEN, *JJ.*

**SPOUSES EMMANUEL and  
 TITA MANZANO,  
 FRANKLIN ESTABILLO, and  
 CARMELITA AQUINO,**  
*Respondents.*

Promulgated:  
**16 NOV 2016**

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**DECISION**

**DEL CASTILLO, J.:**

This Petition for Review on *Certiorari*<sup>1</sup> seeks to set aside: a) the January 4, 2012 Decision<sup>2</sup> of the Court of Appeals (CA) in CA-G.R. CV No. 93662 which reversed the May 22, 2009 Decision<sup>3</sup> of the Regional Trial Court (RTC) of Caloocan City, Branch 128 in Civil Case No. C-20102; and b) the CA's May 18, 2012 Resolution<sup>4</sup> denying herein petitioners' Motion for Reconsideration.

***Factual Antecedents***

Respondents Emmanuel and Tita Manzano (the Manzanos) were the registered owners of a 35,281-square meter parcel of land with improvements in Bagong Barrio, Caloocan City (subject property), covered by Transfer Certificate of Title (TCT) No. 160752.

\* On leave.

<sup>1</sup> *Rollo*, pp. 9-46.

<sup>2</sup> Id. at 104-122; penned by Associate Justice Marlene Gonzales-Sison and concurred in by Associate Justices Hakim S. Abdulwahid and Leoncia R. Dimagiba.

<sup>3</sup> Id. at 92-102; penned by Judge Eleanor R. Kwong.

<sup>4</sup> Id. at 124-125.

On June 1, 2001, the Manzanos, through their duly appointed attorney-in-fact and herein co-respondent Franklin Estabillo (Estabillo), executed a notarized agreement<sup>5</sup> with petitioners Desiderio and Teresa Domingo which provided, among others, that –

Ako, si Desiderio Domingo na nakatira sa 188 Gen. Mascardo St. Bagong Barrio Kalookan City. Na bibilhin ko ang lupa at bahay ni Tita Manzano sa 168 Gen. Mascardo St. Bagong Barrio Kalookan City. Na ang may Special Power of Attorney si Franklin Estabillo sa halagang (₱900,000.00) nine hundred thousand pesos. Sa aming napagkasunduan ako ay magbibigay ng halagang (₱100,000.00) one hundred thousand pesos para sa ReserVISION [sic] Fee.

Ayon sa aming napagkasunduan ililipat lamang ang Titulo ng lupa na may no. 160752 at bahay pag nabayaran ko ng lahat ang (₱900,000.00) Nine Hundred Thousand Pesos hanggang Marso ng 2001. Kami ay maghahati sa Gain Tax at documentary stamps na babayaran sa B.I.R. ayon sa aming napagkasunduan.

Kalakip nito ang xerox title ng titulo ng lupa at bahay.<sup>6</sup>

Petitioners paid the ₱100,000.00 reservation fee upon the execution of the agreement. Thereafter, they also made payments on several occasions, amounting to ₱160,000.00. However, they failed to tender full payment of the balance when the March 2001 deadline came. Even then, Estabillo advised petitioners to continue their payments; thus, they made additional payments totaling ₱85,000.00. All in all, as of November 2001, petitioners had made payment in the amount of ₱345,000.00.

All this time, the Manzanos remained in possession of the subject property.

In December 2001, petitioners offered to pay the remaining ₱555,000.00 balance, but Estabillo refused to accept payment; instead, he advised petitioners to await respondent Tita Manzano's (Tita) arrival from abroad.

When Tita arrived, petitioners tendered payment of the balance, but the former refused to accept it. Instead, she told them that the property was no longer for sale and she was forfeiting their payments. For this reason, petitioners caused the annotation of an affidavit of adverse claim<sup>7</sup> upon TCT No. 160752.

Soon thereafter, petitioners discovered that respondent Carmelita Aquino (Aquino) bought the subject property on May 7, 2002, and a new title – TCT No. C-359293 – had been issued in her name. Their adverse claim was nevertheless

<sup>5</sup> Id. at 55.

<sup>6</sup> Id.

<sup>7</sup> Id. at 59-60.

carried over to Aquino's new title.

### ***Ruling of the Regional Trial Court***

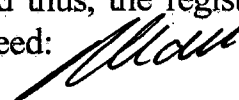
On May 23, 2002, petitioners filed a Complaint for specific performance and damages with injunctive relief against respondents. The case was docketed as Civil Case No. C-20102 and assigned to Branch 128 of the RTC of Caloocan City. Petitioners sought to compel the Manzanos to accept payment of the remaining balance, execute a deed of sale over the subject property in their favor, and restrain the sale in favor of Aquino.

Petitioners later filed an Amended Complaint,<sup>8</sup> praying further that Aquino's new title – TCT No. C-359293 – be cancelled and annulled, and that instead, the Manzanos' TCT No. 160752 be reinstated, or alternatively, that a new title be issued in their name upon confirmation of the sale in their favor and payment of the outstanding balance.

In their respective Answers,<sup>9</sup> Aquino and Estabillo alleged essentially that there was no sale between petitioners and the Manzanos, but a mere offer to buy from petitioners, which was refused due to late payment; that the case was premature for failure to resort to conciliation; and that Aquino's new title was infeasible and may not be collaterally attacked. The Manzanos, who appear to be living in the United States of America, did not file a responsive pleading, for which reason they were declared in default.

After the issues were joined, trial proceeded.

On May 22, 2009, the RTC issued a Decision declaring that, as against Aquino, petitioners have a prior right over the subject property. It held that the agreement between petitioners and the Manzanos was a contract of sale. Applying Article 1544 of the Civil Code,<sup>10</sup> the RTC held that Aquino was a buyer in bad faith, as she knew of petitioners' prior purchase and registered adverse claim – and such knowledge was equivalent to registration, and thus, the registration of her sale was done in bad faith. Thus, the trial court decreed:



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<sup>8</sup> Id. at 61-68.

<sup>9</sup> Id. at 80-91.

<sup>10</sup> Art. 1544. If the same thing should have been sold to different vendees, the ownership shall be transferred to the person who may have first taken possession thereof in good faith, if it should be movable property.

Should it be immovable property, the ownership shall belong to the person acquiring it who in good faith first recorded it in the Registry of Property.

WHEREFORE, premises considered, judgment is hereby rendered in favor of plaintiffs and against defendants as follows:

1. The defendant Spouses Emmanuel and Tita Manzano are hereby ordered to execute a Deed of Absolute [sic] over a house and lot covered by Transfer Certificate of Title No. 160752 of the Registry of Deeds of Kalookan City upon the tender of payment by the plaintiffs in the amount of Php555,000.00.

2. The Registry of Deeds is hereby ordered to cancel Transfer Certificate of Title No. C-35[9]293 issued in favor defendant [sic] Carmelita Aquino and Transfer Certificate of Title No. 160752 is ordered reinstated.

3. The defendant Carmelita Aquino is hereby ordered to surrender possession of the property to the plaintiffs upon the execution of the necessary deed of absolute sale.

4. The defendants Spouses Manzano and defendant Franklin Estabillo are hereby ordered to pay, jointly and severally, the plaintiffs the sum of Php30,000.00 as reasonable attorney's fees.

5. The defendants Spouses Manzano and defendant Estabillo are likewise ordered to pay, jointly and severally, the costs of this suit.

SO ORDERED.<sup>11</sup>

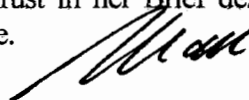
### ***Ruling of the Court of Appeals***

Aquino filed an appeal before the CA, docketed as CA-G.R. CV No. 93662. The appellate court initially referred the case for mediation, but the parties failed to settle amicably.

On January 4, 2012, the CA rendered the assailed Decision containing the following pronouncement:

We find for appellant.<sup>12</sup>

The crux of the instant petition is whether the agreement between the spouses Manzano and appellees<sup>13</sup> is a contract of sale, as the RTC ruled, or a contract to sell, as appellant proposed. If it is a contract of sale, then Article 1544 of the Civil Code applies, and the RTC's Decision stands on firm ground. However, if the contract is merely a contract to sell, the propriety of applying Art. 1544 falters, and appellant's principal thrust in her Brief deserves discussion. Thus, the resolution of this issue is decisive.



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Should there be no inscription, the ownership shall pertain to the person who in good faith was first in the possession; and, in the absence thereof, to the person who presents the oldest title, provided there is good faith.

<sup>11</sup> *Rollo*, pp. 101-102.

<sup>12</sup> Herein respondent Aquino.

<sup>13</sup> Herein petitioners.

x x x x

We have applied the distinctions above and examined the contract between the parties. In this regard, We differ from the RTC and find that the Manzanos and appellees entered into a mere contract to sell.

We quote the following provision from the contract, which is particularly revealing of the contract's true nature:

'Ayon sa aming napagkasunduan, ililipat lamang ang Titulo ng lupa na may no. 160752 at bahay pag nabayaran ko ng lahat ng (P900,000.00) Nine Hundred thousand pesos hanggang Marso ng 2001.'

[Translated as: *According to our agreement, the title of the land with no. 160752 and the house shall only be transferred when I have completely paid the P900,000.00 by March 2001.*]

The above passage clearly indicates that first, the ownership is reserved to the vendors, and second, that the title of the subject property passes to the buyers only upon full payment of Php900,000.00 [in] March 2001. Additionally, appellees have never even granted possession of the subject property, and that no deed of sale, absolute or conditional, has been executed in their favor. All have been held as indications that the contracting parties have entered into a contract to sell.

Thus, with our determination of that character of the parties' agreement as a contract to sell, We now proceed to illuminate whether Art. 1544 indeed applies to the situation at bar.

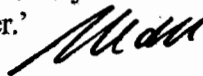
#### *Applicability of Art. 1544 to Contracts to Sell*

Relevant cases affirm an indubitable rule: Article 1544 only applies to instances of double sales, and not where one contract is some other transaction, such as a contract to sell, even if the latter concurs with a contract of sale over the same realty.

In *Cheng v. Genato, et al.*,<sup>14</sup> the Court succinctly clarified and explained the reason behind such inapplicability, to wit:

'However, a meticulous reading of the aforequoted provision (Art. 1544, Civil Code) shows that said law is not apropos to the instant case. This provision connotes that the following circumstances must concur:

'(a) The two (or more) sales transactions in the issue must pertain to exactly the same subject matter, and must be valid sales transactions. (b) The two (or more) buyers at odds over the rightful ownership of the subject matter must each represent conflicting interests; and (c) The two (or more) buyers at odds over the rightful ownership of the subject matter must each have bought from the very same seller.'



<sup>14</sup> 360 Phil. 891, 909-910 (1998).

These situations obviously are lacking in a contract to sell for neither a transfer of ownership nor a sales transaction has been consummated. The contract to be binding upon the obligee or the vendor depends upon the fulfillment or non-fulfillment of an event.'

Later jurisprudence would then echo the above doctrine. Especially persuasive is the ruling in *Spouses Nabus and Tolero v. Spouses Pacson*,<sup>15</sup> as its facts closely resemble those at bar. Distilled, those facts show that the Nabuses (the sellers) entered into a contract with the Pacsons (the prospective buyers) over a parcel of land. But the Pacsons failed to pay on time; this notwithstanding, the Nabuses still accepted their late payments. The Nabuses, however, failed to appear on the designated date for the delivery of the final payment to them.

Later, the Pacsons heard that the land had been sold to Betty Tolero, a third party, later adjudged found to be buyer in bad faith. Tolero obtained a new title over the property pursuant to the sale to her.

Thus, the Pacsons filed for the annulment of the deeds of sale, the cancellation of the titles issued in favor of the buyer Betty Tolero, and for damages. The RTC and the CA ruled for the Pacsons, and against Betty Tolero.

The Supreme Court, however, disagreed, and upheld the rights from the latter contract of sale. The Court ruled:

'Sale, by its very nature, is a consensual contract because it is perfected by mere consent. The essential elements of a contract of sale are the following:

- a) Consent or meeting of the minds, that is, consent to transfer ownership in exchange for the price;
- b) Determinate subject matter; and
- c) Price certain in money or its equivalent.

Under this definition, a Contract to Sell may not be considered as a Contract of Sale because the first essential element is lacking. In a contract to sell, the prospective seller explicitly reserves the transfer of title to the prospective buyer, meaning, the prospective seller does not as yet agree or consent to transfer ownership of the property subject of the contract to sell until the happening of an event, which for present purposes we shall take as the full payment of the purchase price. What the seller agrees or obliges himself to do is to fulfill his promise to sell the subject property when the entire amount of the purchase price is delivered to him. In other words, the full payment of the purchase price partakes of a suspensive condition, the non-fulfillment of which prevents the obligation to sell from arising and, thus, ownership is retained by the prospective seller without further remedies by the prospective buyer.'

The Court found that the Pacsons could have consigned the amount to be

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<sup>15</sup> 620 Phil. 344 (2009).



paid to the Pacsons [sic], which would have produced the effect of payment and fulfilled the suspensive condition in a contract to sell, hence obligating the prospective seller to transfer the title to the prospective buyers. The Pacsons, however, failed to do so. In this case, appellees unfortunately committed the same error.

In any case, the foregoing principles result in the rule that in contracts to sell, specific performance is therefore an improper remedy to compel the seller to execute the deed of sale before full payment of the purchase price. Thus, in the *Nabus* case, the Court held:

‘Evidently, before the remedy of specific performance may be availed of, there must be a breach of the contract.

Under a contract to sell, the title of the thing to be sold is retained by the seller until the purchaser makes full payment of the agreed purchase price. Such payment is a positive suspensive condition, the non-fulfillment of which is not a breach of contract but merely an event that prevents the seller from conveying title to the purchaser. The non-payment of the purchase price renders the contract to sell ineffective and without force and effect. Thus, a cause of action, for specific performance does not arise.’

As regards a subsequent ‘buyer in bad faith’ affecting prior contracts to sell, the peculiarities of a contract to sell, emphasized above, culminate in the unique doctrine that in case a third person purchases a property subject of a prior contract to sell, such buyer is protected from the taint of bad faith under Article 1544. Here the ruling in *Spouses Cruz and Cruz v. Spouses Fernando and Fernando*,<sup>16</sup> citing *Coronel v. Court of Appeals*<sup>17</sup> enlightens, to wit:

‘In a contract to sell, there being no previous sale of the property, a third person buying such property despite the fulfillment of the suspensive condition such as the full payment of the purchase price, for instance, cannot be deemed a buyer in bad faith and the prospective buyer cannot seek the relief of reconveyance of the property. There is no double sale in such case. Title to the property will transfer to the buyer after registration because there is no defect in the owner-seller’s title *per se*, but the latter, of course, may be sued for damages by the intending buyer.’

Considering these well-settled precedents, We rule that: first, the contract between the parties was a contract to sell; second, that since there are no double sales over the same realty, Art. 1544 of the Civil Code is therefore inapplicable to the instant case; third, that because the contract between the Manzanos and the appellees was a contract to sell, and appellees have not paid the full purchase price by full payment or consignment, specific performance does not lie for a reconveyance of the property; and fourth, that by virtue of the inapplicability of Art. 1544 and the nature of a contract to sell, appellant cannot be deemed in bad faith.

We find that such ruling soundly disposes of the other issues raised by appellant in her favor, thereby needing no further discussion.



<sup>16</sup> 513 Phil. 280, 292 (2005).

<sup>17</sup> 331 Phil. 294, 311 (1996).

In rendering Our pronouncement, We clarify that We are not unmindful of *Filinvest Development Corporation v. Golden Haven Memorial Park*<sup>18</sup> which appellees invoked in their Brief. In the *Filinvest* case, where rights from a contract to sell clashed with those from a contract of sale over the same realty, indeed the Court applied the principle of a “bad faith buyer” in a manner closely resembling an application of Art. 1544. However, the facts of that case present a crucial difference. In *Filinvest*, no titles were yet issued in the subsequent buyer’s name; the subsequent buyer merely sought to annotate his sales. As such, the holding in *Spouses Cruz v. Fernando*, i.e., that title to the property will transfer *upon registration without the third person purchaser being held in bad faith*, has not yet, so to speak, locked in place against the intending buyer in the earlier contract to sell. Thus, before registration of the sale, the vendee may still be held in bad faith and the sale to him annulled; but after registration, title will issue and the slighted intending buyer can only recover damages from the seller, because, as the *Spouses Cruz v. Fernando* case emphasized, the owner-seller’s title suffers no defect *per se*.

This is not, however, to say that appellees are deprived of remedies. As found in the *Nabus* case, appellees are entitled to the reimbursement of the sums they have paid, if only to prevent the defendants’ unjust enrichment. Appellees are also entitled to nominal damages against the defendants Manzanos and Estabillo. x x x

x x x x

In the matter of reimbursements, it bears stating that we are also aware that the appellees paid less than two years’ installments on their contract. It is thus relevant to discuss R.A. 6552, or the ‘Realty Installment Buyer Act’ which has been held applicable to contracts to sell realty on installments.

Significantly, in *Rillo v. Court of Appeals*,<sup>19</sup> the Court did not grant reimbursements under the law to the prospective buyer because the buyer paid less than two year’s installments. However, we find that this holding is inapplicable. In *Rillo*, the prospective buyer claimed reimbursement under Sec. 4 of RA 6552. However, a reading of the law clarifies that Sec. 4<sup>20</sup> must be read in connection with Sec. 3, which provides:

‘Sec. 3. In all transactions or contracts involving the sale or financing of real estate on installment payments, including residential condominium apartments but excluding industrial lots, commercial buildings and sales to tenants under Republic Act Numbered Thirty-eight hundred forty-four, as amended by Republic Act Numbered Sixty-three hundred eighty-nine, where the buyer has paid at least two years of installments, the buyer is entitled to the following rights in case he defaults in the payment of succeeding installments: x x x’



<sup>18</sup> 649 Phil. 662 (2010).

<sup>19</sup> 340 Phil. 570 (1997).

<sup>20</sup> Which provides:

In cases where less than two years of installments were paid, the seller shall give the buyer a grace period of not less than sixty days from the date the installment became due.

If the buyer fails to pay the installments due at the expiration of the grace period, the seller may cancel the contract after thirty days from receipt by the buyer of the notice of cancellation or the demand for rescission of the contract by a notarial act.



Clearly, the above provision and Sec. 4 apply only when the buyer defaults in payment. In case the defaulting buyer paid less than two years' installments, R.A. 6552 grants him no right to recover his installments. But appellees were not in default. The acceptance by Estabillo of their late installments waived the original period for payment, following *Angeles v. Calasanz*.<sup>21</sup> We find that Estabillo's acceptance also bound his principals, the Manzanos, who accepted the late payments, amounting to a tacit ratification of the agent's acts, and obligated the Manzanos to comply with its consequences. Therefore, the period to pay the balance has not yet lapsed and appellees were not in default.

Finally, we affirm the RTC's grant of attorney's fees and costs, as defendants' unilateral cancellation of the contract and subsequent sale to appellant, without reimbursing appellees of their payments, constrained appellees to institute the present action to protect their interests.

WHEREFORE, the Petition is GRANTED. The Decision of the Regional Trial Court in Civil Case No. C-20102 dated 22 May 2009 is REVERSED and SET ASIDE. Judgment is hereby rendered upholding the validity of the sale of the subject property made by defendants Emmanuel Manzano and Tita Manzano in favor of appellant Carmelita Aquino, as well as the validity of Transfer Certificate of Title No. 359293 issued in the name of Carmelita Aquino. Defendants Emmanuel Manzano and Tita Manzano and defendant Franklin Estabillo are ordered to reimburse appellees Spouses Desiderio and Teresa Domingo the sum of Three Hundred and Forty Five Thousand Pesos (₱345,000.00) corresponding to the installment payments they have paid on the subject property, with annual interest of twelve percent (12%) until fully paid. Defendants Emmanuel Manzano, Tita Manzano, and Franklin Estabillo are likewise ordered jointly and severally to pay spouses Desiderio and Teresa Domingo nominal damages in the amount of Ten Thousand Pesos (₱10,000.00) and reasonable attorney's fees amounting to Thirty Thousand Pesos (₱30,000.00) each with annual interest of twelve percent (12%) until fully paid. Costs against defendants Emmanuel Manzano, Tita Manzano, and Franklin Estabillo.

SO ORDERED.<sup>22</sup>

Petitioners filed a Motion for Reconsideration, which the CA denied in its subsequent May 18, 2012 Resolution. Hence, the present Petition.

### Issues

In a March 24, 2014 Resolution,<sup>23</sup> this Court resolved to give due course to the Petition, which contains the following assignment of errors:

1. THE COURT OF APPEALS ERRED IN NOT DISREGARDING THE ISSUE RAISED BY RESPONDENT AQUINO FOR THE FIRST TIME

<sup>21</sup> 220 Phil. 10 (1985).

<sup>22</sup> *Rollo*, pp. 113-121.

<sup>23</sup> *Id.* at 218-219.



ON APPEAL THAT ARTICLE 1544 OF THE CIVIL CODE IS NOT APPLICABLE TO THIS CASE.

2. THE COURT OF APPEALS ERRED IN HOLDING THAT ARTICLE 1544 IS NOT APPLICABLE TO THIS CASE.
3. THE COURT OF APPEALS ERRED IN NOT AFFIRMING THE DECISION OF THE REGIONAL TRIAL COURT OF CALOOCAN CITY.<sup>24</sup>

### ***Petitioners' Arguments***

In their Petition and Reply,<sup>25</sup> petitioners contend that respondents Aquino and Estabillo are not entitled to the defense that Article 1544 is not applicable in this case, since they did not include the same in their answers below; that the CA erred in not applying said Article 1544, in light of previous Supreme Court rulings (*Abarquez v. Court of Appeals*<sup>26</sup> and *Filinvest Development Corporation v. Golden Haven Memorial Park, Inc.*<sup>27</sup>) to the effect that Article 1544 applies even when one of the double sale transactions involved is a mere contract to sell; that Aquino was a purchaser in bad faith as she clearly knew of the prior sale in their favor through the adverse claim annotated on TCT No. 160752; and that their annotation of an adverse claim on TCT No. 160752 is equivalent to registration of ownership.<sup>28</sup>

### ***Respondent Aquino's Arguments***

Pleading affirmance, Aquino argues in her Comment (With Manifestation)<sup>29</sup> that as correctly ruled by the CA, Article 1544 does not apply, and she is not barred from arguing so to refute petitioners' insistence that the said provision applies; that it was the RTC that introduced the applicability of Article 1544 to the case through its May 22, 2009 Decision – thus, the necessity of arguing against it arose only on appeal; and that the agreement between the Manzanos and petitioners being a contract to sell, Article 1544 cannot apply since as between them, no sale or transfer of ownership occurred, and when petitioners failed to pay the purchase price in full, no breach of contract necessarily occurred, but the agreement between them simply became ineffective and without force and effect. Finally, Aquino contends that the cited cases of *Abarquez v. Court of Appeals* and *Filinvest Development Corporation v. Golden Haven Memorial Park, Inc.* are not applicable in this case, as misrepresented by petitioners: *Abarquez* does not involve a contract to sell, while the Court clearly did not apply Article 1544 in *Filinvest*.

<sup>24</sup> Id. at 26-27.

<sup>25</sup> Id. at 189-204.

<sup>26</sup> 288 Phil. 296 (1992).

<sup>27</sup> Supra note 18.

<sup>28</sup> Citing *Balatbat v. Court of Appeals*, 329 Phil. 858 (1996).

<sup>29</sup> *Rollo*, pp. 143-162.

### Our Ruling

The Court denies the Petition.


On petitioners' contention that respondent Aquino may not raise the issue pertaining to Article 1544 for the first time on appeal, this Court holds that – as correctly noted by Aquino – since the relevance of Article 1544 was tackled only in the RTC's Decision, then it is understandable why she should refute its applicability only on appeal.

Petitioners' main contention is that while their agreement with the Manzanos was admittedly a mere contract to sell where title is retained by the latter until full payment of the price, they nonetheless have a superior right over the subject property, as against Aquino, by virtue of the applicability of Article 1544 and the fact that Aquino was a buyer in bad faith.

This Court, however, agrees with the CA's pronouncement that Article 1544 cannot apply to the present case. The appellate court's disquisition is succinct; nothing more can be added to what it has said. Just the same, the treatment and disposition of cases of this nature is quite settled.

This *ponente* has had the occasion to rule that in a contract to sell, payment of the price is a positive suspensive condition, failure of which is not a breach of contract warranting rescission but rather just an event that prevents the prospective buyer from compelling the prospective seller to convey title. In other words, the non-fulfillment of the condition of full payment renders the contract to sell ineffective and without force and effect.<sup>30</sup>

x x x A contract to sell is one where the prospective seller reserves the transfer of title to the prospective buyer until the happening of an event, such as full payment of the purchase price. What the seller obliges himself to do is to sell the subject property only when the entire amount of the purchase price has already been delivered to him. 'In other words, the full payment of the purchase price partakes of a suspensive condition, the non-fulfillment of which prevents the obligation to sell from arising and thus, ownership is retained by the prospective seller without further remedies by the prospective buyer'. x x x<sup>31</sup>

And it is precisely for the above reason that Article 1544 of the Civil Code cannot apply. Since failure to pay the price in full in a contract to sell renders the same ineffective and without force and effect, then there is no sale to speak of. Even petitioners' posture that their annotation of an adverse claim on TCT No. 

<sup>30</sup> *Union Bank of the Philippines v. Philippine Rabbit Bus Lines, Inc.*, G.R. No. 205951, July 4, 2016; *Spouses Borrostro v. Spouses Luna*, 715 Phil. 1 (2013); *Diego v. Diego*, 704 Phil. 373 (2013); *Luzon Development Bank v. Enriquez*, 654 Phil. 315 (2011).

<sup>31</sup> *Luzon Development Bank v. Enriquez*, *id.* at 332.

160752 is equivalent to registration or claim of ownership necessarily fails, on account of the fact that there was never a sale in their favor – and without a sale in their favor, they could not register or claim ownership of the subject property. Thus, as between the parties to the instant case, there could be no double sale which would justify the application of Article 1544. Petitioners failed to pay the purchase price in full, while Aquino did, and thereafter she was able to register her purchase and obtain a new certificate of title in her name. As far as this Court is concerned, there is only one sale – and that is, the one in Aquino’s favor. “Since there is only one valid sale, the rule on double sales under Article 1544 of the Civil Code does not apply.”<sup>32</sup>

With regard to the cases cited by petitioners, *Abarquez v. Court of Appeals* and *Filinvest Development Corporation v. Golden Haven Memorial Park, Inc.*, suffice it to state that they do not apply. In *Abarquez*, while the agreement entered into was a contract to sell, the land subject of the sale was nonetheless delivered to the buyer, who took possession thereof and even constructed a house thereon. In the present case, the subject property was never surrendered to petitioners and they were never in possession thereof. There is a difference in the factual milieu. On the other hand, the *Filinvest* case is not one involving Article 1544; and while the Court therein held that a notice of adverse claim is a “warning to third parties dealing with the property that someone claims an interest in it or asserts a better right than the registered owner,”<sup>33</sup> this is not true as regards petitioners. As already stated, petitioners’ failure to pay the price in full rendered their contract to sell ineffective and without force and effect, thus nullifying any claim or better right they may have had.

**WHEREFORE**, the Petition is **DENIED**. The January 4, 2012 Decision and May 18, 2012 Resolution of the Court of Appeals in CA-G.R. CV No. 93662 are **AFFIRMED with MODIFICATION**, in that the monetary awards shall earn interest at the rate of 12% *per annum* up to June 30, 2013; thereafter, the rate of interest shall be 6% *per annum* until judgment is fully satisfied.<sup>34</sup>

**SO ORDERED.**

  
**MARIANO C. DEL CASTILLO**  
*Associate Justice*

<sup>32</sup> *Cabrera v. Ysaac*, G.R. No. 166790, November 19, 2014, 740 SCRA 612, 637.

<sup>33</sup> *Filinvest Development Corporation v. Golden Haven Memorial Park, Inc.*, supra note 18 at 667.

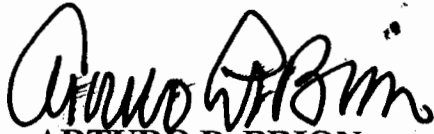
<sup>34</sup> *Nacar v. Gallery Frames*, G.R. No. 189871, August 13, 2013, 703 SCRA 439.

WE CONCUR:



**ANTONIO T. CARPIO**

*Associate Justice*  
*Chairperson*



**ARTURO D. BRION**

*Associate Justice*

*(On leave)*

**JOSE CATRAL MENDOZA**

*Associate Justice*



**MARVIC M.V.F. LEONEN**

*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.




**ANTONIO T. CARPIO**

*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.



**MARIA LOURDES P. A. SERENO**

*Chief Justice*

