

Title: Romulo A. Coronel, et al. vs. Court of Appeals, et al. (G.R. No. 103577 February 7, 1996)

Facts:

The case involves a complaint for specific performance initiated by private respondents Concepcion D. Alcaraz and Ramona Patricia Alcaraz, assisted by Gloria F. Noel as their attorney-in-fact, to compel petitioners Romulo A. Coronel, et al., to consummate the sale of a parcel of land with improvements located in Quezon City.

On January 19, 1985, the petitioners executed a document titled "Receipt of Down Payment" which acknowledged the receipt of P50,000 from Ramona Patricia Alcaraz as part of the P1,240,000 total purchase price for the inherited property. The petitioners bound themselves to transfer the title from their deceased father's name to theirs upon receipt of the down payment and, once in their names, to execute a deed of absolute sale for the immediate payment of the balance.

The title was obtained in the petitioners' names on February 6, 1985. However, on February 18, 1985, the petitioners instead sold the property to Catalina B. Mabanag for P1,580,000 and deposited the initial down payment paid by Concepcion D. Alcaraz in the bank for Ramona Patricia Alcaraz. Subsequent legal notices were filed: a notice of lis pendens by Concepcion on February 22, 1985, and a notice of adverse claim by Catalina on April 2, 1985.

The parties submitted the case for decision based on documentary exhibits and after memoranda were filed, the trial court ruled in favor of specific performance on March 1, 1989. The decision was affirmed by the Court of Appeals on December 16, 1991.

Issues:

1. Whether the "Receipt of Down Payment" constituted a perfected contract of sale or an executory contract to sell.
2. Whether the absence of Ramona Patricia Alcaraz and her failure to appoint an attorney-in-fact constituted a breach of contract.
3. Whether the petitioners validly rescinded the contract due to Ramona Patricia Alcaraz's alleged breach.
4. Whether the subsequent sale to Catalina B. Mabanag was valid.

Court's Decision:

The Supreme Court held that the "Receipt of Down Payment" reflected a perfected contract

of sale, not a mere contract to sell, as the petitioners bound themselves to sell the property without reservation of title and the condition preventing the sale was attributed to the transfer of title in their names, not the payment of the full purchase price. The fulfillment of the suspensive condition occurred on February 6, 1985, which made the contract obligatory.

The Supreme Court found there was no factual basis for the rescission of the contract, emphasizing that the conditions for such were not met. Ramona Patricia Alcaraz's absence was not a valid reason for rescission, as her mother, Concepcion, acted on her behalf with no objections raised by the petitioners. Moreover, the petitioners failed to show readiness and willingness to comply with their obligation to finalize the sale.

The subsequent sale to Catalina B. Mabanag was invalidated as it constituted a second sale, where Article 1544 of the Civil Code applies. Since the notice of *lis pendens* was already inscribed when Catalina registered the sale, she could not claim good faith, and ownership remained with the first buyer, Ramona Patricia Alcaraz.

#### Doctrine:

The doctrine established in this case is the application of Article 1544 of the Civil Code on double sale, wherein ownership transfers to the buyer who first registers the sale in good faith, highlighting the protection of the first buyer over a subsequent buyer who may not claim ownership if they register with knowledge of a prior transaction.

#### Class Notes:

- In reciprocal obligations, no party incurs in delay if the other does not comply or is not ready to comply in a proper manner with what is incumbent upon him.
- The effects of conditional obligations retroact to the day of the constitution of the obligation once the condition has been fulfilled.
- A perfected contract of sale cannot be unilaterally rescinded without an express stipulation authorizing the seller to do so.
- In case of double sale, Article 1544 of the Civil Code shall apply, with the person who registers the sale in good faith having a stronger right over another who bought the same property but did not register the sale in good faith.

#### Historical Background:

The case exemplified issues regarding land sales in the Philippines, namely the legal implications of conditional sales and the importance of titling and registration in good faith. It shines a spotlight on the reliability of judicial notices, such as *lis pendens*, in protecting

the interests of rightful owners and buyers. The case further educated property buyers, sellers, and the legal community on the nuances of property transactions and the balance between contractual freedom and statutory obligations.