

Title:

****Catungal et al. v. Rodriguez: A Case of Conditional Deed of Sale and the Principles of Mutuality and Potestative Conditions****

Facts:

This case emerged from a Complaint for Damages and Injunction filed by respondent Angel S. Rodriguez against the Catungals, pertaining to a Conditional Deed of Sale for a parcel of land (Lot 10963) in Talamban, Cebu City. The said property, allegedly Rodriguez's exclusive paraphernal, was subject to a contract that included the vendee's obligation to secure a road right of way as a condition for the full payment of the purchase price, with special provisions granting Rodriguez the option to rescind the sale under certain circumstances.

Rodriguez alleged diligence in meeting his obligations, while the Catungals purportedly offered the property to other buyers and unilaterally rescinded the contract, claiming Rodriguez's refusal to advance payment indicated a breach. Rodriguez sought judicial relief, initially receiving a temporary restraining order followed by a preliminary injunction. The trial court ruled in favor of Rodriguez, a decision later affirmed by the Court of Appeals, prompting the Catungals to appeal to the Supreme Court on grounds involving the contract's validity concerning the principles of mutuality of contracts and potestative conditions.

Issues:

1. Whether the petitioners (Catungals) are allowed to change their legal theory on appeal, specifically regarding the nullity of the Conditional Deed of Sale based on the principle of mutuality of contracts under Article 1308 of the Civil Code.
2. Whether paragraphs 1(b) and 5 of the Conditional Deed of Sale violated the principle of mutuality of contracts by allegedly being contingent only on the will of the vendee, thereby rendering the contract null and void.

Court's Decision:

The Supreme Court affirmed the Court of Appeals' decision, holding that:

1. Petitioners were not allowed to change their legal theory on appeal. Such a change was considered anathema to due process.
2. The provisions in question did not violate the principle of mutuality of contracts. Paragraph 1(b) was deemed to not solely depend on the will of the debtor (vendee) but also involved third parties and chance, thus not being purely potestative. Paragraph 5, providing the vendee the option to rescind, was conditional and subject to specific mandates within

the contract, which, if taken together with the entire contract, did not render the contract void for lack of mutuality.

Doctrine:

- A party cannot change its theory on appeal if it introduces issues not raised during the trial, as it is contrary to the principles of fair play, justice, and due process.
- Conditions imposed on the performance of an obligation in a contract, which depend not solely on the will of one party but also on chance or the will of third parties, are valid and enforceable.
- The conditional obligation to pay the remaining balance of a purchase price upon the occurrence of a specific event (e.g., securing a road right of way) does not violate the principle of mutuality of contracts under Article 1308 of the Civil Code.

Class Notes:

- ****Mutuality of Contracts:**** Under Article 1308 of the Civil Code, contracts must bind both contracting parties equally, securing that fulfillment or compliance is not left to the will of one party.
- ****Potestative Condition:**** Article 1182 of the Civil Code holds that conditions dependent solely on the debtor's will render the obligation void. This case clarifies the distinction between purely potestative conditions and mixed conditions involving third parties or chance.
- ****Conditional Deed of Sale:**** The case demonstrates the application of conditions affecting not the contract's validity but the performance of obligations, aligning with Article 1545 on sales.
- ****Consistency in Legal Theory:**** Parties must maintain a consistent legal theory from trial through appeal, aligning with principles of due process and fairness.

Historical Background:

The judicial decision further emphasizes the Supreme Court's stance on the non-acceptance of changing legal theories on appeal and illustrates the nuanced understanding of contractual obligations, conditions, and the principle of mutuality in contracts within Philippine legal jurisprudence. This case underscores the importance of clarity in contract drafting and the equitable resolution of disputes stemming from conditional sales agreements, reflecting the evolving nature of property transactions in the country.