

Title:

Myron C. Papa vs. A. U. Valencia and Co. Inc., et al.

Facts:

In June 1982, respondents A.U. Valencia and Co., Inc., and Felix Peñarroyo filed a complaint against Myron C. Papa, administrator of the Testate Estate of Angela M. Butte, for specific performance regarding a parcel of land sold in 1973 but for which the title had not been transferred to Peñarroyo. The property, previously mortgaged to the Associated Banking Corporation and subsequently assigned to Tomas L. Parpana (administrator of Estate of Ramon Papa, Jr.), had been generating rental income collected by Papa. Despite demands, Papa failed to deliver the title. Delfin Jao, who later bought the property from Peñarroyo, also intervened, seeking the title and accrued rentals. Papa filed a third-party complaint against the Reyes spouses, who had acquired the property via a tax sale.

The trial court allowed Papa to redeem the property and ordered him to execute a deed of sale in favor of Peñarroyo or pay P45,000 with interest since 1973. Peñarroyo was to sell the property to Jao or refund his earnest money with interest. Papa was also ordered to pay attorney's fees and litigation expenses.

Papa appealed to the Court of Appeals, which affirmed with modification the trial court's decision, specifically instructing Papa to deliver the owner's duplicate of TCT No. 28993 or authorize the Register of Deeds to issue a certificate of title in the name of Felix Peñarroyo. The Court of Appeals dismissed the estate of Angela M. Butte and the estate of Ramon Papa, Jr. as indispensable parties and held that the sale was consummated upon Papa's receipt of payment.

Papa's motion for reconsideration was denied, leading to the petition for review to the Supreme Court.

Issues:

1. Whether the sale of the subject property was consummated.
2. Whether the Court of Appeals erred in effectively cancelling or nullifying an assignment of the subject property not involving a party in the case.
3. Whether the estates of Angela M. Butte and Ramon Papa, Jr. were indispensable parties to the case.

Court's Decision:

The Supreme Court denied the petition for review, affirming the decision of the Court of

Appeals. The Court held that the sale was consummated upon Papa's receipt of the payment, debunking his claim that he never encashed the check by pointing out the presumption of encashment given the ten-year period. The Court found no merit in the contention that the estates of Angela M. Butte and Ramon Papa, Jr. were indispensable parties.

Doctrine:

Payment by check is considered consummated when evidence suggests the recipient's acknowledgment of receiving the amount, and delays in its presentation can result in its acceptance as payment. An executor or administrator can sue or be sued without involving the estate they represent, as established in Rule 3, Section 3 of the Rules of Court.

Class Notes:

- Contracts are binding to those who are parties to it.
- A check received as payment produces the effect of payment when cashed or when impairment results from the creditor's fault (Art. 1249, Civil Code).
- Executors or administrators can sue or be sued in representation of an estate without joining the beneficiary (Rule 3, Section 3, Rules of Court).
- Issues of non-joinder of necessary parties can be resolved without affecting the validity of the proceedings.

Historical Background:

This case provides insight into the complexities of dealing with properties that have passed through several hands, including through inheritance and mortgage assignments, reflecting on the intricacies of Philippine property law and the importance of clear titles and diligent adherence to procedural requirements in property transactions.