

### Title:

\*\*Robes-Francisco Realty & Development Corporation vs. Court of First Instance of Rizal and Lolita Millan\*\*

### Facts:

In May 1962, Robes-Francisco Realty & Development Corporation (petitioner) agreed to sell a lot in its Franville Subdivision, Caloocan City, to Lolita Millan (respondent) for P3,864.00, payable in installments. Millan complied with the terms, completing payments by December 22, 1971, with a total of P5,193.63 including interest and registration expenses. Despite the full payment, the corporation failed to execute the final deed of sale and issue the title to Millan, who made repeated demands. On March 2, 1973, both parties executed a deed of absolute sale, stipulating title transfer within six months or refund with interest if the corporation failed. The corporation defaulted, prompting Millan to file for specific performance and damages in the Rizal Court of First Instance (CFI), Caloocan City, in August 1974. The realty corporation's non-compliance was due to the property being mortgaged to the GSIS as part of a P10 million obligation.

### Issues:

1. Whether the awarded nominal damages of P20,000 and attorney's fees were excessive.
2. If the specific provision on interest payment in the deed of absolute sale precludes further damages.
3. The applicability and amount of nominal damages for contract violation without proven actual loss.

### Court's Decision:

The Supreme Court ruled that while the award of nominal damages was justified due to the corporation's breach of obligation, the amount of P20,000 was excessive and reduced it to P10,000. The court emphasized that nominal damages are awarded not for the loss but to recognize a right's violation. The provision on interest payment in the deed was not considered penal, thus not precluding an award for damages. The court underscored that nominal damages could coexist with punitive measures in the absence of actual, compensatory damages.

### Doctrine:

- Nominal damages are awarded to vindicate or recognize a violated right, not to compensate loss, according to Articles 2221 and 2222 of the Civil Code. They can be granted in the absence of proof of actual loss.

- A penal clause in a contract specifying interest for non-compliance does not preclude an award for damages unless expressly stated.

### Class Notes:

- Nominal damages are awarded for rights violation, not loss compensation. Civil Code Articles 2221 and 2222.

- A penal clause on interest payment doesn't exclude the possibility of damages unless explicitly stated. It's important to distinguish between penal clauses meant for compliance and those for damages.

- The court's discretion in assessing nominal damages considers the breach's nature and the aggrieved party's situation, emphasizing judgments tailored to the case specifics.

- Bad faith in non-compliance needs to be proven and is not presumed.

### Historical Background:

This case reflects the judiciary's role in addressing breaches of contractual obligations in property transactions, illustrating how courts balance the equities between parties and enforce rights while being mindful of the practical circumstances leading to non-compliance. The decision coalesces around established legal principles aiming to uphold contractual fairness without unjust enrichment or punishment.