

### Title: Buenaventura Angeles, et al. vs. Ursula Torres Calasanz, et al.

### Facts:

This case arose from a dispute over a contract to sell a piece of land located in Cainta, Rizal. On December 19, 1957, Ursula Torres Calasanz and Tomas Calasanz (defendants-appellants) agreed to sell the land to Buenaventura Angeles and Teofila Juani (plaintiffs-appellees) for PHP 3,920.00 plus 7% interest per annum. The plaintiffs-appellees made a downpayment of PHP 392.00 and agreed to pay the balance in monthly installments of PHP 41.20.

By July 1966, the plaintiffs-appellees had paid a total of PHP 4,533.38, albeit after some delays. On December 7, 1966, the defendants-appellants demanded payment of past due accounts. On January 28, 1967, they canceled the contract due to the plaintiffs' failure to meet payments. The plaintiffs pleaded for reconsideration, but were denied.

Claiming to have paid the full amount including interests, taxes, and incidental expenses, the plaintiffs-appellees filed a lawsuit in the Court of First Instance (CFI) of Rizal to compel the execution of a final deed of sale. The defendants argued that the plaintiffs breached the contract, warranting its cancellation.

The CFI ruled in favor of the plaintiffs, holding that the cancellation was not valid and ordering the defendants to execute a final deed of sale and pay attorney's fees and costs. The defendants appealed, and the case was certified to the Supreme Court due to the pure legal questions involved.

### Issues:

1. Whether the contract to sell was automatically and validly canceled by the defendants-appellants.
2. Whether, assuming the contract was not validly canceled, the defendants were obligated to execute a final deed of sale in favor of the plaintiffs.
3. Whether the order for the defendants to pay PHP 500.00 as attorney's fees was proper.

### Court's Decision:

The Supreme Court denied the appeal, affirming the CFI's decision with modifications regarding payment balance. The Court resolved:

1. The contract was not validly canceled. The plaintiffs' failure to pay the August 1966 installment was a slight and casual breach, given their substantial payments over nearly nine years. Acceptance of delayed payments by the defendants-appellants without reservation constituted a waiver of their right to rescind.
2. The defendants were obligated to execute a final deed of sale. The total amount paid by the plaintiffs-appellees exceeded the principal obligation, making it unjust to uphold the contract's cancellation. The contract, being one of adhesion, should be construed against the party enforcing it harshly.
3. The award of attorney's fees was justified due to the defendants' unwarranted refusal to fulfill their obligation, compelling the plaintiffs to litigate.

### ### Doctrine:

1. **Rescission for Breach in Reciprocal Obligations:** The power to rescind obligations is implied in reciprocal ones, but not absolute. Rescission should not be permitted for slight breaches, but only for substantial ones that defeat the agreement's purpose.
2. **Contracts of Adhesion:** Should be construed against the party drafting them, especially if it leads to an inequitable result for the other party.
3. **Substantial Performance:** When an obligation has been substantially performed in good faith, the obligor may recover as if there had been strict compliance, less any damages.

### ### Class Notes:

- **Reciprocal Obligations (Article 1191, Civil Code):** The injured party has the choice between fulfillment and rescission, with the possibility of damages in either case.
- **Contracts of Adhesion:** A contract prepared by one party, leaving the other party merely to accept or reject without room for negotiation; interpreted against the preparer.
- **Substantial Performance (Article 1234, Civil Code):** Allows for recovery if the obligation is substantially met, adjusting for any damages the other may have suffered due to the obligee's non-compliance.

### ### Historical Background:

This case emphasizes the application of contract laws in the context of real estate transactions in the Philippines, particularly the principles surrounding contracts of adhesion

and the doctrine of substantial performance. It sheds light on the judiciary's role in ensuring equitable treatment of parties in contract disputes, safeguarding against the harsh application of terms that would unjustly enrich one party at the expense of another.