

Title:

Buenaventura Angeles, et al. vs. Ursula Torres Calasanz, et al.

Facts:

In a contract to sell dated December 19, 1957, Ursula Torres Calasanz and Tomas Calasanz (defendants-appellants) agreed to sell a parcel of land in Cainta, Rizal to Buenaventura Angeles and Teofila Juani (plaintiffs-appellees) for PHP 3,920.00 plus 7% interest per annum. The plaintiffs-appellees made an initial down payment and agreed to settle the balance in monthly installments of PHP 41.20, due every 19th of the month. By July 1966, the plaintiffs-appellees had paid a total of PHP 4,533.38, including delayed payments which the defendants-appellants had accepted on multiple occasions.

However, on December 7, 1966, the defendants-appellants requested past due accounts, and subsequently, on January 28, 1967, they cancelled the contract due to the plaintiffs-appellees' failure to meet subsequent payments. The plaintiffs-appellees contended they had fully settled the payment for the land, including interests and other expenses. They filed Civil Case No. 8943 with the Court of First Instance of Rizal, Seventh Judicial District, Branch X, to compel the execution of a final deed of sale. The lower court ruled in favor of the plaintiffs-appellees, ordering the defendants-appellants to execute the final deed of sale and pay attorney's fees. The defendants-appellants' motion for reconsideration was denied, leading to an appeal, raising pure questions of law to the Supreme Court.

Issues:

1. Whether the contract to sell was legally and validly cancelled by the defendants-appellants.
2. Whether the defendants should be compelled to execute a final deed of sale in favor of the plaintiffs.
3. Whether the order for defendants to pay PHP 500 as attorney's fees was justified.

Court's Decision:

The Supreme Court denied the appeal, affirming the lower court's decision with a modification regarding the payment of a balance amount. The Court held that the cancellation of the contract by the defendants-appellants was not valid. It emphasized that a significant amount of payment had already been made by the plaintiffs-appellees, and that the contract was substantially performed in good faith. The Court also pointed out that the contract to sell is a contract of adhesion and must be construed against the party enforcing it, ensuring fairness to the buyers. The Court modified the lower court's ruling by ordering

the plaintiffs-appellees to pay the balance of PHP 671.67 without interest.

Doctrine:

1. Judicial action for rescission of a contract is not always necessary when the contract provides for its cancellation upon violation of terms.
2. Rescission of a contract is not permitted for slight breaches but only for substantial ones that defeat the contract's objective.
3. Contract of adhesion should be construed against the party who drafted it, especially when it ensures justice and fairness.

Class Notes:

- **Reciprocal Obligations**: Article 1191 of the Civil Code delineates the right to rescind obligations in reciprocal contracts due to non-fulfillment of an obligation by one party.
- **Substantial Performance**: Article 1234 allows for recovery as if there had been complete fulfillment when the obligation has been substantially performed in good faith.
- **Contract of Adhesion**: A contract usually drafted by one party, requiring the "adhesion" of the other party without much room for negotiation.
- **Principle of Equity**: Contracts, especially those of adhesion, should be construed in a manner that ensures fairness and justice to the parties involved.

Historical Background:

This case encapsulates the struggles of land acquisition and contract fairness within the context of Philippine real estate transactions during the mid-20th century. It underscores the Supreme Court's role in safeguarding the interests of parties to a contract, especially those in a disadvantaged position due to contracts of adhesion. It also reflects the judicial system's adaptation to the challenges of contractual agreements and the balancing of interests between sellers and buyers in real estate dealings.