

****Title:**** EDCA Publishing & Distributing Corp. vs. The Spouses Leonor and Gerardo Santos

****Facts:****

The case involves a complex dispute over the ownership of 406 books, which centers around the application of Article 559 of the Civil Code regarding the acquisition of movable property. The sequence of events began on October 5, 1981, when an individual claiming to be Professor Jose Cruz ordered the books from EDCA Publishing & Distributing Corp. (EDCA), payable on delivery. The books were delivered, and Cruz provided a personal check as payment. Before the check cleared, Cruz sold 120 books to Leonor Santos, showing her an invoice as proof of his purchase. EDCA, upon becoming suspicious of Cruz's second order, discovered that Cruz (real name Tomas de la Peña) had neither a valid bank account nor affiliation with De la Salle College as he claimed. Following a police operation, de la Peña was arrested. EDCA, with police assistance, forcibly retrieved the books from Santos without a warrant.

The Santos family then initiated legal action for the return of the books, which led to a preliminary attachment and eventual turnover of the books back to them. Throughout the legal process, ownership of the books was upheld in favor of the Santos family at the Municipal Trial Court, Regional Trial Court, and the Court of Appeals, prompting EDCA to escalate the matter to the Supreme Court.

****Issues:****

1. Whether the Santos family established legitimate ownership of the books, despite not producing a receipt for their purchase.
2. Whether EDCA was "unlawfully deprived" of the books when the payment check issued by Cruz (de la Peña) bounced.
3. The applicability and interpretation of Article 559 of the Civil Code in this scenario.

****Court's Decision:****

The Supreme Court affirmed the decisions of the lower courts, holding that:

1. Ownership of the books transferred from EDCA to Cruz upon delivery, regardless of the subsequent payment failure. The possession of movable property acquired in good faith is equivalent to a title under Article 559.
2. The Santos family acquired the books in good faith, having taken steps to verify Cruz's ownership based on the invoice. Their acquisition method does not constitute bad faith.
3. EDCA was not "unlawfully deprived" of the books merely because the check bounced. Delivery of the goods transferred ownership to Cruz, who could then validly transfer this

ownership to the Santoses. Non-payment created a right for EDCA to demand payment or rescind the contract but did not affect the Santoses' title to the books.

****Doctrine:****

The Supreme Court reiterates the doctrine that the possession of movable property acquired in good faith is equivalent to a title. Furthermore, it clarifies the meaning of being "unlawfully deprived" of property, stating that such deprivation does not occur simply because of non-payment after delivery. Instead, unlawful deprivation requires an illegal act of taking that impairs the owner's possession.

****Class Notes:****

- Article 559 Civil Code: Good faith acquisition of movable property equates to title.
- Delivery transfers ownership unless explicitly stipulated otherwise.
- Non-payment post-delivery creates a right to demand or rescind but does not affect ownership transfer to a third-party buyer in good faith.
- Unlawful deprivation requires an illegal act impairing possession, not mere non-payment.

****Historical Background:****

This case underscores the nuances of property law in the Philippines, particularly regarding the sale and acquisition of movable goods. It highlights the equilibrium the law seeks to maintain between protecting the rights of original owners and respecting the interests of subsequent buyers in good faith. The decision promotes commerce by safeguarding good faith transactions, imposing diligence upon sellers in verifying payments, and discouraging self-help measures in dispute resolution.