

### Title: Del Carmen vs. Sabordo

### Facts:

In 1961, the spouses Toribio and Eufrocina Suico, alongside business partners, created a rice and corn milling venture in Mandaue City, Cebu. To fund this, they secured a loan from the Development Bank of the Philippines (DBP), mortgaging several properties. Unfortunately, they defaulted, leading to DBP's foreclosure and subsequent consolidation of ownership over the mortgaged properties. The Suico and Flores spouses attempted to repurchase these properties but failed to keep up with payments, leading to a sale of rights to the respondents, Restituto and Mima Sabordo.

A supplemental agreement clarified that the Sabordos acquired Lots 512 and 513 and gained usufructuary rights over Lots 506 and 514. However, a dispute arose over the recovery of Lots 506 and 514, leading to a legal battle culminating in a Court of Appeals decision granting the Suico spouses until October 1990 to repurchase these lots for P127,500. Subsequently, the Suico heirs, including Elizabeth Del Carmen, faced complications arising from the Sabordos' mortgage of the lots with Republic Planters Bank (RPB). This led to an interpleader action by the Suico heirs to resolve competing claims and a directive to substitute collateral for RPB's loan. Both the trial court and the Court of Appeals dismissed the heirs' actions, finding their effort to judicially deposit the repurchase amount without prior tender of payment invalid.

### Issues:

1. Whether the failure to make a prior tender of payment invalidates the judicial deposit intended for the repurchase of Lots 506 and 514.
2. Whether interpleader is the proper remedy for the situation where RPB did not claim the deposited amount.
3. The applicability and interpretation of Articles 1256 and 1257 of the Civil Code regarding consignation and the conditions for its effectiveness.

### Court's Decision:

The Supreme Court affirmed the decisions of both the trial court and the Court of Appeals, holding that the judicial deposit made by the Suico heirs was invalid due to their failure to make a prior tender of payment to the Sabordos, as required by law. Notably, the Court found no conditions excusing this requirement present in this case. Furthermore, it was

determined that interpleader was not the correct remedy, as RPB made no claim over the consigned amount. Therefore, the petition by Elizabeth Del Carmen and co-heirs was denied.

### ### Doctrine:

For consignation to be valid and produce the effect of payment, strict compliance with its requisites, including prior tender of payment to the creditor, is mandatory. Exceptions to this requirement are specifically listed under Article 1256 of the Civil Code and were not applicable in this case.

### ### Class Notes:

- **Judicial Deposit vs. Consignation**: Judicial deposit requires a court's involvement and generally follows an unsuccessful tender of payment, serving as a means to release the obligor from their obligation upon refusal or incapacity of the creditor to accept the tendered payment.
- **Requirements and Effectiveness of Consignation**: Compliance with the Civil Code's provisions on consignation is necessary for it to achieve its intended legal effect - the extinguishment of the obligor's responsibility.
- **Proper Use of Interpleader**: An action for interpleader is appropriate when two or more parties claim conflicting rights over a subject matter or interest, necessitating judicial intervention to determine rightful ownership or entitlement.

### ### Historical Background:

This case illustrates the complexities of property rights transactions, redemption opportunities following foreclosure, and the impact of procedural non-compliance on parties' rights and obligations. The legal battle spans decades, reflecting changes in property ownership, challenges in creditor-debtor relationships, and the intricate balance between legal formalities and substantive justice in Philippine property law.