

Title:

AFP Retirement and Separation Benefits System vs. Eduardo Sanvictores

Historical Background:

This case is situated within the broader context of legal disputes concerning property sales and the obligations of sellers to their buyers, especially in the real estate development sector. Such disputes have been a perennial issue in the Philippines, reflective of the tensions and challenges in ensuring fair and transparent transactions within the property sector. Given the economic booms and busts that affect the real estate market, this case underscores the importance of clear contractual obligations and the legal mechanisms available for redress when agreements are not honored.

Facts:

In 1994, Prime East Properties, Inc. (PEPI) offered Eduardo Sanvictores a parcel of land on an installment basis. By February 1999, Sanvictores had fully paid the purchase price. However, PEPI and the AFP Retirement and Separation Benefits System (AFPRSBS) failed to deliver the deed of sale and the land title. After unresolved demands and four years without progress, Sanvictores resorted to filing a complaint with the HLURB for rescission of the contract, refund, damages, and attorney's fees against PEPI and AFPRSBS. PEPI and AFPRSBS defended their positions separately, denying liability and attributing the delay to extenuating circumstances.

The HLURB Arbiter favored Sanvictores, declaring the contract rescinded and ordering compensation. PEPI and AFPRSBS's appeal to the HLURB Board was dismissed, as was their subsequent appeal to the Office of the President (OP). The OP emphasized their joint and several liabilities. AFPRSBS's petition to the Court of Appeals (CA) led to an affirmation of the OP's decision, albeit with a reduced interest rate on the actual damages awarded.

Issues:

1. Whether AFPRSBS should be held jointly and severally liable with PEPI.
2. Whether AFPRSBS should be held liable for moral and exemplary damages, costs of litigation, and attorney's fees.
3. Whether AFPRSBS should pay the administrative fine for violation of Section 20 in relation to Section 38 of P.D. 957.

Court's Decision:

The Supreme Court denied AFPRSBS's petition, affirming the decisions of the HLURB, the

OP, and the CA. It emphasized that solidary obligations must be clearly expressed and found that the contractual designation of PEPI and AFPRSBS as the “SELLER” implied a solidary obligation. Furthermore, AFPRSBS could not retract the authority of its representative who signed the contract, establishing estoppel against denying such authority.

Doctrine:

The doctrine established revolves around solidary obligations, particularly in contractual agreements. Solidary liability requires explicit declaration or a clear intent of the parties for such a nature, which was found to be present in this case between PEPI and AFPRSBS towards Sanvictores. Furthermore, the case reiterates that estoppel can prevent a party from denying the authority of its representative whose acts bind the principal to third parties.

Class Notes:

- **Solidary Obligations:** When each debtor is liable for the entirety of the obligation, and each creditor is entitled to demand full compliance.
- **Joint Obligations:** Each debtor is only responsible for a proportionate part of the debt.
- **Estoppel:** Prevents a party from asserting something contrary to what is implied by a previous action or statement of that party or by a previous pertinent judicial determination.

Central to this case is the application of these principles within the context of property sales and the enforceability of contractual obligations within the Philippine legal system.