

****Title:**** Spouses Cipriano Pamplona and Bibiana Intac vs. Spouses Lilia I. Cueto and Vedasto Cueto

****Facts:**** This case arose from a dispute over a parcel of land and improvements thereon located in Batangas City. The respondents (Spouses Cueto) filed an Amended Complaint for specific performance, conveyance, consignment, and damages against the petitioners (Spouses Pamplona) who were the registered owners of the property in question. The respondents claimed that on January 10, 1989, they and the petitioners verbally agreed that the respondents would purchase the property on an installment basis for a total sum of US\$25,000, payable at US\$300 monthly. This agreement was memorialized in a notebook sent by Bibiana Pamplona to Lilia Cueto, affirming their oral agreement. Throughout the years, payments totaling US\$14,000 were made, leaving a balance of US\$11,000.

The respondents sought to complete the purchase by tendering the remaining balance through a lawyer, but the petitioners refused, leading to consignment of the amount in court. Subsequently, the petitioners instigated an unlawful detainer case against the respondents' son and his wife, resulting in their eviction from the property. The trial court dismissed the respondents' complaint for lack of preponderant evidence, but on appeal, the Court of Appeals (CA) reversed the trial court's decision, recognized the respondents' right of ownership over the property, and directed the issuance of a new title in favor of the respondents after the consigned amount was released to the petitioners.

****Issues:****

1. Whether there was sufficient evidence to prove the existence of a partially executed contract to sell the property.
2. Whether the deed of transfer of rights from the respondents to Redima by the petitioners' counsel, Atty. Dimayacyac, violated Article 1491 of the Civil Code.

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

The Supreme Court affirmed the CA's decision, holding that the respondents presented sufficient evidence to establish a partially executed contract to sell between them and the petitioners. The Court found that the exchange of money, the accommodation of the respondents' son in the property, and the subsequent actions taken by Lilia Cueto upon learning of the eviction case convincingly indicated the existence of a contractual relation aimed at transferring ownership of the property upon full payment. The Court also touched upon the inappropriateness of discussing the validity of the deed of transfer of rights to Redima without violating the due process rights of non-parties Redima and Atty.

Dimayacyac. Thus, without deciding on the validity of the said transfer, the appeal was deemed lacking in merit.

****Doctrine:****

A partially executed contract to sell, evidenced by partial payments and other affirmative actions consistent with the agreement's terms, removes the transaction from the ambit of the Statute of Frauds. An oral agreement for such a transaction, when partially performed, can be enforceable.

****Class Notes:****

- ****Contract to Sell vs. Contract of Sale:**** In a contract to sell, ownership is retained by the seller until full payment of the price, distinguishing it from a contract of sale where ownership passes to the buyer upon delivery.
- ****Evidence of Contract:**** Oral agreements, while risky, can be proven by partial execution such as payments, possession, and related actions affirming the transaction.
- ****Adverse Claims and Consignation:**** Properly recorded adverse claims and consigned payments in court can help protect a buyer's interest in a property transaction.
- ****Statute of Frauds:**** Contracts involving real property not written may still be enforceable if partially performed.

****Historical Background:****

This case underscores the complexities of dealing with property transactions within families and the difficulties that arise in proving oral agreements over formal written contracts, particularly in a legal context that traditionally values written evidence of contracts involving real estate. It demonstrates the Philippine judiciary's willingness to recognize and enforce oral agreements that have been partially executed and where other actions and evidence indicate a clear intent to engage in a property transaction.