

****Title:**** Rudolf Lietz, Inc. vs. The Court of Appeals, Agapito Buriol, Tiziana Turatello & Paola Sani

****Facts:****

The case originated from a conflicting property sale and lease arrangement involving a parcel of unregistered land located on Capsalay Island, Palawan, Philippines. Initially, Agapito Buriol, the property owner, entered into a lease agreement with Italian citizens Flavia Turatello, Tiziana Turatello, and Paola Sani on August 15, 1986, for a period of 25 years, renewable for another 25 years, involving one hectare of his property. Subsequently, Buriol sold the same piece of land (described as a five-hectare parcel) to Rudolf Lietz, Inc. on November 17, 1986, for P30,000. Later, it was discovered that Buriol only owned four hectares, and with one hectare under lease, only three hectares were actually delivered to Rudolf Lietz, Inc.

Upon realization of the discrepancy, Rudolf Lietz, Inc. filed a complaint against Buriol, Flavia Turatello, and the respondents for Annulment of Lease with Recovery of Possession with Injunction and Damages at the RTC on April 3, 1989. Except for Flavia Turatello, the respondents filed separate answers, and after a trial on the merits, the RTC dismissed both the complaint and the counterclaim for damages filed by the respondents. Both parties separately appealed to the Court of Appeals which affirmed the RTC's decision but awarded damages and attorney's fees to Turatello and Sani. Subsequently, a motion for reconsideration by Rudolf Lietz, Inc. was denied, prompting the filing of this petition to the Supreme Court under Rule 45 of the Revised Rules of Court.

****Issues:****

1. Whether Rudolf Lietz, Inc. is entitled to the delivery of the entire five hectares or its equivalent.
2. Whether damages may be awarded to either party.

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

The Supreme Court granted the petition in part, affirming the decision of the Court Appeals with the modification that the award for moral and exemplary damages was deleted.

1. On the first issue, the Supreme Court found that the sale was made for a lump sum for the specified five hectares within certain boundaries, not based on the rate per unit area. Therefore, according to Article 1542 of the Civil Code, no increase or decrease of the price is warranted even if the actual area delivered was less than stated.

2. Regarding the damages awarded by the Court of Appeals to Turatello and Sani, the Supreme Court deleted the award for moral and exemplary damages, citing the lack of basis for awarding such damages merely on the grounds of filing an unfounded civil action.

****Doctrine:****

This case reiterates the application of Article 1542 of the Civil Code, emphasizing that in sales of real estate made for a lump sum and not at a rate per unit, there shall be no adjustment in the price even if a greater or lesser area than that stated in the contract is delivered, provided the sale is based on the specified boundaries.

****Class Notes:****

- ****Article 1542 of the Civil Code****: Clarifies that in lump sum real estate transactions, the agreed price remains the same regardless of a discrepancy in the stated versus actual area, as long as the sale specifies boundaries.
- ****Difference between Article 1539 and Article 1542****: Article 1539 applies to sales by unit measure (where a price adjustment is expected for discrepancies), while Article 1542 applies to lump sum sales (where no price adjustment is expected for area discrepancies if the sale specifies boundaries).

****Historical Background:****

The case underscores the complexities of real estate transactions in the Philippines, particularly involving unregistered lands and the distinction between sales at a rate per unit area versus lump sum sales. It highlights the importance of clear and precise terms in property sale contracts, especially regarding boundaries and area specifications, to avoid disputes and litigation.