

Title: ****Spouses Beltran vs. Spouses Cangayda****

Facts:

In August 1989, the Spouses Cangayda verbally agreed to sell a 300-square-meter residential lot in Tagum City, Davao del Norte, to Spouses Beltran for PHP 35,000.00. The Beltrons made an initial payment, took possession of the property, and constructed their home. They made additional payments totaling PHP 29,690.00 but failed to settle the remaining balance of PHP 5,310.00 despite the Cangaydas' repeated demands. This issue led to an Amicable Settlement through the barangay's intervention, wherein the Beltrons promised to settle the balance within a specified period and cover all expenses for the property's titling. However, they failed to comply, and nearly 17 years later, the Cangaydas demanded the Beltrons vacate the property, leading to legal actions initiated by the Cangaydas in 2009 for recovery of possession and damages.

The Regional Trial Court (RTC) ruled in favor of the Cangaydas, ordering the Beltrons to vacate and directing the Cangaydas to refund the payments received. The Beltrons appealed to the Court of Appeals (CA), arguing the agreement was a sale that transferred ownership upon delivery, not a contract to sell. They also raised the issue of the applicability of the Maceda Law and argued the complaint was barred by prescription and laches. The CA affirmed the RTC's decision, leading to the Beltrons' appeal to the Supreme Court.

Issues:

1. Whether the CA erred in characterizing the oral agreement as a contract to sell.
2. Whether the oral agreement is covered by the Maceda Law.
3. Whether the Cangaydas' action for recovery of possession should be dismissed due to prescription and/or laches.

Court's Decision:

The Supreme Court found merit in the petition, reversing the decisions of the CA and RTC. It held that the agreement was an oral contract of sale, not a contract to sell, meaning ownership passed to the Beltrons upon delivery. Since there was no stipulation that ownership was reserved until full payment, and given the Beltrons made substantial payments and improved the property, their slight delay in completing payment did not justify rescission. The Court granted the Beltrons an additional 30 days to settle the balance and directed the Cangaydas to execute a Deed of Absolute Sale upon receipt.

Additionally, had the breach been sufficient to justify rescission, the action would still be

barred by prescription, as it was initiated 17 years after the breach.

Doctrine:

The case reiterates the distinctions between a contract of sale and a contract to sell, emphasizing that ownership in a contract of sale passes upon delivery unless expressly reserved. It also underscores the principle that slight delays in payment do not automatically warrant rescission of the sale, especially in cases involving immovable property.

Historical Background:

This case highlights the complexities and potential for conflicts when oral agreements concerning real property are made without clear stipulations or timely execution of formal deeds. It reflects on the legal principles governing sales, specifically on immovable properties, and the protective measures for buyers like the Maceda Law, notwithstanding its inapplicability in this scenario due to procedural constraints.

Class Notes:

- **Contract of Sale vs. Contract to Sell**: Key elements include ownership transfer upon delivery in the former, with the latter requiring full payment for transfer.
- **Maceda Law (R.A. No. 6552)**: Protects buyers on installment but was not applicable due to procedural issues in this case.
- **Prescription**: The 10-year period for filing an action based on written agreements, crucial for legal practitioners to monitor to avoid forfeiting the right to litigate.
- **Principle of Equity**: Even in the absence of stipulated grace periods, courts may grant extensions for fulfilling obligations, reflecting the judiciary's discretion in ensuring fairness.