

Title: Ariston Andaya, et al. vs. Dr. Melencio Manansala

Facts:

The case revolves around a parcel of land initially sold by Isidro Fenis to Eustaquia Llanes in 1934 with a right of repurchase. Fenis sold the land again in 1944 to Maria Viloría after the repurchase period expired. Viloría then sold the land to Dr. Melencio Manansala in 1944 with a repurchase right, which Manansala consolidated in 1946. In 1947, Viloría sold the land to Ciriaco Casiño, Fidela Valdez, and Ariston Andaya and Micaela Cabrito in an absolute sale. In 1948, Llanes sued to recover the land, and in 1949, Manansala sold the land to the Andayas and Valdez with a warranty against encumbrances. The lower court favored Llanes in 1955, leading to the eviction of Andaya and others. In 1956, Andaya sued Manansala for breach of warranty, resulting in a lower court decision partially favoring Andaya, which Manansala appealed.

Issues:

1. Whether Dr. Melencio Manansala is liable for breach of warranty against eviction.
2. Whether the contract between Manansala and the Andayas can be rescinded and the price returned with interest.
3. Applicability of the doctrine that a vendor's liability for warranty against eviction is waivable and can be renounced by the vendee.

Court's Decision:

The Supreme Court reversed the lower court's decision, ruling that Manansala is not liable for breach of warranty against eviction as there was an understanding between the parties that the warranty stipulation was pro forma and considering that the sale was made with knowledge of pending litigation and the risk of eviction was assumed by the Andayas and co-purchasers. Moreover, rescission of the contract was not deemed an appropriate remedy due to the inability of the Andayas to return the land and their assumption of eviction risk. The complaint was dismissed with costs against the Andayas.

Doctrine:

This case reaffirmed the doctrine that a vendor's liability for warranty against eviction in a contract of sale is waivable and may be renounced by the vendee. Furthermore, it highlighted that rescission as a remedy requires the ability to return what has been received under the contract, which is not feasible if the vendee is totally evicted from the land.

Class Notes:

- ****Waiver of Warranty Against Eviction****: A key concept where the vendee can waive the right to warranty in case of eviction.
- ****Rescission of Contract in Case of Total Eviction****: Rescission is not applicable in cases of total eviction as it necessitates the ability to return the received goods or property.
- ****Assumption of Risk****: The vendee's knowledge of the risk of eviction and the assumption of its consequences can exempt the vendor from liability.
- ****Legal Provisions Involved****:
 - Article 1475 and Article 1548 regarding the waivability of the warranty against eviction.
 - Article 1477, detailing the vendor's obligations when eviction occurs under waived warranty; equivalent to Article 1554 of the new Civil Code.
 - Articles 1295 and 1385 about rescission's prerequisites, specifically the requirement to return the received benefits.
 - Article 1479 (old Code) and 1356 (New) on the conditions for rescission when a part of the sold property is lost.

Historical Background:

The complexities of property transactions and warranties pre and post-World War II in the Philippines are illustrated in this case, emphasizing the importance of clear legal stipulations in property sales and the intricacies of litigation related to property rights and the doctrine of warranty against eviction. This case also reflects on the procedural transition and application of the old Spanish Civil Code provisions to the new Civil Code in addressing issues of property transfer and warranties therein.