

Title:

Salame v. Court of Appeals and Spouses Balgos: A Dispute Over Property Repurchase Rights

Facts:

Petitioners Luz Ardena Salame and Ramon A. Salame, heirs of Vicenta Acevedo, engaged in a legal dispute with the respondents, Spouses Atila Balgos and Teodorica Asis, concerning the rightful ownership and repurchase rights of a parcel of agricultural land located in Barrio Banica, Roxas City. Vicenta, who died in 1968, jointly owned the land with the respondents. A series of transactions regarding Vicenta's share included a contract of sale by installment with a repurchase option in 1962, an absolute sale deed in 1964, and a promise to sell in 1967. After Vicenta's death, the petitioners attempted to repurchase the property in December 1974, but were denied by the respondents who claimed absolute ownership. This led to the petitioners filing a complaint for reconveyance and damages against the respondents at the Regional Trial Court of Roxas City, which dismissed the case for lack of merit. The petitioners' appeal to the Court of Appeals also failed, leading to the petition for review to the Supreme Court.

Issues:

1. Whether the series of transactions between Vicenta Acevedo and the respondents constituted a single transaction intended as an equitable mortgage.
2. Whether the "Promise to Sell" can be enforced as a binding unilateral contract under Article 1479 of the Civil Code.

Court's Decision:

The Supreme Court denied the petition, affirming the decision of the Court of Appeals. The Court found that the three documents (Contract of Sale by Installment with Right to Repurchase, Deed of Absolute Sale, and Promise to Sell) were separate and independent transactions and not a single transaction intended as an equitable mortgage. The Court applied the parol evidence rule, stating that the clear and unambiguous terms of the documents must stand without recourse to external evidence. The "Promise to Sell" was determined to lack the requirements of a binding unilateral promise to sell under Article 1479 of the Civil Code due to the absence of a certain price and a consideration distinct from the price.

Doctrine:

This case reiterates two important legal doctrines:

1. **Parol Evidence Rule:** Written agreements presumed to contain all terms, not subject

to contradiction by external evidence unless specific exceptions apply.

2. **Elements of a Binding Unilateral Promise to Sell under Article 1479 of the Civil Code:** Requirement of a price certain and a consideration distinct from the price for such a promise to be enforceable.

Class Notes:

- **Parol Evidence Rule:** No evidence outside of the written document is admissible to contradict or supplement the document's terms unless exceptions apply (e.g., ambiguity, mistake).

- **Equitable Mortgage Presumptions:** Under Article 1602 and Article 1604 of the Civil Code, certain conditions may imply a sale with right to repurchase as an equitable mortgage to secure a debt.

- **Unilateral Promise to Sell (Article 1479, Civil Code):** For enforcement, requires a price certain and a consideration distinct from the price. Absence of these requirements renders the promise unenforceable.

Historical Background:

The case illustrates the complexities and legal intricacies involved in property transactions in the Philippines, especially when dealing with rights to repurchase and the delineation between absolute sale and equitable mortgage. It highlights the importance of clear, unambiguous agreements in property sales and the challenges in proving the intentions behind multiple related transactions.