

****Title:**** Rufina Lim v. Corazon L. Escueta et al.

****Facts:**** Rufina Lim initiated action to remove the cloud on title and for quieting of title against Ignacio E. Rubio and the heirs of Luz R. Baloloy, amended to include specific performance and damages. Lim claimed she bought hereditary shares from Rubio and the heirs and transacted earnest money with them, with an agreement that titles would be delivered upon full payment. Rubio refused to accept further payment and to deliver titles, as did the heirs of Luz Baloloy. A simulated deed of sale between Rubio and Corazon Escueta was alleged to bring doubts on Lim's title. The Baloloys defaulted in court, leading to a partial decision against them. Rubio and Escueta asserted that no valid sale occurred, claiming the transactions were loans and assignments of authority to sell were not genuinely given. The trial court's decisions led to a series of appeals, ultimately resulting in the CA upholding Lim's claim and reversing the trial court's decision in favor of Escueta and Rubio.

****Issues:****

1. Whether the CA erred in denying the Baloloys' petition for relief from judgment.
2. Whether the CA was correct to reinstate the complaint and award damages to Lim.
3. The determination of whether the contracts between Lim and the vendors were contracts of sale or contracts to sell.
4. The validity of the contract of sale executed between Rubio and Escueta.
5. The correctness of the CA in dismissing the petitioners' counterclaims.

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

1. The Supreme Court affirmed the CA's denial of the Baloloys' petition for relief, citing failure to timely file the petition and lack of fraud, accident, mistake, or excusable negligence as reasons.
2. The Court upheld CA's decisions, holding the sale to Lim valid based on ratification by Rubio through acceptance of payments perceived as down payments and not as loan repayments.
3. The Supreme Court distinguished the transactions as contracts of sale rather than contracts to sell, pointing out the transfer of ownership upon payment completion.
4. The sale between Rubio and Escueta was nullified due to prior valid sale to Lim, demonstrating that subsequent sales cannot invalidate a prior perfected sale.
5. The Court found no merit in the petitioners' counterclaims, reinforcing the CA's dismissal of these claims.

****Doctrine:**** The Supreme Court reiterated principles surrounding contracts of sale, the effects of ratification of unauthorized acts by agents, and the role of earnest money as part of the purchasing price. It highlighted the importance of actual or constructive delivery in transferring ownership.

****Class Notes:****

- ****Contracts of Sale vs. Contracts to Sell:**** The essence lies in the agreement's intention and the conditionality of ownership transfer upon full payment.
- ****Ratification:**** Acceptance of benefits under a contract or acquiescence to an unauthorized act can imply ratification, binding the principal to the terms agreed upon by the agent.
- ****Earnest Money:**** Considered part of the purchase price and indicative of the contract's perfection.
- ****Pre-Trial and Default:**** Highlighting procedural obligations and impacts of failing to appear or respond within designated timelines.
- ****Constructive Delivery:**** Execution of a contract signifies constructive delivery of property, pivotal for ownership transfer.

****Historical Background:**** This case underscores the complexities and disputes arising from property sales in the Philippines, particularly when involving multiple heirs and unclear authority of representation. It demonstrates the judiciary's role in clarifying ownership disputes and contract interpretations within the context of Philippine law.