

****Title: Manuel Uy & Sons, Inc. v. Valbuenco, Incorporated****

****Facts:****

Manuel Uy & Sons, Inc. (Petitioner) entered into two Conditional Deeds of Sale with Valbuenco, Inc. (Respondent) on November 29, 1973, covering four parcels of land in Teresa, Rizal. The sales were subject to several conditions, including payment schedules and the obligation of the petitioner to have the properties free of encumbrances and unlawful occupants. Respondent made partial payments but suspended further payments due to dissatisfaction with petitioner's compliance. On March 17, 1978, the petitioner sent a notice of intent to rescind the contracts to the respondent and executed notarial acts of rescission.

Respondent filed a complaint for specific performance and damages in 1994 in the RTC of Antipolo City, which was dismissed without prejudice in 1996. In 2001, respondent refiled the complaint in the RTC of Manila, seeking enforcement of the contracts. The trial court dismissed the complaint, siding with the petitioner, but the Court of Appeals reversed this decision, ordering the petitioner to execute deeds of absolute sale upon payment of the purchase price balance. The petitioner then appealed to the Supreme Court.

****Issues:****

1. Whether the notice of notarial rescission was validly served to the respondent.
2. The applicability and interpretation of R.A. No. 6552 (Realty Installment Buyer Protection Act) in the contracts to sell.
3. Whether the action filed by the respondent was barred by prior judgment or had prescribed under the statute of limitations.

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

The Supreme Court granted the petition, reversing the decision of the Court of Appeals and reinstating the decision of the RTC of Manila that dismissed the case for lack of merit. The Court clarified:

1. The respondent was deemed to have received notice of the notarial rescission through a previous case filed against the petitioner, fulfilling the requirement for rescission under R.A. No. 6552.
2. The action filed by the respondent had prescribed under Article 1144 of the Civil Code since it was filed more than 10 years after the cause of action accrued.
3. The contentions regarding jurisdiction and improper venue based on the location of the properties were dismissed, as the parties expressly waived any venue other than Manila in their contracts.

****Doctrine:****

- The Realty Installment Buyer Protection Act (R.A. No. 6552) applies to contracts to sell on installment payments when less than two years of installments were paid, providing a grace period for the buyer. The act of rescission by notarial act requires service of notice to the buyer.
- Actions upon a written contract must be brought within ten years from the time the right of action accrues under Article 1144 of the Civil Code.

****Class Notes:****

- Contracts to Sell: Ownership does not pass until the full payment of the purchase price, distinguishable from a deed of sale where ownership passes immediately.
- R.A. No. 6552: Provides rights to buyers and sellers in installment sales of real estate, specifying procedures for rescission and refund based on payment history.
- Notice of Rescission: Must be properly served to be effective; constructive notice through related legal proceedings is considered valid service.
- Prescription of Action: A written contract's action must be brought within ten years from the accrual of the right of action (Article 1144, Civil Code).

****Historical Background:****

This case illustrates the application of R.A. No. 6552, highlighting the importance of procedural requirements for rescission and the implications of the statute of limitations on contracts to sell real estate on installment. It underscores the judiciary's role in reconciling disputes over real estate transactions, emphasizing legal compliance and the consequences of failing to timely assert rights or fulfill contractual obligations.