

Title:

Catangcatang v. Legayada (173 Phil. 266)

Facts:

1. **Initial Contract (May 19, 1952):** Paulino Legayada executed a deed of sale with pacto de retro in favor of Salvacion A. Catangcatang over a parcel of land located in Lambunao, Iloilo, for P1,400. Of this amount, P1,200 was paid immediately, and the remaining P200 was covered by a promissory note.
2. **Discovery of Deficiency:** Catangcatang discovered that the actual area of the land delivered was 5.0779 hectares, significantly less than the stated 8.8272 hectares.
3. **First Civil Case (January 22, 1957):** Catangcatang filed Civil Case No. 2635 against Legayada for the recovery of the land's withheld area. Legayada counterclaimed for rescission due to non-payment of the P200 balance.
4. **Forcible Repossession by Legayada (May 10, 1957):** During the pendency of the case, Legayada forcibly took back possession of the land.
5. **Expiry of Redemption Period (May 19, 1957):** The period for repurchasing expired allegedly without Legayada availing his right to repurchase.
6. **Trial Court Decision (June 17, 1957):** The Court of First Instance dismissed both Catangcatang's complaint and Legayada's counterclaim, solidifying the actual area as 5.0779 hectares.
7. **Second Civil Case (June 29, 1957):** Catangcatang filed Civil Case No. 4464 for consolidation of title and restoration of possession. Legayada claimed he had deposited the redemption amount with his counsel.
8. **Trial Court's Ruling (May 10, 1957 - from Civil Case No. 4464):** The Court ruled in favor of Catangcatang, consolidating the title in her name and ordering the delivery of possession plus annual produce compensation.
9. **Court of Appeals Reversal:** On appeal, the Court of Appeals reversed the trial court, ruling that the failure to pay the full purchase price suspended the redemption period and ordered Legayada to pay Catangcatang P1,079.55 after deductions for unpaid taxes.

10. **Further Appeal:** Catangcatang then appealed to the Supreme Court on various grounds, questioning the Court of Appeals' rulings.

Issues:

1. **Suspension of Redemption Period:** Whether the failure to pay the remaining P200 suspended the running of the redemption period.
2. **Res Judicata:** Whether the decision in Civil Case No. 2635 barred the enforcement of the P200 balance through res judicata.
3. **Consolidation of Title:** Whether the right to consolidate the title is valid given the circumstances, including the alleged depositional attempt by Legayada.

Court's Decision:

1. **Redemption Period Not Suspended:** The Supreme Court found no basis for the appellate court's holding that the unpaid P200 suspended the redemption period. The sale was consummated, and the period agreed was five years from the execution date, without any suspension clause regarding the unpaid balance.
2. **Application of Res Judicata:** The issue of the P200 was resolved in Civil Case No. 2635. The CFI's decision on this matter, having become final, precludes reopening due to the principle of res judicata.
3. **Redemption Attempt and Tender of Payment (May 10, 1957):** The Court held that Legayada's tender of payment attempt was insufficient. The legal requirement for redemption involves a simultaneous and actual tender of the price, which Legayada failed to duly exercise or legally consummate by not depositing the amount in court.

The Supreme Court reversed the decision of the Court of Appeals and reinstated the trial court judgment in favor of Catangcatang, consolidating the land in her name and confirming her entitled reliefs.

Doctrine:

- **Pacto de retro sale:** The redemption period runs from the date of the sale agreement unless explicitly suspended by mutually agreed terms, noncompliance in payment of part of the purchase price does not suspend this period.

- **Res Judicata:** A final decision in an earlier suit precludes re-litigating the same issue (such as the unpaid balance) in subsequent proceedings.
- **Tender of Redemption Price:** The right to repurchase must be accompanied by the actual and timely offer or litigation of the purchase price.

Class Notes:

- **Pacto de Retro Sale:** Defined by Article 1601 of the Civil Code, involves the seller retaining the right to repurchase the property within a specified period.
- **Obligations of Vendor a Retro:** According to Article 1616 of the Civil Code, the vendor must return the sale price, contract expenses, and any other legitimate necessary and useful expenses made on the thing sold.
- **Res Judicata:** Prevails under the Civil Code and the Code of Civil Procedure, preventing re-litigation of final judgments between the same parties.
- **Tender of Payment:** Should include the actual amount and a proper offer or deposit, suitable within legal norms, to be considered valid.

Historical Background:

This case dates back to an era when property transactions often involved complex legal remedies involving possessive actions, given the rural land context in the Philippines. The resolution of ownership and contract disputes was often a protracted legal battle requiring several layers of judicial intervention. The legal doctrine around pacto de retro sales needed clear judicial precedents to fine-tune the balance between contract stipulations and equitable remedies available to the litigants, ultimately guiding future property transactions and associated litigations in Philippine civil law.