

Title: Marta C. Ortega vs. Daniel Leonardo, 103 Phil. 870 (1958)

Facts:

- Pre-War Occupancy:** Marta C. Ortega occupied a parcel of land, designated as Lot I, Block 3, located at San Andres Street, Malate, Manila, before the Japanese occupation of Manila during World War II.
- Post-War Re-occupation:** After the liberation of Manila, Ortega re-occupied the same land (Lot I).
- Government Assignment:** The administration of Lot I, along with other parcels in the Ana Sarmiento Estate, was assigned by the government to the Rural Progress Administration (RPA).
- Conflicting Claims:** Both Ortega and Daniel Leonardo asserted their rights to Lot I based on their occupancy claims. Leonardo's claim was for a portion of the land after Ortega's occupancy.
- Oral Agreement:** During an investigation by the RPA, Leonardo promised Ortega that if he succeeded in obtaining the title, he would sell her a 55.60 square meter portion of Lot I for Php 25.00 per square meter. Leonardo conditioned this on Ortega paying for the surveying and subdivision of the lot and paying a monthly rental of Php 10.00 until the purchase was fully paid after segregation.
- Plaintiff's Compliance:** Ortega accepted the offer and ceased asserting her claim on Lot I. Subsequently, Leonardo acquired the title, and Ortega caused the survey and segregation of the promised portion (now Lot I-E) and paid for the expenses involved. She also extended her son's house over this portion and regularly paid the agreed monthly rental.
- Refusal of Sale:** In July 1954, after the approval of the subdivision plan by the Bureau of Lands, Ortega tendered the purchase price to Leonardo, who refused to accept it without cause.
- Trial Court Decision:** Ortega filed a complaint to enforce the sale, but upon Leonardo's motion to dismiss, the Court of First Instance of Manila dismissed the case, ruling that the oral promise to sell land was unenforceable under the Statute of Frauds.

****Issues:****

1. ****Partial Performance Exception****: Whether the plaintiff's actions constituted sufficient partial performance to take the oral contract out of the Statute of Frauds.
2. ****Enforceability of Oral Contract****: Whether the combination of acts performed by the plaintiff represented an exception to the general rule that oral contracts for the sale of land are unenforceable.

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

1. ****Partial Performance Recognized****: The Supreme Court reversed the lower court's dismissal, holding that multiple acts by Ortega (relinquishment of her prior claim, continued possession, making improvements, surveying the land at her expense, and tendering payment) collectively constituted partial performance of the oral agreement.
 - ****Relinquishment of Rights****: Ortega withdrew her claim for the lot based on Leonardo's promise, which is akin to relinquishing conflicting rights.
 - ****Continued Possession****: Ortega retained possession and enhanced the value by extending her son's house onto the land.
 - ****Improvements and Tender Payment****: She made significant and valuable improvements on the property, in reliance on the agreement, and with Leonardo's consent.
 - ****Surveying****: Out-of-pocket costs for surveying and subdividing the lot also aligned with the agreed-upon terms and were specially referable to the contract.
2. ****Exception to the Statute of Frauds****: The court concluded that the expressed actions sufficiently amounted to partial performance, effectively taking the oral contract out of the protection of the Statute of Frauds, as it would be fraudulent to allow Leonardo to evade the agreement after Ortega's reliance on it.

****Doctrine:****

- The doctrine established by this case is that partial performance, which includes actions such as occupation, improvement, surveying the lot, tendering payment, and relinquishment of rights in reliance upon the oral agreement, may suffice to enforce an otherwise unenforceable oral contract for the sale of land under the Statute of Frauds. The principle underscores preventing fraudulent repudiation by allowing enforcement where one party has substantially relied upon the oral agreement.

****Class Notes:****

- **Key Elements of Partial Performance**:

1. **Possession**: Continued possession by the purchaser in reliance on the contract.
2. **Improvements**: Making valuable and permanent improvements on the property.
3. **Relinquishment**: Relinquishing competing claims or rights to property.
4. **Payment**: Tendering or offering payment as per the contract.
5. **Surveying**: Undertaking expenses for surveying and subdividing property per agreement.

- **Statutory Reference**:

- Article 1403, Civil Code of the Philippines: Statute of Frauds, requiring certain contracts to be in writing to be enforceable.
- The rules pertaining to the administrative disposition of public lands by the government exemplified by the assignment to Rural Progress Administration.

- **Application**:

- These elements, when done in reliance on an oral agreement and with the vendor's acquiescence, may be interpreted as adequate part performance to dispense with the requirement of a written contract for selling land.

Historical Background:

This case occurred in the post-liberation period of Manila after World War II, wherein property rights and administration were critical issues due to the destruction and resettlement process. The government's involvement in assigning administrative control to entities like the Rural Progress Administration shows efforts to manage land disputes and the gradual restoration of private ownership. The case highlights a period of legal adaptation concerning property laws in the Philippines, especially regarding oral contracts and partial performance principles.