

### Title:

\*\*Pedro Roman v. Andres Grimalt, G.R. No. 6 Phil. 96 (1904)\*\*

### Facts:

Pedro Roman (plaintiff) filed a complaint against Andres Grimalt (defendant) in the Court of First Instance (CFI) on July 2, 1904, seeking (1) the purchase price of a schooner named Santa Marina amounting to 1,600 pesos, (2) legal interest on the installments, (3) costs of proceedings, and (4) other just and equitable relief. Roman alleged that between June 13 and June 23, 1904, a verbal agreement was made for the sale of the schooner through an intermediary, Fernando Agusti Pastor. Grimalt purportedly agreed to purchase the vessel for 1,500 pesos, to be paid in three installments, with the sale conditional upon acceptance of the payment plan.

On June 23, Grimalt formalized the agreement by letter, contingent upon Roman's notification of acceptance, which was given through Pastor on June 24.

However, on June 25, the schooner sank in the Manila harbor due to a severe storm. Roman then demanded payment from Grimalt, who refused.

Grimalt filed a demurrer, which was initially upheld by CFI, prompting Roman to amend his complaint to allege the sale agreement and subsequent sinking of the vessel. Grimalt countered that no binding contract existed as Roman failed to present valid ownership papers for the schooner and that the sale was contingent upon this and an inspection of seaworthiness.

### Issues:

1. Whether a binding contract of sale was perfected between Roman and Grimalt.
2. Whether Grimalt was liable to pay for the schooner despite its sinking.

### Court's Decision:

\*\*Issue 1:\*\* The Supreme Court ruled that no binding contract was perfected. The Court noted that while the parties had negotiated and tentatively agreed on a price and payment terms, the sale agreement was conditional on Roman furnishing valid ownership documents and passing an inspection of the schooner's seaworthiness, neither of which were satisfied by June 25.

\*\*Issue 2:\*\* Since there was no perfected sale, Grimalt was not obligated to pay for the schooner. Ownership had not transferred to Grimalt as the required conditions for the sale

were unmet. Therefore, the loss of the schooner, which occurred before a valid contract was solidified, fell upon Roman, its owner.

### ### Doctrine:

For a contract of sale to be considered perfected:

- **Agreement on the Object and Price**: There must be a clear agreement on the subject (the schooner) and the price (1,500 pesos).
- **Fulfillment of Conditions**: Any stipulated conditions, such as proof of ownership and inspection, must be met.
- **Transfer of Ownership**: Article 1450 of the Civil Code states that ownership transfers only upon delivery and the purchaser's taking possession after meeting agreed-upon conditions (Art. 1462 of Civil Code).

### ### Class Notes:

1. **Elements of a Perfected Contract of Sale**: Agreement on the subject and price, fulfillment of conditions, and transfer of possession.
2. **Civil Code Provisions**:
  - **Article 1450**: Defines when a sale is binding.
  - **Article 1462**: Pertains to when the transfer of ownership is considered complete.
  - **Articles 1096 and 1182**: Relate to the obligations of delivery and consequences of the loss of the object before delivery.
  - **Article 1452**: Concerns the risk of loss after a contract is perfected.
3. **Conditional Agreements**: A conditional sale does not transfer ownership until all conditions are satisfied.

### ### Historical Background:

The case occurred against the backdrop of the early American colonial administration in the Philippines, during which existing Spanish laws (such as the Civil Code) were still in effect. It reflects the transitional nature of Philippine judicial processes at the time and the application of Spanish civil law principles in commercial transactions. The decision underscores early 20th-century Philippine jurisprudence's adherence to strict contractual doctrines, emphasizing the importance of explicit fulfillment of sale conditions before recognizing transfer of ownership.