

# **Heirs of Pedro Escanlar et al. vs. Court of Appeals et al.**

## **Facts**

1. **Death of Property Owners**:

- Guillermo Nombre and Victoriana Cari-an, the original owners of Lot Nos. 1616 and 1617 in Kabankalan, Negros Occidental, died without issue in 1924 and 1938, respectively.
- Nombre's heirs include his nephews and grandnephews; Victoriana was succeeded by her brother's son, Gregorio Cari-an.

2. **Inheritance Proceedings**:

- Gregorio Cari-an was declared Victoriana's heir in the estate proceedings (Special Proceeding No. 7-7279). After his death in 1971, his heirs (wife Generosa Martinez and children Rodolfo, Carmen, Leonardo, and Fredisminda) were adjudged as heirs by representation.
- Leonardo Cari-an's widow, Nelly Chua, and minor son, Leonell, also became heirs.

3. **Initial Sale of Land**:

- On September 15, 1978, Gregorio Cari-an's heirs (the Cari-ans) sold their rights and interests in the lots to Pedro Escanlar and Francisco Holgado for P275,000.
- Conditions included the sale becoming effective only upon the approval of the Court of First Instance and that the balance of P225,000 was to be paid by May 1979.

4. **Non-payment and Subsequent Payments**:

- Petitioners failed to pay Cari-an heirs by the due date but managed to pay in installments thereafter. By June 21, 1979, Rodolfo Cari-an was fully paid; other heirs were fully compensated later.
- Petitioners, former lessees of the lots, continued paying rent based on their lease.

5. **Intervention and Competing Claims**:

- On September 10, 1981, petitioners sought intervention in probate proceedings as buyers.
- Their motion for sale approval was opposed by Cari-an heirs, who then sold the land to the spouses Ney Sarrosa Chua and Paquito Chua on September 21, 1982.

6. **Legal Battle Begins**:

- Cari-an heirs filed for cancellation of sale against petitioners on November 3, 1982, citing failure of payment by May 31, 1979.
- Petitioners sold their rights to Edwin Jayme on April 20, 1983, who took possession of the

lots.

7. **Court Proceedings**:

- The probate court declared the estate closed on October 30, 1987, marking the properties as sold.
- On December 18, 1991, the trial court nullified the September 15, 1978 sale favoring the subsequent sale to Chua spouses.

8. **Appeal**:

- Petitioners raised the case to the Court of Appeals, which affirmed the trial court's decision on February 17, 1995.
- Petitioners' motion for reconsideration was denied on April 3, 1995, leading to their elevation to the Supreme Court.

**## Issues**

1. Whether the September 15, 1978 Deed of Sale was a contract of sale or a contract to sell.
2. Whether the sale required probate court approval to be effective.
3. Whether the petitioners' failure to pay the balance on time justified rescission of the contract.
4. Whether there was full payment of the contractual price to render the sale valid.

**## Court's Decision**

1. **Contract of Sale vs. Contract to Sell**:

- The Court ruled that the disputed Deed of Sale was a contract of sale due to the lack of clauses reserving ownership or stipulating rescission rights upon non-payment.
- Citing precedents, ownership passes through traditio brevi manu (symbolic delivery for those already in possession).

2. **Probate Court Approval**:

- The Court held that the stipulation requiring court approval impacted the effectiveness, not the validity of the contract.
- It also distinguished between selling specific estate properties (requiring approval) and selling ideal shares of heirs, which does not.
- The delay and opposition from the Cari-ans themselves were seen by the Court as obstructive, waiving their grounds for rescission based on lack of approval.

3. **Rescission for Non-Payment**:

- The sellers didn't make a judicial demand for rescission nor execute any notarial act as per Article 1592 of the Civil Code.
- By repeatedly accepting delayed payments, the sellers waived their rescission rights.

4. **Full Payment**:

- The Court found based on the records that the Carri-ans were indeed fully paid, despite claims of discrepancies.
- Receipts and testimonies confirmed payments to individual heirs.

**## Doctrine**

1. **Contract of Sale and Delivery**: A sale is considered completed when delivery is made, even if symbolic (*traditio brevi manu*), unless it explicitly states otherwise (ownership reservation or rescission clause).

2. **Effectiveness vs. Validity**: Conditional stipulations in contracts affect effectiveness and not validity unless they pertain to essential requisites of the contract.

3. **Probate Court Approval**: Required only for the sale of specific estate properties, not heirs' ideal shares.

4. **Waiver of Rescission Rights**: Accepting installments beyond the due date without demand constitutes waiver of rescission rights.

**## Key Elements for Class Notes**

1. **Contracts of Sale**:

- Delivery (*traditio brevi manu*).
- Ownership transfer without suspensive conditions.
- Legal action permissible for unpaid balance or rescission after proper demand.

2. **Probate Court Approval**:

- Needed for specific estate properties.
- Heirs' ideal shares can be disposed of without approval but subject to heirs' portion.

3. **Rescission Requirements**:

- Judicial demand or notarial act necessary per Article 1592.
- Acceptance of delayed payments constitutes waiver.

4. **Article References**:

- Article 1477 (Ownership transfer).
- Article 1318 (Essential contract requisites).
- Article 1592 (Rescission of real property sales).

**Historical Background**

- The case pivots on posthumous property rights and the interplay between probate approvals and contractual stipulations.
- It underscores judicial efforts to balance contractual intentions against procedural technicalities within estate management, reflecting on overarching civil law principles and interpretations prevalent since Roman times.