

Title:

Sps. Dominador R. Narvaez and Lilia W. Narvaez vs. Sps. Rose Ogas Alciso and Antonio Alciso (G.R. No. 163868)

Facts:

Larry A. Ogas originally owned a parcel of land in Pico, La Trinidad, Benguet, which he sold to his daughter, Rose O. Alciso, leading to the issuance of TCT No. T-12422 in her name. Alciso entered into a “Deed of Sale with Right to Repurchase” with Jaime Sansano for P10,000 on August 25, 1979, later repurchasing the property and subsequently selling it to Celso Bate for P50,000 on March 28, 1980. This led to the issuance of TCT No. T-16066 in Bate’s name. On August 14, 1981, Bate sold the property to the Spouses Dominador R. Narvaez and Lilia W. Narvaez (Spouses Narvaez) for P80,000, leading to the issuance of TCT No. T-16528 in their names.

A commercial building was constructed on the property by the Spouses Narvaez in 1982, amounting to P300,000. Alciso, invoking an intent purportedly retained in the 1981 sale to repurchase the property, offered to repurchase but failed to reach an agreement on the price.

Subsequently, in a complaint filed on June 15, 1984, Alciso sought the annulment of the sales transactions and demanded reconveyance of the property, alleging that the sales were intended to be a real estate mortgage, not absolute sales.

Issues:

1. **Whether the Deed of Sale of Realty contained a valid stipulation pour autrui allowing Alciso to repurchase the property.**
2. **Whether Alciso effectively communicated her acceptance of the favor in the stipulation pour autrui to the Spouses Narvaez.**
3. **Whether Article 448 of the Civil Code applies to the improvements made by the Spouses Narvaez on the property.**
4. **Whether Alciso’s right of redemption was properly exercised.**

Court’s Decision:

1. **Stipulation Pour Autrui:**
- The Supreme Court affirmed the lower court’s findings that the 1981 Deed of Sale of Realty included a stipulation pour autrui, allowing Alciso to repurchase the property. The stipulation was delineated clearly and unconditionally within the contract, fulfilling all

requisite elements outlined in the Civil Code and previous jurisprudence.

2. **Communication of Acceptance:**

- The Supreme Court held that Alciso did effectively communicate her acceptance of the stipulation pour autrui. This was evidenced materially during trial, where she expressed her intent to repurchase the property multiple times before any revocation. Therefore, Alciso met the necessary condition to enforce the stipulation.

3. **Applicability of Article 448:**

- The Supreme Court disagreed with the Court of Appeals' application of Article 448 of the Civil Code (which deals with good-faith improvements on land) to the case. Applying precedent, the Court reiterated that Article 448 does not apply when the landowner made improvements before transferring land ownership. Therefore, Article 448 is inapplicable here as Spouses Narvaez were landowners when they constructed the building.

4. **Right of Redemption:**

- Under Article 1606 and Article 1616, the Supreme Court allowed Alciso a 30-day period from the finality of this decision to redeem the property. To exercise this right, Alciso must tender the repurchase price along with any legitimate and necessary expenses related to the sale and improvements.

Doctrine:

- **Stipulation Pour Autrui:**

- A third party may demand the fulfillment of a stipulation made in their favor within a contract provided they communicate acceptance before revocation. Elements must be clear and deliberate, conferring an unequivocal favor without incidental benefits.

- **Redemption in Sale with Right of Repurchase:**

- Specific provisions guide the exercise of the right of redemption in sale with pacto de retro (sale with the right of repurchase), with the seller required to return the sale price and any associated legitimate and necessary expenses.

Class Notes:

- **Stipulation Pour Autrui:**

- Requires: (1) an unequivocal stipulation in favor of a third party, (2) must be part of a contract, (3) clear, deliberate, and unconditional favor conferred, (4) acceptance communicated before revocation.

- **Article 1606 and 1616 of Civil Code:**

- Right to repurchase requires prompt offer and compliance with financial obligations (price + legitimate expenses).

Historical Background:

This case emerges from intricate real estate transactions involving familial and third-party dealings, whereby multiple titles and sales ensued. The matter draws from the Philippines' unique application of civil law principles, especially private property transactions and third-party beneficiary rights within contracts, reflecting a nuanced remnant of Roman law influences in modern jurisprudence. The case underscores the importance of the precise application of stipulations within contracts and the critical role of communicating acceptance in stipulation pour autrui contexts.