

Title

****A. A. Addison vs. Marciana Felix and Balbino Tioco, 38 Phil. 404 (1918)****

Facts

1. ****Contract Execution****:

- On June 11, 1914, A. A. Addison sold four parcels of land to Marciana Felix, with the consent of her husband, Balbino Tioco.
- Felix paid P3,000 initially, agreeing to pay further installments: P2,000 due on July 15, 1914, P5,000 within 30 days after receiving the Torrens title, and additional amounts based on the number of coconut trees within ten years.
- Marciana Felix would also deliver 25% of the products from the land to Addison until the issuance of the Torrens certificate.

2. ****Rescission Option****:

- The contract allowed Felix the right to rescind the contract within one year from the date of the certificate of title, with mutual obligation to return sums paid and the value of the land's products, respectively, with interest at 10% per annum.

3. ****Plaintiff's Action****:

- In January 1915, Addison sued Felix in the Court of First Instance (CFI) of Manila for failing to pay the P2,000 installment due on July 15, 1914, along with accrued interest.

4. ****Defendant's Defense and Cross-complaint****:

- Defendants argued non-delivery of the land and sought rescission of the contract, the return of the P3,000 paid with interest, and indemnity for losses due to non-fulfillment by Addison.

5. ****Discovery and Survey****:

- Addison attempted but failed to deliver the parcels; two were in possession of Juan Villafuerte, who claimed ownership.
- A surveyor could only survey two parcels, revealing further disputes over occupancy.

6. ****Court Proceedings****:

- The CFI rescinded the contract, ordering Addison to return P3,000 with 10% interest per annum. Addison appealed.

Issues

1. ****Whether Addison delivered the land as stipulated in the contract.****

2. **Whether Felix was entitled to rescind the sale due to non-delivery.**
3. **The proper basis for rescission and interest applicable on the refund.**

Court's Decision

1. **Non-delivery of Land**:

- The Supreme Court found no actual delivery by Addison, as over two-thirds of the land sold were occupied by third parties, preventing Felix from obtaining possession.
- Symbolic delivery via a public instrument was insufficient without actual control and possession.

2. **Right to Rescind**:

- While the trial court's basis for rescission was incorrect, the Supreme Court confirmed the result due to non-delivery by Addison.
- The right to rescind, under the terms of the contract, did not arise because the title was never issued. However, legal rescission was appropriate due to the failure of delivery.

3. **Interest Rate**:

- The correct interest was the legal rate of 6% per annum from the date of complaint, not the contractual 10% rate, as the rescission was deemed legal rather than conventional.

Doctrine

- **Delivery and Possession under Sale Contracts**: Execution of a public instrument is symbolic delivery, but actual physical possession must be unimpeded for the delivery to be effective.
- **Legal vs. Conventional Rescission**: Non-fulfillment of contractual obligations, such as delivery of sold property, can justify legal rescission aside from specific contractual terms.

Class Notes

- **Essential Elements of Delivery under Civil Code**: Control and ability to transfer physical possession are necessary for complete delivery (Art. 1462, Civil Code).
- **Rescission of Sale Contracts**: Basis can be contractual or legal under Arts. 1506 and 1124 of the Civil Code.
- **Presumption in Property Disputes**: Public instrument execution equates to delivery unless factual possession contradicts (Supreme Court of Spain interpretation, 1903).

Historical Background

This case arose in the early 20th century Philippines when land registration problems were common, and judicial precedent was shaped significantly by both local statutes and Spanish

Civil Code roots. The Torrens system was still being fully integrated, leading to disputes like these over land possessions and transfers.