

### Title:

\*\*Spouses Lucia A. Orozco and Cresente R. Orozco Petitioners vs. Florante G. Lozano, Sr. (deceased), Substituted by His Heirs, Respondents, G.R. No. 224936\*\*

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### Facts:

1. **Initial Purchase:** On 23 May 1980, Spouses Cresente and Lucia A. Orozco bought two residential lots, Lot No. 3780 and Lot No. 3105, from Spouses Reynaldo and Floriana Fuentes, located in Barangay 2, San Francisco, Agusan del Sur.
2. **Secondary Sale:** On 4 September 1980, the OrozcOs sold half of Lot No. 3780 to Florante G. Lozano, Sr., designating the sold portion as Lot No. 3780-A and retaining the other half as Lot No. 3780-B.
3. **Use and Dispute:** Lozano built a boarding house straddling both Lot No. 3780-A and Lot No. 3780-B. The OrozcOs believed the construction was within the 285 square meter area they sold, but later a dispute arose regarding an alleged additional 62 square meters of land.
4. **Payment and Conflict:** Lozano claimed an extra 62 square meters were agreed upon for an additional P1,000.00, evidenced by partial payment receipts. However, Spouses Orozco denied any such agreement beyond the initial sale.
5. **Barangay Conciliation:** Unable to settle privately, the dispute went through barangay conciliation but remained unresolved, leading to formal legal action.
6. **MCTC Filing:** On 2 September 1998, the OrozcOs filed for Recovery of Possession and Damages with a Writ of Preliminary Injunction in the MCTC.
7. **MCTC Decision:** The MCTC ruled in favor of the OrozcOs on 12 January 2012, requiring Lozano to vacate the encroached area on Lot No. 3780-B and restoring possession to the OrozcOs, with alternatives provided for indemnity.
8. **RTC Appeal:** On 25 June 2012, the RTC reversed the MCTC's decision, validating the contract of sale and additional area agreement due to signature authentication and boundary prevalence over area statement in the contract.
9. **CA Appeal:** The CA affirmed the RTC's decision on 18 September 2015, adjusting the

interest rate on the unpaid amount due to changes in monetary policies as per BSP resolutions.

10. **Supreme Court Petition:** Dissatisfied, Spouses Orozco escalated the case to the Supreme Court, leading to this petition for review.

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### ### Issues:

1. **Scope of the Sale:** Did the contract of sale between Spouses Orozco and Lozano include the disputed portion of 62 square meters?
2. **Ownership:** Is Lozano the rightful owner of the additional 62 square meters within Lot No. 3780?

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### ### Court's Decision:

#### **Issue 1: Contract Scope and Inclusion of the Disputed Portion**

- **Court's Analysis:** Article 1542 of the Civil Code dictates the handling of real estate sales for lump sums. Despite the original sale mentioning 285 sq.m., boundaries outlined in contracts prevail over area descriptions.

- **Conclusion:** The sale included half of the actual lot area within specified boundaries (325.5 sq.m.) and, post the secondary agreement, an additional 62 sq.m., totaling 387 sq.m.

#### **Issue 2: Ownership of the Disputed Area**

- **Court's Analysis:** The acknowledgment receipt evidenced consent for additional area sale. Spouses Orozco's forgery claims lacked sufficient proof, establishing the acknowledgment receipt's validity.

- **Conclusion:** Lozano validly acquired ownership over the total 387 sq.m., including the disputed 62 sq.m., via a valid, perfected contract and subsequent payments.

**Final Decision:** The Supreme Court affirmed the CA's decision, denoting rightful and lawful ownership of the disputed land portion by the Lozano heirs. The interest on the remaining unpaid balance adheres to the updated BSP rates of 12% until 30 June 2013, and 6% from 1 July 2013 onwards.

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### ### Doctrine:

1. **Article 1542 (Civil Code):** Prevails in lump sum property sales, mandating boundary-based delivery over specified areas.
2. **Contractual Boundaries Rule:** Boundaries in property sales contracts outweigh specific area statements when determining the actual object of the sale.

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### ### Class Notes:

#### **Key Elements:**

- **Contract of Sale:** Essential elements include valid consent, determinate subject matter, and a certain price in money.
- **Article 1542 vs. Article 1539 (Civil Code):** Lump sum contracts (Art 1542) prevail by boundaries, not area specifics. Unit price contracts (Art 1539) adjust price by actual area delivered.
- **Forged Documents:** Claims must be substantiated by clear, convincing evidence, typically through a forensic comparison of signatures.

#### **Application:**

- **Property Sales:** Boundaries stipulated in contracts define delivery obligations in lump sum arrangements, negating area misstatements.
- **Evidence Handling:** Accusations like forgery need definitive evidence, with legal reliance on expert opinions though not obligatory.

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### ### Historical Background:

#### **Context:**

- **Real Estate Sales in the Philippines:** The case underscores frequent boundary versus area disputes in property sales.
- **Civil Code Relevance:** Highlights Civil Code articles' critical roles in property transactions, ensuring clear legal standards for resolving such conflicts. Understanding Article 1542's precedence highlights the importance of contract drafting precision in land deals.

This case reinforced the established principles governing boundary-based real estate transactions, crucial for legal practitioners dealing with property law in the Philippines.