

Title: Cabrera v. Ysaac, G.R. No. 159094

Facts:

1. The heirs of Luis and Matilde Ysaac co-owned a 5,517-square-meter parcel of land in Sabang, Naga City, covered by Original Certificate of Title (OCT) No. 506. Henry Ysaac, one of the heirs, leased portions of the property to several lessees, including Juan Cabrera, who leased a 95-square-meter portion starting in 1986.
2. On May 6, 1990, Henry Ysaac offered to sell the 95-square-meter piece to Juan Cabrera, who declined it due to lack of parking space. Henry then included two adjoining parcels leased to the Borbe and Espiritu families to make it 439-square-meters, subject to the consent of the other lessees. Cabrera agreed to purchase the three parcels at P250 per square meter, payable in full after his retirement on June 15, 1992. He made an initial payment of P1,500.
3. Cabrera was told that the Borbe and Espiritu families were not interested in buying their leased properties. Cabrera reimbursed an initial deposit made by Mamerta Espiritu for her parcel, paying Henry Ysaac P6,100 on June 9, 1990.
4. Cabrera tried to pay the balance on June 15, 1992, but Ysaac was abroad, and his wife refused to accept the payment.
5. In September 1993, Ysaac requested a reduction in the area of the land due to planned walkways and difficult occupants. Cabrera agreed, resulting in a resurvey showing an area of 321 square meters. Cabrera attempted to pay again, but Ysaac's wife refused without his authorization.
6. On September 21, 1994, Ysaac's counsel informed Cabrera's lawyer through a letter that the contract was being rescinded due to non-payment and applied initial payments to overdue rent.
7. Cabrera filed a case for specific performance on September 20, 1995, for the execution of the deed of sale and title transfer. He deposited P69,650 with the clerk of court. A notice of *lis pendens* was annotated on OCT No. 506.
8. During trial, Corazon Borbe Combe testified their family never agreed to sell their leased property to Cabrera.

9. The Regional Trial Court ruled that the contract of sale was rescinded due to Cabrera's failure to pay the balance. Cabrera's complaint and Ysaac's counterclaim were dismissed.

10. The Court of Appeals ruled there was a valid contract but specific performance was not available due to a supervening sale to the local government of Naga City, which was deemed an innocent purchaser for value.

11. Cabrera's petition for review was initially dismissed for late filing but was later reinstated.

Issues:

1. Whether the Supreme Court can consider issues raised by the respondent.
2. Whether there was a valid contract of sale between Cabrera and Ysaac.
3. Whether the contract subsisted and could be enforced.
4. Whether the contract was validly rescinded.
5. Whether the contract became unenforceable due to the sale to Naga City.
6. Whether Cabrera is entitled to the execution of a deed of sale.
7. Whether Cabrera is entitled to actual damages, attorney's fees, and costs of litigation.

Court's Decision:

****1. Issues Consideration:****

- The court has the authority to review matters not assigned as errors if necessary for a just decision. Respondent's issues on contract validity were responsive to petitioner's arguments.

****2. Validity of Contract:****

- There was no valid contract of sale. A co-owner cannot sell a definite portion of unpartitioned common property without all co-owners' consent, which was not present here.

****3. Contract Subsistence:****

- Without a valid contract, specific performance is not possible.

****4. Rescission:****

- Articles 1592 of the Civil Code do not apply as there was no valid contract to rescind. Thus, the letter from Ysaac's counsel was sufficient to terminate the agreement.

****5. Unenforceability Due to Sale to Naga City:****

- Contract was unenforceable as the co-owned property was sold to an innocent purchaser (Naga City).

****6. Deed of Sale:****

- Cabrera is not entitled to the execution of a deed of sale due to the contract's invalidity.

****7. Damages and Fees:****

- Cabrera is entitled to the return of the payments made, totaling P10,600, with legal interest. However, he is not entitled to attorney's fees and litigation expenses as there was no clear right over the property.

Doctrine:

****Co-Ownership and Sale:****

- A co-owner may not sell a definite portion of the co-owned property without the consent of all other co-owners.

****Contract Formation:****

- A valid contract requires consent, a certain object, and a cause. Sale of a specific part of co-owned property requires co-owners' unanimous agreement and partition.

****Remedies in Sale of Immovables:****

- Article 1592, which requires judicial or notarized extrajudicial rescission, applies only to contracts of sale, not contracts to sell.

Class Notes:

****Key Legal Principles:****

1. ****Co-Ownership Sales:****

- Co-owners can only sell their undivided interest, not a specific section, unless all co-owners consent.
- Consent from co-owners and partition are essential.
- Civil Code, Article 493.

2. ****Contract Formation (Consensual Contracts):****

- Requires consent, object, and cause.
- Civil Code, Articles 1305 and 1318.

3. **Sales of Specific Portions:**

- Cannot alienate specific portions without all co-owners' agreement.
- Civil Code, Article 1475.

4. **Rescission Mechanism for Property Sales:**

- Judicial or notarized notice required.
- Civil Code, Article 1592.

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

- Contract to sell: Ownership transfer conditional on full payment.
- Contract of sale: Immediate transfer upon agreement.
- Civil Code, Articles 1458, 1475.

Historical Background:

This case exemplifies tensions in property co-ownership and the specific legal requirements for selling co-owned land portions within the context of Philippines civil law. The dispute underscores the intersection of property rights, co-ownership rules, and contract enforcement, reflecting legal challenges faced in real estate transactions among family-owned properties.