

BENEDICTO G. RUPAC, PETITIONER, VS. CARMELITA GARZON SEVILLA, RESPONDENT.

Ponente: LOPEZ, J.

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LOPEZ, J.:

Who between the parties is entitled to material possession of the property is the main issue in this petition for review assailing the January 29, 2013 Decision of the Regional Trial Court.

The antecedents are of record.

On November 9, 2009, Carmelita Garzon Sevilla filed a complaint for unlawful detainer against Benedicto Rupac and his agent Felix Mariano before the Municipal Trial Court docketed as Civil Case No. 1183.[1] In her complaint and position paper,[2] Carmelita alleged among other things that: 1 she owned a parcel of land identified as Lot No. 659-A-13-C registered under TCT No. 337381; 2 in 1987, her parents and Benedicto executed a contract to sell[3] over the subject lot payable on an installment basis for a period of ten years; 3 starting May 1989, Benedicto defaulted in his monthly amortizations; and 4 notices to vacate were sent to Benedicto on November 20, 2003 and April 26, 2005 and upon Felix on November 4, 2009 but the demands went unheeded.[4]

Benedicto denied the allegations and moved to dismiss the complaint for lack of cause of action. First, payments of amortizations were held in abeyance after his request for more appropriate official receipts was ignored. Second, the contract to sell unconditionally transferred to him the possession of the premises. Third, although the agreement was denominated as contract to sell the essential contents thereof were akin to a contract of sale. Lastly, the complaint was filed more than one year from the date of last demand which was on April 26, 2005 and the notice to vacate against Felix on November 4, 2009 was ineffectual since he is only a caretaker.[5]

In its Decision dated August 16, 2012,[6] the MTC ruled in favor of Carmelita and ordered Benedicto to surrender the subject lot. It held that Benedicto's right of possession ceased after he failed to pay the stipulated purchase price in the contract to sell. Thus, when demand to vacate was refused, Benedicto became deforciant in the premises. On appeal,[7] the RTC affirmed[8] the findings of the MTC. A motion for reconsideration[9] was denied;[10] hence, this petition for review.[11]

At the outset, We stress that Benedicto acquired possession of the subject lot based on its contract to sell with Carmelita's predecessor-in-interest and admitted that he held in abeyance the amortizations thereon. Nevertheless, Benedicto contended that the suspension of the payment of installments did not affect his right to retain the possession of the property because the contract was one of sale which effectively transferred ownership of the subject lot to him. The terms and conditions of the contract, however, do not support this conclusion.

Here, it is evident that the parties executed a contract to sell and not a contract of sale. Paragraphs 3 and 10 of the agreement provide that upon payment in full of the purchase price of the subject lot, the vendor shall execute and deliver a deed of absolute sale conveying the property to the vendee, viz:

3. That the possession of the said premises hereinabove stipulated to be sold, will be delivered by the FIRST PARTY to the SECOND PARTY upon the signing of this Agreement, but the ownership of the land shall remain with the FIRST PARTY and shall not be considered as transferred to the SECOND PARTY until the One Hundred Twenty (120) monthly installments have been paid in full. It is understood that all expenses for the issuance of the title in favor of the SECOND PARTY shall be for the account of the said SECOND PARTY, and shall be paid prior to the issuance later on of the deed of absolute sale;

x x x

10. That upon completion of the one hundred (120) equal and consecutive monthly installments herein stipulated the FIRST PARTY or his duly authorized representative will execute in favor of the SECOND PARTY the deed of transfer to the latter the title to the parcel of land sold free from liens and encumbrances other than those expressly stipulated in this contract; it is understood however, that the SECOND PARTY has complied with the requisites stipulated in paragraph 3.

x x x[12]

The presence of these provisions generally identify the contract as a mere contract to sell. Jurisprudence has established that where the seller promises to execute a deed of absolute sale upon the completion by the buyer of the payment of the price, the contract is only a contract to sell.[13] Corollarily, there is no reasonable ground to exempt this case from the general rule. At this point, We clarify that the rights of the parties based on the interpretation of the contract is not conclusive but is merely provisional and is binding only with respect to the issue of possession.[14]

In a contract to sell, the vendor retains title to the thing to be sold until the vendee fully pays the agreed purchase price. The non-payment of the purchase price renders the contract to sell without force and effect. This is because full payment is a positive suspensive condition, the non-fulfillment of which is not a breach of contract, but merely an event that prevents the vendor from conveying title to the vendee.[15] Since Benedicto failed to fully pay the purchase price for the subject lot, Carmelita's obligation to convey title to the property did not arise. Relevantly, Benedicto's act of withholding the installment payments also rendered the contract ineffective and ultimately deprived himself of the right to continue possessing the subject lot.

Differently stated, the right of Benedicto to possess the property was extinguished when the contract to sell failed to materialize. Benedicto must have fully paid the price to acquire title and the right to retain possession of the property. As the demand to vacate went unheeded, his occupancy became illegal and a summary action for unlawful detainer was the proper remedy to recover possession.[16] Otherwise, it would lead to an absurd situation where every unpaid seller is denied of the relief[17] to recover material possession of the thing sold which was unlawfully detained from him.

Lastly, Benedicto cannot conveniently argue that the notice to vacate sent on Felix was ineffectual because he is only a caretaker. Admittedly, Benedicto appointed Felix as his agent to hold the subject lot.[18] Applying the time-honored principle of agency that a notice to the agent is a notice to the principal, the demand letter against Felix must necessarily be also a demand against Benedicto. Everything binding on a duly authorized agent, acting as such, is binding on the principal. At any rate, as the RTC aptly observed, the rules on unlawful detainer allow the service of the written notice to vacate upon the person found on the premises.[19] Notably, Benedicto's address was unknown at the time the demand to vacate was made on Felix who acknowledged himself to be the duly appointed caretaker of the subject lot.[20]

In sum, We find that Carmelita sufficiently alleged and proved a cause of action for unlawful detainer. We reiterate that in an unlawful detainer case, the defendant withholds possession of the property after the expiration

of his right under any contract, express or implied; hence, prior physical possession is not required.[21] Benedicto's occupation which is originally lawful became illegal when the contract to sell failed to materialize.

FOR THESE REASONS, the petition for review is DENIED and the January 29, 2013 Decision of the Regional Trial Court is AFFIRMED.

SO ORDERED.

Reyes, JR., J.C., (Chairperson) and Inting, JJ., concur.

[1] Rollo, pp. 29-32.

[2] Id., pp. 55-65.

[3] Id., pp. 43-44.

[4] Id., pp. 33-34 and 36.

[5] Id., pp. 38-42 and 70-75.

[6] Id., pp. 85-93. The MTC Decision disposed as follows:

WHEREFORE, in the light of the foregoing, judgment is hereby rendered directing defendants and all persons claiming under them, to vacate the property subject matter of this case, covered by TCT-337381, which defendants are presently occupying and to peacefully surrender possession and enjoyment thereof to plaintiff Carmelita Garzon Sevilla.

SO ORDERED.

[7] Id., pp. 94-98.

[8] Id., pp. 19-27. The RTC Decision disposed as follows:

WHEREFORE, premises considered, the Court finds no cogent reason to disturb the findings of the court a quo. The instant appeal is hereby dismissed for lack of merit.

SO ORDERED.

[9] Id., pp. 108-112.

[10] Id., p. 28.

[11] Id., pp. 8-18.

[12] Supra at note 3.

[13] See Tan v. Benolirao, G.R. No. 153820, October 16, 2009.

[14] Rules of Court, Section 16 and 18 of Rule 70.

[15] See Cordero v. F.S. Management and Development Corporation, G.R. No. 167213, October 31, 2006; and Valenzuela v. Kalayaan Development & Industrial Corporation, G.R. No. 163244, June 22, 2009.

[16] See Roxas v. Court of Appeals, G.R. No. 138955, October 29, 2002, 391 SCRA 351, citing Vda. de Cruz v. Court of Appeals, 304 SCRA 197. See also Banco de Oro Savings and Mortgage Bank v. Court of Appeals, 182 SCRA 464, 469 (1990); Dacudao vs. Consolacion, supra; Vda. De Catchuela v. Francisco, 98 SCRA 172, 177

(1980); Calubayan v. Pascual, 21 SCRA 146.

[17] Rules of Court, Rule 70, Section 1.

[18] Rollo, p. 38.

[19] Rules of Court, Section 2 of Rule 70.

[20] Rollo, p. 26.

[21] See Barba v. Court of Appeals, G.R. No. 126638, February 6, 2002.

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