

SALVACION A. CATANGCATANG, PETITIONER, VS. PAULINO LEGAYADA, RESPONDENT.

G.R. No. L-26295. July 14, 1978

Ponente: ANTONIO, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/e6ea544150c7/>

ANTONIO, J.:

Appeal by way of certiorari from the decision of the Court of Appeals in CA-G.R. No. 24123-R, entitled "Salvacion A. Catangcatang vs. Paulino Legayada". The following are the pertinent facts:

On May 19, 1952, respondent executed in favor of petitioner a deed of sale with pacto de retro, with a five-year period of redemption, over a parcel of land situated at Lambunao, Iloilo, with a stated area of 8.8272 hectares, more or less, for a specified consideration of P1,400.00. Of the total consideration, the amount of P1,200.00 was paid upon the execution of the deed and the balance of P200.00, covered by a promissory note, was agreed to be payable at a later date.

Subsequently, petitioner found that the area of the land actually delivered to her was only 5.0779 hectares. Thus, on January 22, 1957, she instituted Civil Case No. 2635 against respondent, seeking the recovery of the area allegedly withheld. In his answer to the complaint in said case, respondent filed a counterclaim asking for rescission of the Deed of Sale with Right of Repurchase attached as Annex "A" to the complaint because of failure of plaintiff to pay the balance of P200.00 of the purchase price on the due date.

On May 10, 1957, during the pendency of the afore-mentioned case, respondent forcibly took back the possession of the land from petitioner. On May 19, 1957, the period for the repurchase of the land expired, allegedly without respondent having availed himself of his right to repurchase the same.

On June 17, 1957, the Court of First Instance of Iloilo dismissed the complaint, having found that the parcel of land subject matter of the deed of sale was described by metes and bounds, as shown by Tax Declaration No. 4156, and has an actual area of 5.0779 hectares, notwithstanding that the stated area in the Tax Declaration was 8.8272 hectares. In the same decision, the counterclaim of Paulino Legayada was likewise dismissed. The decision of the Court of First Instance became final, neither party having appealed therefrom.

On June 29, 1957, petitioner instituted the present petition for consolidation of title and restoration of possession (Civil Case No. 4464). In his answer, Paulino Legayada admitted that on May 19, 1952, he, as vendor, executed a Deed of Sale with Right of Repurchase in favor of petitioner but denied that he failed to repurchase the property on or before May 19, 1957 because on May 10, 1957 he took possession of the property "because the redemption amount is already deposited in the hands of undersigned counsel to be paid" to petitioner Salvacion Catangcatang.

The Court of First Instance of Iloilo, finding that respondent was not able to effect the repurchase within the period stipulated, rendered judgment declaring title over the land consolidated in the name of petitioner and ordering respondent to deliver the possession of the same to her, plus 100 cavanese of palay or the value thereof, fixed at P10.00 per cavan, for every year from May 10, 1957, the date of the dispossession, until actual delivery is

effected, and costs.

From the said decision, respondent appealed to the Court of Appeals, which in turn reversed the decision of the trial court. The decision of the Court of Appeals states, in part, as follows:

"The failure to pay the full purchase price suspends the running of the period of redemption. Contrary to the finding of the court a quo, the stipulated five-year period of redemption did not expire on May 19, 1957, or five years from the execution of the deed of sale, Exhibit A, since said period never commenced to run (Villarosa, et al vs. Villamor, 53 Phil. 350; Ramos vs. Villafuerte, CA-G.R. No. 5310-R, March 7, 1952). For this reason, we do not deem it necessary to pass upon the issue of whether a valid offer to redeem was made by the respondent as vendor a retro.

"Petitioner-vendee a retro paid the amount of P1,200.00. It appears from the record, however, that during her period of possession, or from 1952 to 1957, she failed to pay the land taxes on the property in the total amount of P120.45. The vendee a retro is the owner of the thing sold while the period of redemption lasts and he is the one who takes advantage thereof and its fruits; and if the object of the land tax is to contribute to the expense of the Government in the protection of his rights, it is but just that he should bear said charges (Cabigao vs. Valencia, 53 Phil. 646; Villaflor vs. Barreto, et al., G.R. No. L-5045, November 26, 1952).

"The amount of P120.45 should, therefore, be deducted from the amount of P1,200.00 to be returned to the petitioner as vendee a retro, leaving an amount of P1,079.55 to be delivered to her by the respondent-appellant as vendor a retro.

"The court a quo correctly held that the amount of costs awarded the respondent-appellant in Civil Case No. 2635 is not properly deductible from the amount of the purchase price to be returned by the respondent to the petitioner-appellee since he has other proper legal means to collect the same.

"WHEREFORE, the judgment appealed from is hereby reversed and the petition for consolidation of title and restoration of possession is hereby dismissed. Respondent-appellant, Paulino Legayada, is ordered to pay the petitioner-appellee, Salvacion Catangcatang, the sum of P1,079.55." (pp. 28-30, Rollo).

Petitioner came to this Court, contending that the Court of Appeals erred: (a) in holding that the failure to pay the remaining consideration of P200.00 suspended the running of the period for redemption; (b) in not holding that said remaining consideration is now unenforceable by reason of *res judicata*; (c) in not holding, accordingly, that in legal effect, the decision in Civil Case No. 2635 of the Court of First Instance of Iloilo operated to reform the sale in question so as to make its actual consideration only P1,200.00 (which was fully paid on the date of the execution of the deed); (d) in not holding that title to the land subject matter of the sale with *pacto de retro* is now consolidated, for failure of the vendor to effect the repurchase thereof; and (e) in not affirming *en toto* the decision of the Court of First Instance of Iloilo.

At the outset, it should be noted that the deed of sale with *pacto de retro* entered into by petitioner and respondent contains the following stipulation:

"That for and in consideration of the sum of ONE THOUSAND FOUR HUNDRED PESOS (P1,400.00), Philippine Currency, previously to me in hand paid and delivered to my complete satisfaction by SALVACION ALCUBILLA CATANGCATANG, Filipino, of age, widow and a resident of Lambunao, Iloilo, Philippines; receipt of which sum I hereby acknowledged in full; I hereby SELL, CEDE, TRANSFER and CONVEY, WITH RIGHT OF REPURCHASE, unto the said SALVACION ALCUBILLA CATANGCATANG, her heirs, executors, administrators and assigns the above-described property, including all my rights, title and interest therein, together with the improvements thereon, free from all liens and encumbrances, subject to the following conditions:

"That it is the essence of this contract that if I, the Vendor, my heirs, legal representatives or successors in

interest shall pay or cause to be paid to the Vendee, her heirs, legal representatives or successors in interest the purchase price above-mentioned, together with expenses incident of the repurchase, on the date of the expiration of a period of FIVE (5) YEARS from and after the date hereof, then this sale shall become annulled and of no effect; otherwise, the same shall become definite and irrevocable with all the legal consequences therefrom resulting; * * *." (p. 39, Rollo).

The nature and character of the deed of May 19, 1952 as a Deed of Sale with Right of Repurchase appears definitely settled in the decision of the Court of First Instance in Civil Case No. 2653, which had already become final. As a matter of fact, respondent, in the second case, Civil Case No. 4644, admitted that it was a sale with right of repurchase. Likewise, in his defense, he attempted to establish that he offered in due time to pay the repurchase price of the property. The only issue raised here, therefore, is whether or not the non-payment of the P200.00 suspended the running of the period to repurchase. We are unable to find any support for the holding of the Appellate Court that the failure to pay the balance of the purchase price embodied in the agreement in the amount of P200.00 resulted in the suspension of the running of the period for redemption.

The sale was consummated upon the execution of the document and the delivery of the land subject matter thereof to the vendee, petitioner herein. It was a perfectly valid agreement, and the nonpayment of the balance of the purchase price could not have the effect of suspending the efficacy of the provisions thereof. Failure to pay part of the price does not in any way affect the cause or consideration of the contract.[1] The sale under consideration was perfected from the moment Legayada consented to sell the land in question and Catangcatang agreed to purchase it for the sum of P1,400.00 and the latter had partially complied with his obligation by paying the sum of P1,200.00 and the former by delivering possession of the land to the vendee. Moreover, there was nothing whatsoever in the deed of sale to indicate that the agreement of the parties was to suspend the running of the period of redemption until full payment of the purchase price. On the contrary, said period was agreed to be five (5) years from the date of the execution of the deed.

In addition, it appears from the records that the balance of the purchase price has been litigated in Civil Case No. 2635, the same having been presented as a counterclaim by herein respondent. When the complaint in said case was dismissed, the counterclaim was likewise dismissed. The decision became final without either party having appealed therefrom; hence the principle of *res judicata* applies to bar the reopening of this issue in the instant proceedings.

The more basic issue is whether or not respondent was able to effect redemption of the property in question within the period stipulated in the contract. Pursuant to Article 1616 of the Civil Code, "the vendor cannot avail himself of the right of repurchase without returning to the vendee the price of the sale, and in addition: (1) the expenses of the contract, and any other legitimate payments made by reason of the sale; (2) the necessary and useful expenses made on the thing sold."

The records reveal that on May 10, 1957, respondent, without the knowledge of petitioner, took possession of the subject property. It is claimed that on the same date, respondent's counsel wrote a letter to petitioner, informing her that the redemption money was already in his (counsel's) possession. This letter never reached petitioner, and was allegedly returned to said counsel. The reason given by respondent for the non-delivery of the letter is that petitioner could not be found. This was found by the trial court to be unworthy of credence. Apart from this letter, no further effort to effect redemption was made. Respondent could have deposited the amount for the redemption with the court, but this he did not do. In the exercise of the right to repurchase, it is not sufficient that the vendor a retro manifests his desire to repurchase. This statement of intention must be accompanied with an actual and simultaneous tender of payment which constitutes the legal exercise of the right to repurchase.[2] While consignment of the redemption price is not necessary in order to allow the repurchase within the time provided by

law or by contract, a mere tender being enough, said tender does not relieve the vendor from the obligation of paying the price.[3] In case of absence of the vendee a retro, the right of redemption may still be exercised, as a vendor who decides to redeem a property sold with pacto de retro stands as the debtor and the vendee as the creditor of the purchase price. The vendor could and should have exercised his right of redemption against the vendee by filing a suit against him and making a consignment with the court of the amount due for the redemption.[4] In *Rumbaoa v. Arzaga*,[5] this Court held that " * * * the plaintiff should have deposited the full amount in court * * *; not that deposit or consignment was legally essential to preserve his reserved right of redemption or repurchase, but because the full amount was already due and payable to his creditors. Under the circumstances, he should be regarded as having done that which he said he wanted to do, or should have done, to fulfill his obligation and to terminate the rights of the defendants over the property." The period for redemption having lapsed without respondent having validly effected redemption, petitioner is entitled to consolidation of ownership over the property sold.

WHEREFORE, the decision appealed from is hereby REVERSED, and the decision of the Court of First Instance of Iloilo is AFFIRMED, with costs against respondent.

Fernando, (Chairman), Barredo, Concepcion, Jr., and Santos, JJ., concur.

Aquino, J., see dissenting opinion.

[1] *Puato v. Mendoza*, et al., 64 Phil. 457.

[2] *Laserna v. Javier & Cruz*, 110 Phil. 172.

[3] *Paez v. Magno*, 83 Phil. 403.

[4] *Rivero v. Rivero*, et al., 80 Phil. 802.

[5] 84 Phil. 812, 816-817.

DISSENTING OPINION

AQUINO, J.:

I dissent. I vote for the affirmance of the decision of the Court of Appeals (Per Esguerra, J., Villamor and Nolasco, JJ., concurring).

On May 19, 1952, Paulino Legayada sold his land to Salvacion A. Catangcatang for the sum of P1,400 with the right to repurchase it within five years.

However, Salvacion paid only P1,200 of the purchase price and never paid the balance of P200. On the other hand, although the land sold was supposed to have an area of 8.8 hectares, the area actually delivered to her was only five hectares, or deficiency of more than three hectares.

In my opinion, in view of those discrepancies (failure of the vendee to pay the full price and failure of the vendor to deliver the total area sold), the contract ceased to be a true pacto de retro sale and it became a loan secured by the delivery of the land to the creditor, a sort of antichresis, wherein the creditor's enjoyment of the fruits of the land served as payment of the interest on the loan.

On May 10, 1957, or nine days before the expiration of the five-year period of redemption, Legayada took

possession of the land and at the same time his lawyer allegedly sent a letter to Salvacion Catangcatang at Lambunao, Iloilo, her residence in 1952 when the deed of sale was signed. In that letter Legayada offered to pay the redemption price (p. 12-13, Record on Appeal). That letter was returned to Legayada's lawyer because Salvacion was not residing anymore in Lambunao.

On June 29, 1957 Salvacion filed an action against Legayada for the consolidation of her title and the recovery of the possession of the land.

On July 22, 1957, or after the institution of that action, Legayada, through his lawyer, sent another letter to Salvacion, addressed to her at 274 Rizal Street, La Paz, Iloilo where she was residing. In that second letter Legayada offered again to redeem the land but he said that Salvacion should reimburse him the amount of realty taxes for five years which he had paid (Exh. D).

Judge Jose R. Querubin in an order dated July 27, 1957 required Salvacion to inform Legayada of the exact amount to be deposited in court as redemption price.

Judge F. Imperial Reyes in his order of January 10, 1958 set aside the order of Judge Querubin and held that Legayada should know that the amount of the redemption price was P1,200.

Judge Imperial Reyes in his decision of July 9, 1958 consolidated Salvacion's title to the land and ordered Legayada to surrender to her the possession of the land and account for the fruits thereof from May 10, 1957.

As already stated, that decision was reversed by the Court of Appeals which dismissed the action for consolidation of title and ordered Legayada to pay Salvacion Catangcatang the redemption price, less the taxes in the sum of P120.45, or the net amount of P1,079.55.

That decision of the Court of Appeals should be affirmed, in conformity with the view that the contract between the parties had been transformed into an antichresis, but with the modification that Legayada should pay six percent interest on the sum of P1,079.55 from May 11, 1957 until that amount is paid.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.