FELIX L. GONZALES, PETITIONER, VS. THE HEIRS OF THOMAS AND PAULA CRUZ, HEREIN REPRESENTED BY ELENA C. TALENS, RESPONDENTS.

G.R. No. 131784. September 16, 1999

Ponente: PANGANIBAN, J.

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PANGANIBAN, J.:

If a stipulation in a contract admits of several meanings, it shall be understood as bearing that import most adequate to render it effectual. An obligation cannot be enforced unless the plaintiff has fulfilled the condition upon which it is premised. Hence, an obligation to purchase cannot be implemented unless and until the sellers have shown their title to the specific portion of the property being sold.

The Case

Before us is a Petition for Review on Certiorari assailing the August 13, 1997 Decision[1] of the Court of Appeals[2] in CA-GR CV No. 303754, which disposed as follows:

> "WHEREFORE, the decision of the trial court dated November 16, 1990 is hereby REVERSED. The appellee FELIX GONZALES is hereby ordered to surrender possession of the property covered by the Contract of Lease/Purchase to the appellants, Heirs of Thomas and Paula Cruz, and to pay to the appellants the following amounts:
>
> 1. P15,000.00 per annum as rentals counted from December 1, 1984 until the appellants shall have recovered possession of the property subject of the Contract of Lease/Purchase;
>
> 2. P15,000.00 as attorney's fees; and
>
> 3. Costs of suit."[3]

On the other hand, the trial court[4] Decision,[5] which was reversed by the CA, ruled as follows:

> "WHEREFORE, premises considered, this Court hereby renders judgment in favor of the defendant, Felix Gonzales, and against the plaintiffs, as follows:
>
> (1) Ordering the dismissal of the case;
> (2) Sentencing the plaintiffs, jointly and severally, the sum of P20,000.00 as moral damages and the other sum of P10,000.00 as and for attorney's fees; and
> (3) To pay the costs."[6]

The Facts

We hereby reproduce, unedited, the Court of Appeals' summary of the facts of this case as follows:

> "On December 1, 1983, Paula Año Cruz together with the plaintiffs heirs of Thomas and Paula Cruz, namely Ricardo A. Cruz, Carmelita M. Cruz, Salome A. Cruz, Irenea C. Victoria, Leticia C. Salvador and Elena C. Talens, entered into a Contract of Lease/Purchase with the defendant, Felix L. Gonzales, the sole proprietor

and manager of Felgon Farms, of a half-portion of a 'parcel of land containing an area of 12 hectares, more or less, and an accretion of 2 hectares, more or less, situated in Rodriguez Town, Province of Rizal' and covered by Transfer Certificate of Title No. 12111 (Exhibit A, p. 157, Records). The contract of Lease/Purchase contains the following provisions:

'1.

The terms of this Contract is for a period of one year upon the signing thereof. After the period of this Contract, the LESSEE shall purchase the property on the agreeable price of One Million Pesos (P1,000,000.00) payable within Two (2) Years period with an interest of 12% per annum subject to the devalued amount of the Philippine Peso, according to the following schedule of payment:

Upon the execution of the Deed of Sale 50% - and thereafter 25% every six (6) months thereafter, payable within the first ten (10) days of the beginning of each period of six (6) months.

'2.

The LESSEE shall pay by way of annual rental an amount equivalent to Two Thousand Five Hundred (P2,500.00) Pesos per hectare, upon the signing of this contract on Dec. 1, 1983.

x x x x x x x x x

'9.

The LESSORS hereby commit themselves and shall undertake to obtain a separate and distinct T.C.T. over the herein leased portion to the LESSEE within a reasonable period of time which shall not in any case exceed four (4) years, after which a new Contract shall be executed by the herein parties which shall be the same in all respects with this Contract of Lease/Purchase insofar as the terms and conditions are concerned.

x x x x x x x x x'

(Exhibits A, A-1; pp. 157-158. Records)

"The defendant Gonzales paid the P2,500.00 per hectare or P15,000.00 annual rental on the half-portion of the property covered by Transfer Certificate of Title No. 12111 in accordance with the second provision of the Contract of Lease/Purchase (p. 12, TSN, September 14, 1989) and thereafter took possession of the property, installing thereon the defendant Jesus Sambrano as his caretaker (pp. 16-17, 27, TSN, December 12, 1989). The defendant Gonzales did not, however, exercise his option to purchase the property immediately after the expiration of the one-year lease on November 30, 1984 (pp. 19-20, TSN, September 14, 1989). He remained in

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possession of the property without paying the purchase price provided for in the Contract of Lease/Purchase (Ibid.) and without paying any further rentals thereon (p. 36, TSN, November 7, 1989).

"A letter was sent by one of the plaintiffs-heirs Ricardo Cruz to the defendant Gonzales informing him of the lessors' decision to rescind the Contract of Lease/Purchase due to a breach thereof committed by the defendant (Exhibit C; p. 162, Records). The letter also served as a demand on the defendant to vacate the premises within 10 days from receipt of said letter (Ibid.).

"The defendant Gonzales refused to vacate the property and continued possession thereof (p. 2, Record). The matter was therefore brought before the barangay captain of San Isidro, but owing to the defendant's refusal to appear before the barangay, a certification allowing the case to be brought to Court was issued on March 18, 1987 (Exhibit E; p. 165, Records).

"The lessor, Paula Año Cruz died the following day, March 19, 1987 (p. 9, TSN, September 14, 1989).

"A final demand letter to vacate the premises was sent by the remaining lessors who are also the heirs of the deceased lessor Paula Año Cruz, through their counsel on August 24, 1987 which the defendant Gonzales received but did not heed (Exhibits D and D-1; pp. 163-164, Records).

"The property subject of the Contract of Lease/Purchase is currently the subject of an Extra-Judicial Partition (Exhibits G and G-1; pp. 168-169, Records). Title to the property remains in the name of the plaintiffs' predecessors-in-interest, Bernardina Calixto and Severo Cruz (Exhibit B; p. 160, Records).

"Alleging breach of the provisions of the Contract of Lease/Purchase, the plaintiffs filed a complaint for recovery of possession of the property - subject of the contract with damages, both moral and compensatory and attorney's fees and litigation expenses (p. 3, Records).

"Alleging breach of paragraph nine of the Contract of Lease/Purchase, and payment of only P50,000.00 of the P500,000.00 agreed down payment on the purchase price of P1,000,000.00, the defendant Gonzales filed his answer on November 23, 1987 praying for a dismissal of the complaint filed against him and an award of moral, exemplary and actual damages, as well as litigation expenses (pp. 19-22, Records).

"The defendant Sambrano was, upon motion, declared in default for failure to file an answer despite valid service of summons (p. 30, Records).

> "The parties limited the issues to be resolved to:
>
> (1) Whether or not paragraph 9 of the contract is a condition precedent before the defendant is to pay the down payment;
>
> (2) Whether or not plaintiffs can rescind the Contract of Lease/Purchase; and
>
> (3) Whether or not plaintiffs can terminate the Contract of Lease. (p. 4, Decision; p. 262, Records)

"After the termination of the pre-trial conference, the trial court proceeded to hear the case on the merits and arrived at its appealed decision based on the following findings and conclusions:

> 'Paragraph 9 of the contract clearly indicates that the lessors-plaintiffs shall obtain a Transfer Certificate of Title in the name of the lessee within 4 years before a new contract is to be entered into under the same terms and conditions as the original Contract of Lease/Purchase. Thus, before a deed of Sale can be entered into between the plaintiffs and the defendant, the plaintiffs have to obtain the Transfer Certificate of Title in favor of the defendant. Article 1181 of the New Civil Code states that: 'In conditional obligations, the acquisition of rights, as well as the extinguishment or loss of those already acquired, shall depend upon the happening of the

event which constitutes the condition.' When the obligation assumed by a party to a contract is expressly subjected to a condition, the obligation cannot be enforced against him unless the condition is complied with (Wise & Co. vs. Kelly, 37 Phil. 695; PNB vs. Philippine Trust Co., 68 Phil. 48).

'The failure of the plaintiffs to secure the Transfer Certificate of Title, as provided for in the contract, does not entitle them to rescind the contract[.] Article 1191 of the New Civil Code states that: 'The power to rescind obligations is implied in reciprocal ones, in case one of the obligors should not comply with what is incumbent upon him. The injured party may choose between the fulfillment of the obligation, with the payment of damages in either case. He may seek rescission, even after he has chosen fulfillment, if the latter should become impossible x x x.' The power to rescind is given to the injured party. Where the plaintiff is the party who did not perform, he is not entitled to insist upon the performance of the contract by the defendant or recover damages by reason of his own breach (Mateos vs. Lopez, 6 Phil. 206; Borque vs. Yu Chipco, 14 Phil. 95). An action for specific performance of a contract is an equitable proceeding, and he who seeks to enforce it must himself be fair and reasonable, and do equity (Seva vs. Berwin, 48 Phil. 581). In this case, plaintiffs failed to comply with the conditions precedent after 2-1/2 years from the execution of the contract so as to entitle them to rescind the contract. Although the contract stated that the same be done within 4 years from execution, still, the defendant has to be assured that the land subject of the case will be transferred in his name without any encumbrances, as the Extra-Judicial Partition dated July 17, 1989 was being processed, and continues to be in process to this date. The failure to secure the Transfer Certificate of Title in favor of the defendant entitles not the plaintiffs but, rather, the defendant to either rescind or to ask for specific performances.

'Are the plaintiffs entitled to terminate the Contract of Lease? Article 1670 of the New Civil Code states that:

If at the end of the contract the lessee should continue enjoying the thing leased for fifteen days with the acquies[c]ence of the lessor and unless a notice to the contrary by either party has previously been given, it is understood that there is an implied new lease, not for the period of the original contract, but for the time established in Articles 1682 and 1687. The other terms of the original contract shall be revived.

'Article 1682 of the New Civil Code states that:

The lease of a piece of rural land, when its duration has not been fixed, is understood to have been made for all the time necessary for the gathering of the fruits which the whole estate leased may yield in one year, or which it may yield once, although two or more years may have to elapse for the purpose.

'The plaintiffs filed the complaint on October 12, 1987 after making an extra-judicial demand on July 2, 1986. The contract was entered into on December 1, 1983. The demand was thus made more than a year and a half from the expiry date of the original lease considering that there was no payment made for the second year of the lease. If one has to consider the fact that the defendant was given the option to purchase the property after two years, then, the lease would presumably run for at least two years. If that is so, then, the demand was made seven months after the expiration of the two-year lease. Still, this demand by the plaintiffs will come under the implied new lease of Articles 1682 and 1670 so that the plaintiffs are not entitled to terminate the Contract of Lease.

'In sum, the plaintiffs cannot terminate the Contract of Lease due to their failure to notify the defendant in due time of their intention to that effect. Nor can they rescind the Contract of Purchase in view of the fact that there is a condition precedent which the plaintiffs have not fulfilled. It is the defendant now who has the option to either rescind or demand the performance of the contract. Moreover, according to Article 1654 of the New Civil Code, the lessor is obliged to deliver the thing which is the object of the contract in such condition as to render it fit for the use intended. Considering that the lessors-plaintiffs have not delivered the property in whole over the protest of the defendant, the latter suffered damages therefor.' (p. 4-6, Decision; pp. 262-264, Records)

"Their complaint thus dismissed, the plaintiffs, now appellants, assign the trial court of having committed the following errors:

> I
> THE TRIAL COURT GRAVELY ERRED IN HOLDING THAT PLAINTIFFS-APPELLANTS COULD NOT VALIDLY RESCIND AND TERMINATE THE LEASE/PURCHASE CONTRACT (EXHIBIT 'A') AND THEREAFTER TO TAKE POSSESSION OF THE LAND IN QUESTION AND EJECT THEREFROM DEFENDANTS-APPELLEES.
>
> II
> THE TRIAL COURT EQUALLY ERRED IN NOT GRANTING THE RELIEFS PLEADED AND PRAYED FOR BY PLAINTIFFS-APPELLANTS IN THEIR COMPLAINT. (p. 42, Rollo)
>
> "The case was submitted for decision without the appellee's brief as per the Court's resolution dated July 8, 1992 (p. 71, Rollo)."

Ruling of the Court of Appeals
The Court of Appeals reversed the trial court in this wise:

> "The trial court, in its decision interpreted the ninth provision of the Contract of Lease/Purchase to mean that before the appellee exercises his option to purchase the property by paying the 50% plus interest on the P1,000,000.00 purchase price, the appellants must first transfer the title to the property in the appellee's name. The Court finds this interpretation of the provision strained if not altogether absurd. The transfer of title to the property in the appellee's name cannot be interpreted as a condition precedent to the payment of the agreed purchase price because such interpretation not only runs counter [to] the explicit provisions of the contract but also is contrary to the normal course of things anent the sale of real properties. The terms of the contract [are] explicit and require no interpretation. Upon the expiration of the lease, the lessee shall purchase the property. Besides, the normal course of things anent the sale of real properties dictates that there must first be payment of the agreed purchase price before transfer of title to the vendee's name can be made.
>
> "This was precisely what the appellants and Paula Año Cruz had in mind when they had the ninth provision incorporated in the Contract of Lease/Purchase. They had asked for a period of 4 years from the time they receive the downpayment of 50% within which to have [the] title to the property transferred in the name of the appellee. The reason for this four (4) year period is [that] title to the property still remains in the name of the original owners, the predecessors-in-interest of the herein appellants and [transferring] the title to their names and eventually to the lessee-purchaser, appellee herein, would take quite some time.
>
> "The appellee wanted to have the title to the property transferred in his name first before he exercises his option to purchase allegedly in accordance with the ninth provision of the contract. But the ninth provision does not give him this right. A reading of the contract in its entirety shows that the 4 year period asked for by the appellants within which to have title to the property transferred in the appellee's name will only start to run when the appellee exercises his option to purchase. Since the appellee never exercised his option to purchase, then appellee is not entitled to have the title to the property transferred in his name."

Attributing reversible errors to the appellate court, petitioner elevated the case to this Court.[7]

The Issues
In his Memorandum,[8] petitioner submits the "following main issues":

> "I. Whether or not the Court of Appeals has gravely erred and committed grave abuse of discretion in the interpretation of [the] law between the parties.
>
> "II. Whether or not the Court of Appeals committed serious mistakes in the finding of facts which resulted [in] departing from the usual course of judicial proceedings."

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For these issues to be resolved, petitioner asks this Court to answer the following questions:

> "1. Is there a conflict between the statement in paragraph 1 of the Lease/Purchase Contract and that [in] paragraph No. 9 thereof?
>
> "2. Is paragraph 9 of the Lease/Purchase Contract a condition precedent before petitioner could exercise his option to buy the property?
>
> "3. Can plaintiff rescind or terminate the Contract of Lease after the one-year period?"

In fine, the resolution of this case depends upon the proper interpretation of paragraph nine of the Contract.

The Court's Ruling
The Petition is meritorious.

Main Issue: Interpretation of Paragraph Nine
In its first paragraph, the disputed agreement provides that petitioner shall lease the property for one year, after which he "shall purchase" it. Paragraph nine, on the other hand, requires herein respondents to obtain a separate and distinct Transfer Certificate of Title (TCT) over the property, viz.:

> "9. The LESSORS hereby commit themselves and shall undertake to obtain a separate and distinct T.C.T. over the lease portion to the LESSEE within a reasonable period of time which shall not in any case exceed four (4) years, after which a new Contract shall be executed by the herein parties which shall be the same in all respects with this Contract of Lease/Purchase insofar as the terms and conditions are concerned."

Alleging that petitioner has not purchased the property after the lapse of one year, respondents seek to rescind the Contract and to recover the property. Petitioner, on the other hand, argues that he could not be compelled to purchase the property, because respondents have not complied with paragraph nine, which obligates them to obtain a separate and distinct title in their names. He contends that paragraph nine was a condition precedent to the purchase of the property.

To be sure, this paragraph – and the entire agreement, for that matter -- is not a model of how a contract should be worded. It is an invitation to a litigation, as in fact the parties had to go all to way up to this Court to plead for a resolution of their conflict which is rooted in their failure to express themselves clearly. Small wonder, even the two lower courts gave contradictory understanding of this provision, thereby necessitating the intervention of the highest court of the land.

Both the trial court and the Court of Appeals (CA) interpreted this provision to mean that the respondents had obliged themselves to obtain a TCT in the name of petitioner-lessee. The trial court held that this obligation was a condition precedent to petitioner's purchase of the property. Since respondents had not performed their obligation, they could not compel petitioner to buy the parcel of land. The CA took the opposite view, holding that the property should be purchased first before respondents may be obliged to obtain a TCT in the name of petitioner-lessee-buyer.

As earlier noted, petitioner disagrees with the interpretation of the two courts and maintains that respondents were obligated to procure a TCT in their names before he could be obliged to purchase the property in question.

Basic is the rule in the interpretation of contracts that if some stipulation therein should admit of several meanings, it shall be understood as bearing that import most adequate to render it effectual.[9] Considering the antecedents of the ownership of the disputed lot, it appears that petitioner's interpretation renders clause nine most effectual.

The record shows that at the time the contract was executed, the land in question was still registered in the name

of Bernardina Calixto and Severo Cruz, respondents' predecessors-in-interest. There is no showing whether respondents were the only heirs of Severo Cruz or whether the other half of the land in the name of Bernardina Calixto was adjudicated to them by any means. In fact, they admit that extrajudicial proceedings were still ongoing. Hence, when the Contract of Lease/Purchase was executed, there was no assurance that the respondents were indeed the owners of the specific portion of the lot that petitioner wanted to buy, and if so, in what concept and to what extent.

Thus, the clear intent of the ninth paragraph was for respondents to obtain a separate and distinct TCT in their names. This was necessary to enable them to show their ownership of the stipulated portion of the land and their concomitant right to dispose of it. Absent any title in their names, they could not have sold the disputed parcel of land.

It is a well-settled principle in law that no one can give what one does not have -- nemo dat quod non habet. Accordingly, one can sell only what one owns or is authorized to sell, and the buyer can acquire no more than what the seller can transfer legally.[10]

Because the property remained registered in the names of their predecessors-in-interest, private respondents could validly sell only their undivided interest in the estate of Severo Cruz, the extent of which was however not shown in the records. There being no partition of the estate thus far, there was no guarantee as to how much and which portion would be adjudicated to respondents.

In a contract of sale, the title to the property passes to the vendee upon the delivery of the thing sold.[11] In this case, the respondent could not deliver ownership or title to a specific portion of the yet undivided property. True, they could have intended to sell their hereditary interest, but in the context of the Contract of Lease/Purchase, the parties under paragraph nine wanted the specific portion of the land to be segregated, identified and specifically titled. Hence, by the said Contract, the respondents as sellers were given a maximum of four years within which to acquire a separate TCT in their names, preparatory to the execution of the deed of sale and the payment of the agreed price in the manner described in paragraph nine.

This interpretation is bolstered by the P50,000 petitioner advanced to respondents in order to help them expedite the transfer of the TCT to their names. Ineluctably, the intention of the parties was to have the title transferred first to respondents' names as a condition for the completion of the purchase.

In holding that clause nine was not a condition precedent to the purchase of the property, the CA relied on a literal interpretation to the effect that the TCT should be obtained in the name of the petitioner-vendee. It reasoned that the title could be transferred to the name of the buyer only after the completion of the purchase. Thus, petitioner should first purchase the property before respondents could be obliged to transfer the TCT to his name.

We disagree. The literal interpretation not only ignores the factual backdrop of the case; it also utilizes a faulty parsing of paragraph nine, which should purportedly read as follows: "The lessors x x x shall undertake to obtain a separate and distinct TCT xxx to the LESSEE within a reasonable period of time which shall not in any case exceed four (4) years x x x." Read in its entirety, however, paragraph nine does not say that the TCT should be obtained in the name of the lessee. In fact, paragraph nine requires respondents to obtain a "TCT over the herein leased portion to the LESSEE," thereby showing that the crucial phrase "to the LESSEE" adverts to "the leased portion" and not to the name which should appear in the new TCT.

Furthermore, the CA interpretation ignores the other part of paragraph nine, stating that after a separate TCT had been obtained, "a new contract shall be executed by the herein parties which shall be the same in all respects with this Contract of Lease/Purchase insofar as the terms and conditions are concerned."

If, as the CA held, petitioner should purchase the property first before the title can be transferred to his name, why should there be a waiting period of four years before the parties can execute the new contract evidencing the sale? Why should the petitioner still be required to pay rentals after it purchases and pays for the property? The Contract could not have envisioned this absurd scenario.

Clearly, the appellate court's literal interpretation of the first portion of paragraph nine renders the latter portion thereof ineffectual. In other words, that portion can only mean that the respondents should first obtain a TCT in their names, after which petitioner is given time to purchase and pay for the property.

Respondents insist that "the obligation of petitioner to buy the disputed land immediately after the termination of the one year lease period is explicit."[12] However, it is more reasonable to state that the first paragraph was effectively modified by the ninth. To repeat, petitioner can be compelled to perform his obligation under the first paragraph, only after respondents have complied with the ninth. Unless and until respondents have done so, the first paragraph cannot be enforced against petitioner.

In sum, we hold that the ninth provision was intended to ensure that respondents would have a valid title over the specific portion they were selling to petitioner. Only after the title is assured may the obligation to buy the land and to pay the sums stated in the Contract be enforced within the period stipulated. Verily, the petitioner's obligation to purchase has not yet ripened and cannot be enforced until and unless respondents can prove their title to the property subject of the Contract.

Secondary Issues
Ninth Clause Was a Condition Precedent

Because the ninth clause required respondents to obtain a separate and distinct TCT in their names and not in the name of petitioner, it logically follows that such undertaking was a condition precedent to the latter's obligation to purchase and pay for the land. Put differently, petitioner's obligation to purchase the land is a conditional one and is governed by Article 1181 of the Civil Code.[13]

Condition has been defined as "every future and uncertain event upon which an obligation or provision is made to depend. It is a future and uncertain event upon which the acquisition or resolution of rights is made to depend by those who execute the juridical act."[14] Without it, the sale of the property under the Contract cannot be perfected, and petitioner cannot be obliged to purchase the property. "When the consent of a party to a contract is given subject to the fulfillment of a suspensive condition, the contract is not perfected unless that condition is first complied with."[15]

The Court has held that "[w]hen the obligation assumed by a party to a contract is expressly subjected to a condition, the obligation cannot be enforced against him unless the condition is complied with."[16] Furthermore, "[t]he obligatory force of a conditional obligation is subordinated to the happening of a future and uncertain event, so that if that event does not take place, the parties would stand as if the conditional obligation had never existed."[17]

In this case, the obligation of the petitioner to buy the land cannot be enforced unless respondents comply with the suspensive condition that they acquire first a separate and distinct TCT in their names. The suspensive condition not having been fulfilled, then the obligation of the petitioner to purchase the land has not arisen.

Respondents Cannot Rescind the Contract

In the same vein, respondents cannot rescind the contract, because they have not caused the transfer of the TCT to their names, which is a condition precedent to petitioner's obligation. This Court has held that "there can be no

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rescission (or more properly, resolution) of an obligation as yet non-existent, because the suspensive condition has not happened."[18]

Since the reversal of the CA Decision is inevitable, the trial court's judgment should be reinstated. However, we find no sufficient factual or legal justifications for the award of moral damages and attorney's fees.

WHEREFORE, the petition is GRANTED and the appealed Decision is REVERSED and SET ASIDE. The Decision of the trial court is REINSTATED, but the award of moral damages and attorney's fees is DELETED for lack of basis. No costs.

SO ORDERED.

Melo, (Chairman), Purisima, and Gonzaga-Reyes, JJ., concur. Vitug, J., no part; did not participate in deliberations (in PHILJA on official business).

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[1] Penned by Justice Ramon A. Barcelona; concurred in by Justices Jesus M. Elbinias (chairman) and Artemio G. Tuquero (member).

[2] Eleventh Division

[3] CA Decision, p. 14; rollo, p. 59.

[4] Regional Trial Court of San Mateo, Rizal, Branch 75.

[5] Written by Judge Cipriano D. Roma.

[6] RTC Decision, pp. 6-7; rollo, pp. 43-44.

[7] This case was deemed submitted for decision on January 6, 1999, upon receipt by this Court of respondents' Memorandum. Petitioner's Memorandum was filed earlier.

[8] See pp. 10-11; rollo, pp. 103-104.

[9] Article 1373, Civil Code.

[10] Segura v. Segura, 165 SCRA 368, September 19, 1988.

[11] Dawson v. Register of Deeds, GR No. 120600, September 22, 1998, per Panganiban, J.; Salazar v. Court of Appeals, 258 SCRA 317, July 5, 1996; Luzon Brokerage Co., Inc. v. Maritime Building Co., Inc., 46 SCRA 381, August 18, 1972; Pingol v. Court of Appeals, 226 SCRA 118, September 6, 1993.

[12] Respondents' Memorandum, p. 11; rollo, p. 123.

[13] The provision reads:

"ART. 1181. In conditional obligations, the acquisition of rights, as well as the extinguishment or loss of those already acquired, shall depend upon the happening of the event which constitutes the condition."

[14] Arturo Tolentino, Civil Code of the Philippines, Vol. IV, p. 144; citing Brugi, p. 108; 1 Rugigiero 289; 1 Colin & Capitant 194.

[15] Ruperto v. Kosea, 26 Phil 227, December 4, 1913, per Torres, J.

[16] Wise & Co. v. Kelly, 37 Phil 696, February 21, 1918, per Fisher J.; PNB v. Philippine Trust Co., 68 Phil 48, May 12, 1939, per Diaz, J.; Roque v. Lapuz, 96 SCRA 741.

[17] Rose Packing Company, Inc. v. Court of Appeals, 167 SCRA 309, November 14, 1988, per Paras, J.; Gaite v. Fonacier, 2 SCRA 831.

[18] Luzon Brokerage Co., Inc v. Maritime Building Co., Inc., 46 SCRA 381, August 18, 1972, per Reyes, J.B.L., J.

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