

P. J. SALAS RODRIGUEZ, PLAINTIFF AND APPELLANT, VS. MARIANO P. LEUTERIO, DEFENDANT AND APPELLEE.*G.R. No. 23550. September 16, 1925*

Ponente: STREET, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-23550/>**STREET, J.:**

On September 24, 1920, the parties to this action entered into a contract by which the defendant agreed to sell, and the plaintiff to buy, seven thousand square meters of land in the barrio of Tuliahan, municipality of Caloocan, Rizal, for the consideration of P5,600, which was paid by the plaintiff in the act of transfer. At the time of this sale the particular lots Contemplated as the subject of the sale had not been segregated, but the seller agreed to establish the lots with a specified frontage on a principal thoroughfare as soon as the streets should be laid out in a projected new subdivision of the city. As time passed the seller was unable to comply with this part of the agreement and was therefore unable to place the purchaser in possession. The present action was accordingly instituted by the purchaser in the Court of First Instance of the Province of Rizal for the resolution (in the complaint improperly denominated rescission) of the contract and a return of double the amount delivered to the defendant as the purchase price of the land. The trial court decreed a rescission (properly resolution) of the contract and ordered the defendant to return to the plaintiff the amount received, or the sum of P5,600, with legal interest from the date of the filing of the complaint. From this judgment the plaintiff appealed.

As no transcript of the evidence has been brought to this court, our revision of the case is confined to the questions of law involved, which are two in number, namely, first, whether the plaintiff is entitled to recover double the amount paid out by him as the purchase price of the land; and, secondly, whether he is entitled to interest from the date upon which the money was paid to the defendant, instead of from the date of the filing of the complaint only.

As suggested by the trial judge in the appealed decision the provisions of the Civil Code applicable to the case are found in articles 1451 and 1124. By the latter of these articles a person prejudiced by the nonfulfilment of a contract may demand its resolution, with indemnity for damages and payment of interest. Article 1454 of the Civil Code is relied upon by plaintiff-appellant as authority for claiming double the amount paid out by him. In this article it is declared that when earnest money or pledge is given to bind a contract of purchase and sale, the contract may be rescinded if the vendee should be willing to forfeit the earnest money or pledge or the vendor to return double the amount. This provision is clearly not pertinent to the case, for the reason that where the purchase price is paid in whole or in part, the payment cannot be considered to be either earnest money or pledge. In this connection the commentator Manresa observes that the delivery of part of the purchase price should not be understood as constituting earnest money unless it be shown that such was the intention of the parties. (Manresa, Commentaries on the Civ. Code, 2d ed., vol. 10, p. 85.) In the case before us there is nothing to indicate that the parties intended that the cash price paid by the purchaser should be treated merely as earnest money; and such could not possibly have been their intention. The evident purpose was that said payment should be taken as a fulfilment of the contract on the part of the purchaser.

The contention of the plaintiff-appellant with respect to interest is, we think, meritorious. In case of the resolution of a contract of sale under article 1124, the purchaser is declared to be entitled to indemnity for damages and payment of interest. As pointed out by Manresa interest is here conceded in lieu of damages. (Manresa, Commentaries on the Spanish Civil Code, 3d ed., vol. 8, p. 157); and it is familiar doctrine that interest at the legal rate is the accepted measure of damages for the detention of money. Moreover, as the resolution of a contract has the effect of dissolving the obligation *ab initio*, it follows that interest should be allowed on the purchase money during the entire period that the defendant has had it in his possession, that is, in this case from the date of the contract. If the plaintiff had had possession of the land during this period, he would be entitled to no damages, and hence to no interest. It will not escape notice that a similar provision with respect to interest is found in article 1295 of the Civil Code, which deals with rescission, properly so called, and in article 1303, which deals with annulment of contracts.

The judgment appealed from will be modified by giving interest at the legal rate on the amount awarded by the trial court from September 24, 1920, until paid.

As thus modified the judgment will be affirmed, and it is so ordered, without special pronouncement as to costs.

Avanceña, C. J., Malcolm, Villamor, Ostrand, Johns, Romualdez, and Villa-Real, JJ., concur.

Johnson, J., dissents.

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.