

MAGDALENA ESTATE, INC., PETITIONER-APPELLANT, VS. LOUIS J. MYRICK, RESPONDENT-APPELLEE.*G.R. No. 47774. March 14, 1941*

Ponente: LAUREL, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-47774/>**LAUREL, J.:**

On January 2, 1928, the Magdalena Estate, Inc., sold to Louis J. Myrick lots Nos. 28 and 29 of Block 1, Parcel 9 of the San Juan Subdivision, San Juan, Rizal, their contract of sale No. SJ-639 (Exhibits B and 1) providing that the price of P7,953 shall be payable in 120 equal monthly installments of P96.39 each on the 2nd day of every month beginning the date of execution of the agreement. Simultaneously, the vendee executed and delivered to the vendor a promissory note (Exhibits C and 2) for the whole purchase price, wherein it was stipulated that "si cualquier pago o pagos de este pagare quedasen en mora por mas de dos meses, entonces todos el saldo no pagado del mismo con cualesquiera intereses que hubiese devengado, vencera y sera exigible inmediatamente y devengara intereses al mismo tipo de 9 por ciento al aïio hasta su completo pago, y en tal caso me comprometo, ademas, a pagar al tenedor de este pagare el 10 por ciento de la cantidad en concepto de honorarios de abogado."

In pursuance of said agreement, the vendee made several monthly payments amounting to P2,596.08, the last being on October 4, 1930, although the first installment due and unpaid was that of May 2, 1930. By reason of this default, the vendor, through its president, K. H. Hemady, on December 14, 1932, notified the vendee that, in view of his inability to comply with the terms of their contract, said agreement had been cancelled as of that date, thereby relieving him of any further obligation thereunder, and that all amounts paid by him had been forfeited in favor of the vendor, who assumes the absolute right over the lots in question. To this communication, the vendee did not reply, and it appears likewise that the vendor thereafter did not require him to make any further disbursements on account of the purchase price.

On July 22, 1936, Louis J. Myrick, respondent herein, commenced the present action in the Court of First Instance of Albay, praying for an entry of judgment against the Magdalena Estate, Inc. for the sum of P2,596.08 with legal interest thereon from the filing of the complaint until its payment, and for costs of the suit. Said defendant, the herein petitioner, on September 7, 1936, filed his answer consisting in a general denial and a cross-complaint and counterclaim, alleging that contract SJ-639 was still in full force and effect and that, therefore, the plaintiff should be condemned to pay the balance plus interest and attorneys' fees. After due trial, the Court of First Instance of Albay, on January 31, 1939, rendered its decision ordering the defendant to pay the plaintiff the sum of P2,596.08 with legal interest from December 14, 1932 until paid and costs, and dismissing defendant's counterclaim. From this judgment, the Magdalena Estate, Inc. appealed to the Court of Appeals, where the cause was docketed as CA-G. R. No. 5073, and which, on August 23, 1940, confirmed the decision of the lower court, with the only modification that the payment of interest was to be computed from the date of the filing of the complaint instead of from the date of the cancellation of the contract. A motion for reconsideration was presented, which was denied 'on September 6, 1940. Hence, the present petition for a writ of certiorari.

Petitioner-appellant assigns several errors which we proceed to discuss in the course of this opinion.

Petitioner holds that contract SJ-639 has not been rendered inefficacious by its letter to the respondent, dated December 14, 1932, and submits the following propositions: (1) That the intention of the author of a written instrument shall always prevail over the literal sense of its wording; (2) that a bilateral contract may be resolved or cancelled only by the prior mutual agreement of the parties, which is approved by the judgment of the proper court; and (3) that the letter of December 14, 1932 was not assented to by the respondent, and, therefore, cannot be deemed to have produced a cancellation, even if it ever was intended. Petitioner contends that the letter in dispute is a mere notification and, to this end, introduced in evidence the disposition of Mr. K. H. Hemady, president of the Magdalena Estate, Inc., wherein he stated that the word "cancelled" in the letter of December 14, 1932, "es un error de mi interpretaci6n sin ninguna intencion de cancelar," and the testimony of Sebastian San Andres, one of its employees, that the lots were never offered for sale after the mailing of the letter aforementioned. Upon the other hand, the Court of Appeals, in its decision of August 23, 1940, makes the finding that "notwithstanding the deposition of K. H. Hemady, president of the defendant corporation, to the effect that the contract was not cancelled nor was his intention to do so when he wrote the letter of December 14, 1932, marked Exhibit 6 and D (pp. 6-7, deposition Exhibit 1-a), faith and credit cannot be given to such testimony in view of the clear terms of the letter which evince his unequivocal intent to resolve the contract. His testimony is an afterthought. The intent to resolve the contract is expressed unmistakably not only in the letter of December 14, 1932, already referred to (Exhibit 6 and D), but is reiterated in the letters which the president of the defendant corporation states that plaintiff 'lost his rights for the land for being behind more than two years,' and of April 10, 1935 (Exhibit G), where defendant's president makes the following statement: 'Confirming the verbal arrangement had between you and our Mr. K. H. Hemady regarding the account of Mr. Louis J. Myrick under contract No. SJ-639, already cancelled.' "

This conclusion of fact of the Court of Appeals is final and should not be disturbed. (Guico, vs. Mayuga and Heirs of Mayuga, 63 Phil., 328; Mamuyac vs. Abena, XXXVIII Off. Gaz. 84.) Where the terms of a writing are clear, positive and unambiguous, the intention of the parties should be gleaned from the language therein employed, which is conclusive in the absence of mistake (13 C. J. 524; City of Manila vs. Rizal Park Co., 52 Phil. 515). The proposition that the intention of the writer, once ascertained, shall prevail over the literal sense of the words employed is not absolute and should be deemed secondary to and limited by the primary rule that, when the text of the instrument is explicit and leaves no doubt as to its intention, the court may not read into it any other which would contradict its plain import. Besides, we have met with some circumstances of record which demonstrate the unequivocal determination of the petitioner to cancel their contract. They are: (1) the act of the petitioner in immediately taking possession of the lots in question and offering to resell them to Judge M. V. del Rosario, as demonstrated by his letter marked Exhibit G, shortly after December 14, 1932; (2) his failure to demand from the respondent the balance of the account after the mailing of the disputed letter; and (3) the letters of January 10, 1933 (Exhibit F-2) and April 10 1935 (Exhibit G) reiterate, In clear terms, the intention to cancel first announced by petitioner since December 14, 1932.

It is next argued that contract SJ-639, being a bilateral agreement, in the absence of a stipulation permitting its cancellation, may not be resolved by the mere act of the petitioner. The fact that the contracting parties herein did not provide for resolution is now of no moment, for the reason that the obligations arising" from the contract of sale being reciprocal, such obligations are governed by article 1124 of the Civil Code which declares that the power to resolve, in the event that one of the obligors should not perform his part, is implied. (Mateos vs. Lopez, 6 Phil., 206; Cortez vs. Bibafio & Beramo, 41 Phil. 298; Cui. vs. Sun Chan, 41 Phil., 523; Po Pauco vs. Siguenza, 49 Phil., 404.) Upon the other hand, where, as in this case, the petitioner cancelled the contract, advised the respondent that he has been relieved of his obligations thereunder, and led said respondent to believe it so and act upon such belief, the petitioner may not be allowed, in the language of section 333 of the Code of Civil Procedure

(now section 68 (a) of Rule 123 of the New Rules of Court), in any litigation arising out of such act, to falsify it. A party cannot, in the course of litigation or in dealings in nals, be permitted to repudiate his representations, or occupy inconsistent positions, or, in the letter of the Scotch law, to "approve and reprobate." (Bigelow on Estoppel, page 673; *Toppan v. Cleveland, Co. & C. R. Co.*, Fed. Cas. 14,099.)

The contract of sale, contract SJ-639, contains no provision authorizing the vendor, in the event of failure of the vendee to continue in the payment of the stipulated monthly installments, to retain the amounts paid to him on account of the purchase price. The claim, therefore, of the petitioner that it has the right to forfeit said sums in its favor is untenable. Under article 1124 of the Civil Code, however, he may choose between demanding the fulfillment of the contract or its resolution. These remedies are alternative and not cumulative, and the petitioner in this case, having elected to cancel the contract, cannot avail himself of the other remedy of exacting performance: (*Osorio & Tirona vs. Bennet & Provincial Board of Cavite*, 41 Phil., 301; *Yap Unki vs. Chua Jamco*, 14 Phil., 602.) As a consequence of the resolution, the parties should be restored, as far as practicable, to their original situation (*Po Pauco vs. Siguenza*, supra) which can be approximated only by ordering, as we do now, the return of the things which were the object of the contract, with their fruits and of the price, with its interest (article 1295, Civil Code), computed from the date of the institution of the action. (*Verceluz vs. Edafio*, 46 Phil. 801.)

The writ prayed for is hereby denied, with costs against the petitioner. So ordered.

Imperial, Diaz, Moran, and Horrilleno, JJ., concur.

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.