

**MARCELINO GALANG, GUADALUPE GALANG, PETITIONERS, VS.
COURT OF APPEALS, RAMON R. BUENAVENTURA, ANGELES
BUENAVENTURA, CORAZON BUENAVENTURA, AND MA. LUISA
BUENAVENTURA, RESPONDENTS.**

G.R. No. 80645. August 03, 1993

Ponente: ROMERO, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-80645/>

ROMERO, J.:

This is a petition for review on certiorari of the decision[1] of the Court of Appeals affirming in toto the judgment rendered by the then Court of First Instance in Civil Case No. R-82-7186 (107585). The dispositive portion of the assailed decision reads as follows:

"WHEREFORE, finding no reversible error in the judgment appealed from, the same is hereby AFFIRMED IN TOTO without any pronouncement as to costs at this instance.[2]"

From the records, we find the following facts.

On July 16, 1976, Ramon Buenaventura on his own behalf and as attorney-in-fact of Angeles, Corazon, Amparo, and Maria Luisa, all surnamed Buenaventura, sold to Guadalupe Galang and Marcelino Galang two (2) parcels of land situated in Tagaytay City. The agreement was embodied in a Deed of Sale which stated the following:

"I, RAMON R. BUENAVENTURA, Filipino, of legal age, married, and residing at 2111 M. Adriatico, Malate, Manila, in his own behalf and as attorney in fact of Angeles, Corazon, Amparo and Maria Luisa, all surnamed Buenaventura as per the special powers of attorney already registered and annotated at the back of the certificate of title, for and in consideration of the sum of One Hundred Ninety Two Thousand Seven Hundred Ninety Five (P192,795.00) Pesos, Philippine Currency, hereby SELL, TRANSFER AND CONVEY UNTO MARCELINO GALANG and GUADALUPE GALANG, Filipino, of legal age, spouses and residents of 72 4th St., New Manila, Quezon City, those parcels of land situated at Tagaytay City, inherited by us from our parents and our exclusive paraphernal property, of which we are the absolute owners, our title thereto being evidenced by TCT No. T-3603 of Tagaytay City Register of Deeds, more particularly described as follows:

x x x x x x x x

Under the following terms:

- (a) 25% of the purchase price upon signing of this instrument;
- (b) 25% within three months or upon removal of the 'encargado' from the premises, with the delivery of the owner's duplicate certificate of title;
- (c) 50% balance within one (1) year from date hereof upon which the title will be transferred to the buyers but 12% interest per annum will be charged after said one year in the event full payment is not made.”[3]

Marcelino and Guadalupe Galang, herein petitioners paid to the sellers the first 25% of the purchase price as stated in the deed. Thereafter, they allegedly demanded from private respondents the removal of the "encargado" from the premises and the delivery of the owners' duplicate certificate of title. Private respondents failed to do so despite the willingness of petitioners to pay the second 25% of the purchase price. Consequently, Marcelino and Guadalupe Galang filed on March 18, 1977 a complaint for specific performance with damages where they alleged among others, that:

"5. The period fixed within which the defendants should remove the 'encargado' from the premises and to deliver the owner's duplicate certificate of title had lapsed without the defendants complying with their obligations thus preventing the plaintiffs from taking possession of the property sold and from developing and improving the same.

6. On several occasions, the plaintiffs demanded from the defendants, both orally and in writing, the removal of the latter's 'encargado' from the premises sold and for them to deliver the owner's duplicate certificate of title to the plaintiffs but said defendants failed and refused and still fail and refuse to do so, the demands notwithstanding." [4]

Defendants, herein private respondents, denied the allegations and stated that the contract did not state the true intention of the parties and that it was not their fault that the "encargado" refused to leave. Furthermore, they filed on July 21, 1978, a third-party complaint against the "encargado" for subrogation and reimbursement in case of an adverse judgment against third-party plaintiff. Upon the "encargado's" motion, the complaint was dismissed on the ground that it did not state a cause of action for the ejectment of the tenant - the "encargado."

After trial, the lower court rendered a decision, the dispositive portion of which is hereby quoted, to wit:

"PREMISES CONSIDERED, the Court hereby orders the defendants to pay jointly and severally, the plaintiffs P50,000.00 with interest at 12% per annum from July 16, 1976; P5,000.00 by way of nominal damages; and P3,000.00 as attorney's fees and the costs." [5]

In rendering the decision, the trial court reasoned that:

"There is no question that, because the defendants had not complied with their obligation to remove the 'encargado,' the plaintiffs, as injured parties, may choose between the fulfillment of the contract of sale and its rescission, in accordance and (sic) Article 1191 of the Civil Code. They chose enforcement of the contract which, however is legally impossible. The lands sold to the plaintiff are agricultural, planted to coffee, among other plants, not only by the 'encargado' but also by his deceased parents. The law prohibits, under pain of damages, fine and imprisonment, a landlord from dispossessing his agricultural tenant without the court's approval and on grounds fixed by the law, not one of which is shown to exist in respect defendants' 'encargado.' (Section 31 and 36, The Agricultural Land Reform Code, RA 3844 as amended).

Impossible conditions, those contrary to good customs or public policy and those prohibited by law shall annul the obligation which depends upon them. (Article 1183, Civil Code). Since the consummation of the sale between the parties is dependent upon the ouster of an agricultural lessee, which cannot be done because it is against good custom, public policy and the law, the sale is a nullity. x x x" [6]

Agreeing that the "encargado" was an agricultural tenant who could not be ejected without cause, the Court of Appeals affirmed the decision.

Hence, this petition.

In their petition, Marcelino and Guadalupe Galang argued that respondent Court erred in ordering the rescission instead of specific performance of the contract of sale on the ground that the ejectment of the "encargado"-tenant was a legally impossible condition that prevented the fulfillment of the contract. Contrary to the reason advanced

by the Court of Appeals and the trial court, petitioners averred that the removal of the "encargado" was not a condition precedent to the fulfillment of the contract as paragraph two (2) thereof provides for an alternative period within which petitioners would have to pay the second 25% of the purchase price and concomitantly, private respondents would deliver the owner's duplicate certificate of title. Thus, whether or not the "encargado" was removed, the amount would still be due and private respondents would still have to deliver the duplicate title.

We are now confronted with the question: Was the removal of the "encargado" a condition precedent to the fulfillment of the contract of sale such that the finding that it was a legally impossible condition would entitle the buyers to the rescission of the contract?

We answer in the negative.

The trial court and the Court of Appeals based their decision on Art. 1183 of the Civil Code which provides, thus:

"Art. 1183. Impossible conditions, those contrary to good customs or public policy and those prohibited by law shall annul the obligation which depends upon them. x x x"

Both courts declared the "encargado" a tenant. This being the case, it follows that he may not be removed from the subject land without just cause, as provided by Presidential Decree No. 1038. Since the Galangs, then plaintiffs demanded the removal of the "encargado" which, being legally impossible, could not be met, the contract of sale was rescinded by the courts.

We disagree with the conclusion arrived at by the respondent court. Reviewing the terms of the Deed of Sale quoted earlier, it is clear that the parties had reached the stage of perfection of the contract of sale, there being already "a meeting of the minds upon the thing which is the object of the contract and upon the price,"[7] and on the basis of which both parties had the personal right to reciprocally demand from the other the fulfillment of their respective obligations. But contracts of sale may either be absolute or conditional.[8] One form of conditional sales, is what is now popularly termed as a "Contract to Sell," where ownership or title is retained until the fulfillment of a positive condition, normally the payment of the purchase price in the manner agreed upon. The breach of that condition can prevent the obligation to convey title from acquiring a binding force.[9] Where the condition is imposed, instead, upon the perfection of the contract, the failure of such condition would prevent such perfection.[10] What we have here is a contract to sell for it is the transfer of ownership, not the perfection of the contract that was subjected to a condition. Ownership was not to vest in the buyers until full payment of the purchase price and the transfer of the title to the buyers. Apart from full payment of the purchase price, we find no other condition which would affect the obligations of the parties, i.e., to pay, on the part of the buyer and to convey ownership, on the part of the seller.

The alleged condition precedent, the removal of the "encargado," was simply an alternative period for payment of the second 25% of the purchase price given by the seller to the buyer. Assuming that the removal of the "encargado" could not be brought about, the buyers, petitioners herein, could have nonetheless demanded the delivery of the owner's duplicate certificate of title by paying the second 25% of the sale price within three months. In this case, the filing of the complaint for specific performance of the seller's obligation was the root of the errors committed first, by the trial court and later, by the Court of Appeals. Both courts overlooked the obvious fact that only the time for paying the second 25% of the purchase price was qualified and that the entire paragraph reads: "25% within three months or upon removal of the "encargado" from the premises x x x" and not simply 25% upon removal of the "encargado."

The case before us could have been resolved by the lower courts without ruling on whether the "encargado" was a tenant or not. Granting that it was necessary to rule on the legal status of the "encargado," we find that the courts had been quite precipitate in holding that the "encargado" was a tenant. There was no sufficient evidence to

support that conclusion apart from the affidavits of the "encargado" and his neighbor. The conclusion of the Court of Appeals regarding this matter rested on surmises. It held:

"We discern no reversible error in the finding and conclusion of the trial court that the unnamed 'encargado' on the lands in question is actually a tenant or agricultural lessee. The bases of this ineluctable conclusion are not hard to see. As succinctly pointed out by the court a quo, the 'encargado' is staying in his own existing house thereon, and subject agricultural land is planted to coffee and other plants not only by the 'encargado' but also his deceased parents. Indeed, if the 'encargado's' parents were not tenants or agricultural lessees, the present 'encargado' could not have continued occupying and working thereon, without facing ejectment proceedings; considering that one of the landowners, defendant-appellees here, is a lawyer himself. In fact, as can be gleaned from the decision under scrutiny, defendants-appellees filed a third-party complaint against the 'encargado' but they did not pursue such a course of action because they did not have a clearance from the then Ministry, now the Department of Agrarian Reform, to proceed against such 'encargado.' Then, too, if the said 'encargado' did not have the status of a tenant or agricultural lessee entitled to protection under the agrarian reform laws, he would not have been given the attention and importance as to be brought before the court a quo twice, just for a possible amicable settlement, and he would not have had the firmness to reject an offer for him to continue working half the area under controversy.

Equally supportive of the foregoing opinion are the following ratiocinations in Cruz v. Court of Appeals, L-50350, May 15, 1984, 129 SCRA 222:

"x x x it is also undisputed that respondent lives on a hut erected on the landholding. This fully supports the appellate court's conclusion, since only tenants are entitled to a homelot where he can build his house thereon as an incident to this right as a tenant."

x x x x x x x x

"Also, the Court is aware of the practice of landowners, by way of evading the provisions of tenancy laws, to have their tenants sign contracts or agreements intended to camouflage the real import of their relationship."

All things duly considered, let alone the better rule that all doubts vis-a-vis the status of a tiller of the soil should be resolved in favor of tenancy, relationship. We cannot help but conclude here that the 'encargado' on the landholding deeded out in the deed of sale (Exhibit "A") is a tenant or agricultural lessees within the purview and under the mantle protection of the Code of Agrarian Reforms."^[11]

To summarize, we hold that there was no basis for rescinding the contract because the removal of the "encargado" was not a condition precedent to the contract of sale. Rather, it was one of the alternative periods for the payment of the second installment given by the seller himself to the buyers. Secondly, even granting that it was indeed a condition precedent rendering necessary the determination of the legal status of the "encargado," the lower courts were rash in holding that the "encargado" was a tenant of the land in question.

In view of the foregoing circumstances, we are convinced that specific performance by the parties of their respective obligations is proper. Accordingly, petitioners Marcelino and Guadalupe Galang are ordered to pay private respondents the second 25% of the purchase price. Considering, however, the time that has lapsed since the parties entered into the contract, payment of the full balance, that is, 75% of the purchase price, P192,795.00 is in order. However, the 12% interest per annum that was stipulated in paragraph 3 of the contract of sale should not be assessed against petitioners. On the other hand, private respondents Ramon Buenaventura, Angeles Buenaventura, Corazon Buenaventura, and Maria Luisa Buenaventura are obliged to deliver the owner's duplicate certificate of title and to transfer the title to the land in question upon payment of the purchase price by petitioners.

Under the Civil Code, private respondents are liable for damages to the injured party, the petitioners in this case.

However, in lieu of actual payment of damages, and considering the fact that private respondents were in possession of the land during the entire period that this case was pending, private respondents are no longer entitled to the interest payments which would have been due from petitioners.[12]

WHEREFORE, in view of the foregoing, the petition is hereby GRANTED and the decision of the Court of Appeals is REVERSED and SET ASIDE. Petitioners Marcelino and Guadalupe Galang are hereby ordered to pay the full 75% balance of the purchase price (P144,596.25) within thirty (30) days from notice, with interest upon default. Private respondents Ramon Buenaventura, Corazon Buenaventura and Maria Luisa Buenaventura are hereby ordered to transfer the title to petitioners upon full payment of the purchase price.

SO ORDERED.

Feliciano, (Chairman), Bidin, Melo, and Vitug, JJ., concur.

[1] CA-GR. CR No. 00093, March 27, 1987, penned by Justice Fidel P. Purisima, and concurred in by Justices Emerito C. Cui and Nicolas P. Lapena, Jr.

[2] Rollo, p. 83.

[3] Rollo, p. 21.

[4] Ibid, p. 17.

[5] Rollo, p. 45.

[6] Rollo, pp. 43-45.

[7] Art. 1475, Civil Code.

[8] Art. 1458, Civil Code.

[9] Roque v. Lapuz, 96 SCRA 741.

[10] People's Homesite and Housing Corporation v. Court of Appeals, 133 SCRA 777.

[11] Rollo, pp. 81-82.

[12] Art. 1191. x x x x x x x x

The injured party may choose between the fulfillment and the rescission of the obligation, with the payment of damages in either case. x x x

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.