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Republic of the Philippines  
Supreme Court  
Manila

SECOND DIVISION

SPOUSES CELIA  
FRANCISCO and DANILO  
FRANCISCO,  
Petitioners,

G.R. No. 212740

Present:

PERLAS-BERNABE, J.,  
Chairperson,  
A. REYES, JR.,  
HERNANDO,  
INTING,\* and  
ZALAMEDA,\*\* JJ.

- versus -

ALBINA D. BATTUNG,  
Respondent.

Promulgated:

13 NOV 2019

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DECISION

A. REYES, JR., J.:

This resolves a Petition for Review on *Certiorari*<sup>1</sup> under Rule 45 of the Rules of Court assailing the Decision<sup>2</sup> dated September 19, 2013 (Assailed Decision) and Resolution<sup>3</sup> dated May 13, 2014 (Assailed Resolution) issued by the Court of Appeals (CA) in CA-G.R. CV No. 93745.

\* On official leave.

\*\* Designated as additional Member per Special Order No. 2727.

<sup>1</sup> *Rollo*, pp. 12-43.

<sup>2</sup> Penned by Associate Justice Ramon A. Cruz and concurred in by then Associate Justice Noel G. Tijam (retired SC Justice) and Associate Justice Romeo F. Barza (retired CA Presiding Justice); *id.* at 45-68.

<sup>3</sup> *Id.* at 70-72.

### Factual Antecedents

Albina D. Battung (respondent) is the owner of a parcel of land located in San Gabriel, Tuguegarao City (subject land) covered by Transfer Certificate of Title (TCT) No. 118686 of the Registry of Deeds of the Province of Cagayan. On February 25, 1997, Celia Francisco entered into a Deed of Conditional Sale of Registered Land<sup>4</sup> (Deed) as the buyer with respondent as the seller over the subject land.<sup>5</sup> The Deed provides the following terms and conditions:

1. That the VENDOR is the owner of a parcel of land located at [sic] Ugac Norte now San Gabriel[,] Tuguegarao, Cagayan and hereto described as follows:

“Lot No. 4179-C-6, Psd-2-01-006109 with an area of 433 square meters more or less and still covered by TCT No. T \_\_\_\_\_ (sic).”

2. That the VENDOR has offered to sell the above-described land to the VENDEE, [subject] to the following terms and conditions:

- a. That the amount of sale shall be THREE HUNDRED FORTY SIX THOUSAND FOUR HUNDRED PESOS (₱346,400.00), Philippine Currency, the same to be paid as follows:

- aa. ₱20,000.00 shall be paid upon the execution of this instrument;

- bb. ₱5,000.00 monthly effective March 30, 1997 and to so (sic) until the full amount of the one-half of the purchase price in the amount of ₱173,000.00 is fully paid;

- cc. ₱173,000.00 shall be paid in full on or before December 30, 1999.

- b. That the Deed of Absolute Sale of the above-described lot shall only be executed in favor of the vendee upon the full payment of the full (sic) amount of the purchase price in the amount of ₱346,400.00 and after which the title shall be transferred in the name of the vendee.

- c. That all expenses for the transfer of the title in the name of the vendee shall be shouldered by the vendee without bothering the vendor of the payment of these expenses like capital gains tax, tax transfer fee and registration fees.

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<sup>4</sup> Id. at 99.

<sup>5</sup> Id. at 46.

<sup>6</sup> Id. at 99.

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## **Respondent's Action for Unlawful Detainer with Damages and Decisions Therein**

On April 2, 2003, respondent filed an action for unlawful detainer with damages<sup>7</sup> against Celia before the Municipal Trial Court in Cities of Tuguegarao City, Branch 2 (MTCC), docketed as Civil Case No. 2374.<sup>8</sup>

On January 12, 2004, the MTCC issued a Decision ordering Celia to vacate the property and consider the payment of ₱89,000.00 as rent. Celia appealed to the Regional Trial Court (RTC) of Tuguegarao City, Branch 5 (RTC Branch 5), docketed as Civil Case No. 6303. On June 23, 2004, the RTC Branch 5 affirmed the Decision of the MTCC but vacated the order that the amount of ₱89,000.00 be considered a rent. Dissatisfied, Celia filed a Petition for Review with the CA entitled "*Celia Francisco v. Albina Battung*," docketed as CA-G.R. SP No. 85819, assailing the June 23, 2004 RTC Branch 5 Decision. In a Decision dated July 31, 2006, the CA nullified and set aside the June 23, 2004 RTC Branch 5 Decision and dismissed the complaint. A Motion for Reconsideration was filed but the CA denied the same in a Resolution dated February 6, 2007. Respondent filed a petition for *certiorari* with the Court, but the same was dismissed in a Resolution dated June 6, 2007.<sup>9</sup>

## **Petitioners' Complaint for Specific Performance with Damages**

On April 30, 2003, Celia and her husband Danilo Francisco (petitioners) filed a complaint for specific performance with damages against respondent before the RTC of Tuguegarao City, Branch 3 (RTC Branch 3), docketed as Civil Case No. 6153.<sup>10</sup>

In addition to the terms and conditions of the Deed, petitioners alleged that while the Deed was entered on February 25, 1997,<sup>11</sup> they already made an advance payment on February 22, 1997.<sup>12</sup> They said that after the execution of the Deed and pursuant to the terms therein, petitioners made installment payments amounting to ₱151,000.00. Subsequently, they discovered that the subject land was already titled and sold by respondent to another person. For this reason, they stopped continuing the payment agreed upon. Later on, they learned that the previous title of the subject land in the name of another person was cancelled to the effect that it reverts to its former status as a clean title. Petitioners then manifested their intention to pay their balance in the conditional sale by sending a letter to respondent informing him of their willingness to pay the balance amounting to ₱215,000.00. Nonetheless,

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<sup>7</sup> Id. at 92-97.

<sup>8</sup> Id. at 51 and 91.

<sup>9</sup> Id.

<sup>10</sup> Id. at 47. *See id.* at 79-81.

<sup>11</sup> Id.

<sup>12</sup> Id. at 48.

*Meyer*

despite due receipt of the letter, respondent failed and still fail to get the said balance.<sup>13</sup>

In her Answer, respondent averred that the subject land is covered by the mother title TCT No. T-41612 of the Registry of Deeds of the Province of Cagayan. She added that petitioners have only paid a total amount of ₱89,000.00 or less and that she had a hard time collecting from the petitioners.<sup>14</sup> She explained that she could have tolerated the delayed payments were it not for the discovery sometime in June 2001 of the cheatings committed by Celia.<sup>15</sup> Instead of paying, Celia asked her to affix her signature on the figure ₱5,000.00 and on the figure ₱151,000.00 that she listed in her notebook. Celia claimed that the figure were the payments she made to respondent before leaving for a vacation sometime in April 2000. Respondent refused to sign the same.<sup>16</sup>

Respondent further asserted that the discovery of the erroneous titling of the subject lot in the name of Ms. Ma. Victoria B. Te (Ms. Te) gave petitioners an alibi not to further pay the balance of the purchase price of one-half portion of the subject land despite the assurance that the subject land was not sold to Ms. Te and that steps were taken to correct the mistake. She also narrated that she sent a written demand dated July 2, 2001 to pay for the whole amount of ₱257,400.00 plus legal interest at 12% from January 1, 2000, the date of default, up to the time the obligation is paid. Petitioners, however, refused and continued to refuse to pay the same.<sup>17</sup>

Moreover, respondent clarified that petitioners only offered to pay the amount of ₱22,000.00 instead of the amount demanded. As such, she did not accept the same. She added that on November 22, 2002, an Order granting the petition for correction of title was issued and TCT No. 118688 (sic) in the name of Ms. Te was cancelled by the Registry of Deeds of Tuguegarao City. Upon the correction of Ms. Te's title, respondent gave petitioners the chance to buy the one-half portion of the lot they are occupying. Thus, on January 6, 2003, she sent a letter to them demanding the balance of the one-half portion of the subject land amounting to ₱84,000.00 plus legal interest at 12% computed from January 2000 up to the time of settlement.<sup>18</sup>

As a counterclaim, respondent maintained that the Deed is a contract to sell where the ownership or title is retained by the seller and is passed only upon the full payment of the purchase price. The full payment is considered a positive suspensive condition and failure of which is not a serious breach, but merely an event preventing the obligation of the vendor to convey the title from acquiring binding force. Hence, she may not be compelled to execute a

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<sup>13</sup> Id.  
<sup>14</sup> Id.  
<sup>15</sup> Id. at 48-49.  
<sup>16</sup> Id. at 49.  
<sup>17</sup> Id.  
<sup>18</sup> Id.

*Meyer*

deed of absolute sale in favor of petitioners as the conditions of the Deed were not satisfied.<sup>19</sup> She then prayed for the dismissal of the complaint, for petitioners to vacate and clear the subject land, and for the application of the payments made by petitioners in the amount of ₱89,000.00 or less as payment of the rentals of the subject land.<sup>20</sup>

On November 6, 2007, petitioners filed a Motion to Consign the amount of ₱215,300.00 representing the balance of the purchase price of the subject land. They asserted that they tendered the amount of ₱215,300.00 for the purchase of the subject land on November 5, 2007 at the Barangay Hall of Caggay, Tuguegarao City, but respondent refused to accept the same.<sup>21</sup>

Respondent opposed the said motion and refused to accept the amount of ₱215,300.00 but expressed her willingness to accept ₱121,538.00 representing one-half of the balance of the purchase price inclusive of interest. Nevertheless, petitioners refused to tender and pay the said amount.<sup>22</sup>

On November 23, 2007, the RTC Branch 3 issued an Order whereby the parties agreed that petitioners shall hand one-half of ₱215,300.00, or the amount of ₱107,650.00, to respondent and the remaining portion to be deposited with the clerk of court. Respondent signed the corresponding Acknowledgment Receipt.<sup>23</sup>

On November 27, 2007, petitioners marked and formally offered the following documents: (1) Acknowledgment Receipt covering the amount of ₱107,650.00; (2) Official Receipt of Consignation in the RTC Branch 3 covering the same amount; (3) Official Receipt of Consignation Fee of ₱300.00; and (4) Official Receipt of Consignation Fee of ₱200.00. The RTC admitted the foregoing documentary exhibits.<sup>24</sup>

### RTC Branch 3 Decision

On January 30, 2009, the RTC Branch 3 rendered a judgment<sup>25</sup> in favor of petitioners. The trial court ratiocinated that the judgment in CA-G.R. SP No. 85819, where it was ruled that the Deed was a contract of sale, is applicable in this case and binds both parties under the principle of the law of the case. The dispositive portion reads:

WHEREFORE, premises considered, judgment is hereby rendered in favor of [petitioners]:

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<sup>19</sup> Id. at 50.  
<sup>20</sup> Id. at 245.  
<sup>21</sup> Id. at 50.  
<sup>22</sup> Id.  
<sup>23</sup> Id.  
<sup>24</sup> Id. at 50-51.  
<sup>25</sup> Id. at 123-133.

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1. Ordering [respondent] to execute the deed of absolute sale in favor of [petitioners] covering the property subject of [the Deed], particularly Lot No. 4179-C-6, containing an area of Four Hundred Thirty-Three (433) square meters;
2. Ordering [petitioners] to pay [respondent] the unpaid balance of the purchase price amounting to Two Hundred Fifty Seven Thousand Pesos (₱257,000.00) plus interest thereon at twelve percent per *annum* effective December 30, 1999 amounting to ₱277,560.00 as of December 31, 2008 thus totaling Five Hundred Thirty-Four Thousand Five Hundred Sixty Pesos [₱534,560.00]; and; (*sic*)
3. Dismissing the counterclaim of [respondent].

**SO ORDERED.**<sup>26</sup>

Respondent filed a Motion for Reconsideration but the same was denied in an Order dated April 27, 2009.<sup>27</sup>

Likewise, petitioners filed a Motion for Partial Reconsideration but the same was denied in an Order dated May 15, 2009.<sup>28</sup>

Perturbed, petitioners filed a Notice of Partial Appeal which was given due course by the RTC Branch 3 in an Order dated May 25, 2009.<sup>29</sup>

### CA Decision

On September 19, 2013, the CA rendered the Assailed Decision<sup>30</sup> dismissing the appeal.

The appellate court ruled that the Deed is a contract to sell and not a contract of sale<sup>31</sup> thereby reversing and setting aside the January 30, 2009 RTC Branch 3 Decision.<sup>32</sup> The dispositive position reads:

WHEREFORE, premises considered, judgment is hereby rendered:

1. [Petitioners] are ordered to vacate the subject land immediately[,] upon the finality of this decision;
2. [Respondent] is ordered to return the amount of ₱196,650.00, Philippine Currency, representing the total amount paid by [petitioners]

<sup>26</sup> Id. at 132-133.

<sup>27</sup> Id. at 52.

<sup>28</sup> Id.

<sup>29</sup> Id.

<sup>30</sup> Id. at 45-68.

<sup>31</sup> Id. at 57-58.

<sup>32</sup> Id. at 65.

*Reyes*

with interest at the rate of twelve percent (12%) *per annum* upon the finality of this decision;

3. The amount of ₱107,650.00, Philippine Currency deposited with the Clerk of Court must likewise be returned to [petitioners];

4. [Petitioners] are hereby ordered to pay [respondent] ₱50,000.00, Philippine Currency by way of nominal damages.

x x x x

SO ORDERED.<sup>33</sup>

Petitioners filed a Motion for Reconsideration but the CA denied the same in the Assailed Resolution.<sup>34</sup>

Hence, the present recourse.

Petitioners argue that the CA erred (1) when it revived the issue on the nature of the contract between the parties, considering that it has already been resolved in CA G.R. SP No. 85819, in violation of the doctrines of the principles of the law of the case, *res judicata*, and immutability of judgments; (2) when it revived the said issue by treating it as an “assigned error” thereby granting an affirmative relief in favor of respondent who did not appeal at all and rendering other issues raised by petitioners in their partial appeal moot and academic; and (3) when it ignored the provisions of Republic Act (R.A.) No. 6552, otherwise known as the “Realty Installment Buyer Act” or the “Maceda Law,” by ruling that the Deed was “ineffective and without force and effect” despite the receipt by respondent in open court of the sum of ₱107,560.00 made in consideration of the Deed.<sup>35</sup>

On her part, respondent maintained that: (1) the issue as to the nature of the contract between the parties has not been put to rest in CA G.R. SP No. 85819 since the subject of the said case involved unlawful detainer;<sup>36</sup> (2) reiterating the CA, the present case is an action for specific performance and while both cases may appear to have a similar set of facts, the parties, and arguments, these have different issues which are clearly beyond the purview of the principle of the law of the case;<sup>37</sup> and (3) R.A. No. 6552, if at all applicable to this case, does not apply to other half of the subject land sold eventually by respondent to another person allegedly by virtue of a novation of a contract made sometime in April 2001 and with the knowledge and consent of petitioners.<sup>38</sup>

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Id.

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Id. at 70-72.

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Id. at 22-23.

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Id. at 203.

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Id. at 204-205.

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Id. at 199 and 206.

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### The Issues

As raised by petitioners, the following are the issues for the resolution of the Court:

#### I.

Whether or not the CA committed serious error of law when it revived the issue on the nature of the Deed, which issue is said to have been long resolved by another division of the CA, disregarding the doctrines of the law of the case, *res judicata*, and immutability of judgments.

#### II.

Whether or not the CA committed serious error of law when it revived the said issue by considering it an “assigned error” that in effect granted an affirmative relief in favor of respondent who did not appeal and rendered the other issues raised by petitioners in their partial appeal moot and academic, and leading to the complete reversal of the partially appealed RTC Branch 3 decision, in violation of Rule 51, Section 8 of the Rules of Court.

#### III.

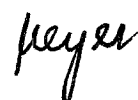
Whether or not the CA committed serious error of law by allegedly ignoring the provisions of R.A. No. 6552 when it ruled that the Deed was “ineffective and without force and effect” notwithstanding that the receipt by respondent in open court of the sum of ₱107,560.00 was made in consideration of the Deed arguably indicative enough that the Deed still subsisted and has never been cancelled nor rescinded at all.

#### IV.

Whether or not the acceptance in the course of the proceedings by respondent of the sum of ₱107,650.00 constitutes partial performance of the Deed, indicating that as between the parties, the Deed was subsisting and has never been rescinded, contrary to the findings of the CA that it was ineffective and without force and effect.

### Ruling of the Court

This Court finds the instant petition unmeritorious.





***The CA was not precluded to rule on the true nature of the Deed as the principles of the law of the case, res judicata, and immutability of judgments are not applicable in this case.***

As to the first issue, petitioners contend that another division of the CA in CA G.R. SP No. 85819 already ruled that the Deed was a contract of sale and not a contract to sell and as such, the principles of the law of the case, *res judicata*, and immutability of judgments bar the reopening of the issue on the real nature of the Deed.<sup>39</sup>

The Court is not persuaded.

Law of the case is the opinion rendered on a former appeal.<sup>40</sup> It dictates that whatever is once permanently established as the controlling legal rule of decision involving the same parties in the same case persists to be the law of the case regardless of the correctness on general principles so long as the facts on which such decision was premised remain to be the facts of the case before the court.<sup>41</sup> Simply stated, the ruling of the appellate court cannot be deviated from in the subsequent proceedings in the same case.<sup>42</sup> It applies only to the same case.<sup>43</sup>

As correctly found by the CA, the application of the principle of the law of the case is misplaced. While the petitioners' action for specific performance and respondent's action for unlawful detainer, which was the subject of CA G.R. SP No. 85819, involve a similar set of facts, these are two different cases. Thus, whatever ensuing incident in the petitioners' action for specific performance cannot be considered a subsequent proceeding in CA G.R. SP No. 85819.

Meanwhile, the doctrine of *res judicata* provides that "a final judgment or decree on the merits by a court of competent jurisdiction of the rights of the parties is conclusive of the rights of the parties or their privies in all later suits on all points and matters determined in the former suit."<sup>44</sup> Said final judgment becomes conclusive as to the rights of the parties and their privies and serves as an absolute bar to subsequent actions involving the same claim, demand, or cause of action.<sup>45</sup>

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<sup>39</sup> Id. at 23-30.

<sup>40</sup> *Sps. Sy v. Young*, 711 Phil. 444, 449 (2013).

<sup>41</sup> Id. at 449-450.

<sup>42</sup> Id.

<sup>43</sup> Id.

<sup>44</sup> *Taganas v. Emislan*, 457 Phil. 305, 311 (2003).

<sup>45</sup> *Sps. Navarra v. Liongson*, 784 Phil. 942, 957 (2016).

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In this case, the doctrine of *res judicata* is also not applicable. While there is an identity of parties in the action for unlawful detainer and action for specific performance, there is no identity of the claims, demands, and causes of action. As aptly noted by the CA, the action for unlawful detainer dealt with the issue of possession and any pronouncement on the title or ownership over the subject land is merely provisional while the action for specific performance involved the determination of the rights over the subject land of the petitioners and respondent under the Deed.<sup>46</sup> Thus, the ruling in CA G.R. SP No. 85819 is not conclusive of the rights of petitioners and respondent in the action for specific performance.

Along the same line, the doctrine of finality of judgment or immutability of judgments provides that once a decision has acquired finality, it becomes immutable, unalterable, and may no longer be modified in any aspect, regardless if the modification is meant to correct erroneous factual and legal conclusions and if it be made by the court that rendered it or by this Court.<sup>47</sup>

Similarly, said doctrine of finality of judgment or immutability of judgments does not apply in this case. In *Sps. Diu v. Ibajan*,<sup>48</sup> this Court held that in detainer, being a mere quieting process, the issues on real property are incidentally discussed and the court may only make an initial determination of ownership so as to resolve possession in the absence of evidence on the latter. Nonetheless, this determination of ownership is “not clothed with finality” and will not “constitute a binding and conclusive adjudication on the merits with respect to the issue of ownership.”<sup>49</sup>

In the present case, the nature of the Deed was incidentally passed upon in the action for unlawful detainer to determine the rights of petitioners and respondent relative to the ownership of the subject land so as to determine who is entitled to possession thereto. Then again, such determination of ownership based on the Deed is provisional, thus, not a conclusive adjudication on the merits of the case. Thus, the CA was not precluded to revisit the issue on the nature of the Deed and make its ascertainment based on the facts and evidence on record.

***The CA appropriately revived the issue on the true nature of the Deed, considering that the determination of the same was necessary for the complete and just resolution of the case.***

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<sup>46</sup> Rollo, pp. 55-56.

<sup>47</sup> *Gadrinab v. Salamanca*, 736 Phil. 279, 292 (2014).

<sup>48</sup> 379 Phil. 482 (2000).

<sup>49</sup> Id.

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With respect to the second issue, petitioners argue that they were the ones who filed the partial appeal of the RTC Decision with the CA assailing only the correct amount of the balance of the purchase price, the correct interest rate, and the correct interest period. They asserted that the matter concerning the nature of the Deed as a contract of sale was not an assigned error and as such, the CA should not have considered it.<sup>50</sup>

Section 8, Rule 51, of the Rules of Court provides that as a general rule, only matters assigned as errors in the appeal may be resolved. As an exception thereto, the CA may review errors that are not assigned but are closely related to or dependent on an assigned error and is given discretion if it finds that the consideration of such is necessary for a complete and just resolution of the case.<sup>51</sup>

Applying the foregoing to this case, the determination of the nature of the Deed was indeed necessary for the complete and just resolution of the case. After all, establishing the true nature of the Deed would set forth the contractual rights and obligations of petitioners and respondent. It would clarify who is legally vested with the ownership of the subject land. Consequently, the CA cannot be faulted for re-examining the contractual relations of petitioners and respondent based on the Deed.

At this juncture, it is imperative for the Court to finally conclude the true nature of the Deed. Based on the provisions of the Deed, the CA is correct in ruling that the Deed is a contract to sell and not a contract of sale.

In *Diego v. Diego*,<sup>52</sup> the Court held that an agreement stipulating that the execution of the deed of sale shall be contingent on the full payment of the purchase price is a contract to sell, thus:

It is settled jurisprudence, to the point of being elementary, that an agreement which stipulates that the seller shall execute a deed of sale only upon or after full payment of the purchase price is a **contract to sell**, not a contract of sale. In *Reyes v. Tuparan*, this Court declared in categorical terms that "[w]here the vendor promises to execute a deed of absolute sale upon the completion by the vendee of the payment of the price, the contract is only a contract to sell. The aforementioned stipulation shows that the vendors reserved title to the subject property until full payment of the purchase price."

In this case, it is not disputed as in fact both parties agreed that the deed of sale shall only be executed upon payment of the remaining balance of the purchase price. Thus, pursuant to the above stated jurisprudence, we similarly declare that the transaction entered into by the parties is a contract to sell.<sup>53</sup> (Citation omitted)

<sup>50</sup> *Rollo*, pp. 32-33.

<sup>51</sup> *Heirs of Loyola v. Court of Appeals*, 803 Phil. 143, 155 (2017).

<sup>52</sup> 704 Phil. 373 (2013).

<sup>53</sup> *Id.*

*Reyes*

Clause 2(b) of the Deed readily reveals that respondent shall only execute the Deed and transfer the title over the subject land in favor of petitioners upon full payment of the purchase price:

- b. That the Deed of absolute sale of the above-described lot shall only be executed in favor of the vendee upon the full payment of the full (*sic*) amount of the purchase price in the amount of P346,400.00 and after which the title shall be transferred in the name of the vendee.<sup>54</sup>

Resultantly, given that the ownership over the subject land was retained by respondent until full payment by “petitioners of the purchase price,” the Deed is a contract to sell.

*Petitioners cannot avail of the rights of the buyer under Section 3 of RA No. 6552 because they did not diligently and consistently satisfy the legal requirement of paying at least two (2) years of installments.*

Regarding the third issue, petitioners assert that granting that the Deed was a contract to sell and given that the subject land is a residential lot and that respondent received in open court the sum of P107,560.00 in consideration of the Deed, RA No. 6552 would apply. Thus, they claim that before the Deed was cancelled, the following requirements under Section 3 thereof should have been complied with: (1) receipt by the buyer of the notice of cancellation or the demand for rescission of the contract by notarial act and (2) full payment of the cash surrender value to the buyer. They point out that these requisites were not satisfied in this case.<sup>55</sup>

RA No. 6552 expressly grants the buyer, who must have paid at least two (2) years of installments, the following rights:

**Section 3.** In all transactions or contracts involving the sale or financing of real estate on installment payments, including residential condominium apartments but excluding industrial lots, commercial buildings and sales to tenants under Republic Act Numbered Thirty-eight hundred forty-four, as amended by Republic Act Numbered Sixty-three hundred eighty-nine, **where the buyer has paid at least two years of installments**, the buyer is entitled to the following rights in case he defaults in the payment of succeeding installments:

- (a) To pay, without additional interest, the unpaid installments due within the total grace period earned by him which is hereby fixed at the rate of one month grace period for every one year of installment payments made: Provided, That this right shall be exercised by the buyer only once in every five years of the life of the contract and its extensions, if any.

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<sup>54</sup> *Rollo*, p. 82.

<sup>55</sup> *Id.* at 35-36.

*Meyer*

(b) If the contract is canceled, the seller shall refund to the buyer the cash surrender value of the payments on the property equivalent to fifty per cent of the total payments made, and, after five years of installments, an additional five per cent every year but not to exceed ninety per cent of the total payments made: *Provided*, That the actual cancellation of the contract shall take place after thirty days from receipt by the buyer of the notice of cancellation or the demand for rescission of the contract by a notarial act and upon full payment of the cash surrender value to the buyer.

Down payments, deposits or options on the contract shall be included in the computation of the total number of installment payments made. (Emphasis supplied)

In *Orbe v. Filinvest Land, Inc.*,<sup>56</sup> the Court emphasized that "at least two years of installments" means the "equivalent of the totality of payments **diligently or consistently made** throughout a period of two (2) years,"

When Section 3 speaks of paying "at least two years of *installments*," it refers to the equivalent of the totality of payments diligently or consistently made throughout a period of two (2) years. Accordingly, where installments are to be paid on a monthly basis, paying "at least two years of installments" pertains to the aggregate value of 24 monthly installments. As explained in *Gatchalian Realty v. Angeles*:

It should be noted that Section 3 of R.A. 6552 and paragraph six of Contract Nos. 2271 and 2272, speak of "two years of installments." *The basis for computation of the term refers to the installments that correspond to the number of months of payments*, and not to the number of months that the contract is in effect as well as any grace period that has been given. Both the law and the contracts thus *prevent any buyer who has not been diligent in paying his monthly installments from unduly claiming the rights provided in Section 3 of R.A. 6552.* (Emphasis supplied)

The phrase "at least two years of installments" refers to value and time. It does not only refer to the period when the buyer has been making payments, with total disregard for the value that the buyer has actually conveyed. It refers to the proportionate value of the installments made, as well as payments having been made for at least two (2) years.

Laws should never be so interpreted as to produce results that are absurd or unreasonable. Sustaining petitioner's contention that she falls within Section 3's protection just because she has been paying for more than two (2) years goes beyond a justified, liberal construction of the Maceda Law. It facilitates arbitrariness, as intermittent payments of fluctuating amounts would become permissible, so long as they stretch for two (2) years. Worse, it condones an absurdity. It sets a precedent that would endorse minimal, token payments that extend for two (2) years. A buyer could, then, literally pay loose change for two (2) years and still come under Section 3's protection.<sup>57</sup> (Citation omitted)

In this case, petitioners did not diligently and consistently pay at least two (2) years of monthly installments. As pointed by the CA, instead of paying

<sup>56</sup> G.R. No. 208185, September 6, 2017, 839 SCRA 72.

<sup>57</sup> Id.

*Meyer*

₱5,000.00 monthly effective March 30, 1997, they merely paid small amounts, *i.e.*, ₱300.00, ₱500.00, ₱700.00, ₱1,000.00, ₱1,500.00, ₱2,000.00, or ₱2,500.00, from time to time, thus:

In fact, there is evidence showing that [petitioners] were unable to pay the amount due within the period fixed in the Deed. Instead of paying ₱5,000.00 monthly effective March 30, 1997 until the amount of ₱173,000.00, representing one-half (1/2) of the purchase price, is paid, they failed to complete it and only paid small amounts, *i.e.*, ₱300, ₱500, ₱700, ₱1,000.00, ₱1,500.00, ₱2,000.00, or ₱2,500.00, from time-to-time. [Celia] also admitted, on cross-examination, that she failed to complete the payment of ₱173,000.00 corresponding to the other half of the purchase price that fell due on December 30, 1999.<sup>58</sup>

Clearly, petitioners are unjustifiably claiming their rights under Section 3 of R.A. No. 6552. They failed to faithfully comply with the requirement of paying their monthly installments for two (2) years and yet they have the audacity to invoke Section 3. Treating the receipt by respondent in open court of the sum of ₱107,560.00 in consideration of the Deed as substantial compliance by petitioners of the provisions of Section 3 would be unfair and defiant of the purpose of RA No. 6552. It would tolerate arbitrariness on the part of the buyer when satisfying his monetary obligations to the seller.

*There could no longer be a performance of the Deed upon petitioners' failure to pay the purchase price of the subject land in accordance with the terms of the Deed.*

Anent the last issue, petitioners claim that the receipt by the respondent of the sum of ₱107,650.00 constitutes partial performance of the Deed, indicating that as between the parties, the Deed was subsisting and has never been rescinded, contrary to the findings of the CA that it was ineffective and without force and effect.

In *Ayala Life Assurance, Inc. v. Ray Burton Development Corporation*,<sup>59</sup> the Court held that the payment by the buyer of purchase price is a positive suspensive condition and the non-fulfillment of which is an event that prevents the seller from conveying title to the buyer. Said non-payment of the purchase price renders the contract to sell ineffective and without force and effect.<sup>60</sup> Therefore, a cause of action for specific performance does not arise.<sup>61</sup>

<sup>58</sup> *Rollo*, p. 60.

<sup>59</sup> 515 Phil. 431 (2006).

<sup>60</sup> *Id.*

<sup>61</sup> *Id.*

*Meyer*


Here, petitioners failed to realize that there could no longer be a performance, not even partial, of the Deed the moment that they failed to pay the purchase price of the subject land in accordance with the terms of the Deed. It is worthy to note that at the time of the receipt by the respondent of the sum of ₱107,650.00, the Deed was already without force and effect. Thus, there could have been no partial performance, let alone a cause of action for specific performance.

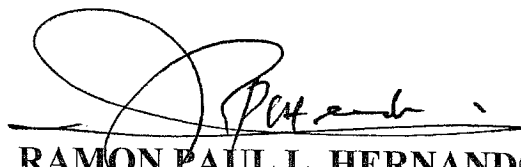
**WHEREFORE**, the petition is **DENIED**. The Decision dated September 19, 2013 and the Resolution dated May 13, 2014 of the Court of Appeals in CA-G.R. CV No. 93745 are hereby **AFFIRMED**.

**SO ORDERED.**

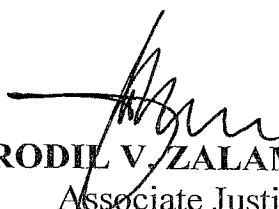
  
**ANDRES B. REYES, JR.**  
Associate Justice

**WE CONCUR:**

  
**ESTELA M. PERLAS-BERNABE**  
Senior Associate Justice  
Chairperson

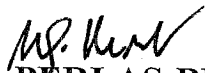
  
**RAMON PAUL L. HERNANDO**  
Associate Justice

(on official leave)  
**HENRI JEAN PAUL B. INTING**  
Associate Justice

  
**RODIL V. ZALAMEDA**  
Associate Justice


## ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

  
**ESTELA M. PERLAS-BERNABE**  
Senior Associate Justice  
Chairperson, Second Division

## CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

  
**DIOSDADO M. PERALTA**  
Chief Justice