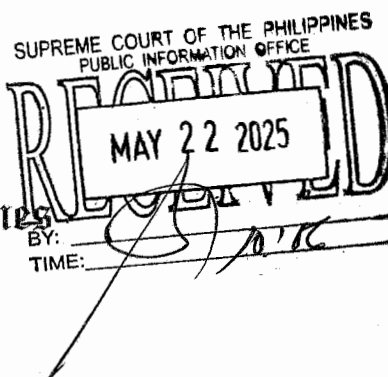




Republic of the Philippines
Supreme Court
Manila



THIRD DIVISION

VENUSTRIANO B. CHAVEZ,
JR., MARIA CARMITA C.
CERTEZA, VENERANDO B.
CHAVEZ, CYNTHIA C. CHAN,
CAROLINA C. GERSTMAYR,
CARINA B. CHAVEZ, VERNON
B. CHAVEZ, VICENZO B.
CHAVEZ, BENJAMIN L.
PALOMIQUE,** JAIME C.
PALOMIQUE and MARIAN
CELINA C. PALOMIQUE, and
VIRGILIO B. CHAVEZ,

Petitioners,

G.R. No. 242366

Present:

CAGUIOA, J., Chairperson,
INTING,
DIMAAMPAO,
MARQUEZ,* and
SINGH, JJ.

Promulgated:

FEB 26 2025

Michael A.

- versus -

SPOUSES JOSELITO AND
ADRIANA GOPEZ,
Respondents.

X-----X

DECISION

SINGH, J.:

Before the Court is a Petition for Review on *Certiorari* under Rule 45 of the Rules of Court assailing the Decision,¹ dated April 17, 2018, and the

* Designated as additional Member vice Gaerlan, J., per Raffle dated March 11, 2024.

** Also referred to as Benjamin L. Palomique, Jr. in some parts of the *rollo*.

¹ *Rollo* pp. 73–88. The Decision in CA-G.R. CV No. 107001 was penned by Associate Justice Samuel H. Gaerlan (now a member of the Court) and concurred in by Associate Justices Ramon Paul L. Hernando (now a member of the Court) and Marie Christine Azcarraga-Jacob, Special Eighth Division of the Court of Appeals, Manila.

Resolution,² dated October 4, 2018, of the Court of Appeals (CA). The CA reversed the Decision,³ dated April 8, 2016, of Branch 100 of the Regional Trial Court, Quezon City (RTC) and declared the Acknowledgement Receipt between the parties as a Contract of Sale, and not a Contract to Sell.

Petitioners Virgilio B. Chavez (**Virgilio**), Benjamin L. Palomique, Jr., Venustriano B. Chavez, Jr., Maria Carmita C. Certeza, Venerando B. Chavez, Cynthia C. Chan, Carolina C. Gerstmayr, Carina B. Chavez, Vernon B. Chavez, Vincenzo B. Chavez, Jaime C. Palomique and Marian Celina C. Palomique (collectively, **Chavez et al.**) assert that the CA erred in declaring that the Acknowledgement Receipt over the subject lots amounts to a Contract of Sale.

The Facts

Respondents Joselito and Adriana Gopez (**Spouses Gopez**) filed a case in February 2013 for Specific Performance and Damages against Chavez et al.⁴

This case involves two adjacent lots with a house covered by Transfer Certificate of Title (TCT) Nos. 004-2012013371 and 004-2012013402. Chavez et al. inherited the properties from their predecessors who died intestate and in whose names the properties were previously registered. Chavez et al. decided to sell the properties and hired a broker to look for buyers. In 2011, the broker introduced Virgilio Chavez to the Spouses Gopez. Chavez et al. alleged that the Spouses Gopez agreed in principle that:

- a. The Spouses Gopez shall pay Chavez et al. a purchase price for the two properties in the net amount of PHP 31.5 million;
- b. The Spouses Gopez shall pay the capital gains taxes, documentary stamp taxes, transfer taxes and estate taxes due on both properties;
- c. The Spouses Gopez would take care of and handle the settlement of the estates and the payment of the estate taxes;
- d. The Spouses Gopez shall budget and earmark the sum of PHP 3.5 million for the payment of (b) and (c) above and any

² *Id.* at 91–92. The Resolution in CA-G.R. CV No. 107001 was penned by Associate Justice Samuel H. Gaerlan (now a member of the Court) and concurred in by Associate Justices Ramon Paul L. Hernando (now a member of the Court) and Marie Christine Azcarraga-Jacob, Former Special Eighth Division of the Court of Appeals, Manila.

³ *Id.* at 94–105. The Decision in Civil Case No. Q-13-72713 was penned by Presiding Judge Editha G. Mina-Aguba.

⁴ *Id.* at 52.



unutilized amount shall be added to the PHP 31.5 million purchase price of the two properties;

- e. The Spouses Gopez shall take care of all documentation; and
- f. The Spouses Gopez shall make a downpayment of PHP 5 million which shall form part of the purchase price.⁵

Virgilio asked that the agreement be formalized in a Contract to Sell and that the PHP 5 million downpayment be paid. To signify their commitment to buy the properties, the Spouses Gopez issued a check for PHP 200,000.00 to Virgilio with the promise to fully pay the downpayment and deliver the Contract to Sell.⁶

Chavez et al. claimed that the Spouses Gopez never paid the PHP 5 million downpayment. Instead, the Spouses Gopez delayed the preparation of the draft special powers of attorneys (SPAs), which were needed to authorize attorneys-in-fact who would sign for and in behalf of Chavez et al., most of whom reside outside the Philippines. Chavez et al. also asserted that the Spouses Gopez unreasonably delayed the preparation of the extrajudicial settlement of estates. The deeds prepared by the Spouses Gopez turned out to be defective and needed to be rewritten, yet the new deeds never came. Chavez et al. alleged that the Spouses Gopez likewise delayed the drafting of the Contract to Sell, which took almost three months to complete. Moreover, the Contract to Sell significantly modified the terms agreed upon. The draft Contract to Sell excluded the agreement to pay a PHP 5 million downpayment, imposed new conditions, and created obligations for Chavez et al.⁷

Conversely, the Spouses Gopez claimed that in addition to the initial PHP 200,000.00 worth of earnest money, they made partial payments through Banco de Oro (BDO) checks. The Spouses Gopez had paid PHP 1.5 million to Chavez et al. by the time the latter sought to terminate the agreement. The Spouses Gopez asserted that Chavez et al. agreed to furnish them with an authenticated extrajudicial settlement, certified true copies of tax declarations for the subject properties, and other pertinent documents. Chavez et al. failed to deliver these documents and the Spouses Gopez were thus unable to immediately prepare the documents.⁸

On February 27, 2012, Virgilio wrote to the Spouses Gopez informing them that he is no longer interested in proceeding with the sale. In reply, the Spouses Gopez sent a letter denying responsibility for the delay and

⁵ *Id.* at 53–54.

⁶ *Id.*

⁷ *Id.*

⁸ *Id.* at 133.



attributing the same to Chavez et al.'s failure to furnish them with the authenticated extrajudicial settlement, certified true copies of the tax declarations for the subject properties and certificates of landholdings of the decedents.⁹

The Spouses Gopez then discovered that the titles covering the subject properties were cancelled and issued in the names of Chavez et al. and that the subject properties were being offered for sale to third persons. The Spouses Gopez then filed a claim for Specific Performance and Damages before the RTC.¹⁰

The Ruling of the RTC

The RTC issued its Decision, dated April 8, 2016, dismissing the Spouses Gopez's Complaint for Specific Performance and Damages. The RTC stated that the parties did not put in issue the unenforceability of their contract and in fact agreed that what they have entered into is a Contract to Sell, as clearly defined during the Pre-Trial.¹¹

The RTC held that since the parties had entered into a Contract to Sell, and not a Contract of Sale, the earnest money of PHP 1.5 million did not result in the perfection of the contract. The suspensive condition to pay the remaining balance of the PHP 5 million downpayment was not fulfilled. Hence, the Spouses Gopez cannot compel Chavez et al. to transfer ownership of the properties to them.¹²

The RTC further ruled that the evidence showed that the Spouses Gopez undertook to prepare everything for the sale. On the other hand, Chavez et al. supplied the needed SPA and the Deeds of Extrajudicial Settlement, and returned the draft Contract to Sell with their corrections. From the evidence, the Spouses Gopez continuously reneged on their obligations and Chavez et al. were well within their rights when they considered the agreement cancelled.¹³

The RTC likewise ruled that Chavez et al. were entitled to ask for the rescission of the contract and that the PHP 1.5 million paid should be returned to the Spouses Gopez. The RTC awarded moral and exemplary damages in

⁹ *Id.*

¹⁰ *Id.* at 134.

¹¹ *Id.* at 98.

¹² *Id.* at 99.

¹³ *Id.* at 99-100.



favor of Chavez et al. It held that the Spouses Gopez acted with gross negligence amounting to bad faith and in wanton disregard of their contractual obligations. The RTC dismissed Chavez et al.'s claim for actual damages due to lack of proof. Hence, the Spouses Gopez were held liable to pay PHP 50,000.00 as moral damages, PHP 25,000.00 as exemplary damages, and PHP 50,000.00 as attorney's fees. The case was disposed, as follows:

WHEREFORE, premises considered, judgment is hereby rendered, order:

- (1) [T]he DISMISSAL of the instant Complaint[;]
- (2) [T]he RESCISSION of the oral contract to sell between the parties. Accordingly, defendants are ordered to reimburse to the plaintiffs the earnest money and/or partial payments made in the amount of [PHP 1.5 million];
- (3) Plaintiffs to PAY defendants the amount of [PHP 50,000.00] as moral damages, [PHP 25,000.00] as exemplary damages, and attorney's fees in the amount of [PHP 100,000.00;]
- (4) [T]he DISMISSAL of the claim for actual damages by defendants.

Cost against plaintiffs.

SO ORDERED.¹⁴ (Emphasis in the original)

The Spouses Gopez appealed the case to the CA.

The Ruling of the CA

The CA reversed the RTC Judgment. The CA held that the agreement between the parties partakes of the nature of a written Contract of Sale, as evidenced by the Acknowledgment Receipt, dated October 21, 2011, which reads:

This is to acknowledge receipt [of] Check No. 0157934[,] dated October 21, 2021[,] amounting to [PHP 200,000.00] only [] as earnest money for the purchase of the property located at Mauban St. xxx for the amount of [PHP 31.5 million] (sic) [] with TCT [No.] RT-59039 & TCT No. 58821[,] Contract to Sell, Deed of Absolute Sale & Extrajudicial Settlement of Estate”¹⁵

¹⁴ *Id.* at 105.

¹⁵ *Id.* at 82.



The CA ruled that the Acknowledgement Receipt contains all the elements of a Contract of Sale; (1) specific subject matter (the properties); (2) definite consideration (PHP 31.5 million); and (3) the meeting of the minds. The CA, citing *Coronel v. Court of Appeals*,¹⁶ ruled that the absence of an express reservation in the Acknowledgement Receipt made it a Contract of Sale. As to the draft Contract to Sell, the CA stated that it would not serve to modify the initial intention of the parties because it was never signed by them.¹⁷

The CA further ruled that the records are bereft of any proof that Chavez et al. delivered the authenticated documents to the Spouses Gopez. Hence, there was no delay in the Spouses Gopez's performance of their obligations. Neither is there evidence that the parties agreed to a downpayment of PHP 5 million.¹⁸ The CA thus ruled:

WHEREFORE, premises considered, the appeal is hereby **GRANTED**. The assailed Decision[,] dated [April 8, 2016,] is hereby **REVERSED and SET ASIDE**. Judgment is hereby rendered ordering defendants-appellees to execute in favor of plaintiffs-appellants a deed of absolute sale over the subject properties covered TCT Nos. RT-59039 (51238) and 58821 (now TCT Nos. 004-20120113371 and 004-20120113402, respectively) of the Registry of Deeds for Quezon City, and upon receipt thereof, the plaintiffs-appellants are ordered to pay defendants the whole balance of the purchase price amounting to [PHP 30 million].

SO ORDERED.¹⁹ (Emphasis in the original.)

The CA also denied Chavez et al.'s Motion for Reconsideration, hence the present Petition.²⁰

Chavez et al. argue that *Coronel* is not applicable to the present case because the Acknowledgement Receipt in this case does not contain any undertakings on the part of the sellers. Rather, all the obligations fell on the buyers, the Spouses Gopez. Chavez et al. cite the testimony of Joselito Gopez stating that he agreed to prepare a Contract to Sell. In light of Joselito's admission that he undertook to prepare a Contract to Sell, it is clear that the parties had not yet agreed to transfer ownership of the properties. Chavez et al. further emphasize that the parties agreed during Pre-Trial that they had entered into a Contract to Sell. Contrary to the CA's ruling, Chavez et al. submitted Affidavits testifying that the Spouses Gopez agreed to pay a

¹⁶ 331 Phil. 294 (1996) [Per J. Melo, Third Division].

¹⁷ *Rollo*, p. 86.

¹⁸ *Id.* at 87-88.

¹⁹ *Id.* at 88.

²⁰ *Id.* at 91-92.



downpayment of PHP 5 million. Finally, Chavez et al. assert that it was the Spouses Gopez who consistently failed to fulfill their obligations under the agreement hence, the sellers were entitled to rescind the contract.²¹

The Spouses Gopez cited the CA Decision, stating that the CA ruled based on the facts. They aver that the CA correctly applied *Coronel* when it ruled that all the elements of a Contract of Sale were present in the Acknowledgment Receipt. They argue that a contract is determined by what the law defines it to be and not what the parties may call it. The Spouses Gopez contend that there was no express reservation of ownership by Chavez et al. and that the records are bereft of any oral agreement expressly reserving the title of the subject properties. They also cite Article 1482 of the Civil Code, which provides that whenever earnest money is given in a Contract of Sale, it shall be considered proof of the perfection of the contract. As to the testimony of Joselito that he agreed to prepare the "Contract to Sell," what he was referring to was actually the "Deed of Sale." As to the PHP 5 million downpayment, the Spouses Gopez assert that the Affidavits submitted by Chavez et al. are mere self-serving testimonies.²²

The Spouses Gopez argue further that the preparation of the SPAs and extrajudicial settlements were merely suspensive conditions attached to the Contract of Sale. The non-fulfillment of the conditions was due to Chavez et al.'s failure to submit the requested information to the Spouses Gopez. They underscore that Chavez et al. continued to accept partial payments from the Spouses Gopez, showing that the parties did not abandon the performance of the contract.²³ The Spouses Gopez further argue that there was no delay because there was no stipulated period for the completion of the payment. The payment could not be completed before the preparation of documents, hence, the Spouses Gopez were not in delay pending the completion of the documents. In the absence of a fixed period and given Chavez et al.'s failure to perform their obligations, there was no breach of the contract.²⁴

The Issues

1. Is the Acknowledgement Receipt a Contract of Sale?

²¹ *Id.* at 56–69.

²² *Id.* at 137–141.

²³ *Id.* at 142–144.

²⁴ *Id.* at 144–145.



2. Were the Spouses Gopez prevented from fulfilling the conditions under the Contract?

The Ruling of the Court

The resolution of this case rests on the proper classification of the agreement between the parties as either a Contract of Sale or a Contract to Sell. Both parties thus rely on the handwritten Acknowledgement Receipt, which reads:

This is to acknowledge receipt [of] Check No. 0157934[,] dated October 21, 2011[,] amounting to [PHP 200,000.00] as earnest money for the purchase of the property located at Mauban St. xxx for the amount of [PHP 31.5 million] (sic) [with TCT [No.] RT-59039 & TCT No. 58821[,] Contract to Sell, Deed of Absolute Sale and Extrajudicial Settlement of Estate.²⁵

The doctrinal case of *Coronel* distinguishes a Contract of Sale from a Contract to Sell by the lack of consent from the seller to transfer ownership of the subject. In a Contract to Sell, the seller does not as yet agree or consent to transfer ownership of the subject properties until the happening of an event, usually the full payment of the purchase price. Rather, the seller obliges himself only to fulfill his promise to sell the subject properties after the happening of the event. If the event does not occur, then the obligation to sell does not arise and ownership is retained by the seller.²⁶

Therefore, a Contract to Sell may not be considered as a conditional Contract of Sale because in a conditional Contract of Sale the first element of consent is present, although it is conditioned upon the happening of a contingent event which may or may not occur. In a Contract to Sell, the fulfillment of the suspensive condition will not automatically transfer ownership to the buyer. The seller still has to convey title to the buyer. In a conditional Contract of Sale, however, upon the fulfillment of the suspensive condition, the sale becomes absolute and this will definitely affect the seller's title thereto. In *Coronel*, the Court determined that the Receipt of Down Payment was a Contract of Sale because of the express stipulations therein:

RECEIPT OF DOWN PAYMENT

[...]

²⁵ *Id.* at 82.

²⁶ *Coronel v. Court of Appeals*, 331 Phil. 294, 323 (1996) [Per J. Melo, Third Division].



Received from Miss Ramona Patricia Alcaraz of 146 Timog, Quezon City, the sum of [PHP 50,000.00] purchase price of our inherited house and lot, covered by TCT No. 119627 of the Registry of Deeds of Quezon City, in the total amount of [PHP 1.240 million].

We bind ourselves to effect the transfer in our names from our deceased father, Constancio P. Coronel, the transfer certificate of title immediately upon receipt of the down payment above-stated.

On our presentation of the TCT already in our name, We will immediately execute the deed of absolute sale of said property and Miss Ramona Patricia Alcaraz shall immediately pay the balance of the [PHP 1.190 million].

Clearly, the conditions appurtenant to the sale are the following:

1. Ramona will make a down payment of [PHP 50,000.00] Pesos upon execution of the document aforestated;
2. The Coronels will cause the transfer in their names of the title of the property registered in the name of their deceased father upon receipt of the [PHP 50,000.00] Pesos down payment;
3. Upon the transfer in their names of the subject property, *the Coronels will execute the deed of absolute sale in favor of Ramona and the latter will pay the former the whole balance of [PHP 1.190 million].*

[....]

When the "Receipt of Down Payment" is considered in its entirety, it becomes more manifest that there was a clear intent on the part of petitioners to transfer title to the buyer, but since the transfer certificate of title was still in the name of petitioner's father, they could not fully effect such transfer although the buyer was then willing and able to immediately pay the purchase price. Therefore, petitioners-sellers undertook upon receipt of the down payment from private respondent Ramona P. Alcaraz, to cause the issuance of a new certificate of title in their names from that of their father, after which, they promised to present said title, now in their names, to the latter and to execute the deed of absolute sale whereupon, the latter shall, in turn, pay the entire balance of the purchase price.

The agreement could not have been a contract to sell because the sellers herein made no express reservation of ownership or title to the subject parcel of land. Furthermore, the circumstance which prevented the parties from entering into an absolute contract of sale pertained to the sellers themselves (the certificate of title was not in their names) and not the full payment of the purchase price. Under the established facts and circumstances of the case, the Court may safely presume that, had the certificate of title been in the names of petitioners-sellers at that time, there would have been no reason why an absolute contract of sale could not have been executed and consummated right there and then.



Moreover, unlike in a contract to sell, petitioners in the case at bar did not merely promise to sell the property to private respondent upon the fulfillment of the suspensive condition. On the contrary, having already agreed to sell the subject property, *they undertook to have the certificate of title changed to their names and immediately thereafter, to execute the written deed of absolute sale.*²⁷ (Emphasis supplied.)

The Court finds that the circumstances in *Coronel* are not akin to the present case. There was no question that the Receipt of Down Payment in *Coronel* immediately imposed the obligation to effect the transfer of ownership. This obligation fell to the sellers since the buyers were willing and able to pay the purchase price already. These are pivotal facts in the *Coronel* case, which are not present in this case. Comparing the present Acknowledgement Receipt against the receipt in *Coronel*, the Acknowledgement Receipt lacks any undertaking on the part of the sellers, Chavez et al., to transfer the properties to the Spouses Gopez. Rather, the Spouses Gopez were expected to fulfill certain conditions in addition to the payment of the purchase price, specifically the preparation of a draft Contract to Sell, Deed of Absolute Sale and Extrajudicial Settlement of Estate.

It is a canon in the interpretation of contracts that the words used in the agreement should be given their natural and ordinary meaning unless a technical meaning was intended.²⁸ The limited statement contained in the Acknowledgement Receipt suggests that the parties agreed only to draft the preparatory documents to be used in affecting the sale. Hence, the agreement pertained to did not contemplate a transfer of ownership yet. These documents would still have to be reviewed, accepted and signed by both parties before they could effect the sale and transfer of the properties. The element of consent to transfer ownership is clearly lacking in this case.

The Spouses Gopez emphasize that the Acknowledgement Receipt does not contain any express reservation of ownership over the properties. Citing *Coronel*, they aver that the absence of an explicit reservation indicates that the agreement was therefore already a Contract of Sale.

The Court disagrees.

As explained above, the key characteristic of a Contract to Sell is lack of consent to transfer ownership. Contrary to the statement in *Coronel*, more

²⁷ *Id.*

²⁸ *Tan v. Court of Appeals*, 287 Phil. 645 (1992) [Per J. Cruz, First Division].



recent jurisprudence teaches that a Contract to Sell may exist even without an explicit stipulation reserving ownership:

Even in the absence of an express stipulation to such effect, the intention of the parties to execute a contract to sell may be implied from the provisions of the contract. While Article 1478 of the Civil Code recognizes the right of the parties to agree that the ownership of the thing shall not pass to the purchaser until he has fully paid the price therefore, the same statutory provision does not require that such be expressly stipulated in the contract.

In *Adelfa Properties, Inc. v. Court of Appeals*, the Court ruled that since the contract between the parties therein did not contain a stipulation on reversion or reconveyance of the property to the seller in the event that the buyer did not comply with its obligation, it may legally be inferred that the parties never intended to transfer ownership to the buyer prior to the completion of the payment of the purchase price. Consequently, the contract involved in the aforementioned case was a mere contract to sell.²⁹ (Emphasis supplied.)

Similarly in this case, there is nothing in the facts or the stipulations between the parties that points to an agreement to transfer ownership over the properties. Rather, Chavez et al. required the Spouses Gopez to prepare all the necessary documents for the sale, which would then be submitted to Chavez et al. before they could proceed. Again, the simple terms of the Acknowledgement Receipt must be taken in their natural and ordinary meaning. Based on the foregoing, Chavez et al. retained their properties and did not consent to transferring ownership over the same to the Spouses Gopez.

This Court further finds that the mention of “earnest money” did not convert the Acknowledgement Receipt into a Contract of Sale. Although earnest money is usually given in a perfected Contract of Sale, it may also be given in a Contract to Sell. In *Racelis v. Spouses Javier*,³⁰ this Court explained that in a Contract to Sell, the payment of earnest money represents the seller's opportunity cost of not entertaining other buyers or better deals. It is meant as a gesture to assure the other party of one's willingness to go through with the sale after a specified period or upon compliance with the conditions stated in the Contract to Sell. Absent a contrary agreement, the earnest money in a Contract to Sell should be forfeited if the sale does not happen.³¹

Article 1482 of the Civil Code provides that “whenever earnest money is given in a *contract of sale*, it shall be considered as part of the price and

²⁹ *Spouses Reyes v. Salvador, Sr.*, 586 Phil. 391, 412–413 (2008) [Per J. Chico-Nazario, Third Division], citing *Adelfa Properties, Inc. v. Court of Appeals*, 310 Phil. 623 (1995) [Per J. Regalado, Second Division].

³⁰ 824 Phil 684. (2018) [Per J. Leonen, Third Division].

³¹ *Id.* at 695–703.



proof of the perfection of the contract," it does not apply to a Contract to Sell by virtue of its express wording.³² In this case, the earnest money worth PHP 200,000.00 was given in a Contract to Sell and will form part of the consideration only if the sale is consummated upon full payment of the purchase price.³³ From the foregoing, it is evident that the Acknowledgement Receipt is a Contract to Sell, and not a Contract of Sale.

Chavez et al. were well within their rights when they terminated the agreement due to the Spouses Gopez's non-fulfillment of the conditions. In Contracts to Sell, the condition is a positive suspensive condition while in Contracts of Sale, the obligation is a negative resolutory condition.³⁴ In this case, non-fulfillment of the conditions under the Contract to Sell rendered the contract ineffective and there was no need to rescind the contract anymore. As this Court held in *De Guzman v. Spouses Santos*:³⁵

Considering that non-payment of the full purchase price does not amount to a breach of contract, the remedy of specific performance cannot be availed of. The remedy of rescission is also unavailable since it is impossible to rescind an obligation that is non-existing, the suspensive condition not having happened yet. The buyer's non-payment thus only renders the contract to sell ineffective and without force and effect. This Court has even pronounced that the failure to make full payment of the purchase price in a contract to sell is not really a breach, serious or otherwise, and therefore not a sufficient ground to award damages.³⁶ (Emphasis supplied.)

Hence, Chavez et al. could already deem the Contract ineffective with the Spouses Gopez' failure to fulfill the conditions.

The Spouses Gopez argue that it was Chavez et al. who prevented the fulfillment of the condition to draft the Contract of Sale. However, this is belied by the fact that the Spouses Gopez were nevertheless able to prepare the documents. Chavez et al., however, found the documents to be defective and requested a revision in the terms of the Contract to Sell, yet the revisions never came. Hence, the conditions remained unfulfilled.

In fact, it was the Spouses Gopez who objected to the PHP 5 million downpayment. To recall, the Spouses Gopez have only paid PHP 1.5 million out of the PHP 31.5 million purchase price for the properties. What prevented

³² *Chua v. Court of Appeals*, 449 Phil. 25, 39–52 (2003) [Per J. Carpio, First Division].

³³ *Spouses Serrano v. Caguia*, 545 Phil. 660 (2007) [Per J. Sandoval-Gutierrez, First Division].

³⁴ *Ursal v. Court of Appeals*, 509 Phil. 628, 644 (2005) [Per J. Austria-Martinez, Second Division].

³⁵ G.R. No. 222957, March 29, 2023 [Per J. Gaerlan, Third Division].

³⁶ *Id.* at 7. This pinpoint citation refers to the copy of the Decision uploaded to the Supreme Court website.



the fulfillment of the condition was the refusal of the Spouses Gopez to prepare the Contract to Sell to reflect the terms of the agreement and to pay the purchase price. Hence, Chavez et al. did not violate their contract obligations when they sought to terminate the agreement and return the money collected.

FOR THESE REASONS, the Petition for Review on *Certiorari* is **GRANTED**. The Decision dated April 17, 2018 and the Resolution dated October 4, 2018 of the Court of Appeals, in CA-G.R. CV No. 107001 are **REVERSED**. The Decision dated April 8, 2016 of Branch 100, Regional Trial Court, Quezon City, in Civil Case No. Q-13-72713 is **REINSTATED** with the **MODIFICATION** that the Contract to Sell between the parties is not rescinded but declared ineffective.

SO ORDERED.



MARIA FILOMENA D. SINGH

Associate Justice

WE CONCUR:

*We Concurring
Opinion*



ALFREDO BENJAMIN S. CAGUIOA

Associate Justice



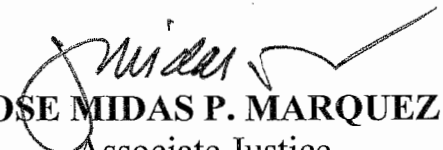
HENRI JEAN PAUL B. INTING

Associate Justice



JAPAR B. DIMAAMPAO

Associate Justice

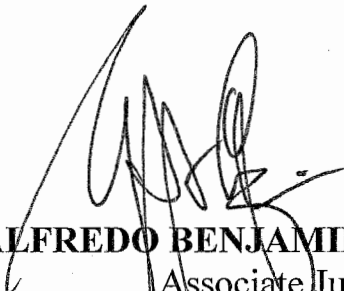


JOSE MIDAS P. MARQUEZ

Associate Justice

ATTESTATION

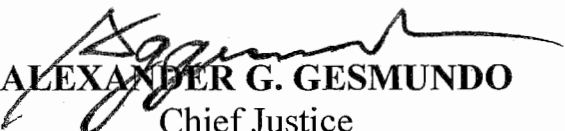
I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



ALFREDO BENJAMIN S. CAGUIOA
Associate Justice
Chairperson, Third Division

CERTIFICATION

Pursuant to Article VIII, Section 13 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.



ALEXANDER G. GESMUNDO
Chief Justice

