



Republic of the Philippines
Supreme Court
Manila

SUPREME COURT OF THE PHILIPPINES
PUBLIC INFORMATION OFFICE
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THIRD DIVISION

JOSEPH DELA LUNA,
Petitioner,

G.R. No. 226912

Present:

-versus-

LEONEN, J., *Chairperson*,
CARANDANG,
ZALAMEDA,
ROSARIO, and
MARQUEZ, JJ.

SWIRE REALTY AND
DEVELOPMENT CORPORATION,
Respondent.

Promulgated:
November 24, 2021

MisADC B-11

X-----X

DECISION

LEONEN, J.:

This Court generally frowns upon strict adherence to technicalities if it will result in the deprivation of a litigant's right to protect their interests. As an exception, it will not relax the procedural rules if the failure to comply with the same is caused by the litigant's own negligence. Moreover, the negligence of their counsel will not relieve a litigant of their duty to be diligent in monitoring their case.¹

¹ *Ong Lay Hin v. Court of Appeals*, 752 Phil. 15 (2015) [Per J. Leonen, Second Division].

This resolves the Petition for Review on Certiorari² filed by Joseph Dela Luna, assailing the Decision³ and Resolution⁴ of the Court of Appeals that reversed the Decision⁵ of the Office of the President on the basis of the prescription of filing an appeal with the Regional Office of the Housing and Land Use Regulatory Board.⁶

On September 14, 2002, Dela Luna and Swire Realty and Development Corporation (Swire Realty) entered into a Reservation Agreement⁷ involving Unit 2302 in Makati Palace Hotel for the purchase price of ₱4,800,00.00.⁸ Dela Luna paid Swire Realty the reservation fee in the amount of ₱100,000.00, which shall form part of the down payment. He also issued postdated checks to cover the remaining down payment amounting to ₱1,340,000.00 and monthly amortizations totaling to ₱3,360,000.00.⁹

Dela Luna paid the down payment amounting to ₱1,440,000.00 on January 20, 2003. He also paid the monthly amortizations for February, March, April, and May 2003. At this point, Dela Luna alleged that he repeatedly requested Swire Realty to issue official receipts for payments he had made. However, Swire Realty failed to comply.¹⁰

Later, Swire Realty sent Dela Luna a memorandum of agreement. However, there was a typographical error in the unit number. Accordingly, Dela Luna refused to sign the document and instead asked for its revision.¹¹

On May 16, 2003, Dela Luna received the revised memorandum of agreement along with a contract to sell. Dela Luna asked Swire Realty to first issue him official receipts for the payments he had made. However, the latter failed to issue the same. He reiterated the same request a month after and advised Swire Realty not to deposit his checks until the matter is settled. Still, Swire Realty did not deliver any official receipts to Dela Luna. Instead, it deposited the check dated June 20, 2003 against Dela Luna's advice.¹²

² *Rollo*, pp. 11–33.

³ *Id.* at 38–52. The April 8, 2016 Decision in CA-G.R. SP No. 133670 was penned by Associate Justice Carmelita Salandanan Manahan and concurred in by Associate Justices Japar B. Dimaampao (now a member of this Court) and Franchito N. Diamante of the Eight Division of Court of Appeals, Manila.

⁴ *Id.* at 54–56. The August 25, 2016 Resolution in CA-G.R. SP No. 133670 was penned by Associate Justice Carmelita Salandanan Manahan and concurred in by Associate Justices Japar B. Dimaampao (now a member of this Court) and Franchito N. Diamante of the Eight Division of Court of Appeals, Manila.

⁵ *Id.* at 368–371. The June 27, 2013 Decision of the Office of the President was signed by Executive Secretary Paquito C. Ochoa, Jr.

⁶ *Id.* at 11.

⁷ *Id.* at 85–87.

⁸ *Id.* at 85.

⁹ *Id.* at 39.

¹⁰ *Id.*

¹¹ *Id.*

¹² *Id.* at 40.

Because of this, Dela Luna sent Swire Realty a demand letter through his counsel, informing it of his intention to rescind the contract due its refusal to issue official receipts. He likewise asked for a refund in the amount of ₱1,812,000.00 within ten days from receipt of the letter.¹³

In its reply, Swire Realty claimed that Dela Luna already received provisional receipts for his check payments. It further stated that it was Dela Luna who failed to meet his obligation by refusing to sign the memorandum of agreement and that the latter was merely trying to renege on his obligation to pay his monthly amortization.¹⁴

On August 6, 2003, Dela Luna sent another letter to Swire Realty, repeating his demand for the rescission of their Reservation Agreement and the refund of payments made. Swire Realty countered that the grounds stated in the demand letter were not sufficient to rescind a contract. It added that it was the one that had the right to rescind the contract for Dela Luna's failure to pay the remaining monthly amortizations. As such, it demanded Dela Luna to return the signed memorandum of agreement within five days at the risk of breaching the agreement and forfeiting previous payments made. Lastly, it offered the settlement of the matter at hand.¹⁵

Dela Luna accepted Swire Realty's offer to settle. However, he received no reply from Swire Realty. This prompted him to file the Complaint for Rescission of the Reservation Agreement with the Housing and Land Use Regulatory Board.¹⁶

In its Decision rendered on November 8, 2006,¹⁷ the Housing and Land Use Regulatory Board Regional Office ruled in favor of Swire Realty, holding that a "rescission of a contract will not be permitted for slight or casual breach."¹⁸ It declared that the reservation agreement was "valid and subsisting" and ordered Dela Luna to pay the balance of the purchase price.¹⁹

Unfortunately, Dela Luna only learned about this ruling 11 months later, or on October 30, 2007, when he visited the Housing and Land Use Regulatory Board Regional Office to seek an update on his case.²⁰

¹³ Id.

¹⁴ Id.

¹⁵ Id.

¹⁶ Id.

¹⁷ Id. at 226–228. The November 8, 2006 Decision in HLURB Case No. REM-091903-12446 was penned by Housing and Land Use Arbiter Rowena C. Balasolla and approved by Regional Director Jesse A. Obligacion.

¹⁸ Id. at 228.

¹⁹ Id.

²⁰ Id. at 42.

On November 19, 2007, Dela Luna filed his memorandum of appeal before the Board of Commissioners of the Housing and Land Use Regulatory Board.

In its Decision,²¹ the Board of Commissioners reversed the ruling of the Regional Office and directed the refund of the down payment made by Dela Luna. The dispositive portion of the Decision states:

WHEREFORE, premises considered, the appeal is **GRANTED** and the decision of the Regional Office is **SET ASIDE**. [Swire Realty] is ordered to refund to [Dela Luna] the amount of ₱1,712,000.00 representing all amounts the latter has paid less the reservation fee of ₱100,000.00, at legal interest of 6% per annum.

All other claims and counterclaims are hereby dismissed for lack of merit.

SO ORDERED.²²

Swire Realty filed a Motion for Reconsideration,²³ asserting that the Board of Commissioners erred when it gave due course to Dela Luna's appeal despite it having been filed beyond the reglementary period. It added that the appeal was filed without the necessary requirements for its perfection. Lastly, it averred that Dela Luna was the party guilty of a breach of their agreement.

The First Division of the Housing and Land Use Regulatory Board granted Swire Realty's Motion for Reconsideration. The dispositive portion of its Decision²⁴ reads:

WHEREFORE, [Swire Realty]'s motion for reconsideration is **GRANTED**. Accordingly, the decision of the Regional Office dated November 8, 2006 is reinstated and declared final and executory. Let the records of this case be remanded to the Regional Office.

SO ORDERED.²⁵

Aggrieved, Dela Luna appealed to the Office of the President.

The Office of the President ruled in favor of Dela Luna. It found that he cannot be compelled to enter into a contract against his will. Consequently,

²¹ Id. at 127–132. The December 16, 2008 Decision was signed by Undersecretary Austere A. Panadero of the Department of the Interior and Local Government and Commissioner Arturo M. Dublado.

²² Id. at 130.

²³ Id. at 133–150.

²⁴ Id. at 214–217. The April 15, 2009 Resolution was signed by Undersecretary Austere A. Panadero of the Department of the Interior and Local Government, Deputy Secretary General Pamela B. Felizarta of the Housing and Urban Development Coordinating Council, and Commissioner Arturo M. Dublado.

²⁵ Id. at 217.

the amortization payments of Dela Luna were ordered returned as not to unjustly enrich Swire Realty.²⁶ The dispositive portion of its Decision²⁷ states:

WHEREFORE, premises considered, the assailed Decision dated April 15, 2009 of the Housing and Land Use Regulatory Board, First Division is hereby **REVERSED**. [Swire Realty] is ordered to refund to [Dela Luna] all amounts paid by the latter excluding the reservation fee in the amount of P100,000.00, with legal interest at the rate of 6% per annum.

SO ORDERED.²⁸

Swire Realty filed a Motion for Reconsideration. However, the same was denied.²⁹

Thus, the case was elevated to the Court Appeals through a Petition for Review.³⁰ The sole issue before the Court of Appeals was whether the Office of the President may set aside a Decision declared as final and executory.³¹

The Court of Appeals issued a Decision,³² granting Swire Realty's Petition. It found that Dela Luna's appeal before the Board of Commissioners should have been dismissed outright for numerous procedural lapses. It noted that the appeal was not only filed out of time but also failed to comply with the formal requirements, namely, the verified certification, affidavit of service,³³ and the filing of an appeal bond.³⁴ It held:

As a final point. Having said that the Decision of the HLURB Regional Office dated November 8, 2006 had become final and executor, it was, therefore, a reversible error on the part of the First Division of the HLURB Board of Commissioners take cognizance of respondent's appeal. Furthermore, when the Office of the President gave due course to respondent's appeal, it likewise acted without jurisdiction. Well-settled is the rule that once a judgment has become final and executory, no court, not even the Highest Court of the land, has the power to revive, review, change[,] or alter the same.³⁵

The dispositive portion of the Decision of the Court of Appeals reads:

WHEREFORE, premises considered, the instant Petition for Review is hereby **GRANTED**. Both the First Division of the HLURB

²⁶ Id.

²⁷ Id. at 368-371. The June 27, 2013 Decision of the Office of the President was signed by Executive Secretary Paquito C. Ochoa, Jr.

²⁸ Id. at 370.

²⁹ Id. at 43.

³⁰ Id. at 372-400.

³¹ Id. at p. 44.

³² Id. at 38-52.

³³ Id. at 46.

³⁴ Id. at 47.

³⁵ Id. at 51.

Board of Commissioners and the Office of the President lack jurisdiction to review much more to reverse the November 8, 2006 Decision of the HLURB Regional Office which had become final and executory.

Accordingly, the Decision of the Office of the President dated June 27, 2013 reversing the April 15, 2009 Resolution of the First Division of the HLURB Board of Commissioners is **SET ASIDE**. The Decision of the HLURB Regional Office dated November 8, 2006, is hereby **REINSTATED**.

No pronouncement as to costs.

SO ORDERED.³⁶

Dela Luna filed a Motion for Reconsideration. However, it was denied.³⁷

Unfazed, Dela Luna filed this Petition for Review on Certiorari under Rule 45,³⁸ assailing the Decision and Resolution of the Court of Appeals.

Petitioner asserts that the Court of Appeals committed grave error when it dismissed his Petition due to the late filing of his appeal with the Housing and Land Use Regulatory Board. He claims it was his previous lawyer's negligence that caused his failure to file the appeal within the reglementary period. Despite his repeated requests for an update, the latter allegedly failed to respond. It was only when he decided to go to the Housing and Land Use Regulatory Board Office directly that he discovered that a decision regarding his case had already been issued.³⁹

He likewise claims that the Court of Appeals erred when it did not consider his substantive right to the refund and that the reservation agreements were the only ones subsisting between him and Swire Realty.⁴⁰ Thus, he alleges that respondent has no right to retain the down payment sans contract of sale signed.⁴¹

On the other hand, respondent urges this Court to dismiss the Petition for raising questions of facts settled by the Court of Appeals.⁴² It adds that the Decision of the Housing and Land Use Regulatory Board can no longer be set aside, it having become final and executory.⁴³ It further states that petitioner failed to show proof of his previous lawyer's negligence and only

³⁶ Id.

³⁷ Id. at 54-56.

³⁸ Id. at 11-33.

³⁹ Id. at 22-23.

⁴⁰ Id. at 20.

⁴¹ Id. at 32.

⁴² Id. at 748.

⁴³ Id.

presented self-serving statements.⁴⁴ Lastly, it refutes petitioner's claim of refund, stating that the principle of unjust enrichment is inapplicable in the case.⁴⁵

In his Reply,⁴⁶ petitioner states that respondent's claim that the petition is purely a question of fact is misplaced as his main argument on the Court of Appeal's failure to apply "the principle of relaxation of procedural rule" is a question of law.⁴⁷ He reiterates that the relaxation of procedural rules is proper in the interest of substantial justice and that his case involves gross negligence on the part of his previous lawyer. As such, the rule that mistakes of counsel bind the client cannot apply.⁴⁸

The following are the issues for this Court's resolution, namely:

First, whether the Court of Appeals committed grave error when it reversed the Decision of the Office of the President for petitioner's failure to file its appeal within the reglementary period; and

Second, whether the petitioner has the right to refund of his monthly amortizations.

We deny the Petition.

I

"[T]he right to appeal is neither a natural right nor [is it a component] of due process[. It is a statutory privilege" that imposes on the appealing party its accurate execution in accordance with the provision of law.⁴⁹

The controlling law in this case is the 2004 Rules of Procedure of the Housing and Land Use Regulatory Board. The said Rules provide that "any party aggrieved by the decision of the Regional Officer" may appeal within 30 days from receipt of the decision.⁵⁰

Applied here, petitioner exceeded the allowed period within which to file an appeal. The Regional Office Decision that dismissed petitioner's Complaint for rescission was issued on November 8, 2006. According to the certification from the Makati Central Post Office, it was received by

⁴⁴ Id. at 754

⁴⁵ Id.

⁴⁶ Id. at 765-744.

⁴⁷ Id. at 766.

⁴⁸ Id. at 768.

⁴⁹ *Boardwalk Business Ventures, Inc. v. Villareal*, 708 Phil. 443, 445 (2013) [Per J. Del Castillo, Second Division], citing *Fenequito v. Vergara*, 691 Phil. 335 (2012) [Per J. Peralta, Third Division].

⁵⁰ 2004 Rules of Procedure of Housing and Land Use Regulatory Board, Rule XVI, sec. 1.

petitioner's counsel, Atty. Gladys P. Garcia, on November 21, 2006. Petitioner had 30 days from November 21, 2006, or until December 21, 2006, within which to appeal. Petitioner only filed his appeal on November 19, 2007, or 11 months after the expiration of the reglementary period.

To make matters worse, petitioner failed to comply with the formal requirements of filing an appeal. The same Rules states that an appellant, in filing their appeal memorandum, must attach an (1) affidavit of service executed jointly by the appellant and their counsel, (2) a verified certification jointly executed by the appellant and their counsel, and (3) an appeal bond equivalent to the amount of the award prayed for.⁵¹ Without these requirements, one cannot perfect an appeal.

Here, petitioner failed to comply with all these three requirements.

Petitioner now comes before this Court, invoking substantial justice. He asks for the relaxation of rules on procedure, lamenting that he was denied of his rights due to the gross negligence of his previous counsel.⁵²

This Court cannot grant this prayer.

Petitioner's case is not novel. We find no reason to exempt him from the effects of his failure to comply with the rules on filing of an appeal.

Jurisprudence emphasizes that while courts are discouraged to dismiss a case solely on reasons of technicality, the rules on procedure are not so trivial to be ignored altogether.⁵³ These were put into place to secure efficient, effective, and speedy disposition of cases. The rules on appeal protect both parties. In particular, reglementary periods ensure that a decision will reach finality, halting the litigation between opposing parties and protecting the rights of the victor. The disregard of the rules of procedure for insignificant matters would render them nugatory.⁵⁴

Petitioner's claim that rules must be liberally construed in his favor due to the negligence of his counsel cannot stand.

Generally, the negligence of the counsel binds their client. The only exception this rule is when the negligence of counsel is so gross or reckless

⁵¹ 2004 Rules of Procedure of Housing and Land Use Regulatory Board, Rule XVI, sec. 2.

⁵² *Rollo*, p. 23.

⁵³ *Swire Realty v. Jayne Yu*, 755 Phil. 250 (2015) [Per J. Peralta, Third Division].

⁵⁴ *Malixi v. Baltazar*, 821 Phil. 423 (2017) [Per J. Leonen, Third Division].

that it amounts to the deprivation of due process on the part of their client.⁵⁵ The wisdom behind this principle was explained in *Baya v. Sandiganbayan*:⁵⁶

Hiring the services of counsel does not relieve a litigant of the duty to monitor the status of [their] cases. This was the ruling in *Ong Lay Hin v. Court of Appeals*, where petitioner Ong Lay Hin, claiming that his counsel did not appeal his conviction despite receipt of the adverse judgment against him, was nevertheless declared bound by his counsel's actions:

....

The agency created between a counsel and a client is a highly fiduciary relationship. A counsel becomes the eyes and ears in the prosecution or defense of [their] client's case. This is inevitable because a competent counsel is expected to understand the law that frames the strategies [they employ] in a chosen legal remedy. Counsel carefully lays down the procedure that will effectively and efficiently achieve [their] client's interests. Counsel should also have a grasp of the facts, and among the plethora of details, [they choose] which are relevant for the legal cause of action or defense being pursued.

....

Besides, finding good counsel is also the responsibility of the client especially when [they] can afford to do so. Upholding *client* autonomy in these choices is infinitely a better policy choice than assuming that the [S]tate is omniscient. Some degree of error must, therefore, be borne by the *client* who does have the capacity to make choices.

This is one of the bases of the doctrine that the error of counsel visits the client. This [C]ourt will cease to perform its social functions if it provides succor to all who are not satisfied with the services of their counsel.

But, there is an exception to this doctrine of binding agency between counsel and client. This is when the negligence of counsel is so gross, almost bordering on recklessness and utter incompetence, that we can safely conclude that the due process rights of the client were violated. Even so, there must be a clear and convincing showing that the client was so maliciously deprived of information that [they] could not have acted to protect [their] interests. The error of counsel must have been both palpable yet maliciously exercised that it should viably be the basis for disciplinary action. (Emphasis supplied, citation omitted).

Thus, for the exception to apply, the error of the counsel must be so palpable and malicious that the client could not have prevented its

⁵⁵ *Ong Lay Hin v. Court of Appeals*, 752 Phil. 15 [Per J. Leonen, Second Division].

⁵⁶ G.R. Nos. 204978–83, July 6, 2020, <<https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/66524>> [Per J. Leonen, Third Division], citing *Ong Lay Hin v. Court of Appeals*, 752 Phil. 15 [Per J. Leonen, Second Division].

consequences or acted to protect their interests.⁵⁷ Moreover, the client themselves must not be guilty of negligence.

It is true that clients rely on their lawyer to understand the application of the law and create a legal strategy beneficial to them given a certain set of facts. However, one cannot be completely dependent on one's counsel. A client must also be diligent in monitoring of the progress of their case to protect their own interests.⁵⁸ "Failing in this duty, the client should suffer whatever adverse judgment is rendered against [them]."⁵⁹

In this case, petitioner cannot feign innocence and evade the consequences of his or his counsel's actions. First, his memorandum of appeal was filed 11 months after receipt of the assailed Decision. Petitioner claims that he repeatedly contacted his previous lawyer for an update on the status of the case but submitted no evidence or affidavits to prove the same. Moreover, his counsel's aloofness toward his case should have alerted him to personally seek the development of his case earlier. The case had been pending before the Housing and Land Use Regulatory Board as early as September 2003 and submitted for decision in February 2004.⁶⁰ Petitioner could have called or visited its office to ask for the status of his case himself. Instead, it took him over two years to approach the office personally.

This Court is aware of the countless precedents where the relaxation of procedural rules has been held to be proper. However, a review of the cases cited by the petitioner, namely, *Ramos v. Bagasao*,⁶¹ *Negros Slashers Inc. v. Teng*,⁶² and *Heirs of Villagracia v. Equitable Banking Corporation*⁶³ shows they are not on all fours with the present case.⁶⁴

In *Ramos*, this Court excused the delayed filing for four days of a notice of appeal given the untimely death of the appellant's counsel.

In *Negros Slashers*, we gave due course to the petition despite the fact that the parties filed their motion for reconsideration with the Court of Appeals one day late. We found that the setting aside of the Court of Appeals decision that accepted the motion would perpetuate more injustice.

In *Heirs of Villagracia*, we reversed the ruling of the Court of Appeals denying appellant's motion for extension for being filed three days late.

⁵⁷ Id.

⁵⁸ *Baya v. Sandiganbayan*, G.R. Nos. 204978-83, July 6, 2020, <<https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/66524>> [Per J. Leonen, Third Division].

⁵⁹ *Ong Lay Hin v. Court of Appeals*, 752 Phil. 15 [Per J. Leonen, Second Division].

⁶⁰ *Rollo*, p. 16.

⁶¹ 185 Phil. 276 (1980) [Per J. Abad Santos, Second Division].

⁶² 682 Phil. 593 (2012) [Per J. Villarama, Jr., First Division].

⁶³ 573 Phil. 212 (2008) [Per J. Nachura, Third Division].

⁶⁴ *Rollo*, pp. 23-25.

While this was already the second motion for extension of the appellant, we held that the “ends of justice will be better served if it is determined on the merits.”⁶⁵ Among others, we considered that the case involved four parcels of land and six volumes’ worth of case files.

Surely, these precedents are a far cry from the case at hand. It cannot be said that petitioner was already drowning in case documents given that the Housing and Land Use Regulatory Board was the first tribunal that handled the case. His delay was also not a mere one to five days’ time. He filed his appeal almost one year after the decision had been final and executory.

Moreover, petitioner failed to comply with the formal requisite for the perfection of an appeal, i.e., the submission of the affidavit of service, certificate of nonforum shopping, and necessary appeal bond. Accordingly, his memorandum should be treated as a mere scrap of paper.

In *Malixi v. Baltazar*,⁶⁶ we explained that “the perfection of an appeal in the manner and within the period prescribed by law is jurisdictional and failure to perfect an appeal as required by law renders the judgment final and executory.”⁶⁷

In line with these principles, the Decision of the Regional Office had become final and executory. Consequently, it became immutable and cannot be reversed on appeal even by the highest court in the land, much less the Office of the President.

Petitioner slept on his right when he neglected to follow-up on the status of his case. His self-serving claim on the negligence of his counsel will not absolve him of his own negligence as a litigant. He cannot now come before this Court to seek for the relaxation of procedural rules he had ignored.

II

Even if we brush aside the procedural lapses involved in this case, petitioner’s arguments still have no merit.

While petitioner admits that the reservation agreement is valid and subsisting, he claims that it is not a contract of sale for the sole reason it is not denominated as such.

⁶⁵ *Heirs of Villagracia v. Equitable Banking Corporation*, 573 Phil. 212, 220 (2008) [Per J. Nachura, Third Division].

⁶⁶ 821 Phil. 423 (2017) [Per J. Leonen, Third Division].

⁶⁷ *Id.* at 437, citing *Mabuhay Development v. National Labor Relations Commission*, 351 Phil. 227, 234 (1998) [Per J. Mendoza, Second Division].

We are not persuaded.

A valid contract of sale only has three essential elements, namely, consent, subject matter, and consideration.⁶⁸ Consent is present when the parties agreed as to the subject and cost of the contract constituted.⁶⁹ The reservation agreement satisfied all three requirements when both parties agreed to the sale of Unit 2302 of the Makati Palace Hotel for the total amount of ₱4,800,00.00.⁷⁰ This meeting of the minds is evident in the reservation agreement:

3. If approved, I/We shall sign and submit the CONTRACT TO SELL, REQUIRED DOCUMENTS, pay the downpayment, issue postdated checks to the term thereof, within ___() days from date of this Reservation Agreement. If I/We fail to sign and submit the CONTRACT TO SELL, pay the downpayment and issue postdated checks within the period herein provided, the entire amount paid shall be automatically forfeited in favor of the SELLER without need of notice of demand. I/We understand that the CONTRACT TO SELL shall contain among others, my undertaking to be bound by the MASTER DEED and DECLARATION OF RESTRICTIONS which shall govern the entire condo-hotel project.
4. I understand that the purchase price of FOUR MILLION EIGHT HUNDRED THOUSAND PESOS (₱4,800,000.00) shall be paid in accordance with the scheme: RESERVATION FEE ₱100,000 COVERED BY CHECK/ BALANCE OF ₱260,000 PAYABLE ON OR BEFORE 10/20/02[,] 30% Downpayment equivalent to ₱1,440,000.00 payable in THREE (3) equal monthly payments at ₱360,000.00 per check to start NOV. 20, 2002 and ends JAN. 20, 2003.

70% Balance equivalent to ₱3,360,000.00 payable in twenty-four equal monthly payments at ₱140,000.00 to start FEB. 20, 2003 and ends JAN. 20, 2005.⁷¹

In signing the reservation agreement, the parties entered into a contract, wherein the seller, respondent, obligated itself to transfer ownership of the subject unit, and the buyer, petitioner, obligated himself to pay its purchase price. This reciprocal obligation is in line with the very nature of a contract of sale.⁷²

In any case, the agreement had already been partially executed when petitioner paid the reservation fee of ₱100,000.00 and the down payment of ₱1,440,000.00.

⁶⁸ *First Optima Realty Corp. v. Securitron Security Services, Inc.*, 752 Phil. 326 (2015) [Per J. Del Castillo, Second Division].

⁶⁹ *Clemente v. Court of Appeals*, 771 Phil. 113 [Per J. Jardeleza, Third Division].

⁷⁰ *Rollo*, p. 85.

⁷¹ *Id.*

⁷² *Philippine Economic Zone Authority v. Pilhino Sales Corporation*, 796 Phil. 79 (2016) [Per J. Leonen, Second Division].

Petitioner, through his counsel, demanded for the rescission of the agreement and return of the down payments he made, allegedly on account of respondent's refusal to issue official receipts on the monthly amortizations made. However, no evidence was presented to show that respondent repeatedly refused to issue official receipts.

Respondent even informed petitioner that the receipts requested were ready for pick up at its office.⁷³ Curiously, petitioner was no longer interested in the official receipts when he insisted on the rescission of the contract.⁷⁴

The failure to issue official receipts is neither tantamount to a breach of an obligation nor a ground for the rescission of a contract. Article 1191⁷⁵ of the Civil Code provides for rescission on account of breach of reciprocal obligations. In *Spouses Velarde v. Court of Appeals*:⁷⁶

*The right of rescission of a party to an obligation under Article 1191 of the Civil Code is predicated on a breach of faith by the other party who violates the reciprocity between them. The breach contemplated in the said provision is the obligor's failure to comply with an existing obligation. When the obligor cannot comply with what is incumbent upon it, the obligee may seek rescission and, in the absence of any just cause for the court to determine the period of compliance, the court shall decree the rescission.*⁷⁷
(Emphasis supplied)

Respondent's failure to issue official receipts cannot be considered a ground for rescission as it was not even a condition agreed upon in the reservation agreement. Moreover, it is not essential to the transaction but a mere proof of such.

Thus, this Court finds no basis for the rescission of the contract between the parties.

Conversely, it was petitioner that breached the contract by stopping the payment of his monthly amortizations and failing to pay the balance of the purchase price altogether.

⁷³ *Rollo*, p. 93.

⁷⁴ *Id.* at 100-101.

⁷⁵ CIVIL CODE, art. 1191. It provides:

Article 1191. The power to rescind obligations is implied in reciprocal ones, in case one of the obligors should not comply with what is incumbent upon him.

The injured party may choose between the fulfillment and the rescission of the obligation, with the payment of damages in either case. He may also seek rescission, even after he has chosen fulfillment, if the latter should become impossible.

The court shall decree the rescission claimed, unless there be just cause authorizing the fixing of a period. This is understood to be without prejudice to the rights of third persons who have acquired the thing, in accordance with articles 1385 and 1388 and the Mortgage Law.

⁷⁶ 413 Phil. 360, 373 (2001) [Per J. Panganiban, Third Division].

⁷⁷ *Id.* at 373.

Similarly, petitioner's claim that he should be refunded lest respondent be unjustly enriched does not hold water.


Under Article 22 of the Civil Code,⁷⁸ unjust enrichment requires two elements: (1) that one benefits without a valid or legal justification; and (2) the benefit is derived from another's damage or expense.⁷⁹ There is no unjust enrichment when the person's benefit arises from a valid claim.

Here, Swire Realty has a legal right to the amortization payments made by Dela Luna. These were made based on a valid and subsisting contract that the parties executed voluntarily.

In view of the foregoing, petitioner's prayer for the rescission of the contract and the refund of the payments made has no basis.

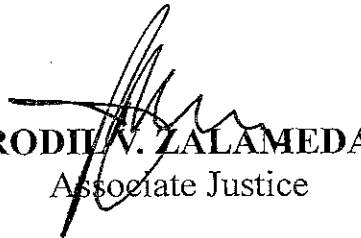
WHEREFORE, premises considered, the Petition is **DENIED**. The Decision dated April 8, 2016 and Resolution dated August 25, 2016 of the Court of Appeals are **AFFIRMED**.

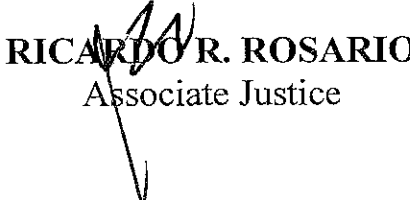
SO ORDERED.


MARVIC M.V.F. LEONEN
Associate Justice

WE CONCUR:


ROSMARI D. CARANDANG
Associate Justice

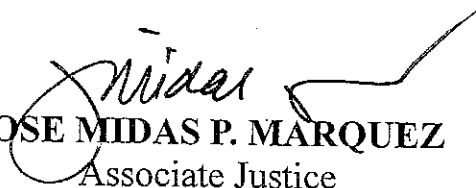

RODIL V. ZALAMEDA
Associate Justice


RICARDO R. ROSARIO
Associate Justice

⁷⁸ CIVIL CODE, art. 22. It provides:


Article 22. Every person who through an act of performance by another, or any other means, acquires or comes into possession of something at the expense of the latter without just or legal ground, shall return the same to him.

⁷⁹ *Loria v. Muñoz, Jr.*, 745 Phil. 506, 517 (2014) [Per J. Leonen, Second Division].


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.


MARVIC M.V.F. LEONEN
Associate Justice
Chairperson

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.


ALEXANDER G. GESMUNDO
Chief Justice