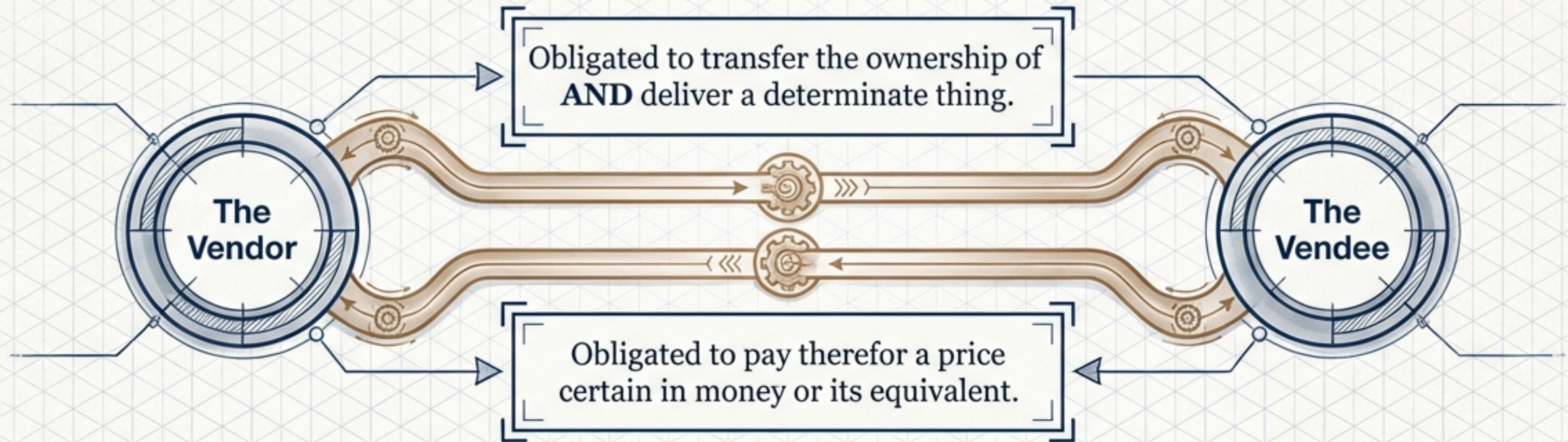




# The Architecture of Commerce

A structural breakdown of the Law on Sales, from foundational elements to execution and legal remedies.

# The fundamental engine of exchange



Sales is a contract whereby one contracting party obligates himself to transfer and deliver, and the other to pay a price certain.

# Six structural characteristics define a valid sale



## Consensual

Perfected by mere consent (with specific statutory exceptions).



## Principal

Can exist entirely by itself without depending on another contract.



## Bilateral

Imposes reciprocal obligations on both contracting parties.



## Onerous

Executed in exchange for valuable consideration.



## Commutative

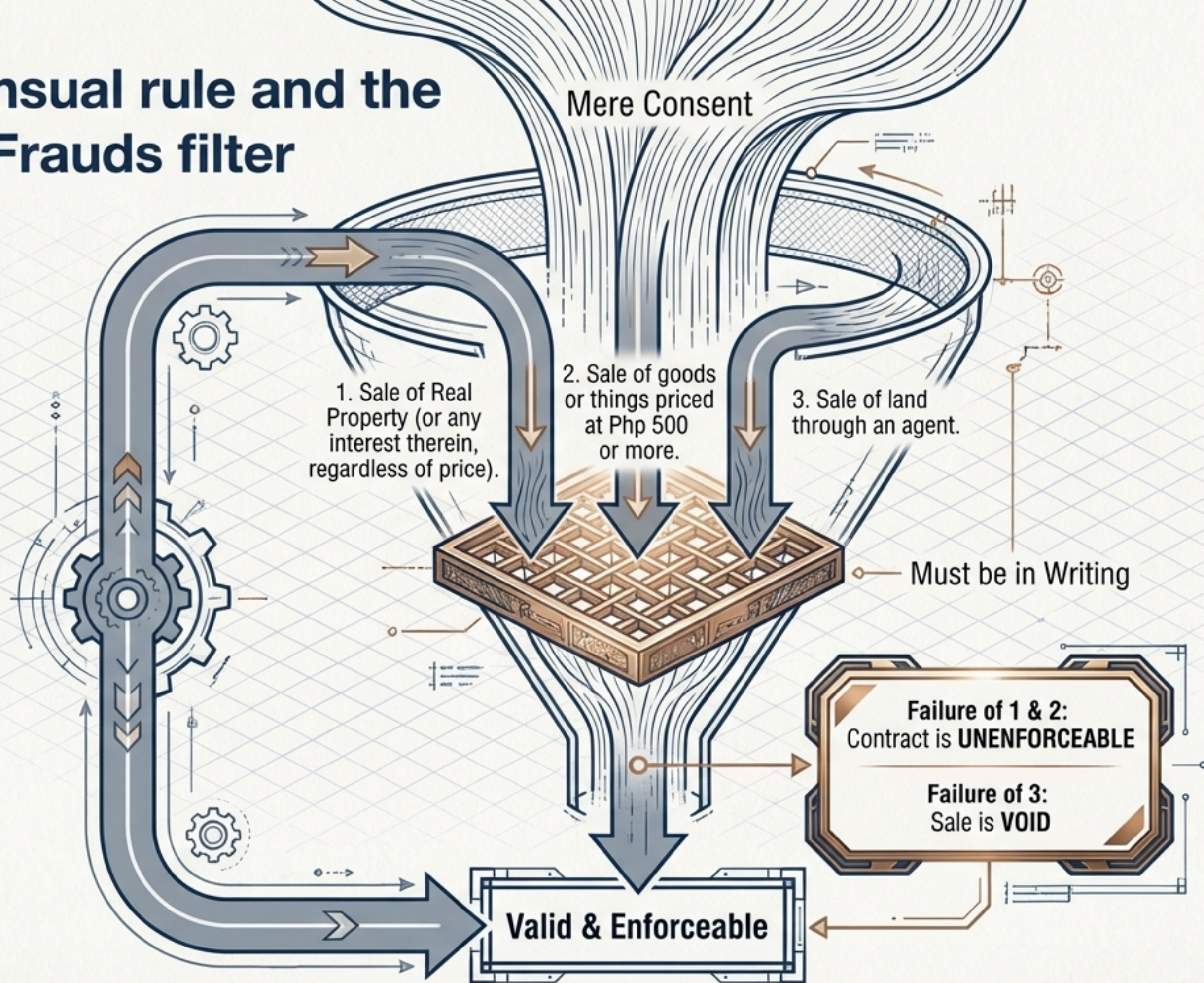
The parties exchange what is legally considered almost equal values.



## Nominate

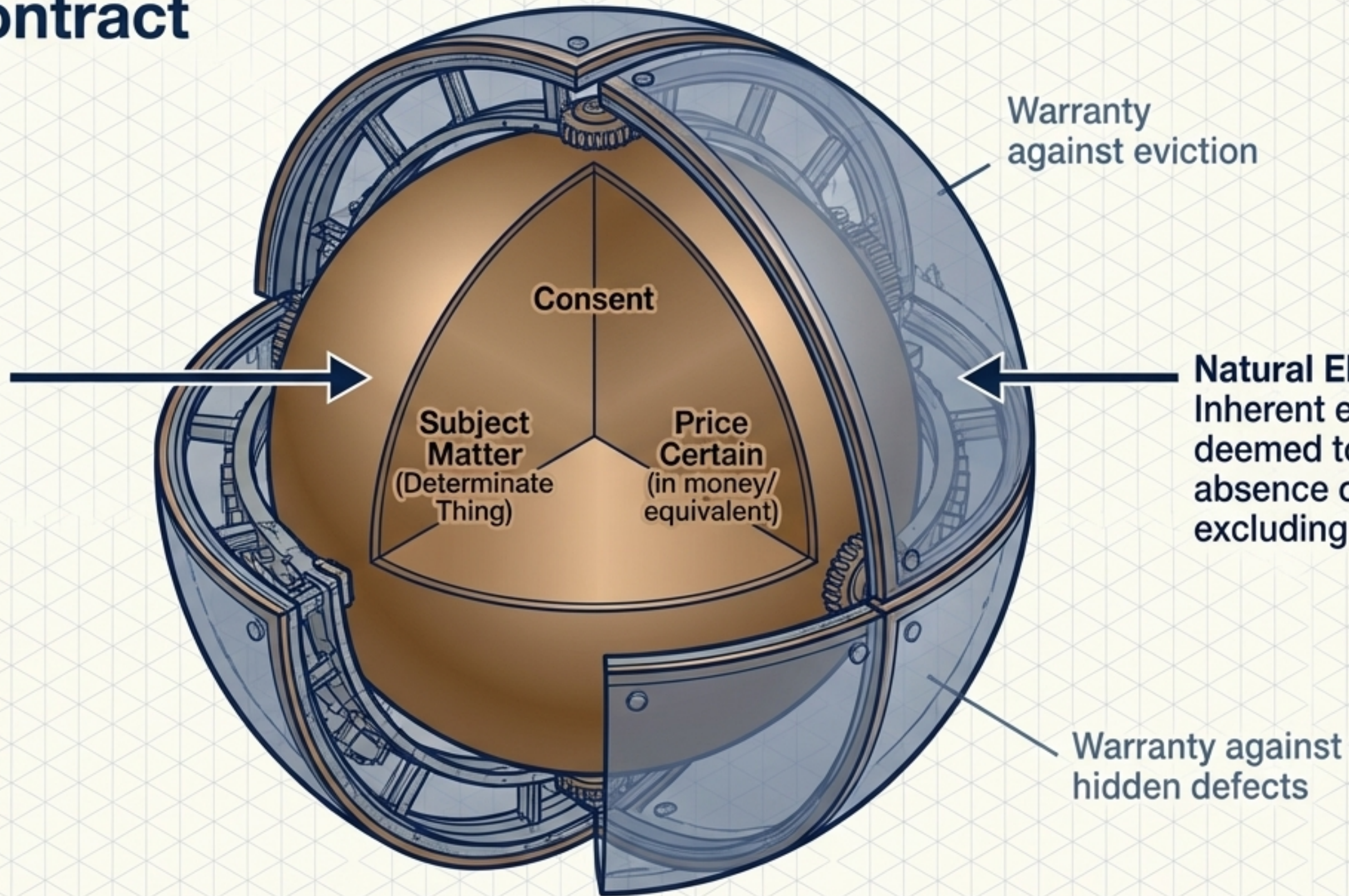
Granted a special, specific name and designation by law.

# The consensual rule and the Statute of Frauds filter



# The anatomical layers of a sales contract

**Essential Elements:**  
Those without which  
a contract of sale  
would not exist.



**Natural Elements:**  
Inherent elements  
deemed to exist in the  
absence of stipulation  
excluding them.

# Validating the object of the sale

## Strict Requisites



In the commerce of men.



**Licit** (Not contrary to law, morals, good customs, public order/policy).

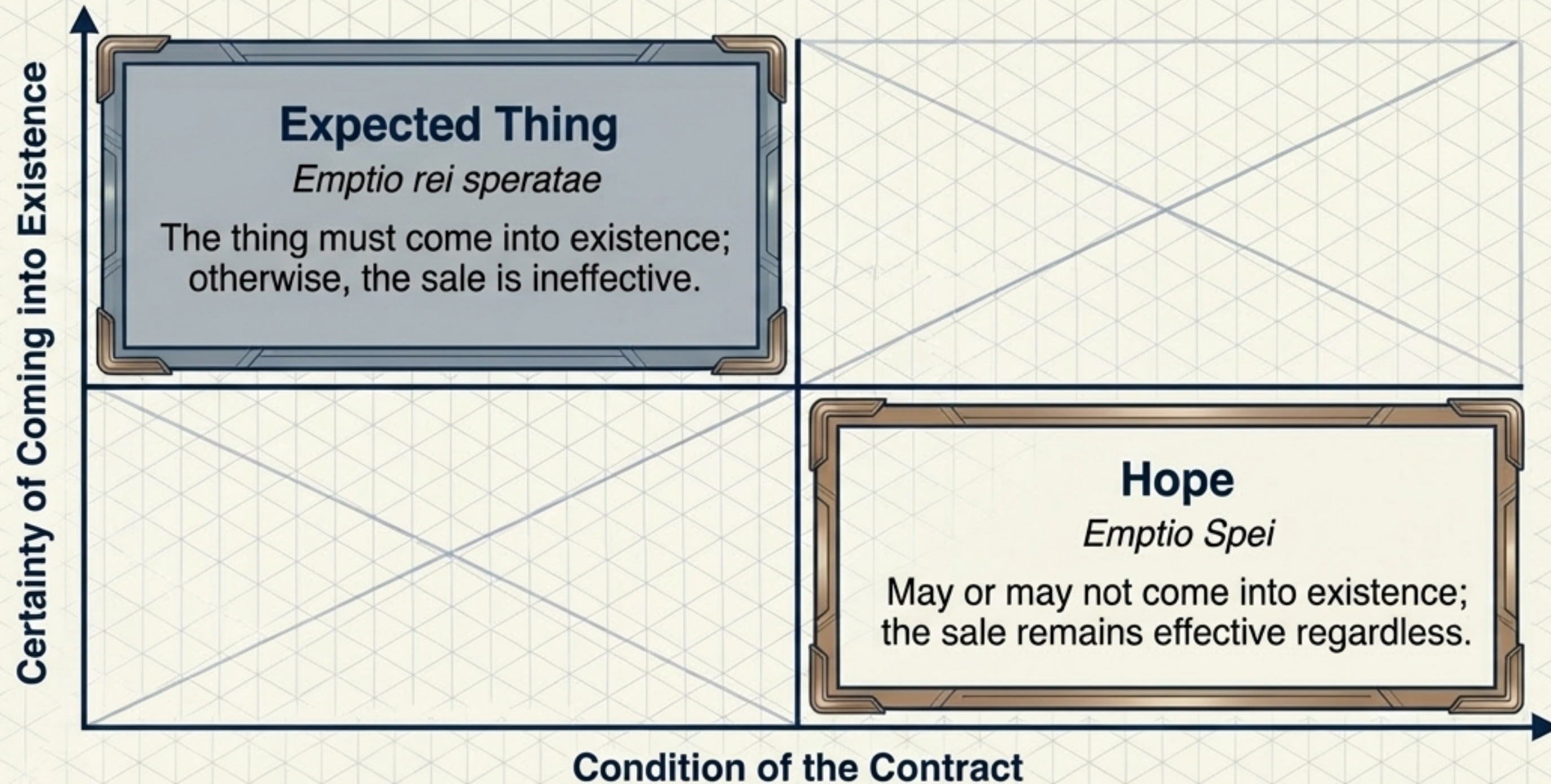


**Determinate** (Particularly designated or physically segregated from others of the same class).

## Operational Rules

- **Vendor's Right:** Must have the right to transfer ownership at the time of delivery (NOT necessary to be the owner at the time of sale).
- **Co-Ownership:** Sole owner may sell an undivided interest, making buyer and seller co-owners.
- **Resolutive Conditions:** Things subject to resolutive conditions (e.g., Sale with right to repurchase) are valid objects.
- **Fungible Goods:** Interchangeable goods (grain, oil) replaceable without loss of value.

# Navigating certainty and potential existence



**Classification of Goods:** Can be either **Existing** (owned/possessed by seller) or **Future** (to be manufactured, raised, or acquired after perfection of the contract).

# The fourfold mandate of the vendor



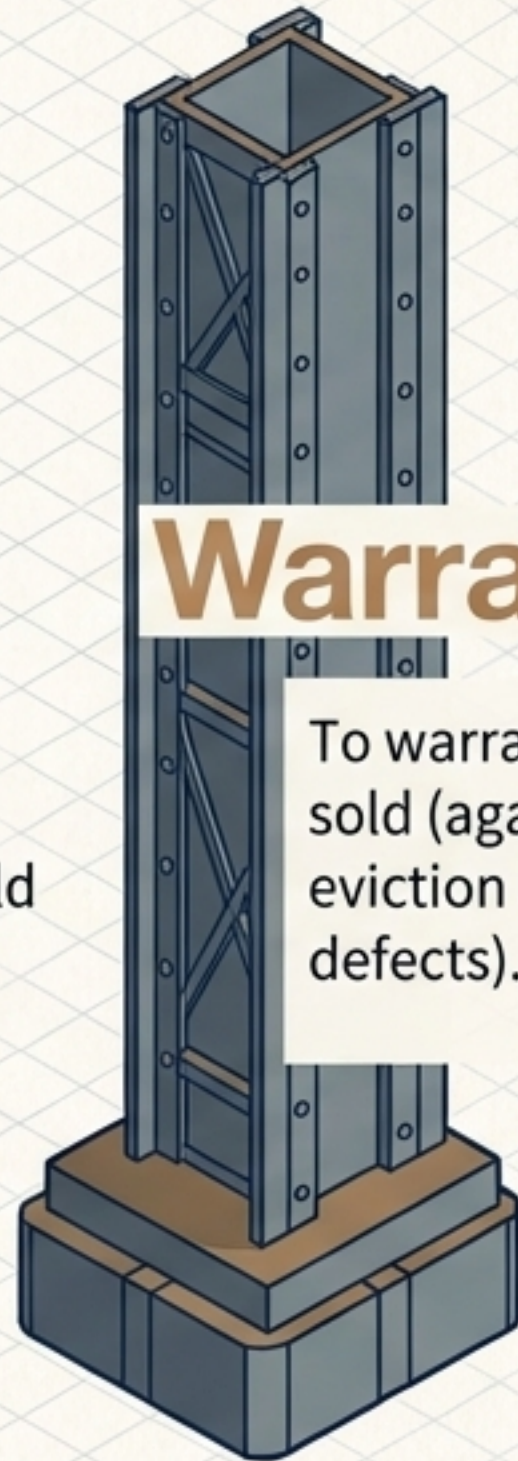
## Transfer

To transfer the ownership of the thing sold.



## Deliver

To physically or constructively deliver the thing sold to the vendee.



## Warrant

To warrant the thing sold (against eviction and hidden defects).



## Preserve

To take care of the thing sold with the diligence of a good father of a family (unless law/stipulation requires another standard).

# The mechanisms of legal delivery

Actual Delivery: Physically placing the thing in the vendee's hands or control.

Constructive Delivery: Legal mechanisms of possession.

Mechanism	Latin Term	Scenario
Legal Formalities	(Public Instrument)	Execution of a public instrument is equivalent to delivery.
Symbolic Delivery	Traditio Clavium	Delivering the keys to the place or depository where the movable is stored.
Mere Consent	Traditio Longa Manu	Delivery by agreement if the thing cannot be transferred to possession at the time of sale.
Continuing Possession	Traditio Brevi Manu	Vendee already possesses the thing before the sale, continuing possession as owner.
Altered Capacity	Traditio Constitutum Possessorium	Vendor continues possession after the sale, but in another capacity (e.g., as a lessee or depository).

# Cascading rules for time and place

## Place of Delivery Hierarchy

**Step 1:** Place stipulated by parties.

If none

**Step 2:** Place fixed by usage or trade.

If none

**Step 3:** Seller's place of business (or residence if no business).

**Exception:** If specific goods are known by both parties to be in another location at the time of contract, that place is the delivery location.

## Time of Delivery Hierarchy

**Step 1:** Time stipulated.

If none

**Step 2:** Must be made within a reasonable time from contract execution.

## Operational Footnotes

**Third-Party Goods:** Seller's obligation is incomplete until the third party acknowledges holding it on the buyer's behalf.

**Expenses:** Seller bears expenses incidental to putting goods in a deliverable state (unless stipulated otherwise).

# Exceptions that halt the delivery engine

## The Obligation to Deliver

Vendee has not paid the price.

No period for payment was fixed in the contract.

## Loss of Period Breakers (If a period WAS fixed, delivery still halts if):

**A**

Vendee becomes insolvent (unless guaranty/security is given).

**B**

Vendee fails to furnish promised guaranties or securities.

**C**

Guaranties are impaired by vendee's acts or lost via fortuitous event (unless immediately replaced).

**D**

Vendee violates any undertaking that was the consideration for the period.

**E**

Vendee attempts to abscond.

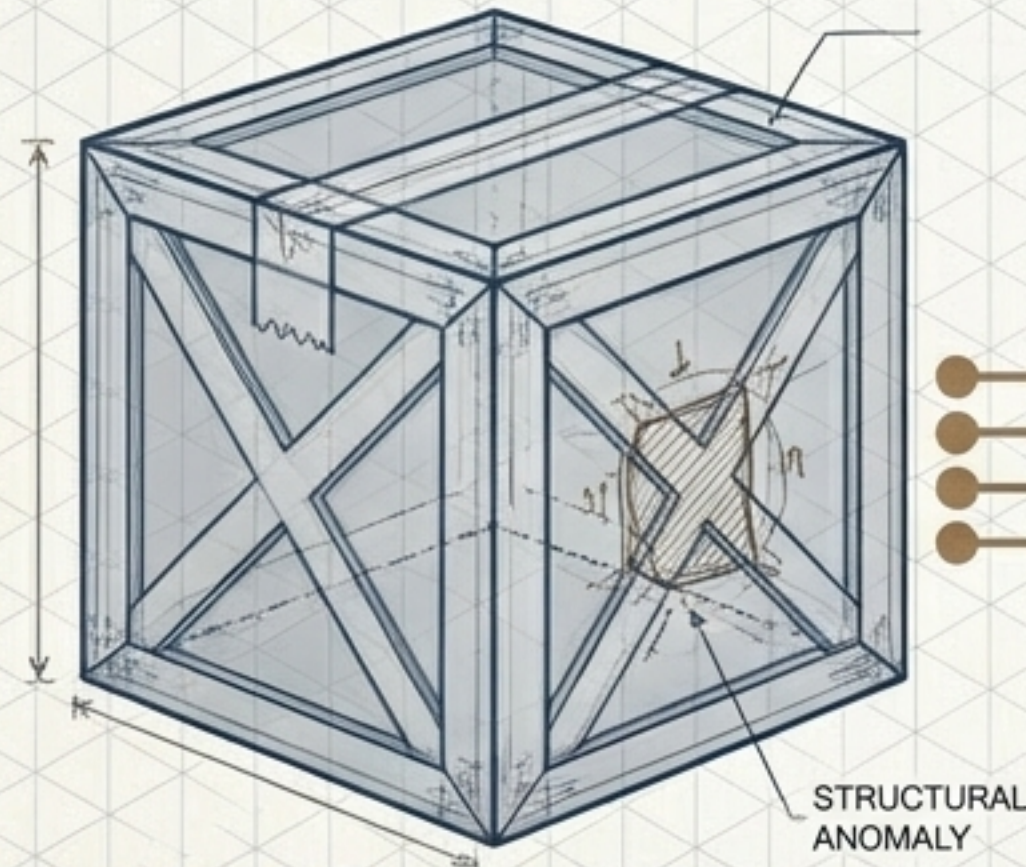
# Diagnostic checklist for statutory warranties



## Warranty Against Eviction

Deprivation of the vendee of the whole or part of the thing sold by virtue of a final judgment based on a prior right or vendor's act (e.g., Double sales).

## Warranty Against Hidden Defects



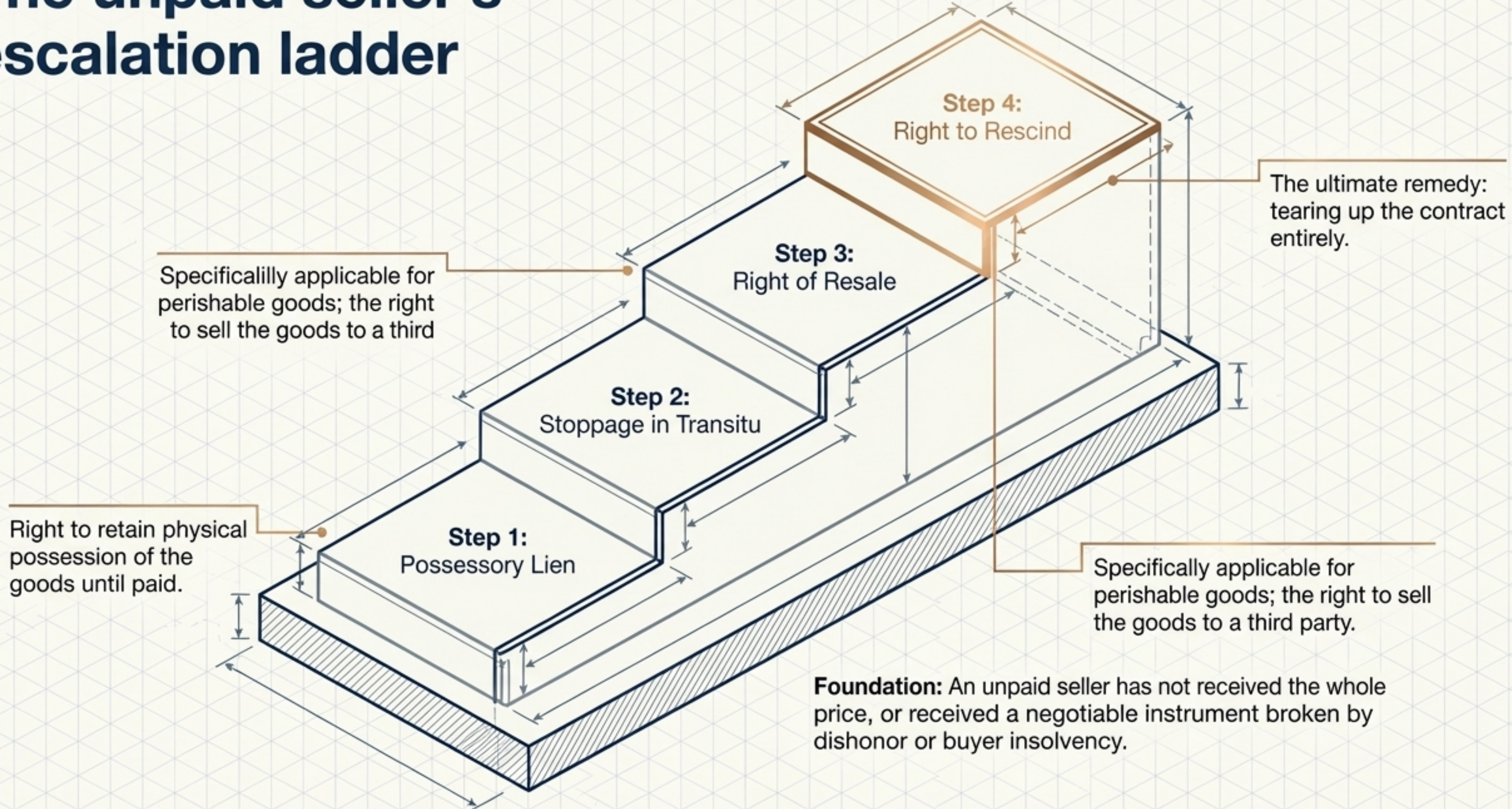
1. Timing: Defect must exist at the time of sale.

2. Visibility: Defect must be strictly hidden (not visible).

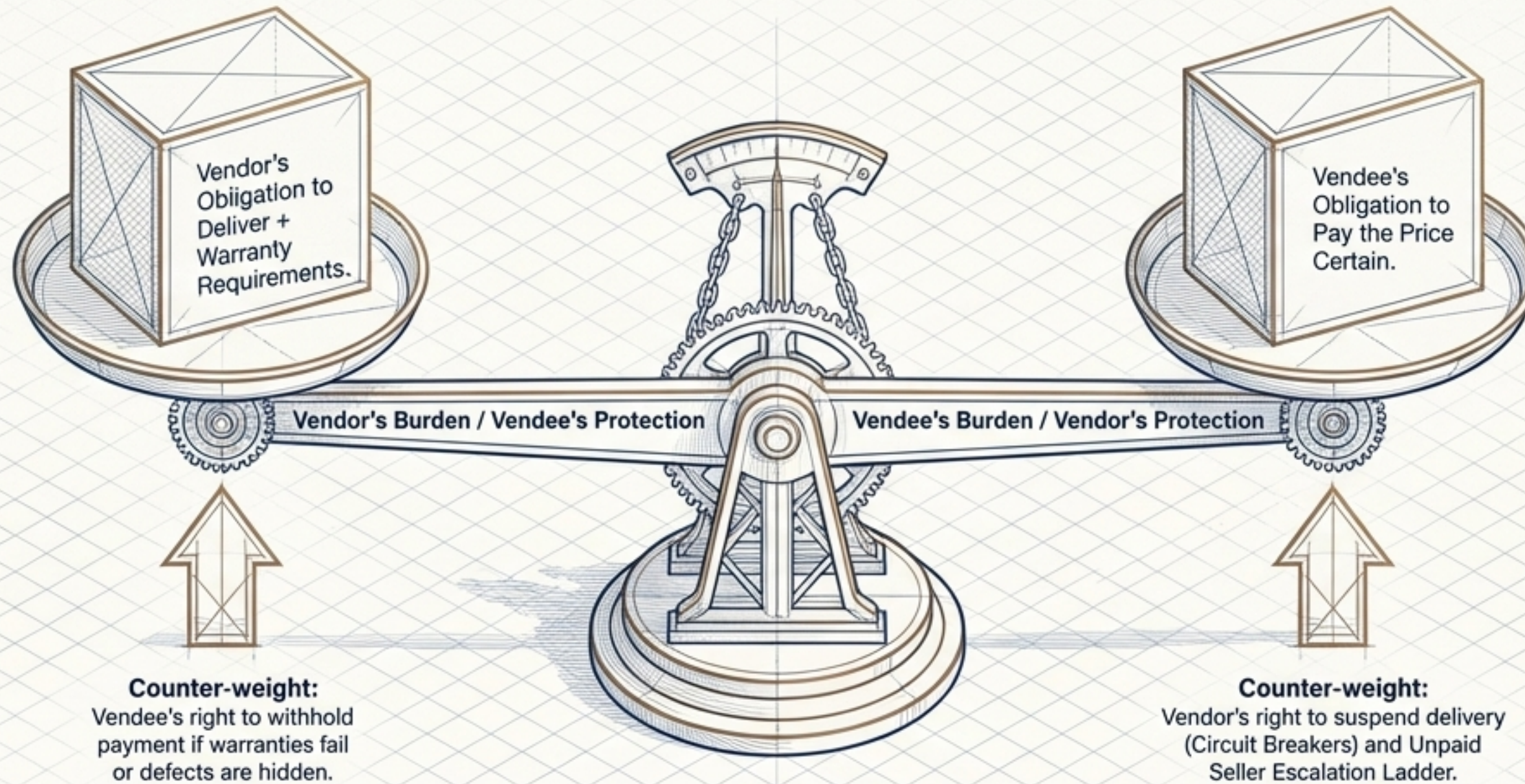
3. Impact: Must render the thing unfit for intended use, or diminish fitness so much that the buyer would not have acquired it (or would have paid less).

4. Statute of Limitations: Action must be filed within the period provided by law (not yet prescribed).

# The unpaid seller's escalation ladder



# The Equilibrium of Reciprocity



The Law on Sales is engineered for commutative equilibrium. Every obligation imposed on one party is counterbalanced by a protective mechanism for the other, ensuring equal economic value is exchanged.