Course Description:

An in-depth study of the nature, kinds, and effects of obligations and their extinguishments; contracts, their requisite, form, and interpretation; and defective contracts, quasi-contracts, natural obligations, and estoppel.

Course Objective:

To provide the students with an overview of law and the Philippine legal system.

To guide students in the study of legal principles relating to obligations and contracts by exposing them to relevant primary and secondary materials and facilitating discussions on the application of these principles to actual or hypothetical cases.

Course Outline and Timeframe:

Weeks 1-9

I

Introduction to Law and the Philippine Legal System

II

Law on Obligations and Contracts

A. Obligations

1. General Provisions on Obligations

1.1 Definition of obligation
1.2 Elements
1.3 Sources of obligations
   (a) Law
   (b) Contract
   (c) Acts or omissions punishable by law
   (d) Quasi-contract
   (e) Quasi-delict

2. Nature and Effect of Obligations

2.1 Prestations/Objects
2.2 Things required to be delivered
2.3 Accessory obligations
2.4 Compliance with obligations
2.5 Breach of obligations
   (a) Delay
   (b) Fraud
   (c) Negligence
2.6 Fortuitous event
2.7 Remedies

3. Classification of Obligations

3.1 Pure and Conditional

   a. Pure obligations
   b. Conditional obligations
      (i) Suspensive v. resolutory conditions
      (ii) Potestative, casual and mixed conditions
      (iii) Impossible conditions
   c. Effects of conditions
   d. Constructive fulfillment of suspensive condition
e. Retroactive effects of fulfillment of suspensive condition
f. Rights of creditor pending fulfillment of suspensive condition
g. Loss, improvement, deterioration of thing to be delivered pending the fulfillment of suspensive condition/resolutory condition
h. Unilateral/reciprocal obligations
i. Effect of mutual breach

3.2 Obligations with a Period

a. Suspensive period v. resolutory period
b. Effects of a period
c. When courts may fix a period
d. Benefit or use of the period

3.3 Alternative Obligations and Facultative Obligations

a. Alternative v. facultative obligations
b. Alternative prestations at debtor's choice
c. Alternative prestations at creditor's choice
d. Facultative obligations

3.4 Joint and Solidary Obligations

a. Joint obligation - presumed
b. Solidary obligation
   (i) Active solidarity
   (ii) Passive solidarity
c. Indivisibility does not give rise to solidarity or vice-versa
d. Solidarity with different terms and conditions
e. Prohibited acts
f. Demand by any of the solidary creditors
g. Effect of novation, compensation, confusion or remission
h. Payment by a solidary co-debtor

3.5 Divisible and Indivisible Obligations

a. Divisible obligation
b. Kinds of division
c. Obligations deemed divisible
d. Indivisible obligation
e. Kinds of indivisibility
f. Effect of non-compliance by a co-debtor in a joint indivisible obligation
g. Obligations deemed indivisible

3.6 Obligations with a Penal Clause

a. Nature, purpose and kinds of penal clause
b. Effects
c. Proof of actual damages not necessary
d. Reduction of penalty
e. Effect of nullity of penal clause
f. Effect of nullity of principal obligation on penal clause

Week 10 Departmental Midterms (August 15, 2012) Wednesday, 6:00-8:00 pm

Weeks 11 to 17

4. Extinguishment of Obligations

4.1 Payment or performance

a. What constitutes payment
b. Payor
c. Payee
d. Manner/mode of payment  
e. Special forms of payment  
  Payment by cession  
  Tender of payment and consignation  
f. Application of payment  
g. Currency  
h. Place of payment  
i. Expenses/costs in payment  

4.2 Loss of Determinate Thing Due  
  a. Effect of loss of a determinate thing/impossibility of performance  
  b. Exceptions  
  c. Partial loss of thing  
  d. Difficulty of service to be rendered  
  e. Remedy of creditor against third parties  

4.3 Condonation or Remission  
  a. Concept and nature of condonation/remission  
  b. Implied condonation  
  c. Effect of renunciation of principal debt  
  d. Presumed remission of pledge  

4.4 Confusion or Merger of Rights  
  a. Concept  
  b. Effect on guarantors  
  c. As applied to joint obligations, solidary obligations and indivisible obligations  

4.5 Compensation  
  a. Concept  
  b. Kinds  
    (i) Voluntary  
    (ii) Judicial  
    (iii) Legal  
  c. Obligations which cannot be subject of compensation  
  d. Effects  
  e. Effect of assignment of credit  

4.6 Novation  
  a. Concept, requisites and kinds  
  b. Modes  
    (i) Substitution of debtor  
    (ii) Change of principal obligation or object  
    (iii) Subrogation  
      (aa) Conventional subrogation  
      (bb) Legal subrogation  
  c. Effects  

B. Contracts  
  1. Concept  
  2. General principles or tenets  
    2.1 Autonomy  
    2.2 Consensuality  
    2.3 Mutuality  
    2.4 Binding effect  
    2.5 Relativity  
  3. Stages
4. Elements

4.1 Consent
   a. Offer
   b. Acceptance
   c. Parties
   d. Effect of lack of capacity or authority and disqualification
   e. Vices of consent
      (i) Mistake
      (ii) Violence and intimidation
      (iii) Undue influence
      (iv) Fraud
   f. Simulation of contracts

4.2 Object
   a. Requisites
   b. Matters which cannot be object of contract

4.3 Cause
   a. Concept
   b. Distinguished from motives
   c. Absence/unlawful cause
   d. Statement of false cause
   e. Inadequacy of cause

5. Form of Contracts

6. Reformation of Instruments

7. Interpretation of Contracts

8. Defective Contracts

8.1 Rescissible Contracts
   a. Rescissible contracts
   b. Rescission
      (i) Nature
      (ii) Extent permitted
   c. Fraudulent transactions

8.2 Voidable Contracts
   a. Voidable contracts
   b. Action for annulment
   c. Ratification
   d. Effect of loss of thing
      (i) Loss after decree of annulment
      (ii) Loss before action to annul

8.3 Unenforceable Contracts
   a. Unenforceable contracts
   b. Effect of ratification
   c. Who may raise defect

8.4 Void or Inexistent Contracts
   a. Void/inexistent contracts
   b. Effects

Week 18- Final Exams (October 8-13, 2012)