

Title: Vitug vs. Court of Appeals and Faustino-Corona

Facts:

In the case before us, Romarico G. Vitug sought the probate court's permission to sell certain shares of stock and real estate belonging to the estate of his deceased wife, Dolores Luchangco Vitug, claiming reimbursement for personal funds he advanced totaling P667,731.66. He asserted that the monies were not part of the estate as they were part of a survivorship agreement with his late wife, and therefore, his exclusive property. However, Rowena Faustino-Corona, as the named executrix of Mrs. Vitug's estate, contested the motion. The trial court sided with Mr. Vitug, but the Court of Appeals set aside the trial court order, holding that the survivorship agreement was either a conveyance mortis causa without the formalities of a will or a prohibited donation inter vivos under the provisions of Article 133 of the Civil Code.

Procedural Posture:

Romarico G. Vitug's motion to sell assets of the estate for reimbursement was initially granted by the probate court but subsequently annulled by the Court of Appeals in a petition for certiorari filed by Rowena Faustino-Corona. The decision of the appellate court was challenged by Mr. Vitug before the Supreme Court, anchored on jurisprudence that upheld the validity of survivorship agreements as aleatory contracts.

Issues:

1. Whether the survivorship agreement is a conveyance mortis causa that should be embodied in a will.
2. Whether the survivorship agreement is a donation inter vivos between the spouses.
3. Whether the survivorship agreement is a modification of the conjugal partnership by "mere stipulation" or a "cloak" to circumvent laws on conjugal property relations.

Court's Decision:

The Supreme Court set aside the decision of the Court of Appeals, holding that the survivorship agreement was neither a conveyance mortis causa nor a donation inter vivos. The Court ruled that the agreement entered into by the Vitugs was an aleatory contract, binding upon both parties, and enforceable upon the death of one, making the funds in question the exclusive property of Mr. Vitug, the surviving spouse. The agreement did not require the formalities of a will nor did it constitute a prohibited donation or an unlawful modification of the conjugal partnership.

Doctrine:

The case reaffirmed the legality of survivorship agreements and recognized them as valid aleatory contracts, which are binding and become effective upon the occurrence of an event, such as the death of one of the parties

Class Notes:

- Aleatory contract: an agreement binding on one or both parties, dependent on an uncertain event (Art. 2010, Civil Code of the Philippines).
- Survivorship agreement: a form of aleatory contract where the joint account funds belong to the survivors upon the death of a depositor.
- Conjugal partnership: funds accumulated during marriage are presumed conjugal unless proven otherwise.
- Donation mortis causa vs. inter vivos: mortis causa takes effect after death and must comply with will formalities, while inter vivos is effective immediately.
- Formalities of a will: pursuant to Art. 805, Civil Code of the Philippines.

Historical Background:

The case provides insight into marital property relations in the Philippines and the treatment of assets within a conjugal partnership. It also reflects the jurisprudential developments surrounding survivorship agreements and their characterization as contractual arrangements consistent with the Civil Code's provisions on aleatory contracts.