

Title:

Missionary Sisters of Our Lady of Fatima (Peach Sisters of Laguna) vs. Amando V. Alzona, et al.

Facts:

Purificacion Y. Alzona, the owner of several parcels of land, became a benefactor to the Missionary Sisters of Our Lady of Fatima, also known as Peach Sisters of Laguna, in 1996. When she was diagnosed with lung cancer in 1997, she requested Mother Ma. Concepcion R. Realon of the congregation to take care of her. In October 1999, by a handwritten letter, Purificacion stated her intention to donate her properties to the Peach Sisters through Mother Concepcion.

By August 2001, at the prompting of Atty. Arcillas whom Purificacion connected with Mother Concepcion, the Peach Sisters filed for registration to become a corporation with the Securities and Exchange Commission (SEC). On August 29, 2001, a formal Deed of Donation was executed in favor of the Peach Sisters, transferring various properties before the SEC issued the certificate of incorporation, which occurred two days later on August 31, 2001. The Bureau of Internal Revenue (BIR) subsequently granted the Peach Sisters exemption from donor's tax.

When the donation was presented for registration, it was denied due to an affidavit of adverse claim filed by Amando Y. Alzona (Purificacion's brother). Purificacion passed away on October 30, 2001, leaving as her only heir her brother, Amando.

Amando then filed a Complaint to annul the Deed, asserting that the Peach Sisters had no juridical personality to accept the donation at the time it was made. The Regional Trial Court (RTC) dismissed the complaint, but upon appeal by the respondents, the Court of Appeals (CA) set aside the RTC's decision, declaring the Deed void due to the Peach Sisters' lack of juridical personality at the time of the donation.

The Peach Sisters then appealed to the Supreme Court, raising the issue of their legal capacity to accept the donation.

Issues:

1. Whether the Peach Sisters had the legal capacity to accept the donation when the Deed was executed.
2. Whether Mother Concepcion had the authority to accept the donation on behalf of the Peach Sisters.

3. Whether the deed of donation is valid and binding despite the contention of the lack of juridical personality at the time of acceptance.

Court's Decision:

The Supreme Court granted the petition, thereby reversing and setting aside the decision of the CA. The Court underscored the following resolutions to each issue:

1. The Peach Sisters, despite not being a de facto corporation at the time of the Deed execution, were covered by the doctrine of corporation by estoppel, allowing them to acquire properties through the subsequent registration.
2. Mother Concepcion, as Superior General, had the implied authority to accept the donation on behalf of the congregation, which was later ratified by the Peach Sisters after obtaining corporate status.
3. The Supreme Court determined that the donation was a remuneratory donation, given in gratitude for services rendered, thus meriting the application of the doctrine of corporation by estoppel and implying the legal capacity of the Peach Sisters to accept the donation.

Doctrine:

The doctrine of corporation by estoppel applies to parties who assume to act as a corporation without authority and therefore may be liable as general partners for obligations incurred. A non-existent corporation that enters into contracts or dealings with third parties may be estopped from denying its corporate existence when the intention to donate is indubitable, thus validating the Deed of Donation.

Class Notes:

- A de facto corporation requires a bona fide attempt at incorporation and the issuance of a certificate; absent these, there may be consideration of "corporation by estoppel".
- A remuneratory donation is made out of gratitude for services that do not constitute a demandable debt.
- Ratification can be express or implied, and cures defects in contracts from inception retroactively.
- Juridical personality for accepting donations may be established through corporation by estoppel and subsequent ratification of actions taken during pre-incorporation.

Historical Background:

The historical setting of the case reflects the intricacies of donations made by benefactors to religious congregations within the Philippine legal framework, and the need for such

congregations to be properly registered as juridical entities when accepting property donations. The spiritual and social work of the congregation is acknowledged and considered in the application of equitable principles.