

**\*\*Title:\*\*** Maria Antonia Siguan vs. Rosa Lim, et al.: A Case of Rescission for Alleged Fraud Against Creditors

**\*\*Facts:\*\***

The complex legal journey of Siguan vs. Lim began with two bounced checks issued by Rosa Lim in August 1990, leading Maria Antonia Siguan to press charges under Batas Pambansa Blg. 22. Rosa Lim faced conviction in the Regional Trial Court (RTC) of Cebu City, with the case pending Supreme Court review under G.R. No. 134685. Furthermore, Lim had a prior conviction in an estafa case, Q-89-2216, resolved by the Supreme Court in 1997, imposing civil liability on Lim.

Amid these developments, a Deed of Donation executed by Lim on 10 August 1989, favoring her children, was registered on 2 July 1991. Siguan initiated an accion pauliana in June 1993 to rescind the donation, alleging it was made to defraud Lim's creditors, including her. The RTC ruled in Siguan's favor, a decision overturned by the Court of Appeals, which dismissed the accion pauliana due to the absence of certain legal requirements.

**\*\*Issues:\*\***

1. Whether the Deed of Donation was executed in fraud of creditors, making it rescissible.
2. The applicability of the presumption of fraud in donations as per Articles 759 and 1387 of the New Civil Code.
3. The reconciliation of the deed's execution date with the existence of Lim's debts.

**\*\*Court's Decision:\*\***

The Supreme Court upheld the Court of Appeals' findings, concluding that:

- The Deed of Donation, a public document, is valid evidence of its execution and its date (10 August 1989), which predates the alleged debt to Siguan (August 1990).
- Siguan failed to prove the requisites for accion pauliana: a prior credit, a fraudulent subsequent contract, lack of any other remedy, and actual fraud.
- The allegation that Lim didn't retain sufficient property post-donation to cover debts was unproven; thus, the legal presumption of fraud in donations did not apply.
- The Court dismissed the RTC's awards of damages, attorney's fees, and litigation expenses due to the lack of a factual or legal basis.

**\*\*Doctrine:\*\***

This case reiterates established doctrines regarding accion pauliana, emphasizing the need for a creditor's claim to predate the allegedly fraudulent deed and the necessity of proving

actual fraud or the absence of sufficient property left by the donor to cover previous debts.

**\*\*Class Notes:\*\***

- Accion Pauliana requisites: pre-existing credit, subsequent fraudulent deed, lack of alternative remedies, and proof of fraud.
- Public documents' evidentiary value, specifically Deeds of Donation acknowledged before a notary public.
- Legal presumptions in the case of donations and the creditor's burden to prove fraud.
- The incapability of invoking another's credit (not party to the case) for rescission.

**\*\*Historical Background:\*\***

This legal dispute showcases the intricacies of Philippine law relating to fraud against creditors, particularly in the context of donations. It underscores the balance between protecting creditors' rights and respecting the legitimacy of transactions executed prior to the accrual of debts. The case elaborates on the judicial scrutiny required to dismantle legally binding actions on grounds of fraud, affirming principles that safeguard against the arbitrary disturbance of prior dispositions.