

Title:

Central Philippine University vs. Court of Appeals: A Legal Analysis on the Revocation of an Onerous Donation for Non-compliance with the Conditions Imposed

Facts:

In 1939, Don Ramon Lopez, Sr., a member of the Board of Trustees of the then Central Philippine College (now Central Philippine University or CPU), executed a deed of donation in favor of CPU. He donated a parcel of land identified as Lot No. 3174-B-1 with specific conditions for its use. These conditions included the use of the land exclusively for the establishment of a medical college, prohibition against selling or transferring the land to a third party, requirement to name the land "RAMON LOPEZ CAMPUS," and allocation of any net income for campus improvements.

Years passed without CPU fulfilling these conditions, leading the heirs of Don Ramon Lopez, Sr. to file an action for annulment of donation, reconveyance, and damages against CPU in 1989. The case went through the lower courts where the Regional Trial Court ruled against CPU, a decision CPU challenged in the Court of Appeals. The appellate court reversed the trial court's decision, sending the case back to determine the compliance period. CPU then elevated the matter to the Philippine Supreme Court.

Issues:

1. Whether the conditions stipulated in the deed of donation constitute onerous obligations making the donation revocable upon non-compliance.
2. The applicability of the statute of limitations to the action filed by the heirs of the donor.
3. Whether the Court of Appeals erred in remanding the case for the fixing of a period within which CPU must fulfill the conditions of the donation.

Court's Decision:

The Supreme Court found the donation to be onerous as it imposed obligations on the donee that equated to the value of the donation itself. The Court held that since the obligations (conditions) were not met by CPU, the donation was revocable. On the issue of prescription, the Court determined that the statute of limitations did not bar the heirs' action since the obligations depended on the will of the donee, CPU, thereby preventing prescription from setting in. Concerning the appellate court's decision to remand the case for fixing compliance period, the Supreme Court disagreed, stating that a reasonable time of more than fifty years had already elapsed without CPU fulfilling its obligations, thus obviating the need for determining a specific compliance period. Therefore, the Supreme Court reinstated

the trial court's decision, directing CPU to reconvey the property to the heirs of the donor.

Doctrine:

This case establishes the principle that an onerous donation, which imposes specific obligations on the donee, can be revoked for non-compliance with these conditions. Additionally, it underscores the non-applicability of the statute of limitations to actions seeking the revocation of such donations when the fulfillment of conditions depends on the will of the donee.

Class Notes:

- Onerous Donation: A donation that imposes conditions or obligations on the donee, making it subject to revocation for non-compliance.
- Statute of Limitations: Not applicable to actions seeking the revocation of an onerous donation when the conditions of fulfillment depend on the will of the donee.
- Resolutive Conditions in Donations: Conditions that, upon non-fulfillment, can lead to the revocation of the donation and the extinguishment of rights acquired by the donee.
- Critical Legal Provisions: Articles 1181, 1191, and 1197 of the Civil Code of the Philippines are pertinent to the understanding of conditional obligations, the power of courts to set a period for compliance, and the conditions under which rescission may be sought.

Historical Background:

This case reflects the judiciary's approach to ensuring that the intent behind donations, especially onerous ones with specific conditions, is honored. It highlights the legal premise that donations can serve both philanthropic purposes and impose certain beneficial obligations on the donee that, if unmet, can lead to the revocation of the donation, reinforcing the principle of adhering to the conditions specified by donors to serve broader educational or societal objectives.