

Title: Estate of Susano J. Rodriguez vs. Republic of the Philippines

Facts:

The case revolves around a deed of conditional donation executed on September 12, 1968, by Susano J. Rodriguez, who donated a parcel of land spanning 322,839 square meters in Barangay Cadlan, Pili, Camarines Sur, to the Republic of the Philippines for constructing a mental facility. The donation was conditional, stipulating exclusive use for a mental hospital, naming rights, construction timelines, and prohibitions on leasing or encumbering the property without donor approval. Violation of these conditions would automatically revoke the donation, reverting ownership to the donor and his heirs.

In 2008, the Estate of Susano J. Rodriguez filed a complaint seeking revocation of the donation and forfeiture of improvements, alleging the Republic allowed part of the donated property for residential and commercial use, thereby violating the deed's conditions. The Republic responded, contesting jurisdiction, the estate's capacity to sue, and arguing the action was barred by prescription and the prohibition on alienation was contrary to public policy.

The RTC ruled in favor of the estate, partially revoking the donation due to non-compliance with conditions and ordering reconveyance of 27 hectares. The CA overturned this decision, dismissing the estate's complaint, leading to a petition for review to the Supreme Court.

Issues:

1. Validity of the CA's finding about the prohibition to alienate the donated property as contrary to public policy.
2. Whether the CA erred in assessing the Republic's violation regarding the use of the donated land.
3. The substantiality of the breach regarding the land's usage not being exclusively for a mental hospital.

Court's Decision:

The Supreme Court affirmed the CA's decision, holding that:

1. The condition prohibiting the alienation of the donated property was void for being a perpetual restriction, contrary to public policy.
2. The Republic did not violate the donation's conditions by not removing the informal settlers, whose presence was known and tolerated by the donor.
3. The Republic's use of only 5 hectares for the mental hospital and the rest by informal

settlers did not constitute a substantial breach warranting revocation.

Doctrine:

The case reiterates that conditions in a deed of donation that unduly restrict the donee's rights to dispose of the donated property, without specifying a reasonable duration for such restriction, are void for being against public policy. Conditions leading to automatic revocation of a donation upon breach need judicial intervention to assess propriety.

Class Notes:

- Onerous donations are governed by contract law.
- The 10-year prescriptive period for action upon written contracts starts from the breach.
- Conditions restricting the right to dispose of property without a reasonable timeframe are void for being against public policy.
- Automatic revocation clauses in deeds of donation require judicial determination for their enforcement.
- Substantial compliance with the conditions of an onerous donation can preclude revocation.

Historical Background:

This case exemplifies the complex interplay between generosity in aid of public welfare and the strict legal conditions that can accompany such acts, reflecting on the legal framework governing donations in the Philippines. It underscores the judiciary's role in balancing the intent of donors with public policy considerations and the importance of ensuring that donations for public purposes are employed as intended without impinging on the rights of donees or violating established legal principles.