

### Title: Pastor B. Constantino vs. Herminia Espiritu

### Facts

Pastor B. Constantino (appellant) filed a complaint against Herminia Espiritu (appellee), alleging that on October 30, 1953, he conveyed a two-storey house and four subdivision lots to her through a fictitious deed of absolute sale. This conveyance was made on the understanding that Espiritu would hold the properties in trust for their unborn illegitimate son, Pastor Constantino, Jr. Subsequently, Espiritu mortgaged the properties and later offered them for sale, actions that contravened the agreement. Constantino's complaint in the Court of First Instance of Rizal sought a preliminary injunction to restrain further disposal of the properties and demanded the execution of a deed of absolute sale in favor of their minor son.

The case took a complicated procedural journey, starting with Espiritu's motion to dismiss based on the assertion that the complaint stated no cause of action and was unenforceable under the Statute of Frauds. After a series of motions and oppositions focusing on the applicability of the Statute of Frauds and the nuances of trust law, the trial court ultimately dismissed the complaint. Constantino then filed for the admission of an amended complaint, adding their son as a co-plaintiff and seeking his appointment as the child's guardian ad litem, only for this attempt to be rebuffed due to technicalities concerning party substitution.

With the lower court's denial of the amended complaint, Constantino filed a direct appeal to the Supreme Court, challenging the procedural basis of the lower court's decisions and emphasizing the substance of the trust agreement over the form of the conveyance.

### Issues

1. Whether the supposed stipulation pour autrui (agreement for the benefit of a third person) between Constantino and Espiritu, aimed at benefiting their child, legally entitled the parents to enforce or demand the execution of deeds substantiating that agreement.
2. Whether the agreement to hold property in trust for their unborn child, while not explicitly part of the written conveyance, could be enforced or was barred by the Statute of Frauds.
3. Whether the inclusion of the minor, Pastor Constantino, Jr., as co-plaintiff constituted a permissible amendment of the complaint.

### Court's Decision

The Supreme Court set aside the order of the lower court, essentially allowing for the case to proceed with consideration of the amended complaint. The Court reasoned that:

1. The contract between Constantino and Espiritu was effectively a contract pour autrui, granting them both a right to seek enforcement or prevent its breach, a principle well supported by precedent (citing Echaus vs. Gan). The inclusion of the intended beneficiary (the child) as a co-plaintiff was deemed appropriate for ensuring that all parties involved could be bindingly impacted by the court's decision.
2. The Court contested the application of the Statute of Frauds by noting that the agreement had been partially performed already via the deed of sale and that further actions were merely to enforce another aspect of the parties' broader agreement.
3. It acknowledged the procedural mechanisms for amending complaints, implying that Constantino's approach to include his son as a co-plaintiff and himself as guardian ad litem was not only technically permitted but also substantively justified to fully adjudicate the matter.

### ### Doctrine

The decision underscores:

- The enforceability of contracts pour autrui, enabling a third party beneficiary to demand fulfillment of a contract made for their benefit under certain conditions.
- The inapplicability of the Statute of Frauds to partially performed agreements where parties seek to enforce an unwritten yet integral component of their agreement.
- The procedural flexibility in amending complaints to include necessary or beneficial parties to a suit.

### ### Class Notes

- **\*\*Contracts pour autrui\*\***: A principle allowing for contracts to be enforced by or for the benefit of third parties, provided the third party has accepted the benefit before the stipulation in their favor is revoked.
- **\*\*Statute of Frauds\*\***: A legal principle requiring certain types of contracts to be in writing to be enforceable, with exceptions such as partial performance which may render the statute inapplicable.
- **\*\*Amendment of Complaints\*\***: Procedural rules allow for the amendment of complaints, under certain conditions, to include parties essential to the resolution of the case at hand.

### ### Historical Background

The case illustrates the complexities of trust agreements and property conveyance laws within the context of Philippine jurisprudence. It highlights the evolving interpretation of statutes related to property rights, trust law, and contract enforcement, reflecting the judiciary's balancing act between strict procedural adherence and the substantive justice of cases, especially those involving familial relations and obligations to minor beneficiaries.