

Title: “Velarde et al. vs. Heirs of Concepcion Candari: Reinstatement of Ownership through Pacto de Retro Sale”

Historical Background

In the annals of Philippine property law, “Velarde et al. vs. Heirs of Concepcion Candari” emerges as a landmark case that delves into the execution of a pacto de retro sale and the concomitant rights that it vests upon the vendee a retro upon non-redemption by the vendor a retro. This decision elucidates the doctrine regarding the presumption of validity of duly executed contracts and the insistence on clear and convincing evidence to rebut such presumption, especially on allegations of fraud. The case significantly underscores the paramount importance of notarization and the legal certainties it bestows upon documents, shaping the constellations of real property ownership and contractual dealings in the Philippine legal landscape.

Facts

This case revolves around the ownership dispute concerning several parcels of land located in Aklan between the petitioners (Velarde et al.) and the respondent (Heirs of Concepcion Candari). The crux of the dispute traces back to April 20, 1978, when Concepcion Candari entered into a notarized Deed of Sale with Right of Repurchase with Isagani S. Velarde, allowing the latter to buy several parcels of land with a redemption period of five years. Upon expiry of the redemption period, a Deed of Quitclaim and Waiver of Rights was executed by Candari in 1986, relinquishing her rights to the properties in favor of Isagani and subsequently his heirs. Later, questions arose regarding the validity of these transactions, leading to a prolonged legal battle.

The Regional Trial Court initially sided with the Velardes, affirming their ownership. However, the Court of Appeals reversed this decision, accepting Candari’s allegations of fraud and ordering the reconveyance of properties. This led the Velardes to escalate the matter to the Supreme Court.

Issues

1. Whether the petition should be dismissed due to incomplete compliance with the Certification against Forum Shopping requirement.
2. Whether the Court of Appeals erred in ordering the reconveyance of properties to Concepcion Candari based on allegations of fraud.

Court's Decision

The Supreme Court, through an exhaustive analysis, reversed the Court of Appeals' decision, thus reinstating the RTC's ruling that recognized the Velardes' ownership of the disputed properties. The Court clarified that:

- The Verification/Certification issue was substantially compliant, emphasizing that when petitioners share a common interest, the signature of only one in certification against forum shopping suffices.
- The action filed by the petitioners, although captioned as quieting of title, effectively counted as an *accion reivindicatoria*, focusing on recovering possession as an element of ownership.
- The documents invoked by the Velardes, primarily the deeds of conveyances and quitclaim, upheld as legally binding and sufficient. The Court stressed that fraud needs to be explicitly demonstrated and cannot be presumed or indirectly inferred.
- The failure to comply with certain procedural requirements for consolidation of ownership does not inherently imply fraudulent maneuvering or invalidate the subsequent title transfer.

Doctrine

This decision underscored the doctrine that a duly executed contract, especially when notarized, carries the presumption of validity, and allegations of fraud against it must be proven with clear, convincing evidence. Moreover, it highlighted the operational nature of a *pacto de retro* sale, where failure of the vendor to redeem the property vests absolute ownership in the vendee *a retro*, requiring no further action to consolidate such ownership.

Class Notes

- ****Pacto de Retro Sale****: Upon the vendor *a retro*'s failure to redeem, title automatically vests with the vendee *a retro*. Non-compliance with procedural requirements for consolidation does not affect this vested right.
- ****Doctrine on Fraud****: Allegations of fraud affecting contracts must be demonstrated with specificity and substantial evidence, beyond mere presumptions or circumstantial inferences.
- ****Verification and Certification Against Forum Shopping****: In a scenario where petitioners share a common cause and interest, the certification signed by any of the petitioners is deemed substantially compliant with the requirements.

- ****Nature of Action Filed****: The essence of the remedy sought in a suit, not its title, determines its nature — in this case, an action for recovery of possession (accion reivindicatoria), not just the removal of a cloud over title.

Historical Context

This decision is pivotal, placing a significant emphasis on the sanctity of notarized documents and the presumption of regularity accorded to them, reinforcing the legal mechanism of pacto de retro sales and their implications on property ownership and rights transfer in the Philippines.