

Title:

****Nazareno vs. Court of Appeals: Annulment of Deed of Absolute Sale and Implications of Simulated Sales within the Nazareno Family****

Facts:

Maximino Nazareno, Sr. and Aurea Poblete were married with properties in Quezon City and Cavite. Their demise led to a dispute over certain properties among their heirs: Natividad, Romeo, Jose, Pacifico, and Maximino, Jr. Post Maximino Sr.'s death, Romeo initiated intestate proceedings in Cavite Court, becoming the estate's administrator. During these proceedings, Romeo discovered deeds of sale favoring his sister Natividad for properties previously owned by their parents.

One contentious sale in January 1970 allegedly sold six lots in Quezon City to Natividad for P47,800. However, internal family arrangements and past transactions suggested these sales might not have genuine consideration, speculating a maneuver to avoid inheritance taxes.

An action for recovery of possession initiated by Maximino, Jr. against Romeo for one of these lots led to litigation, affirming Maximino, Jr.'s ownership. Subsequently, Romeo, representing Maximino Sr.'s estate, contested the 1970 and 1982 deeds of sale as void due to lack of consideration.

During the trial, the contention arose that the sales were simulated, lacking genuine consideration, intending for Natividad to hold the properties in trust for her siblings—a claim backed by family dynamics and previous property transfers conducted under similar pretenses. The trial court partially sided with Romeo, ordering specific properties to revert to Maximino Sr.'s estate, decisions which were amended and affirmed on appeal to the Court of Appeals.

Issues:

1. Was the uncorroborated testimony of Romeo sufficient to challenge the validity of the notarized Deed of Absolute Sale in favor of Natividad?
2. Is the Deed of Absolute Sale dated January 29, 1970 valid, considering the historical practice of simulated sales within the Nazareno family?
3. Should the suit for annulment filed solely by the estate of Maximino Sr. fail due to its indivisibility and the absence of Aurea Poblete's estate as a party?
4. Is the sale to Natividad valid, and subsequently, should the title issued to Romeo be

canceled?

Court's Decision:

The Supreme Court found the petition without merit, affirming the decision of the Court of Appeals. The Court reasoned that the credibility of Romeo's testimony, the specifics of the case distinguishing it from other possession claims, the non-sequential validity of the 1970 sale due to unrelated valid transactions, and the importance of intention in determining the nature of contracts all contributed to the affirmation. The Court acknowledged the sale's invalidity for lack of genuine consideration and highlighted the practice of simulated sales within the Nazareno family to avoid inheritance taxes.

Doctrine:

The Supreme Court underscored the doctrine that notarization does not guarantee the validity of a document's contents and reiterated principles regarding simulated sales and the formation of trusts among heirs to avoid inheritance taxes.

Class Notes:

- The validity of a notarized document can be challenged if the underlying transaction is simulated or lacks genuine consideration.
- Simulated sales within families, especially to avoid taxes, can be declared null.
- Indivisibility of contracts pertains to the obligation rather than the object, and the challenge to a contract's validity by an affected party can bind all associated estates.
- An implied trust may be recognized when properties are transferred within a family under pretense but intended for collective benefit among heirs, subject to collation.

Historical Background:

This case reflects on the intricate interplay between family dynamics, property transfers, and legal strategies to minimize tax liabilities. It underscores the judiciary's role in unraveling the intentions behind property transactions, especially when notarized documents' credibility is contested.