

**\*\*Title:\*\*** Ines v. Court of Appeals

**\*\*Facts:\*\***

David Ines and Hortencia Castro-Ines, a married couple, owned a conjugal residential house and lot. A deed of sale was executed concerning this property in favor of Dionisio Geronimo and his spouse, leading to this litigation. David Ines's signature was allegedly forged on the deed, prompting the spouses Ines to file an action before the Regional Trial Court (RTC) to annul the sale. The RTC found the sale void as to David's one-half share due to the forgery and deemed the sale concerning Hortencia's share as an equitable mortgage, ordering the reconveyance of her half upon repayment of P150,000.00, which was the consideration for the contract.

The Ines spouses appealed to the Court of Appeals (CA), arguing the entire sale should be void due to the lack of David Ines's genuine consent, making the entire contract voidable. The CA agreed, declaring the deed of sale void in its entirety and ordered the entire property reconveyed to the Ines spouses, subject to the repayment of the P150,000.00 with legal interest from April 15, 1982. The Ines's motion for reconsideration to remove the award of legal interest was denied, prompting their petition to the Supreme Court under Rule 45 of the Revised Rules of Court.

**\*\*Issues:\*\***

1. Whether a party who has not appealed can benefit from the appellate court's decision, specifically regarding the award of legal interest on the contract price.
2. The proper commencement date for the computation of the legal interest.

**\*\*Court's Decision:\*\***

The Supreme Court found the appeal unmeritorious. It held that the award of legal interest by the Court of Appeals was justified under Article 1398 and Article 1385 of the Civil Code, related to the restoration of benefits received due to annulled or rescinded contracts, and was tailored to avoid unjust enrichment. Additionally, under Article 2210 of the Civil Code, allowing interest upon damages for breach of contract at the court's discretion was deemed applicable. Therefore, the award of legal interest was upheld as based on equitable grounds, albeit with a modification on the starting date of the legal interest computation. The Supreme Court decided the legal interest should commence from the date of the RTC's decision (July 31, 1990) instead of the earlier date when the deed of sale was executed (April 15, 1982).

**\*\*Doctrine:\*\***

1. **\*\*Equitable Restoration:\*\*** Parties to an annulled contract should restore to each other the subject matter of the contract, its fruits, and the price with interest, as mandated by Articles 1398 and 1385 of the Civil Code, reinforcing the principle against unjust enrichment (Article 22, Civil Code).
2. **\*\*Interest on Damages:\*\*** Under Article 2210 of the Civil Code, the court may, at its discretion, allow interest upon damages awarded for breach of contract as an equitable remedy.

**\*\*Class Notes:\*\***

- **\*\*Forgery as Ground for Annulment:\*\*** The forgery of a party's signature on a deed of sale represents a lack of consent, rendering the contract voidable concerning that party's interest.
- **\*\*Equitable Mortgage:\*\*** A supposed sale may be deemed an equitable mortgage when intended as security for a loan.
- **\*\*Legal Interest on Refunds:\*\*** When a contract is annulled or rescinded, parties must return what they have received, including the payment with legal interest, from a date deemed equitable by the court, typically from either the date of contract execution or the date of the trial court's decision.
- **\*\*Appellate Relief for Non-Appealing Parties:\*\*** Even if a party does not appeal, appellate courts can grant relief necessary for a just resolution of the case or to prevent unjust enrichment.

**\*\*Historical Background:\*\***

This case reflects the intricate balance between contractual freedom and judicial oversight to ensure fairness and equity. The principles involved, such as the impact of forgery on contracts and the conditions for the award of legal interest on annulled contracts, underscore the legal system's role in rectifying injustices that arise from contractual relationships, especially within the context of family and property law.