

Title: Clemente vs. Court of Appeals and Shotwell, et al.

Facts:

The case initiated from a dispute over the ownership of three parcels of land situated in Scout Ojeda Street, Diliman, Quezon City, identified as Lots 32, 34, and 35-B. These properties were owned by Adela de Guzman Shotwell (“Adela”), who allowed her children and grandchildren, including the petitioner Valentina S. Clemente, to use and possess the said properties.

In 1985 and 1987, Adela executed simulated deeds of sale transferring Lots 32 and 34 to her grandsons, Carlos V. Shotwell, Jr. (“Carlos Jr.”) and Dennis V. Shotwell, respectively, though these transfers were only meant to be temporary. In preparation for a trip to the United States with Clemente in 1989, Adela requested the reconveyance of Lots 32 and 34. Following this, she executed deeds of absolute sale for Lots 32, 34, and another deed for Lot 35-B in favor of Clemente, with stated considerations of P250,000.00 and P60,000.00, respectively.

Upon her return to the Philippines, Clemente registered the sales, and titles were issued in her name. After Adela’s death in 1990, Clemente sought to eject Annie and Carlos Sr. from the properties, which led them to discover the transfers to Clemente. Consequently, Annie, Carlos Sr., and Anselmo Shotwell filed a complaint for reconveyance against Clemente, challenging the validity of the deeds of absolute sale as simulated and lacking consideration. Throughout the trial, amendments to the complaint were made to include Lot 35-B, and changes occurred with the parties due to deaths and withdrawals.

The Regional Trial Court (RTC) favored the respondents, declaring the sales null and void for being simulated contracts lacking true consent and consideration. This decision was affirmed with modifications by the Court of Appeals (CA), removing the RTC’s finding of an implied trust.

Issues:

1. Whether the CA erred in affirming the RTC’s decision that the deeds of absolute sale were simulated and lacked consideration, thus rendering them void.
2. Whether the deeds were supported by valid consideration.
3. Whether an implied trust was created by the transactions.

Court’s Decision:

The Supreme Court denied the petition, upholding the decisions of both the RTC and the

CA. The Court emphasized that the dispute involves questions of fact, over which it generally does not have jurisdiction in a petition for review on certiorari. It concluded, after reviewing the evidence and lower court findings, that the deeds were indeed simulated and not intended to effect real transfer of ownership. The absence of genuine consent and consideration rendered the deeds null and void. Moreover, the Court agreed with the CA in removing the finding of an implied trust since the transactions were inexistent from the beginning.

**Doctrine:**

A sale that is absolutely simulated or fictitious, recognizing neither rights nor obligations between the parties, and produces no legal effects, is void and inexistent from the beginning.

**Class Notes:**

- Consent is essential for a valid contract; lack thereof renders a contract inexistent.
- Simulation of a contract, where parties do not intend to be bound, invalidates the agreement.
- For a sale to be valid, it must be supported by consideration.
- The existence of an implied trust requires a valid transaction as its basis.
- The Supreme Court generally does not review factual findings on appeal under Rule 45 unless the case falls under recognized exceptions.

**Historical Background:**

This case intricately demonstrates the complexities that arise in property disputes within families, particularly when transactions are executed not with the intention of transferring ownership but for personal convenience or legal strategy. It underscores the judiciary's scrutiny of deeds and transactions to ascertain the true intention of the parties and ensure that legal effects and consequences are justly applied according to the genuine elements of contractual agreements.