

Title:

****Cornelia Clanor Vda. de Portugal, et al. v. Hugo C. Portugal****

Facts:

The dispute arose when Hugo Portugal, son of petitioners Cornelia Clanor and her late husband Pascual Portugal, borrowed certificates of title of two parcels of land under the pretense of securing a loan. These lands were subsequently discovered by the Portugal family to have been falsely transferred to Hugo and his brother Emiliano through a fraudulent deed of sale, following the death of Pascual Portugal. Cornelia, along with her children, filed a case to annul the deed and for reconveyance of the lands to the estate. The Court of First Instance of Cavite ruled in favor of the petitioners, but this decision was overturned by the Intermediate Appellate Court, leading to the petition for review by certiorari to the Supreme Court.

Issues:

1. Whether the action has prescribed.
2. Whether the appellate court was justified in questioning the trial court's assessment of witness credibility.
3. Whether the appellate court could entertain the defense of prescription not raised by the respondents in their pleadings.

Court's Decision:

The Supreme Court granted the petition, reversing the decision of the Intermediate Appellate Court and reinstating the trial court's ruling. The Court found that:

1. The action instituted by the petitioners has not yet prescribed, ruling that the fraudulent deed of sale was void ab initio due to a lack of valid cause or consideration.
2. The appellate court's questioning of the trial court's findings on witness credibility was unjustified as the trial court is in a better position to judge witness credibility.
3. While the defense of prescription can be entertained even if not raised, it was moot in this case since the deed of sale was deemed void from the beginning, and actions based on void contracts do not prescribe.

Doctrine:

- The case asserts the principle that a fraudulent deed of sale is void ab initio when it lacks a valid cause or consideration. A void contract is inexistent from the beginning and the action or defense for its declaration does not prescribe under Article 1410 of the Civil Code.

Class Notes:

- **Void vs. Voidable Contracts**: Void contracts are those that lack a crucial element such as consent, object, or cause at the time of its execution, making them null from the beginning. Voidable contracts, on the other hand, contain all the necessary elements but may be annulled due to an external defect such as fraud.
- **Prescription of Actions**: The period within which a party must take legal action. Void contracts do not prescribe, which means legal action can be taken at any time to declare their nullity.
- **Assessment of Witness Credibility**: The evaluation of witnesses is best assessed by the trial court due to their direct observation of the witnesses' demeanor and conduct during the trial.

Historical Background:

This case underscores the intricacies involved in familial disputes over property and the consequences of fraudulent transactions. The legal doctrines reiterated and applied are pivotal in Philippine civil law, particularly in the fields of contracts and property law, underscoring the importance of valid considerations in transactions and the indefeasibility of title against fraudulent claims.