

### Title:

**\*\*Maria Encarnacion Castillo et al. vs. Josefa Galvan et al.: A Case on the Annulment of Deed of Absolute Sale due to Fraud and Its Imprescriptibility\*\***

### Facts:

In August 1961, plaintiffs Maria Encarnacion Castillo, Elisea Galvan, and Patrocinio Galvan filed a complaint seeking the annulment of a “Deed of Absolute Sale” executed on August 3, 1955, by Paulino Galvan (their predecessor-in-interest) and defendants Josefa Galvan and Natividad S. Galvan. The disputed property, consisting of two parcels of land located in Dagupan City, was partially owned by Paulino Galvan (1/2 interest) and his daughters from a first marriage, defendants Josefa Galvan and Natividad Galvan. The plaintiffs, worried about the settlement of Paulino Galvan’s estate after his death on February 10, 1961, discovered the deed at the Register of Deeds, Dagupan City. They alleged that the document, which purportedly sold Paulino’s share for P500.00, was signed under fraudulent misrepresentation.

Upon the defendants’ objections, including claims of ownership through legal conveyance and the bar of statutes of limitations, the trial court eventually dismissed the complaint in 1966, citing prescription of the action based on fraud. The dismissal was contested by the plaintiffs, leading to an appeal to the Philippine Supreme Court.

### Issues:

1. Whether the trial court erred in admitting the defendants’ amended answer which included the defense of prescription not previously pleaded.
2. Whether the action for the annulment of the deed based on fraud prescribed.
3. Whether the deed in question should be considered void ab initio and thus imprescriptible.

### Court’s Decision:

The Supreme Court reversed the trial court’s decision, addressing the issues as follows:

1. **\*\*Admission of Amended Answer:\*\*** The Court held that the amendment was within the prerogative of the court’s discretion. It was also noted that the defense of prescription, under certain circumstances, could be considered not as a substantial alteration of defense but rather a supplement to the original defense of absolute ownership.
2. **\*\*Prescription:\*\*** The Court found that the basis of the plaintiffs’ action was to declare the deed void ab initio because of fraud in obtaining signatures and the absence of

consideration, not merely voidable due to fraud. According to Philippine law, an action to declare a deed nonexistent or void ab initio is imprescriptible, meaning it is not subject to the statute of limitations.

3. **Void ab Initio:** The Supreme Court determined that since the plaintiffs sought a declaration that the deed was void ab initio due to fraud and lack of consideration, the action was indeed imprescriptible. The case was remanded for further proceedings, countering the trial court's dismissal based on prescription.

### ### Doctrine:

This case reiterates the doctrine that actions seeking to declare contracts void ab initio due to lack of essential elements such as consent and consideration are imprescriptible. The ruling emphasizes the permanence of the inexistence of a contract and how it cannot be remedied or be subject to prescription.

### ### Class Notes:

- **Imprescriptibility of Actions for Void Contracts:** Actions to declare a deed or contract void ab initio due to fraud or lack of consideration are not bound by statutes of limitations. This case exemplifies the application of Articles 1409 and 1410 of the Civil Code regarding the inexistence and voidness of contracts.
- **Doctrine of Constructive Notice:** The registration of a document in public registry serves as constructive notice to the whole world and normally the starting point for the prescription of actions based upon fraud in transactions. However, this does not apply to actions to declare contracts void ab initio.
- **Consent and Consideration in Contract Validity:** For a contract to be valid, genuine consent and consideration are essential. A contract is considered void if it lacks these elements, as indicated in Articles 1352 and 1353 of the Civil Code.

### ### Historical Background:

This case, decided during a period of evolving property law jurisprudence in the Philippines, exemplifies the courts' approach to guarding against fraudulent transactions and protecting the integrity of contractual agreements. It underscores the importance of consent and consideration in contractual relationships and the legal protections against deceit and fraud in the transfer of property interests.