

Title: Heirs of Dr. Mario S. Intac and Angelina Mendoza-Intac vs. Court of Appeals and Spouses Marcelo Roy, Jr. and Josefina Mendoza-Roy and Spouses Dominador Lozada and Martina Mendoza-Lozada

Facts:

This case revolves around a property in Quezon City, originally owned by Ireneo Mendoza, who executed a deed of absolute sale in favor of his niece, Angelina Mendoza-Intac, and her husband, Dr. Mario Intac, in 1977. Despite the sale, Ireneo and his family continued residing on the property and paying realty taxes. Following Ireneo's death in 1982 and his widow Salvacion's death, the respondents (Ireneo's children and heirs) persisted in their possession of the property, including leasing portions of it.

The respondents contested the validity of the sale, claiming it was simulated and thus void, leading them to file a Complaint for Cancellation of Transfer Certificate of Title No. 242655 in 1994 against the Spouses Intac in the RTC. The litigation saw Mario's death in 1995, prompting his heirs to substitute him in the proceedings.

Both parties presented their claims, with the respondents alleging the deed was a fictitious document and the Spouses Intac asserting the validity of the sale and prescription of the action to annul the deed.

Issues:

1. Was the Deed of Absolute Sale dated October 25, 1977, valid, or was it a simulated contract?
2. Did the petitioners (Heirs of Intac) have a legitimate claim of ownership over the disputed property?
3. Is the action for cancellation of TCT No. 242655 and reconveyance of property barred by the statute of limitations?

Court's Decision:

The Supreme Court found no merit in the petition, confirming the CA and RTC's findings that the deed was absolutely simulated for lack of consideration and intent to sell, rendering it void. The Court emphasized that a valid contract requires consent, determinate subject matter, and cause or consideration, all of which were absent in this case. The post-mortem assertion of ownership by the Spouses Intac and their failure to pay real estate taxes until a much later date were pointed out as indications of the lack of true ownership intention. Reconveyance of the property was thus warranted due to the void nature of the supposed

deed of sale.

Doctrine:

This case reinforces the principle that an absolutely simulated or fictitious contract, lacking in genuine consent and consideration, is void. The intent of contracting parties, determined not only by the contract's terms but also by their subsequent actions, holds significant weight in discerning the nature of agreements.

Class Notes:

- Essential elements for a valid contract: consent, determinate subject matter, and cause of the obligation.
- A deed of absolute sale without genuine consent and consideration is void.
- Simulated contracts: Absolute simulation involves no intention to bind, rendering the contract void.
- Property registration does not confer ownership; it merely records or confirms existing ownership.
- Actions for reconveyance based on void contracts can be made anytime when the claimant remains in possession.

Historical Background:

The case exemplifies a common issue in Philippine property law, where disputes often arise from familial relationships and agreements that later evolve into legal contests. It underscores the importance of clear, bona fide transactions and the necessity of judicial intervention in resolving simulated contracts and ensuring just ownership and possession.