

****Title**:** Renee B. Tanchuling et al., vs. Sotero C. Cantela

****Facts**:**

This case revolves around a Deed of Absolute Sale dated March 17, 2005, involving two parcels of land in Rawis, Legazpi City, between Spouses Dr. Vicente Y. Tanchuling and Renee B. Tanchuling (Petitioners) and Respondent Sotero C. Cantela. The deed purported a sale for P400,000.00, though issues arose concerning the genuineness of the transaction. Following the execution, Vicente Tanchuling delivered the Transfer Certificates of Title to Cantela without any party having physical possession of the properties.

Subsequently, efforts by the Spouses Tanchuling to retrieve the TCTs were rebuffed by Cantela, prompting a Complaint for Annulment of Deed of Sale before the Regional Trial Court (RTC) of Legazpi City. The complainants argued the deed was absolutely simulated, lacking actual consideration, and primarily executed to dissuade illicit sales by third parties on the property. Concurrently, Cantela purportedly signed an undated Deed of Absolute Sale reconveying the properties back to the Tanchulings.

Cantela contested, maintaining the validity of the sale and the existence of consideration, while claiming the reconveying deed was deceitfully included in the documents he signed.

****Procedural Posture**:**

The RTC nullified the subject deed as absolutely simulated, citing the simultaneous execution of the reconveying undated deed, delay in title transfer, and lack of actual property possession as indicators. Cantela's appeal to the Court of Appeals (CA) resulted in a reversal of the RTC decision, emphasizing acts indicative of Cantela's ownership assertion and recognizing the stated consideration in the deed, prioritizing its notarization over the undated, non-notarized counterpart. The case escalated to the Supreme Court on these grounds.

****Issues**:**

1. Whether the Deed of Absolute Sale between Spouses Tanchuling and Cantela was absolutely simulated.
2. The relevance of the contemporaneous execution of a reconveying deed and the delay in transferring titles in determining simulation.
3. The evidentiary value of notarization in the context of potentially conflicting documents.

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

The Supreme Court favored the petitioners, reinstating the RTC's decision. It held that the

deed was absolutely simulated, highlighted by the absence of intention to transfer property ownership, evidenced by an undelivered consideration, simultaneous execution of a reconveying deed, and lack of action to transfer the property title by Cantela. The testimonies corroborated the absence of actual consideration despite the deed's claim, and Cantela's conduct post-execution further underlined the simulated nature of the transaction.

****Doctrine**:**

The Supreme Court reiterated the doctrine distinguishing absolute simulation from relative simulation per Articles 1345 and 1346 of the Civil Code. It upheld that an absolutely simulated or fictitious contract is void, emphasizing the primary characteristic of absolute simulation as the absence of intent to be legally bound by the contract.

****Class Notes**:**

Key Elements:

- Absolute Simulation: Defined by a total absence of intent to be bound by the contract, rendering it void.
- Consideration: The claimed consideration within a contract must be actual and verifiable; mere stipulation does not suffice.
- Actions Post-Contract Execution: Conduct suggesting assertion of ownership can impact the perception of a contract's validity but should align with genuine indicators of ownership transfer intent.
- Notarization: While lending credibility, does not override substantive proofs of simulation.

Legal Statutes:

- Civil Code, Article 1345: Delineates absolute and relative simulation.
- Civil Code, Article 1346: States the effects of simulated contracts.

Application:

- The case exemplifies the application of simulation doctrines, emphasizing the necessity for genuine intent and consideration in contractual agreements.
- It demonstrates the limited capacity of notarization in validating a contract under scrutiny for simulation.

****Historical Background**:**

The decision underscores the Philippine legal system's vigilance against simulated contracts intended to disguise true ownership or circumvent legal requirements. It reflects on the broader legal and moral ethos, ensuring that contractual agreements genuinely represent

parties' intents and comply with legal standards.