

Title

Spouses Victor and Edna Binua vs. Lucia P. Ong, G.R. No. 203786 (2013)

Facts

****Initial Conviction and Mortgage Execution:****

1. ****January 10, 2006****: The Regional Trial Court of Tuguegarao City, Branch 2 (RTC-Branch 2), convicted Edna Binua of estafa in Criminal Cases Nos. 8230, 8465-70 and sentenced her to imprisonment ranging from six years and one day to thirty years. Edna was also directed to pay Lucia P. Ong P2,285,000.00 with 10% interest and damages.
2. ****February 2, 2006****: To avoid imprisonment, Edna mortgaged her husband Victor's properties, covering amounts totaling P7,000,000.00. This involved Transfer Certificate of Title (TCT) No. T-15232 and TCT No. T-15227, both situated in Tuguegarao City.

****Reversal and Foreclosure:****

3. ****February 24, 2006****: Upon Edna's motion for a new trial, RTC-Branch 2's reconsidered its ruling, changing her liability from criminal to purely civil based on a promissory note dated March 4, 1997.
4. ****Post-February 24, 2006****: Edna failed to settle her obligation, leading Lucia Ong to foreclose the properties, where she emerged as the highest bidder.

****RTC and CA Rulings on Duress Claims:****

5. ****December 12, 2008****: Petitioners filed a complaint to nullify the mortgage contracts, arguing they were signed under duress due to Edna's conviction. RTC-Branch 5 dismissed the suit, finding that enforcing a legal claim does not vitiate consent per Article 1335 of the Civil Code.
6. ****Court of Appeals (CA)****: Upheld RTC-Branch 5's decision, asserting that the petitioners' fear of Edna going to jail did not constitute legal intimidation capable of voiding the mortgages.

****Supreme Court Involvement:****

7. The petitioners brought their case to the Supreme Court via a petition for review on rule 45, challenging the findings of the lower courts.
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Issues

1. **Whether the RTC-Branch 5's decision was supported by evidence.**
2. **Whether the mortgage contracts should be declared null and void due to being executed under duress, fear, and threat.**
3. **Whether the 10% monthly interest rate imposed on Edna's loan obligation is valid.**

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Court's Decision

1. **Support of RTC-Branch 5's Decision**:

- The Supreme Court reiterated that under Rule 45, only legal questions could be addressed, given the CA's factual findings are conclusive unless exceptions apply. No substantial argument or material evidence was presented that could overturn the lower court's decisions.

2. **Nullity of Mortgage Contracts due to Duress**:

- Article 1335 of the Civil Code delineates duress. The alleged fear of imprisonment following Edna's conviction was deemed not to be an "unjust" or "unlawful" act.

- The petitioners failed to meet the requisites for intimidation: the court noted that the legal and valid conviction of Edna cannot constitute an illegal threat.

3. **Validity of the 10% Interest Rate**:

- The challenge to the interest rate imposed by RTC-Branch 2 was futile as the decision was final and executory. The Court emphasized the principle of the immutability of final judgments to bar any further disputes over the settled issue.

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Doctrine

Principle of Immutability of Final Judgments: Once a court's decision has become final, it is binding and conclusive regardless of potential errors within the judgment. This principle prevents re-litigation or re-examination of settled matters to ensure judicial efficiency and certainty (citing *Buaya v. Stronghold Insurance Co., Inc.*).

Intimidation Under Article 1335 of the Civil Code:

- Intimidation needs to demonstrate a threat of an unjust and unlawful act to invalidate consent. A threat to pursue a just legal claim, such as valid prosecution and conviction, does

not meet this threshold.

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Class Notes

****Key Elements or Concepts:****

1. ****Final and Executory Judgments****: Legal principle preventing re-litigation of settled matters.
2. ****Duress and Intimidation in Contract Law (Article 1335, Civil Code)****: Essential criteria include the unlawfulness of the threatened act and its role as the primary cause of consent. A lawful act like enforcing a legal conviction does not amount to duress.
3. ****Article 1390, Civil Code****: Provides that contracts with vitiated consent are voidable.

****Statutory References****:

1. ****Civil Code, Article 1335****: Intimidation involves a reasonable, well-grounded fear of imminent and grave evil for consent to be considered coerced.
2. ****Civil Code, Article 1390****: Contracts with consent vitiated by mistake, violence, intimidation, undue influence, or fraud are voidable.

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Historical Background

This case contextualizes the application of concepts like duress and intimidation in contract law within the Philippine legal system, serving as a precedent to distinguish between genuine coercion and the lawful exercise of a legal claim. The evolution from criminal to civil liability and subsequent procedural developments highlight the judiciary's capacity to reinterpret circumstances while adhering to the finality of rulings. This case permeates the fundamentals of contractual consent, focalizing legal doctrines within the fabric of Philippine jurisprudence.