

Title:

Monico Concepción v. Paciencia Sta. Ana, 87 Phil. 787 (1950)

Facts:

Monico Concepción, the plaintiff, is the surviving legitimate brother of Perpetua Concepción who died on January 28, 1948, without issue or a will. On June 29, 1945, Perpetua Concepción allegedly sold three parcels of land with improvements to the defendant, Paciencia Sta. Ana, for a false and fictitious consideration. The defendant obtained transfer certificates of title in her name and had been in possession of the properties since Perpetua's death, thereby causing damages to the plaintiff.

Monico Concepción filed a complaint to annul the sale on the grounds that it was conducted with fraudulent intent and for a false consideration. The defendant moved to dismiss the complaint on the basis that it did not state a cause of action, asserting that the deceased, as the owner, had the right to dispose of her properties. The Court of First Instance of Manila granted the motion to dismiss, holding that the plaintiff lacked standing to annul the contract as he was not bound by it.

Issues:

1. Whether a simulated or fictitious sale for a false consideration is null and void per se.
2. Whether the plaintiff, as the heir of the deceased, has the standing to annul the sale under Article 1302 of the Civil Code.

Court's Decision:

The Supreme Court affirmed the dismissal by the lower court and resolved the issues as follows:

1. ****Nullity of Sale for False Consideration****:

- The Supreme Court ruled that a contract entered into with a false consideration is not null and void per se or non-existent but is merely voidable. Article 1276 of the Civil Code provides that the statement of a false consideration in a contract is ground for annulment, not an outright declaration of nullity.

- The Court distinguished between non-existent contracts and voidable ones, noting that in the case of voidable contracts, legal effects remain until the contract is annulled. The plaintiff's argument conflating non-existence with voidability was thus rejected.

2. ****Plaintiff's Standing to Annul****:

- The Court held that under Articles 1257 and 1302 of the Civil Code, only parties to the

contract or those principally or subsidiarily bound by it, including their heirs, can seek annulment when rights and obligations under the contract are transmitted to them.

- However, as Perpetua Concepción had no forced heir, she could dispose of her properties freely without any other limitations but those established by law. The plaintiff, as a voluntary heir and not a forced heir, had no transmitted right or obligation from the deceased that would allow him to annul the sale under Article 1300 and 1301 of the Civil Code.

- The conveyance made by the deceased to the defendant was voluntary and therefore legal, even if executed without any true consideration, unless proven to have been done in fraud of creditors, which was not applicable in this case.

Doctrine:

1. ****Voidable vs. Non-existent Contracts****: A contract with a false consideration is voidable, not null and void per se. Annulment is required to invalidate it, as established under Article 1276 of the Civil Code.

2. ****Standing to Annul Contracts****: Only those who are parties to the contract, their heirs, or those who are principally or subsidiarily bound by it can annul the contract. Heirs inherit the rights and obligations related to the contract from their predecessors but must have a direct transmitted right to have standing.

Class Notes:

- ****Elements of a Voidable Contract****:

- False consideration (Art. 1276, Civil Code)

- Proper parties with legal capacity to annul (principally or subsidiarily bound parties and heirs)

- ****Principles****:

- ****Voidable Contracts****: Contracts with false considerations are voidable and not inherently null or non-existent.

- ****Heirs' Rights****: Heirs can pursue annulment only if they inherit rights and obligations from the contract.

- ****Limitations on Disposal of Property****: Absolute owners can freely dispose of their properties unless restricted by specific legal provisions like fraud against creditors.

Historical Background:

This case took place in post-World War II Philippines during a time when the country was recovering from the legal and social upheavals of the Japanese occupation and the ensuing

liberation. Property rights and legal disputes over inheritances and transactions dating back to the war period were common as survivors sought clarity over disposals and ownerships made under duress or unusual circumstances. The legal principles involved draw from the old Spanish Civil Code, reflecting the continuity and transition in Philippine civil law.