

****Title****: Rivera vs. Peoples Bank and Trust Co.

****Facts****:

1. From 1920 until Stephenson's death in 1939, Ana Rivera served as a housekeeper for Edgar Stephenson.
2. In 1929, Stephenson opened a bank account in his name with the defendant, Peoples Bank and Trust Company, depositing P1,000.
3. On October 17, 1931, with a balance of P2,072, a "Survivorship Agreement" was executed transferring the account to "Edgar Stephenson and/or Ana Rivera."
4. The Survivorship Agreement stipulated that the funds would be jointly owned and either party could withdraw funds during their lifetimes, with the remaining balance going solely to the survivor upon the death of one party.
5. Upon Stephenson's death in 1939, Rivera held the deposit book with a balance of P701.43, which she sought to claim.
6. The bank refused payment, following its attorneys' advice questioning the validity of the agreement.
7. Consequently, Rivera filed an action against the bank. Minnie Stephenson, as administratrix of Stephenson's estate, intervened, claiming the funds for the estate, alleging the funds were solely Stephenson's property.

****Procedural Posture****:

1. The trial court ruled the agreement, during the lives of the parties, constituted a mere power of attorney terminating upon Stephenson's death. After death, it was seen as an invalid donation mortis causa due to lack of testamentary formalities as per Article 620 of the Civil Code.
2. Rivera appealed the decision to the Supreme Court.

****Issues****:

1. Whether the survivorship agreement was a valid contract or an invalid donation mortis causa.
2. Whether the funds in the account were jointly owned or solely property of Stephenson's estate.

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

1. ****Contract Validity****: The Court found the survivorship agreement valid, viewing it as an aleatory contract under Article 1790 of the Civil Code, binding each party to an equivalent exchange contingent upon an uncertain event, i.e., the death of one of the parties.

2. **Ownership of Funds**: The Court rejected the lower court's and intervenor's contention of the agreement being a donation mortis causa, emphasizing the joint ownership of the account as evidenced by the deposit certificate. The account's transfer to joint control and the mutual withdrawal rights further substantiated this conclusion.
3. **Precedent Application**: The Court referenced a similar case, *Macam vs. Gatmaitan*, affirming that such agreements, where parties mutually assign rights based on survivorship, are binding and valid.

Doctrine:

1. **Aleatory Contracts**: Definition and validity as per Article 1790 of the Civil Code when obligation involves uncertain events.
2. **Joint Tenancy in Bank Deposits**: Joint bank accounts allowing full ownership and withdrawal rights to the survivor are valid unless proven to perpetrate fraud or violate legal provisions on donations, inheritance, or creditors' rights.

Class Notes:

1. **Aleatory Contracts**: Contracts conditioned on uncertain events (Art. 1790, Civil Code).
2. **Testamentary Formalities**: Requirements for donations mortis causa (Art. 620, Civil Code).
3. **Joint Tenancy**: Survivor's right to entirety of a jointly-held bank account (*Macam vs. Gatmaitan* precedent).
4. **Bank Account Joint Ownership**: Permissible under civil law to grant surviving depositors full ownership without testamentary formalities (7 Am. Jur. 299).

Historical Background:

The backdrop of this case occurred during a period when the jurisprudence on joint bank accounts and survivorship agreements in the Philippines was still evolving. The case helped to clarify the enforceability of survivorship provisions, reinforcing the principles governing joint tenancies and introducing a broader acceptance of aleatory contracts in the civil law context. This clarification proved significant in the legal treatment of joint financial arrangements in the mid-20th century Philippines.