

****Title:**** Felomina Abellana vs. Spouses Romeo and Lucila Ponce and the Register of Deeds of Butuan City, G.R. No. 157952, 481 Phil. 125

****Facts:****

On July 15, 1981, Felomina Abellana, a spinster and pharmacist, purchased a 44,297 square meter agricultural lot from Estela Caldoza-Pacres with the intention of giving it to her niece, Lucila Ponce. The deed of sale named Lucila as the buyer, even though Felomina paid the full price of P16,500. Transfer Certificate of Title (TCT) No. 2874 over the lot was issued in Lucila's name on April 28, 1992, but the title remained with Felomina, who developed and paid taxes on the property.

The relationship soured between Felomina and the Ponce spouses, who became disrespectful. Consequently, Felomina filed a case to revoke the implied trust and recover the legal title.

In defense, the Ponces claimed they paid the purchase price of P4,500 and that the payment occurred in Atty. Teodoro Emboy's office. Lucila allowed Juanario Torreon to till the lot, and Felomina allegedly proposed to develop and lease it. The Ponces believed they paid real property taxes through Felomina.

Felomina maintained control over the lot's title documents and payment receipts from 1982-1984, 1992-1994, and 1995, despite the Ponces' claims and Lucila's execution of an affidavit of loss resulting in the issuance of another title in her name.

The Regional Trial Court (RTC) ruled in favor of Felomina, declaring an implied trust in her favor and ordering Lucila to convey the property back to Felomina. On appeal, the Court of Appeals reversed the RTC decision, ruling that Felomina failed to prove an implied trust and presuming the donation as a gift since Lucila was considered as her daughter.

****Issues:****

1. Who is the lawful owner of the controverted lot between Felomina and the respondent spouses?
2. Is the donation of the lot valid?
3. Does an implied trust exist under Article 1448 of the New Civil Code?

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

1. ****Ownership of the Lot:****

The Supreme Court determined that Felomina Abellana paid for the lot. Her testimony and the corroboration from witness Aquilino Caldoza were deemed credible. Thus, Felomina was held to be the true purchaser.

2. **Validity of Donation:**

The court analyzed the nature of the transaction and agreed that Felomina intended to donate the property. However, since the donation was not executed in a public instrument as required by Article 749 of the Civil Code, it was deemed null and void. As solemn contracts like donations must meet legal formalities, an oral donation of immovable property is insufficient.

3. **Implied Trust:**

The court concluded that Article 1448 on implied trust did not apply. Although there was an intention to consider the transaction as a gift, without complying with formal requirements, no trust relationship was legally established. Thus, the donation was invalid and could not confer ownership to Lucila.

Doctrine:

- **Article 749 of the Civil Code** - Validity of donation of immovable property requires execution in a public document specifying the donation and acceptance, either within the deed or a separate public document.
- **Article 1448 of the Civil Code** - Establishes an implied trust when property is paid for by one party but placed in the name of another, except when presumed to be a gift to a child or one standing as a substitute parent.
- **General contract principles** - Contracts must embody the legal formalities required for solemn contracts like donations to be valid.

Class Notes:

- **Elements of Donation of Immovable Property** (Civil Law):
 1. **Public Instrument** - The donation must be formalized in a public document.
 2. **Specificity** - The property donated and the value of charges must be specified.
 3. **Acceptance** - Must be in the same deed or a separate public document.
- **Implied Trust** (Article 1448, Civil Code):
 1. **Legal Estate** - Issued in one's name, but another pays the sale price.
 2. **Trust Relationship** - Presumed unless the transfer is a gift to a child or equivalent.
 3. **Intent and Compliance** - Courts infer trust based on transaction circumstances and

required formalities.

****Historical Background:****

The case highlights a common family dynamic where properties are informal gifts. It underscores the importance of adhering to legal formalities in property transactions to avoid disputes. Such decisions reflect the Philippine Judiciary's role in interpreting property law and formality requirements.