

Title: De Luna vs. Hon. Sofronio F. Abrigo, Presiding Judge of the Court of First Instance of Quezon, Branch IX, and Luzonian University Foundation, Inc.

—

Facts:

- Original Donation:** On January 24, 1965, Prudencio de Luna donates 7,500 square meters of Lot No. 3707 in Lucena to Luzonian Colleges, Inc. (now Luzonian University Foundation, Inc.)—containing conditions, including automatic reversion for non-compliance.
- Revival of Donation:** On April 9, 1971, Prudencio de Luna revives the donation incorporating similar conditions, including constructing a chapel, nursery, and kindergarten within specified time frames.
- Deed of Segregation:** On August 3, 1971, Prudencio de Luna and the foundation execute a Deed of Segregation, adjudging the donated area as Lot No. 3707-B to the foundation, resulting in the issuance of TCT No. T-16152 in its name.
- Breach of Conditions:** Alleged non-compliance by the foundation was claimed by the heirs of Prudencio de Luna after his death on August 18, 1980.
- Filing of Complaint:** The heirs file a complaint on September 23, 1980, seeking cancellation and reversion of the donation due to non-compliance.
- Foundation's Response:** In its answer, the foundation claims substantial compliance and invokes prescription as an affirmative defense.
- Preliminary Hearing:** The foundation moves for a preliminary hearing on its affirmative defense, resulting in the complaint's dismissal by the trial court on July 7, 1981, citing prescription.
- Appeal to the Supreme Court:** Petitioners appeal the dismissal, arguing the trial court's misapplication of Article 764 of the Civil Code and mischaracterization of the action.

Issues:

- Validity of Automatic Reversion Clause:** Whether the automatic reversion clause in the donation deed voids the necessity of a judicial revocation under Article 764 of the Civil Code.
- Applicable Prescriptive Period:** Whether the four-year prescription under Article 764 or the ten-year period for enforcing written contracts under Article 1144 apply.

Court's Decision:

1. **Automatic Reversion Clause Validity**: The Supreme Court acknowledges the validity of automatic reversion clauses in onerous donations, distinguishing them from simple donations governed by Article 764. These clauses effectively allow the donor to rescind the donation without judicial intervention upon the donee's breach of conditions.

2. **Applicable Prescriptive Period**: The Court determines that the donation in question is onerous; hence, the general rules on contracts and prescription apply. The proper prescriptive period is ten years per Article 1144, beginning from the last day allowed for compliance (April 9, 1976).

Doctrine:

- **Article 733 of the Civil Code**: Onerous donations are governed by the rules on contracts.
- **Article 1144 of the Civil Code**: Actions to enforce written contracts or obligations prescribe in ten years.
- **Validity of Conditional Reversion Clauses**: In contracts, parties may stipulate automatic reversion or rescission clauses enforceable without immediate court action unless contested (*University of the Philippines v. De los Angeles*).

Class Notes:

- **Onerous Donations**: Governed by contract law, not by simple rules of donation (Article 733).
- **Prescription under Article 1144**: Ten-year prescriptive period for written contracts.
- **Self-executing Reversion Clauses**: Valid in contracts, revocation upon non-compliance without judicial declaration unless contested.

"Article 733. Donations with an onerous cause shall be governed by the rules on contracts."

"Article 1144. The following actions must be brought within ten years from the time the right of action accrues:

(1) Upon a written contract;

...."

Historical Background:

- **Donation Laws in the Philippines**: Reflect a blend of Spanish civil law and American influence, where conditionalities in donations are common.

- ****Evolving Jurisprudence****: Initial reluctance to recognize self-executing reversion clauses gave way to acceptance as contractual autonomy became more entrenched.