

****Title: Cabaliw vs. Sadorra, G.R. No. L-17626, April 25, 1977****

****Facts:****

1. ****Marriage and Property Acquisition:****

- Isidora L. Cabaliw and Benigno Sadorra were married on May 5, 1915.
- They had a daughter, Soledad Sadorra.
- They acquired two parcels of land in Iniangan, Dupax, Nueva Vizcaya during their marriage.

2. ****Court Case for Support:****

- Isidora sued Benigno for support in Civil Case No. 43193.
- On January 30, 1933, Benigno was ordered to pay P75.00 per month for support and P150.00 for attorney's fees.

3. ****Property Sale:****

- Without Isidora's knowledge, Benigno sold the lands to Sotero Sadorra, his son-in-law, on August 19, 1933.
- The deeds were registered, titles transferred, and T.C.T. No. 522 issued in Sotero's name.

4. ****Action for Contempt:****

- Due to non-payment, Isidora filed for contempt against Benigno. The Manila Court authorized her to take possession of the lands on May 12, 1937.

5. ****Discovery and Lawsuit:****

- In February 1940, upon finding the sale, Isidora filed Civil Case No. 449 against Benigno and Sotero for land recovery, filing a notice of lis pendens.

6. ****Death of Benigno:****

- Benigno passed away in May 1940.

7. ****Subsequent Legal Actions:****

- In 1948, Sotero filed an affidavit falsely claiming the decision in his favor to cancel the lis pendens and secure T.C.T. No. 522.
- On October 1, 1954, Isidora and Soledad filed Civil Case No. 634 for recovery of the land and filed another lis pendens.

8. ****Amended Complaint and Court Judgment:****

- Additional defendants were included, seeking nullification of the sale, possession, and

partition of the lands.

- The lower court ruled the sales were fraudulent, upheld partition, recognizing rights of good faith purchasers before 1954 *lis pendens*.

9. **Appeal and Reversal:**

- The defendants appealed, and the Court of Appeals reversed the ruling, dismissing Isidora's amended complaint.

10. **Petition for Review:**

- Isidora and Soledad petitioned the Supreme Court to review the Court of Appeals decision.

Issues:

1. **Presumption of Fraud:**

- Whether the sale of the lands by Benigno Sadorra to Sotero Sadorra shortly after a judgment for support was presumptively fraudulent under Article 1297 of the Old Civil Code.

2. **Validity of Sale:**

- Whether the sale, conducted in the absence of the wife's consent, was valid and binding.

3. **Burden of Proof:**

- Who carries the burden to prove or disprove the presumption of fraud in the contested transaction?

Court's Decision:

1. **Presumption of Fraud:**

- The Supreme Court found that the sales were indeed fraudulent as per Article 1297 of the Old Civil Code, which presumes fraud in alienation subsequent to a judgment against the debtor.

- The close relation between the vendor (Benigno) and vendee (Sotero) aligned with the badges of fraud doctrine established in *Regalado vs. Luchsinger & Co.*

2. **Validity of Sale:**

- Despite the public nature of the sale, the Court held it was intended to circumvent Isidora's legal rights as a creditor under a support judgment.

- Benigno's sale without wife's consent violated her entitlement to enforce the judgment.

3. **Burden of Proof:**

- Sotero, as the vendee, failed to rebut the presumption of fraud effectively, providing no compelling evidence otherwise.
- The Supreme Court highlighted that the fraudulent nature of the deeds remained prevailing since good faith was not demonstrated.

****Doctrine:****

- ****Presumption of Fraud (Old Civil Code, Article 1297):****
- Contracts where debtors alienate properties under judgment or attachment presumption fraud against creditors.
- ****Badges of Fraud:**** Close relationships and actions indicating making real property beyond a creditor's reach support fraud presumption.
- ****Third-party Victims:**** When third parties like judgment creditors challenge property transactions, public document status alone fails to protect fraudulent conveyances.

****Class Notes:****

- ****Elements of Fraud in Alienation:****
 1. Debtor alienated properties after judgment/order.
 2. Alienation presumed fraudulent if no rebutting evidence.
 3. Close relations between parties signal bad faith.
 4. Cases where creditor's rights are prejudiced can invoke these presumptions.
- ****Key Provisions:****
- ****Old Civil Code, Article 1297 and New Civil Code, Article 1387:**** Presumptions and invalidity of fraudulent contract alienation.
- ****Old Civil Code, Article 1413:**** Husband's power to dispose conjugal property, subject to not defrauding the wife's rights.

****Historical Background:****

- The 1930s legal framework allowed some latitude to the husband in managing conjugal property, highlighting the gendered norms influencing asset control.
- The case elucidates evolving property jurisprudence protecting conjugal partnerships and creditor rights, emphasizing legal reforms securing spouses' and creditors' interests.