

SECOND DIVISION

[G.R. No. 224307, August 06, 2018]

THE MISSIONARY SISTERS OF OUR LADY OF FATIMA (PEACH SISTERS OF LAGUNA), REPRESENTED BY REV. MOTHER MA. CONCEPCION R. REALON, ET AL., PETITIONERS, VS. AMANDO V. ALZONA, ET AL., RESPONDENTS.

DECISION

REYES, JR., J:

Before this Court is a petition for review on *certiorari*^[1] under Rule 45 of the Rules of Court seeking to annul and set aside the Decision^[2] dated January 7, 2016 of the Court of Appeals (CA) in CA-G.R. CV No. 101944, and its Resolution^[3] dated April 19, 2016, denying the motion for reconsideration thereof. The assailed decision partly granted the respondents' appeal and set aside the Decision^[4] dated August 14, 2013 of the Regional Trial Court (RTC) of Calamba City, Branch 92 in Civil Case No. 3250-02-C.

The Antecedent Facts

The Missionary Sisters of Our Lady of Fatima (petitioner), otherwise known as the Peach Sisters of Laguna, is a religious and charitable group established under the patronage of the Roman Catholic Bishop of San Pablo on May 30, 1989. Its primary mission is to take care of the abandoned and neglected elderly persons. The petitioner came into being as a corporation by virtue of a Certificate issued by the Securities and Exchange Commission (SEC) on August 31, 2001.^[5] Mother Ma. Concepcion R. Realon (Mother Concepcion) is the petitioner's Superior General.

The respondents, on the other hand, are the legal heirs of the late Purificacion Y. Alzona (Purificacion).

The facts giving rise to the instant controversy follow:

Purificacion, a spinster, is the registered owner of parcels of land covered by Transfer Certificate of Title (TCT) Nos. T-57820* and T-162375; and a co-owner of another property covered by TCT No. T-162380, all of which are located in Calamba City, Laguna.^[6]

In 1996, Purificacion, impelled by her unmaterialized desire to be nun, decided to devote the rest of her life in helping others. In the same year, she then became a benefactor of the petitioner by giving support to the community and its works.^[7]

In 1997, during a doctor's appointment, Purificacion then accompanied by Mother

Concepcion, discovered that she has been suffering from lung cancer. Considering the restrictions in her movement, Purificacion requested Mother Concepcion to take care of her in her house, to which the latter agreed.^[8]

In October 1999, Purificacion called Mother Concepcion and handed her a handwritten letter dated October 1999. Therein, Purificacion stated that she is donating her house and lot at F. Mercado Street and Riceland at Banlic, both at Calamba, Laguna, to the petitioner through Mother Concepcion. On the same occasion, Purificacion introduced Mother Concepcion to her nephew, Francisco Del Mundo (Francisco), and niece, Ma. Lourdes Alzona Aguto-Africa (Lourdes). Purificacion, instructed Francisco to give a share of the harvest to Mother Concepcion, and informed Lourdes that she had given her house to Mother Concepcion.^[9]

Sometime in August 2001, at the request of Purificacion, Mother Concepcion went to see Atty. Nonato Arcillas (Atty. Arcillas) in Los Baños, Laguna. During their meeting, Atty. Arcillas asked Mother Concepcion whether their group is registered with the SEC, to which the latter replied in the negative. Acting on the advice given by Atty. Arcillas, Mother Concepcion went to SEC and filed the corresponding registration application on August 28, 2001.^[10]

On August 29, 2001, Purificacion executed a Deed of Donation *Inter Vivos* (Deed) in favor of the petitioner, conveying her properties covered by TCT Nos. T-67820 and T-162375, and her undivided share in the property covered by TCT No. T-162380. The Deed was notarized by Atty. Arcillas and witnessed by Purificacion's nephews Francisco and Diosdado Alzona, and grandnephew, Atty. Fernando M. Alonzo. The donation was accepted on even date by Mother Concepcion for and in behalf of the petitioner.^[11]

Thereafter, Mother Concepcion filed an application before the Bureau of Internal Revenue (BIR) that the petitioner be exempted from donor's tax as a religious organization. The application was granted by the BIR through a letter dated January 14, 2002 of Acting Assistant Commissioner, Legal Service, Milagros Regalado.^[12]

Subsequently, the Deed, together with the owner's duplicate copies of TCT Nos. T-57820, T-162375, and T-162380, and the exemption letter from the BIR was presented for registration. The Register of Deeds, however, denied the registration on account of the Affidavit of Adverse Claim dated September 26, 2001 filed by the brother of Purificacion, respondent Amando Y. Alzona (Amando).^[13]

On October 30, 2001, Purificacion died without any issue, and survived only by her brother of full blood, Amando, who nonetheless died during the pendency of this case and is now represented and substituted by his legal heirs, joined as herein respondents.^[14]

On April 9, 2002, Amando filed a Complaint before the RTC, seeking to annul the Deed executed between Purificacion and the petitioner, on the ground that at the time the donation was made, the latter was not registered with the SEC and therefore has no juridical personality and cannot legally accept the donation.^[15]

After trial, on August 14, 2013, the RTC rendered its Decision^[16] finding no merit in the complaint, thus ruling:

WHEREFORE, the instant case is hereby DISMISSED with costs against the [respondents]. The Compulsory counterclaim of the [petitioner] is likewise dismissed for lack of evidence.

SO ORDERED.^[17]

In its decision, the RTC held that all the essential elements of a donation are present. The RTC set aside the allegation by the respondents relating to the incapacity of the parties to enter into a donation.^[18]

In the case of Purificacion, the RTC held that apart from the self-serving allegations by the respondents, the records are bereft of evidence to prove that she did not possess the proper mental faculty in making the donation; as such the presumption that every person is of sound mind stands.^[19]

On the capacity of the donee, the RTC held that at the time of the execution of the Deed, the petitioner was a *de facto* corporation and as such has the personality to be a beneficiary and has the power to acquire and possess property. Further then, the petitioner's incapacity cannot be questioned or assailed in the instant case as it constitutes a collateral attack which is prohibited by the Corporation Code of the Philippines.^[20] In this regard, the RTC found that the recognition by the petitioner of Mother Concepcion's authority is sufficient to vest the latter of the capacity to accept the donation.^[21]

Acting on the appeal filed by the respondents, the CA rendered the herein assailed Decision^[22] on January 7, 2016, the dispositive portion of which reads:

WHEREFORE, the appeal is PARTLY GRANTED. The assailed August 14, 2013 Decision of the RTC, Branch 92, Calamba City in Civil Case No. 3250-02 is SET ASIDE by declaring as VOID the deed of Donation dated August 14, 2013. [The respondents'] prayer for the award of moral and exemplary damages as well as attorney's fees is nevertheless DENIED.

SO ORDERED.^[23]

In so ruling, the CA, citing the case of *Seventh Day Adventist Conference Church of Southern Phils., Inc. v. Northeastern Mindanao Mission of Seventh Day Adventist, Inc.*,^[24] held that the petitioner cannot be considered as a *de facto* corporation considering that at the time of the donation, there was no *bona fide* attempt on its part to incorporate.^[25] As an unregistered corporation, the CA concluded that the petitioner cannot exercise the powers, rights, and privileges expressly granted by the Corporation Code. Ultimately, bereft of juridical personality, the CA ruled that

the petitioner cannot enter into a contract of Donation with Purificacion.^[26]

Finally, the CA denied the respondents' claim for actual damages and attorney's fees for failure to substantiate the same.^[27]

The petitioner sought a reconsideration of the Decision dated January 7, 2016, but the CA denied it in its Resolution^[28] dated April 19, 2016.

In the instant petition, the petitioner submits the following arguments in support of its position:

- a. The Donation *Inter Vivos* is valid and binding against the parties therein [Purificacion] and the [petitioner] and their respective successors in interest:
 - 1.) The [petitioner] has the requisite legal personality to accept donations as a religious institution under the Roman Catholic Bishop of San Pablo authorized to receive donations;
 - 2.) The [petitioner] has the requisite legal capacity to accept the donation as it may be considered a *de facto* corporation.
 - 3.) Regardless of the absence of the Certificate of Registration of [petitioner] at the time of the execution of the Deed of Donation, the same is still valid and binding having been accepted by a representative of the [petitioner] while the latter was still waiting for the issuance of the Certificate of Registration and which acceptance of the donation was duly ratified by the corporation.
 - 4.) The intestate estate of Purificacion is estopped from questioning the legal personality of [the petitioner].
- b. The Respondents lack the requisite legal capacity to question the legality of the deed of donation.^[29]

In sum, the issue to be resolved by this Court in the instant case is whether or not the Deed executed by Purificacion in favor of the petitioner is valid and binding. In relation to this, the Court is called upon to determine the legal capacity of the petitioner, as donee, to accept the donation, and the authority Mother Concepcion to act on behalf of the petitioner in accepting the donation.

Ruling of the Court

The petition is meritorious.

The petitioner argues that it has the requisite legal personality to accept the donation as a religious institution organized under the Roman Catholic Bishop of San Pablo, a corporation sole.^[30]

Regardless, the petitioner contends that it is a *de facto* corporation and therefore possessed of the requisite personality to enter into a contract of donation.

Assuming further that it cannot be considered as a *de facto* corporation, the

petitioner submits that the acceptance by Mother Concepcion while the religious organization is still in the process of incorporation is valid as it then takes the form of a pre-incorporation contract governed by the rules on agency. The petitioner argues that their subsequent incorporation and acceptance perfected the subject contract of donation.^[31]

Ultimately, the petitioner argues that the intestate estate of Purificacion is estopped from questioning its legal personality considering the record is replete of evidence to prove that Purificacion at the time of the donation is fully aware of its status and yet was still resolved into giving her property.^[32]

In response, the respondents submit that juridical personality to enter into a contract of donation is vested only upon the issuance of a Certificate of Incorporation from SEC.^[33] Further, the respondents posit that the petitioner cannot even be considered as a *de facto* corporation considering that for more than 20 years, there was never any attempt on its part to incorporate, which decision came only after Atty. Arcillas, suggestion.^[34]

In order that a donation of an immovable property be valid, the following elements must be present: (a) the essential reduction of the patrimony of the donor; (b) the increase in the patrimony of the donee; (c) the intent to do an act of liberality or *animus donandi*; (d) the donation must be contained in a public document; and e) that the acceptance thereof be made in the same deed or in a separate public instrument; if acceptance is made in a separate instrument, the donor must be notified thereof in an authentic form, to be noted in both instruments.^[35]

There is no question that the true intent of Purificacion, the donor and the owner of the properties in question, was to give, out of liberality the subject house and lot, which she owned, to the petitioner. This act, was then contained in a public document, the deed having been acknowledged before Atty. Arcillas, a Notary Public.^[36] The acceptance of the donation is made on the same date that the donation was made and contained in the same instrument as manifested by Mother Concepcion's signature.^[37] In fine, the remaining issue to be resolved is the capacity of the petitioner as donee to accept the donation, and the authority of Mother Concepcion to act on its behalf for this purpose.

Under Article 737 of the Civil Code, "[t]he donor's capacity shall be determined as of the time of the making of the donation." By analogy, the legal capacity or the personality of the donee, or the authority of the latter's representative, in certain cases, is determined at the time of acceptance of the donation.

Article 738, in relation to Article 745, of the Civil Code provides that all those who are not specifically disqualified by law may accept donations either personally or through an authorized representative with a special power of attorney for the purpose or with a general and sufficient power.

The Court finds that for the purpose of accepting the donation, the petitioner is deemed vested with personality to accept, and Mother Concepcion is clothed with authority to act on the latter's behalf.