

Title: Mercedes S. Gatmaytan and Erlinda V. Valdellon vs. Misibis Land, Inc.

Facts:

Petitioners Mercedes S. Gatmaytan and Erlinda V. Valdellon purchased a parcel of land in Misibis, Cagraray Island, Albay from Spouses Garcia on December 9, 1991. Despite successfully annotating their Deed of Absolute Sale on the Transfer Certificate of Title (TCT) No. T-77703, they could not transfer the title to their names due to lack of Department of Agrarian Reform clearance. In 2010, they discovered that Misibis Land, Inc. (MLI) consolidated the disputed lot with other lots, having obtained subsequent Torrens titles based on a series of transactions that started with a sale from Spouses Garcia to DAA Realty in 1996, and from DAA Realty to MLI in 2005.

Petitioners filed a complaint in the Regional Trial Court (RTC) against Spouses Garcia, DAA Realty, MLI, and Philippine National Bank (PNB), asserting ownership, nullity of subsequent transactions, quieting of title, and damages. MLI argued it was an innocent purchaser for value and contended that the action had prescribed because it was filed more than ten years after the issuance of DAA Realty's title in 1996.

RTC dismissed the complaint based on prescription and failure to pay the correct docket fees. This dismissal was upheld in a failed motion for reconsideration. Petitioners elevated the matter to the Supreme Court on issues including the procedural mishap regarding the filing period extension and the essence of their action's nature.

Issues:

1. Whether Petitioners' Complaint should proceed for trial on merits considering it as an action "primarily for declaration of nullity" and alternatively, for quieting of title, despite procedural and substantive defenses raised by MLI.

Court's Decision:

The Supreme Court granted the petition, reinstating the case for trial. It clarified that the nature of Petitioners' action encompasses seeking reconveyance based on the nullity of the 1996 and 2005 Deeds of Absolute Sale and subsequent Torrens titles issued to DAA Realty and MLI, respectively. It established that actions based on void contracts are imprescriptible, allowing Petitioners' Complaint substance for trial despite the issues of prescription and insufficient payment of docket fees.

The Court emphasized the possibility of granting the action for quieting of title, as Petitioners claimed equitable title based on the annotated 1991 Deed of Absolute Sale,

which was not defeated by the prescriptive period for an action involving property not in plaintiffs' possession.

Doctrine:

- Actions for reconveyance based on void or inexistent contracts are imprescriptible.
- The assertion of multiple causes of action does not render a complaint dismissible as long as one of the causes sufficiently states a claim.
- A defective payment of docket fees due to misassessment can be rectified, provided the action has not prescribed on substantive grounds.

Class Notes:

- In filing cases involving property, the nature of the contract (void or voidable) dictates the prescriptive period for the action: void contracts are imprescriptible, while voidable contracts prescribe in ten years from issuance of title.
- The failure to state the assessed value of the property in a complaint does not automatically result in dismissal for lack of jurisdiction if the action is primarily incapable of pecuniary estimation.
- Proper verification of legal standing and authority among co-petitioners is essential to comply with procedural requirements for a petition for review on certiorari.
- Actions for quieting of title are predicated upon the plaintiff's legal or equitable title or interest in the property, which must be demonstrated to prevail.

Historical Background:

This case reflects the complex nature of property disputes in the Philippines, where transactions spanning decades can prompt litigation due to procedural lapses (e.g., lacking clearances) or fraudulent acts (e.g., double sale). It underscores the importance of diligence in property registration and the potential for legal recovery even after substantial time through actions for reconveyance and quieting of title based on void contracts.