

## # Gonzales v. Jimenez

### ## Facts

On July 26, 1957, Homobono H. Gonzales filed a complaint for the reconveyance of a parcel of land located in Naga, Camarines Sur. The land was allegedly sold to Gonzales in 1930, and he had been in possession of it since then. However, on August 15, 1951, Felipe Jimenez, Sr. caused his son to file a free patent application with the Bureau of Lands, containing fraudulent statements. Consequently, Free Patent No. V-2706 was issued to Felipe Jimenez, Jr. on February 4, 1953, leading to the issuance of Original Certificate of Title No. 11.

Gonzales was unaware of the application and the issuance of the patent and title until October 1956. In his absence, Jimenez, Sr. fenced the land and claimed ownership. The defendants filed a motion to dismiss, which the court denied. They then filed their answer. After the plaintiff presented his evidence, defendants submitted a second motion to dismiss on the ground that the action, based on fraud, should have been brought within four years from the issuance of the patent, not from the discovery of the fraud. The court upheld this view, dismissing the complaint because more than four years had elapsed since the issuance of the title on March 16, 1953, to the filing of the complaint on July 26, 1957. Thus, the action was deemed prescribed. Gonzales appealed the decision.

### ## Issues

1. **\*\*Prescription of the action:\*\*** Whether the action for reconveyance based on fraud should be computed from the registration of the title in the Register of Deeds or from the discovery of the fraud.
2. **\*\*Implied or constructive trust:\*\*** Whether the issuance of the patent and title based on fraudulent representations created an implied or constructive trust, thereby extending the prescription period.

### ## Court's Decision

1. **\*\*Prescription of the action:\*\*** The Supreme Court disagreed with the lower court's interpretation. The lower court had ruled that the four-year prescriptive period for an action based on fraud should be computed from the registration of the title in the Register of Deeds, based on the rule that registration is notice to all the world.
2. **\*\*Implied or constructive trust:\*\*** The Supreme Court held that the case was governed by Article 1456 of the Civil Code, which establishes that if property is acquired through fraud,

the person obtaining it is considered a trustee of an implied trust for the benefit of the person from whom the property was acquired. Hence, Gonzales's action for reconveyance was based on an implied or constructive trust, which prescribes in ten years. Given this context, the ten-year period had not yet elapsed by the time Gonzales filed his complaint in 1957.

The Court thus found that Gonzales's action was not yet barred by prescription.

## ## Doctrine

Under Article 1456 of the Civil Code, property acquired through fraud results in the creation of an implied trust, and the action to recover such property is governed by a ten-year prescriptive period.

## ## Class Notes

- **Implied Trust (Article 1456, Civil Code):** If property is acquired through mistake or fraud, the acquirer is deemed a trustee for the benefit of the person from whom the property was obtained.
- **Prescription periods:** For actions based on fraud, the general period is four years from the discovery of the fraud (Art. 1391, Civil Code). Actions involving implied or constructive trusts prescribe in ten years.
- **Registration as notice:** Registration of title in the Register of Deeds is considered notice to all, under the Torrens system. However, prescription for fraud-based actions begins from discovery of the fraud, not registration.
- **Procedural aspects:** A second motion to dismiss can be filed after the plaintiff closes his evidence if based on new substantive grounds.

## ### Key Statutory Provisions:

- **Article 1456, Civil Code:** Creation of an implied trust due to fraud or mistake.
- **Article 1391, Civil Code:** Four-year prescription period for actions based on fraud, calculated from discovery.

## ## Historical Background

This case is situated within the context of land disputes in the Philippines, often involving fraudulent claims and the interpretation of land registration laws under the Torrens system. The ruling underscores the protection provided to landowners against fraud and the extended period for recourse in cases involving implied trusts.