

Title: Sps. Felipe and Josefa Paringit vs. Marciana Paringit Bajit, Adolio Paringit, and Rosario Paringit Ordoño

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Facts:

Spouses Julian and Aurelia Paringit leased a lot on Norma Street, Sampaloc, Manila, from Terocel Realty, Inc. (Terocel Realty). They built their home there and had five children: Florencio, Felipe, Marciana, Adolio, and Rosario. Aurelia died on November 6, 1972.

Terocel Realty offered to sell the lot to Julian due to their long occupation. Lacking funds, Julian sought help from his children. Only Felipe and his wife Josefa could assist. Julian executed a deed of assignment of leasehold right in their favor. They acquired the lot on January 30, 1984, for P55,500.00, paid in installments. On April 12, 1984, they paid the last installment, and the realty company executed a deed of absolute sale in their favor.

Conflicts arose regarding ownership. Julian executed an affidavit on February 25, 1985, stating that Felipe and Josefa bought the property for the benefit of all his children, agreeing to reimburse Felipe and his wife. Marciana, Rosario, Adolio, and even Josefa signed the affidavit, but Felipe (then in Saudi Arabia) did not.

The situation escalated when Felipe and his wife registered the property on January 23, 1987, obtaining Transfer Certificate of Title No. 172313. They moved to another house in 1988, while Marciana, Adolio, and Rosario continued to live on the property. Julian died on December 21, 1994.

On December 18, 1995, Felipe and Josefa demanded rental arrears from Marciana, Adolio, and Rosario, totaling P168,000.00. They refused, prompting Felipe and his wife to file an ejectment suit on March 11, 1996. The court ruled for Felipe and his wife, resulting in the eviction of Marciana, et al.

On July 24, 1996, Marciana, Adolio, and Rosario filed an action for annulment of title and reconveyance of property before the RTC of Manila, Branch 39. The RTC ruled against them on July 21, 2004, leading to an appeal.

The Court of Appeals on August 29, 2007, reversed the RTC, ordering reconveyance of shares to Marciana, et al, upon reimbursement to Felipe and his wife. Felipe and Josefa's motion for reconsideration was denied on February 21, 2008. They escalated the matter to

the Supreme Court via a petition for review.

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Issues:

1. **Existence of Implied Trust:** Whether Felipe and his wife purchased the lot under an implied trust for Julian's children.
2. **Prescription and Laches:** Whether the CA erred in not dismissing Marciana, et al's action due to prescription or laches.

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Court's Decision:

Implied Trust:

The Supreme Court affirmed the CA's findings, holding that Felipe and his wife purchased the lot under an implied trust for the benefit of Julian's children.

1. **Nature of Transaction:**

- Originally, the house belonged to Julian and Aurelia. Their right to acquire the lot extended to Julian and his children. Hence, if Julian intended to sell or assign his interests to Felipe alone, the other siblings would need to consent as co-owners.
- Julian's affidavit supported the establishment of implied trust by stating the purchase was for his and his children's benefit.

2. **Actions and Affidavit:**

- Felipe, via Josefa, signed Julian's affidavit, undermining the argument that the property was solely for Felipe and Josefa.
- The continued residence of Marciana, et al, without intervention by Felipe and his wife, indicated an understanding of shared ownership.

3. **Demand for Rent:**

- The demand for rent came only after Julian's death, supporting the view that the property rights were understood to be shared among all heirs.

Prescription and Laches:

The Supreme Court held that Marciana, et al's action had not prescribed and was not barred by laches.

1. **Right of Action in Implied Trust:**

- A cause of action in implied trust begins upon repudiation of the trust. Registration of the property in Felipe's name did not amount to such repudiation. Thus, counting from the supposed hostile act of registration in January 1987, Marciana, et al had until January 1997 to assert claims, making the July 1996 filing timely.

2. **Laches:**

- The time lapse before Marciana, et al acted was reasonable as no adverse action by Felipe and his wife occurred until late 1995.

Reimbursement:

The CA's computation of P55,500 was modified to P60,000 (purchase price plus expenses) for reimbursement with legal interest.

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Doctrine:

Implied Trust (Article 1450, Civil Code): A trust arises when property is purchased by one party for the benefit of another. The beneficiary's right to compel conveyance arises upon reimbursing the buyer.

Class Notes:

- **Elements of Implied Trust:** Agreement or circumstances indicating purchase on behalf of another, beneficiary's right to reimbursement and conveyance upon such reimbursement.
- **Prescription in Trusts:** Ten years from creation or repudiation.
- **Laches:** Unreasonable delay in asserting a right, considering duration and circumstances.

Relevant Statutes:

- Civil Code Article 1450
- Civil Code Article 1144 (prescription)

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Historical Background:

This case provides an essential precedent in the interpretation and application of implied trust under Philippine civil law, providing clarity on the rights and obligations between trustees and beneficiaries within a family context. It emphasizes equity and fiduciary

principles in property transactions among close relatives.