

**JOSEFINA VILLANUEVA-MIJARES, WALDETRUDES
VILLANUEVA-NOLASCO, GODOFREDO VILLANUEVA, EDUARDO
VILLANUEVA, GERMELINA VILLANUEVA-FULGENCIO, MILAGROS
VILLANUEVA-ARQUISOLA, AND CONCEPC...**

G.R. No. 108921. April 12, 2000

Ponente: QUISUMBING, J.

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QUISUMBING, J.:

This petition for review seeks the reversal of the Decision[1] of the respondent Court of Appeals promulgated on September 28, 1992, in CA G.R. CV No. 27427, as well as of the Resolution promulgated on February 4, 1993, which denied the petitioners' Motion for Reconsideration.

Petitioners Josefina Villanueva-Mjiars, Waldetrudes Villanueva-Nolasco, Godofredo Villanueva, Eduardo Villanueva, Germelina Villanueva-Fulgencio, and Milagros Villanueva-Arquisola are the legitimate children of the late Leon Villanueva. Petitioner Concepcion Macahilas vda. de Villanueva is his widow. Leon was one of eight (8) children of Felipe Villanueva, predecessor-in-interest of the parties in the present case.

Private respondents were the plaintiffs-appellants in CA G.R. No. 27427, entitled "Procerfina Villanueva, et al., v. Josefina Villanueva-Nolasco, et al.". They are related by blood to the petitioners as descendants of Felipe.

The pertinent facts of the case are not in dispute.

During his lifetime, Felipe, owned real property described as follows:

"A parcel of land, situated at Estancia, Kalibo, Capiz. Bounded on the N. by the Provincial Road to New Washington; on the S. by Nicanor Gonzales; on the E. by Nicanor Gonzales; and on the W. by Leon Barrientos and Mauricio Parojinog, containing an area of fifteen thousand three hundred thirty-six (15,336) square meters, more or less declared in the name of Felipe Villanueva under Tax Declaration No. 3888 and assessed at Three Hundred Ten (P310.00) Pesos."[2]

Felipe begot the following legitimate children: Simplicio, Benito, Leon, Nicolasa, Eustaquio, Camila, Fausta, and Pedro.

Upon Felipe's death, ownership of the land was passed on to his children.

In 1952, Pedro, one of the children of Felipe got his share equivalent to one-sixth (1/6) of the property with an area of one thousand nine hundred five (1,905) square meters and had it declared under his name pursuant to Tax Declaration No. 8085.

The remaining undivided portion of the land is described as follows:

"A parcel of land situated at Estancia, Kalibo, Capiz, bounded on the N. by the National Road to New Washington; on the S. by Nicanor Gonzales; on the E. by Pedro Villanueva and on the W. by Leon Barrientos

and Mauricio Parojinog, containing an area of eleven thousand nine hundred fifty-nine (11,959) square meters, more or less and declared under Tax Declaration No. 8086 and assessed at Three Hundred Thirty-Three Pesos and Forty Centavos (P333.40)."[3]

This was held in trust by Leon for his co-heirs. During Leon's lifetime, his co-heirs made several seasonable and lawful demands upon him to subdivide and partition the property, but for one reason or another, no subdivision took place.

After the death of Leon in August 1972, private respondents discovered that the shares of four of the heirs of Felipe, namely, Simplicio, Nicolasa, Fausta and Maria Baltazar, spouse of Benito, was purchased by Leon as evidenced by a Deed of Sale executed on August 25, 1946 but registered only in 1971. It also came to light that Leon had, sometime in July 1970, executed a sale and partition of the property in favor of his own children, herein petitioners. By virtue of such Deed of Partition, private respondents had succeeded in obtaining Original Certificate of Title (OCT) No. C-256. On April 25, 1975, petitioners managed to secure separate and independent titles over their pro-indiviso shares in their respective names.

Private respondents then filed a case for partition with annulment of documents and/or reconveyance and damages with the Regional Trial Court of Kalibo, Aklan, docketed as Civil Case No. 2389. Private respondents contended that the sale in favor of Leon was fraudulently obtained through machinations and false pretenses. Thus, the subsequent sale of the lot by Leon to his children was null and void despite the OCT in his favor.

Petitioners, for their part, claimed that the sale by Simplicio, Fausta, Nicolasa, and Maria Baltazar was a valid sale; that private respondent Procerfina even signed as an instrumental witness to the Deed of Sale; that Maria Baltazar, widow of Benito, as administrator of her husband's estate, had the right to sell the undivided share of Benito; that the basis for the issuance of the OCT in Land Registration Case No. K-231 was the sale by his co-heirs to Leon; that the order of default issued in Land Registration Case No. K-231 was against the whole world; that prescription had set in since they had been in possession of the property in the concept of owners thereof since August 29, 1946, up to the present; and that private respondents were estopped since no trust relationship existed between the litigants.

After trial, the Regional Trial Court of Kalibo rendered its decision in Civil Case No. 2389, declaring "the defendants the legal owners of the property in question in accordance with the individual titles issued to them." [4]

The trial court also declared plaintiffs' action already barred by res judicata.

Dissatisfied, herein private respondents elevated the case to the Court of Appeals. Their appeal was docketed as CA-G.R. CV No. 27427.

On appeal, the private respondents conceded the right of Simplicio, Nicolasa, and Fausta to sell their respective shares but disputed the authority of Maria Baltazar to convey any portion of her late husband's estate, since the latter was his capital and did not form part of the conjugal property.[5]

On September 28, 1992, respondent appellate court rendered its decision, the dispositive portion of which reads:

"WHEREFORE, the appealed judgement is REVERSED. Appellants Procerfina Villanueva, Prosperidad Villanueva, Ramon Villanueva and Rosa Villanueva are hereby adjudged rightful co-owners pro indiviso of an undivided one-sixth (1/6) portion of the property litigated upon (Lot 3789, Psc-36), as heirs of their late father, Benito Villanueva; and the appellees are hereby ordered to execute a registerable document conveying to the said appellants their one-sixth (1/6) portion of subject property.

"Conformably, the parties concerned are required to agree on a project of partition, for the segregation of the one-sixth (1/6) portion adjudicated to said appellants; otherwise, should they fail to do so within a reasonable

time, any interested party may seek relief from the trial court a quo, which is hereby directed, in that eventuality, to cause the partition of the subject property in accordance with pertinent rules, and this pronouncement. Costs against appellee.

"SO ORDERED."[6]

The Court of Appeals ruled that under the Old Civil Code and applicable jurisprudence, Maria Baltazar had no authority to sell the portion of her late husband's share inherited by her then minor children since she had not been appointed their guardian. Respondent court likewise declared that as far as private respondents Procerfina, Prosperidad, Ramon and Rosa, were concerned, the Deed of Sale of August 25, 1946 was "unenforceable." [7]

Respondent appellate court also ruled that the prescription period had not run in favor of Leon since private respondents had always known that Leon was the administrator of the estate. It was only in 1975 when their suspicion were aroused and they inquired about the status of the land.[8]

Dissatisfied with the ruling of the respondent appellate court, herein petitioners now come before this Court assigning the following errors:

I

IN NOT HOLDING THAT THE PRIVATE RESPONDENTS ARE NOT BARRED BY LACHES, ESTOPPEL IN PAIS, AND RES JUDICATA, THE RESPONDENT, THE COURT OF APPEALS, HAS DECIDED A QUESTION OF SUBSTANCE IN A WAY PROBABLY NOT IN ACCORD WITH LAW OR WITH THE APPLICABLE DECISIONS OF THIS HONORABLE COURT, AMONG THEM, TIJAM V. SIBONGHANOY, NO. L-21450, APRIL 15, 1968, 23 SCRA 29.

II

IN HOLDING THAT THE DEED OF SALE DATED AUGUST 25, 1946, EXHIBIT "I", ALSO EXHIBIT "C", IS UNENFORCEABLE AGAINST THE PRIVATE RESPONDENTS FOR BEING AN UNAUTHORIZED CONTRACT, THE RESPONDENT, THE COURT OF APPEALS, HAS DECIDED A QUESTION OF SUBSTANCE IN A WAY PROBABLY NOT IN ACCORD WITH LAW OR WITH THE APPLICABLE DECISIONS OF THIS HONORABLE COURT, THE WEIGHT OF THE EVIDENCE BEING THAT MARIA BALTAZAR, THE PRIVATE RESPONDENTS' MOTHER, HAD THE AUTHORITY TO CONVEY THE ONE-SIXTHS (1/6) SHARE OF THE LATE BENITO VILLANUEVA TO THE PETITIONERS, AND/OR THAT HER ACT WAS SUBSEQUENTLY RATIFIED BY THE PRIVATE RESPONDENTS.

III.

IN GRANTING THE APPEAL AND CONSEQUENTLY, IN REVERSING THE COURT A QUO, THE RESPONDENT, THE COURT OF APPEALS, HAS DECIDED A QUESTION OF SUBSTANCE IN A WAY PROBABLY NOT IN ACCORD WITH THE LAW OR APPLICABLE DECISIONS OF THIS HONORABLE COURT.[9]

The grounds relied upon by the petitioners may be subsumed in two issues, to wit:

- (1) Whether or not the appellate court erred in failing to declare action by the private respondents to recover the property in question barred by laches, estoppel, prescription, and res judicata; and
- (2) Whether or not the appellate court erred in declaring the Deed of Sale of August 25, 1946 unenforceable against the private respondents for being an unauthorized contract.

Petitioners citing Tijam v. Sibonghanoy, 23 SCRA 29 (1968), contend that the action of the private respondents was already barred by laches.[10] They argue that private respondents filed their action more than twenty-nine (29) years too late, counted from the date Maria Baltazar signed the questioned Deed of Sale of August 26, 1948.

Laches is negligence or omission to assert a right within a reasonable time, warranting the presumption that the party entitled to assert it has either abandoned or declined to assert it.[11] Its essential elements are: (1) conduct on the part of the defendant, or of one under whom he claims, giving rise to the situation complained of; (2) delay in asserting complainant's right after he had knowledge of the defendant's conduct and after he has an opportunity to sue; (3) lack of knowledge or notice on the part of the defendant that the complainant would assert the right on which he bases his suit; and (4) injury or prejudice to the defendant in the event relief is accorded to the complainant.[12] Misoedpâ

In *Chavez v. Bonto-Perez*, 242 SCRA 73, 80 (1995), we said there is no absolute rule on what constitutes laches. It is a creation of equity and applied not really to penalize neglect or sleeping upon one's rights but rather to avoid recognizing a right when to do so would result in a clearly inequitable situation. The question of laches, we said, is addressed to the sound discretion of the court and each case must be decided according to its particular circumstances.

At the time of signing of the Deed of Sale of August 26, 1948, private respondents Procerfina, Prosperidad, Ramon and Rosa were minors. They could not be faulted for their failure to file a case to recover their inheritance from their uncle Leon, since up to the age of majority, they believed and considered Leon their co-heir and administrator. It was only in 1975, not in 1948, that they became aware of the actionable betrayal by their uncle. Upon learning of their uncle's actions, they filed an action for recovery. Hence, the doctrine of stale demands formulated in *Tijam* cannot be applied here. They did not sleep on their rights, contrary to petitioners' assertion. Under the circumstances of the instant case, we do not think that respondent appellate court erred in considering private respondents' action. The action was not too late.

Furthermore, when Felipe Villanueva died, an implied trust was created by operation of law between Felipe's children and Leon, their uncle, as far as the 1/6 share of Felipe. Leon's fraudulent titling of Felipe's 1/6 share was a betrayal of that implied trust.

Petitioners aver that the failure of Maria Baltazar's children to bringing their action in 1969 when they had reached the age of majority meant that they had impliedly ratified the Deed of Sale and are now estopped to assail the same. They erroneously relied on *Asiatic Integrated Corporation v. Alikpala*, 67 SCRA 60 (1975). In that case, payments made by Asiatic pursuant to the terms of the contract accrued to the benefit of the City without protest on the part of the municipal board, such that the Board already acquiesced to the validation of the contract. In the instant case, there is no implied ratification, no benefit accruing to the children of Maria Baltazar.

Neither is the action barred by prescription. In *Vda. de Cabrera v. Court of Appeals*, 267 SCRA 339, 353 (1997), and *Sta. Ana, Jr. v. Court of Appeals*, 281 SCRA 624, 629 (1997), we held that an action for reconveyance of a parcel of land based on implied or constructive trust prescribes in 10 years, the point of reference being the date of registration of the deed or the date of the issuance of the certificate of title of the property. Here the questioned Deed of Sale was registered only in 1971. Private respondents filed their complaint in 1975, hence well within the prescriptive period.

Petitioners assert that the disputed property is registered. Relying on *Cachero v. Marzan*, 196 SCRA 601, 610 (1991), and *Cureg v. Intermediate Appellate Court*, 177 SCRA 313, 320 (1989), where we held that a land registration case is an action in rem binding upon the whole world, and considering that the private respondents failed to object to the registration of the realty in question, then *res judicata* had set in. True, but notwithstanding the binding effect of the land registration case upon the private respondents, the latter are not deprived of a remedy. While a review of the decree of registration is no longer available after the expiration of the one-year period from entry thereof, an equitable remedy is still available. Those wrongfully deprived of their property may

initiate an action for reconveyance of the property.[13]

As to the second issue, we find no reversible error committed by the respondent appellate court in declaring the Deed of Sale unenforceable on the children of Maria Baltazar. As correctly pointed out by the Court of Appeals, there was no question as to the sale of the shares of Simplicio, Nicolasa, and Fausta, to their brother Leon. But not so with Maria Baltazar concerning the share of her late husband, Benito, to Leon. Under the law then prevailing at the time of the demise of her spouse, her husband's share in the common inheritance pertained to her minor children who were her late husband's heirs and successors-in-interest.

As explained by the Court of Appeals:

"Since the late Benito Villanueva, son of Felipe Villanueva, died before the effectivity of Republic Act No. 386, otherwise known as the New Civil Code of the Philippines, the old Civil Code governs the distribution and disposition of his intestate estate. Thereunder, the legitime of the children and descendants consisted of two-thirds (2/3) of the hereditary estate of the father and of the mother (first paragraph, Article 808); and the widower or widow, as the case may be, who, at the time of death of his or her spouse, was not divorced or if divorced, due to the fault of the deceased spouse, was entitled to a portion in usufruct equal to that which pertains as legitime to each of the legitimate children or descendants not bettered (Article 834, 1st paragraph.)"[14]

In addition, under the jurisprudence prevailing at the time of Benito's death, the rule was that while parents may be the guardians of their minor children, such guardianship did not extend to the property of their minor children.[15] Parents then had no power to dispose of the property of their minor children without court authorization.[16] Without authority from a court, no person could make a valid contract for or on behalf of a minor or convey any interest of a minor in land.[17] Admittedly, Maria Baltazar showed no authorization from a court when she signed the Deed of Sale of August 26, 1948, allegedly conveying her children's realty to Leon.

While it is true that the Court of Appeals upheld the validity of the Deed of Sale, it nevertheless correctly ruled that the sale by Maria Baltazar of her children's share was invalid. From its execution up to the time that an action for reconveyance was instituted below by the private respondents and to the present, the Deed of Sale of August 26, 1948, remained unenforceable as to private respondents Procerfina, Ramon, Prosperidad, and Rosa. Article 1529 of the old Civil Code,[18] which was the prevailing law in 1948 and thus governed the questioned Deed of Sale, clearly provided that a contract is unenforceable when there is an absence of authority on the part of one of the contracting parties. Interpreting Article 1529 of the old Civil Code, the Court has ruled that the nullity of the unenforceable contract is of a permanent nature and it will exist as long the unenforceable contract is not duly ratified. The mere lapse of time cannot give efficacy to such a contract. The defect is such that it cannot be cured except by the subsequent ratification of the unenforceable contract by the person in whose name the contract was executed.[19] In the instant case, there is no showing of any express or implied ratification of the assailed Deed of Sale by the private respondents Procerfina, Ramon, Prosperidad, and Rosa. Thus, the said Deed of Sale must remain unenforceable as to them.

WHEREFORE, the petition is DENIED for lack of merit, and the assailed judgment of the Court of Appeals is AFFIRMED. Let the records of this case be remanded to the lower court for execution of the judgment. Costs against petitioners.

SO ORDERED.

Bellosillo, (Chairman), Mendoza, Buena, and De Leon, Jr., JJ., concur.

[1] Penned by Associate Justice Fidel P. Purisima, Chairman, 8th Div., concurred in by Associate Justices Minerva P. Gonzaga-Reyes and Consuelo Ynares-Santiago.

[2] Rollo, p. 101.

[3] Ibid.

[4] Id. at 115.

[5] Id. at 54.

[6] Id. at 61-62.

[7] Id. at 59.

[8] Id. at 61.

[9] Id. at 23-24.

[10] See for e.g., *Claverias v. Quingco*, 207 SCRA 66, 83 (1992), *Marcelino v. Court of Appeals*, 210 SCRA 444, 446-447 (1992), *Reyes v. Court of Appeals*, 264 SCRA 35, 46 (1996), *Philgreen Trading Construction Corp. v. Court of Appeals*, 271 SCRA 719, 725 (1997), and *Santiago v. Court of Appeals*, 278 SCRA 98, 112 (1997)

[11] *Republic v. Sandiganbayan*, 255 SCRA 438, 451 (1996)

[12] *Catholic Bishop of Balanga v. Court of Appeals*, 264 SCRA 181, 194 (1996)

[13] *Esquiviac v. Court of Appeals*, 272 SCRA 803, 816-817 (1997); *Legarda v. Court of Appeals*, 280 SCRA 642, 657 (1997)

[14] Rollo, p. 58.

[15] *Palet v. Aldecoa & Co.*, 15 Phil 232, 235 (1910)

[16] *Palarca v. Baguisi*, 38 Phil. 177, 179-180 (1918); *Ibañez v. Rodriguez*, 47 Phil. 554, 562 (1925)

[17] *Ibañez v. Rodriguez*, *supra*.

[18] Art. 1529. A vendor in good faith shall be responsible for the existence and legality of the credit at the time of the sale, unless it should have been sold as doubtful, but he shall not be responsible for the solvency of the debtor unless it has been so expressly stipulated, or unless the insolvency of the latter should be prior to the sale and a matter of public knowledge.

Even in these cases, he shall only be liable for the price received and for the expenses mentioned in paragraph 1 of Art. 1518.

A vendor in bad faith shall always be liable for the payment of all the expenses, and for losses and damages.

[19] *Tipton v. Velasco*, 6 Phil. 67, 69 (1906)

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