

BIOMIE S. OCHAGABIA, TORIBIA G. DETALLA AND ROSENDA G. DENORE, PETITIONERS, VS. COURT OF APPEALS, LEGAL HEIRS OF ROSENDA ABUTON DIONISIO, LUZVIMINDA A. DIONISIO, AND THE ROMAN...*G.R. No. 125590. March 11, 1999*

Ponente: BELLOSILLO, J.

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Rights and actions can be lost by the fact of delay and by the effect of delay. The first is a matter of fixed time; the second is principally a question of the inequity of permitting a claim to be enforced, as when the condition of the property or the relation of the parties has subsequently changed.

Martin Garban and Fausta Bocayong, spouses, owned Lots Nos. 1074 and 1144 with respective areas of 2,778 square meters and 7,511 square meters, both situated in Barangay Gango, Ozamis City. Sometime in 1926 the couple conveyed both lots to Rosenda Abuton Dionisio by way of sale con pacto de retro.

On 20 October 1989, or sixty-three years later, petitioners Biomie S. Ochagabia, Toribia G. Detalla and Rosenda G. Denore, all claiming to be the children and grandchild, hence the legal heirs, of the Garban spouses, filed a complaint for redemption of mortgage, recovery of possession, declaration of nullity of O.C.T. No. T-347, declaration of illegality of the transfer of Lot No. 1074 to the Roman Catholic Church Ozamis City Diocese and damages against respondents legal heirs of Rosenda Abuton Dionisio represented by Luzviminda A. Dionisio, and the Roman Catholic Church Ozamis City Diocese, represented by Bishop Hilarion Caralos.[1] Petitioners questioned the nature of the contract entered into in 1926 between their predecessors-in-interest and respondents' predecessor-in-interest. They asserted that it was not a true sale with pacto de retro but only an equitable mortgage under Art. 1602 of the Civil Code since they were in actual, peaceful and continuous possession of Lot No. 1074 up to 1977 when respondent Roman Catholic Church took over and constructed a chapel thereon, and of Lot No. 1144 up to the filing of the complaint in 1989; and, that the consideration for both lots of P750.50 was inadequate. Moreover, they claimed that O.C.T. No. T-347 issued by virtue of a free patent covering Lot No. 1144 was fraudulently secured, whereas the transfer of Lot No. 1074 to respondent Roman Catholic Church was without lawful authority.

Private respondents, on the other hand, maintained that the assailed contract was a genuine sale with pacto de retro and inasmuch as the original vendors, now petitioners, failed to redeem both lots within the prescribed period, ownership already vested in the vendee and subsequently in her legal heirs. They denied that petitioners were ever in possession of subject lots. Furthermore, they alleged that O.C.T. No. T-347 was duly issued in the name of respondent Luzviminda A. Dionisio pursuant to a free patent. They then counterclaimed for moral damages, attorney's fees and litigation expenses.

Petitioners failed to persuade the trial court which found that the respective predecessors-in-interest of the parties indeed entered into a sale con pacto de retro. It brushed aside the claim of petitioners that they were in possession

of Lot No. 1074 considering that it was sold by Rosenda Abuton Dionisio to respondent Roman Catholic Church which constructed a chapel thereon. It also found that the purchase price of P750.50 was not necessarily inadequate because it could have represented the subject lots' prevailing fair market value in 1926. Taking into account that the Garban spouses as well as petitioners failed to exercise their right to redeem within ten (10) years from 1926, the trial court ruled that petitioners could no longer do so by means of the present proceedings. As regards O.C.T. No. T-347, the trial court ruled that petitioners failed to prove that it had been fraudulently obtained. Neither did the trial court find merit in the counterclaim. Thus, on 23 February 1990 both complaint and counterclaim were dismissed with costs against petitioners.[2]

On 14 June 1996 respondent Court of Appeals affirmed the decision of the Ozamis trial court and added to the ratio decidendi its own view that even if the subject transaction between the Garban couple and Rosenda Abuton Dionisio was an equitable mortgage, equitable mortgage, the action to recover on the mortgage had also prescribed based on Sec. 40 of Act No. 190.[3] More significantly, estoppel by laches had worked against petitioners' claim considering that it was brought sixty-three (63) years after the transaction.[4]

Did respondent appellate court err in affirming the finding of the trial court that the subject contract between the Garban spouses and Rosenda Abuton Dionisio was a sale with pacto de retro and not an equitable mortgage, and that respondents had acquired a valid certificate of title over Lot No. 1144?

Petitioners insist that the assailed undertaking is an equitable mortgage based on their possession of subject lots. Likewise, they persist in assailing the validity of O.C.T. No. T-347 in view of certifications from the Register of Deeds of Ozamis City dated 12 May 1981[5] and 11 November 1985,[6] and from the National Land Titles and Deeds Registration Administration dated 13 January 1986[7] that "no decree or patent or title pursuant to a decree or patent has been issued for Lot No. 1144."

Petitioners sorely miss the point. Article 1508 of the then prevailing Civil Code provided -

Art. 1508. The right referred to in the next preceding article,[8] in default of an express agreement, should endure four years, counted from the date of the contract.

Should there be an agreement, the period shall not exceed ten years.

Quite related thereto, Sec. 40 of Act No. 190 then in force stated -

Sec. 40. Period of prescription as to real estate. - An action for recovery of title to, or possession of, real property, or an interest therein, can only be brought within ten years after the cause of such action accrues.

Instead of presenting the actual questioned deed of sale with pacto de retro, petitioners merely furnished the trial court a photocopy of the notarial register where the transaction was briefly described as a sale with pacto de retro, procured from the Bureau of Records Management, Division of Archives.[9] There is therefore no means of ascertaining whether the parties to the contract stipulated on a redemption period. Nevertheless, conformably with the aforementioned provisions, the right to redeem should have been exercised at the latest within ten (10) years reckoned from the execution of the contract in 1926. We agree with respondent appellate court that the right to redeem, anchored on the 1926 sale with pacto de retro, has definitely prescribed when petitioners initiated Civil Case No. OZ-619 only on 20 October 1989 or more than six (6) decades later.

Prescription is rightly regarded as a statute of repose whose object is to suppress fraudulent and stale claims from springing up at great distances of time and surprising the parties or their representatives when the facts have become obscure from the lapse of time or the defective memory or death or removal of witnesses.[10] Our laws do not favor property rights hanging in the air, uncertain, over a long span of time.

It is baseless for petitioners to argue on the real nature of the disputed contract, i.e., equitable mortgage under Art. 1602 of the Civil Code[11], simply because this provision was not embodied in the old Code but is an innovation in the present Code.[12]

On account of the same long lapse of time, again we agree with respondent court that estoppel by laches, or the negligence or omission to assert a right within a reasonable time warranting a presumption that the party entitled to assert it either has abandoned it or declined to assert it,[13] has set in against petitioners. *Vigilantibus non dormientibus equitas subvenit*. [14]

With the foregoing conclusions which have adequately resolved the present controversy, we deem it unnecessary to dwell on the second issue raised by petitioners.

WHEREFORE, the petition is DENIED. The Decision of respondent Court of Appeals of 14 June 1996 affirming the dismissal of petitioners' complaint is AFFIRMED. Costs against petitioners.

SO ORDERED.

Puno, Mendoza, Quisumbing, and Buena, JJ., concur.

[1]Civil Case No. OZ-619, RTC-Br. 15, Ozamis City.

[2]Decision penned by Assisting Judge Vicente T. Baz Jr.; Records, p. 73.

[3]An Act Providing a Code of Procedure in Civil Actions and Special Proceedings in the Philippine Islands.

[4]Decision penned by Justice Oswaldo D. Agcaoili with the concurrence of Justices Jesus M. Elbinias and Eubulo G. Verzola; Rollo, p. 24.

[5]Exh. "H;" Records, p. 94.

[6]Exh. "I;" Id., p. 95.

[7]Exh. "J;" Id., p. 96.

[8]Pertaining to conventional redemption which takes place when the vendor reserves to himself the right to repurchase the thing sold.

[9]Records, p. 89-A.

[10]Sinaon v. Soroñgon, G. R. No. 59879, 13 May 1985, 136 SCRA 407; Peñales v. IAC, G. R. No. 73611, 27 October 1986, 145 SCRA 223.

[11]Effective 30 August 1950.

[12]Bollozos v. Yu Tieng Su, No. L-29442, 11 November 1987, 155 SCRA 506; Siopongco v. Castro, 105 Phil. 1285 (1959).

[13]Medija v. Patcho, No. L-30310, 23 October 1984, 132 SCRA 540.

[14]Buenaventura v. David, 37 Phil. 435 (1918).

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