

JULIANA CALADIAO, ET AL., PETITIONERS, VS. MAXIMA SANTOS VDA. DE BLAS, RESPONDENTS.

G.R. No. 19063. April 29, 1964

Ponente: REYES, J.B.L., J.

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REYES, J.B.L., J.:

This petition for certiorari is interposed to review and reverse the judgment of the Court of Appeals (Sixth Division) in its CA-GR No. 2374-K, affirming that of the Court of First Instance of Pampanga requiring defendants-appellants (now petitioners), Juliana Caladiao and children, to reconvey to plaintiff (now respondent), Mrs. Rosalina Santos, as Administratrix of the estate of the late Maxima Santos Vda. de Blas, the property covered by Transfer Certificate of Title No. 11118-R of Pampanga (Exh. V); to pay her P3,000.00 by way of counsel fees, and costs.

The findings of the Court of Appeals in its decision are that on September 30, 1932, Prudencio Limpin sold, ceded, and transferred to Simeon Blas, married to Maxima Santos, an unregistered fishpond of 126,546 sq. meters, situated in barrio San Pedro, Sexmoan, Pampanga, for the price of P4,440, the vendor reserving for himself the right to repurchase the property within one year from date, with the explicit stipulation that if no repurchase was made within the agreed period the sale "would automatically become a sale absolute and irrevocable". The notarial deed of sale a retro (Exh. A, and Exh. 5) was recorded in the office of the Register of Deeds of Pampanga on January 28, 1935. With the deed of sale, Limpin delivered to the buyer a retro the Spanish title to the land (Exh. B), and the purchaser, Simeon Blas, took possession of the property until January 9, 1937, when he died. His widow, Maxima Santos, took over, and paid the taxes on the property until 1955. In 1940, the fishpond, with other property, was adjudicated to the widow by the court taking cognizance of the Estate Proceedings of the late Simeon Blas.

Despite the conveyance in favor of Blas, Prudencio Limpin applied for, and obtained, the judicial registration of the same property in favor of the conjugal partnership of Prudencio Limpin and Juliana Caladiao (in Case No. 1495, GLRO Rec. No. 47574), and managed to secure the issuance in their name of Original Certificate of Title No. 21019 by the Register of Deeds of Pampanga under date February 24, 1934 (Exh. T). Prudencio Limpin died on April 17, 1941, and was succeeded by his widow and children (now petitioners-appellants), in whose favor Transfer Certificate No. 11118-R was later issued (Exh. V) in 1954.

Undoubtedly unaware of the registration in favor of Limpin and his wife, Maxima Santos Vda. de Blas applied, on March 29, 1952, for the registration of the same property (fishpond) in Case No. 118, G.L.R.O. Rec. No. 5415. Her application was opposed by the petitioners, but the court, by decision rendered on June 15, 1954 (Exh. 1) overruled the opposition and adjudicated the property to the applicant widow, expressly finding that appellants' predecessor, Prudencio Limpin, had sold the property to the spouses Blas in 1932, and for failure of the vendor to repurchase the property, Blas and his wife had become absolute owners thereof.

While the second registration case was pending, the appellants, widow and children of Prudencio Limpin, filed on

October 24, 1952, a complaint (Exh. L) in the Court of First Instance of Pampanga (Civ. Case No. 509) against Maxima Santos Vda. de Blas for the return of the fishpond and the annulment of the sale a retro executed by Prudencio Limpin in 1932. The defendant widow answered on October 29, 1952. The complaint in Case No. 509 was unqualifiedly dismissed on December 9, 1952, for non-appearance of plaintiffs at the trial, and the dismissal became final.

On August 20, 1954, the court ordered, in Land Case No. 118, G.L.R.O. Rec. No. 5415, Maxima Santos Vda. de Bias, applicant, the issuance of the corresponding decree. But upon report of the Commissioner of Land Registration that the same land had been previously decreed in favor of Prudencio Limpin and his wife, the registration proceedings initiated by the widow Blas were dismissed. Whereupon, said widow initiated, on August 20, 1954, the present action against the appellant widow and heirs of Prudencio Limpin, for reconveyance of the fishpond. Upon the death of plaintiff, Maxima Santos, on October 5, 1956, she was substituted by her Administratrix, Rosalina Santos. After trial, the Court of First Instance of Pampanga found for the plaintiff, ordered reconveyance, and awarded plaintiff P3,000 counsel fees. Upon appeal, the Court of Appeals affirmed. The Limpins in due course resorted to this Court.

The decision of the Court of Appeals having explicitly found that the late Prudencio Limpin had sold the property to Simeon Blas under pacto de retro, and that Bias became the absolute owner because of Limpin's failure to repurchase, the contention of petitioners-appellants that the transaction between Limpin and Blas should have been declared an equitable mortgage merely, or, at most, a contract of antichresis, can not be entertained, the findings of fact of the Court of Appeals being conclusive in this Court. The review must, therefore, be limited to the question of law, *res judicata*, and prescription of action.

With regard to the first question, it is now a well-settled doctrine in this jurisdiction that the existence of a decree of registration in favor of one party is no bar to an action to compel reconveyance of the property to the true owner, which is an action in personam, even if such action be instituted after the year fixed by Section 38 of the Land Registration Act as a limit to the review of the registration decree, provided it is shown that the registration is wrongful and the property sought to be reconveyed has not passed to an innocent third party holder for value (*Cabanos vs. Register of Deeds*, 40 Phil. 620; *Dizon vs. Lacap*, 50 Phil. 193; *Bagayas vs. Guilao*, 64 Phil. 347, and cases cited therein; *Escobar vs. Locsin*, 74 Phil. 86; *Sumira vs. Vistan*, 74 Phil. 138; *Palma vs. Cristobal*, 77 Phil. 712; *Aban vs. Cendana*, L-11989, May 23, 1958).

Since he knew that he had previously sold the property to Simon Bias in 1932, it is incontrovertible that Prudencio Limpin subsequently applied for, and obtained the decree of registration in his name fraudulently and in utter bad faith; wherefore, he and his widow and heirs, who are bound to respect the original sale, may be compelled to reconvey it to the true owner (the spouses Blas or their successors), as is required by the decision under appeal. The registration of the property did not annul the conveyance in favor of Bias (*cf. Cabanos vs. Register of Deeds*, 40 Phil. 620), and after the registration the Limpins held the property in trust for the true owners. Hence, the appellants may not seek refuge behind the incontrovertibility of the decree of registration. The failure of the spouses Bias to appear and oppose the application of Limpin is explained by the finding of the Court of Appeals that they were "undoubtedly unaware" of the proceedings in question. That the said spouses were constructively notified by publication is irrelevant, because the action for reconveyance does not seek to undermine the validity of the decree of registration.

The superiority of the rights of, the appellee over those of appellants has also been settled by the final dismissal in 1952 of civil case No. 509, interposed by appellants against Maxima Santos Vda. de Blas in the Court of First Instance of Pampanga, seeking the annulment of the pacto de retro sale executed by Prudencio Limpin in favor of her predecessor in interest, Simeon Blas, and the repossession of the property conveyed. While the dismissal was

for failure to prosecute, the same has the effect of an adjudication on the merits, and operates as *res adjudicata*, the court not having provided otherwise (Rule 30, Sees. 3 and 4).

Appellants also urge that the action for reconveyance has prescribed because more than twenty years have elapsed since the spouses Limpin obtained a certificate of title in their name over the fishpond object of the present litigation. This contention is without merit. As already pointed out, the application for registration was in bad faith, with the result that the certificate of title issued to the vendor Limpin in 1934 was in law issued to and held by him in behalf and in trust for the benefit of the buyers, Simeon Blas and his wife, Maxima. Under Act 190 (the old Code of Civil Procedure), section 38, which is the governing statute, prescription does not apply to "continuing and subsisting trusts"; so that actions against a trustee to recover trust property held by him are imprescriptible. Actions for the reconveyance of property wrongfully registered are of this category (*Manabang vs. Canlas*, 50 Off. Gaz., 1980).

Finally, it is well to note that the Court of Appeals has explicitly found that the possession of the property has been with Blas and his successors since the sale; wherefore, their action can not be deemed extinguished by prescription, since Section 38, Act 190, provides that its provisions on prescription shall not apply "to an action by the vendee of real property in possession thereof to obtain the conveyance of it".

In view of the foregoing, we fail to find any reversible error in the decision appealed from, and the same is affirmed, with costs against petitioners-appellants.

Bengzon, C. J., Padilla, Bautista Angelo, Labrador, Concepcion, Reyes, J.B.L., Barrera, Paredes, and Makalintal, JJ., concur.

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