

**TEODORA MATIAS DE BUENCAMINO, ET AL., PETITIONERS, VS.
MARIA DIZON DE MATIAS, ET AL., RESPONDENTS.***G.R. No. 19397. April 30, 1966*

Ponente: BARRERA, J.

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This is an appeal from the decision of the Court of Appeals (in CA-G.R. No. 24629-R) affirming with modification the judgment of the Court of First Instance of Pampanga (in Civil Case No. 752), declaring the three parcels of land originally registered in the name of Hilaria Dizon Matias (presently registered in the names of the spouses Teodora Matias and Roque Buencamino) as held in trust by Teodora for the benefit of her legitimate brothers and sisters, and ordering the mortgage constituted thereon (in favor of Felipe Buencamino, Jr.) cancelled, upon payment of the mortgage indebtedness of P5,000.00, and the issuance of another title in the names of Modesta, Teodora, Segundo, Jacinto, Vicente, Jesus, and Mamerto Matias.

The facts of the case are briefly stated in the decision of the Court of Appeals, to wit:

"The deceased Hilaria Dizon Matias, married to Fulgencio Matias (also deceased), was the registered owner of three parcels of farm lands with a total area of more than 30 hectares, situated in the barrio of San Pablo, Sta. Ana, Pampanga, and covered by Original Certificate of Title No. 2235 of the Register of Deeds of said province. The aforementioned spouses who died in 1945 and 1949, respectively, had only one son, Luis, who died in 1948. Luis had with his lawful wife Maria Dizon Matias, several children, seven of whom are living, namely: 1. Modesta, 2. Segundo, 3. Jacinto, 4. Vicente, 5. Jesus, 6. Teodora, and 7. Mamerto, all surnamed Matias. The first five, together with their mother, are the plaintiffs, and the last two with their respective spouses, and two others, are the defendants.

"Luis also kept a mistress with whom he had five children. He maintained the latter family in a house he constructed for them in the same compound where his parents were living, and found it more convenient and comfortable to spend most of his time with his common-law wife and his illegitimate children. And although Luis attended to the immediate needs of his legitimate children, who were then residing with their grandparents (deceased spouses), Luis did not lavish upon them as much care and attention as he did the other family. This peculiar behavior and conduct on the part of Luis, led his parents to fear that should their properties pass on to him upon their death, Luis might dispose of the same in favor of his illegitimate children, to the prejudice of his legitimate children. And because of this, the deceased spouses decided to transfer their properties in the name of one of their legitimate grandchildren, for the latter to hold the same in trust for the other brothers and sisters. After a family council held in 1938, the grandchild Teoflora was chosen as the transferee because the deceased spouses felt that Teodora, being married to a rich man, Roque Buencamino, would not find any interest in retaining the properties for herself, and that she would solemnly keep her promise to give to each and every one of her brothers and sisters their corresponding shares in the properties in question at the proper time. This transfer was kept a secret from the son Luis.

"However, as these oft-repeated three parcels of land were previously mortgaged for Serafin and Encarnacion Lazatin to secure an obligation of P4,500.00, the same had first to be cleared. But as neither the deceased

spouses nor Teodora had the available cash with which to settle the amount owing to the Lazatins, what Teodora did was to approach her father-in-law, Felipe Buencamino, Jr., who agreed to loan her P5,000.00, provided she secure the same with a mortgage over the properties in question. The necessary papers were then prepared. First, the mortgage to the Lazatins was released upon the payment of the P4,500.00, plus interests. An. Escritura de Venta con Arrendaraxento was then executed by the deceased spouses in favor of Teodora and Roque Buencamino on March 4, 1938. On the same date also, a mortgage in favor of Felipe Buencamino, Jr., for the sum of P5,000.00 was executed by the new transferees Teodora and Roque Buencamino.

"In the Escritura de Venta mentioned above, it was stated that the deceased spouses would remain as lessees of the properties in question. In return they would pay an annual rent of P300.00, plus the obligation of paying the corresponding real estate taxes. Thus, it was the deceased spouses who retained possession of the farm lands until 1949 when Fulgencio Matias died. While the taxes thereon were religiously paid by them, there is no evidence to show that they ever paid the annual rent of P300.00 to either Teodora or her husband Roque. Upon the death of Fulgencio in 1949, Maria D. Matias, the widow of Luis,, took over the possession and administration of the farm lands. However, in May 1954, Teodora took material possession of the same from her mother and has, since then, administered them to the exclusion of her other brothers and sisters."

On the basis of these facts, the Court of Appeals affirmed the judgment of the Court of First Instance, holding that the Escritura de Venta executed by the deceased Hilaria Dizon in favor of defendants Buencaminos was only an equitable mortgage, but modified it in this wise:

"In its decision, the trial court declared the Escritura de Venta con Arrendamiento to be an equitable mortgage in favor of the plaintiffs. And while it is true that plaintiffs-appellees did not question such pronouncement, for the obvious reason that the appealed judgment was favorable to them, nevertheless, this Court in its jurisdiction to affirm, modify, or reverse a judgment brought before it for review, can make further pronouncement in favor of an appellee who is not required to make assignments of error on appeal. * * *

"Conformably with, our foregoing conclusions, we hereby declare that the three parcels of land originally registered in the name of Hilaria Dizon Matias, and presently in the name of Teodora and Roque Buencamino are held by the latter in trust for the benefit of Teodora's legitimate brothers and sisters. Upon payment, therefore, of the mortgage debt of P5,000.00, with 6% interest thereon from March 4, 1938, until the date of actual payment, which date shall not be later than 30 days from the date of the finality of this decision, to the estate of the late Felipe Buencamino, Jr., the mortgage shall be cancelled, and, immediately thereafter, Transfer Certificate of Title No. 11036 in the name of Teodora and Roque Buencamino shall be surrendered to the Register of Deeds of Pampanga, who shall issue another titles in the names of:

- Modesta Matias, Filipino, of legal age, widow.
- Teodora Matias, married to Roque Buencamino, both Filipinos and of legal age.
- Segundo Matias, married to Lucina Taay, both Filipinos and of legal age.
- Jacinto Matias, married to Anselma de Matias, both Filipinos and of legal age.
- Vicente Matias, married to Anselma de Matias, both Filipinos and of legal age.
- Jesus Matias, Filipino, single, and of legal age.
- Mamerto Matias, married to Belen Tan Garcia, both Filipinos, and of legal age.

* * * * *

In this proceeding instituted by the spouses Teodora and Roque Buencamino for the review of the foregoing decision of the Court of Appeals, it is claimed, among others, that the said court erred: (1) in deciding the case on

a certain ground in favor of appellees, other than the error assigned in the brief for appellants; (2) in not finding the action barred by extinctive prescription; (3) in concluding that the "Escritura de Venta" (Exh. A) and the deed of mortgage (Exh. C-2) resulted to an implied trust; and (4) in finding that the deed of donation (Exh. B) vested on Teodora Matias de Buencamino only the beneficial use of the residential lot owned by Fulgencio Matias.

It is true that the court a quo rendered its judgment in favor of the plaintiffs, on the ground that the purported deed of sale was in reality an equitable mortgage, which ruling was not assailed by said plaintiffs in the appellate court. This, however, does not preclude the latter court, before which the whole appealed decision has been opened and presented for its review, to pass upon and decide the litigated issues on different grounds. Thus, as this Court had said:

"It is not incumbent on an appellee, who occupies a purely defensive position and is seeking no affirmative relief, to make assignments of error. Only an appellant is required to make such assignments. Therefore, when the case occurs, as not infrequently happens, that a trial judge decides a case in favor of one of the parties on a certain ground, it is entirely proper for this Court, upon affirming the judgment, to base its decision upon some other point which may have been ignored by the trial court, or in respect to which that court may have been entirely in error." (Garcia Valdez vs. Soteraña Tuazon, 40 Phil. 943.)

The contention that the action for reconveyance, which was brought 17 years after the execution of the disputed document, was barred by prescription, cannot also be sustained. The Court of Appeals, based on the evidence presented in the case, made the factual finding, by which we are bound, as follows:

"The evidence is, likewise, clear that the true intent and understanding of the deceased spouses with Teodora and Roque Buencamino was that the latter would hold the title over the farm lands in trust for the benefit of Teodora's brothers and sisters. Teodora herself confirmed this when, in a letter she wrote her grandfather in 1939, she reaffirmed her intention to comply with the trust and confidence reposed upon her by her grandparents. Again, when her mother asked Teodora to comply with her promise to convey the corresponding shares of her other brothers and sisters, she replied that the only obstacle to this conveyance was the payment of the mortgage account to her father-in-law, Felipe Buencamino, Jr."

In short, the execution of the deed, Exhibit A, and the consequent registration of the properties in the names of petitioner spouses, created an implied trust in favor of Teodora's legitimate brothers and sisters. And while implied or constructive trust prescribes in 10 years,^[1] the rule does not apply where a fiduciary relation exists and the trustee recognizes the trust.^[2] Continuous recognition of a resulting trust precludes any defense of laches in a suit to declare and enforce the trust.^[3] As it does not appear when Teodora repudiated the existence of fiduciary relations between her and brothers and sisters, the same shall be taken to have been made only upon the filing of her answer to the complaint. The action brought by the plaintiffs to enforce such trust, therefore, has not yet prescribed.

On the matter of the fourth parcel of land, belonging to Fulgencio Matias, which petitioners claim to have been donated to Teodora, we have the finding of the Court of Appeals, supported by the document executed by the said deceased owner on January 15, 1940, that only the beneficial use thereof has been given to her, for the duration of her natural life. Accordingly, the decision of the lower court to partition the naked ownership thereof among the heirs, is proper.

Wherefore, finding no error in the decision of the Court of Appeals, the same is hereby affirmed, with costs against the petitioners. So ordered.

Bengzon, C.J., Bautista Angelo, Concepcion, Reyes, J.B.L., Dizon, Regala, Makalintal, Bengzon, J.P., Zaldivar, and Sanchez, JJ., concur.

[1] Diaz vs. Gorricho, 103 Phil. 261.

[2] See J. M. Tuazon & Co. vs. Magdañal, 114 Phil. 42.

[3] Candelaria vs. Romero, 109 Phil. 500.

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