

**JUANA LAUREL-MANILA, ET AL., PLAINTIFFS-APPELLANTS, VS.
DIONISIO GALVAN, ET AL., DEFENDANTS-APPELLANTS.***G.R. No. 23507. May 24, 1967*

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

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Joint and direct appeal by plaintiffs, on points of law, from a decision of the Court of First Instance of Pangasinan, in its Civil Case No. D-48, dismissing, after trial on the merits, their re-amended complaint for reivindicación, on the ground of prescription; and by defendants, for refusal of the trial court to grant their counterclaim for moral damages in the sum of P205,000.00, as not having been sufficiently proved during the trial of the case.

As found by the court a quo, the facts of this case are:

Mariano K. Laurel died on March 26, 1921 and he was survived by his wife, Celerina (@ Elena) A. Nevado, and four (4) legitimate children, namely, Procopio, Victorina, Juana, and Angel, all surnamed Laurel. He left some personal and real properties, among which was a parcel of land situated in Dagupan, Pangasinan, and registered in his name under Original Certificate of Title No. 22435 of the Register of Deeds of Pangasinan and designated therein as its Parcel No. 1, which is the property involved in the present litigation.

Shortly after said Mariano K. Laurel's death, intestate proceeding of his estate was filed, on April 15, 1921, in the Court of First Instance of Pangasinan and the same was docketed therein as its Special Proceeding No. 876. The above-mentioned property (O.C.T. No. 22435 of Pangasinan) was included in the inventory of the decedent's properties.

On March 19, 1925, the court issued an order finding that the estate had no sufficient cash assets to pay its outstanding debts, and authorizing Procopio N. Laurel, as judicial administrator, upon his motion, to sell a retro the property covered by Original Certificate of Title No. 22435; wherefore said administrator on March 21, 1925, executed a pacto de retro sale of the property in favor of the spouses, Dionisio Galvan and Carmen Cabrera, for the sum of P23,000.00, subject to the right of redemption within a period of seven (7) years from the date of execution thereof. On March 31, 1925, the probate court approved the sale a retro made by the Administrator.

After clearing the estate of its debts, the court ordered, on January 19, 1928, the adjudication of all the remaining properties of said deceased Mariano K. Laurel in favor of his above named children, subject to the right of usufruct of the widow, as provided for under the Civil Code of 1889. Among the properties adjudicated to the children was Parcel No. 1 of O.C.T. No. 22435 and the same was cancelled and registered in the names of said children under Transfer Certificate of Title No. 6957, and designated therein as its Parcel No. 2.

The estate or heirs of said Mariano K. Laurel failed to redeem the property in question from the vendees a retro within the seven (7) year-period stipulated in the pacto de retro sale; hence, the Galvans consolidated their ownership thereon and caused, in April, 1932, T.C.T. No. 6957 to be cancelled and registered in their names under Transfer Certificate of Title No. 6958.

The Galvans and/or their successors-in-interest have possessed the property in question openly, continuously, adversely, in the concept of owners under color of title and in good faith from 1925 up to the present time.

On September 16, 1954, plaintiffs, who are the successors-in-interest (daughter and grandchildren) of deceased Mariano K. Laurel, filed their original complaint, which was amended four (4) times, the last one being dated December 10, 1958, to recover the above mentioned property (T.C.T. No. 6958) from the defendants, claiming that the contract entered into by and between Procopio N. Laurel, as Judicial administrator, and the Galvans was not in reality a pacto de retro sale, but an equitable mortgage; that the Galvans began possessing said property since 1932 as mere mortgage creditors; and that the pacto de retro sale was illegally contracted and was null and void for not having complied with the essential requisites laid down in Sections 714 and 722 of the old Code of Civil Procedure (Act No. 190) which was the law then in force when the proceedings were then had.

In their amended answer to the re-amended complaint, defendants, who are successors-in-interest of the Galvans (Dionisio Galvan having died during the pendency of this suit and Carmen Cabrera having died before the filing thereof), specifically denied its material allegations, set up the defense of laches and prescription and counterclaimed for moral damages in the total amount of P205,000.00, plus attorney's fees in the sum of P5,000.00.

After due hearing thereon, and on the basis of the above narrated facts, the court a quo, despite its finding and declaration that the pacto de retro sale was null and void for non-compliance with the requirements of Sections 714 and 722 of the old Code of Civil Procedure (Act No. 190), ruled, however, that plaintiffs' action to recover the property in question has already prescribed, since the present defendants, through themselves and their predecessors-in-interest, the Galvans, have possessed said property under claim of ownership, with just title and in good faith from the year 1925 up to the filing of the suit in 1954; hence, the filing thereof after 29 years had elapsed (1925 to 1954) is well beyond the prescriptive period, as provided for in Sections 40 and 43 of the old Code of Civil Procedure; and that defendants, being buyers in good faith, they acquired the land by prescription, pursuant to Section 41 of the same Code. Said court ruled, however, that defendants are not entitled to moral damages for insufficiency of evidence.

Both parties, not being satisfied with the decision, plaintiffs prosecuted their appeal directly to this Court on points of law; while defendants first moved to reconsider the portions of the decision declaring the pacto de retro sale null and void, and refusing to award them moral damages, but when their motion was denied, they likewise appealed to this Court on factual issues, the total amount (P205,000.00) involved in their claim for damages being within the jurisdiction of this Court.

We find no reversible error in the dismissal of the complaint. Even granting that the order of March 19, 1925, authorizing the sale was invalid in that it did not state the amount of the debt of the deceased nor the value of his personal estate, nor was a time and place for hearing and resolving the application previously set, nor was due notice thereof ordered to be given to the persons interested (although this is disputed by defendants), the unexplained interval of twenty-nine (29) years that plaintiffs allowed to elapse (1925-1954) before making any claim or instituting action constitutes laches that places them in estoppel to question the validity of the probate court's order and of the transactions executed in pursuance thereof (*Go Chi Gun vs. Go Cho*, 96 Phil. 622; *Lucas vs. Gamponia*, 100 Phil. 277). Upon the strength of a court order, regular on its face, Galvan and his wife purchased the property, openly and without concealment, in 1925 for P23,000.00; consolidated their title in 1932, upon expiration of the stipulated period of repurchase, and secured a certificate of title in their name, holding the property as owners uninterruptedly since 1925. Now that the value of these properties has undoubtedly increased, it would be manifestly inequitable to permit plaintiffs-appellants to overturn the entire transaction when they never lodged any protest nor have given any sign of a desire to do so for almost three decades.

Plaintiffs-appellants cite American authorities to the effect that the defense of estoppel by laches requires inaction for a period comparable or equivalent to the statutory limitation applicable to their action for recovery (Brief, pp. 30-32). This is the precise situation before us. The statute of limitations in force in 1925 (when the Court order was issued and the property was sold) was the old Code of Civil Procedure, Act 190; and the maximum period for bringing actions under it was no more than ten (10) years (Act 190, secs. 40-43). Plaintiffs' inaction thus lasted almost three times as long as the maximum period of prescription under the applicable law. Even if we were to count the prescriptive period from 1932 when the Galvans consolidated their title and obtained a certificate in their name, plaintiffs would still be in laches for twenty-two (22) years, more than twice as long as the prescriptive period properly applicable. Their demand is obviously a stale one.

It is argued that the Galvans must have completed the thirty (30) year-period of extraordinary prescription under the new Civil Code, since their contract is null and void, and hence they lack just title. The glaring error in this pretense lies in assuming that the Civil Code of the Philippines could retroactively apply to this case, although the cause of action arose in 1925, long before the Code was enacted. Such a thesis is negated by the Civil Code itself in its article 1116,[1] which provides:

"ART. 1116. Prescription already running before the effectivity of this Code shall be governed by laws previously in force; but if since the time this Code took effect the entire period herein required for prescription should elapse, the present Code shall be applicable, even though by the former laws a longer period might be required."

We, therefore, must rule that plaintiffs' action is now barred and the present appeal devoid of merit, it being unnecessary to discuss the other arguments advanced.

We now come to the appeal of the defendants. Defendants contend that the lower court erred in not awarding them moral damages for the sum (P205,000.00) alleged in their counterclaim against plaintiffs, considering that plaintiffs imputed bad faith against them, thereby causing them serious embarrassment.

Upon careful review of the records of the case, we find no grave abuse of discretion in the trial court's refusal to award moral damages to defendants, since not only was the amount not proved, but the complaint was apparently based on an honest mistake in the appreciation or interpretation of the applicable law and jurisprudence. It has already been held that, as a general rule, it is not sound public policy to place a penalty on the right to litigate (*Estate of Buan vs. Camaganacan*, G. R. No. L-21560, Feb. 28, 1966, citing *Tan Ti vs. Alveor*, 26 Phil. 268), and there are no circumstances in this case to justify an exception.

FOR THE FOREGOING REASONS, the appealed decision is hereby affirmed. No costs.

SO ORDERED.

Concepcion, C.J., Dizon, Regala, Makalintal, Bengzon, J.P., Zaldivar, Sanchez, and Castro, JJ., concur.

[1] See *Osorio vs. Tan Jongko*, 98 Phil. 56; *Francisco vs. De Borja*, 98 Phil. 446, 458; *Amar vs. Odiaman*, 109 Phil., 681.

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