

**NARCISO BUENAVENTURA AND MARIA BUENAVENTURA,
PETITIONERS, VS. HON. COURT OF APPEALS AND MANOTOK
REALTY, INC., RESPONDENTS.**

G.R. No. 50837. December 28, 1992

Ponente: MELO, J.

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MELO, J.:

Before Us is a petition for review on certiorari of a Decision of the Special Former Ninth Division of the Court of Appeals rendered on February 19, 1979, in CA-G.R. No. 08249-SP (Reyes, Sundiam [P], and Cortez, JJ; Rollo, pp. 22-28) ordering the dismissal of the complaint in Civil Case No. C-6095 filed by herein petitioners against Lorenzo Caiña, Francisca Caiña-Rivera, the National Housing Authority (formerly PHHC), Francisco M. Custodio, and respondent Manotok Realty, Inc., before then Court of First Instance of Rizal, Branch XXXIII, Caloocan City.

The relevant antecedents, as narrated by respondent court, are as follows:

"(1) During his lifetime, Julian Caiña, was the occupant and tenant of a parcel of land, owned by the Republic of the Philippines but administered at first by the then Rural Progress Administration and later by the Peoples Homesite and Housing Corporation (PHHC) described as Lot 20 of Consolidated-Sub?division plan LRC Pcs-1828, and in Transfer Certificate of Title No. 365557 of the Registry of Deeds of Caloocan City, with an area of 25,776 square meters;

(2) The Republic of the Philippines acquired the aforesaid lot, together with other lots in the Gonzales Estate by Expropriation to be resold to qualified and bonafide tenants-occupants and, to achieve this end, the President of the Philippines, on August 30, 1961, designated the PHHC with the task of selling and transferring the said lots to qualified tenants concerned and/or their lawful heirs;

(3) Julian Caiña had a brother, Justo Caiña. The latter had three children, namely, Emeteria Caiña Buenaventura, Lorenzo Caiña and Francisca Caiña. Emeteria Caiña Buenaventura died as early as July 11, 1937 and was survived by Maria Buenaventura and Narciso Buenaventura, the Private Respondents in this case;

(4) However the Gonzales Estate still had to be sub-divided into lots; but before the subdivision of the property and the subdivision plan thereof could be approved and said lot transferred to Julian Caiña, the latter died on December 17, 1961. Justo Caiña, the brother, died later on May 3, 1962;

(5) Thus, at the time Julian Caiña died, he was survived as his sole heirs, by his brother, Justo Caiña and the latter's children, Lorenzo Caiña and Francisca Caiña; also surviving him were the private respondents Narciso Buenaventura and Maria Buenaventura, the children of Emeteria Buenaventura who died earlier in 1937;

(6) On November 4, 1965, the Peoples Homesite and Housing Corporation executed a 'Deed of Absolute Sale' over the said lot to Lorenzo Caiña and Francisca Caiña-Rivera, as the sole heirs and successors-in-interest of Julian Caiña for and in consideration of the purchase price of P96,048.80 (a certified xerox copy of the aforesaid

Deed is hereto attached as Annex 'A' hereof);

(7) By virtue of the said sale, Lorenzo Caiña and Francisca Caiña-Rivera were issued, on November 5, 1965, Transfer Certificate of Title No. 21013 over the said lot by the Registry of Deeds of Caloocan City (certified xerox copy of the aforesaid title is hereto attached as Annex 'B' hereof);

(8) On January 26, 1966, Lorenzo Caiña and Francisca Caiña-Rivera executed a 'Deed of Absolute Sale' over the said lot in favor of Francisco M. Custodio after which the latter was issued on January 26, 1966, Transfer Certificate of Title No. 21484 of the Registry of Deeds of Caloocan City (a certified xerox copy of the aforesaid Deed of Absolute Sale and Transfer Certificate of title are hereto attached as Annexes 'C' and 'D' hereof respectively);

(9) On January 26, 1966, Francisco Custodio executed a 'Deed of Absolute Sale' over the said lot in favor of the Petitioner for which the latter was issued on January 26, 1966, Transfer Certificate of Title No. 2145 of the Registry of Deeds of Caloocan City (a certified xerox copy of the said Deed of Absolute Sale and Title are hereto attached as Annexes 'E' and 'F' hereof respectively);

(10) On December 24, 1976, Private Respondents [now petitioners] filed a complaint with the respondent court docketed as Civil Case No. C-6095 entitled 'Narciso Buenaventura and Maria Buenaventura vs. Lorenzo Caiña, Francisca Caiña, National Housing Authority (formerly PHHC), Francisco M. Custodio, Manotok Realty, Inc.' for Annulment of Titles, Contracts and/or Sales, Reconveyance and Damages (a copy of the aforesaid complaint attached hereto as Annex 'G' hereof);

(11) The Petitioner [now private respondent Manotok Realty] subsequently filed with the Respondent Court a 'Motion to Dismiss' the aforesaid complaint on the ground of, inter alia, prescription (a copy of the aforesaid motion is hereto attached as Annex 'H' hereof);

(12) The Private Respondents, how-ever filed their Opposition to the aforesaid motion of the Petitioner (a copy of the aforesaid opposition is hereto attached as Annex 'I' hereof);

(13) On July 28, 1977, the Respond-ent Court issued an Order denying the aforesaid Motion of the Petitioner (a certified xerox copy of the aforesaid order is hereto attached as Annex 'J' hereof);

(14) The Petitioner thereafter filed a 'Motion for Reconsideration' of the aforesaid Order, to which the private respondents filed their opposition. The petitioner, however, filed its Reply to the aforesaid opposition of the private respondents despite which the respondent court, on July 21, 1978 issued an order denying the aforesaid motion of the petitioner (a copy of each aforesaid motion, opposition and reply are hereto attached as Annexes 'K', 'L' and 'M', hereof respectively; while a certified xerox copy of the aforesaid Order is hereto attached as Annex 'N' hereof)." (Decision, pp. 1-3; rollo, pp. 22-24.)

Aggrieved by the ruling of the trial court, herein private respondents filed a petition with the Court of Appeals which later granted the petition and ordered the dismissal of the complaint of then private respondents, now herein petitioners, on the ground that their action has already prescribed. A subsequent motion for reconsideration was to no avail.

Hence, the instant petition.

Both sides offer conflicting opinions on the applicability of Article 1410 of the Civil Code of the Philippines.

The Court of Appeals, in directing the dismissal of the complaint filed by the petitioners in the court of origin, held that Article 1410 of the Civil Code on imprescriptibility of actions is not applicable because fraud in the transfer of the property was alleged in petitioners' complaint. The Court of Appeals was, of course, referring to

paragraph 20 of the Complaint which reads:

"20. That in executing the said 'Deed of Absolute Sale' over Lot 20 in favor of defendants Lorenzo Caiña and Francisca Caiña-Rivera, defendant NHA acted with evident bad faith, gross negligence and carelessness, while defendants Lorenzo Caiña and Francisca Caiña acted with false representations, fraud and deceit and the three defendants connived, conspired and schemed to deprive the plaintiffs of their rights over 1/3 portion of Lot 20 of the Gonzales Estate administered by defendant NHA, to the damage and prejudice of the herein plaintiffs;" (Rollo, p. 17.)

Respondent court further stated that due to the allegation that fraud was supposedly employed in the execution of the deed of sale and thereafter in the issuance of Transfer Certificate of Title No. 21484, there was created in favor of then private respondents, now petitioners, an implied or constructive trust, such that the action for reconveyance must be filed by the defrauded party within a period of ten (10) years from the date of issuance of the title, other wise, the action prescribes. Consequently, respondent court held that because the complaint in Civil Case No. C-6095 was filed only on December 28, 1976 or after more than ten years from the issuance of the transfer certificate of title on January 26, 1966, the assertion for recovery of property based on fraudulent transfer and registration can no longer be entertained (Rollo, pp. 27-28).

Petitioners, on the other hand, argue otherwise. They claim that the action for reconveyance is based both on the grounds of fraud and simulation of contracts, hence, it cannot be made subject to the rule on prescription of action. (Rollo, p. 15).

We agree with respondent court.

Petitioners' allegation in their complaint filed in the court of origin, that fraud was employed in the execution of a deed of sale and subsequently, in the issuance of a transfer certificate of title, renders their action for reconveyance susceptible to prescription either within 4 years or 10 years. In the present case, even if one bends backwards and considers the circumstances alleged as having created an implied or constructive trust, such that the action for reconveyance would prescribe in the longer period of 10 years (*Duque vs. Doming*, 80 SCRA 654 [1977]; *Vda de Nacalaban vs. Court of Appeals*, 80 SCRA 428 [1977]; *Cerantes vs. Court of Appeals*, 76 SCRA 514 [1977]; *Jaramil vs. Court of Appeals* 78 SCRA 420 [1977]), still petitioners' action is plainly time-barred. Considering that the deed of sale executed by the Philippine Homesite and Housing Corporation in favor of Lorenzo Caiña and Francisca Caiña-Rivera was executed on November 4, 1965 and on the following day, Transfer Certificate of Title No. 21484 was issued in favor of the vendees (private respondents), the party allegedly defrauded in the transaction, herein petitioners, had only 10 years or until September 5, 1975 within which to file the appropriate action. In the instant case, the action was filed only on December 28, 1976, which was beyond the prescribed period set by law.

Verily, the principle on prescription of actions is designed to cover situations such as the case at bar, where there have been a series of transfers to innocent purchasers for value. To set aside these transactions only to accommodate a party who has slept on his rights is anathema to good order.

Independently of the principle of prescription of actions working against petitioners, the doctrine of laches may further be counted against them, which latter tenet finds application even to imprescriptible actions. Thus, in *Rafols vs. Barba* (119 SCRA 146 [1982]), We find the following words of wisdom:

"In the least, plaintiffs-appellants are already guilty of laches as would effectively derail their cause of action. While it is true that, technically, the action to annul a void or inexistent contract does not prescribe, it may nonetheless be barred by laches. As was stated in *Nielson & Co. v. Lepanto Consolidated Mining Co.*, L-21601,

December 17, 1966, 18 SCRA [1040]:

'The defense of laches applies independently of prescription. Laches is different from the statute of limitations. Prescription is concerned with the fact of delay, whereas laches is concerned with the effect of delay. Prescription is a matter of time; laches is principally a question of inequity of permitting a claim to be enforced, this inequity being founded on the same change in the condition of the property or the relation of the parties. Prescription is statutory; laches is not. Laches applies in equity, whereas prescription applies at law. Prescription is based on fixed time; laches is not.'

The essential elements of the principle of laches are all present herein, to wit:

'xxx xxx xxx (1) conduct on the part of the defendant, or one under whom he claims, giving rise to the situation that led to the complaint and for which the complaint seeks a remedy; (2) delay in asserting the complainant's rights, the complainant having had knowledge or notice of the defendant's conduct and having been afforded an opportunity to institute a suit; (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 or the suit is not held barred.' (Yusingco vs. Ong Hing Lian, 42 SCRA 589.)

The defendant-appellee purchased the parcel of land in question giving rise to the complaint of herein plaintiffs-appellants. The latter delayed the assertion of their supposed right to annul the sale for a period of over fifteen (15) years despite knowledge or notice of such sale. They had all the opportunity within that period of time to take action to set aside or annul the sale. Defendant-appellee was never apprised of any intention on the part of plaintiffs-appellants to annul the sale until this action was filed. Finally, the defendant-appellee stands to lose the property in question if the suit filed against him by plaintiffs-appellants shall not be deemed barred." (at pp. 154-155.)

WHEREFORE, premises considered, the judgment appealed from is hereby **AFFIRMED** in toto.

SO ORDERED.

Gutierrez, Jr., (Chairman), Bidin, Davide, Jr., and Romero, JJ., concur.

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