

MARCELINA LOAY DINGAL, EMILIO DINGAL, FLORESITA DINGAL GARCIA, CESAR DINGAL, SUSAN DINGAL MARANTE AND MINORS ROGELIO, ROWENA, RAQUEL, ROSHEL, ALL SURNAMED DINGAL, REPRESENTED BY...

G.R. No. 63561. February 20, 1989

Ponente: FERNAN, C.J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-63561/>

FERNAN, C.J.:

This is a petition for review on certiorari of the following decision and resolutions of the Court of Appeals: [1] decision[1] dated September 9, 1982 in CA G.R. No. 58124-R entitled "Spouses Tomas Dingal and Marcelina Loay Dingal, plaintiffs-appellants v. Simeona P. de Donayre and Engr. Iluminado Quinto, defendants-appellees" affirming the order[2] dated January 28, 1975 of the Court of First Instance of Davao Branch III in Civil Case No. 8451 between the same parties -- "For Nullity of Documents, Reconveyance, Damages and Attorney's Fees With Injunction" which dismissed the case on the ground that the cause of action has proscribed; [2] resolution[3] dated December 13, 1982 denying the ex-parte motion to allow plaintiffs-appellants to file motion for reconsideration of said decision; and [3] resolution[4] dated February 8, 1983 insofar as it denied (a) petitioners' motion for reconsideration of its aforementioned resolution dated December 13, 1982 and (b) the admission of petitioners' motion for reconsideration of the above-mentioned decision.

As gathered from the records, the factual background of this case is as follows:

Tomas Dingal applied with the National Abaca and Other Fibers Corporation (NAFCO) for the purchase of two parcels of land known as Lots 7 and 94 of the Arakaki Plantation in Davao City with respective areas of 13,489 and 5,883 square meters. He was then an occupant of the lots.

On account of dire financial need caused by the sudden demise of their son, Dingal and his wife Marcelina Loay, borrowed P1,200.00 from Simeona P. de Donayre. To guarantee payment of the loan the Dingal spouses offered the said two lots as collateral. However, instead of constituting a mortgage thereon, Dingal who was then leaving for Pagadian, Zamboanga executed a special power of attorney dated December 8, 1955 vesting on Simeona the power to administer the two lots; to take charge of the payment of the installments on said lots to the Board of Liquidators (which had taken over the functions, duties and responsibilities of the NAFCO after its dissolution) until fully paid, and to take charge of the cultivation, harvest and disposition of all the produce of said lots.[5]

It appears on record that on the same day, Dingal and his wife also executed a deed of sole of all their rights, interests and titles on the two lots in favor of Simeona in consideration of the amount of P1,200.00.[6] The deed contains stipulations that should the transfer of rights be revoked by competent authority, the Dingal spouses would return said amount without interest to Simeona and that the latter would then take possession of and administer the two lots. However, instead of giving the whole amount loaned, Simeona gave them only a portion thereof.

Sometime in 1959-60, Simeona invited the Dingal spouses to the house of the father-in-law of Iluminado Quinto ostensibly to give said spouses the balance of the loan. Simeona requested them to sign a document which turned out to be a deed of sale of the two lots in favor of Quinto who kept the document and did not give the Dingal spouses a copy thereof. A year later, they discovered that Quinto and not Simeona, was in possession of the two lots.

On August 8, 1974, the Dingal spouses filed a complaint narrating the aforesaid facts in the Court of First Instance of Davao against Simeona and Quinto. They prayed that the deeds of sale in favor of Simeona and Quinto be declared null and void; that the two lots be reconveyed to the Dingal spouses, and that the defendants be ordered to pay moral and exemplary damages in the total amount of P20,000.00, attorney's fees of P5,000.00 and incidental expenses, and that an ex-parte preliminary injunction be issued against the defendants enjoining them from gathering, harvesting and selling the coconut produce of the lots.[7]

In his answer, Quinto alleged that the Dingal spouses abandoned their claim and physical possession of the lots when in 1955 they sold the same to Simeona who in turn sold them to him in 1959; that in order that his application to purchase the land would not be cancelled, Dingal agreed that the installment payments thereon by Simeona be made in his name; that the deed of sale in his favor had to be executed by the Dingal spouses because the application with the NAFCO continued to be in their names; that the Dingal spouses were not given a copy of the deed of sale for the reason that they were no longer the owners of the lots in question in 1959; that fraud, deceit and misrepresentation did not attend the execution of the deed of sale in his favor; that it was only in 1974 when the value of subject properties had increased that the Dingal spouses began demanding from him the resale to them of the lots; and that he had gathered all the coconuts produced in the properties because he and his men were the ones who planted them.[8]

As special and affirmative defenses, Quinto stated that the court had no jurisdiction over the case; that the complaint stated no cause of action against him; that the action to annul the deeds of sale and for reconveyance had long prescribed as more than ten years had elapsed since said, deeds were executed; that the sale in favor of Simeona was valid having been made before the award or sale of the properties to the Dingal spouses on February 27, 1958 and transfer of possession thereof having been effected immediately after the sale in 1955; that plaintiffs forfeited whatever rights they had on the properties by their abandonment of physical possession thereof; that plaintiffs were in estoppel in seeking reconveyance of the property only in 1974; that the allegation of fraud in the complaint was not made with particularity; that he had been in continuous possession of the properties with the full knowledge of the Dingal spouses and that he had been paying the installment payments to NAFCO and the real estate taxes on the properties; that under Republic Act No. 477 he was qualified to acquire the lots, and that plaintiffs had lost by extinctive prescription whatever right of possession they had over the properties.[9]

As compulsory counterclaim, Quinto prays that he be paid actual and moral damages and attorney's fees."[10]

As Simeona failed to file an answer to the complaint, the plaintiffs moved that she be declared in default. Citing Section 14, Rule 18 of the Rules of Court, the lower court ruled that to declare Simeona in default would not serve any useful purpose."[11]

The lower court ruled that under Article 1380 (2) of the Civil Code, the deeds of sale sought to be nullified were annulable contracts as they were secured through fraud. Consequently, under Article 1391 of the same Code, the action should have been filed within four years from the discovery of the fraud in 1961.[12]

Accordingly, on January 28, 1975, the lower court issued an order dismissing the case, the dispositive portion of which reads:

"IN VIEW OF THE FOREGOING, this case is hereby dismissed on the ground that the cause of action therein

has already prescribed, without special pronouncement as to costs. With this dismissal, the application for a writ of preliminary injunction becomes moot and academic, and the setting of the hearing of the same on February 3, 1975, is hereby cancelled.”[13]

Their motion for reconsideration of said order having been denied, the Dingal spouses appealed to the Court of Appeals.[14] While the case was pending resolution thereat, Tomas Dingal died. Less than three years later, or on August 27, 1981, Transfer Certificates of Title Nos. T-83419 and T-83420 covering Lots 7 and 94, respectively, were issued in his name.[15]

The Court of Appeals affirmed in toto the order of the lower court dismissing the case and sustained the lower court's ruling that the action to annul the deeds of sale had prescribed under Articles 1390 and 1391 of the Civil Code. Said appellate court added that the plaintiffs had no personality to file an action to annul the contracts on the ground of illegality. While such action is imprescriptible, the proper party-in-interest is the Government as the object of the suit is actually the reversion of the properties to the State.

Hence, the instant petition for review on certiorari.

At issue in this case is the timeliness of petitioner Dingal's complaint seeking to annul his own deeds of sale of Lots 7 and 94 on two grounds: (a) on the ground of fraud and (b) on the ground of illegality.

Verily, the action could have prescribed on the first ground under Articles 1390 and 1391 of the Civil Code, but on the second ground, it was claimed that under existing jurisprudence, it has already been settled that "The right to seek declaration of the inexistence of a contract, for being in violation of law it imprescriptible.”[16]

The transfer of Dingal's rights over the lots in favor of Simeon was made prior to the execution on February 27, 1958 of the deeds of sale between the Chairman of the Board of Liquidators and Dingal.[17] Under the original provisions of Republic Act No. 477, specifically Section 8,[18] paragraph 2 thereof, the transfer of rights from Dingal, who in 1955 was still an applicant for the lots in question, in favor of Simeona should be considered null and void.

In the case of *Ras v. Sua*,[19] this Court had occasion to distinguish the effect of a transfer of applicant's rights over the property made before the award or signing of the contract of sale, and another made after the execution of the Contract of Sale but within ten (10) years from the issuance of the corresponding Certificate of Title.

In the first case, which is akin to the situation in the case at bar, the Court ruled that under Section 8, second paragraph of Republic Act 477, the contract of sale is specifically declared to be null and void and the applicant is disqualified from further acquiring any land from the NAFCO. In the latter case however, Republic Act 477 is silent as to the consequences of such alienation or encumbrance. Under such circumstances, this Court held that a disregard or violation of the conditions of the land does not produce automatic reversion of the property to the State, nor work to defeat the grantee's right to recover the property he had previously disposed of or encumbered.[20]

Coming back to the case at bar, a reading of the complaint reveals that the action filed by the Dingal spouses was for the declaration of nullity of the questioned deeds and for the reconveyance of Lots 7 and 94. Although it was not explicitly stated in the complaint, it was obviously based on Section 8 of Act 477. As found by the Court of Appeals it was not an action for the reversion of the lots to the State, but for the declaration of nullity of the deeds for being in violation of law. As such therefore, it is an action to nullify documents which were void ab initio under the above-mentioned law. Specifically, it is an action for the declaration of the inexistence of contracts, which is imprescriptible under Article 1010 of the Civil Code.[21]

Since the deeds of sale are not voidable contracts, Article 1391, Civil Code which provides that the action for

annulment shall be brought within four (4) years from time of the discovery of fraud does not apply.[22]

There is therefore no question that the action has not yet prescribed and that the petitioners are the proper parties in interest, the obvious purpose of the action being to protect whatever interest they may have under Act 477.

No less important is the fact that Transfer Certificates of Title Nos. T-03420 and T-03419 covering subject properties were issued in 1981 by the Government in the name of Tomas Dingal which are no longer subject to collateral attack.[23]

This does not preclude however the Solicitor General from instituting an action in behalf of the Republic of the Philippines for cancellation of aforesaid titles and for reversion of said lands to the State, [24] should the circumstances of this case so warrant.

Quinto's argument herein that Presidential Decree No. 1304 dated February 24, 1978 amending Presidential Decree No. 967 which in turn amended Section 8 of Republic Act No. 477, has rendered the issue of the legality of the transfer of rights to Simeona moot and academic[25] is not persuasive. As thus amended, Section 8 now states:

"Sec. 8. Any provision of law, executive order, rules or regulations to the contrary notwithstanding, applicant who has acquired land pursuant to the provisions of this Act and to whom a certificate of title has been issued covering such land may sell, cede, transfer, or convey his rights and interests therein, including the permanent improvements on the land, to any interested party; and all previous sales, transfers, conveyances and encumbrances regarding such land including the permanent improvements therein, made and consummated prior to July 24, 1976, are hereby confirmed, ratified and validated.

Said provision cannot be applied in favor of Quinto.

It is crystal clear that the transactions referred to by said decree are conveyances made after the issuance of a certificate of title, unlike the transactions in the case at bar which occurred before the issuance of the award. As enunciated earlier, the sale to Simeona is null and void. Necessarily, Quinto, to when Simeona transferred her rights over the lots, may not seek the validation of rights stemming from a null and void transaction.

It will be recalled that Civil Case No. 8451 was dismissed on the solo issue of proscription. In the interest of justice, the instant case should be remanded to the lower court for trial on the merits.

WHEREFORE, the decision of the Court of Appeals is hereby reversed and set aside. The lower court is directed to consolidate Civil Case No. 8451 with Civil Case No. 14988, an action for reconveyance and damages filed by private respondent Quinto against herein petitioners[26] and thereafter to proceed with dispatch in the disposition of said cases. Let a copy of this decision be furnished the Solicitor General for whatever action he may take under the premises.

This decision is immediately executory.

SO ORDERED.

Gutierrez, Jr., Feliciano, Bidin, and Cortes, JJ., concur.

[1] Rollo p. 40

[2] Record on Appeal pp. 94-105

[3] Rollo, p. 45

- [4] Rollo, p. 46
- [5] Record on Appeal, p. 21
- [6] Record on Appeal, p. 22
- [7] Civil Case No. 8451; Record on Appeal, pp. 1-14
- [8] Record on Appeal, pp. 23-33
- [9] Record on Appeal, pp. 33-38
- [10] Record on Appeal, pp. 38-40
- [11] Record on Appeal, p. 60
- [12] Record on Appeal, pp. 98-105
- [13] Record on Appeal, pp. 104-105
- [14] Record on Appeal, pp. 182-183
- [15] Rollo, pp. 98-99
- [16] *Sas v. Sua*, 25 SCRA 158 [1968]
- [17] Record on Appeal, pp. 17-20
- [18] "Section 8. - Except in favor of the Government or any of its branches, units or institutions, land acquired under the provisions of this Act or any permanent improvements thereon shall not be subject to encumbrance or alienation from the date of the award of the land or the improvements thereon and for a term of ten years from and after the date of issuance of the certificate of title, nor shall they become liable to the satisfaction of any debt contracted prior to the expiration of such period.
- "Any occupant or applicant of lands under this Act who transfers whatever rights he has acquired on said lands and/or on the improvements thereon before the date of the award or signature of the contract of sale, shall not be entitled to apply for another piece of agricultural land or urban, homesite or residential lot, as the case maybe, from the National Abaca and Other Fibers Corporation; and such transfer shall be considered null and void."
- [19] *supra*
- [20] 25 Phil. 159-160
- [21] *Cabral v. C.A.*, 130 SCRA 500 [1984]
- [22] *Caram, Jr. v. Laureta*, 103 SCRA 9 [1981]
- [23] *Lopez v. Padilla*, 45 SCRA 45 [1972]
- [24] *Lopez v. Padilla*, *supra*; *Francisco v. Rodriguez*, 6 SCRA 444[1962]
- [25] Respondents' Memorandum, p. 3; Rollo, p.128
- [26] Private Respondents' Comment, p. 3; Rollo, p. 78

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.