

****Title:**** Guadalupe S. Reyes vs. Court of Appeals and Juanita L. Raymundo

****Facts:****

This case traces its origins to 21 June 1967 when Guadalupe S. Reyes (petitioner) sold half of a 300-square meter lot in Quezon City to Juanita L. Raymundo (respondent) for P10,000.00, leading to the issuance of a new title in both their names. Subsequently, Raymundo obtained a loan using her share as collateral. On 24 September 1969, Reyes sold her remaining half to Raymundo for P15,000.00, leading to the issuance of TCT No. 149036 solely under Raymundo's name.

The property was leased to the Palacios spouses from 1967, and by December 1984, issues over rent payments arose, leading to legal actions including a petition for consignation and a compromise agreement approved in May 1985. In 1987, Raymundo claimed ownership of the entire property, leading Reyes to file a complaint against Raymundo for cancellation of TCT No. 149036 and reconveyance with damages, alleging the second sale was simulated and no loan materialized as agreed.

The trial court sided with Reyes, finding the second sale simulated and ordering Raymundo to reconvey the property to Reyes. However, the Court of Appeals (CA) reversed this decision, asserting the notarized deed of sale took precedence over the private agreement and found Reyes' claim barred by prescription and laches, dismissing her complaint.

****Issues:****

1. Whether the action for reconveyance based on an implied or constructive trust has prescribed.
2. Whether the principle of laches is applicable in this case.
3. The credibility and legal standing of the private document dated 10 January 1970 vis-à-vis the notarized second deed of sale.

****Court's Decision:****

The Supreme Court (SC) granted Reyes' petition, ruling that:

1. The action for reconveyance had not prescribed as Reyes was in actual possession of the property through her lessees, and her right to seek reconveyance—which seeks to quiet title—does not prescribe as long as she is in actual possession.
2. Laches cannot be applied against Reyes as she consistently exercised acts of dominion over the property through her lessees, and applying laches would result in injustice and inequity.

3. The private writing dated 10 January 1970 contains the real agreement between Reyes and Raymundo, overriding the notarized deed of sale from 1969, which was found to be simulated. Therefore, the second deed of sale was declared null and void.

****Doctrine:****

The SC reiterated the doctrine that an action for reconveyance based on implied or constructive trust does not prescribe as long as the claimant is in actual possession of the property. Further, the Court held that the principle of laches is not strictly applied when doing so results in manifest injustice.

****Class Notes:****

- ****Prescription in Action for Reconveyance:**** Does not apply if the claimant is in actual possession of the property.
- ****Laches:**** Equitable doctrine, not automatically applied, particularly if its application results in injustice.
- ****Simulated Contracts:**** A notarized document does not automatically have supremacy over a private document if the latter represents the true agreement between the parties.
- ****Actual Possession:**** Defined by acts of dominion as one would over their property, can be exercised through others (e.g., lessees).

****Historical Background:****

The case provides insight into the complexities surrounding property transactions in the Philippines, including issues of trust, simulation of contracts, and the enduring principle of actual possession and ownership. It underscores the Philippine judiciary's commitment to equity and justice over strict adherence to procedural technicalities, especially in cases where fraud or simulation is evident.