

FIRST DIVISION

[G.R. No. 196023, April 21, 2014]

JOSE JUAN TONG, ET AL., PETITIONERS, VS. GO TIAT KUN, ET AL., RESPONDENTS.

DECISION

REYES, J.:

This appeal by petition for review seeks to annul and set aside the Decision^[1] dated October 28, 2010 and the Resolution^[2] dated March 3, 2011 of the Court of Appeals (CA) in CA-G.R. CV No. 03078, which reversed the Decision^[3] dated May 21, 2009 of the Regional Trial Court of Iloilo City, Branch 37, in Civil Case No. 05-28626.

The Facts

The instant petition stemmed from an action for Nullification of Titles and Deeds of Extra-Judicial Settlement and Sale and Damages instituted by the petitioners against the respondents over a parcel of land known as Lot 998-A of the Cadastral Survey of Iloilo, having an area of 2,525 square meters and now covered by Transfer Certificate of Title (TCT) No. 134082.

The petitioners are nine of the ten children of Spouses Juan Tong (Juan Tong) and Sy Un (Spouses Juan Tong), namely: Jose Juan Tong, Lucio Juan Tong, Simeon Juan Tong, Felisa Juan Tong Cheng, Luisa Juan Tong Tan, Julia Juan Tong Dihiansan, Ana Juan Tong Dy, Elena Juan Tong Yng Choan, and Vicente Juan Tong, who being already deceased, is survived by his widow, Rosita So and their children, Chanto Juan Tong and Alfonso So-Chanto Juan Tong.

Completing the ten children of Spouses Juan Tong is the deceased Luis Juan Tong, Sr. (Luis, Sr.) whose surviving heirs are: his spouse Go Tiat Kun, and their children, Leon, Mary, Lilia, Tomas, Luis, Jr., and Jaime, who being already dead, is survived by his wife, Roma Cokee Juan Tong (respondents).

Sometime in 1957, Juan Tong had a meeting with all his children to inform them of his intention to purchase Lot 998 to be used for the family's lumber business called "Juan Tong Lumber". However, since he was a Chinese citizen and was disqualified from acquiring the said lot, the title to the property will be registered in the name of his eldest son, Luis, Sr., who at that time was already of age and was the only Filipino citizen among his children. On May 11, 1957, Juan Tong bought Lot 998 from the heirs of Jose Ascencio. Accordingly, on May 16, 1957, TCT No. 10346 was issued by the Register of Deeds in the name of Luis, Sr.

On December 8, 1978, the single proprietorship of Juan Tong Lumber was incorporated into a corporation known as the Juan Tong Lumber, Inc.^[4] However, Sy Un and Juan Tong both died intestate on October 31, 1984, and November 13,

1990, respectively.

Meanwhile, on May 30, 1981, Luis, Sr. died and the respondents, being his surviving heirs, claimed ownership over Lot 998 by succession, alleging that no trust agreement exists and it was Luis, Sr. who bought Lot 998. On July 2, 1982, the respondents executed a Deed of Extra-Judicial Settlement of Estate of Luis, Sr., adjudicating unto themselves Lot 998 and claiming that the said lot is the conjugal property of Luis, Sr., and his wife, which the Juvenile and Domestic Relations Court of Iloilo City approved on June 28, 1982. On July 19, 1982, the said deed was registered causing the cancellation of TCT No. 10346 and the issuance of TCT No. T-60231 in the name of the respondents.

Subsequently, the respondents agreed to subdivide Lot 998, thus, on October 12, 1992, two new titles were issued: (1) TCT No. 97068 over Lot 998-A in the name of Go Tiat Kun and her children; and (2) TCT No. T-96216 over Lot 998-B in the name of Luis, Jr.

After Lot 998 was subdivided, Luis, Jr. sold Lot 998-B to Fine Rock Development Corporation (FRDC), which in turn sold the same to Visayas Goodwill Credit Corporation (VGCC). It was only after the petitioners received a letter from VGCC, on August 31, 1995, that they discovered about the breach of the trust agreement committed by the respondents.

To protect their rights, the petitioners filed an action for Annulment of Sales, Titles, Reconveyance and Damages of Lot 998-B docketed as Civil Case No. 22730 against Luis, Jr., FRDC and VGCC. On March 6, 1997, the trial court ruled^[5] in favor of the petitioners which were later affirmed by the CA^[6] and this Court^[7] on appeal. Consequently, Lot 998-B was reconveyed to the petitioners and TCT No. T-14839 was issued under their names including the late Luis, Sr.

Then, on February 24, 2001, Go Tiat Kun executed a Deed of Sale of Undivided Interest over Lot 998-A in favor of her children, Leon, Mary, Lilia, Tomas, and the late Jaime, resulting in the issuance of TCT No. T-134082 over Lot 998-A.

Hence, on August 2, 2005, the petitioners filed the instant case for Nullification of Titles, and Deeds of Extra-judicial Settlement and Sale and Damages claiming as owners of Lot 998-A.^[8]

After trial, the court *a quo* rendered its judgment in favor of the petitioners, ruling that there was an implied resulting trust between Juan Tong, Luis, Sr., the petitioners and the respondents, over Lot 998. The trial court found that Luis Sr. was a mere trustee, and not the owner of Lot 998, and the beneficial interest over said property remained in Juan Tong and subsequently in the Juan Tong Lumber, Inc. The trust is further established by the fact that Luis Sr., during his lifetime: (1) did not build a house or any structure thereon or make use of the property in any manner; (2) resided with his family together with his parents, brothers and sisters in Juan Tong building in front of the said lot; (3) have acquired a residential property at Ledesco Village, La Paz, Iloilo City and other places, where his heirs now reside; and (4) did not exercised any other act of ownership over the said lot.

The trial court further claimed that any right that the respondents may have over

Lot 998-A would have been merely derived from that of their predecessor-in-interest, Luis Sr. Since the respondents were not the owners of Lot 998-A, they could not appropriate the property unto themselves, much less convey the same unto third persons. Thus, any document executed by them adjudicating unto themselves or conveying in favor of each other Lot 998-A, as well as the titles issued in their favor as a consequence of those documents, are invalid. Since the petitioners were deprived of Lot 998-A through the surreptitious and fraudulent acts of the respondents, the petitioners are entitled to the reconveyance of the properties, and the validity of TCT No. T-134082 which covers Lot 998-A as well as the previous titles and documents of conveyance covering the said lot were null and void. Thus:

WHEREFORE, in view of the foregoing considerations, judgment is hereby rendered in favor of the plaintiffs and against the defendants:

1. Declaring null and void the following:

- a. Deed of Extrajudicial Settlement of Estate of Deceased Person executed by the Defendants on July 2, 1982 executed by defendants Go Tiat Kun, Leon Juan Tong, Mary Juan Tong, Lilia Juan Tong, and Tomas Juan Tong, and the late Jaime Juan Tong;
- b. Transfer Certificate of Title No. T-60231 in the name of defendants Go Tiat Kun, Leon Juan Tong, Mary Juan Tong, Lilia Juan Tong, and Tomas Juan Tong and the late Jaime Juan Tong;
- c. Transfer Certificate of Title No. T-97068 in the name of defendants Go Tiat Kun, Leon Juan Tong, Mary Juan Tong, Lilia Juan Tong, and Tomas Juan Tong and the late Jaime Juan Tong;
- d. Deed of Sale of Undivided Interest over Real Property executed by defendant Go Tiat Kun on February 24, 2001 in favor of defendants Leon Juan Tong, Mary Juan Tong, Lilia Juan Tong, and Tomas Juan Tong and the late Jaime Juan Tong; [and]
- e. Transfer Certificate of Title No. T-134082, and all titles issued subsequent thereto, covering Lot 998-A, in the names of defendants Leon Juan Tong, Mary Juan Tong, Lilia Juan Tong, and Tomas Juan Tong and the late Jaime Juan Tong[.]

2. Ordering defendants to jointly and severally pay Jose Juan Tong Moral Damages of Php200,000.00, and the plaintiffs Litigation Expenses of Php100,000.00 and Attorney's Fees of Php200,000.00.

3. Ordering the Register of Deeds of the City of Iloilo to issue a new transfer certificate of title covering Lot 998-A in the name of the plaintiffs

and Luis Juan Tong, in equal shares.

4. The Counterclaim is hereby ordered dismissed for lack of merit.

SO ORDERED.^[9]

On appeal, the CA rendered the herein assailed decision, which reversed and set aside the trial court's decision, and dismissed the complaint for lack of merit.

The appellate court, more particularly ruled that an express trust was created because there was a direct and positive act from Juan Tong to create a trust. And when an express trust concerns an immovable property or any interest therein, it may not be proved by parol or oral evidence, but must be proven by some writing or deed.^[10] The CA also ruled that even granting that an implied resulting trust was created; the petitioners are still barred by prescription because the said resulting trust was terminated upon the death of Luis, Sr. and was then converted into a constructive trust.^[11] Since in an action for reconveyance based on a constructive trust prescribes in ten years from the issuance of the Torrens title over the property, counting from the death of Luis, Sr. in 1981, the action has already prescribed.

The CA went on to rule that there is a presumption of donation in this case pursuant to Article 1448 of the Civil Code that if the person to whom the title is conveyed is a child, legitimate or illegitimate, of the one paying the price of the sale, no trust is implied by law, it being disputably presumed that there is a gift in favor of the child. Thus, even though the respondents did not present evidence to prove a donation, the petitioners likewise did not also try to dispute it. The CA also held that the petitioners were already barred by estoppel and laches.

Aggrieved by the foregoing disquisition, the petitioners moved for reconsideration but it was denied by the appellate court,^[12] hence, they filed this petition for review.

The Issue

Briefly stated, the issues to be resolved in this petition are: (1) Was there an implied resulting trust constituted over Lot 998 when Juan Tong purchased the property and registered it in the name of Luis, Sr.? (2) May parol evidence be used as proof of the establishment of the trust? (3) Were the petitioners' action barred by prescription, estoppel and laches?

The Court's Ruling

The petition is impressed with merit.

As a general rule, in petitions for review under Rule 45 of the Rules of Court, the jurisdiction of this Court in cases brought before it from the CA is limited to the review and revision of errors of law allegedly committed by the appellate court. The question of the existence of an implied trust is factual, hence, ordinarily outside the purview of Rule 45. Nevertheless, the Court's review is justified by the need to make a definitive finding on this factual issue in light of the conflicting rulings rendered by