

SECOND DIVISION

[G.R. No. 136197, December 10, 2008]

NATIVIDAD BAUTISTA-BORJA, PETITIONER, VS. ILUMINADA BAUTISTA, AUREA BAUTISTA-RUIZ, CLARITA BAUTISTA, FLORENTINO BAUTISTA, DIOSDADO BAUTISTA, FRANCISCO BAUTISTA II, FRANCISCO BAUTISTA III, DANILO BAUTISTA, LUZVIMINDA BAUTISTA, ARTURO BAUTISTA, LUZ BAUTISTA AND PAULINO BAUTISTA, RESPONDENTS.

DECISION

CARPIO MORALES, J.:

The spouses Pablo Bautista (Pablo) and Segundina Tadiaman Bautista (spouses Bautista) died intestate in July 1980 and April 1990, respectively. Pablo was the registered owner of several agricultural lands situated in Ramon, Isabela totaling around 30 hectares and in Llanera, Nueva Ecija totalling 17 hectares. They had five children, namely: respondents Iluminada and Aurea, Francisco (who died in 1981), Simplicio (who died in 1986), and Natividad (petitioner).

Francisco was survived by six children, namely: respondents Clarita, Florentino, Diosdado, Francisco II, and Francisco III, and the now deceased Arsenio, all surnamed Bautista.

Simplicio was survived by five children, namely: respondents Danilo, Lorna, Luzviminda, Luz, and Paulino, all surnamed Bautista.

By petitioner's claim, respondents, through fraud and deception, convinced her to take possession and cultivate the above-stated parcels of land which would eventually be partitioned; and that unknown to her, however, the titles to the lands were cancelled by virtue of Deeds of Sale purportedly executed on different dates by her parents in favor of her siblings Simplicio and Francisco, a fact which she came to know about only in 1994.

Petitioner thus filed on June 9, 1994 a complaint^[1] before the Regional Trial Court (RTC) of Santiago City, Isabela, docketed as Civil Case No. 2084 for Annulment of the Deeds of Sale and/or Partition of Properties alleging, *inter alia*:

x x x x

13. That the aforesaid deeds of sales are either forgeries or falsifications or are all fictitious documents, v[oi]d and ineffectual conferring no valid and legal right to the transferees for the reason that at the time of their alleged executions the vendors were almost totally bereft of understanding, reason and perception and especially in the case of Pablo Bautista, was so gravely ill, seriously

bedridden that he could not have gone and appeared before the Notary Public for the execution of the questionable documents and/or could not have understood the significance and legal effect of the same;

14. That there was totally no consideration which passed between the defendants and the alleged vendors during and at the time of the execution of the several deeds of sales which were all done to prejudice and deprived the plaintiff of her lawful share in the inheritance of the properties left by their deceased parents; (Underscoring supplied)

x x x x^[2]

Petitioner accordingly prayed as follows:

1. Ordering the partition of the properties of spouses Pablo Bautista and Segundina Tadianan Bautista;
2. Declaring as null and void and without any force and effect the deed of sales and/or other documents executed to cancel and effect the transfer of the properties of Pablo Bautista and his wife to the defendants;

x x x x^[3] (Underscoring supplied)

By Order of September 27, 1994, Branch 35 of the Santiago RTC, acting on the Motion to Dismiss^[4] filed by respondents which was anchored on lack of cause of action, prescription and laches, dismissed the complaint. It held that petitioner's complaint, though denominated as one for annulment of sale, was in fact based on an obligation conferred by law, specifically an implied trust, hence, pursuant to Articles 1456^[5] and 1144^[6] of the Civil Code, it had prescribed, the same having been filed 20 years after the implied trust commenced.

In another vein, the trial court held that petitioner's cause of action had prescribed as actions for reconveyance based on implied trust prescribe in 10 years, and that laches had set in.

Petitioner elevated the case to the Court of Appeals, contending that the nature of her complaint was one for annulment of void contracts, hence, imprescriptible; that laches does not apply, following *Palmera v. Civil Service Commission*^[7] which held that "x x x where a defendant or those claiming under him recognized or directly or impliedly acknowledged the existence of the right asserted by a plaintiff, such recognition may be invoked as a valid excuse for plaintiff's delay in seeking to enforce such right"; that, contrary to the trial court's ruling, her cause of action had not prescribed, as "an action to compel the trustee to convey the property registered in his name for the benefit of the *cestui que trust* does not prescribe"; and that the prescriptive period commences to run only when the trustee repudiates the trust through unequivocal acts made known to the *cestui que trust* --- an element not satisfactorily shown in the instant case.

By Decision of October 30, 1998,^[8] the appellate court affirmed the trial court's

ruling, citing *Salvatierra v. Court of Appeals*^[9] which held "that an action for reconveyance of registered land based on implied trust, prescribes in ten (10) years even if the decree of registration is no longer open to review."

The appellate court went on to hold that petitioner was guilty of laches, and assuming that the transfer of the properties in favor of respondents was procured through fraud, still, her action should have been filed within four years from the discovery of the fraud.

Hence, this petition, petitioner insisting that since her cause of action is for annulment or declaration of inexistent contracts, the provisions on void contracts, specifically Arts. 1390^[10] and 1391^[11] of the Civil Code, apply, hence, her cause of action had not prescribed, for under Article 1410 of the Civil Code, "the action or defense for the declaration of the inexistence of a contract does not prescribe."

Further, petitioner contends that even if there be implied trust, her cause of action has not prescribed because it is anchored on the annulment of a void or inexistent contract. Corollarily, she argues that if at all, a "resulting trust" and not a "constructive trust" was established in the case at bar, considering that she only gave her consent to respondents upon their representation that they were going to take possession and cultivate the properties with the understanding that they would later partition them among the legal heirs. She thus contends that the rule on imprescriptibility of actions to recover property held in trust apply to resulting trusts, as in this case, so long as the trustee has not repudiated the trust.

Petitioner furthermore alleges that the continued assurances of respondents that partition proceedings were just dragging on, despite their having already transferred the titles in their names, is a clear indication that they have not repudiated the resulting trust, the requisites for which, as enunciated in *Huang v. Court of Appeals*,^[12] not having been met. And she maintains that while the registration of land under the Torrens system operates as a constructive notice to the whole world, it cannot be construed as being equivalent to a notice of repudiation, for the same cannot be used as a shield for fraud.

On laches, petitioner cites *Palmera v. CSC*^[13] holding that laches will not be taken against a plaintiff where the defendant is shown to have promised from time to time to grant the relief sought.

Finally, in support of her contention that her parents never executed the questioned Deed of Sale, petitioner submitted, for the Court's consideration, the Affidavits^[14] of her sisters, herein respondents Iluminada and Aurea, averring that, *inter alia*, during their lifetime, their parents could not have sold the properties to their brothers Simplicio and Francisco and signed the deeds because they were illiterate; that they did not engage the services of Atty. Edmar Cabucana, respondents' counsel, to represent them in the case for they had no objection to the legal claim of their sister-herein petitioner Natividad.

From the earlier quoted-allegations in petitioner's complaint, it is clear that her action is one for declaration of the nullity of the Deeds of Sale which she claims to be either *falsified* € because at the time of the execution thereof, Pablo was already gravely ill and bedridden, hence he could not have gone and appeared