

FIRST DIVISION

[G.R. No. 115925, August 15, 2003]

**SPOUSES RICARDO PASCUAL AND CONSOLACION SIOSON,
PETITIONERS, VS. COURT OF APPEALS AND REMEDIOS S.
EUGENIO-GINO, RESPONDENTS.**

D E C I S I O N

CARPIO, J.:

The Case

This is a petition for review of the Decision^[1] dated 31 January 1994 of the Court of Appeals ordering the Register of Deeds of Metro Manila, District III, to place TCT No. (232252) 1321 in the name of respondent Remedios S. Eugenio-Gino. The Decision ordered the Register of Deeds to cancel the names of petitioners Ricardo Pascual and Consolacion Sioson ("petitioners") in TCT No. (232252) 1321. The Decision also directed petitioners to pay respondent moral and exemplary damages and attorney's fees.

The Facts

Petitioner Consolacion Sioson ("CONSOLACION") and respondent Remedios S. Eugenio-Gino ("REMEDIOS") are the niece and granddaughter, respectively, of the late Canuto Sioson ("CANUTO"). CANUTO and 11 other individuals, including his sister Catalina Sioson ("CATALINA") and his brother Victoriano Sioson ("VICTORIANO"), were co-owners of a parcel of land in Tanza, Navotas, Metro Manila. The property, known as Lot 2 of Plan Psu 13245, had an area of 9,347 square meters and was covered by Original Certificate of Title No. 4207 issued by the Register of Deeds of Rizal. CATALINA, CANUTO, and VICTORIANO each owned an aliquot 10/70 share or 1,335 square meters of Lot 2. ^[2]

On 20 November 1951, CANUTO had Lot 2 surveyed and subdivided into eight lots (Lot Nos. 2-A to 2-H) through Subdivision Plan Psd 34713 which the Director of Lands approved on 30 May 1952. Lot No. 2-A, with an area of 670 square meters, and Lot No. 2-E, with an area of 2,000 square meters, were placed under CANUTO's name. Three other individuals took the remaining lots.^[3]

On 26 September 1956, CANUTO and CONSOLACION executed a *Kasulatan ng Bilihang Tuluyan*^[4] ("KASULATAN"). Under the KASULATAN, CANUTO sold his 10/70 share in Lot 2 in favor of CONSOLACION for P2,250.00. The KASULATAN, notarized by Notary Public Jose T. de los Santos of Navotas, provides:

Na ako, CANUTO SIOSON, mamamayang Pilipino, may katampatang gulang, kasal kay Raymunda San Diego, at naninirahan sa Tanza,

Navotas, Rizal, sa bisa at pamamagitan ng kasulatang ito ay nagpapatunay at nagpapatibay:

1. Na ako ang lubos at tunay na may-ari ng 10/70 bahaging hindi hati (10/70 porcion pro-indiviso) ng isang lagay na lupa (Lote No. 2, Plano Psu-13245), na nasa sa nayon ng Tanza, Municipio ng Navotas, Provincia ng Rizal, at ang descripcion o pagkakakilanlan ng nasabing lote ay nakasaad sa Certificado Original, de Titulo No. 4207 ng Oficina ng Registrador de Titulos ng Rizal, gaya ng sumusunod:

x x x x

2. Na dahil at alang-alang sa halagang Dalawang Libo Dalawang Daan at Limampung Piso (P2,250.00), salaping Pilipino, na sa akin ay ibinayad ni CONSOLACION SIOSON, kasal kay Ricardo S. Pascual, may sapat na gulang, mamamayang Pilipino, at naninirahan sa Dampalit, Malabon, Rizal at ang pagkakatanggap ng nasabing halaga ay aking inaamin at pinatutunayan, ay aking ipinagbili, inilipat at isinalin, sa pamamagitan ng bilingang tuluyan at walang pasubali a favor [sic] sa nasabing si CONSOLACION SIOSON, sa kanyang tagapagmana at mapaglilipatan ang lahat ng aking titulo, karapatan at kaparti na binubuo ng 10/70 bahaging hindi hati (10/70 porcion pro-indiviso) ng loteng descrito or tinutukoy sa itaas nito. (Emphasis supplied)

CONSOLACION immediately took possession of Lot Nos. 2-A and 2-E. She later declared the land for taxation purposes and paid the corresponding real estate taxes.^[5]

On 23 October 1968, the surviving children of CANUTO, namely, Felicidad and Beatriz, executed a joint affidavit^[6] ("JOINT AFFIDAVIT") affirming the KASULATAN in favor of CONSOLACION. They also attested that the lots their father had sold to CONSOLACION were Lot Nos. 2-A and 2-E of Subdivision Plan Psd 34713. The JOINT AFFIDAVIT reads:

KAMING sina FELICIDAD SIOSON at BEATRIZ SIOSON, pawang mga Pilipino, kapuwa may sapat na gulang at naninirahan, ang una sa Tanza, Navotas at ang ikalawa sa Concepcion, Malabon, lalawigan ng Rizal, sa ilalim ng isang ganap na panunumpa alinsunod sa batas, ay malayang nagsasalaysay ng mga sumusunod:

Na kami ang mga buhay na anak na naiwan ni CANUTO SIOSON na nagmamay-ari ng 10/70 bahaging hindi hati (10/70 porcion pro-indiviso) ng isang lagay na lupa (Lote No. 2, plano Psu-13245), na nasa Nayon ng Tanza, Navotas, Rizal, at ang mga palatandaan nito ay nasasaad sa Certificado Original de Titulo No. 4207 ng Tanggapan ng Registrador de Titulos ng Rizal;

Na sa lubos naming kaalaman, ay ipinagbili ng aming Ama na si Canuto Sioson ang kaniyang buong bahagi na 10/70 sa nasabing Lote No. 2, kay CONSOLACION SIOSON, may-bahay ni Ricardo S. Pascual, na taga

Dampalit, Malabon, Rizal, sa halagang P2,250.00, salaping pilipino, noong ika 16 [sic] ng Septiembre, 1956, sa pamamagitan ng isang KASULATAN NG BILIHANG TULUYAN na pinagtibay sa harap ng Notario Publico Jose T. de los Santos nang pechang nabanggit, sa Navotas, Rizal, (Doc. No. 194, Page No. 84; Book No. IV; Series of 1956);

Na ang nasabing lupa na ipinagbili ng aming Ama kay Consolacion Sioson ni Pascual, ay nakikilala ngayong mga Lote No. 2-A at Lote 2-E ng Plano de Subdivision Psd-34713; na pinagtibay ng Assistant Director of Lands noong Mayo 30, 1952;

Na aming ngayong pinatitibayan ang pagka-pagbili ng bahagi ng aming Ama kay Consolacion Sioson ni Pascual ng ngayo'y nakikilalang Lote No. 2-A at Lote No. 2-E ng Plano de Subdivision Psd-34713. (Emphasis supplied)

On 28 October 1968, CONSOLACION registered the KASULATAN and the JOINT AFFIDAVIT with the Office of the Register of Deeds of Rizal ("Register of Deeds"). Based on these documents, the Register of Deeds issued to CONSOLACION Transfer Certificate of Title No. (232252) 1321 covering Lot Nos. 2-A and 2-E of Subdivision Plan Psd 34713 with a total area of 2,670 square meters.

On 4 February 1988, REMEDIOS filed a complaint against CONSOLACION and her spouse Ricardo Pascual in the Regional Trial Court of Malabon, Branch 165, for "Annulment or Cancellation of Transfer Certificate [of Title] and Damages." REMEDIOS claimed that she is the owner of Lot Nos. 2-A and 2-E because CATALINA devised these lots to her in CATALINA's last will and testament^[7] ("LAST WILL") dated 29 May 1964. REMEDIOS added that CONSOLACION obtained title to these lots through fraudulent means since the area covered by TCT (232252) 1321 is twice the size of CANUTO's share in Lot 2. REMEDIOS prayed for the cancellation of CONSOLACION's title, the issuance of another title in her name, and the payment to her of damages.

Petitioners sought to dismiss the complaint on the ground of prescription. Petitioners claimed that the basis of the action is fraud, and REMEDIOS should have filed the action within four years from the registration of CONSOLACION's title on 28 October 1968 and not some 19 years later on 4 February 1988. REMEDIOS opposed the motion, claiming that she became aware of CONSOLACION's adverse title only in February 1987. CONSOLACION maintained that she had timely filed her complaint within the four-year prescriptive on 4 February 1988.

In its order of 28 April 1988, the trial court denied petitioners' motion to dismiss. The trial court held that the reckoning of the prescriptive period for filing REMEDIOS' complaint is evidentiary in nature and must await the presentation of the parties' evidence during the trial. During the pre-trial stage, REMEDIOS clarified that she was claiming only CATALINA's 10/70 share in Lot 2, or 1,335 square meters, which constitute ½ of the area of Lot Nos. 2-A and 2-E.^[8] The trial of the case then ensued.

The Ruling of the Trial Court

On 26 November 1990, the trial court rendered judgment dismissing the case and

ordering REMEDIOS to pay petitioners P10,000 as attorney's fees and the cost of suit. The trial court held that the action filed by REMEDIOS is based on fraud, covered by the four-year prescriptive period. The trial court also held that REMEDIOS knew of petitioners' adverse title on 19 November 1982 when REMEDIOS testified against petitioners in an ejectment suit petitioners had filed against their tenants in Lot Nos. 2-A and 2-E. Thus, the complaint of REMEDIOS had already prescribed when she filed it on 4 February 1988.

The trial court further ruled that REMEDIOS has no right of action against petitioners because CATALINA's LAST WILL from which REMEDIOS claims to derive her title has not been admitted to probate. Under Article 838 of the Civil Code, no will passes real or personal property unless it is allowed in probate in accordance with the Rules of Court. The dispositive portion of the trial court's decision provides:

WHEREFORE, judgment is hereby rendered in favor of the defendants and against plaintiff, ordering:

1. The dismissal of this case;
2. The plaintiff to pay the defendants the sum of Ten Thousand (P10,000.00) Pesos as and for attorney's fees; and
3. The plaintiff to pay the costs of suit.^[9]

REMEDIOS appealed to the Court of Appeals.

The Ruling of the Court of Appeals

On 31 January 1994, the Court of Appeals rendered judgment reversing the decision of the trial court. The appellate court held that what REMEDIOS filed was a suit to enforce an implied trust allegedly created in her favor when CONSOLACION fraudulently registered her title over Lot Nos. 2-A and 2-E. Consequently, the prescriptive period for filing the complaint is ten years, not four. The Court of Appeals counted this ten-year period from 19 November 1982. Thus, when REMEDIOS filed her complaint on 4 February 1988, the ten-year prescriptive period had not yet expired.

The appellate court held that CATALINA's unprobated LAST WILL does not preclude REMEDIOS from seeking reconveyance of Lot Nos. 2-A and 2-E as the LAST WILL may subsequently be admitted to probate. The dispositive portion of the appellate court's ruling provides:

WHEREFORE, the decision appealed from is REVERSED and SET ASIDE. The Registry of Deeds of Rizal or Metro Manila, District III, is ordered to place Transfer Certificate of Title No. (232252) 1321 under the name of Remedios S. Eugenio-Gino as executor of the will of Catalina Sioson and cancel the names of the Spouses Ricardo Pascual and Consolacion Sioson inscribed over said title as owners of the covered lot. Defendants-appellees spouses Ricardo Pascual and Consolacion Sioson are ordered to pay plaintiff-appellant Remedios S. Eugenio-Gino moral damages in the amount of P50,000.00, exemplary damages of P20,000[.00] and attorney's fees of P20,000.00 and P500.00 per appearance.^[10]

Petitioners sought reconsideration of the ruling. However, the Court of Appeals denied their motion in its order dated 15 June 1994.

Hence, this petition.

The Issues

Petitioners allege the following assignment of errors:

1. THE COURT OF APPEALS ERRED IN HOLDING THAT PRIVATE RESPONDENT'S CAUSE OF ACTION IS NOT BARRED BY PRESCRIPTION WHICH FINDING IS MANIFESTLY CONTRARY TO LAW AND THE APPLICABLE DECISIONS OF THIS HONORABLE COURT.
2. THE COURT OF APPEALS ERRED IN NOT HOLDING THAT PRIVATE RESPONDENT DOES NOT HAVE ANY TITLE AND HAS UTTERLY FAILED TO PROVE ANY TITLE TO THE LOTS INVOLVED IN THIS CASE, AND IN ORDERING THE CANCELLATION OF THE CERTIFICATE OF TITLE OF PETITIONERS.
3. THE COURT OF APPEALS ACTED WITH GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OF JURISDICTION AND IN GROSS VIOLATION OF THE RULES OF COURT IN ORDERING THE ENTIRE PROPERTY COVERED BY TRANSFER CERTIFICATE OF TITLE NO. (232252) 1321 TO BE PLACED IN THE NAME OF PRIVATE RESPONDENT, BECAUSE THE CLAIM OF PRIVATE RESPONDENT IS LIMITED ONLY TO ONE-HALF (1/2) PORTION OF THE PROPERTY, AND THE OTHER HALF THEREOF UNQUESTIONABLY BELONGS TO PETITIONERS.
4. THE COURT OF APPEALS ERRED IN HOLDING THAT PETITIONERS ACTED FRAUDULENTLY AND IN BAD FAITH IN SECURING THEIR CERTIFICATE OF TITLE TO THE PROPERTY INVOLVED IN THIS CASE, AND IN ORDERING PETITIONERS TO PAY PRIVATE RESPONDENTS MORAL DAMAGES, EXEMPLARY DAMAGES AND ATTORNEY'S FEES.

[11]

The pivotal questions are: (1) whether prescription bars the action filed by REMEDIOS, and (2) whether REMEDIOS is a real party-in-interest.

The Ruling of the Court

The petition has merit.

The Action is Barred by Prescription

The trial court held that the action filed by REMEDIOS is one based on fraud. REMEDIOS' action seeks to recover real property that petitioners allegedly acquired through fraud. Consequently, the trial court held that the action prescribes in four years counted from REMEDIOS' actual discovery of petitioners' adverse title. The trial court concluded that REMEDIOS belatedly filed her suit on 4 February 1988