

SECOND DIVISION

[G.R. No. 134718, August 20, 2001]

HEIRS OF ROMANA INGJUG-TIRO: BEDESA, PEDRO, RITA ALL SURNAMED TIRO, AND BARBARA TIRO (DECEASED) REPRESENTED BY NORMA SARAMOSING; HEIRS OF FRANCISCO INGJUG: LEONARDO, LILIA, FERNANDA, ZENAIDA, PACITA AND ANTONIO, ALL SURNAMED INGJUG; AND HEIRS OF FRANCISCA INGJUG-FUENTES: ULDARICO AND GUILLERMA, ALL SURNAMED FUENTES, AND PAULINA INGJUG-FUENTES (DECEASED) REPRESENTED BY VICTOR, ELENA, SERGIA AND DESIDERIO, ALL SURNAMED MUÑEZ, PETITIONERS, VS. SPOUSES LEON V. CASALS AND LILIA C. CASALS, SPOUSES CARLOS L. CLIMACO AND LYDIA R. CLIMACO, SPOUSES JOSE L. CLIMACO, JR. AND BLANQUITA C. CLIMACO, AND CONSUELO L. CLIMACO, RESPONDENTS.

D E C I S I O N

BELLOSILLO, J.:

A 5,354-square meter parcel of land is at the epicentrum of the controversy. Originally titled in the name of Mamerto Ingjug, the property is located in the former Municipality of Opon, Province of Cebu (now Marigondon, Lapu-Lapu City). The claimants are the descendants of Mamerto Ingjug on one hand who allege that they have been deprived of their successional rights through fraud and misrepresentation, and a group of vendees on the other hand claiming to have acquired the property for value and in good faith. The case filed by the descendants of Mamerto Ingjug was dismissed by the trial court on the ground of prescription and *laches*. The dismissal was affirmed by the Court of Appeals. The affirmance by the appellate court is now assailed in this petition for review.

During the Second World War, or some sixty (60) years ago, Mamerto Ingjug died leaving behind the subject parcel of land covered by Original Certificate of Title No. RO-0376 in his name as owner in fee simple. Upon his death title thereto devolved upon his five (5) children, namely, Romana, Francisco, Francisca, Luisa and Maria, all surnamed Ingjug. On 9 July 1965, or more than two (2) decades later, Luisa, Maria, one Eufemio Ingjug, and Guillerma Ingjug Fuentes-Pagubo, daughter of Francisca, sold the disputed land to herein respondents, the spouses Leon V. Casals and Lilia C. Casals, the spouses Carlos L. Climaco and Lydia R. Climaco, the spouses Jose L. Climaco, Jr. and Blanquita C. Climaco, and Consuelo L. Climaco. The vendors allegedly represented to the vendees that the property was inherited by them from the late Mamerto Ingjug, and that they were his only surviving heirs. The sale was evidenced by a *Deed of Sale of Unregistered Land*^[1] and an *Extrajudicial Settlement and Confirmation of Sale*^[2] executed by the vendors in favor of the vendees.

On 10 August 1992, herein petitioners as heirs of Romana Ingjug, namely, Bedesa,

Pedro, Rita and Barbara; heirs of Francisco Ingjug, namely, Leonardo, Lilia, Fernanda, Zenaida, Pacita and Antonio; and, heirs of Francisca, namely, Uldarico, and Paulina, challenged respondents' ownership of the property by filing a complaint for *Partition, Recovery of Ownership and Possession, Declaration of Nullity: Deed of Sale of Unregistered Land; Extrajudicial Settlement and Confirmation of Sale*,^[3] against herein respondents. Petitioners alleged that they only discovered in 1990 that the property had already been sold and titled to respondents, and that respondents refused, despite repeated demands, to deliver and return to them their shares in the property. Petitioners also prayed that the *Deed of Sale of Unregistered Land* as well as the *Extrajudicial Settlement and Confirmation of Sale* executed by Luisa, Maria, Eufemio and Guillerma be nullified to the extent of petitioners' shares in the property.

Respondents - the spouses Leon Casals and Lilia Casals, and Consuelo L. Climaco - failed to answer within the reglementary period, hence, on motion of petitioners' counsel, they were declared in default.^[4] On the other hand, respondents - the spouses Carlos L. Climaco and Lydia R. Climaco, and the spouses Jose L. Climaco, Jr. and Blanquita C. Climaco - filed a motion to dismiss, instead of an answer, arguing that the complaint failed to state a cause of action and was barred by prescription and *laches*. They further averred that the original certificate of title in the name of Mamerto Ingjug was lost during the war, and that they bought the property from the heirs of Mamerto Ingjug pending the reconstitution of the title; that they acquired the property in good faith believing that the vendors were indeed the only surviving heirs of Mamerto Ingjug; that upon the issuance of the reconstituted title the vendors executed the questioned *Deed of Extrajudicial Settlement and Confirmation of Sale* in their favor; and that, on the basis of the deed, the original certificate of title in the name of Mamerto Ingjug was cancelled and Transfer Certificate of Title No. T-1150 was issued in their names.^[5]

On 24 February 1993 the trial court in dismissing the complaint held^[6] -

From February 9, 1965 to October 10, 1992 when the instant action was filed in court is 27 years and from February 2, 1967, the time the title was transferred to defendants to October 10, 1992 when plaintiffs initiated the instant case is 25 years. The possession of the property is admitted by the plaintiffs to be with the defendants. If this is so, then the conclusion is inevitable that the property has already been acquired by the defendants by prescription, and the action to recover the same has already been lost x x x x Co-ownership of the lot in question was already repudiated as early as 1965 when Luisa, Maria and Guillerma sold the land claiming they are the only heirs of Mamerto Ingjug, and when the other compulsory heir, Francisco Ingjug confirmed said sale in 1967. From that date, plaintiffs had only 10 years to initiate an action for reconveyance which they failed to do. Accordingly, "an action for reconveyance based on implied or constructive trust prescribes in ten years counted from the date when an adverse title is asserted by the possessor of the property" x x x moreover, "the rule in this jurisdiction is that an action to enforce an implied trust may be barred not only by prescription but also by *laches* in which case repudiation is not even required."

On 26 February 1998 the Court of Appeals, as stated earlier, affirmed the Decision of the trial court.^[7]

Petitioners now seek a review of the appellate court's Decision contending that: (a) the litigated property was originally registered under the Torrens system and, as such, it cannot be acquired by prescription or adverse possession; (b) prescription is unavailing not only against the registered owner but also against his hereditary successors because the latter merely step into the shoes of the former by operation of law and are merely the continuation of the personality of their predecessors in interest; (c) the right to recover possession of a registered property is equally imprescriptible; (d) *laches* too may not be considered a valid defense for claiming ownership of land registered under the Torrens system. When prescription would not lie, neither would *laches* be available; (e) respondents are not in possession of the land in the concept of owners, but are merely holding the same in trust for petitioners; (f) neither could possession of respondents be characterized as adverse possession in good faith; (g) Francisco Ingjug could not have been a party to the *Deed of Extrajudicial Settlement and Confirmation of Sale* in 1967 because he died on 17 August 1963; and, (h) Eufemio Ingjug, one of the signatories to the Deed of Sale, was not the son of Mamerto Ingjug but only a son-in-law, he being a Tiro and husband of Ramona Ingjug-Tiro.^[8]

The pivotal issue is whether petitioners' right to institute a complaint for partition and reconveyance is effectively barred by prescription and *laches*.

We grant the petition. It should be noted that the trial court dismissed the complaint based on prescription and *laches* alone without taking into consideration the other issues raised by petitioners concerning the validity of the contract and its bearing on the matter of prescription. The Court of Appeals likewise skirted the other issues and sustained the trial court's theory that herein petitioners' cause of action - which is essentially one for reconveyance based upon a constructive or implied trust resulting from fraud - had been effectively lost through prescription and *laches*.

A cursory reading of the complaint, however, reveals that the action filed by petitioners was for partition, recovery of ownership and possession, **declaration of nullity of a deed of sale of unregistered land and extrajudicial settlement and confirmation of sale**. Petitioners' causes of action are premised on their claim that: (a) the *Deed of Sale of Unregistered Land* is void and of no effect since their respective shares in the inheritance were included in the sale without their knowledge and consent, and one of the vendor-signatories therein, Eufemio Ingjug (Eufemio Tiro,^[9] husband of Romana Ingjug^[10]), was not even a direct and compulsory heir of the decedent; and (b) the *Extrajudicial Settlement and Confirmation of Sale* is simulated and therefore null and void *ab initio*, as it was purportedly executed in 1967 by, among others, Eufemio Tiro who was not an heir, and by Francisco Ingjug who died in 1963. Also, the prayer in the same complaint expressly asks that all those transactions be declared null and void. In other words, it is the nullity of the deeds of sale and the extrajudicial settlement and confirmation of the sale which is the basic hypothesis upon which the instant civil action rests. Thus, it appears that we are dealing here not with simple voidable contracts tainted with fraud, but with contracts that are altogether null and void *ab initio*.