



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

MODESTO SANCHEZ,
Petitioner,

G.R. No. 187661

Present:

- versus -

CARPIO, J.,
Chairperson,
BRION,
DEL CASTILLO,
PEREZ, and
PERLAS-BERNABE, JJ.

ANDREW SANCHEZ,
Respondent.

Promulgated:

DEC 04 2013

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DECISION

PEREZ, J.:

In this Petition for Review on *Certiorari*,¹ Modesto Sanchez (Modesto) substituted by Juanita Y. Sanchez, assails the 16 July 2008 Decision² of the Thirteenth Division of the Court of Appeals (CA) in CA-G.R. CV No. 88531 reversing the 28 December 2006 Order³ of the Regional Trial Court (RTC) of Manila, Branch 39, which dismissed respondent Andrew Sanchez's (Andrew) complaint for *Annulment of Deed of Sale, Cancellation of New Title and Reconveyance of Title* on the grounds of prescription and laches.

The factual antecedents⁴ were summarized by the CA as follows:

The instant controversy was brought to fore because of the Deed of Absolute Sale,⁵ dated November 25, 1981, which expressly states that the

¹ Rollo, pp. 8-27.

² Id. at 32-41.

³ CA rollo, pp. 38-41.

⁴ Id. at 84-86.

⁵ Records, p. 45.

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parcel of land registered in the name of [Andrew] and covered by Transfer Certificate of Title (TCT) No. 143744⁶ has been conveyed to his brother, [Modesto] through a sale. [Andrew] assailed the said document as sham and replete with falsehood and fraudulent misrepresentations.

While [Andrew] admitted that he sent the said pre-signed deed of sale to [Modesto] in response to the latter’s offer to buy his abovementioned property, he however, alleged that the said transaction did not push through because [Modesto] did not have the financial means to purchase the property at that time. He also stated that he sent the said document undated and not notarized. He alleged that he tried to retrieve the said deed from [Modesto], but the latter failed to return it despite several reminders.

[Andrew] further alleged that he continued to allow [Modesto] to occupy his property since their ancestral home was built thereon. This alleged liberality of [Andrew] was later extended to [Modesto’s] live-in partner, Juanita H. Yap (Yap), as evidenced by the Bequest of Usufruct,⁷ which the former had executed.

In 2000, [Modesto], through Yap, allegedly offered again to buy the said property, but [Andrew] already refused to part with his lot.

[Andrew] later discovered that his certificate of title was missing. Thus, he filed an Affidavit of Loss⁸ with the Registry of Deeds of Manila. Subsequently, he learned that a Petition for Reconstitution of TCT No. 143744 was filed by [Modesto] on the basis of the said deed of sale, which already appeared to have been notarized in 1981.

Thus, [Andrew] filed the case below to seek for the annulment of the said document. During the pendency of the case, [Andrew’s] certificate of title was cancelled and a new one in the name of [Modesto] was issued. Hence, the amendment of his complaint to include Cancellation Of New Title And Reconveyance Of Title.

By way of affirmative and special defences, [Modesto] alleged lack of cause of action, prescription, and laches. He filed a motion to set his affirmative defences for a hearing. [Andrew] file an *Opposition To The Defendant’s Affirmative Defenses* while [Modesto] filed his *Reply* thereto. Thereafter, the RTC issued the assailed order.

RTC Ruling

The RTC issued an order⁹ dismissing the complaint on the grounds of prescription and laches. The RTC took note of the lapse of time between the date of the assailed document and the filing of the case and concluded that

⁶ Id. at 7.
⁷ Id. at 8.
⁸ Id. at 12.
⁹ CA *rollo*, pp. 38-41.

Andrew's action was time-barred because a person desiring to file an action based on a written contract has only 10 years to do so. Moreover, the RTC held that the failure of Andrew to offer any valid reason for the delay in asserting his right made him guilty of laches. The dispositive portion of the decision reads:

WHEREFORE, premises considered, the instant complaint filed by plaintiff is hereby **DISMISSED**. The counterclaims of the defendant are likewise **DISMISSED**.¹⁰

CA Decision

Aggrieved, Andrew elevated the case to the CA. The appeal was premised on the sole issue of whether or not the lower court erred in dismissing Andrew's complaint on the grounds of prescription and laches.

For the appellate court, there was a need to determine whether the subject deed of sale is void, voidable or valid; and such could be ascertained only if the parties are allowed to go on trial. The CA held that the trial court erred in dismissing the complaint of Andrew without the benefit of a trial. The dispositive portion of the appellate court's decision reads:

WHEREFORE, premises considered, the instant appeal is **GRANTED**. The assailed order dated December 28, 2006 of the court a quo is **REVERSED** and **SET ASIDE**. The case is **REMANDED** to the Regional Trial Court of Manila, Branch 39 for trial and judgment on the merits. No pronouncement as to costs.¹¹

Our Ruling

The petition is bereft of merit. We agree with the CA's ruling.

It is apparent from the records that the RTC did not conduct a hearing to receive evidence proving that Andrew was guilty of prescription or laches. There was no full-blown trial. The case was simply dismissed on the basis of the pleadings submitted by the parties. We note that the RTC admitted the Amended Complaint and gave Andrew fifteen (15) days to comment on Modesto's Motion to Dismiss based on affirmative defenses and likewise

¹⁰ Id. at 41.

¹¹ Id. at 92.

gave Modesto the same period to file his rejoinder, after which, it considered the matter submitted for resolution.¹²

The Court has consistently held that the affirmative defense of prescription does not automatically warrant the dismissal of a complaint under Rule 16 of the Rules of Civil Procedure. An allegation of prescription can effectively be used in a motion to dismiss only when the complaint on its face shows that indeed the action has already prescribed. If the issue of prescription is one involving evidentiary matters requiring a full-blown trial on the merits, it cannot be determined in a motion to dismiss.¹³ Those issues must be resolved at the trial of the case on the merits wherein both parties will be given ample opportunity to prove their respective claims and defenses.¹⁴

Contrary to Modesto's contention, it is not apparent from the complaint that the action had already prescribed. Furthermore, it should be noted that it is the relief based on the facts alleged, and not the relief demanded, which is taken into consideration in determining the cause of action. Therefore, in terms of classifying the deed, whether it is valid, void or voidable, it is of no significance that the relief prayed for was Annulment of Deed of Absolute Sale. The issue of prescription hinges on the determination of whether the sale was valid, void or voidable. We agree with the Court of Appeals that the issue of prescription in this case is best ventilated in a full-blown proceeding before the trial court where both parties can substantiate their claims. The trial court is in the best position to ascertain the credibility of both parties.¹⁵

Upon closer inspection of the complaint,¹⁶ it would seem that there are several possible scenarios that may have occurred given the limited set of facts. The statement "*transaction did not push through since defendant did not have the financial wherewithal to purchase the subject property*" creates confusion and allows for several different interpretations. On one side, it can be argued that said contract is void and consequently, the right to challenge such contract is imprescriptible. The ruling of this Court in *Montecillo v. Reynes*¹⁷ supports this argument:

¹² Id. at 39.

¹³ *Heirs of Tomas Dolleton v. Fil-Estate Management, Inc.*, G.R. No. 170750, 7 April 2009, 584 SCRA 409, 428-429.

¹⁴ *National Irrigation Administration v. Court of Appeals*, 376 Phil. 362, 376 (1999).

¹⁵ *Fil-Estate Golf and Development, Inc. v. Navarro*, 553 Phil. 48, 55-56 (2007).

¹⁶ *Rollo*, pp. 53-57.

¹⁷ 434 Phil. 456, 469 (2002); also *Peñalosa v. Santos*, 416 Phil. 12 (2001).

Where the deed of sale states that the purchase price has been paid but in fact has never been paid, the deed of sale is null and void ab initio for lack of consideration.

Such ruling of the Court would mean that when the deed of sale declares that the price has been paid, when in fact it has never been paid, that would be considered as a “badge of simulation” and would render the contract void and consequently, the right to challenge the same is imprescriptible.¹⁸ In the case at bar, by merely basing analysis on the pleadings submitted, in particular, the complaint, it would be an impossibility to deduce the truth as to whether the price stated in the deed was in fact paid. The only way to prove this is by going to trial.

On the other hand, a different analysis of the statement “*transaction did not push through since defendant did not have the financial wherewithal to purchase the subject property*” may yield another interpretation. One can also deduce that what actually transpired was a simple non-payment of purchase price, which will not invalidate a contract and could only give rise to other legal remedies such as rescission or specific performance. In this scenario, the contract remains valid and therefore subject to prescription.

It is also apparent from the pleadings that both parties denied each other’s allegations. It is then but logical to review more evidence on disputed matters. On this score alone, it is apparent that the complaint on its face does not readily show that the action has already prescribed. We emphasize once more that a summary or outright dismissal of an action is not proper where there are factual matters in dispute, which require presentation and appreciation of evidence.¹⁹

Furthermore, well settled is the rule that the elements of laches must be proven positively. Laches is evidentiary in nature, a fact that cannot be established by mere allegations in the pleadings and cannot be resolved in a motion to dismiss. At this stage therefore, the dismissal of the complaint on the ground of laches is premature. Those issues must be resolved at the trial of the case on the merits, wherein both parties will be given ample opportunity to prove their respective claims and defenses.²⁰

¹⁸ Villanueva, *Law on Sales*, p. 105.

¹⁹ *Heirs of Ingjug-Tiro v. Spouses Casals*, 415 Phil. 665, 674 (2001).

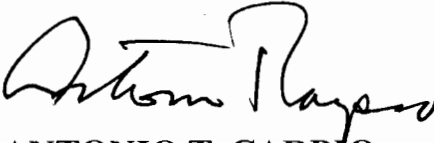
²⁰ *Heirs of Tomas Dolleton v. Fil-Estate Management, Inc.*, supra note 13 at 430.

WHEREFORE, in light of the foregoing, we resolve to **DENY** the instant petition. The 16 July 2008 Decision of the Court of Appeals is **AFFIRMED**. The case is **REMANDED** to the Regional Trial Court of Manila, Branch 39 for trial and judgment on the merits.

SO ORDERED.



JOSE PORTUGAL PEREZ
Associate Justice

WE CONCUR:


ANTONIO T. CARPIO
Associate Justice
Chairperson



ARTURO D. BRION
Associate Justice


MARIANO C. DEL CASTILLO
Associate Justice


ESTELLA M. PERLAS-BERNABE
Associate Justice


ATTESTATION

I attest that the conclusions in the above Decision were reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


ANTONIO T. CARPIO
Associate Justice
Chairperson, Second Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



MARIA LOURDES P. A. SERENO
Chief Justice