



Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

ANICETO UY,

Petitioner,

G.R. No. 173186

Present:

-versus-

VELASCO, JR., *J.*, *Chairperson*,
PERALTA,
VILLARAMA, JR.,
PEREZ*, and
JARDELEZA, *JJ.*

COURT OF APPEALS,
MINDANAO STATION,
CAGAYAN DE ORO CITY,
CARMENCITA NAVAL-SAI,
REP. BY HER ATTORNEY-IN-
FACT RODOLFO FLORENTINO

Respondents.

Promulgated:
September 16, 2015

X-----X *[Signature]*

DECISION

JARDELEZA, *J.*:

This is a Petition for Review on *Certiorari*¹ under Rule 45 of the Revised Rules of Court assailing the Decision² dated January 26, 2006 of the Court of Appeals, Mindanao Station, Cagayan de Oro City in CA-G.R. CV No. 70648, and its Resolution³ dated May 18, 2006 denying petitioner's motion for reconsideration.

* Designated as Acting Member in view of the leave of absence of Hon. Bienvenido L. Reyes, per Special Order No. 2084 dated June 29, 2015.

¹ *Rollo*, pp. 15-27.

² CA-G.R. CV No. 70648, penned by Associate Justice Teresita Dy-Liacco Flores and concurred in by Associate Justice Rodrigo F. Lim, Jr. and Associate Justice Ramon R. Garcia of the Twenty-First Division, *rollo*, pp. 53-64.

³ *Id.* at 77.

[Signature]

The Facts

In 1979, private respondent Carmencita Naval-Sai (Naval-Sai) acquired ownership of a parcel of land described as Lot No. 54-B (LRC) Psd 39172 and covered by Transfer Certificate of Title (TCT) No. T-19586 from her brother. The land was later subdivided, with the corresponding titles issued in Naval-Sai's name in the Register of Deeds of North Cotabato.⁴ Two of these subdivided lots, Lots No. 54-B-8 (LRC) Psd 173106 and No. 54-B-9 (LRC) Psd 173106, covered by TCTs No. T-58334 and No. T-58335,⁵ respectively, are the subject of this case.

Subsequently, Naval-Sai sold Lot No. 54-B-7⁶ (LRC) Psd 173106 to a certain Bobby Adil on installment, on the condition that the absolute deed of sale will be executed only upon full payment. Adil failed to pay the amortization, forcing him to sell his unfinished building on the property to spouses Francisco and Louella Omandac.⁷

Meanwhile, Naval-Sai borrowed money from a certain Grace Ng. As security, Naval-Sai delivered to Ng TCTs No. T-58334 and No. T-58335 covering Lots No. 54-B-8 and No. 54-B-9, respectively. Ng, on the other hand, borrowed money from petitioner and also delivered to the latter the two titles to guarantee payment of the loan.⁸

Sometime thereafter, Naval-Sai learned that petitioner filed a case for recovery of possession (Civil Case No. 1007) against Francisco Omandac. Branch 17 of the Regional Trial Court (RTC) in Kidapawan City ruled in favor of petitioner.⁹ Naval-Sai filed a motion for new trial before the Court of Appeals, arguing that her signature in the purported deed of sale presented in the case between her and petitioner was a forgery. Civil Case No. 1007, however, became final and executory in 2001.¹⁰ The spouses Omandac were ejected from the property and petitioner gained possession of the same.¹¹

In July 1999, Naval-Sai filed a Complaint for Annulment of Deed with Damages¹² before the same Branch 17 of the RTC in Kidapawan City against petitioner. The subject of the complaint was the deed of sale allegedly executed between Naval-Sai and petitioner involving Lots No. 54-B-8 and No. 54-B-9. Naval-Sai prayed that the deed of sale be declared null and void *ab initio* because the alleged sale between her and

⁴ RTC records, pp. 1-2.

⁵ *Id.* at 6.

⁶ It appears from the records that there is a mistake as to the number of the lot Naval-Sai sold to Adil. Following the turn of events, this lot could only be either Lot No. 54-B-8 or 54-B-9.

⁷ RTC records, p. 2.

⁸ *Id.*

⁹ *Id.* at 6.

¹⁰ CA *rollo*, p. 47.

¹¹ Memorandum of petitioner dated November 15, 2007, *rollo*, p. 144.

¹² *Rollo*, pp. 28-35.

petitioner was a forgery. Naval-Sai argued that she never sold the lots and that her signature in the purported deed of sale is spurious.

Naval-Sai filed an Amended Complaint¹³ dated July 29, 1999. She asserted that the subject TCTs were already cancelled by virtue of the deed of sale. TCT No. T-62446 was issued in lieu of TCT No. T-58334 and TCT No. T-62447 replaced TCT No. T-58335. Hence, the Amended Complaint added as a relief the declaration of TCTs No. T-62446 and No. T-62447, which were registered in the name of petitioner, as null and void *ab initio*. Unlike the original complaint, however, the Amended Complaint was not signed by Naval-Sai, but by her counsel.

In his Answer with Counterclaim¹⁴ dated October 4, 1999, petitioner specifically denied that the two TCTs were delivered to him by Ng as a guaranty for payment of her loan. Petitioner claimed that he and Naval-Sai entered into a valid contract of sale in 1981 and that the lots were sold for value. The corresponding TCTs were issued in his name shortly thereafter and since then, he had been in complete control of the properties. When Francisco Omandac constructed a house in one of the properties, petitioner filed Civil Case No. 1007.

Petitioner also raised special and affirmative defenses of, among others, non-compliance with the requisite certification of non-forum shopping and prescription. He asserted that jurisdiction has never been acquired over the parties and the subject matter because the certification against forum shopping in the Amended Complaint was defective, for having been merely signed by Naval-Sai's counsel. He further claimed that the action for annulment of deed of sale is already barred by the statute of limitations and that Naval-Sai is guilty of estoppel and laches.

The RTC dismissed the complaint on the grounds of prescription and a defective certification against forum shopping. The dispositive portion of its order reads:

WHEREFORE, finding the defendant's defense meritorious, this Court hereby orders the dismissal of the instant complaint without prejudice to the prosecution in the same action of the counterclaim pleaded in the answer pursuant to Section 6 Rule 16 of the Rules of Court.

Let the hearing on the counterclaim be set on March 30, 2001.

SO ORDERED.¹⁵

¹³ *Id.* at 36-43.

¹⁴ *Id.* at 44-49.

¹⁵ RTC records, p. 99.

The RTC found the action for annulment of deed of sale to be a collateral attack on the titles, which is prohibited by law under the principle of indefeasibility of title after the lapse of one year from registration. The RTC explained that Naval-Sai's complaint was not only for the annulment of deed of sale but, ultimately, for the cancellation of the titles in the name of petitioner, thus:

It is true that an action to set aside a contract which is void [*ab initio*] does not prescribe. However, a closer glance on the substance of the plaintiff's claim would reveal that its ultimate thrust is to have the Transfer Certificate of Title Nos. T-62446 and T-62447 cancelled. This is evidenced by the plaintiff's prayer asking for the declaration of TCT Nos. T-62446 and TCT No. 62447 registered in the name of the defendant as null and void [*ab initio*] in addition to her prayer for the declaration of nullity of the subject deed of sale. x xx

Under the Land Registration Act, a title is valid and effective until annulled or reviewed in a direct proceeding and not in a collateral one, which review must be made within one year from the issuance of the title. After the lapse of such period, the title would be conclusive against the whole world including the government. In other words, the title, after the lapse of one year from registration become[s] indefeasible.¹⁶

On the issue of non-compliance with the required certification on non-forum shopping, the RTC noted that Naval-Sai did not explain why she failed to comply with the Rules. The RTC cited the case of *Five Star Bus Company, Inc. v. Court of Appeals*¹⁷ where we, faced with the similar issue of whether or not to dismiss a petition on the ground that the certification was signed by counsel, ruled that there was non-compliance with the Supreme Court Revised Circular No. 28-91¹⁸ and that substantial compliance cannot be applied.¹⁹

The Court of Appeals set aside the order of the RTC in the now assailed Decision²⁰ dated January 26, 2006. The Court of Appeals ruled that there was substantial compliance with the requirement of verification and certification of non-forum shopping. It noted that the original complaint has a proper verification and certification of non-forum shopping signed by Naval-Sai herself. What was signed by Naval-Sai's counsel was the amended complaint dated July 29, 1999. Its verification and certification carries the statement "x xxthat this [a]mended [c]omplaint should be taken

¹⁶ *Rollo*, pp. 50-51.

¹⁷ G.R. No. 127064, August 31, 1999, 313 SCRA 367.

¹⁸ Additional Requisites for Petitions Filed with the Supreme Court and the Court of Appeals to Prevent Forum Shopping or Appeals to Prevent Forum Shopping or Multiple Filing of Petitions and Complaints, February 8, 1994.

¹⁹ *Rollo*, p. 52.

²⁰ *Id.* at 53-64.

and read together with the original complaint; x xx”²¹ which the Court of Appeals found to be a “cautionary move” tantamount to substantial compliance.²² The Court of Appeals further explained that the rule on certification against forum shopping was complied with in the original complaint because although an amended complaint supersedes the pleading that it amends, it is not an initiatory pleading contemplated under the Rules of Court.²³

On the issue of whether the action is a collateral attack in relation to prescription, the Court of Appeals ruled that it is neither a direct nor a collateral attack. According to the Court of Appeals, the action is a direct attack when the object of an action is to annul or set aside the judgment in the registration proceeding. On the other hand, a collateral attack is when, in an action to obtain a different relief, an attack on the judgment or registration proceeding is nevertheless made as an incident thereof.

Here, however, Naval-Sai is seeking a relief for an annulment of the deed of sale, which is not an attack on the judgment or registration proceeding pursuant to which the titles were decreed. It does not seek to set aside the judgment of registration of titles nor does it seek to nullify the title by challenging the judgment or proceeding that decreed its issuance. The action is in reality one for reconveyance, which is imprescriptible when based on a void contract. Thus:

A perusal of the records of the case shows that the caption of appellant’s Complaint before the RTC is annulment of deed. However considering that the ultimate relief sought is for the appellee to “return” the subject property to him, it is in reality an action for reconveyance. In *De Guzman [v.] Court of Appeals*, the Court held that, “the essence of an action for reconveyance is that the decree of registration is respected as incontrovertible but what is sought instead is the transfer of the property which has been wrongfully or erroneously registered in another person’s name, to its rightful owner or to one with a better right.”

x xx

An action for reconveyance on the ground that the certificate of title was obtained by means of a fictitious or forged deed of sale is virtually an action for the declaration of the nullity of the forged deed, hence, it does not prescribe. x xx²⁴

However, the Court of Appeals emphasized that despite its discussion on the prescriptibility of the action, it has not made a finding that the deed of sale is indeed fictitious or forged because it is for the RTC to rule on after

²¹ *Id.* at 43.

²² *Id.* at 62.

²³ *Id.* at 63.

²⁴ *Id.* at 61.

evidence has been presented and evaluated. Thus, the relevant dispositive portion of the Court of Appeals' decision reads:

WHEREFORE, premises considered, the petition is GRANTED. The assailed Order of dismissal dated 30 March 2001 is hereby SET ASIDE and deemed of no effect.

Let this case be remanded to the lower court for further proceedings.

SO ORDERED.²⁵

Petitioner filed a Motion for Reconsideration²⁶ on March 3, 2006, which was denied by the Court of Appeals in its Resolution²⁷ dated May 18, 2006.

Hence, this petition, which raises the following issues:

I.

THE COURT OF APPEALS ERRED WHEN IT RULED THAT THERE WAS SUBSTANTIAL COMPLIANCE WITH THE REQUIREMENTS ON CERTIFICATION FOR NON-FORUM SHOPPING.

II.

THE COURT OF APPEALS ERRED IN NOT HOLDING THAT THE ACTION HAS PRESCRIBED AND/OR THE PRIVATE RESPONDENT IS GUILTY OF INACTION, LACHES OR ESTOPPEL.

Our Ruling

There was substantial compliance with the requirements on certification against forum shopping.

A certification against forum shopping is a peculiar and personal responsibility of the party, an assurance given to the court or other tribunal that there are no other pending cases involving basically the same parties,

²⁵ *Id.* at 63.

²⁶ CA *rollo*, pp. 145-154.

²⁷ *Rollo*, p. 79.

issues and causes of action.²⁸ It must be executed by the party-pleader, not by his counsel. If, however, for reasonable or justifiable reasons, the party-pleader is unable to sign, he must execute a Special Power of Attorney (SPA) designating his counsel of record to sign on his behalf.²⁹

Here, the original complaint contained a proper verification and certification against forum shopping duly signed by Naval-Sai as plaintiff. The verification and certification in the amended complaint, on the other hand, was only signed by her counsel, Atty. Norberto L. Ela. Atty. Ela was not authorized to sign on behalf of Naval-Sai, as in fact, she assigned one Rodolfo Florentino as agent.³⁰ The Court of Appeals pointed out that in the certification in the amended complaint, Atty. Ela specified that it should be taken and read together with the original complaint. The Court of Appeals took this as a cautionary move on the part of Naval-Sai, justifying the relaxation of the rules on the ground of substantial compliance. We find, however, that this cautionary move is ineffectual because under the Rules of Civil Procedure, an amended complaint supersedes the original complaint.³¹ For all intents and purposes, therefore, the original complaint and its verification and certification ceased to exist. This, notwithstanding, we find there was still substantial compliance with the Rules.

In the case of *Far Eastern Shipping Company v. Court of Appeals*,³² while we said that, strictly, a certification against forum shopping by counsel is a defective certification, the verification, signed by petitioner's counsel in said case, is substantial compliance because it served the purpose of the Rules of informing the Court of the pendency of another action or proceeding involving the same issues. We then explained that procedural rules are instruments in the speedy and efficient administration of justice which should be used to achieve such end and not to derail it.³³

We also find that the *prima facie* merits of the case serve as a special circumstance or a compelling reason to relax the rules on certification against forum shopping.

In *Sy Chin v. Court of Appeals*,³⁴ we recognized the flaw in the certification against forum shopping which was signed only by the counsel, and not by the party. In *LDP Marketing, Inc. v. Monter*,³⁵ there was initially no proof that the one who signed the certification was authorized to do so in behalf of the corporation. In these two cases, we nonetheless chose to

²⁸ *Negros Merchants Enterprises, Inc. v. China Banking Corporation*, G.R. No. 150918, August 17, 2007, 530 SCRA 478, 485.

²⁹ *Ingles v. Estrada*, G.R. Nos. 141809, 147186 and 173641, April 8, 2013, 695 SCRA 285, 317-319, citing *Altres v. Empleo*, G.R. No. 180986, December 10, 2008, 573 SCRA 583, 597-598.

³⁰ RTC records, p. 9.

³¹ RULES OF CIVIL PROCEDURE, Rule 10, Sec. 8.

³² G.R. No. 130068, October 1, 1998, 297 SCRA 30, 53.

³³ *Ty-De Zuzuarregui v. Villarosa*, G.R. No. 183788, April 5, 2010, 617 SCRA 377, 385.

³⁴ G.R. No. 136233, November 23, 2000, 345 SCRA 673, 684.

³⁵ G.R. No. 159653, January 25, 2006, 480 SCRA 137.

overlook the procedural lapses in the interest of substantial justice and the existence of *prima facie* merit in the petitions.

We have ruled that the general rule is that non-compliance or a defect in the certification is not curable by its subsequent submission or correction. However, there are cases where we exercised leniency and relaxed the rules on the ground of substantial compliance, the presence of special circumstances or compelling reasons.³⁶ The rules on forum-shopping are designed to promote and facilitate the orderly administration of justice and “should not be interpreted with such absolute literalness as to subvert its own ultimate and legitimate objective or the goal of all rules of procedure—which is to achieve substantial justice as expeditiously as possible.”³⁷

The nature of Naval-Sai’s action is an action for reconveyance based on a void contract, which does not prescribe.

Petitioner argues that Naval-Sai’s action has already prescribed because her action should have been filed within one year from the time of the registration of the titles. He asserts that even if the action is in reality one for reconveyance as found by the Court of Appeals, the same is still barred by prescription based on judicial pronouncements that an action for reconveyance of registered land based on implied trust prescribes in ten (10) years. Petitioner also accuses Naval-Sai guilty of laches and estoppel for her failure to assert her right over the two lots for more than eighteen (18) years.

In order to arrive at a conclusion on whether the action has prescribed, we have to determine the nature of the action.

We agree with the Court of Appeals that the action of Naval-Sai is one for reconveyance. Although the designation of the complaint is annulment of deed, and does not include reconveyance, the facts alleged and reliefs sought show that reconveyance is the end goal. What determines the nature of the action are the allegations in the complaint. The cause of action in a complaint is not determined by the designation given by the complaint, but by what the allegations in the body of the complaint define or describe,³⁸ as well as the character of the relief sought.³⁹

An action for reconveyance is a legal and equitable remedy granted to the rightful owner of land which has been wrongfully or erroneously registered in the name of another for the purpose of compelling the latter to

³⁶ *Shipside Incorporated v. Court of Appeals*, G.R. No. 143377, February 20, 2001, 352 SCRA 334, 346.

³⁷ *Dar v. Alonzo-Legasto*, G.R. No. 143016, August 30, 2000, 339 SCRA 306, 309 citing *Gabionza v. Court of Appeals*, G.R. No. 112547, July 18, 1994, 234 SCRA 192, 198.

³⁸ *Hernudd v. Lofgren*, G.R. No. 140337, September 27, 2007, 534 SCRA 205, 213.

³⁹ *Cañiza v. Court of Appeals*, G.R. No. 110427, February 24, 1997, 268 SCRA 640, 647-648.

transfer or reconvey the land to him.⁴⁰ In an action for reconveyance, the decree of registration is respected as incontrovertible. What is sought instead is the transfer of the property, which has been wrongfully or erroneously registered in another person's name, to its rightful and legal owner, or to one with a better right.⁴¹ However, such recourse cannot be availed of once the property has passed to an innocent purchaser for value. For an action for reconveyance to prosper, the property should not have passed into the hands of an innocent purchaser for value.⁴²

Here, Naval-Sai does not only seek to annul the purported deed of sale but also to cancel TCTs No. T-62446 and No. 62447 in the name of petitioner. If the reliefs are granted and the TCTs are cancelled, the titles to the lots will revert to Naval-Sai as she was the previously registered owner. Thus, a ruling in favor of Naval-Sai would be equal to what an action for reconveyance seeks to accomplish.

An action for reconveyance is based on Section 53, paragraph 3 of Presidential Decree (PD) No. 1529,⁴³ which provides:

In all cases of registration procured by fraud, the owner may pursue all his legal and equitable remedies against the parties to such fraud without prejudice, however, to the rights of any innocent holder for value of a certificate of title. x xx

In *Caro v. Court of Appeals*,⁴⁴ we said that this provision should be read in conjunction with Article 1456 of the Civil Code, which provides:

Article 1456. If property is acquired through mistake or fraud, the person obtaining it is, by force of law, considered a trustee of an implied trust for the benefit of the person from whom the property comes.

The law creates the obligation of the trustee to reconvey the property and its title in favor of the true owner. Correlating Section 53, paragraph 3 of PD No. 1529 and Article 1456 of the Civil Code with Article 1144 (2) of the Civil Code,⁴⁵ the prescriptive period for the reconveyance of fraudulently registered real property is ten (10) years reckoned from the date of the issuance of the certificate of title.⁴⁶ This ten-year prescriptive period begins

⁴⁰ *Hi-Tone Marketing Corporation v. Baikal Realty Corporation*, G.R. No. 149992, August 20, 2004, 437 SCRA 121, 143.

⁴¹ *Id.*, citing *Walstrom v. Mapa, Jr.*, G.R. No. 38387, January 29, 1990, 181 SCRA 431, 442.

⁴² *Philippine Economic Zone Authority v. Fernandez*, G.R. No. 138971, June 6, 2001, 358 SCRA 489, 499.

⁴³ Otherwise known as the Property Registration Decree.

⁴⁴ G.R. No. 76148, December 20, 1989, 180 SCRA 401, 407.

⁴⁵ ART. 1144. The following actions must be brought within ten years from the time the right of action accrues:

- (1) Upon a written contract;
- (2) Upon an obligation created by law;
- (3) Upon a judgment.

⁴⁶ *Id.*

to run from the date the adverse party repudiates the implied trust, which repudiation takes place when the adverse party registers the land.⁴⁷ An exception to this rule is when the party seeking reconveyance based on implied or constructive trust is in actual, continuous and peaceful possession of the property involved.⁴⁸ Prescription does not commence to run against him because the action would be in the nature of a suit for quieting of title, an action that is imprescriptible.⁴⁹

The foregoing cases on the prescriptibility of actions for reconveyance apply when the action is based on fraud, or when the contract used as basis for the action is voidable. Under Article 1390 of the Civil Code, a contract is voidable when the consent of one of the contracting parties is vitiated by mistake, violence, intimidation, undue influence or fraud. When the consent is totally absent and not merely vitiated, the contract is void.⁵⁰ An action for reconveyance may also be based on a void contract.⁵¹ When the action for reconveyance is based on a void contract, as when there was no consent on the part of the alleged vendor, the action is imprescriptible.⁵² The property may be reconveyed to the true owner, notwithstanding the TCTs already issued in another's name. The issuance of a certificate of title in the latter's favor could not vest upon him or her ownership of the property; neither could it validate the purchase thereof which is null and void. Registration does not vest title; it is merely the evidence of such title. Our land registration laws do not give the holder any better title than what he actually has. Being null and void, the sale produces no legal effects whatsoever.⁵³

Whether an action for reconveyance prescribes or not is therefore determined by the nature of the action, that is, whether it is founded on a claim of the existence of an implied or constructive trust, or one based on the existence of a void or inexistent contract. This is evident in several of our past decisions. In *Casipit v. Court of Appeals*,⁵⁴ we rejected the claim of imprescriptibility and applied the 10-year prescription where the action filed was based on fraud:

There is no dispute that an action for reconveyance based on a void contract is imprescriptible (Castillo, et al. v. Madrigal, et al., G.R. No. 62650, June 27, 1991; Baranda, et al. v. Baranda, et al., G.R. No. 73275, May 20,

⁴⁷ *Crisostomo v. Garcia, Jr.*, G.R. No. 164787, January 31, 2006, 481 SCRA 402; *Salvatierra v. Court of Appeals*, G.R. No. 107797, August 26, 1996, 261 SCRA 45; *Amerol v. Bagumbaran*, G.R. No. L-33261, September 30, 1987, 154 SCRA 396.

⁴⁸ *Vda.deGualberto v. Go*, G.R. No. 139843, July 21, 2005, 463 SCRA 671, 681.

⁴⁹ *Brito, Sr. v. Dianala*, G.R. No. 171717, December 15, 2010, 638 SCRA 529, 538.

⁵⁰ ART.1318. There is no contract unless the following requisites concur:

- (1) Consent of the contracting parties;
- (2) Object certain which is the subject matter of the contract;
- (3) Cause of the obligation which is established.

⁵¹ Amado D.Aquino, *Land Registration and Related Proceedings*, p. 133, 4th Ed., 2007.

⁵² *Id.* at 136.

⁵³ *Macababbad, Jr. v. Masirag*, G.R. No. 161237, January 14, 2009, 576 SCRA 70, 86.

⁵⁴ G.R. No. 96829, December 9, 1991, 204 SCRA 684, 693.

1987, 150 SCRA 59). However, We simply cannot apply this principle to the present case because the action filed by petitioner before the trial court was 1) for reconveyance based on fraud since the ownership of private respondents over the questioned property was allegedly established on "false assertions, misrepresentations and deceptive allegations" (p. 182, Records); and 2) for rescission of the "Kasulatan ng Pagmamana at Paghahati" (pp. 173, 187, Records). x xx⁵⁵

On the other hand, in *Daclag v. Macahilig*,⁵⁶ we rejected the claim of petitioners that prescription is applicable because the action was based on fraud. We ruled that the action was not subject to prescription because it was, in fact, based on a deed of sale that was null and void. Thus:

However, a review of the factual antecedents of the case shows that respondents' action for reconveyance was not even subject to prescription.

The deed of sale executed by Maxima in favor of petitioners was null and void, since Maxima was not the owner of the land she sold to petitioners, and the one-half northern portion of such land was owned by respondents. Being an absolute nullity, the deed is subject to attack anytime, in accordance with Article 1410 of the Civil Code that an action to declare the inexistence of a void contract does not prescribe. x xxAn action for reconveyance based on a void contract is imprescriptible. As long as the land wrongfully registered under the Torrens system is still in the name of the person who caused such registration, an action *in personam* will lie to compel him to reconvey the property to the real owner.⁵⁷ (Citations omitted)

In *Santos v. Heirs of Dominga Lustre*,⁵⁸ the complaint alleged that the deed of sale was simulated by forging the signature of the original registered owner. We ruled in favor of imprescriptibility applying the doctrine that the action for reconveyance on the ground that the certificate of title was obtained by means of a fictitious deed of sale is virtually an action for the declaration of its nullity, which does not prescribe.

Also, and more illustrative of the discussion above, in *Castillo v. Heirs of Vicente Madrigal*,⁵⁹ it was alleged by the plaintiffs that they never signed any document. We ruled as follows:

Petitioners allege that a reading of paragraphs 9 and 10 of their complaint reveals that they impugn the existence

⁵⁵ *Id.*

⁵⁶ G.R. No. 159578, February 18, 2009, 579 SCRA 556.

⁵⁷ *Id.* at 559-560; See also *Philippine National Bank v. Heirs of Estanislao Militar and Deogracias Militar*, G.R. Nos. 164801 and 165165, August 18, 2005, 467 SCRA 377; and *Santos v. Santos*, G.R. No. 133895, October 2, 2001, 366 SCRA 395.

⁵⁸ G.R. No. 151016, August 6, 2008, 561 SCRA 120, 133.

⁵⁹ G.R. No. 62650, June 27, 1991, 198 SCRA 556.

and validity of the alleged deed of sale. As contained therein, petitioners never entered into any transaction with any person conveying the subject property. They did not sign any document in favor of [anyone] neither did they give [anyone] authorization for that purpose. Therefore, consent and cause did not exist in the execution of the deed of sale, invoking Articles 1318, 1352 and 1409(3), of the Civil Code. And, pursuant to Article 1410 of the Civil Code, an action for the declaration of the inexistence of a contract does not prescribe.

In dismissing petitioners' complaint on the ground of prescription, the trial court opined (p. 123, *Rollo*):

“x xx, any action for annulment of the deed and TCT 72066 should have been instituted within ten (10) years from the accrual of the cause of action, that, (*sic*) is, ten years from 1943 when the deed was executed at the earliest, or ten years from 1944 at the latest. This action was filed on December 17, 1979, or after more than 30 years from 1943 and 1944. The action, therefore, has long prescribed. x xx.”

The Court of Appeals expressed the same opinion (p. 51, *Rollo*):

“xxx, even as We consider that there was fraud in the registration and the issuance of title in favor of defendant Madrigal creating thereby a constructive trust in favor of the plaintiffs, the remedy of the plaintiffs is an action for reconveyance within ten (10) years from the registration of the property in the name of defendant Madrigal (*Alzona v. Capunitan*, 4 SCRA 450; *Gonzales v. Jimenez* 13 SCRA, 80). Again, the filing of the complaint was way beyond the ten-year period of limitation.”

Both courts ruled incorrectly. It is evident in paragraphs 9, 10 and 12 of the complaint, *supra*, that petitioners sought the declaration of the inexistence of the deed of sale because of the absence of their consent. Thus, following the provision of Article 1410 of the Civil Code, this kind of action is imprescriptible. The action for reconveyance is likewise imprescriptible because its basis is the alleged void contract of sale. x xx⁶⁰ (Citations omitted)

We conclude that, contrary to the claim of petitioner, the action for reconveyance is based neither on an implied or constructive trust nor fraud. Naval-Sai alleged that the purported deed of sale, which became the basis to transfer the titles in petitioner's name, was an absolute forgery because she never sold the two lots to any person.⁶¹ Naval-Sai also alleged that her

⁶⁰ *Id.* at 560-561.

⁶¹ *Rollo*, pp. 29-30.

signature and that of her husband's, in the deed of sale are forgeries.⁶² These allegations make the action one based on a void or inexistent contract for lack of consent on the part of the alleged vendor, Naval-Sai. Based on the complaint, Naval-Sai only consented to use the titles of the two lots as security to a loan she obtained from Ng.⁶³

Resolution of the issue of prescription hinges on whether the deed of sale was indeed forged and, thus, void. Unfortunately, both the RTC and the Court of Appeals did not make actual findings on the alleged forgery. No full-blown trial occurred in the RTC to prove that the deed of sale was indeed simulated and that the signatures were forgeries. The case was dismissed based on the pleadings of the parties. The Court of Appeals also resolved to decide the case on available records and pleadings, in order to avoid further delay, due to several resettings and motions for postponement filed by the parties one after another. The lack of factual findings on the alleged forgery from the lower courts prevents us from ruling on the issue of prescription.

Since it is apparent that the complaint on its face does not show that the action has already prescribed, the RTC erred in dismissing it. 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.⁶⁴

Applying the foregoing cases and without prejudging the issue of forgery, the action for reconveyance will not be subject to prescription if the trial court finds that the deed of sale is indeed forged, because the action would now be based on a fictitious and void contract. If the trial court finds otherwise, then the issue of prescription would not matter as the sale would stand and remain binding between Naval-Sai and petitioner.

Similarly, 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.⁶⁵ Therefore, at this stage, the dismissal on the ground of laches would be premature. The issues must be resolved in the trial on the merits.

Moreover, laches is a doctrine in equity, and applied only in the absence of, and never against, statutory law.⁶⁶ The positive mandate of Article 1410 of the Civil Code conferring imprescriptibility to actions or defense for the declaration of the inexistence of a contract should pre-empt and prevail over all abstract arguments based only on equity.⁶⁷

⁶² *Id.* at 32.

⁶³ *Id.* at 29.

⁶⁴ *Sanchez v. Sanchez*, G.R. No. 187661, December 4, 2013, 711 SCRA 541, 547.

⁶⁵ *Id.*

⁶⁶ *Santos v. Heirs of Dominga Lustre*, *supra* note 58 at 133-134.


⁶⁷ *Philippine National Bank v. Heirs of Estanislao Militar and Deogracias Militar*, *supra* note 57 at 389.

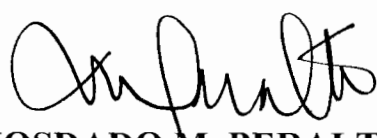
WHEREFORE, the petition is **DENIED**. Let the records of this case be remanded for further proceedings to the Regional Trial Court of Kidapawan City, Branch 17, which is hereby **ORDERED** to try and decide the case with dispatch.

SO ORDERED.


FRANCIS H. JARDELEZA
Associate Justice

WE CONCUR:


PRESBITERO J. VELASCO, JR.
Associate Justice
Chairperson

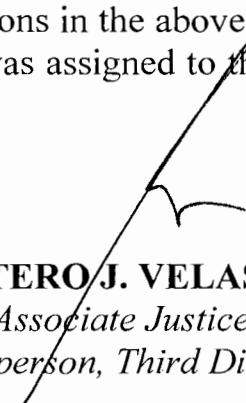

DIOSDADO M. PERALTA
Associate Justice


MARTIN S. VILLARAMA, JR.
Associate Justice


JOSE PORTUGAL PEREZ
Associate Justice

ATTESTATION

I attest 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.


PRESBITERO J. VELASCO, JR.
Associate Justice
Chairperson, Third Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, and the Division Chairperson's attestation, it is hereby certified 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*