Supreme Court E-Library

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.*

SYNOPSIS

Deceased Mamerto Ingjug left behind a parcel of land whose title devolved upon his five (5) children — Romana, Francisco,Francisca,Luisa and Maria. In 1965, Luisa and Maria, one Eufemio and Guillerma sold the land to herein respondents. In 1992, however, the heirs of Romana, Francisco and Francisca challenged respondents' right on the land in a case for Partition, Recovery of Ownership and Possession, Declaration of Nullity: Deed of Sale of Unregistered Land; Extrajudicial Settlement and Confirmation of Sale. The issue is the application of prescription and laches.

Petitioners' causes of action were premised on the claim that the 1965 Deed of Sale of Unregistered Land was void since their shares therein were included without their consent. Further, the 1967 Extrajudicial Settlement and Confirmation of Sale was simulated and void as it was executed by, among others, one who is not an heir, and Francisco, who died in 1963. In actions for reconveyance of property predicated on the allegation that the conveyance was void *ab initio,* prescription of action is unavailing. And laches cannot apply against an imprescriptible legal right.

Supreme Court E-Library

SYLLABUS

1. **CIVIL LAW; CONTRACTS; SALES; OBLIGATION OF VENDOR; TRANSFER OF OWNERSHIP.**— Article 1458 of the New Civil Code provides: "By the contract of sale one of the contracting parties obligates himself to *transfer the ownership of and to deliver* a determinate thing, and the other to pay therefor a price certain in money or its equivalent." It is essential that the vendors be the owners of the property sold otherwise they cannot dispose that which does not belong to them. As the Romans put it: "*Nemo dat quod non habet.*" No one can give more than what he has. The sale of the realty to respondents is null and void insofar as it prejudiced petitioners' interests and participation therein as co-owners. At best, only the ownership of the shares of seller Luisa, Maria and Guillerma in the disputed property could have been transferred to respondents.

2. **ID.; LAND TITLES; ISSUANCE OF CERTIFICATE OF TITLE CANNOT VEST OWNERSHIP AND VALIDATE VOID SALE.**— Respondents could not have acquired ownership over the land to the extent of the shares of petitioners who did not consent to the sale. The issuance of a certificate of title in their favor could not vest upon them ownership of the entire 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 to respondents of petitioners' shares produced no legal effects whatsoever.

3. **ID.; CONTRACTS; PARTIES; EFFECT WHERE ONE PARTY IS ALREADY DEAD AT THE EXECUTION OF CONTRACT.**— Contracting parties must be juristic entities at the time of the consummation of the contract. Stated otherwise, to form a valid and legal agreement it is necessary that there be a party capable of contracting and a party capable of being contracted with. Hence, if any one party to a supposed contract was already dead at the time of its execution, such contract is undoubtedly simulated and false and therefore null and void by reason of its having been made after the death of the party who appears as one of the contracting parties therein. The death of a person terminates contractual capacity.

4. **ID.; MODES OF ACQUIRING OWNERSHIP; PRESCRIPTION OF ACTIONS; NOT APPRECIATED IN CONTRACTS**

Supreme Court E-Library

ALLEGEDLY VOID *AB INITIO*.— In actions for reconveyance of property predicated on the fact that the conveyance complained of was null and void *ab initio*, a claim of prescription of action would be unavailing. "The action or defense for the declaration of the inexistence of a contract does not prescribe."

5. **ID.; LACHES; NOT APPLICABLE AGAINST IMPRESCRIPTIBLE LEGAL RIGHT.—** *Laches* is a doctrine in equity and our courts are basically courts of law and not courts of equity. Equity, which has been aptly described as "justice outside legality," should be applied only in the absence of, and never against, statutory law. *Aequetas nunguam contravenit legis.* The positive mandate of Art. 1410 of the New Civil Code conferring imprescriptibility to actions for declaration of the inexistence of a contract should pre-empt and prevail over all abstract arguments based only on equity. Certainly, *laches* cannot be set up to resist the enforcement of an imprescriptible legal right, and petitioners can validly vindicate their inheritance despite the lapse of time.

6. **REMEDIAL LAW; CIVIL PROCEDURE; SUMMARY DISMISSAL OF ACTION ON GROUND OF PRESCRIPTION AND LACHES IS PREMATURE WHEN THERE ARE FACTUAL MATTERS IN DISPUTE.—** The dismissal of the case on the ground of prescription and *laches* was premature. The summary or outright dismissal of an action is not proper where there are factual matters in dispute which need presentation and appreciation of evidence. The trial court judge should not have summarily dismissed petitioners' complaint; instead, he should have required the defendants to answer the complaint, deferred action on the special defenses of prescription and laches, and ordered the parties to proceed with the trial on the merits.

APPEARANCES OF COUNSEL

Alo & Velasquez for petitioners.
Nathaniel N. Clarus for private respondents.

DECISION

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,

Supreme Court E-Library

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

[1] Annex "1", Original Records, pp. 30-31.

[2] Annex "2", *id.*, pp. 32-33.

[3] Civil Case No. 2672-L.

Supreme Court E-Library

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

[4] Original Records, p. 14.

[5] Annex "3", *id.*, p. 34.

[6] Decision penned by Judge Teodoro K. Risos, RTC-Br. 27, Lapu-Lapu City.

Supreme Court E-Library

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

[7] Decision penned by Associate Justice Ricardo P. Galvez and concurred in by Associate Justices Hilarion L. Aquino and Marina L. Buzon.

Supreme Court E-Library

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 effectiv y 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

---

[8] His real name was alleged to be "Eufemio Tiro."

[9] Original Records, p. 3.

[10] *Rollo*, p. 9.

Supreme Court E-Library

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*.

Assuming petitioners' allegations to be true, without however prejudging the validity or invalidity of the contract of sale and the extrajudicial settlement which will ultimately be determined by the trial court, Romana, Francisco, Francisca, Luisa and Maria, succeeded to the possession and ownership of the land from the time of the death of their father Mamerto Ingjug. The property should have been divided equally among them, but prior to its partition these heirs of Mamerto Ingjug owned the property in common. It follows then that Luisa, Maria and Guillerma (daughter of Francisca) and Eufemio Ingjug could not, by themselves, validly dispose of the entire litigated property to the exclusion of and without the knowledge and consent of the other heirs since Luisa, Maria, Guillerma and Eufemio are not the exclusive owners thereof. More so in the case of Eufemio, who is claimed to be a total stranger to and therefore has no legal interest whatsoever in the inherited property not being a direct heir.

Article 1458 of the New Civil Code provides: "By the contract of sale one of the contracting parties obligates himself to *transfer the ownership of and to deliver* a determinate thing, and the other to pay therefor a price certain in money or its equivalent." It is essential that the vendors be the owners of the property sold otherwise they cannot dispose that which does not belong to them. As the Romans put it: "*Nemo dat quod non habet*." No one can give more than what he has. The sale of the realty to respondents is null and void insofar as it prejudiced petitioners' interests and participation therein. At best, only the ownership of the shares of Luisa, Maria and Guillerma in the disputed property could have been transferred to respondents.

Consequently, respondents could not have acquired ownership over the land to the extent of the shares of petitioners. The issuance of a certificate of title in their favor could not vest upon them ownership of the entire 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

Supreme Court E-Library

registration laws do not give the holder any better title than what he actually has.[11] Being null and void, the sale to respondents of petitioners' shares produced no legal effects whatsoever.

Similarly, the claim that Francisco Ingjug died in 1963 but appeared to be a party to the *Extrajudicial Settlement and Confirmation of Sale* executed in 1967 would be fatal to the validity of the contract, if proved by clear and convincing evidence. Contracting parties must be juristic entities at the time of the consummation of the contract. Stated otherwise, to form a valid and legal agreement it is necessary that there be a party capable of contracting and a party capable of being contracted with. Hence, if any one party to a supposed contract was already dead at the time of its execution, such contract is undoubtedly simulated and false and therefore null and void by reason of its having been made after the death of the party who appears as one of the contracting parties therein.[12] The death of a person terminates contractual capacity.

In actions for reconveyance of property predicated on the fact that the conveyance complained of was null and void *ab initio*, a claim of prescription of action would be unavailing.[13] "The action or defense for the declaration of the inexistence of a contract does not prescribe."[14] Neither could *laches* be invoked in the case at bar. *Laches* is a doctrine in equity and our courts are basically courts of law and not courts of equity. Equity, which has been aptly described as "justice outside legality," should be applied only in the absence of, and never against, statutory law. *Aequetas nunguam contravenit legis*. The positive mandate of Art. 1410 of the New Civil Code conferring imprescriptibility to actions for declaration of the inexistence of a contract should pre-empt and prevail over all abstract arguments based only on equity. Certainly,

---

[11] *De Guzman v. Court of Appeals*, No. L-46935, 21 December 1987, 156 SCRA 701; *Cruz v. Cobana*, G.R. No. 56232, 22 June 1984, 129 SCRA 656.

[12] *Coronel v. Ona*, 33 Phil. 456 (1916).

[13] *Agne v. Director of Lands*, G.R. No. 40399, 6 February 1990, 181 SCRA 793.

[14] Art. 1410, New Civil Code.

Supreme Court E-Library

laches cannot be set up to resist the enforcement of an imprescriptible legal right, and petitioners can validly vindicate their inheritance despite the lapse of time.

Considering the foregoing, the trial court judge should not have summarily dismissed petitioners' complaint; instead, he should have required the defendants to answer the complaint, deferred action on the special defenses of prescription and *laches*, and ordered the parties to proceed with the trial on the merits. Verily, the dismissal of the case on the ground of prescription and *laches* was premature. The summary or outright dismissal of an action is not proper where there are factual matters in dispute which need presentation and appreciation of evidence. Here, petitioners still had to prove the following: *first*, that they were the coheirs and co-owners of the inherited property; *second*, that their coheirs-co-owners sold their hereditary rights thereto without their knowledge and consent; *third*, that forgery, fraud and deceit were committed in the execution of the *Deed of Extrajudicial Settlement and Confirmation of Sale* since Francisco Ingjug who allegedly executed the deed in 1967 actually died in 1963, hence, the thumbprint found in the document could not be his; *fourth*, that Eufemio Ingjug who signed the deed of sale is not the son of Mamerto Ingjug, and therefore not an heir entitled to participate in the disposition of the inheritance; *fifth*, that respondents have not paid the taxes since the execution of the sale in 1965 until the present date and the land in question is still declared for taxation purposes in the name of Mamerto Ingjug, the original registered owner, as of 1998; *sixth*, that respondents had not taken possession of the land subject of the complaint nor introduced any improvement thereon; and *seventh*, that respondents are not innocent purchasers for value.

Without any evidence on record relating to these points, this Court cannot affix its *imprimatur* to the peremptory dismissal of the complaint in light of the pleas of petitioners for their just share in the inheritance and for the partition of their common predecessor's estate. Indeed, it is but fair and just that, without prejudging the issues, the parties be allowed to substantiate their respective claims and defenses in a full-blown trial, and secure a ruling on all the issues presented in their respective pleadings.

Supreme Court E-Library

WHEREFORE, the petition is *GRANTED*. The assailed Decision of the Court of Appeals is *REVERSED* and *SET ASIDE*, and the case is *REMANDED* to the RTC-Br. 27, Lapu-Lapu City, for trial and judgment on the merits. No costs.

SO ORDERED.

Mendoza, Quisumbing, Buena, and *De Leon, Jr., JJ.,* concur.

THIRD DIVISION

[G.R. No. 142401. August 20, 2001]

ANDREW TAN, *petitioner, vs.* **COURT OF APPEALS and WU SEN WOEI,** *respondents.*

SYNOPSIS

In an Undertaking signed before the NBI, petitioner and his sister promised to pay an obligation of $70,000 to private respondent. Petitioner, however, filed a case assailing the validity of the Undertaking alleging that he was coerced in signing the same. The trial court declared the Undertaking void, but on appeal, the Court of Appeals upheld the validity of the Undertaking. Private respondent was then able to collect $25,000 from petitioner and later filed a suit to collect the balance of $45,000. Petitioner again attacked the validity of the Undertaking.

The validity of the Undertaking was settled when the Court of Appeals upheld the same in an already final and executory decision. Therefore, it cannot be raised again even in a different proceeding involving the same parties. The doctrine on conclusiveness of judgment applies.

SYLLABUS

REMEDIAL LAW; CIVIL PROCEDURE; EFFECT OF JUDGMENTS; DOCTRINE OF CONCLUSIVENESS OF