

## THIRD DIVISION

[ G.R. No. 169898, June 08, 2007 ]

**SPOUSES ANITA AND HONORIO AGUIRRE, PETITIONERS, VS. HEIRS OF LUCAS VILLANUEVA, NAMELY: JOSE T. VILLANUEVA, PABLO T. VILLANUEVA, PEDRO T. VILLANUEVA, RODOLFO T. VILLANUEVA, DELIA V. DELA TORRE, JUANITA V. INGLES, & SABELITO V. GELITO, RESPONDENTS.**

### RESOLUTION

**YNARES-SANTIAGO, J.:**

In our decision dated October 27, 2006, we awarded the controverted 140 sq. m. lot to petitioners holding that the latter acquired the same by acquisitive prescription because petitioner Anita Aguirre **possessed said land for at least ten years, in good faith, and with just title**. Also, we declared that respondents' action for reconveyance is barred by **laches** as it was filed only after 16 years.

Respondents filed a motion for reconsideration alleging that the Court erroneously applied the law on prescription. They claimed that petitioners may not be considered as possessors in good faith and with just title, hence, acquisitive prescription can only be extraordinary in character which requires uninterrupted adverse possession for 30 years. Respondents also allege that the Court erred in holding that their action for annulment or declaration of nullity of deed of exchange, tax declarations and recovery of ownership and possession with damages, is barred by laches.

The motion for reconsideration is denied for the following reasons:

(1) Respondents' action for reconveyance, based on the fraudulent inclusion of the subject land in the Deed of Exchange, is barred by **extinctive prescription**. Article 1456 of the Civil Code provides that a person acquiring property through fraud becomes by operation of law a trustee of an implied trust for the benefit of the real owner of the property who may thus file an action for reconveyance. To determine when the prescriptive period commenced in an action for reconveyance, the plaintiff's possession of the disputed property is material. An action for reconveyance based on an implied trust prescribes in ten years. The reference point of the ten-year prescriptive period is the date of the registration of the deed or the issuance of the title. The prescriptive period applies only if there is an actual need to reconvey the property as when the plaintiff is not in possession of the property. However, if the plaintiff, as the real owner of the property also remains in possession of the property, the prescriptive period to recover title and possession of the property does not run against him. In such a case, an action for reconveyance, if nonetheless filed, would be in the nature of a suit for quieting of title, an action that is imprescriptible.<sup>[1]</sup>

In the instant case, respondents are not in possession of the property. The