

## THIRD DIVISION

[ G.R. No. 149906, December 26, 2002 ]

**SPOUSES HORACIO AND FELISA BENITO, PETITIONERS, VS.  
AGAPITA SAQUITAN-RUIZ, RESPONDENT.**

### DECISION

**PANGANIBAN, J.:**

Basic is the rule that the cause of action is determined from the allegations of a complaint, not from its caption. Since the allegations in the herein Complaint constitute a suit for reconveyance, not an action to invalidate certificates of title grounded on fraud, the prescriptive period is ten years, not one year from the entry of the decree of registration.

#### The Case

Before us is a Petition for Review on Certiorari of the June 6, 2001 Decision<sup>[1]</sup> and the September 17, 2001 Resolution of the Court of Appeals (CA) in CA-GR CV No. 65148. The assailed Decision disposed as follows:

"WHEREFORE, foregoing considered, the present appealed Order is hereby REVERSED and SET ASIDE. Plaintiff-appellant's (1) [C]omplaint dated April 8, 1999 is REINSTATED; (2) Motion for Leave to Admit Amended Complaint is hereby GRANTED; and (3) Amended Complaint dated July 21, 1999 is hereby ADMITTED. The case is hereby ordered REMANDED x x x to the trial court for further proceedings."<sup>[2]</sup>

Reconsideration of the assailed Decision was denied in the assailed Resolution.<sup>[3]</sup>

#### The Facts

The facts of the case are undisputed.

On April 1, 1999, Respondent Agapita Saquitán-Ruiz filed against Petitioner-Spouses Horacio and Felisa Benito a civil suit for "specific performance with declaration of nullity of titles and damages." The Complaint alleged that the couple had sold in her favor Lot 1-B-2 of Subdivision Plan (LRC) Psf-28352 located in Pasig City. Despite repeated demands, they failed to deliver or cause the issuance of a new certificate of title in her name. Specifically, the Complaint stated, *inter alia*, as follows:

"3. On April 17, 1979 defendant Horacio Benito, with his wife defendant Felisa Benito's marital consent, sold to plaintiff, her heirs and successors-in-interest for and in consideration of the amount of Six Thousand (P6,000.00) Pesos with the receipt of said amount duly acknowledged by defendant Horacio Benito to his entire and complete satisfaction, and further warranting the latter's quiet and clean title, that parcel of land consisting of 60 square meters, more or less, located at Capasigan, Pasig

City, Lot 1-B-2 of the subdivision plan (LRC) Psf-286352 under Transfer Certificate of Title No. 17136-T-86-D-II of the Registry of Deeds of Pasig City x x x.

"4. Defendants are legally obliged to cause the issuance of and/or deliver a new title under plaintiff's name by virtue of the parties' deed of absolute sale but they failed to do so;

"5. Despite repeated demands, both verbally and in writing, and the long period of time that has lapsed, defendants failed and refused and up to the present still fail and refuse to cause the issuance and/or delivery of the corresponding certificate of title in favor of the plaintiff to the latter's great damage and prejudice x x x.

"6. It turned out that instead of issuing and/or delivering to the [respondent] her certificate of title over the above-described parcel of land, [petitioners], in gross bad faith and with fraudulent intent, re-subdivided the whole parcel of land covered by Transfer Certificate of Title No. 17136/T-86-D-II from the original THREE (3) lots; Lot I-B-1 consisting of 80 square meters, Lot I-B-3 consisting of 60 square meters, and [petitioners'] Lot I-B-2 consisting of 60 square meters into FIVE (5) lots;

x x x x x x x x

"8. [Petitioners'] bad faith and fraudulent intent in causing the issuance under [Petitioner] Horacio Benito's name of Transfer Certificate of Title Nos. PT-101743, PT-101744, PT-101745, PT-101746, and PT-101747 thereby also including therein in undetermined portion that part of the property consisting of 60 square meters they had previously sold in favor of the [respondent] has rendered said five (5) titles null and void thereby warranting their immediate cancellation[.]"<sup>[4]</sup> (Citations omitted)

On June 28, 1999, the Regional Trial Court (RTC) dismissed respondent's Complaint on grounds of prescription and/or laches.<sup>[5]</sup> It held that from the moment the contract was perfected, the parties could reciprocally demand performance of their obligations. There was a breach of obligation when, despite repeated demands, petitioners failed to deliver to respondent the corresponding certificate of title to the lot. She, however, failed to file any action to compel performance until April 16, 1999, or 20 years from the time of the execution of the Deed of Absolute Sale on April 17, 1979. Moreover, the assailed Certificates of Title had been issued March 25, 1996, or more than one year before the Complaint was filed. An action to invalidate title certificates on the ground of fraud prescribes upon the expiration of one year from the entry of the decree of registration.

On July 22, 1999, respondent filed a Motion for Reconsideration and for Leave to Amend Complaint and/or Admit Amended Complaint,<sup>[6]</sup> which was denied on August 20, 1999. The RTC ruled that the amendment of the Complaint would change the theory of the case and subject petitioners to an entirely new liability.

### **Ruling of the Court of Appeals**

Reversing the RTC, the CA held that respondent's second cause of action was for reconveyance, not for the invalidation of certificates of title. As long as the property

was still in the name of the person who had caused the wrongful registration, and as long as it had not yet passed to an innocent purchaser for value, an action for reconveyance was still available. Such cause of action prescribes in ten (10) years, counted from the date of the issuance of the assailed certificate of title. Since the Complaint alleged that the questioned titles had been issued on March 25, 1996, the cause of action for reconveyance has not prescribed.

Hence, this Petition.<sup>[7]</sup>

### **Issue**

In their Memorandum, petitioners raise this lone issue:

“Whether or not the Court of Appeals has decided a question of substance in a way probably not in accord with law or with the applicable Decisions of the Honorable Supreme Court when it reinstated private respondent’s Complaint dated April 18, 1999, granted the amendment of the Complaint, admitting the same, and remanded x x x the case to the trial court for further proceeding?”<sup>[8]</sup>

### **This Court’s Ruling**

The Petition has no merit.

### **Main Issue:** **Reconveyance of Realty**

Petitioners argue that the reinstatement of the action for reconveyance and its remand to the trial court are improper for the following reasons: (1) the disputed property was already transferred to a third person, (2) respondent did not pay the consideration for the contract, and (3) she allowed laches to set in by her inaction for more than 10 years.

In their Memorandum, petitioners add: (1) the parties used to be squatters on the land owned by a certain Francisco Valmores; (2) who had offered to sell the land to them, but only petitioners agreed to buy it; (3) after purchasing the land, they instituted ejectment proceedings against the other squatters; (4) respondent bought on installment the portion of the land where her property stood, a transaction for which petitioners issued a Deed of Absolute Sale; (5) however, she reneged on her promise to contribute P6,000 for the ejectment expenses, which was the consideration of the sale; (6) petitioners borrowed money from a certain Basilia dela Cruz, who sued them for collection; (7) they were ordered to pay dela Cruz P75,000; (8) a writ of execution was issued by the RTC and (9) the disputed portion of petitioners’ land was sold to Dela Cruz at a public auction, in which she was the highest bidder.<sup>[9]</sup>

### **Sale of the Realty** **to a Third Party**

Petitioners contend that the action for reconveyance has been rendered moot and academic, because the disputed lot was already sold to Basilia dela Cruz at a public auction. They maintain that although the action for reconveyance may not have expired, the exercise of the right is no longer feasible, because the property was already transferred in good faith and for value to a third party.