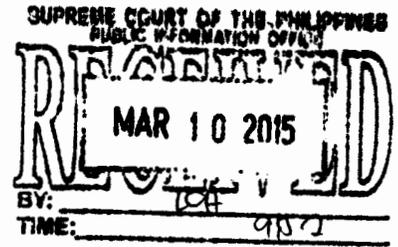




Republic of the Philippines
Supreme Court
Manila



FIRST DIVISION

NOTICE

Sirs/Mesdames:

Please take notice that the Court, First Division, issued a Resolution dated February 11, 2015, which reads as follows:

***“G.R. No. 144371 - PHILIPPINE GENERAL COUNCIL OF THE ASSEMBLIES OF GOD, INC., Petitioner, v. HEIRS OF SEGUNDO MORALES, Respondents.*”**

This is a petition for review on *certiorari* under Rule 45 of the 1997 Rules of Civil Procedure seeking the review of the Decision¹ dated March 28, 2000 and the Resolution² dated August 3, 2000 of the Court of Appeals in CA-G.R. SP No. 54336, entitled “*Philippine General Council of the Assemblies of God, Inc. rep. by its Attorney-in-Fact, Rev. Felipe Z. Bercero v. Hon. Abednego Adre and the Heirs of Segundo Morales & Pacita De La Peña, rep. by Gaspar Morales & Arthur Tila.*” The appellate court dismissed the petition for *certiorari*, prohibition and *mandamus* under Rule 65 of the 1997 Rules of Civil Procedure filed by petitioner Philippine General Council of the Assemblies of God, Inc. against the Order³ dated

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¹ *Rollo* (reconstituted), pp. 26-33; penned by Associate Justice Bernardo P. Abesamis with Associate Justices Eugenio S. Labitoria and Elvi John S. Asuncion, concurring.

² *Id.* at 34.

³ *CA rollo*, p. 28.

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March 11, 1999 of the Regional Trial Court (RTC), Branch 22, General Santos City in Civil Case No. 6504. The March 11, 1999 RTC Order denied petitioner's motion to dismiss respondents' civil complaint on the ground of prescription.

The procedural and factual antecedents of this case as recited in the assailed March 28, 2000 Decision of the Court of Appeals are reproduced here:

On February 1, 1999, private respondents Heirs of Segundo Morales, *et al.* filed a complaint for annulment of sale against petitioner Philippine General Council of the Assemblies of God. The pertinent portion of the complaint states as follows:

4. On 27 December 1950, the late Segundo Morales was awarded by the government a homestead patent covering an 11.88 hectare agricultural property identified as Lot No. 893, Pls-209-D situated formerly as Barrio 3, Municipality of Buayan, now Barangay City Heights, General Santos City. The award is covered by Original Certificate of Title No. P-630 in the name of the late Segundo Morales attached hereto as Annex "A".

5. Sometime last July 1964, representatives of the defendant asked Segundo Morales if the latter would be willing to have a one-hectare portion of his land be rented and as Segundo Morales thought it best that somebody occupy a portion of his land, he agreed and signed some documents after being convinced that the intentions of a religious group would be noble and after receiving some consideration representing advance rentals.

6. Segundo Morales assured his children that defendant would return the property to him after a period of 25 years and all improvements therein would be given to him. This assurance was confirmed by representatives of the defendant during the lifetime of Segundo Morales. As the late Segundo Morales was not quite schooled as well as his children, they took the word of defendant for good.

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7. Before his death, Segundo Morales instructed his children to recover the one-hectare property from defendant as the latter made it clear to him that the said property would be returned to him including the improvements.

8. Sometime last year, ARTHUR TILA secured a certified true copy of Original Certificate of Title No. P-630 and discovered that as early as 14 July 1964, a one-hectare portion of the land covered under the said title was already sold to defendant under a new Transfer Certificate of Title No. T-67 covering Lot No. 893-A, Psd-71112. Photocopy of the said TCT No. T-67 is attached hereto as Annex "B".

9. ARTHUR TILA and GASPAR MORALES requested copies of the purported Deed of Sale from the Register of Deeds of General Santos City but the document could not be produced as the same was reportedly with the old Register of Deeds covering the former empire province of Cotabato. Unfortunately, even with the Register of Deeds of North Cotabato holding office now in Kidapawan City which supposedly has custody of documents covering the years 1964-65, the said Deed of Sale is nowhere to be found as evidenced by that Certification attached hereto as Annex "C".

10. ARTHUR TILA and GASPAR MORALES sought barangay intervention to explore ways for defendant to return the property, but the latter refused, failed and ignored the requests of Barangay City Heights to submit the Deed of Sale as in truth and in fact there was no such Deed of Sale, and even assuming there is one, the same was procured and secured through fraudulent and illegal means, and in fact efforts on barangay conciliation failed; hence, plaintiffs filed this action."

x x x x

WHEREFORE, premises considered, plaintiffs pray for judgment:

1. Declaring the Deed of Sale dated 14 July 1964 as null and void and cancelling TCT NO. T-67;

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2. Ordering defendant to pay attorney's and appearance fees as above set forth; and
3. Ordering defendant to pay litigation expenses and costs of suit.

EQUITABLE AND JUST RELIEFS under the premises are likewise prayed for.

On February 19, 1999, [petitioner] seasonably filed a motion to dismiss on the ground that the action has prescribed. In the motion to dismiss, petitioner alleged as follows:

As can be gleaned from the foregoing allegations in the complaint, the plaintiffs seek to recover the property through reconveyance (as the subject one hectare portion has already been titled in the name of the defendant) based on implied trust.

This is so because, Article 1456 of the New Civil Code provides: "Article 1456. If the 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.

While the title of the case is supposedly for "annulment of sale", and the prayer seeks principally for the declaration of the "Deed of Sale dated 14 July 1964 as null and void and cancellation of TCT No. T-67", there is no denying that this case is for reconveyance.

In their complaint, the plaintiffs attached Transfer Certificate of Title No. (T-13817) (T-2090) T-67. The said TCT shows that it was **issued on July 21, 1965, or about one-year after the same was sold to the defendant** (Please see entry No. 105047 at dorsal portion of Annex "A" of complaint).

x x x x

In the instant case, photocopy TCT No. (T-13817) (T-2090) T-67, attached to the complaint as Annex "B", clearly shows that the same was issued way back in 1965, or more than **33 years** before the instant complainant (sic) was filed.

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Considering that from what appears in the complaint, (granting the same to be true) the relation of the parties is governed by the provisions of the New Civil Code on implied trust, and considering further that the Certificate of Title covering the subject one-hectare property was issued way back in 1965 (or a lapse of more than 33 years before the complaint in the instant case was filed), the action of plaintiffs has already prescribed.⁴

The trial court denied petitioner's motion to dismiss in the assailed March 11, 1999 Order. The pertinent portion of the order states:

Acting on defendant's motion to dismiss and the opposition thereto, an action to declare the inexistence of [a] contract does not prescribe. (Art. 1410 Civil Code of the Philippines)

WHEREFORE, the motion is hereby DENIED.⁵

Dissatisfied with the aforementioned order, petitioner filed before the Court of Appeals a petition for *certiorari*, prohibition and *mandamus*, alleging grave abuse of discretion on the part of RTC Judge Abednego O. Adre. However, the appellate court dismissed said petition through the assailed March 28, 2000 ruling.

Hence, petitioner interposed this appeal wherein the Court is asked to invalidate the judgment of the Court of Appeals and, thereby, reverse the assailed order of the trial court.

The petition is without merit.

While trial courts have authority and discretion to dismiss an action on the ground of prescription, it may only do so when the parties' pleadings or other facts on record show it to be indeed time-barred.⁶ Thus, we have held that:

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⁴ Rollo, pp. 27-31.

⁵ CA rollo, p. 28.

⁶ *James v. Eurem Realty Development Corporation*, G.R. No. 190650, October 14, 2013, 707 SCRA 454, 463-464.

[T]he 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. 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.⁷

The records of this case indicate that respondents filed a civil complaint in the trial court assailing the existence or validity of the deed of sale purportedly dated July 14, 1964 in the possession of petitioner, which served as basis for the issuance of Transfer Certificate of Title (TCT) No. T-67 in its name. Respondents maintain that no such deed of sale existed and, even assuming that the said document does exist, then the same was procured through fraudulent and illegal means which, therefore, makes it invalid. On the other hand, petitioner has the burden to prove the existence and due execution of the aforementioned contract, such that it could be determined if prescription has set in. We see no cogent reason to disturb the Court of Appeals' finding that there are outstanding evidentiary matters in this case.

Moreover, it is axiomatic that an action or defense for the declaration of the inexistence of a contract does not prescribe in accordance with Article 1410 of the Civil Code.⁸ The inexistence of a contract is permanent and incurable which cannot be cured either by ratification or by prescription.⁹

Unmistakably, the cause of action that was put forward by respondents cannot, in any way, be characterized as barred by the statute of limitations because it asserts the inexistence of a contract, *i.e.*, the deed of sale at issue, which is an action that both law and jurisprudence have declared to be imprescriptible. Even the argument that respondents could be guilty of laches cannot impel this Court to reverse the trial court's order denying petitioner's motion to dismiss.

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⁷ *Sanchez v. Sanchez*, G.R. No. 187661, December 4, 2013, 711 SCRA 541, 545.

⁸ *Neri v. Heirs of Hadji Yusop Uy*, G.R. No. 194366, October 10, 2012, 683 SCRA 553, 566.

⁹ *Bernales v. Heirs of Julian Sambaan*, 624 Phil. 88, 106 (2010).

Laches is the failure or neglect, for an unreasonable and unexplained length of time, to do that which, by exercising due diligence, could or should have been done earlier; it is negligence or omission to assert a right within a reasonable time, warranting the presumption that the party entitled to assert it either has abandoned or declined to assert it.¹⁰ The elements of laches must be proved positively because it is evidentiary in nature and cannot be established by mere allegations in the pleadings.¹¹ Therefore, it cannot be resolved in a motion to dismiss.¹²

As a general rule, the denial of a motion to dismiss cannot be questioned in a special civil action for *certiorari* which is a remedy designed to correct errors of jurisdiction and not errors of judgment. However, when the denial of the motion to dismiss is tainted with grave abuse of discretion, the grant of the extraordinary remedy of *certiorari* may be justified.¹³ The term grave abuse of discretion is defined as a capricious and whimsical exercise of judgment as patent and gross as to amount to an evasion of a positive duty or a virtual refusal to perform a duty enjoined by law, as where the power is exercised in an arbitrary and despotic manner because of passion or hostility.¹⁴

From the foregoing, it is apparent that the assailed March 11, 1999 RTC Order was issued in accordance with existing law and jurisprudence. Therefore, no grave abuse of discretion can be attributed to the trial court judge who issued the same. In a similar vein, we find no grounds to reverse the March 28, 2000 Decision and August 3, 2000 Resolution of the Court of Appeals.

WHEREFORE, premises considered, the petition is **DENIED** for lack of merit.

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¹⁰ *Esmaguel v. Coprada*, G.R. No. 152423, December 15, 2010, 638 SCRA 428, 439.

¹¹ *Abalos v. Darapa*, G.R. No. 164693, March 23, 2011, 646 SCRA 200, 212.

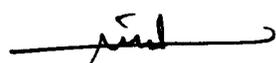
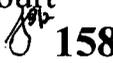
¹² *Limos v. Odonos*, G.R. No. 186979, August 11, 2010, 628 SCRA 288, 300.

¹³ *Republic v. Roman Catholic Archbishop of Manila*, G.R. No. 192975, November 12, 2012, 685 SCRA 216, 221.

¹⁴ *Subic Bay Metropolitan Authority v. Court of Appeals*, G.R. No. 192885, July 4, 2012, 675 SCRA 758, 766.

SO ORDERED.”

Very truly yours,


EDGAR O. ARICHETA
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