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SUPREME COURT OF THE PHILIPPINES  
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Republic of the Philippines  
**Supreme Court**  
Manila

**FIRST DIVISION**

**NOTICE**

Sirs/Mesdames:

*Please take notice that the Court, First Division, issued a Resolution dated **October 16, 2019** which reads as follows:*

**“G.R. No. 238915 (SPOUSES SALVADOR P. BARRACOSO AND CANDELARIA BARRACOSO, Petitioners, v. SPOUSES JOSE AND ERLINDA JOVELLANOS, Respondents.)** – We resolve this appeal from the decision<sup>1</sup> of the Court of Appeals (CA) in CA-G.R. CV No. 107999, whereby the CA affirmed with modification the decision<sup>2</sup> rendered on March 14, 2016 by the Regional Trial Court (RTC) Branch 51, Puerto Princesa City, which declared the respondents as owners of the property covered by TCT No. 8288 by reason of the failure of petitioner Salvador Barracoso to repurchase the same within the period stipulated.

**Antecedents**

The petitioner Salvador Barracoso owns a parcel of land with an area of 825 square meters located in Coron, Palawan. He acquired the subject property from the heirs of Melquiades Abrera. In a letter<sup>3</sup> dated March 12, 1984, Salvador confirmed and acknowledged the sale of one-half portion of the said parcel of land to respondent Erlinda; bound himself to execute a deed of absolute sale in favor of Erlinda upon the completion of the subdivision survey in order to subdivide the property; received the amount of Two Thousand Pesos (P2,000.00) as loan without interest for the purpose of expediting the issuance of the TCT and to repay the full amount not later than sixty (60) days; and gave Erlinda a right of pre-emption should he decide to sell the remaining one-half of the property.

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<sup>1</sup> *Rollo*, pp. 28-50; penned by Acting Presiding Justice Remedios A. Salazar-Fernando, with the concurrence of Associate Justice Renato C. Francisco and Associate Justice Jhosep Y. Lopez.

<sup>2</sup> *Id.* at 51-57; penned by Presiding Judge Ambrosio De Luna.

<sup>3</sup> *Id.* at. 58-59.

On June 21, 1984, a Deed of Sale with a Right to Repurchase<sup>4</sup> was executed by Salvador and the respondents for the sale of the one-half portion of the subject property for and in consideration of the sum of Ten Thousand Pesos (₱10,000.00). In the said deed, it was stipulated that Salvador is granted the right to repurchase the property within one (1) year from the date of the instrument. Salvador failed to repurchase the property within the one-year period, and as a consequence, respondents allegedly took constructive and actual possession of the land since 1985. Meanwhile, on May 30, 1984, the Transfer of Certificate of Title No. T-8288 was issued in the name of the petitioner.

Sometime in June 2003, when the respondents sought to have the property titled to their name, they were instructed by the Provincial Register of Deeds to file a case for Judicial Confirmation and Consolidation of Ownership. Thus, on October 9, 2003, respondents filed an action for Consolidation of Ownership under Article 1607 of the New Civil Code and Article 63 of the Revised Rules of Court.

In his defense, petitioner Salvador denied that he sold the one-half portion of the subject property to respondent Erlinda in his letter dated March 12, 1984. According to Salvador, at the time the document of loan was executed, he was already estranged from his wife Candelaria Barracoso and feared that she might later claim one-half of the subject property. The document was just intended to make it appear that the one-half portion was already sold to Erlinda. As for the Deed of Sale with Right to Repurchase, he said that he did not intend to sell the land to the respondents but only to designate it as a collateral or security for the Ten Thousand Pesos (₱10,000.00) loan. He further claimed that the loan of ₱10,000.00 had already been paid within the pacto de retro period, as evidenced by an Acknowledgement Receipt duly signed by his mother, Rose Barracoso and respondent Erlinda.

On March 11, 2004, the respondents filed a Motion to Produce and Inspect the Original Copy of the Acknowledgement Receipt, which was granted in an order dated June 15, 2004. In the said order, the lower court directed that the acknowledgement receipt be sent to the National Bureau of Investigation and the Philippine National Police Crime Laboratory for examination to determine the authenticity and genuineness of the signature of respondent Erlinda thereon. Both

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<sup>4</sup> Id. at 68-69.

NBI and PNP concluded that the questioned and standard signatures of respondent Erlinda were not written by one and the same person; in other words, the signature in the questioned document was a forgery.

### RTC Ruling

On March 14, 2016, the RTC rendered a judgment in favor of the respondents, disposing thusly:

**WHEREFORE**, on the basis of the evidence adduced and the law/jurisprudence applicable thereon, judgment is hereby rendered.

- a) declaring the plaintiffs as owners of the property covered by TCT No. 8288 by reason of the failure of the vendor, Salvador Barracoso, to repurchase the same within the period stipulated;
- b) ordering the Registry of Deeds for the Province of Palawan to consolidate the ownership in favor of the plaintiff and the registration of the above-described property under the name of the plaintiffs and the issuance of the corresponding title under their names; and
- c) the counter claim is dismissed.

### SO ORDERED.<sup>5</sup>

The RTC ruled that the letter dated March 12, 1984 did not only affirm the sale but it also clearly defined the terms as well as the procedure of transfer to be undertaken by the petitioner. Further, it held that the provisions of the deed are clear and leave no room for interpretation. And as a consequence, petitioner Salvador cannot claim that it was executed merely as a security for a loan.

Aggrieved, petitioner Salvador filed a Motion for Reconsideration, which was denied on June 27, 2016. He then appealed to the Court of Appeals.

### CA Ruling

On November 24, 2017, the CA rendered the assailed decision affirming with modification the RTC decision, stating:

**WHEREFORE**, the Decision dated March 14, 2016 of the Regional Trial Court of Palawan and Puerto Princesa City, Branch 51 in Civil Case No. 3864 is **AFFIRMED** with **MODIFICATION**,

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<sup>5</sup> Id. at 56-57.

in that defendant-appellant Salvador is ordered to execute a document in due form, conveying to the heirs of plaintiffs-appellees Sps. Jovellanos the one-half (1/2) portion of the subject property covered by TCT No. T-8288, as mentioned in the letter dated March 14, 1984.

In all other respects, the assailed decision stands.

**SO ORDERED.**<sup>6</sup>

The petitioner moved for reconsideration against the CA decision but the same was denied on April 16, 2018. Hence, this appeal.

### **Issues**

The petitioner posed the following issues, namely:

1. Whether or not the Deed of Sale with Right to Repurchase is not an Equitable Mortgage?
2. Whether or not the petitioner failed to pay the P10,000.00 repurchase price of the subject property?
3. Whether or not the letter dated March 12, 1984 sufficiently constitute evidence of conveyance of the one-half (1/2) portion of the property;
4. Whether the respondents were in possession of the subject property in its entirety?

### **Ruling**

After a review of the records, the Court resolves to **GRANT** the petition on the ground of prescription. The case filed by the respondents for Consolidation of Ownership under Article 1607 of the New Civil Code and Article 63 of the Revised Rules of Court before the Regional Trial Court of Puerto Princesa City, Branch 51 had already prescribed.

The action for consolidation of ownership filed by the respondents in the trial court was based on a letter allegedly conveying the first half of the subject property, and the Deed of Sale with Right to Repurchase as to the other half. It is significant to note that the case was filed on October 9, 2003, which was nineteen (19) years after the execution of the letter and the deed on March 12, 1984 and June 21, 1984, respectively.

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<sup>6</sup> Id. at 50.

Article 1144 is applicable in this case, which provides:

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

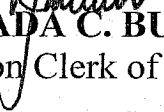
- (1) Upon a written contract;
- (2) Upon an obligation created by law;
- (3) Upon a judgment.

Considering that the cause of action had expired one (1) year from the time that the petitioner failed to pay his obligation, the respondents were already barred by prescription to file the case for consolidation of ownership.

**WHEREFORE**, premises considered, this Court resolves to **GRANT** the petition on the ground of prescription and **REVERSES** and **SETS ASIDE** the Decision of the Court of Appeals promulgated on November 24, 2017 in CA-G.R. CV No. 107999.

**SO ORDERED.**” *Perlas-Bernabe, J., on official business; Gesmundo, J., designated as Acting Working Chairperson per Special Order No. 2717 dated October 10, 2019; Zalameda, J., designated as Additional Member per Special Order No. 2712 dated September 27, 2019.*

Very truly yours,

  
**LIBRADA C. BUENA**  
Division Clerk of Court  
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(CA-G.R. CV No. 107999)

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The Provincial Register of Deeds  
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The Hon. Presiding Judge  
Regional Trial Court, Branch 51  
Puerto Princesa City, 5300 Palawan City  
(Civil Case No. 3864)

