

### Title:

Filemon Ramirez et al. vs. Artemio Baltazar et al., G.R. No. L-19291, May 26, 1968

### Facts:

1. **Initial Transaction:**

- On January 6, 1959, Victoriana Eguaras executed a real estate mortgage over her land in favor of spouses Artemio Baltazar and Susana Flores to secure a loan of PHP 2,170.00.

2. **Death and Intestate Proceedings:**

- Victoriana Eguaras passed away, and on September 16, 1960, the mortgagees (Baltazar and Flores) filed for intestate proceedings (Civil Case No. SC-99) in the Court of First Instance (CFI) of Laguna. They named Filemon and Monica Ramirez as heirs.

- Filemon Ramirez was appointed but did not qualify as the administrator. Consequently, Artemio Diawan, a deputy clerk of court, was appointed and qualified as the administrator on January 16, 1961.

3. **Foreclosure Proceedings:**

- On April 19, 1961, Baltazar and Flores filed for foreclosure of the mortgage (Civil Case No. SC-292). Diawan, as administrator, was served but failed to respond. Consequently, he was declared in default, and a commissioner, who happened to be Diawan, received evidence for plaintiffs.

- On August 16, 1961, the CFI decreed foreclosure and ordered the sale of the property if the obligation was not paid within 90 days. After non-payment, the property was auctioned, and the mortgagees bought it for PHP 2,888.50. The sale was confirmed on January 26, 1962.

4. **Complaint for Annulment:**

- On February 6, 1962, the heirs (Filemon and Monica Ramirez, and Jose Eguaras) filed a complaint to annul the foreclosure proceedings, claiming collusion and fraud by Diawan as the administrator.

5. **Dismissal by Lower Court:**

- The defendants (Baltazar, Flores, and Diawan) filed motions to dismiss, arguing the plaintiffs' lack of legal capacity to sue and an absence of cause of action. The CFI dismissed the complaint, arguing the plaintiffs' heirship was not judicially confirmed and denied a preliminary injunction.

6. **Appeal:**

- The plaintiffs appealed, raising errors regarding their capacity to sue, alleged collusion, and denial of preliminary injunction.

**### Issues:**

1. **\*\*Legal Capacity to Sue:\*\***

- Whether the plaintiffs had the legal capacity to sue given that their status as legal heirs was not confirmed in Special Proceeding No. SC-99.

2. **\*\*Existence of Collusion:\*\***

- Whether there was collusive conduct by Diawan and the mortgagees during the foreclosure proceedings.

3. **\*\*Preliminary Injunction:\*\***

- Whether the CFI erred in denying the plaintiffs' request for a preliminary injunction.

**### Court's Decision:**

1. **\*\*Legal Capacity to Sue:\*\***

- The Supreme Court held that defendants were estopped from questioning the plaintiffs' capacity as they themselves recognized them as heirs in the intestate proceedings. Thus, under special circumstances such as administrator's inaction or collusion, heirs can sue to protect estate interests.

2. **\*\*Existence of Collusion:\*\***

- The Court found the lower court erred in making a factual determination on collusion at the motion to dismiss stage. Allegations of fraud and collusion require judicial assessment through evidentiary proceedings, not dismissal for lack of cause of action.

3. **\*\*Preliminary Injunction:\*\***

- The Court agreed with the lower court's denial of the preliminary injunction as it dealt with factual possession determination, which is beyond the appellate review scope at this stage.

**### Doctrine:**

- **\*\*Estoppel in Questioning Heirship:\*\***

- Those who recognize individuals as heirs in judicial proceedings are estopped from later contesting their status in related actions (referencing Art. 777, New Civil Code; Pascual vs. Pascual).

- **Heirs Filing Suits:**

- Heirs can file suits to protect estate interests when the administrator has failed, specifically if there is substantial evidence of fraud or collusion by the administrator (Pascual vs. Pascual exception).

**Class Notes:**

- **Estoppel in Heirship:**

- Legal heirs recognized in estate proceedings cannot be contested in subsequent related cases (Art. 777, NCC).

- **Fraud/Collusion Exception:**

- Heirs may sue to annul foreclosure if there is demonstrated fraud by an administrator.

**Historical Background:**

- **Philippine Procedural Standards:**

- The case reflects procedural rigor in protecting heirs' rights, highlighting how heirship status and allegations of administrator misconduct are judicially scrutinized, respecting civil law principles in estate administration.

- **Civil Code Impact:**

- The decision underscores Civil Code provisions on automatic succession and exceptions for litigation by heirs, contributing to the legal landscape of estate management in the Philippines.