

Title: Leonides Chunaco, et al. vs. Hon. Perfecto Quicho and Others, G.R. No. L-13774

Facts:

1. **Decedent's Death and Testamentary Proceedings:**

- Ciriaco Chunaco died on February 1, 1955, leaving a substantial estate located mainly in the Bicol provinces.
- Testamentary proceedings commenced on February 19, 1955, in the Court of First Instance (CFI) of Albay (Special Proceedings No. 435).

2. **Extrajudicial Partition Agreement:**

- While the proceedings were in progress, the heirs submitted an agreement dated October 25, 1956, for extrajudicial partition of the properties.
- The agreement divided the estate into two co-ownerships among the heirs (Paje Heirs inherit properties in Albay; Padua Heirs inherit properties in Camarines Sur).

3. **Dismissal of Testamentary Proceedings:**

- On December 4, 1956, the CFI of Albay confirmed the agreement and dismissed the testamentary proceedings.

4. **Civil Case No. 1808:**

- On August 20, 1957, Milagros Chunaco filed a petition (Civil Case No. 1808) for partition of properties owned by the Paje Heirs. Felicidad Chunaco later joined the petition.
- The petitioners also requested the appointment of a receiver, alleging mismanagement by the respondent co-owners.

5. **Order of Receivership:**

- On March 31, 1958, the CFI of Albay granted the petition for the appointment of a receiver and designated its acting deputy clerk of court.

6. **Petition for Certiorari:**

- Petitioners filed for certiorari with preliminary injunction to annul the receivership order. The Supreme Court issued a writ of preliminary injunction but later dissolved it.

7. **Arguments and Counterarguments:**

- Petitioners contended the properties were in custodia legis, no efforts at compromise were made, taxes were unpaid, and no danger of loss was present.
- The lower court found the properties were no longer in custodia legis, efforts at

compromise were attempted, and precedent supported the appointment of a receiver to preserve properties.

****Issues:****

1. ****Custodia Legis:****

- Whether the properties were still in custodia legis (under judicial custody).

2. ****Efforts at Compromise:****

- Whether the required earnest efforts toward a compromise had been made as per Article 222 of the Civil Code.

3. ****Indispensable Party:****

- Whether the omission of Socorro Paje Vda. De Chunaco, an indispensable party, invalidated the receivership order.

4. ****Payment of Estate and Inheritance Taxes:****

- Whether non-payment of estate and inheritance taxes barred the action for partition and the appointment of a receiver.

5. ****Danger of Property Loss:****

- Whether there was sufficient showing that the properties were in danger of being lost, removed, or injured to justify the appointment of a receiver.

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

1. ****Custodia Legis:****

- The Court found the properties were no longer in custodia legis as the testamentary proceedings (Special Proceedings No. 435) were dismissed on December 4, 1956, prior to the initiation of Civil Case No. 1808.

2. ****Efforts at Compromise:****

- The Supreme Court upheld the lower court's finding that efforts at compromise were made but failed. The order of March 31, 1958, indicated the court had earnestly explored possibilities of amicable settlement.

3. ****Indispensable Party:****

- The waiver executed by Socorro Paje Vda. De Chunaco in favor of the Paje heirs was valid, and there was no abuse of discretion by not including her in the receivership proceedings.

4. **Estate and Inheritance Taxes:**

- The Court clarified that the non-payment of estate taxes did not bar the partition action or the receivership. A decree of partition must first be had before the distributive shares can be delivered, at which point taxes would be settled.

5. **Danger of Property Loss:**

- The Court found substantial evidence supporting the need for receivership. The Mayon Distillery managed by the petitioner was incurring losses and penalties, and unauthorized disposal of a community property vehicle occurred.

Doctrine:

- **Appointment of Receiver:** In partition proceedings, the appointment of a receiver is permissible where property is at risk, relations among co-owners are strained, or satisfactory administration arrangements cannot be made. This doctrine is supported by Article 492, paragraph 3, of the Civil Code.

- **Efforts at Compromise:** Compliance with Article 222 of the Civil Code requiring earnest efforts toward a compromise before filing a suit among family members is essential but needs verification based on the conduct and records during proceedings.

Class Notes:

1. **Custodia Legis:** Properties under judicial custody cannot undergo receivership independently unless released by the court.

2. **Compromise Efforts (Art. 222, Civil Code):** Filed suits among family members must exhibit failed earnest efforts at compromise.

3. **Waiver of Rights:** Waivers signed by heirs on property rights are generally valid until proven otherwise.

4. **Estate and Inheritance Taxes:** Payment of taxes must precede delivery of heir shares but do not bar partition suits.

5. **Pauline Action:** Art. 491 of the Civil Code requires unanimous consent among co-owners for disposal of co-owned property to avoid invalid action.

Historical Background:

This case situates within the Philippine Civil Code's evolution post-Independence, emphasizing harmonious intra-family suit provisions and practical asset management solutions amidst familial discord. It underscores judiciary's role in upholding orderly

succession and partition whilst protecting minority co-owners' rights against potential mismanagement.