

MANOTOK REALTY, INC., PETITIONER, VS. THE HON. COURT OF APPEALS AND FELIPE MADLANGAWA, RESPONDENTS.*G.R. No. L-45038. April 30, 1987*

Ponente: GUTIERREZ, JR., J.

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This is a petition for certiorari by way of appeal seeking to set aside the decision of the Court of Appeals which upheld the dismissal of the petitioner's complaint for reivindicatory action with damages against the private respondent and ordered the petitioner to accept the payment of the balance of P2,551.85 from said respondent, and thereafter, to execute the corresponding deed of sale of Lot 277, Block I in favor of the latter.

The private respondent Felipe Madlangawa claims that he has been occupying a parcel of land in the Clara de Tambunting de Legarda Subdivision since 1949 upon permission being obtained from Andres Ladores, then an overseer of the subdivision, with the understanding that the respondent would eventually buy the lot.

On April 2, 1950, the owner of the lot, Clara Tambunting, died and her entire estate, including her paraphernal properties which covered the lot occupied by the private respondent were placed under custodia legis.

On April 22, 1950, the private respondent made a deposit for the said lot in the sum of P1,500.00 which was received by Vicente Legarda, husband of the late owner. As evidenced by the receipt issued by Vicente Legarda, the lot consisted of an area of 240 square meters and was sold at P30.00 per square meter. There, thus, remained an unpaid balance of P5,700.00 but the private respondent did not pay or was unable to pay this balance because after the death of the testatrix, Clara Tambunting de Legarda, her heirs could not settle their differences. Apart from the initial deposit, no further payments were made from 1950.

On April 28, 1950, Don Vicente Legarda was appointed as a special administrator of the estate. Meanwhile the private respondent remained in possession of the lot in question.

Subsequently, the petitioner became the successful bidder and vendee of the Tambunting-Legarda Subdivision consisting of 44 parcels of land spread out in the districts of Tondo and Sta. Cruz, Manila, pursuant to the deeds of sale executed in its favor by the Philippine Trust Company on March 13 and 20, 1959, as administrator of the Testate Estate of Clara Tambunting de Legarda, in Special Proceeding No. 10808 of the Manila probate court. The lot in dispute was one of those covered by the sale. The Deed of Sale, among others, provided for the following terms and conditions:

"1. — The VENDEE assumes the risk and expenses of ejecting the tenants or squatters on the said parcels of land if it decides to eject them. Any rentals or damages that may be due or collectible from the said tenants or squatters for the period subsequent to the date of this deed of sale shall belong to the VENDEE but rentals due from the said tenants or squatters prior to the execution of this deed of sale shall belong to the VENDOR.

x x x x x x x x

"3. — The VENDEE renounces the right to warranty in case of eviction with the knowledge of the risks of

eviction and assumes its consequences with respect not only to the lots subject of the above mentioned cases and claims but also with respect to any other lots subject of contracts of sale or promises to sell that may have been executed by the deceased, Clara Tambunting de Legarda and/or Vicente L. Legarda, and it hereby relieves the estate of Clara Tambunting de Legarda and the Philippine Trust Company, in its capacity as Administrator thereof, of any and all liability with respect thereto in case of eviction. All sums of money that have been paid to the deceased Clara Tambunting de Legarda and/or Vicente L. Legarda and/or the administrator of Clara Tambunting de Legarda on account of the purchase price of said lots shall belong to the estate, but any sums of money that are or may be due as the balance of the purchase price of said lots shall belong to the VENDEE." (pp. 27-28, Rollo).

x x x x x x x x

In its effort to clear the Tambunting Subdivision of its squatters and occupants, the petitioner caused the publication of several notices in the Manila Times' issues of January 1, 1966 and the Taliba issues of January 2 and March 16, 1966, advising the occupants to vacate their respective premises, otherwise, court action with damages would follow. In addition to these notices by publication, the petitioner sent circulars to the occupants to vacate.

The private respondent was one of the many occupants who refused to vacate the lots they were occupying, so that on April 26, 1968, the petitioner filed the action below to recover the said lot.

The trial court dismissed the petitioner's action after finding that the identity of the parcel of land described in the complaint had not been sufficiently established as the very same piece of land in the material and physical possession of the private respondent.

On appeal, the respondent Court of Appeals found the identity of the lot sought to be recovered by the petitioner to be the same as that in the physical possession of the private respondent and ruled that the only right remaining to the petitioner is to enforce the collection of the balance because accordingly, it stepped into the shoes of its predecessor; and that since the area now in possession of the petitioner which is that involved in the present case is only 115 square meters, the balance after deducting the deposit of P1,500.00 is P2,551.85, and as per order of the Court of First Instance of Manila, the said balance should be paid in 18 equal monthly installments.

In this petition, the petitioner maintains that the Court of Appeals committed a reversible error in holding that the sale by Don Vicente Legarda in favor of the private respondent is valid, binding, and enforceable against the petitioner.

The petitioner contends that since there is no dispute that the property in question was the paraphernal property of Clara Tambunting, who died on April 2, 1950, Vicente Legarda had no authority whatsoever to sell the said property to the private respondent on May 12, 1950 since the former was appointed as administrator of the estate of Clara Tambunting only on August 28, 1950. Therefore, the questioned sale could not have bound Clara Tambunting's estate because the vendor Vicente Legarda neither acted as the owner nor the administrator of the subject property when the alleged sale took place. As regards the provision in the deed of sale which it executed with the Philippine Trust Company wherein it bound itself to respect the contracts of sale or promises to sell that may have been executed by Vicente Legarda and renounced the right to warranty in case of eviction, the petitioner argues that this required respect only for those valid sales executed by the deceased Clara Tambunting and by persons vested with authority to act on behalf of the estate.

On the other hand, the private respondent contends that the aforequoted provisions of the deed of sale are a declaration or admission against the interest of the petitioner, and shows that the acts of Vicente Legarda had been ratified by the Philippine Trust Company and approved by the probate court. The petitioner, therefore, is allegedly

estopped from questioning the authority of Vicente Legarda in selling the property in dispute.

It is an undisputed fact that the lot in dispute is the paraphernal property of Dona Clara Tambunting and that at the time of the sale thereof, the owner was already dead. Thus, the only question to be resolved in this petition is: in what capacity did the husband of the deceased, Don Vicente Legarda, dispose of the lot?

Articles 136 and 137 of the Civil Code of the Philippines provide:

"Art. 136. The wife retains the ownership of the paraphernal property.

"Art. 137. The wife shall have the administration of the paraphernal property, unless she delivers the same to the husband by means of a public instrument empowering him to administer it.

"In this case, the public instrument shall be recorded in the Registry of Property. As for the movables, the husband shall give adequate security."

There is nothing in the records that will show that Don Vicente Legarda was the administrator of the paraphernal properties of Dona Clara Tambunting during the lifetime of the latter. Thus, it cannot be said that the sale was entered into by the private respondent and Don Vicente Legarda had its inception before the death of Dona Clara Tambunting and was entered into by the former for and on behalf of the latter, but was only consummated after her death. Don Vicente Legarda, therefore, could not have validly disposed of the lot in dispute as a continuing administrator of the paraphernal properties of Dona Clara Tambunting.

It is also undisputed that the probate court appointed Don Vicente Legarda as administrator of the estate only on August 28, 1950, more than three months after the questioned sale had taken place.

We are, therefore, led to the inevitable conclusion that the sale between Don Vicente Legarda and the private respondent is void ab initio, the former being neither an owner nor administrator of the subject property. Such being the case, the sale cannot be the subject of the ratification by the Philippine Trust Company or the probate court. As was held in the case of *Arsenal v. Intermediate Appellate Court* (143 SCRA 40, 49):

"Under the provisions of the Civil Code, a void contract is inexistent from the beginning. It cannot be ratified neither can the right to set up the defense of its illegality be waived. (Art. 1409, Civil Code).

"To further distinguish this contract from the other kinds of contract, a commentator has stated that:

"'The right to set up the nullity of a void or non-existent contract is not limited to the parties as in the case of annulable or voidable contracts; it is extended to third persons who are directly affected by the contract.' (Tolentino, Civil Code of the Philippines, Vol. IV, p. 604, [1973]).

"'Any person may invoke the inexistence of the contract whenever juridical affects founded thereon are asserted against him.' (Id. p. 595)."

Section 1, Rule 89 of the Revised Rules of Court provides for the procedure on how a property in custodia legis can be disposed of by sale:

"Order of sale of personalty.— Upon the application of the executor or administrator, and on written notice to the heirs and other persons interested, the court may order the whole or a part of the personal estate to be sold, if it appears necessary for the purpose of paying debts, expenses of administration, or legacies, or for the preservation of the property."

After the appointment of Don Vicente Legarda as administrator of the estate of Dona Clara Tambunting, he should have applied before the probate court for authority to sell the disputed property in favor of the private respondent. If the probate court approved the request, then Don Vicente Legarda would have been able to execute a valid deed of sale in favor of the respondent. Unfortunately, there was no effort on the part of the administrator

to comply with the above-quoted rule of procedure nor on that of the respondent to protect his interests or to pay the balance of the installments to the court appointed administrator.

As was held in *Kline v. Shoup* (226 Pacific Reporter 729, 731), which we find applicable in the case at bar:

"There are, however, certain steps to be taken in the administration of an estate which the law deems of sufficient importance to have placed without the power of the probate court to effect under the jurisdiction acquired over the general subject matter by law and over the estate and those interested therein, by the filing and due service of the petition for the appointment of an administrator and the order of appointment and issuance of letters, and at least one of such steps is the sale of the real property of an estate for the payment of the debts of the deceased. C.S. 7603, provides that —

"No sale of any property of an estate of a decedent is valid unless made under order of the probate court. x x x."

"From the foregoing, it cannot be denied that the law recognizes the issuance of an order of sale as an indispensable requisite in effecting a valid sale of the property of a decedent's estate. x x x."

Considering the location of the disputed lot, we find a monthly rental of Twenty Centavos (P0.20) per square meter to be more than fair to the private respondent for his use of the premises. The petitioner, however, should return the P1,500.00 received by Mr. Legarda, with legal interest, to the respondent.

WHEREFORE, IN VIEW OF THE FOREGOING, the decision appealed from is hereby REVERSED and SET ASIDE. The private respondent is ordered to SURRENDER the material and physical possession of Lot No. 277, Block I to the petitioner and to pay the latter the rentals as stated above from May, 1950 until he surrenders the said lot. The petitioner shall reimburse the private respondent the amount of P1,500.00 with legal interest from May, 1950 or offset said amount from the rentals due to it. Costs against the private respondent.

SO ORDERED.

Fernan, (Chairman), Paras, Padilla, Bidin, and Cortes, JJ., concur.

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