

TESTATE ESTATE OF JOSE CASTILLO Y REFUERZO, DECEASED PHILIPPINE NATIONAL BANK, ADMINISTRATOR BEATRIZ M. VDA. DE CASTILLO, ET AL., MOVANTS AND APPELLEES, VS. BLANCA CASTILLO, ET ...

G.R. No. L-20821. August 31, 1966

Ponente: CONCEPCION, J.

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CONCEPCION, J.:

Direct appeal from an order of the Court of First Instance of Manila, only questions of law being raised therein. The relevant facts are:

On March 2, 1954, Blanca, Amelia, Amalia and Concepcion, all surnamed Castillo, legitimate daughters of Jose Castillo, deceased, filed with the Court of First Instance of Manila a petition, docketed as Special Proceeding No. 22120 thereof, for the probate of a will of said deceased, dated January 17, 1928. Soon thereafter, or on March 12, 1954, the surviving widow of the deceased and their other seven (7) children opposed said petition for probate and, at the same time, applied for the probate of a carbon copy of another document said to be another will of the deceased, dated January, 1945, the original of which had, allegedly, been burned. This was, in turn, opposed by the petitioners for the probate of the first will. About a year later, or on April 15, 1955, both parties submitted for approval of the probate court a compromise agreement of the following tenor:

"1. The petitioners for the allowance as a will of the document, dated January 17, 1928 and filed with this Court of March 2, 1954 are hereby withdrawing their petition, and likewise the petitioners for the allowance as a will of another document dated January 1945 and filed with this Court on March 17, 1954 are hereby withdrawing their petition; and said documents shall be wholly disregarded so that the properties of the estate of the decedent may be liquidated and distributed only in the manner hereinafter stated.

"2. A complete, true and accurate inventory of all the properties real, personal, etc., brought to the marriage by the deceased, and of all the properties, real, personal etc., of the conjugal partnership of the deceased with the surviving widow, Beatriz M. Vda. de Castillo, shall be made, for the purpose of liquidation and distribution of the estate.

"3. The following properties shall be adjudicated to the said surviving widow exclusively, and therefore should not be included in the conjugal properties to be liquidated and distributed:

(a) The vacant lot at Mabini St., Manila bounded and described as follows:

x x x x

(b) The promissory note of Mr. & Mrs. Francisco Benitez for P5,000, dated June 26, 1950.

(c) Five shares of stock in the San Miguel Brewery of the par value of P5,000 evidenced by certificates of shares No. PO 287.

(d) The sum of P4,000 representing the proceeds of the sale of the Oldsmobile Sedan and the Overland Station Wagon, now in the possession of the Special Administrator.

"4. The whole of the lots only at the Corner of Mabini and Alonso Sts., not including the house and improvements thereon which are conjugal properties, shall be adjudicated exclusively to Yvonne Castillo, legitimate daughter of the deceased. Said lots are bounded and described as follows:

x x x x

"5. The whole of the vacant lots at the corner of Dakota and San Andres Sts., shall be adjudicated exclusively to Lydia Castillo, legitimate daughter of the deceased. Said lots are bounded and described as follows:

x x x x

"6. The following six vacant lots in Mabini, Rizal, covered by T.C.T. Nos. 13460 and 13613, shall be adjudicated exclusively to Amelia, Amalia, and Concepcion Castillo, legitimate children of the deceased, respectively as follows:

x x x x

(a) To Amelia Castillo:

x x x x

(b) To Amalia Castillo:

x x x x

(c) To Concepcion Castillo:

x x x x

"7. The following properties only which had been transferred by the deceased and Beatriz M. Vda. de Castillo, his surviving widow, during his lifetime to their legitimate children, shall not be included in the inventory of the estate to be partitioned as the same already belong exclusively to them respectively, and shall not be subject to collation, to wit:

(a) Vacant lot on Del Carmen St. transferred to Blanca Castillo, bounded and described as follows:

x x x x

(b) Vacant lot on Buendia St. Makati, Rizal, transferred to Amelia Castillo, bounded and described as follows:

x x x x

(c) Vacant lot on Del Carmen St. transferred to Patria Castillo, bounded and described as follows:

x x x x

(d) Vacant lot on Wright St. transferred to Jose Castillo Jr., bounded and described as follows:

x x x x

(e) Vacant lot on Wright St. transferred to Beatriz Castillo Laurel bounded and described as follows:

x x x x

(f) Vacant lot on Buendia St., Makati, Rizal, transferred to Estrella Castillo, bounded and described as follows:

x x x x

(g) Vacant lot on Buendia St., Makati, Rizal, transferred to Amalia Castillo, bounded and described as follows:

x x x x

(h) Vacant lot on Dakota St. transferred to Concepcion Castillo, bounded and described as follows:

x x x x

"8. Adolfo Micu shall receive 2/55 of the 1/2 free disposable portion of the estate of the deceased, that is 1/55 of the whole estate after excluding only the properties specified in paragraphs 3 to 7 hereof.

"9. As surviving widow, Beatriz M. Vda. de Castillo, shall receive as her legitime 1/11 of the 1/2 free disposable portion of the estate of the deceased, that is, 1/22 of the whole estate, after excluding only the properties specified in paragraphs 3 to 7 hereof.

"10. The estate of the deceased, that is, his capital brought to the marriage and his share of the conjugal partnership properties, exclusive of the properties specified in paragraphs 3 to 7 hereof only, shall be divided and adjudicated in equal shares, that is, 1/11 each to the eleven legitimate children of the deceased: Blanca, Ester, Amelia, Patria, Jose, Estrella, Beatriz, Amalia, Concepcion, Yvonne, and Lydia Castillo, after deducting the aforesaid legacy of Adolfo Micu and the legitimate of the surviving widow.

"11. The Special Administrator, the Trust Department of the Philippine National Bank, shall continue as such administrator of the estate; provided that at any time the surviving widow and legitimate children may unanimously agree to have said Bank relieved, and another or other persons appointed general administrator or co-administrators.

"12. The notice to creditors shall be ordered published as soon as practicable; so that the partition, distribution and delivery of the properties to the aforesaid heirs and legatee in the manner as hereinabove stipulated of their respective and separate portions of the estate can be made and these proceedings closed without any delay.

"IN WITNESS HEREOF, all the parties sign this agreement at Manila on April 15, 1955.

(Sgd.) BEATRIZ M. VDA. DE CASTILLO

(Sgd.) JOSE CASTILLO, JR.

(Sgd.) PATRIA CASTILLO BUENDIA

(Sgd.) BEATRIZ CASTILLO LAUREL

(Sgd.) ESTRELLA CASTILLO LA'O

(Sgd.) ESTER CASTILLO

(Sgd.) LYDIA CASTILLO

- and -

(Sgd.) YVONNE CASTILLO

By: (Sgd.) JOSE CASTILLO, JR.

(Sgd.) RAMON T. OBEN

(Sgd.) BLANCA CASTILLO DINGLASAN

(Sgd.) AMELIA CASTILLO VELASQUEZ

(Sgd.) AMALIA CASTILLO NAGUIAT

(Sgd.) CONCEPCION CASTILLO BALTAZAR

(Sgd.) RAFAEL DINGLASAN"

As prayed for by both groups, the probate court issued, on April 16, 1955, an order approving the said agreement, and appointing the Philippine National Bank as special administrator of the estate of the deceased and directing

said Bank to perform its duties as such administrator "in order that the liquidation, distribution and adjudication of the estate may be carried out and x x x the partition, distribution and delivery of the properties to the heirs and litigants" expedited and this proceeding closed.

In due course, the Bank assumed its functions as administrator of the estate and submitted the corresponding inventory of the assets thereof. On August 31, 1960, the widow and seven (7) children of the deceased - namely, Jose, Beatriz, Ester, Estrella, Lydia, Patria and Yvonne - filed a joint motion praying that the properties specified in paragraphs 3 to 7 of the aforementioned agreement, be adjudicated and assigned to the heirs therein named, in accordance with the provisions of said agreement. In due course, the other heirs of the deceased - his daughters Blanca, Amelia, Amalia and Concepcion - objected thereto. This notwithstanding, the lower court granted said motion, insofar only as the properties described in paragraphs 3, 4 and 5 of the agreement are concerned. The court deemed it unnecessary to order the distribution of the properties mentioned in paragraphs 6 and 7 of said agreement, because the adjudicatees under paragraph 6 were opposed to said distribution, whereas the properties specified in paragraph 7 are already in the possession of, and belong to, the heirs named therein. The dispositive part of the pertinent order of said court reads as follows:

"Premised upon the foregoing considerations, the Court grants the joint motion insofar as the properties embraced in paragraphs 3, 4 and 5 of the Agreement filed on April 15, 1955, and heirs Beatriz M. Vda. de Castillo, Yvonne Castillo and Lydia Castillo-Workman only are concerned, hereby authorizing a partial distribution of the estate of the decedent herein by adjudicating and assigning to said Beatriz M. Vda. de Castillo the properties listed and described in paragraph 3 of said Agreement and approved by order of April 16, 1955; to Yvonne Castillo the properties, excluding the house and improvements thereon, described in paragraph 4 of the same agreement; and to Lydia Castillo-Workman the properties described in paragraph 5 thereof.

"It should be understood that the properties herein authorized to be distributed are subject to the right of any creditor, including that of the Republic of the Philippines, whose claim has not yet been paid; and this encumbrance should be so annotated at the back of the corresponding certificates of title."

Hence, this appeal by the aforementioned Blanca, Amelia, Amalia and Concepcion Castillo. They maintain that the order appealed from is erroneous and should be set aside, because the agreement above quoted is a bilateral contract, by which each party thereto bound itself to abide by the provisions thereof in consideration of the identical obligation thereby assumed by the other parties thereto, and that, consequently, none of the adjudications therein stipulated in favor of either party should be enforced except simultaneously with the execution of the adjudication provided in favor of the other party.

Appellees, in turn, contend and the lower court held that, pursuant to said agreement, the properties described in paragraphs 3 to 6 thereof shall be adjudicated exclusively to the persons therein named and should not be considered in the computation of the share of the heirs of the deceased, as provided in paragraph 10 of the agreement, and that, consequently, there is no point in waiting for the liquidation of the estate of the deceased, there being, it is claimed, no outstanding obligation that could be adversely affected thereby, and the remaining estate of the deceased being more than sufficient to meet such claims as may foreseeably arise against the estate, aside from the fact that the order appealed from expressly provides "that the properties herein authorized to be distributed are subject to the rights of any creditor, including that of the Republic of the Philippines, whose claims have not been paid; and this encumbrance should be so annotated at the back of the corresponding certificates of title". Appellees further argue that, if a partial distribution may be ordered, in the discretion of the probate court, in the absence of an agreement whereby the parties stipulate on the adjudication of specific properties to each, there is no reason why a similar distribution would be improper precisely when the parties have entered into such agreement.

Appellants insist, that "the different mutual stipulations" in the agreement "support each other and are in consideration of each other; so that there should be no partial distribution of the hereditary estate so as to benefit only three (3) of the movants herein". In support of this stand, they cite the stipulation, in paragraph 7 of the agreement, to the effect that the only properties which shall "not be included in the inventory of the estate to be partitioned" are those enumerated in said paragraph 7, so that the properties described in paragraphs 3 to 6 should be included in said inventory and have, in fact, been included therein. Appellants further allege that previous motions, for the delivery to the herein appellees of the same properties involved in the order appealed from, had been denied by the lower court, and that no appeal had been, taken from the corresponding orders of denial, which, thereby, became final and executory.

It should be noted, however, that these previous orders are interlocutory in nature. As such, they were not appealable and could not, accordingly, have become final and executory for failure to take an appeal, which was not available to the party adversely affected by said orders. Then again, appellants have not shown - and they do not even claim - that the order appealed from is injurious to their rights. In fact, one of the considerations that had evidently induced the lower court to sanction the partial distribution authorized in the order complained of, is the fact that appellants are and have been in possession of the property described in paragraph 7 of the agreement, so that the delivery to herein appellees of the properties directed to be adjudicated to them in paragraphs 3 to 5 thereof, merely tends to minimize the consequent disparity between the two (2) groups. Precisely - as appellants have justifiedly complained in their third assignment of error - for the purpose of establishing a parity in the treatment and condition of both, the lower court should have, likewise, ordered the distribution of the properties listed in paragraph 6 of the agreement among the heirs named therein as adjudicatees thereof, even if they had objected to a similar distribution in favor of other heirs.

The only possible adverse effect, upon the interests of appellants herein, of said order of partial distribution in favor of the appellees, is that the fruits of the properties thus to be delivered to them, should share in the burden of defraying the expenses of administration incurred until the final distribution of the assets of the estate under administration. But, then, the heirs in whose favor the partial distribution is made may be required to give a bond, in such amount as the lower court may deem sufficient, to guarantee the payment of their respective shares in said expenses of administration.

Subject to these modifications - namely, the filing of said bond and its approval by the lower court, as well as the distribution of the properties described in paragraph 6 of the agreement - the order appealed from is, accordingly, affirmed, in all other respects, without any pronouncement as to costs.

IT IS SO ORDERED.

Barrera, Dizon, Makalintal, Bengzon, JP, Zaldivar, Sanchez, and Ruiz Castro, JJ., concur.

Reyes, JBL, J., no part.

Regala, J., on leave.

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