

TESTATE ESTATE OF NARCISO A. PADILLA, DECEASED; YSABEL B. DE PADILLA, EXECUTRIX AND APPELLANT, VS. CONCEPCION PATERNO, DEFENDANT AND APPELLEE.

G.R. No. L-4130. September 30, 1953

Ponente: BENGZON, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/8f385a07fc0f/>

BENGZON, J.:

Narciso A. Padilla died February 12, 1934, leaving a childless widow, Concepcion Paterno, whom he had married in 1912. His last will, which was probated in due course, instituted his mother, Ysabel Bibby Vda. de Padilla as universal heiress.

In the proceedings for the settlement of his estate in Manila (civil cases 46058-63) his widow moved for delivery of her paraphernal property together with some reimbursements and indemnities, and for one-half of the conjugal partnership property. She also asked that her usufructuary right as surviving spouse be imposed on the corresponding portion of her husband's assets. The heiress, who was executrix, opposed several such claims.

After hearing evidence on both sides, the court rendered on January 15, 1940, a decision which, as amended by its resolution of April 24, 1940, declared as paraphernal certain personal and real properties. Other realties, although originally paraphernal, were considered part of the conjugal assets because of buildings erected thereon during coverture, but reimbursement of their value was directed. The main bulk was adjudged conjugal property. The court ordered the appointment of commissioners to estimate the amounts to be reimbursed, to divide the matrimonial assets into two equal parts for the spouses, and to determine the specific portion of the deceased's estate to be encumbered with the widow's usufruct (?). Other minor directives are omitted for the sake of brevity.

The executrix appealed to this Supreme Court, wherein, dated October 4, 1943, a decision was promulgated upholding the judgment of the Manila court with a slight modification as to payment of interest.

(That year Concepcion Paterno died. She is now represented by her testate heirs and legatees.)

For compliance with the decision, the records went back to the Manila court. Therein three commissioners were duly appointed: Vicente A. Rufino, chosen by the widow's side, Augusto J. D. Cortes by the heiress-executrix and V. H. Endaya by the court.

After hearings held before the said committee, (May-November, 1947) Vicente A. Rufino submitted his report dated July 9, 1948 which was concurred in toto by V. H. Endaya. A few days later Augusto J. D. Cortes filed his own report, wholly at variance with his colleagues' recommendations on many important particulars.

In December, 1948, counsel for the executrix interposed legal and factual objections to the Rufino report. In May, 1949, Atty. Claro M. Recto, for the Paterno relatives, replied to said objections, and prayed that they be overruled with the approval of the aforesaid report.

On July 3, 1950, Judge Rafael Amparo of the Manila court approved the majority report except that he declared:

(1) lot No. 50 on Juan Luna Street was conjugal and (2) the usufruct of the widow shall be constituted on one-third of the estate.

Before us presently lies the appeal by the executrix. According to her counsel, "only six (6) pieces of realty are now in controversy" namely, "those at Arquiza, Juan Luna, Martin Ocampo, Camba, R. Hidalgo and De la Fe."

- The first two lots (Arquiza and Juan Luna) are subject-matter of the second assignment of error.

The decision of the court of first instance in 1940 as confirmed by this Court in 1943 in effect declared: (a) Both lots were originally paraphernal property of Concepcion Paterno; (b) during coverture buildings were constructed thereon by the conjugal partnership; (c) therefore, the buildings and the lots were conjugal assets, but indemnity must be made to the wife for the value of the lots including that of the camarin previously existing on the Arquiza lot which was demolished; and (d) the commissioner shall determine such indemnity.

The Rufino report which is printed in full on pages 169-192 of the Record on Appeal, states that the buildings constructed by the partnership on the two lots were destroyed by fire during the battle of liberation of Manila in 1945. Then it goes on to adjudicate:

"As already stated, the conjugal improvements on the lots on Arquiza and Juan Luna have been destroyed by fire, and the Supreme Court having held that the lands on which said improvements were erected remained paraphernal until the value of said lands were paid to the widow Concepcion Paterno Vda. de Padilla, said lands must be returned to the testate estate of Concepcion Paterno Vda. de Padilla.

"However, any amount due or that may be received from the War Damage Commission for the improvements that were destroyed on those two pieces of property shall be divided share and share alike between the estate of Ysabel Bibby Vda. de Padilla and the estate of Concepcion Paterno Vda. de Padilla." (Record on Appeal, p. 177.)

The executrix earnestly challenges the first paragraph, contending that the lots became conjugal properties from the time buildings were erected thereon, and the subsequent destruction of such buildings did not make them paraphernal. She also argues that the indemnity to the widow for said lots should be their value at the time of the construction of the buildings, or at most, at the time of the dissolution of the partnership in 1934.

These contentions may not be upheld in view of the decision of the Manila court and the confirmatory decision of this tribunal in 1943. There are, to be sure, some propositions in said decision which we may now hesitate to ratify, especially the pronouncement that the lot continued to be paraphernal until its value had been actually paid.^[1] But that judgment is now the law of the case. It specifically ordered that the indemnity shall be the value at the time of the liquidation. Yet it would be of no profit presently to discuss whether the lot continues to be paraphernal to be returned to the wife, or it is conjugal and its value should be handed to her, because whether one or the other, no substantial advantage accrues to the herein appellant, assuming, as we must, that the lots are properly appraised.

As to lot No. 50 we find no error in the Rufino report. It was correctly treated as conjugal property, although in the division it fell to the half-share of the Paternos for the amount of P987.50, and such appraisal is not disputed.

- Arguing that as to the Camba lot the previous decision of the Manila Court as amended had said:

"* * * la sociedad conyugal construyo en dicha parcela de terreno un edificio de dos pisos avaluado aproximadamente en P4,000, segun se demuestra por el Exhibit 24, cuyo edificio se puso a nombre de Narciso Padilla, aunque la misma heredera admite que el mencionado edificio pertenece a la sociedad conyugal."

counsel for the appellant contends it was erroneous for the Rufino report to approve and recommend approval of the division of said lot into two portions 6-A and 6-B measuring 106.3 square meters and 83.3 square meters

respectively, the first to be declared paraphernal and the second conjugal upon reimbursement of its value.

This argument must be overruled, because that decision had found:

"5. En cuanto a la finca en la Calle Camba, la viuda Concepcion Paterno pide una aclaracion con respecto a las mejora que en la decision se declaran gananciales. En los documentos de adquisicion consta que al tiempo de comprarse dicha finca por la viuda Concepcion Paterno ya existian en el solar tres accesorias de materiales fuertes y una bodega de mamposteria. Presumiendo a falta de prueba en contrario que estas edificaciones aun existen, el suelo y las expresadas edificaciones se declara que son de la propiedad exclusiva de la mujer. Las pruebas de la madre Isable Bibby demuestran que durante el matrimonio se construyo en dicho solar una edificacion de cuatro mil pesos (P4,000). A esta mejora se ha referido el Juzgado al declarar que la construccion levantada (durante el matrimonio) tenia el caracter de ganancial. El valor actual del suelo ocupada por dicha construccion se debe determinar por los Comisionados y se debe adjudicar a la mujer en concepto de indemnizacion."

It was therefor necessary to divide the Camba lot into two parts. The part of the lot occupied by the buildings of the wife could not obviously become attached to the conjugal structure. It continued forming part of the wife's paraphernal belongings.

The same situation obtains as to the Martin Ocampo property. It was divided into two parts, the majority report of the commissioners explaining:

"According to the evidence the portion of the lot occupied by paraphernal building or the accesorias otherwise known as Nos. 612, 614, 616, 620, 624, 626, 628, Quezon Boulevard, has a total area of 360.5 square meters; while the interior portion of said lot actually occupied by the accesorias constructed during the marriage of the spouses contained an area of 528.1 square meters. This interior portion is the one which must be appraised by the Commissioners, and its value reimbursed to the Estate of Concepcion Paterno Vda. de Padilla, in view of the ruling of the court that 'el valor actual del suelo ocupando por dicha accesorias construidas durante el matrimonio se determinara por los comisionados y se adjudicara a la viuda en concepto de indemnizacion.' The outer portion of 360.5 square meters having been declared paraphernal property, should be delivered to the Estate of Concepcion Paterno Vda. de Padilla."

The appellant vigorously maintains that the above recommendation does not follow the judicial verdicts of 1940 and 1943. We are satisfied from a reading of the decisions that, as in the case of the Camba property, they contemplated a partition, one part being paraphernal with the buildings already there when the lot was acquired by the wife, and the other to be classified as conjugal with indemnity payments.

There is no proof that the interior portion of 528.1 square meters does not cover the entire space occupied by the conjugal building, not that the line of demarcation has been unreasonably and inequitably drawn between the paraphernal and the conjugal constructions.

There remains the contention of the appellant that the interior premises have no access to the public street. This is a good point; but probably it was not deemed material by the commissioners because they intended to assign in the final division both the interior and the exterior plots to one party, the Paternos, thereby rendering unnecessary any outside connection.

Counsel for appellant complains of "the marked partiality" of Commissioner Rufino and cites as example the case of the Martin Ocampo lot. He says: "This property is adjudicated to the wife's estate for P76,012 (Report, R. on A., p. 190.) But the conjugal partnership has to pay as conjugal liability for the "value of Quezon land" the sum of P66,012. (R. on A., p. 187). Accordingly, the wife's estate is given the Martin Ocampo property for only P10,000. While its purchase price was only P11,000 in 1915 or 1917, its value has increased considerably because

of the Quezon Boulevard. The assessed value in the year 1941 of the lot alone was P61,300. (See Exhibit D-1; Exhibit M, R. on A. pp. 111-112)."

The argument, at first impressive, loses force upon careful examination of its premises and terms. In the first place, "this property" means only the interior portion (not the outer) of the land. In the second place, that property is given to the wife's estate not for P10,000 only, but for that amount plus one-half of P66,012 which totals P43,006. In the third place, the assessed value of the whole lot for 1941 was P35,789. (R. A., 113). Wherefore that interior portion which is admittedly less valuable than the exterior could not be worth (assessed) more than one-half of P17,895.

A similar complaint is made concerning the adjudication of the Camba property to the wife for P7,702.66. If analyzed in like manner, the complaint will exhibit no justifiable foundation.

- In the fifth assignment of error it is maintained that the lower court erred in sustaining the recommendation of Commissioner Rufino requiring delivery of the lot at Callejon De la Fe to the estate of Concepcion Paterno.

There is no merit to this assignment of error. The decisions of 1940 and 1943 found this property to be paraphernal property of the wife. Therefore, it should be turned over to her successors in interest.

- Regarding the R. Hidalgo property, the decision of 1940 and 1943 declared that the wife was owner of 9/29 thereof because of the purchase price she had contributed, P45,608.29. The Rufino report appraised the property at P189,240, computed 9/29 as P58,729.67, required the partnership to pay the wife that amount, listed the property as conjugal in its entirety, and then awarded it to the wife as part of her moiety of the conjugal estate.

The appellant asserts that the indemnity should not exceed P45,608 the amount invested by her. Such position is contrary to the decisions that have declared her as owner of 9/29. It is too late presently to contend that her rights to that piece of property were of a different nature.

However we find that appellant is in some measure justified in protesting against the award of both this R. Hidalgo property and the Martin Ocampo to the estate of Concepcion Paterno. Appellant argues that "the two most valuable properties of this testate estate" are these two lots, and consequently one should be given to her and the other to the Paterno estate. We find merit in this protest. One of these two lots should be awarded to the appellant. Now remembering that the R. Hidalgo lot has recently become valuable because of the construction of the Illusion Theatre due to efforts of appellant, this should be apportioned to her.[2] It is inadvisable to adjudicate to her the interior portion of M. Ocampo lot because that would involve the problem of street connection and the consequent delay in the settlement of the estate, what with further friction that might develop between the contending families when it comes to the establishment and maintenance of such outlet. Of course this award will be in exchange for other properties of equal value assigned to her in the lower court's decision.

- In the sixth assignment of error it is argued that, in the liquidation, the realties should not have been appraised on the basis of the values of 1947 but of those at the time of the dissolution of the partnership (1934) or at least the figures stated in the inventory by the Committee on Claims and Appraisals.

It is true that the report of the Committee on Claims and Appraisals adopted lower valuations for the disputed properties. But it needs no explanation that in the process of winding up a decedent's estate such report is only the beginning. If the proceedings take a long time and the values have suffered some alteration, there is nothing to prevent a new valuation when the last stage, is reached, i.e., the actual division or partition comes, so long as all the properties are newly appraised in reference to the same period of time. We are shown no law or doctrine making the Report of the Committee on Claims and Appraisals conclusive upon the parties and the courts. Perhaps there is some ground to contend that the rights of the surviving spouse and of the heirs of the deceased

should be measured as of the time of dissolution (1934) and the values as well as indemnities should be fixed as of that date. As we peruse the record however, we realize that the adoption of such criterion would only profit the appellant in so far as it concerns the indemnities to be paid for the paraphernal lots on which buildings had been erected by the conjugal partnership, because lesser indemnities would mean greater conjugal assets to divide. But the decisions of 1940 and 1943, plainly implying that the said paraphernal lots continued to be so until payment was made, afford us no liberty to explore this field of the controversy.

- Wherefore, applying the above views, the appealed decision should be modified so that to the estate of Narciso Padilla and to the estate of Concepcion Paterno shall be adjudicated:

To the Estate of Narciso Padilla in payment

P230,579.69

of his net share of

The following properties:

No. 2 (Juan Luna property)

P987.50

No. 5 (Gastambide property)

30,650.00

No. 13 (San Juan lot No. 1)

8,085.00

No. 10 (R. Hidalgo, P. Gomez property)

189,240.00

Total

P228,962.50

Plus Cash

1,617.19

Total

P230,579.69

To the Estate of Concepcion Paterno in

P380,699.95

payment of her net share of

The following properties:

No. 3 (Alvarez-Mangahan property)

P15,600.00

No. 7 (Reina Regente property)

120,000.00

No. 9 (Mendoza property)

55,000.00

No. 1 (Camba No. 401-7 property)

7,702.66

No. 4 (A. Flores property)

40,940.00

No. 6 (M. Ocampo property)

76,012.00

No. 8 (F. Huertas property)

16,000.00

No. 11 (S. Lazaro property)

30,000.00

No. 12 (S. Juan lot No. 2)

7,833.00

Monte de Piedad deposit withdrawn

9,229.48

by her

Advance for repairs of her paraphernal

4,000.00

property

Total

P382,317.14

Less Cash Reimbursement

1,617.19

Total

P380,699.95

=====

Modified as above indicated the judgment under review is affirmed in all other respects. So ordered.

Paras, C.J., Pablo, Tuason, Montemayor, Reyes, Jugo, Bautista Angelo and Labrador, JJ., concur.

[1] and the matter of the husband's gambling losses. [2] This Illusion Theatre was not reckoned with in the Rufino report. Apparently it would pass to the estate in 1952 upon the occurrence of certain specified contingencies. If it has passed the matter could undoubtedly be the subject of further deliberation upon appropriate motions. It would only be a question of determining the additional value of the R. Hidalgo property and of requiring the herein appellant to pay the Paterno estate its corresponding share.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.