

**ANTONIO CABALLERO AND CONCORDIA CABALLERO, PLAINTIFFS
AND APPELLANTS, VS. ALMA DEIPARINE, TOMAS RAGA, OLIMPIO
RAGA, ADRIANO RAGA, AND MAGDALENA RAGA, DEFENDANTS AND
APPELLEES.**

G.R. No. L-39059. September 30, 1974

Ponente: ESGUERRA, J.

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ESGUERRA, J.:

This case was originally appealed to the Court of Appeals which certified it to this Court by resolution of its Fifth Division, dated June 14, 1974, for the reason that it involves purely legal questions which are within the exclusive jurisdiction of this Court to adjudicate. The two legal questions raised are (1) whether the written stipulation of facts entered into by the counsel for both parties without the signature of the latter is valid and binding, and (2) whether a motion for new trial and to amend the complaint may be granted after a decision is rendered by the trial court on the basis of said stipulation of facts.

I. Statement of the Case

On March 21, 1967, plaintiffs Antonio Caballero and Concordia Caballero filed a complaint against defendants Alma Deiparine, Tomas Raga, Olimpio Raga, Adriano Raga and Magdalena Raga alleging, among other things:

- That plaintiffs Antonio Caballero and Concordia Caballero are the children by the first marriage, and the defendants, Tomas Raga, Olimpio Raga, Adriano Raga and Magdalena Raga, are the children by second marriage of Vicenta Bucao, now deceased, who died sometime in February, 1943 in Tabunoc, Talisay, Cebu;
- That Vicenta Bucao in her lifetime and Tomas Raga acquired by joint purchase a parcel of land from the Talisay-Minglanilla Friar Lands Estate identified as Lot 2072 situated in Tabunoc, Talisay, Cebu and now more particularly described in Transfer Certificate of Title No. Rt-2485 (T-17232) of the Registry of Deeds of Cebu and further declared for taxation purposes under Tax Declaration No. 15954 and assessed at P100.00;
- That sometime in 1932, defendant Tomas Raga and Vicenta Bucao jointly sold 1/4 of said Lot 2072 to plaintiff Antonio Caballero, which sale was evidenced by a deed of sale; and since the title to said lot at the time of the conveyance to him had not as yet been issued to them they held the subject portion in trust for said Antonio Caballero until its title could be delivered to the latter;
- That plaintiff Antonio Caballero had been paying the yearly land tax for the subject portion thru his mother, Vicenta Bucao, from the time of his acquisition thereof until Vicenta's death in 1943;
- That long before the death of Vicenta Bucao in 1943, plaintiff Antonio Caballero had been asking the former to deliver the title to the portion sold to him, but he was told by his mother to wait, as after all, according to her, he (plaintiff) was already in possession thereof and, besides, his mother was then still living;
- That after the death of Vicenta Bucao in 1943, plaintiff Antonio Caballero asked defendant Tomas Raga to

deliver the title to the portion sold to him from Lot 2072, but he (Tomas Raga) told him to wait until it could be segregated and that there was no hurry since he (Antonio) was already in possession thereof, and, being his brother, he would protect him (Antonio) from any claim of third persons thereto, should the occasion arise;

- That plaintiff Antonio Caballero had been in the continuous, open, peaceful and adverse possession of the subject portion and had built a house thereon way back in 1941 which is still existing up to the present and used as his dwelling;

- That the share of Vicenta Bucao to Lot 2072 consisting of 207 square meters, more or less, in which the plaintiffs Antonio Caballero and Concordia Caballero own an undivided 1/6 share each, had not been partitioned among her heirs by the first and second marriages, respectively;

- That sometime on May 11, 1965, plaintiff Antonio Caballero received from defendant Alma Deiparine a letter demanding that he vacate the portion of Lot 2072 which he was holding for she had bought it from defendant Tomas Raga, and as the new owner she would like to construct a house thereon and would further improve said lot;

- That upon refusal of the plaintiff to vacate the portion in question defendant Alma Deiparine brought an action for ejectment against him in the Municipal Court of Talisay, and after trial said Court rendered judgment in favor of Antonio Caballero, the plaintiff herein;

- That defendant Alma Deiparine appealed the decision of the Municipal Court in the ejectment case to the Court of First Instance of Cebu where she again lost but she elevated the decision of the Court of First Instance to the Court of Appeals where it is pending;

- That in the light of the foregoing facts Transfer Certificate of Title No. 9934 is fraudulent and questionable for having deliberately included in the sale made by defendant Tomas Raga to defendant Alma Deiparine the portion previously sold to herein plaintiff Antonio Caballero as well as the plaintiffs' share inherited from their deceased mother, Vicenta Bucao;

- That the defendants Tomas Raga, Olimpio Raga, Adriano Raga and Magdalena Raga have willfully and falsely misrepresented themselves by declaring in the instrument of declaration of heirs and confirmation of sale they executed on March 18, 1963, that they are the sole heirs of Vicenta Bucao, thereby deliberately and willfully excluding the plaintiffs herein from succeeding to the share of their mother, Vicenta Bucao, in Lot 2072;

- That defendant Tomas Raga, Olimpio Raga, Adriano Raga and Magdalena Raga have willfully and with deliberate falsehood misrepresented themselves when they stated in the instrument of declaration of heirs and confirmation of sale that Vicenta Bucao's share in Lot 2072 was sold to Tomas Raga, for there was in fact no such sale between them, the truth of the matter being that long before Vicenta Bucao's death in the early part of 1943 the said defendants had earlier evacuated from Tabunoc in the latter part of 1942 and were in hiding when the Japanese forces occupied Talisay, leaving behind the herein plaintiff to minister alone to their sickly mother, Vicenta Bucao, during the last days of her life until her death in 1943 and she died without the presence of even one of her children by the second marriage;

- That the deed of sale executed by defendant Tomas Raga over Lot 2072 in favor of defendant Alma Deiparine has been delivered to the latter but the possession of the property in question has not been delivered and still remains in the possession of the herein plaintiffs;

- That the plaintiffs herein discovered the fraudulent conveyance of Lot 2072 to defendant Alma Deiparine only upon the receipt of the latter's letter dated May 11, 1965.

Defendant Alma Deiparine answered the complaint alleging, among other things:

- That the alleged sale between Antonio Caballero on one hand and Vicenta Bucao and defendant Tomas Raga on the other hand was only made known to her after she had already filed an action for ejectment against Antonio Caballero; at the time she purchased the lot in question on March 28, 1963, the certificate of title to the land was free of any encumbrance and she purchased it in good faith for a valuable consideration without any knowledge or information about the alleged sale to plaintiff Caballero of a portion thereof; the office of the register of deeds does not show that said deed of sale was registered and from the time she purchased the land on the date aforesaid until Antonio Caballero filed his answer to the ejectment case she filed, Antonio Caballero never made mention of said deed of sale although he had already received a letter of ejectment as well as oral demands to vacate; hence, the deed of sale in his favor is fictitious as confirmed by Antonio's conduct in keeping the same in secrecy for more than 30 years;
- That the Transfer Certificate of Title No. 9934 issued to her is valid, legal, enforceable and regular, no fraud having committed in its issuance.

Defendants Tomas Raga, Olimpio Raga, Adriano Raga and Magdalena Raga also answered plaintiffs' complaint alleging, among other things:

- That it is not true that Tomas Raga and Vicenta Bucao sold 1/4 of the land in question to Antonio Caballero;
- That before the 1/2 of the land in question was sold by Vicenta Bucao to Tomas Raga it was Vicenta and Tomas who were paying the taxes and after the sale it was Tomas alone who paid the same;
- That Antonio Caballero never made demands because he know and still knows that he is not the owner of any portion of the land in question; while it is true that he is occupying a portion of the subject land where his house now stands, the same is by mere tolerance by Vicenta and Tomas for they took pity upon him when he needed a place where to build his house;
- That the land in question was sold by Tomas Raga in good faith to defendant Alma Deiparine;
- That the sale in favor of defendant Alma Deiparine is valid and did not prejudice Antonio Caballero since he has no right whatsoever in and over the land in question or in any portion thereof;
- That the declaration of heirs and confirmation of sale speaks the truth and was not intended to prejudice any person;
- That a sale was made by Vicenta Bucao in favor of Tomas Raga of her 1/2 participation in the land in question;
- That it cannot be true that the sale to Alma Deiparine was only discovered by Antonio Caballero on May 11, 1965, because even before the actual sale was made, plaintiff Antonio know that there were negotiations for the sale of the land and after the sale the plaintiffs were also informed that the land has a new owner.

II. Facts of the Case

Before the case was called for hearing, the parties through counsel entered into a stipulation of facts on March 13, 1968, which provides as follows:

"STIPULATION OF FACTS

"The PLAINTIFFS and the DEFENDANTS in the above-entitled case duly assisted by their respective counsels, unto this Honorable Court hereby respectfully submit the following stipulation of facts:

- "1. That the parties are all of legal ages and residents of Talisay, Cebu;

"2. That Plaintiffs Antonio and Concordia, all surnamed Caballero, and Defendant Tomas, Olimpio, Adriano and Magdalena, all surnamed Raga, are the children of Vicenta Bucao now deceased, the first two named being the children by the first marriage and the last four named being the children by the second marriage;

"3. That during the lifetime of Vicenta Bucao she with her second husband Casimero Raga and her son Tomas Raga acquired by joint purchase a parcel of land from the Talisay-Minglanilla Estate identified as Lot No. 2072 and described in TRANSFER CERTIFICATE OF TITLE NO. RT-2485 (T-17232) issued by the Register of Deeds of Cebu on October 12, 1936, a certified true copy of which is identified as Annex 'A' in the Complaint and Tomas Raga is the owner of undivided one-half thereof;

"4. That in 1932 Vicenta Bucao and Tomas Raga before Annex 'A' mentioned in the next preceding paragraph had been issued, executed jointly a notarial instrument identified as Annex 'B' wherein they acknowledged that Antonio Caballero had contributed the amount therein stated for the purchase of the property and they sold 1/4 of the lot to him; when the title to said lot was issued, Vicenta Bucao and Tomas Raga held it in trust for their co-owner;

"5. That the portion mentioned as sold to plaintiff Antonio Caballero remained unsegregated from Lot 2072 and the deed of sale, Annex 'B' of the Complaint; nor had it been registered in the Register of Deeds; but he had been in occupation of a portion of this lot peacefully until the present;

"6. That the Tax Declaration of the property remained in the name of Vicenta Bucao;

"7. That during the lifetime of Vicenta Bucao, she, with the conformity of her husband, sold her undivided 1/2 of the above parcel to her co-owner, Tomas Raga;

"8. That on March 18, 1963 defendants Olimpio Raga, Adriano Raga, Magdalena Raga and Tomas Raga executed an instrument known as 'Declaration and confirmation of sale' without the participation of plaintiffs Antonio Caballero and Concordia Caballero, wherein they stated that they are the heirs of Vicenta Bucao of the 1/2 of the property to Tomas Raga, a certified true copy of which document is identified as Annex 'E' in the Complaint;

"9. That on March 28, 1963 Alma Deiparine acquired in good faith, with a just title and for a valuable consideration, the whole of Lot 2072 from Tomas Raga as per deed of absolute sale identified as Annex 'C' in the complaint which cancelled Transfer Certificate of Title No. RT--2482 (T-17232) and the issuance in her name of Transfer Certificate of Title No. 9934 on April 1, 1963, a certified true copy of which is identified as Annex 'D' in the complaint;

"10. That defendant Alma Deiparine came to know only of Annex 'B' when it was presented by plaintiff Antonio Caballero at the trial of an ejectment case filed by the former in the Municipal Court of Talisay, Cebu which was docketed as Civil Case No. 108. This case was decided in favor of Antonio Caballero but the decision was appealed by Alma Deiparine to the Court of First Instance of Cebu which affirmed the decision for Caballero. The case is now in the Court of Appeals on appeal by Alma Deiparine;

"11. That based on the foregoing stipulation of facts the parties hereby jointly submit the following legal issues for the determination of this Honorable Court:

a)

Whether the plaintiffs could ask for the rescission of the declaration of heirs and confirmation of sale identified as Annex 'E' in the complaint;

b)

Whether the deed of sale in favor of Alma Deiparine identified as Annex 'C' in the Complaint can be annulled and Transfer Certificate of Title No. 9934 (Annex 'D') be cancelled.

"WHEREFORE, it is most respectfully prayed that the foregoing Stipulation of Facts be approved and that a decision be handed down on the legal issues submitted on the basis of said Stipulation of Facts.

"(Sgd.) MELECIO C. GUBA

Counsel for Plaintiffs
430 Sanciangko St.,
Cebu City

"(Sgd.) HILARIO G. DAVIDE, JR.

Counsel for Defendants
Suite 307, COMTRUST Bldg.,
Jones Ave., Cebu City

"The Clerk of Court
Court of First Instance of Cebu

"SIR:

"Please immediately submit the foregoing Stipulation of Facts for the approval of the Court upon your receipt hereof.

"(Sgd.) MELECIO C. GUBA

(Sgd.) H. G. DAVIDE, JR."

The trial court on April 30, 1968, rendered a decision based on the stipulation of facts, the dispositive portion of which reads as follows:

"IN VIEW OF THE FOREGOING CONSIDERATIONS, judgment is hereby rendered against the plaintiffs, dismissing the complaint insofar as the defendant Alma Deiparine is concerned, but awarding to said plaintiffs and against the other defendants Raga, jointly and severally, the amount of ONE THOUSAND PESOS (P1,000.00), as moral damages, and FIVE HUNDRED PESOS (P500.00) as attorney's fees. The defendants Raga are likewise ordered to pay the costs."

Plaintiffs filed a motion for reconsideration and/or new trial and for leave of court to admit an amended complaint which the lower court in its order of August 26, 1968, denied. Hence, this appeal to the Court of Appeals by Antonio Caballero and Concordia Caballero, which was certified to this Court.

III. Discussion of Assigned Errors

Appellants assigned the following errors to have been committed by the trial court:

- The court a quo erred in finding that the appellants submitted the stipulation of facts for its approval, the truth being that they were never made to participate in the preparation and formation of said stipulation of facts;
- The court a quo erred in finding that the stipulation of facts bear the conformity of the appellants, the truth being that they never gave their conformity to said stipulation of facts which was made the basis of the appealed decision;
- The court a quo erred in approving the stipulation of facts which did not bear the conformity of the parties, particularly plaintiffs-appellants;
- The court a quo erred in rendering decision based only on the stipulation of facts which did not state all the facts as borne by the issues brought about in the complaint as well as in the answer, nor did the stipulation of facts bear

the conformity of plaintiffs-appellants;

- The court a quo erred in denying the plaintiffs-appellants' motion for reconsideration;
- The court a quo erred likewise in denying the admission of plaintiffs-appellants' amended complaint.

Since the assigned errors are inter-related and revolve around the basic issue of the legality of the Stipulation of Facts, they will be discussed jointly for the sake of brevity.

A perusal of the stipulation of facts, does not disclose any assent and/or conformity to the same given by the plaintiffs-appellants. It should be noted that the complaint is verified by plaintiff Antonio Caballero who swore to the truth thereof before his counsel-notary-public, Atty. Melecio C. Guba, although under the Rules, considering the nature and subject matter of the complaint, it did not require any verification. It should also be noted that the introductory paragraph of said stipulation of facts clearly states that both parties were "duly assisted" by their counsel, which seems to connote the idea that the parties-litigants, particularly the plaintiffs-appellants, had actual participation in the formulation of said stipulation of facts. But the same stipulation of facts shows that plaintiffs-appellants, particularly principal plaintiff Antonio Caballero, never signed the same. As to why their counsel, particularly Atty. Melecio C. Guba for the plaintiffs, did not require his clients to affix their signatures so as to show their conformity and assent thereto, when he even required the same principal plaintiff, Antonio Caballero, to verify the complaint has not been explained and remains quite puzzling. The conduct of then counsel for plaintiffs-appellants in entering into a compromise agreement or stipulation of facts which practically confesses judgment, without the consent and conformity of his clients, is not in keeping with the sworn duty of a lawyer to protect the interest of his clients. It is a grossly reprehensible act which amounts to fraud. The stipulation of facts should not have been tolerated by the trial court by giving its seal of approval thereto.

And to top it all, plaintiffs-appellants' counsel made the unauthorized admission therein that principal defendant Alma Deiparine acquired in good faith with a just title and for a valuable consideration the whole of Lot 2072. Their counsel even admitted also in said document that during the lifetime of Vicenta Bucao, she, with the conformity of her husband, sold her undivided 1/2 of Lot 2072 to her co-owner, Tomas Raga. No document was ever shown to him by the Ragas in support of this claim and the record does not disclose that there was such document. On the contrary it is replete with implications that no such sale was ever made.

Plaintiffs-appellants maintain that if given a chance they can prove that principal defendant Alma Deiparine is a purchaser in bad faith and her registration of the deed of sale executed by the Ragas did not confer upon her any right under the law. The stipulation of facts which was made the basis of the decision appealed from was null and void as it contained serious unauthorized admissions against the interest and claims of plaintiffs-appellants who had no hand in its preparation and formulation. Hence the lower court should have set aside the decision and admit the amended complaint so as to have the issues properly ventilated.

Appellees on the other hand contend that the stipulation of facts was entered into with full knowledge, consent and authority of all the parties; that the same was executed after the parties through their respective counsel had manifested at the pre-trial hearing on February 3, 1968, that they were submitting a stipulation of facts; that at the pre-trial all the parties were present and the stipulation of facts was signed by counsel for and in behalf of their clients and strictly within their authority to do so; and that it was entered into in good faith on the basis of the true facts which could be established at the trial.

The stipulation of facts in question, appellees further continue, is a matter of ordinary judicial procedure as it relates to admission; that no one is in a better position than the counsel to determine what facts are to be established in a given case to support the theory of the case; that he alone knows what facts he cannot establish by

the evidence and what facts can be admitted without trial either because he knows it to be true as borne out by oral or documentary evidence he himself has on hand or because he has no evidence to refute it; that it was within his authority to make the stipulation for and in behalf of his client; that in the instant case, the complaint itself is barren of any allegation that appellee Alma Deiparine is a buyer in bad faith; that the allegations in the complaint are directed only against the alleged false misrepresentations of the defendants Tomas Raga, Olimpio Raga, Adriano Raga and Magdalena Raga in the declaration of heirs; that the complaint was prepared by Atty. Melecio C. Guba and as a lawyer of good standing he is presumed to know the case and the nature of his evidence, and his failure to allege such a material fact simply shows lack of evidence to prove bad faith on the part of appellee Alma Deiparine; that no error nor mistake, much less, bad faith, attended the admission made in the stipulation of facts that said appellee Alma Deiparine purchased the property in good faith and for a valuable consideration; that it was not necessary that the parties litigant should sign the stipulation of facts which is nothing more than a pleading containing judicial admission which the lawyer himself can make.

Finally, appellees argue that the stipulation of facts clearly show that Atty. Guba acted for and in behalf of his clients; that there is no showing at all of absence of such authority, and that a client is bound by the action of his counsel in the conduct of a case and he cannot be heard to complain that the result might have been different had he proceeded differently; that a client is bound by the mistakes of his lawyer; that if such grounds were to be admitted as reasons for reopening of cases, there would never be an end to a suit for as long as new counsel could be employed who could allege and show that prior counsel had not been sufficiently diligent or experienced or learned; that even granting that Atty. Guba committed a mistake, such a mistake is no ground for the reversal of the decision or re-opening of the case; that plaintiffs' remedy is to proceed against his counsel Atty. Guba, and that the lower court, therefore, did not err in rendering the decision on the basis thereof and in denying the motions for reconsideration and for amendment of the complaint.

After weighing the conflicting claims of the parties, We find merit in the contention of plaintiffs-appellants Antonio Caballero and Concordia Caballero. A reading of the stipulation of facts convinces Us that it is a compromise agreement of the parties. The stipulation concludes with this prayer: "WHEREFORE, it is most respectfully prayed that the foregoing Stipulation of Facts be approved and that a decision be handed down on the legal issues submitted on the basis of said Stipulation of Facts." Apparently it is intended to terminate the case. Rule 138, Section 23 of the Rules of Court specifically provides that:

"Authority of attorneys to bind clients. - Attorneys have authority to bind their clients in any case by any agreement in relation thereto made in writing, and in taking appeals, and in all matters of ordinary judicial procedure. But they cannot, without special authority, compromise their client's litigation, or receive anything in discharge of a client's claim but the full amount in cash." (Italics supplied)

It may be true that during the pre-trial hearing held on February 13, 1968, the parties concerned agreed to execute a stipulation of facts but it does not mean that the respective counsels of the contending parties can prepare a stipulation of facts the contents of which is prejudicial to the interest of their clients and sign it themselves without the intervention of their clients. In the case at bar, the then counsel for plaintiffs-appellants, Atty. Melecio C. Guba, agreed that defendant-appellee Alma Deiparine bought the land in question in good faith and for a valuable consideration; that during the lifetime of their mother Vicenta Bucao, she, with the conformity of her husband, sold her undivided 1/2 of the land in question to her co-owner and son, Tomas Raga. All these adverse facts were made the basis of the appealed decision against the plaintiffs. No further evidence was presented as there was no hearing. The attorney for the plaintiffs in making such admission went beyond the scope of his authority as counsel and practically gave away the plaintiffs' case. The admission does not refer to a matter of judicial procedure related to the enforcement of the remedy. It related to the very subject matter of the cause of action or to a matter on which the client alone can make the admission binding on him. In *Belandres vs. Lopez*

Sugar Central Mill Co., Inc., L-6869, May 27, 1955; 97 Phil. 100, 104, 105, it was held that:

"The broad implied or apparent powers of an attorney with respect to the conduct or control of litigation are, however, limited to matters which relate only to the procedure or remedy. The employment of itself confers upon the attorney no implied or apparent power or authority over the subject matter of the cause of action or defense; and, unless the attorney has expressly been granted authority with respect thereto, the power to deal with or surrender these matters is regarded as remaining exclusively in the client."

"The line of demarcation between the respective rights and powers of an attorney and his client is clearly defined. The cause of action, the claim or demand sued upon, and the subject matter of the litigation are all within the exclusive control of a client; and an attorney may not impair, compromise, settle, surrender, or destroy them without his client's consent. But all the proceedings in court to enforce the remedy, to bring the claim, demand, cause of action, or subject matter of the suit to hearing, trial, determination, judgment and execution, are within the exclusive control of the attorney." (*Italics supplied*)

FOR ALL THE FOREGOING, the decision appealed from is hereby set aside and this case shall be remanded to the court a quo for further proceedings in consonance with the opinion above set forth, and to admit the amended complaint submitted by the plaintiffs. Costs against appellees.

Makalintal, C.J., Castro, Teehankee, and Munoz Palma, JJ., concur.

Makasiar, J., on leave.

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