

**PAZ S. LIM FOR HERSELF AND AS AN ATTORNEY-IN-FACT OF
ANTONIO S. LIM, JR., PETITIONER, VS. VICTORIA K. CHAN AND
CHRISTOPHER C. CHAN, RESPONDENTS.**

G.R. No. 127227. February 28, 2001

Ponente: PARDO, J.

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PARDO, J.:

The case before the Court is an appeal via certiorari from the decision[1] of the Court of Appeals dismissing the appeal on the ground that the trial court did not commit any reversible error when the latter dismissed the complaint in the case[2] below on the ground of prescription, estoppel and lack of earnest efforts toward a compromise.

On October 1, 1973, petitioner Paz Lim and her husband Dr. Antonio T. Lim (now deceased) executed a special power of attorney before a notary public of Thurston County, Nebraska, U.S.A. They appointed petitioner's brother Carlos Chan, as their attorney in fact, empowering him with full power and authority to transfer, convey or lease, pledge, mortgage or hypothecate, sell, assign and dispose of all the petitioner's property, their fruits, any interest in or title thereon upon such terms and conditions as their attorney in fact shall deem fit and proper.[3] The property involved nine (9) lots belonging to petitioner including those covered by TCT No. T-11681 and TCT No. T-11150 of the Register of Deeds, Davao City.

On October 3, 1973, petitioner and her husband also appointed Carlos K. Chan and Victor San as their attorneys-in-fact[4] granting them the same powers as that given Carlos on October 1, 1973, over two (2) lots, including TCT No. 13007 of the Register of Deeds, Davao City.

On the strength of the two powers of attorney, Carlos Chan and Victor San executed three (3) deeds of sale in favor of Victoria K. San, the first on November 18, 1975, and both second and third deeds on September 25, 1978.[5]

Consequently -

TCT No. 13007 was cancelled and TCT No. 70414 was issued on August 30, 1979;

TCT No. 11681 was cancelled and TCT No. 70381 was issued on August 29, 1979; and

TCT No. 11150 was cancelled and TCT No. 48802 was issued on January 5, 1976.

On April 28, 1993, petitioner and her son, Antonio Lim, Jr. filed with the Regional Trial Court, Davao City an action to annul the sale and to reconvey the property transferred in respondents' name. Petitioner claimed that she executed special powers of attorney designating Victoria K. San, Victor San and Carlos Chan to exercise control and supervision over the property. However, Victoria K. San registered in her name the three parcels of land entrusted to her, through the execution of deeds of sale. Thereafter, Victoria sold one of the three lots to respondent Christopher C. Chan. Petitioner contended that Victoria employed fraud in executing the deeds of sale

in her favor. As an agent, she was prohibited from acquiring the assets of her principal. And the right to recover the property held in trust is imprescriptible.[6]

After petitioner presented her evidence on the application of preliminary injunction on May 24, 1993, respondents filed a motion to dismiss the complaint based on prescription, laches, estoppel, and failure to comply with Rule 16 (j) of the Rules of Court. On June 17, 1993, the trial court dismissed the complaint, thus:

"From the foregoing consideration, the court finds the motion to dismiss on the grounds of prescription, estoppel and lack of earnest efforts toward a compromise before the filing of this case to be well-grounded, the same is GRANTED. Herein complaint is ordered DISMISSED.

"SO ORDERED.

"Given this 17th day of June 1993, at Davao City, Philippines.

"ROMEO D. MARASIGAN

"Judge"[7]

On July 2, 1993, petitioner appealed to the Court of Appeals.[8]

On May 10, 1996, the Court of Appeals promulgated its decision dismissing the appeal as follows:

"Since there is no allegation that the signature of plaintiffs-appellants' attorneys-in-fact in the deeds of sale were forged, or that the SPAs had been revoked at the time of the sale, the allegations in the complaint do not suffice to maintain the cause of action against Victoria and her successor-in-interest-co-defendant.

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"WHEREFORE, the appeal is hereby DISMISSED.

"SO ORDERED."[9]

On May 21, 1996, petitioner filed with the Court of Appeals a motion for reconsideration of the dismissal;[10] however, on October 30, 1996, the appellate Court denied the motion.[11]

Hence, this appeal.[12]

We have held repeatedly that judges and arbiters must draw up their decisions and resolutions with due care, and make certain that they truly and accurately reflect their conclusions and final dispositions.[13] Decisions must faithfully comply with the Constitution. "No decision shall be rendered by any court without expressing therein clearly and distinctly the facts and the law on which it is based."[14]

We have ruled that the factual findings of the trial court are given weight when supported by substantial evidence[15] and carries more weight when affirmed by the Court of Appeals.[16] However, this rule admits of a few exceptions.[17] Among the exceptions are "when the findings are grounded entirely on speculation, surmises or conjectures; when an inference made by the appellate court from its factual findings is manifestly mistaken, absurd or impossible; when there is grave abuse of discretion in the appreciation of facts; when the findings of the appellate court go beyond the issues of the case, run contrary to the admissions of the parties to the case or fail to notice certain relevant facts which, if properly considered, will justify a different conclusion; when there is a misappreciation of facts; when the findings of fact are conclusions without mention of the specific evidence on which they are based, are premised on the absence of evidence or are contradicted by evidence on record."[18]

The instant case falls within the exceptions. For one, conclusions made were not founded on substantial evidence. For another, the court may have arrived at a different outcome if certain facts were taken into consideration.

The findings of the trial court were based on evidence presented during the hearing on the motion to dismiss. Had the court proceeded with the trial of the case, the parties would have the opportunity to present all their available evidence and the trial court the opportunity to carefully scrutinize them.

Without conducting trial on the merits, the trial court cannot peremptorily find the existence of estoppel, laches, fraud or prescription of actions. These matters require presentation of evidence and determination of facts; they can be best resolved after trial on the merits.[19]

Sadly, what happened was a cursory termination of the case when the trial court dismissed Civil Case No. 22, 024-93 after a period of only a month and a half (1½) from the date the case was actually filed in court.

The trial court summarily ruled that petitioner was estopped from filing the case without considering all the antecedents.

The trial court disregarded the law that if Victoria Chan was in fact the assignee, she was prohibited from acquiring the property of the principal[20]and the action to recover the property is imprescriptible.[21]

It was, therefore, premature to dismiss the case in the absence of evidence showing when the basis thereof could be determined only after trial of the merits.

WHEREFORE, we GRANT the petition and REVERSE the decision of the Court of Appeals in CA-G. R. CV No. 43302.

Let the case be REMANDED to the court of origin for trial on the merits.

No costs.

SO ORDERED.

Davide, Jr., C.J., Puno, Kapunan, and Ynares-Santiago, JJ., concur.

[1] In CA-GR CV No. 43302, promulgated on May 10, 1996, Carpio-Morales, J., ponente, de Pano, Jr. and Martin, Jr., JJ., concurring; Petition, Annex "A", Rollo, pp. 20-26.

[2] Civil Case No. 22, 024-93.

[3] Regional Trial Court Order dated June 17, 1993, Rollo, pp. 30-36.

[4] Before a notary public in Milwaukee County, Wisconsin, U. S. A.

[5] All the deeds were executed before Notary Public Rodolfo B. Quiachon of Davao City.

[6] Order, Regional Trial Court, June 17, 1993, Rollo, pp. 30-36.

[7] Decision, Regional Trial Court, Davao City, Branch 16, Rollo, pp. 30-36.

[8] Notice of Appeal, RTC Record, p. 103. Docketed as CA-GR CV No. 43302.

[9] Petition, Annex "A", Rollo, pp. 20-26, Carpio Morales, J., ponente, de Pano, Jr. and Martin, Jr., JJ., concurring.

[10] CA Rollo, pp. 85-89.

[11] CA Rollo, pp. 101-103.

[12] Petition filed by registered mail posted on November 18, 1996, Rollo, pp. 3-19. On March 29, 2000, we gave due course to the petition (Rollo, pp. 76-77).

[13] Caltex Refinery Employees Association (CREA) vs. Brillantes, 344 Phil. 624 [1997]; Saballa vs. NLRC, 329 Phil. 511 [1996], citing LBC Aircargo, Inc. vs. NLRC, 190 SCRA 274, 279 [1990].

[14] Article VIII, Section 14 of the Constitution; Saballa vs. NLRC, supra, Note 13; Yao vs. Court of Appeals, G. R. No. 132428, October 24, 2000.

[15] Valgoson's Realty, Inc. vs. Court of Appeals, 295 SCRA 449 [1998], citing Tan Chun Suy vs. Court of Appeals, 229 SCRA 151 [1994] and Guinsanato vs. Court of Appeals, 218 SCRA 708 [1993].

[16] Ibid., citing Catapusan vs. Court of Appeals, 332 Phil. 586 [1996], Meneses vs. Court of Appeals, 316 Phil. 210 [1995]; Baylon vs. Court of Appeals, 312 SCRA 502 [1999], citing Fortune Motors Phils. Corp. vs. Court of Appeals, 335 Phil. 315 [1997]; Tan Chun Suy vs. Court of Appeals, supra, Note 15.

[17] Baylon vs. Court of Appeals, supra Note 14, citing Commissioner of Internal Revenue vs. Embroidery and Garments Industries, 305 SCRA 70 [1999]; Mangahas vs. Court of Appeals, 304 SCRA 375 [1999]; Diaz vs. Sandiganbayan, 302 SCRA 118 [1999].

[18] Halili vs. Court of Appeals, 287 SCRA 465, 270 [1998], citing Fuentes vs. Court of Appeals, 335 Phil. 1163 [1997]; Geronimo vs. Court of Appeals, 224 SCRA 494 [1993]. See also Lacanilao vs. Court of Appeals, 330 Phil. 1074 [1996]; Verendia vs. Court of Appeals, 217 SCRA 417, [1993].

[19] Parañaque Kings Enterprises vs. Court of Appeals, 335 Phil. 1124 [1997].

[20] Article 1491 [2], Civil Code; Tolentino, Civil Code of the Philippines, Vol. V, 1992 ed., 1997 Reprint, p. 42.

[21] Article 1410, in relation to Article 1403 [1], Civil Code; Santiago vs. Court of Appeals, 343 Phil. 612 [1997]; Nool vs. Court of Appeals, 342 Phil. 106 [1997].

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