

EMILIO B. PACIOLES, JR., IN HIS CAPACITY AS ADMINISTRATOR AND HEIR OF THE INTESTATE ESTATE OF MIGUELITA CHING-PACIOLES, PETITIONER, VS. MIGUELA CHUATOCO-CHING, RESPONDENT.

G.R. No. 127920. August 09, 2005

Ponente: SANDOVAL-GUTIERREZ, J.

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SANDOVAL-GUTIERREZ, J.:

Oftentimes death brings peace only to the person who dies but not to the people he leaves behind. For in death, a person's estate remains, providing a fertile ground for discords that break the familial bonds. Before us is another case that illustrates such reality. Here, a husband and a mother of the deceased are locked in an acrimonious dispute over the estate of their loved one.

This is a petition for review on certiorari filed by Emilio B. Pacioles, Jr., herein petitioner, against Miguela Chuatoco-Ching, herein respondent, assailing the Court of Appeals Decision[1] dated September 25, 1996 and Resolution[2] dated January 27, 1997 in CA-G.R. SP No. 41571.[3] The Appellate Court affirmed the Order dated January 17, 1996 of the Regional Trial Court (RTC), Branch 99, Quezon City denying petitioner's motion for partition and distribution of the estate of his wife, Miguelita Ching-Pacioles; and his motion for reconsideration.

The facts are undisputed.

On March 13, 1992, Miguelita died intestate, leaving real properties with an estimated value of P10.5 million, stock investments worth P518,783.00, bank deposits amounting to P6.54 million, and interests in certain businesses. She was survived by her husband, petitioner herein, and their two minor children.

Consequently, on August 20, 1992, petitioner filed with the RTC a verified petition[4] for the settlement of Miguelita's estate. He prayed that (a) letters of administration be issued in his name, and (b) that the net residue of the estate be divided among the compulsory heirs.

Miguelita's mother, Miguela Chuatoco-Ching, herein respondent, filed an opposition, specifically to petitioner's prayer for the issuance of letters of administration on the grounds that (a) petitioner is incompetent and unfit to exercise the duties of an administrator; and (b) the bulk of Miguelita's estate is composed of "paraphernal properties." Respondent prayed that the letters of administration be issued to her instead.[5] Afterwards, she also filed a motion for her appointment as special administratrix.[6]

Petitioner moved to strike out respondent's opposition, alleging that the latter has no direct and material interest in the estate, she not being a compulsory heir, and that he, being the surviving spouse, has the preferential right to be appointed as administrator under the law.[7]

Respondent countered that she has direct and material interest in the estate because she gave half of her inherited properties to Miguelita on condition that both of them "would undertake whatever business endeavor they decided to, in the capacity of business partners." [8]

In her omnibus motion[9] dated April 23, 1993, respondent nominated her son Emmanuel Ching to act as special administrator.

On April 20, 1994, the intestate court issued an order appointing petitioner and Emmanuel as joint regular administrators of the estate.[10] Both were issued letters of administration after taking their oath and posting the requisite bond.

Consequently, Notice to Creditors was published in the issues of the Manila Standard on September 12, 19, and 26, 1994. However, no claims were filed against the estate within the period set by the Revised Rules of Court.

Thereafter, petitioner submitted to the intestate court an inventory of Miguelita's estate.[11] Emmanuel did not submit an inventory.

On May 17, 1995, the intestate court declared petitioner and his two minor children as the only compulsory heirs of Miguelita.[12]

On July 21, 1995, petitioner filed with the intestate court an omnibus motion[13] praying, among others, that an Order be issued directing the: 1) payment of estate taxes; 2) partition and distribution of the estate among the declared heirs; and 3) payment of attorney's fees.

Respondent opposed petitioner's motion on the ground that the partition and distribution of the estate is "premature and precipitate," considering that there is yet no determination "whether the properties specified in the inventory are conjugal, paraphernal or owned in a joint venture." [14] Respondent claimed that she owns the bulk of Miguelita's estate as an "heir and co-owner." Thus, she prayed that a hearing be scheduled.

On January 17, 1996, the intestate court allowed the payment of the estate taxes and attorney's fees but denied petitioner's prayer for partition and distribution of the estate, holding that it is indeed "premature." The intestate court ratiocinated as follows:

"On the partition and distribution of the deceased's properties, among the declared heirs, the Court finds the prayer of petitioner in this regard to be premature. Thus, a hearing on oppositor's claim as indicated in her opposition to the instant petition is necessary to determine "whether the properties listed in the amended complaint filed by petitioner are entirely conjugal or the paraphernal properties of the deceased, or a co-ownership between the oppositor and the petitioner in their partnership venture."

Petitioner filed a motion for reconsideration but it was denied in the Resolution dated May 7, 1996.

Forthwith, petitioner filed with the Court of Appeals a petition for certiorari seeking to annul and set aside the intestate court's Order dated January 17, 1996 and Resolution dated May 7, 1996 which denied petitioner's prayer for partition and distribution of the estate for being premature, indicating that it (intestate court) will first resolve respondent's claim of ownership.

The Appellate Court dismissed the petition for certiorari, holding that in issuing the challenged Order and Resolution, the intestate court did not commit grave abuse of discretion.

The Appellate Court ruled:

"Regarding the second issue raised, respondent judge did not commit grave abuse of discretion in entertaining private respondent's unsupported claim of ownership against the estate. In fact, there is no indication that the probate court has already made a finding of title or ownership. It is inevitable that in probate proceedings, questions of collation or of advancement are involved for these are matters which can be passed upon in the course of the proceedings. The probate court in exercising its prerogative to schedule a hearing, to inquire into the propriety of private respondent's claim, is being extremely cautious in determining the composition of the estate. This act is not tainted with an iota of grave abuse of discretion."

Petitioner moved for a reconsideration but it was likewise denied. Hence, this petition for review on certiorari anchored on the following assignments of error:

"I

RESPONDENT COURT'S DECISION WHICH AFFIRMS THE INTESTATE COURT'S ORDER IS A GRAVE ERROR FOR BEING CONTRARY TO THE SETTLED JURISPRUDENCE AND POLICY OF THE LAW THAT ESTATE PROCEEDINGS MUST BE SETTLED EXPEDITIOUSLY.

II

RESPONDENT COURT COMMITTED GRAVE ERROR IN SUSTAINING THE INTESTATE COURT'S ORDER TO CONDUCT HEARING ON THE ISSUE OF OWNERSHIP CLAIM AGAINST THE ESTATE, AS SAID FUNCTION IS OUTSIDE AND BEYOND THE JURISDICTION OF THE INTESTATE COURT.

III

RESPONDENT COURT GRAVELY ERRED IN AFFIRMING THE INTESTATE COURT'S ORDER AND RESOLUTION NOTWITHSTANDING THAT RESPONDENT CHING'S OWNERSHIP CLAIMS ARE CONFLICTING, FRIVOLOUS AND BASELESS."

The fundamental issue for our resolution is: May a trial court, acting as an intestate court, hear and pass upon questions of ownership involving properties claimed to be part of the decedent's estate?

The general rule is that the jurisdiction of the trial court either as an intestate or a probate court relates only to matters having to do with the settlement of the estate and probate of will of deceased persons but does not extend to the determination of questions of ownership that arise during the proceedings.[15] The patent rationale for this rule is that such court exercises special and limited jurisdiction.[16]

A well-recognized deviation to the rule is the principle that an intestate or a probate court may hear and pass upon questions of ownership when its purpose is to determine whether or not a property should be included in the inventory. In such situations the adjudication is merely incidental and provisional. Thus, in *Pastor, Jr. vs. Court of Appeals*,[17] we held:

"x x x As a rule, the question of ownership is an extraneous matter which the probate court cannot resolve with finality. Thus, for the purpose of determining whether a certain property should or should not be included in the inventory of estate properties, the probate court may pass upon the title thereto, but such determination is provisional, not conclusive, and is subject to the final decision in a separate action to resolve title."

The Court of Appeals relied heavily on the above principle in sustaining the jurisdiction of the intestate court to conduct a hearing on respondent's claim. Such reliance is misplaced. Under the said principle, the key consideration is that the purpose of the intestate or probate court in hearing and passing upon questions of ownership is merely to determine whether or not a property should be included in the inventory. The facts of this case show that such was not the purpose of the intestate court.

First, the inventory was not disputed. In fact, in her Manifestation and Opposition[18] dated September 18, 1995, respondent expressly adopted the inventory prepared by petitioner, thus:

"6. She adopts the inventory submitted by the petitioner in his Amended Compliance dated October 6, 1994, and filed only on November 4, 1994 not October 5, 1995 as erroneously asserted in Par. 12 of the Omnibus Motion. Oppositor, however, takes exception to the low valuation placed on the real estate properties and reserves her right to submit a more accurate and realistic pricing on each."

Respondent could have opposed petitioner's inventory and sought the exclusion of the specific properties which

she believed or considered to be hers. But instead of doing so, she expressly adopted the inventory, taking exception only to the low valuation placed on the real estate properties.

And second, Emmanuel, respondent's son and representative in the settlement of Miguelita's estate, did not submit his own inventory. His mandate, as co-administrator, is "to submit within three (3) months after his appointment a true inventory and appraisal of all the real and personal estate of the deceased which have come into his possession or knowledge." [19] He could have submitted an inventory, excluding therefrom those properties which respondent considered to be hers. The fact that he did not endeavor to submit one shows that he acquiesced with petitioner's inventory.

Obviously, respondent's purpose here was not to obtain from the intestate court a ruling of what properties should or should not be included in the inventory. She wanted something else, i.e., to secure from the intestate court a final determination of her claim of ownership over properties comprising the bulk of Miguelita's estate. The intestate court went along with respondent on this point as evident in its Resolution [20] dated May 7, 1996, thus:

"On petitioner's motion for partition and distribution of the estate of the late Miguelita Ching Pacioles, it is believed that since oppositor had interposed a claim against the subject estate, the distribution thereof in favor of the heirs could not possibly be implemented as there is still a need for appropriate proceedings to determine the propriety of oppositor's claim. It must be mentioned that if it is true that oppositor owns the bulk of the properties, which she allegedly placed/registered in the name of the deceased for convenience, Oppositor, therefore, has a material and direct interest in the estate and hence, should be given her day in Court."

It is apparent from the foregoing Resolution that the purpose of the hearing set by the intestate court was actually to "determine the propriety of oppositor's (respondent's) claim." According to the intestate court, "if it is true that the oppositor (respondent) owns the bulk of (Miguelita's) properties," then it means that she has a "material and direct interest in the estate" and, hence, "she should be given her day in court." The intended "day in court" or hearing is geared towards resolving the propriety of respondent's contention that she is the true owner of the bulk of Miguelita's estate.

Surely, we cannot be deluded by respondent's ingenious attempt to secure a proceeding for the purpose of resolving her blanket claim against Miguelita's estate. Although, she made it appear that her only intent was to determine the accuracy of petitioner's inventory, however, a close review of the facts and the pleadings reveals her real intention.

Clearly, the RTC, acting as an intestate court, had overstepped its jurisdiction. Its proper course should have been to maintain a hands-off stance on the matter. It is well-settled in this jurisdiction, sanctioned and reiterated in a long line of decisions, that when a question arises as to ownership of property alleged to be a part of the estate of the deceased person, but claimed by some other person to be his property, not by virtue of any right of inheritance from the deceased but by title adverse to that of the deceased and his estate, such question cannot be determined in the course of an intestate or probate proceedings. The intestate or probate court has no jurisdiction to adjudicate such contentions, which must be submitted to the court in the exercise of its general jurisdiction as a regional trial court. [21] Jurisprudence teaches us that:

"[A] probate court or one in charge of proceedings whether testate or intestate cannot adjudicate or determine title to properties claimed to be a part of the estate and which are claimed to belong to outside parties. All that the said court could do as regards said properties is to determine whether they should or should not be included in the inventory or list of properties to be administered by the administrator. If there is no dispute, well and good, but if there is, then the parties, the administrator, and the opposing parties have to resort to an ordinary action for a final determination of the conflicting claims of title because the probate court cannot do so." [22]

Hence, respondent's recourse is to file a separate action with a court of general jurisdiction. The intestate court is not the appropriate forum for the resolution of her adverse claim of ownership over properties ostensibly belonging to Miguelita's estate.

Now, even assuming that the intestate court merely intended to make a provisional or prima facie determination of the issue of ownership, still respondent's claim cannot prosper. It bears stressing that the bulk of Miguelita's estate, as stated in petitioner's inventory, comprises real estates covered by the Torrens System which are registered either in the name of Miguelita alone or with petitioner. As such, they are considered the owners of the properties until their title is nullified or modified in an appropriate ordinary action. We find this Court's pronouncement in *Bolisay vs. Alcid*[23] relevant, thus:

"It does not matter that respondent-administratrix has evidence purporting to support her claim of ownership, for, on the other hand, petitioners have a Torrens title in their favor, which under the law is endowed with incontestability until after it has been set aside in the manner indicated in the law itself, which, of course, does not include, bringing up the matter as a mere incident in special proceedings for the settlement of the estate of deceased persons. x x x

x x x In regard to such incident of inclusion or exclusion, We hold that if a property covered by Torrens Title is involved, the presumptive conclusiveness of such title should be given due weight, and in the absence of strong compelling evidence to the contrary, the holder thereof should be considered as the owner of the property in controversy until his title is nullified or modified in an appropriate ordinary action, particularly, when as in the case at bar, possession of the property itself is in the persons named in the title. x x x"

Corrolarily, P.D. 1529, otherwise known as, "The Property Registration Decree," proscribes collateral attack against Torrens Title, hence:

"Section 48. Certificate not subject to collateral attack.

A certificate of title shall not be subject to collateral attack. It cannot be altered, modified or cancelled except in a direct proceeding in accordance with law."

Significantly, a perusal of the records reveals that respondent failed to present convincing evidence to bolster her bare assertion of ownership. We quote her testimony, thus:

"Q:

I now direct your attention to paragraph (5) appearing on page 1 of this sworn statement of yours which I quote:" In accordance with the Chinese tradition and culture in the distribution of properties to the legal heirs, we decided to give only a token to our daughter Miguelita and leave the rest to our only son Emmanuel, with the undertaking that being the son he will take full responsibility of the rest of the family despite his marriage. Madame witness, do you recall having stated that in your sworn statement?

A:

Yes sir, but it was not carried out.

Q:

What was actually given to your daughter Miguelita is only a token, is that right?

A:

Not a token, sir, but one half of the share of the estate was given to Lita and the other half was given to Emmanuel.

Q:

What went to Emmanuel was also $\frac{1}{2}$, is that right?

A:

Yes, sir.

Q:

What makes up the one half share of Lita, if you recall?

A:

What was given to her were all checks, sir, but I cannot remember any more the amount.

x x x x x x

Q:

Summing up your testimony, Madame, you cannot itemize the one half share of the estate of Miguelita, is that right?

A:

Yes, sir.

Q:

Was there any document covering this partition of the estate among you, Emmanuel and Miguelita with respect to the estate of your late husband?

A:

If I only knew that this will happen...

Q:

Samakatuwid po ay walang dokumento?

A:

Wala po."[24]

She further testified as follows:

"Q:

Among the properties listed like the various parcels of land, stocks, investments, bank accounts and deposits both here and abroad, interests and participation in IFS Pharmaceuticals and Medical Supplies, Inc. and various motor vehicles, per your pleasure, Madam Witness, how should these properties be partitioned or what should be done with these properties? According to you earlier, you are agreeable for the partition of the said properties with Emil

on a 50-50 basis, is that right?

A:

Kung ano po ang sa akin, iyon ang dapat na bumalik sa akin, sir.

Q:

Halimbawa ay ano po iyon? Real estate properties, parcels of land located in Pag-Asa, in Silangan, in San Lazaro, in Sta. Cruz, in San Francisco del Monte and shares of stock. Alinsunod sa inyo, paano po ang dapat na partihan o hatian ninyo ni Emil? A: Kung ano ang sa akin...

x x x x x

Q: Ang tanong ko po sa inyo ay ganito, ito po ba ang inyong iminungkahi kay Emil? Ito po ba ang inyong paghahatian or hindi?

A: Iyo akin talaga na hindi nila pinaghirapan, sir."[25]

Unfortunately, respondent could not even specify which of the properties listed in petitioner's inventory belong to her. Neither could she present any document to prove her claim of ownership. The consistently changing basis of her claim did nothing to improve her posture. Initially, she insisted that the bulk of Miguelita's estate is composed of paraphernal properties.[26] Sensing that such assertion could not strengthen her claim of ownership, she opted to change her submission and declare that she and Miguelita were "business partners" and that she gave to the latter most of her properties to be used in a joint business venture.[27] Respondent must have realized early on that if the properties listed in petitioner's inventory are paraphernal, then Miguelita had the absolute title and ownership over them and upon her death, such properties would be vested to her compulsory heirs, petitioner herein and their two minor children.[28]

At any rate, we must stress that our pronouncements herein cannot diminish or deprive respondent of whatever rights or properties she believes or considers to be rightfully hers. We reiterate that the question of ownership of properties alleged to be part of the estate must be submitted to the Regional Trial Court in the exercise of its general jurisdiction.[29]

WHEREFORE, the instant petition is GRANTED. The assailed Decision and Resolution of the Court of Appeals in CA-G.R. SP No. 41571 are hereby REVERSED.

SO ORDERED.

Panganiban, (Chairman), Carpio Morales, and Garcia, JJ., concur.
Corona, J., on leave.

[1] Rollo at 9-14.

[2] Id. at 16-17.

[3] Entitled "Emilio B. Paciolis, Jr. versus The Honorable Judge Felix De Guzman, as Presiding Judge of RTC Quezon City, Branch 99 and Miguela Ching."

[4] Records at 1-9. The case was filed and docketed as SP No. Q-92-131555.

[5] See Opposition, Records at 27-29.

[6] See Motion for the Appointment of Oppositor as Special Administratrix, Records at 30-32.

[7] See Motion to Strike-Out Opposition, Records at 91-99.

[8] See Opposition to Petitioner's Motion to Strike-Out Opposition dated December 21, 1992, Records at 101-106.

[9] Records at 137-140.

[10] The order, insofar as Emmanuel Ching is concerned as co-administrator, is the subject of an appeal before the 10th Division of the Court of Appeals docketed as CA G.R. CV No. 46763.

[11] Records at 337-346. Amended Inventory at 347-353.

[12] May 17, 1995, Records at 360.

[13] Records at 366-371.

[14] See Manifestation/Opposition to Omnibus Motion dated July 20, 1995, Records at 383-387.

[15] Sanchez vs. Court of Appeals, G.R. No. 108947, September 29, 1997, 279 SCRA 647; Ramos vs. Court of Appeals, G.R. No. 42108, December 29, 1989, 180 SCRA 635.

In Jimenez vs. Intermediate Appellate Court, G.R. No. 75773, April 17, 1990, 184 SCRA 367, the Court ruled: "It is hornbook doctrine that in a special proceeding for the probate of a will, the question of ownership is an extraneous matter which the probate court cannot pass upon with finality. This pronouncement no doubt applies with equal force to an intestate proceeding x x x."

[16] Heirs of Oscar R. Reyes vs. Reyes, G.R. No. 139587, November 22, 2000, 345 SCRA 541; Jimenez vs. Intermediate Appellate Court, *ibid*.

[17] G.R. No. L-56340, June 24, 1983, 122 SCRA 885.

[18] Records at 383-387.

[19] Section 1, Rule 83 of the Rules of Court.

[20] Records at 437-440.

[21] Baybayan vs. Aquino, No. L-42678, April 9, 1987, 149 SCRA 186.

[22] Sanchez vs. Court of Appeals, *supra*; Morales vs. Court of First Instance of Cavite, G.R. No. L-47125, December 29, 1986; 146 SCRA 373; Cuizon vs. Ramolete, L-51291, May 29, 1984, 129 SCRA 495.

[23] L-45494, August 31, 1978, 85 SCRA 213.

[24] TSN, February 26, 1993.

[25] TSN, May 20, 1993.

[26] Respondent's Opposition dated October 28, 1992 reads:

"b) the bulk of the estate of the deceased consists of paraphernal property of the deceased most of which were donations coming from the herein Oppositor, and therefore, the herein Oppositor has a better right to its administration." (Records at 27-29)

[27] Opposition to Petitioner's Motion to Strike-Out Opposition dated January 5, 1993, reads:

"3. That, the Petitioner cannot deny the fact that majority of the estate left by the decedent came from the

Oppositor by way of donation, and this was brought about by the fact that when the father of the decedent died, the latter did not receive any kind of inheritance, as Chinese custom and tradition dictate that female children inherit nothing from their deceased parents and the only heirs entitled to inherit are the surviving spouse and the male children, which happens to be the herein Oppositor and the only brother of the decedent in the person of Emmanuel Ching. But the herein Oppositor, in the exercise of her liberality and sound direction, and with the end in view of giving the decedent a share of the estate of her deceased husband, gave half of her inherited property to the decedent, with an undertaking that the latter herein Oppositor and they will undertake whatever business endeavor they decided to, in the capacity of business partners." (Records at 101-106)

[28] *Pisueña vs. Heirs of Petra Unating*, G.R. No. 132803, August 31, 1999, 313 SCRA 384; *Bongalon vs. Court of Appeals*, G.R. No. 142441, November 10, 2004, 441 SCRA 553.

[29] *Baybayan vs. Aquino*, *supra*.

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