ALONZO Q. ANCHETA, PETITIONER, VS. CANDELARIA GUERSEY-DALAYGON, RESPONDENT.

G.R. NO. 139868. June 08, 2006

Ponente: AUSTRIA-MARTINEZ, J.

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AUSTRIA-MARTINEZ, J.:

Spouses Audrey O'Neill (Audrey) and W. Richard Guersey (Richard) were American citizens who have resided in the Philippines for 30 years. They have an adopted daughter, Kyle Guersey Hill (Kyle). On July 29, 1979, Audrey died, leaving a will. In it, she bequeathed her entire estate to Richard, who was also designated as executor.[1] The will was admitted to probate before the Orphan's Court of Baltimore, Maryland, U.S.A, which named James N. Phillips as executor due to Richard's renunciation of his appointment.[2] The court also named Atty. Alonzo Q. Ancheta (petitioner) of the Quasha Asperilla Ancheta Pena & Nolasco Law Offices as ancillary administrator.[3]

In 1981, Richard married Candelaria Guersey-Dalaygon (respondent) with whom he has two children, namely, Kimberly and Kevin.

On October 12, 1982, Audrey's will was also admitted to probate by the then Court of First Instance of Rizal, Branch 25, Seventh Judicial District, Pasig, in Special Proceeding No. 9625.[4] As administrator of Audrey's estate in the Philippines, petitioner filed an inventory and appraisal of the following properties: (1) Audrey's conjugal share in real estate with improvements located at 28 Pili Avenue, Forbes Park, Makati, Metro Manila, valued at P764,865.00 (Makati property); (2) a current account in Audrey's name with a cash balance of P12,417.97; and (3) 64,444 shares of stock in A/G Interiors, Inc. worth P64,444.00.[5]

On July 20, 1984, Richard died, leaving a will, wherein he bequeathed his entire estate to respondent, save for his rights and interests over the A/G Interiors, Inc. shares, which he left to Kyle.[6] The will was also admitted to probate by the Orphan's Court of Ann Arundel, Maryland, U.S.A, and James N. Phillips was likewise appointed as executor, who in turn, designated Atty. William Quasha or any member of the Quasha Asperilla Ancheta Pena & Nolasco Law Offices, as ancillary administrator.

Richard's will was then submitted for probate before the Regional Trial Court of Makati, Branch 138, docketed as Special Proceeding No. M-888.[7] Atty. Quasha was appointed as ancillary administrator on July 24, 1986.[8]

On October 19, 1987, petitioner filed in Special Proceeding No. 9625, a motion to declare Richard and Kyle as heirs of Audrey.[9] Petitioner also filed on October 23, 1987, a project of partition of Audrey's estate, with Richard being apportioned the ¾ undivided interest in the Makati property, 48.333 shares in A/G Interiors, Inc., and P9,313.48 from the Citibank current account; and Kyle, the ¼ undivided interest in the Makati property, 16,111 shares in A/G Interiors, Inc., and P3,104.49 in cash.[10]

The motion and project of partition was granted and approved by the trial court in its Order dated February 12, 1988.[11] The trial court also issued an Order on April 7, 1988, directing the Register of Deeds of Makati to cancel TCT No. 69792 in the name of Richard and to issue a new title in the joint names of the Estate of W.

Richard Guersey (¾ undivided interest) and Kyle (¼ undivided interest); directing the Secretary of A/G Interiors, Inc. to transfer 48.333 shares to the Estate of W. Richard Guersey and 16.111 shares to Kyle; and directing the Citibank to release the amount of P12,417.97 to the ancillary administrator for distribution to the heirs.[12]

Consequently, the Register of Deeds of Makati issued on June 23, 1988, TCT No. 155823 in the names of the Estate of W. Richard Guersey and Kyle.[13]

Meanwhile, the ancillary administrator in Special Proceeding No. M-888 also filed a project of partition wherein 2/5 of Richard's ¾ undivided interest in the Makati property was allocated to respondent, while 3/5 thereof were allocated to Richard's three children. This was opposed by respondent on the ground that under the law of the State of Maryland, "a legacy passes to the legatee the entire interest of the testator in the property subject of the legacy."[14] Since Richard left his entire estate to respondent, except for his rights and interests over the A/G Interiors, Inc, shares, then his entire ¾ undivided interest in the Makati property should be given to respondent.

The trial court found merit in respondent's opposition, and in its Order dated December 6, 1991, disapproved the project of partition insofar as it affects the Makati property. The trial court also adjudicated Richard's entire ¾ undivided interest in the Makati property to respondent.[15]

On October 20, 1993, respondent filed with the Court of Appeals (CA) an amended complaint for the annulment of the trial court's Orders dated February 12, 1988 and April 7, 1988, issued in Special Proceeding No. 9625.[16] Respondent contended that petitioner willfully breached his fiduciary duty when he disregarded the laws of the State of Maryland on the distribution of Audrey's estate in accordance with her will. Respondent argued that since Audrey devised her entire estate to Richard, then the Makati property should be wholly adjudicated to him, and not merely ¾ thereof, and since Richard left his entire estate, except for his rights and interests over the A/G Interiors, Inc., to respondent, then the entire Makati property should now pertain to respondent.

Petitioner filed his Answer denying respondent's allegations. Petitioner contended that he acted in good faith in submitting the project of partition before the trial court in Special Proceeding No. 9625, as he had no knowledge of the State of Maryland's laws on testate and intestate succession. Petitioner alleged that he believed that it is to the "best interests of the surviving children that Philippine law be applied as they would receive their just shares." Petitioner also alleged that the orders sought to be annulled are already final and executory, and cannot be set aside.

On March 18, 1999, the CA rendered the assailed Decision annulling the trial court's Orders dated February 12, 1988 and April 7, 1988, in Special Proceeding No. 9625.[17] The dispositive portion of the assailed Decision provides:

> WHEREFORE, the assailed Orders of February 12, 1998 and April 7, 1988 are hereby ANNULLED and, in lieu thereof, a new one is entered ordering:
>
> (a) The adjudication of the entire estate of Audrey O'Neill Guersey in favor of the estate of W. Richard Guersey; and
>
> (b) The cancellation of Transfer Certificate of Title No. 15583 of the Makati City Registry and the issuance of a new title in the name of the estate of W. Richard Guersey.
>
> SO ORDERED.[18]

Petitioner filed a motion for reconsideration, but this was denied by the CA per Resolution dated August 27, 1999.[19]

Hence, the herein petition for review on certiorari under Rule 45 of the Rules of Court alleging that the CA

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gravely erred in not holding that:

> A) THE ORDERS OF 12 FEBRUARY 1988 AND 07 APRIL 1988 IN SPECIAL PROCEEDINGS NO. 9625 "IN THE MATTER OF THE PETITION FOR PROBATE OF THE WILL OF THE DECEASED AUDREY GUERSEY, ALONZO Q. ANCHETA, ANCILLARY ADMINISTRATOR", ARE VALID AND BINDING AND HAVE LONG BECOME FINAL AND HAVE BEEN FULLY IMPLEMENTED AND EXECUTED AND CAN NO LONGER BE ANNULLED.
>
> B) THE ANCILLARY ADMINISTRATOR HAVING ACTED IN GOOD FAITH, DID NOT COMMIT FRAUD, EITHER EXTRINSIC OR INTRINSIC, IN THE PERFORMANCE OF HIS DUTIES AS ANCILLARY ADMINISTRATOR OF AUDREY O'NEIL GUERSEY'S ESTATE IN THE PHILIPPINES, AND THAT NO FRAUD, EITHER EXTRINSIC OR INTRINSIC, WAS EMPLOYED BY [HIM] IN PROCURING SAID ORDERS.[20]

Petitioner reiterates his arguments before the CA that the Orders dated February 12, 1988 and April 7, 1988 can no longer be annulled because it is a final judgment, which is "conclusive upon the administration as to all matters involved in such judgment or order, and will determine for all time and in all courts, as far as the parties to the proceedings are concerned, all matters therein determined," and the same has already been executed.[21]

Petitioner also contends that that he acted in good faith in performing his duties as an ancillary administrator. He maintains that at the time of the filing of the project of partition, he was not aware of the relevant laws of the State of Maryland, such that the partition was made in accordance with Philippine laws. Petitioner also imputes knowledge on the part of respondent with regard to the terms of Aubrey's will, stating that as early as 1984, he already apprised respondent of the contents of the will and how the estate will be divided.[22]

Respondent argues that petitioner's breach of his fiduciary duty as ancillary administrator of Aubrey's estate amounted to extrinsic fraud. According to respondent, petitioner was duty-bound to follow the express terms of Aubrey's will, and his denial of knowledge of the laws of Maryland cannot stand because petitioner is a senior partner in a prestigious law firm and it was his duty to know the relevant laws.

Respondent also states that she was not able to file any opposition to the project of partition because she was not a party thereto and she learned of the provision of Aubrey's will bequeathing entirely her estate to Richard only after Atty. Ancheta filed a project of partition in Special Proceeding No. M-888 for the settlement of Richard's estate.

A decree of distribution of the estate of a deceased person vests the title to the land of the estate in the distributees, which, if erroneous may be corrected by a timely appeal. Once it becomes final, its binding effect is like any other judgment in rem.[23] However, in exceptional cases, a final decree of distribution of the estate may be set aside for lack of jurisdiction or fraud.[24] Further, in Ramon v. Ortuzar,[25] the Court ruled that a party interested in a probate proceeding may have a final liquidation set aside when he is left out by reason of circumstances beyond his control or through mistake or inadvertence not imputable to negligence.[26]

The petition for annulment was filed before the CA on October 20, 1993, before the issuance of the 1997 Rules of Civil Procedure; hence, the applicable law is Batas Pambansa Blg. 129 (B.P. 129) or the Judiciary Reorganization Act of 1980. An annulment of judgment filed under B.P. 129 may be based on the ground that a judgment is void for want of jurisdiction or that the judgment was obtained by extrinsic fraud.[27] For fraud to become a basis for annulment of judgment, it has to be extrinsic or actual,[28] and must be brought within four years from the discovery of the fraud.[29]

In the present case, respondent alleged extrinsic fraud as basis for the annulment of the RTC Orders dated February 12, 1988 and April 7, 1988. The CA found merit in respondent's cause and found that petitioner's failure

to follow the terms of Audrey's will, despite the latter's declaration of good faith, amounted to extrinsic fraud. The CA ruled that under Article 16 of the Civil Code, it is the national law of the decedent that is applicable, hence, petitioner should have distributed Aubrey's estate in accordance with the terms of her will. The CA also found that petitioner was prompted to distribute Audrey's estate in accordance with Philippine laws in order to equally benefit Audrey and Richard Guersey's adopted daughter, Kyle Guersey Hill.

Petitioner contends that respondent's cause of action had already prescribed because as early as 1984, respondent was already well aware of the terms of Audrey's will,[30] and the complaint was filed only in 1993. Respondent, on the other hand, justified her lack of immediate action by saying that she had no opportunity to question petitioner's acts since she was not a party to Special Proceeding No. 9625, and it was only after Atty. Ancheta filed the project of partition in Special Proceeding No. M-888, reducing her inheritance in the estate of Richard that she was prompted to seek another counsel to protect her interest.[31]

It should be pointed out that the prescriptive period for annulment of judgment based on extrinsic fraud commences to run from the discovery of the fraud or fraudulent act/s. Respondent's knowledge of the terms of Audrey's will is immaterial in this case since it is not the fraud complained of. Rather, it is petitioner's failure to introduce in evidence the pertinent law of the State of Maryland that is the fraudulent act, or in this case, omission, alleged to have been committed against respondent, and therefore, the four-year period should be counted from the time of respondent's discovery thereof.

Records bear the fact that the filing of the project of partition of Richard's estate, the opposition thereto, and the order of the trial court disallowing the project of partition in Special Proceeding No. M-888 were all done in 1991.[32] Respondent cannot be faulted for letting the assailed orders to lapse into finality since it was only through Special Proceeding No. M-888 that she came to comprehend the ramifications of petitioner's acts. Obviously, respondent had no other recourse under the circumstances but to file the annulment case. Since the action for annulment was filed in 1993, clearly, the same has not yet prescribed.

Fraud takes on different shapes and faces. In Cosmic Lumber Corporation v. Court of Appeals,[33] the Court stated that "man in his ingenuity and fertile imagination will always contrive new schemes to fool the unwary."

> There is extrinsic fraud within the meaning of Sec. 9 par. (2), of B.P. Blg. 129, where it is one the effect of which prevents a party from hearing a trial, or real contest, or from presenting all of his case to the court, or where it operates upon matters, not pertaining to the judgment itself, but to the manner in which it was procured so that there is not a fair submission of the controversy. In other words, extrinsic fraud refers to any fraudulent act of the prevailing party in the litigation which is committed outside of the trial of the case, whereby the defeated party has been prevented from exhibiting fully his side of the case by fraud or deception practiced on him by his opponent. Fraud is extrinsic where the unsuccessful party has been prevented from exhibiting fully his case, by fraud or deception practiced on him by his opponent, as by keeping him away from court, a false promise of a compromise; or where the defendant never had any knowledge of the suit, being kept in ignorance by the acts of the plaintiff; or where an attorney fraudulently or without authority connives at his defeat; these and similar cases which show that there has never been a real contest in the trial or hearing of the case are reasons for which a new suit may be sustained to set aside and annul the former judgment and open the case for a new and fair hearing.[34]

The overriding consideration when extrinsic fraud is alleged is that the fraudulent scheme of the prevailing litigant prevented a party from having his day in court.[35]

Petitioner is the ancillary administrator of Audrey's estate. As such, he occupies a position of the highest trust and confidence, and he is required to exercise reasonable diligence and act in entire good faith in the performance of that trust. Although he is not a guarantor or insurer of the safety of the estate nor is he expected to be infallible,

yet the same degree of prudence, care and judgment which a person of a fair average capacity and ability exercises in similar transactions of his own, serves as the standard by which his conduct is to be judged.[36]

Petitioner's failure to proficiently manage the distribution of Audrey's estate according to the terms of her will and as dictated by the applicable law amounted to extrinsic fraud. Hence the CA Decision annulling the RTC Orders dated February 12, 1988 and April 7, 1988, must be upheld.

It is undisputed that Audrey Guersey was an American citizen domiciled in Maryland, U.S.A. During the reprobate of her will in Special Proceeding No. 9625, it was shown, among others, that at the time of Audrey's death, she was residing in the Philippines but is domiciled in Maryland, U.S.A.; her Last Will and Testament dated August 18, 1972 was executed and probated before the Orphan's Court in Baltimore, Maryland, U.S.A., which was duly authenticated and certified by the Register of Wills of Baltimore City and attested by the Chief Judge of said court; the will was admitted by the Orphan's Court of Baltimore City on September 7, 1979; and the will was authenticated by the Secretary of State of Maryland and the Vice Consul of the Philippine Embassy.

Being a foreign national, the intrinsic validity of Audrey's will, especially with regard as to who are her heirs, is governed by her national law, i.e., the law of the State of Maryland, as provided in Article 16 of the Civil Code, to wit:

> Art. 16. Real property as well as personal property is subject to the law of the country where it is situated.
>
> However, intestate and testamentary succession, both with respect to the order of succession and to the amount of successional rights and to the intrinsic validity of testamentary provisions, shall be regulated by the national law of the person whose succession is under consideration, whatever may be the nature of the property and regardless of the country wherein said property may be found. (Emphasis supplied)

Article 1039 of the Civil Code further provides that "capacity to succeed is governed by the law of the nation of the decedent."

As a corollary rule, Section 4, Rule 77 of the Rules of Court on Allowance of Will Proved Outside the Philippines and Administration of Estate Thereunder, states:

> SEC. 4. Estate, how administered. - When a will is thus allowed, the court shall grant letters testamentary, or letters of administration with the will annexed, and such letters testamentary or of administration, shall extend to all the estate of the testator in the Philippines. Such estate, after the payment of just debts and expenses of administration, shall be disposed of according to such will, so far as such will may operate upon it; and the residue, if any, shall be disposed of as is provided by law in cases of estates in the Philippines belonging to persons who are inhabitants of another state or country. (Emphasis supplied)

While foreign laws do not prove themselves in our jurisdiction and our courts are not authorized to take judicial notice of them;[37] however, petitioner, as ancillary administrator of Audrey's estate, was duty-bound to introduce in evidence the pertinent law of the State of Maryland.[38]

Petitioner admitted that he failed to introduce in evidence the law of the State of Maryland on Estates and Trusts, and merely relied on the presumption that such law is the same as the Philippine law on wills and succession. Thus, the trial court peremptorily applied Philippine laws and totally disregarded the terms of Audrey's will. The obvious result was that there was no fair submission of the case before the trial court or a judicious appreciation of the evidence presented.

Petitioner insists that his application of Philippine laws was made in good faith. The Court cannot accept petitioner's protestation. How can petitioner honestly presume that Philippine laws apply when as early as the reprobate of Audrey's will before the trial court in 1982, it was already brought to fore that Audrey was a U.S.

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citizen, domiciled in the State of Maryland. As asserted by respondent, petitioner is a senior partner in a prestigious law firm, with a "big legal staff and a large library."[39] He had all the legal resources to determine the applicable law. It was incumbent upon him to exercise his functions as ancillary administrator with reasonable diligence, and to discharge the trust reposed on him faithfully. Unfortunately, petitioner failed to perform his fiduciary duties.

Moreover, whether his omission was intentional or not, the fact remains that the trial court failed to consider said law when it issued the assailed RTC Orders dated February 12, 1988 and April 7, 1988, declaring Richard and Kyle as Audrey's heirs, and distributing Audrey's estate according to the project of partition submitted by petitioner. This eventually prejudiced respondent and deprived her of her full successional right to the Makati property.

In GSIS v. Bengson Commercial Bldgs., Inc.,[40] the Court held that when the rule that the negligence or mistake of counsel binds the client deserts its proper office as an aid to justice and becomes a great hindrance and chief enemy, its rigors must be relaxed to admit exceptions thereto and to prevent a miscarriage of justice, and the court has the power to except a particular case from the operation of the rule whenever the purposes of justice require it.

The CA aptly noted that petitioner was remiss in his responsibilities as ancillary administrator of Audrey's estate. The CA likewise observed that the distribution made by petitioner was prompted by his concern over Kyle, whom petitioner believed should equally benefit from the Makati property. The CA correctly stated, which the Court adopts, thus:

> In claiming good faith in the performance of his duties and responsibilities, defendant Alonzo H. Ancheta invokes the principle which presumes the law of the forum to be the same as the foreign law (Beam vs. Yatco, 82 Phil. 30, 38) in the absence of evidence adduced to prove the latter law (Slade Perkins vs. Perkins, 57 Phil. 205, 210). In defending his actions in the light of the foregoing principle, however, it appears that the defendant lost sight of the fact that his primary responsibility as ancillary administrator was to distribute the subject estate in accordance with the will of Audrey O'Neill Guersey. Considering the principle established under Article 16 of the Civil Code of the Philippines, as well as the citizenship and the avowed domicile of the decedent, it goes without saying that the defendant was also duty-bound to prove the pertinent laws of Maryland on the matter.
>
> The record reveals, however, that no clear effort was made to prove the national law of Audrey O'Neill Guersey during the proceedings before the court a quo. While there is claim of good faith in distributing the subject estate in accordance with the Philippine laws, the defendant appears to put his actuations in a different light as indicated in a portion of his direct examination, to wit:
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> x x x
>
> It would seem, therefore, that the eventual distribution of the estate of Audrey O'Neill Guersey was prompted by defendant Alonzo H. Ancheta's concern that the subject realty equally benefit the plaintiff's adopted daughter Kyle Guersey.
>
> Well-intentioned though it may be, defendant Alonzo H. Ancheta's action appears to have breached his duties and responsibilities as ancillary administrator of the subject estate. While such breach of duty admittedly cannot be considered extrinsic fraud under ordinary circumstances, the fiduciary nature of the said defendant's position, as well as the resultant frustration of the decedent's last will, combine to create a circumstance that is tantamount to extrinsic fraud. Defendant Alonzo H. Ancheta's omission to prove the national laws of the decedent and to follow the latter's last will, in sum, resulted in the procurement of the subject orders without a fair submission of the real issues involved in the case.[41] (Emphasis supplied)

This is not a simple case of error of judgment or grave abuse of discretion, but a total disregard of the law as a

result of petitioner's abject failure to discharge his fiduciary duties. It does not rest upon petitioner's pleasure as to which law should be made applicable under the circumstances. His onus is clear. Respondent was thus excluded from enjoying full rights to the Makati property through no fault or negligence of her own, as petitioner's omission was beyond her control. She was in no position to analyze the legal implications of petitioner's omission and it was belatedly that she realized the adverse consequence of the same. The end result was a miscarriage of justice. In cases like this, the courts have the legal and moral duty to provide judicial aid to parties who are deprived of their rights.[42]

The trial court in its Order dated December 6, 1991 in Special Proceeding No. M-888 noted the law of the State of Maryland on Estates and Trusts, as follows:

> Under Section 1-301, Title 3, Sub-Title 3 of the Annotated Code of the Public General Laws of Maryland on Estates and Trusts, "all property of a decedent shall be subject to the estate of decedents law, and upon his death shall pass directly to the personal representative, who shall hold the legal title for administration and distribution," while Section 4-408 expressly provides that "unless a contrary intent is expressly indicated in the will, a legacy passes to the legatee the entire interest of the testator in the property which is the subject of the legacy". Section 7-101, Title 7, Sub-Title 1, on the other hand, declares that "a personal representative is a fiduciary" and as such he is "under the general duty to settle and distribute the estate of the decedent in accordance with the terms of the will and the estate of decedents law as expeditiously and with as little sacrifice of value as is reasonable under the circumstances".[43]

In her will, Audrey devised to Richard her entire estate, consisting of the following: (1) Audrey's conjugal share in the Makati property; (2) the cash amount of P12,417.97; and (3) 64,444 shares of stock in A/G Interiors, Inc. worth P64,444.00. All these properties passed on to Richard upon Audrey's death. Meanwhile, Richard, in his will, bequeathed his entire estate to respondent, except for his rights and interests over the A/G Interiors, Inc. shares, which he left to Kyle. When Richard subsequently died, the entire Makati property should have then passed on to respondent. This, of course, assumes the proposition that the law of the State of Maryland which allows "a legacy to pass to the legatee the entire estate of the testator in the property which is the subject of the legacy," was sufficiently proven in Special Proceeding No. 9625. Nevertheless, the Court may take judicial notice thereof in view of the ruling in Bohanan v. Bohanan.[44] Therein, the Court took judicial notice of the law of Nevada despite failure to prove the same. The Court held, viz.:

> We have, however, consulted the records of the case in the court below and we have found that during the hearing on October 4, 1954 of the motion of Magdalena C. Bohanan for withdrawal of P20,000 as her share, the foreign law, especially Section 9905, Compiled Nevada Laws, was introduced in evidence by appellants' (herein) counsel as Exhibit "2" (See pp. 77-79, Vol. II, and t.s.n. pp. 24-44, Records, Court of First Instance). Again said law was presented by the counsel for the executor and admitted by the Court as Exhibit "B" during the hearing of the case on January 23, 1950 before Judge Rafael Amparo (see Records, Court of First Instance, Vol. 1).
>
> In addition, the other appellants, children of the testator, do not dispute the above-quoted provision of the laws of the State of Nevada. Under all the above circumstances, we are constrained to hold that the pertinent law of Nevada, especially Section 9905 of the Compiled Nevada Laws of 1925, can be taken judicial notice of by us, without proof of such law having been offered at the hearing of the project of partition.

In this case, given that the pertinent law of the State of Maryland has been brought to record before the CA, and the trial court in Special Proceeding No. M-888 appropriately took note of the same in disapproving the proposed project of partition of Richard's estate, not to mention that petitioner or any other interested person for that matter, does not dispute the existence or validity of said law, then Audrey's and Richard's estate should be distributed according to their respective wills, and not according to the project of partition submitted by petitioner.

Consequently, the entire Makati property belongs to respondent.

Decades ago, Justice Moreland, in his dissenting opinion in Santos v. Manarang,[45] wrote:

> A will is the testator speaking after death. Its provisions have substantially the same force and effect in the probate court as if the testator stood before the court in full life making the declarations by word of mouth as they appear in the will. That was the special purpose of the law in the creation of the instrument known as the last will and testament. Men wished to speak after they were dead and the law, by the creation of that instrument, permitted them to do so x x x All doubts must be resolved in favor of the testator's having meant just what he said.

Honorable as it seems, petitioner's motive in equitably distributing Audrey's estate cannot prevail over Audrey's and Richard's wishes. As stated in Bellis v. Bellis:[46]

> x x x whatever public policy or good customs may be involved in our system of legitimes, Congress has not intended to extend the same to the succession of foreign nationals. For it has specifically chosen to leave, inter alia, the amount of successional rights, to the decedent's national Law. Specific provisions must prevail over general ones.[47]

Before concluding, the Court notes the fact that Audrey and Richard Guersey were American citizens who owned real property in the Philippines, although records do not show when and how the Guerseys acquired the Makati property.

Under Article XIII, Sections 1 and 4 of the 1935 Constitution, the privilege to acquire and exploit lands of the public domain, and other natural resources of the Philippines, and to operate public utilities, were reserved to Filipinos and entities owned or controlled by them. In Republic v. Quasha,[48] the Court clarified that the Parity Rights Amendment of 1946, which re-opened to American citizens and business enterprises the right in the acquisition of lands of the public domain, the disposition, exploitation, development and utilization of natural resources of the Philippines, does not include the acquisition or exploitation of private agricultural lands. The prohibition against acquisition of private lands by aliens was carried on to the 1973 Constitution under Article XIV, Section 14, with the exception of private lands acquired by hereditary succession and when the transfer was made to a former natural-born citizen, as provided in Section 15, Article XIV. As it now stands, Article XII, Sections 7 and 8 of the 1986 Constitution explicitly prohibits non-Filipinos from acquiring or holding title to private lands or to lands of the public domain, except only by way of legal succession or if the acquisition was made by a former natural-born citizen.

In any case, the Court has also ruled that if land is invalidly transferred to an alien who subsequently becomes a citizen or transfers it to a citizen, the flaw in the original transaction is considered cured and the title of the transferee is rendered valid.[49] In this case, since the Makati property had already passed on to respondent who is a Filipino, then whatever flaw, if any, that attended the acquisition by the Guerseys of the Makati property is now inconsequential, as the objective of the constitutional provision to keep our lands in Filipino hands has been achieved.

WHEREFORE, the petition is denied. The Decision dated March 18, 1999 and the Resolution dated August 27, 1999 of the Court of Appeals are AFFIRMED.

Petitioner is ADMONISHED to be more circumspect in the performance of his duties as an official of the court.

No pronouncement as to costs.

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SO ORDERED.

Callejo, Sr., and Chico-Nazario, JJ., concur.
Panganiban, C.J., (Chairperson), in the result.
Ynares-Santiago, J., on leave.

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[1] CA rollo, pp. 84-88.[2] Id. at 89-91.[3] Id. at 92.[4] Supra, note 2.[5] CA rollo, pp. 93-94.[6] Id. at 95-98.[7] Id. at 99-100.[8] Id. at 101.[9] Id. at 102-103.[10] Id. at 104-106.
[11] Id. at 107.[12] Id. at 108-109.[13] Id. at 114-116.[14] RTC Order dated December 6, 1991, CA rollo, p. 48.[15] CA rollo, pp. 117-121.[16] Id. at 71-81.
[17] Penned by Associate Justice Fermin A. Martin, Jr. (retired), and concurred in by Associate Justices Romeo J. Callejo, Sr. (now Associate Justice of this Court) and Mariano M. Umali (retired).[18] CA rollo, p. 553.[19] Id. at 617-618.[20] Rollo, p. 36.[21] Id. at 174.

[22] Id. at 183.

[23] Reyes v. Barretto-Datu, 125 Phil 501 (1967). [24] Kilayko v. Tengco, G.R. No. L-45425, March 27, 1992, 207 SCRA 600.[25] 89 Phil. 730 (1951).[26] Id. at 741.[27] Ybañez v. Court of Appeals, 323 Phil. 643 (1996).[28] Stilianpulos v. The City of Legaspi, 374 Phil. 879 (1999).[29] Article 1391, Civil Code.

[30] Rollo, p. 46, 183.[31] Id. at 157-158.[32] See RTC-Branch 138 Order dated December 6, 1991, pp. 194-198, CA rollo.

[33] 332 Phil. 948 (1996).[34] Id. at 961-962.[35] Teodoro v. Court of Appeals, 437 Phil. 336 (2002).[36] Lao v. Genato, G.R. No. L-56451, June 19, 1985, 137 SCRA 77.

[37] Llorente v. Court of Appeals, 399 Phil. 342 (2000).[38] Bohanan v. Bohanan, 106 Phil. 997 (1960).[39] Rollo, p. 156.[40] 426 Phil. 111 (2002).[41] CA rollo, pp. 551-553.[42] Pael v. Court of Appeals, 382 Phil. 222 (2000).[43] CA rollo, p. 48.[44] Supra., Bohanan case, note 38.[45] 27 Phil. 209 (1914).

[46] 126 Phil. 726 (1967).

[47] Id. at 732.[48] 150-B Phil. 140 (1972).[49] United Church Board of World Ministries v. Sebastian, No. L-34672, March 30, 1988, 159 SCRA 446; Halili v. Court of Appeals, 350 Phil. 906 (1998); Lee v. Republic, 418 Phil. 793 (2001).

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