

**REPUBLIC OF THE PHILIPPINES REPRESENTED BY THE REGISTER
OF DEEDS OF PASAY CITY, PETITIONER, VS. COURT OF APPEALS
(SPECIAL FORMER 3RD DIVISION) AND AMADA H. SOLANO,
ASSISTED BY H...**

G.R. No. 143483. January 31, 2002

Ponente: BELLOSILLO, J.

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BELLOSILLO, J.:

This petition for certiorari seeks to nullify two (2) Resolutions of the Court of Appeals dated 12 November 1998 and 4 May 2000 giving due course to the petition for annulment of judgment filed by private respondent Amada H. Solano on 3 February 1997 and denying petitioner's motion for reconsideration.

For more than three (3) decades (from 1952 to 1985) private respondent Amada Solano served as the all-around personal domestic helper of the late Elizabeth Hankins, a widow and a French national. During Ms. Hankins' lifetime and most especially during the waning years of her life, respondent Solano was her faithful girl Friday and a constant companion since no close relative was available to tend to her needs.

In recognition of Solano's faithful and dedicated service, Ms. Hankins executed in her favor two (2) deeds of donation involving two (2) parcels of land covered by TCT Nos. 7807 and 7808 of the Registry of Deeds. Private respondent alleged that she misplaced the deeds of donation and were nowhere to be found.

While the deeds of donation were missing, the Republic filed a petition for the escheat of the estate of Elizabeth Hankins before the Regional Trial Court of Pasay City.[1] During the proceedings, a motion for intervention was filed by Romeo Solano, spouse of private respondent, and one Gaudencio Regosa, but on 24 June 1987 the motion was denied by the trial court for the reason that "they miserably failed to show valid claim or right to the properties in question." [2] Since it was established that there were no known heirs and persons entitled to the properties of decedent Hankins, the lower court escheated the estate of the decedent in favor of petitioner Republic of the Philippines.

By virtue of the decision of the trial court, the Registry of Deeds of Pasay City cancelled TCT Nos. 7807 and 7808 and issued new ones, TCT Nos. 129551 and 129552, both in the name of Pasay City.

In the meantime, private respondent claimed that she accidentally found the deeds of donation she had been looking for for a long time. In view of this development, respondent Amada Solano filed on 28 January 1997 a petition before the Court of Appeals for the annulment of the lower court's decision alleging, among other, that [3]

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13.1. The deceased Elizabeth Hankins having donated the subject properties to the petitioner in 1983 (for TCT No. 7807) and 1984 (for TCT No. 7808), these properties did not and could not form part of her estate when she died on September 20, 1985. Consequently, they could not validly be escheated to the Pasay City Government;

13.2. Even assuming arguendo that the properties could be subject of escheat proceedings, the decision is still legally infirm for escheating the properties to an entity, the Pasay City Government, which is not authorized by law to be the recipient thereof. The property should have been escheated in favor of the Republic of the Philippines under Rule 91, Section 1 of the New Rules of Court x x x x

On 17 March 1997 the Office of the Solicitor General representing public respondents RTC and the Register of Deeds (herein petitioner) filed an answer setting forth their affirmative defenses, to wit: (a) lack of jurisdiction over the nature of the action; and, (b) the cause of action was barred by the statute of limitations.

Finding no cogent reason to justify the dismissal of the petition for annulment, the Court of Appeals issued on 12 November 1998 the first of its assailed Resolutions giving due course to the petition for annulment of judgment and setting the date for trial on the merits. In upholding the theory of respondent Solano, the Appeals Court ruled that -

Herein petitioner invokes lack of jurisdiction over the subject matter on the part of respondent RTC to entertain the escheat proceedings x x x because the parcels of land have been earlier donated to herein petitioner in 1983 and 1984 prior to the death of said Hankins; and therefore, respondent court could not have ordered the escheat of said properties in favor of the Republic of the Philippines, assign them to respondent Pasay City government, order the cancellation of the old titles in the name of Hankins and order the properties registered in the name of respondent Pasay City x x x x The 1997 Rules of Civil Procedure specifically laid down the grounds of annulment filed before this Court, to wit: extrinsic fraud and lack of jurisdiction. Jurisdiction over the subject matter is conferred by law and this jurisdiction is determined by the allegations of the complaint. It is axiomatic that the averments of the complaint determine the nature of the action and consequently the jurisdiction of the courts. Thus whether or not the properties in question are no longer part of the estate of the deceased Hankins at the time of her death; and, whether or not the alleged donations are valid are issues in the present petition for annulment which can be resolved only after a full blown trial x x x x

It is for the same reason that respondent's espousal of the statute of limitations against herein petition for annulment cannot prosper at this stage of the proceedings. Indeed, Section 4, Rule 91 of the Revised Rules of Court expressly provides that a person entitled to the estate must file his claim with the court a quo within five (5) years from the date of said judgment. However, it is clear to this Court that herein petitioner is not claiming anything from the estate of the deceased at the time of her death on September 20, 1985; rather she is claiming that the subject parcels of land should not have been included as part of the estate of the said decedent as she is the owner thereof by virtue of the deeds of donation in her favor.

In effect, herein petitioner, who alleges to be in possession of the premises in question, is claiming ownership of the properties in question and the consequent reconveyance thereof in her favor which cause of action prescribes ten (10) years after the issuance of title in favor of respondent Pasay City on August 7, 1990. Herein petition was seasonably filed on February 3, 1997 under Article 1144, to wit:

Art. 1144. The following actions must be brought within ten years from the time the right of action accrues: (1) Upon a written contract; (2) Upon an obligation created by law; (3) Upon a judgment.

And Article 1456, to wit:

Art. 1456. If property is acquired through mistake or fraud, the person obtaining it is, by force of law, considered a trustee of an implied trust for the benefit of the person from whom the property comes.[4]

In its Resolution of 4 May 2000 the Court of Appeals denied the motion for reconsideration filed by public respondents Register of Deeds of Pasay City and the Presiding judge of the lower court and set the trial on the merits for June 15 and 16, 2000.

In its effort to nullify the Resolutions herein before mentioned, petitioner points out that the Court of Appeals

committed grave abuse of discretion amounting to lack or excess of jurisdiction (a) in denying petitioner's affirmative defenses set forth in its answer and motion for reconsideration, and in setting the case for trial and reception of evidence; and, (b) in giving due course to private respondent's petition for annulment of decision despite the palpable setting-in of the 5-year statute of limitations within which to file claims before the court a quo set forth in Rule 91 of the Revised Rules of Court and Art. 1014 of the Civil Code.

Petitioner argues that the lower court had jurisdiction when it escheated the properties in question in favor of the city government and the filing of a petition for annulment of judgment on the ground of subsequent discovery of the deeds of donation did not divest the lower court of its jurisdiction on the matter. It further contends that Rule 47 of the 1997 Rules of Civil Procedure only provides for two (2) grounds for the annulment of judgment, namely: extrinsic fraud and lack of jurisdiction. As such the discovery of the deeds of donation seven (7) years after the finality of the escheat proceedings is an extraneous matter which is clearly not an instance of extrinsic fraud nor a ground to oust the lower court of its jurisdiction.

Petitioner also insists that notwithstanding the execution of the deeds of donation in favor of private respondent, the 5-year statute of limitations within which to file claims before the court a quo as set forth in Rule 91 of the Revised Rules of Court has set in.

The present controversy revolves around the nature of the parcels of land purportedly donated to private respondent which will ultimately determine whether the lower court had jurisdiction to declare the same escheated in favor of the state.

We rule for the petitioner. Escheat is a proceeding, unlike that of succession or assignment, whereby the state, by virtue of its sovereignty, steps in and claims the real or personal property of a person who dies intestate leaving no heir. In the absence of a lawful owner, a property is claimed by the state to forestall an open "invitation to self-service by the first comers." [5] Since escheat is one of the incidents of sovereignty, the state may, and usually does, prescribe the conditions and limits the time within which a claim to such property may be made. The procedure by which the escheated property may be recovered is generally prescribed by statute, and a time limit is imposed within which such action must be brought.

In this jurisdiction, a claimant to an escheated property must file his claim "within five (5) years from the date of such judgment, such person shall have possession of and title to the same, or if sold, the municipality or city shall be accountable to him for the proceeds, after deducting the estate; but a claim not made shall be barred forever." [6] The 5-year period is not a device capriciously conjured by the state to defraud any claimant; on the contrary, it is decidedly prescribed to encourage would-be claimants to be punctilious in asserting their claims, otherwise they may lose them forever in a final judgment.

Incidentally, the question may be asked: Does herein private respondent, not being an heir but allegedly a donee, have the personality to be a claimant within the purview of Sec. 4, Rule 91, of the Revised Rules of Court? In this regard, we agree with the Solicitor General that the case of *Municipal Council of San Pedro, Laguna v. Colegio de San Jose, Inc.*, [7] is applicable at least insofar as it concerns the Court's discussion on who is an "interested party" in an escheat proceeding -

In a special proceeding for escheat under sections 750 and 751 the petitioner is not the sole and exclusive interested party. Any person alleging to have a direct right or interest in the property sought to be escheated is likewise an interested party and may appear and oppose the petition for escheat. In the present case, the Colegio de San Jose, Inc. and Carlos Young appeared alleging to have a material interest in the Hacienda de San Pedro Tunasan; the former because it claims to be the exclusive owner of the hacienda, and the latter because he claims to be the lessee thereof under a contract legally entered with the former (underscoring supplied).

In the instant petition, the escheat judgment was handed down by the lower court as early as 27 June 1989 but it was only on 28 January 1997, more or less seven (7) years after, when private respondent decided to contest the escheat judgment in the guise of a petition for annulment of judgment before the Court of Appeals. Obviously, private respondent's belated assertion of her right over the escheated properties militates against recovery.

A judgment in escheat proceedings when rendered by a court of competent jurisdiction is conclusive against all persons with actual or constructive notice, but not against those who are not parties or privies thereto. As held in *Hamilton v. Brown*,^[8] "a judgment of escheat was held conclusive upon persons notified by advertisement to all persons interested. Absolute lack on the part of petitioners of any dishonest intent to deprive the appellee of any right, or in any way injure him, constitutes due process of law, proper notice having been observed." With the lapse of the 5-year period therefore, private respondent has irretrievably lost her right to claim and the supposed "discovery of the deeds of donation" is not enough justification to nullify the escheat judgment which has long attained finality.

In the mind of this Court the subject properties were owned by the decedent during the time that the escheat proceedings were being conducted and the lower court was not divested of its jurisdiction to escheat them in favor of Pasay City notwithstanding an allegation that they had been previously donated. We recall that a motion for intervention was earlier denied by the escheat court for failure to show "valid claim or right to the properties in question."^[9] Where a person comes into an escheat proceeding as a claimant, the burden is on such intervenor to establish his title to the property and his right to intervene. A fortiori, the certificates of title covering the subject properties were in the name of the decedent indicating that no transfer of ownership involving the disputed properties was ever made by the deceased during her lifetime. In the absence therefore of any clear and convincing proof showing that the subject lands had been conveyed by Hankins to private respondent Solano, the same still remained, at least before the escheat, part of the estate of the decedent and the lower court was right not to assume otherwise. The Court of Appeals therefore cannot perfunctorily presuppose that the subject properties were no longer part of the decedent's estate at the time the lower court handed down its decision on the strength of a belated allegation that the same had previously been disposed of by the owner. It is settled that courts decide only after a close scrutiny of every piece of evidence and analyze each case with deliberate precision and unadulterated thoroughness, the judgment not being diluted by speculations, conjectures and unsubstantiated assertions.

WHEREFORE, the petition is GRANTED. The assailed Resolution of the Court of Appeals dated 12 November 1998 giving due course to the petition for annulment of judgment, and its Resolution dated 4 May 2000 denying petitioner's motion for reconsideration, are SET ASIDE. The decision of the RTC-Br. 114, Pasay City, dated 27 June 1989, is REINSTATED.

SO ORDERED.

Mendoza, Quisumbing, and De Leon, Jr., JJ., concur.
Buena J., no part for being a co-signee of res. in question.

[1] Raffled to Br. 114, Judge Baltazar R. Dizon, Presiding.

[2] CA Records, p. 234.

[3] Id., p. 5.

[4] CA decision; Rollo, pp. 34-35.

[5] Re Thompson's Estate, 192 F2d 451.

[6] Sec. 4, Rule 91, Revised Rules of Court.

[7] No. L-45460, 25 February 1938.

[8] 161 US 256.

[9] CA Records, p. 20.

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