LORDITO ARROGANTE, JOHNSTON ARROGANTE, ARME ARROGANTE, AND FE D. ARROGANTE, PETITIONERS, VS. BEETHOVEN DELIARTE, JOINED BY SPOUSE LEONORA DUENAS, RESPONDENTS.

G.R. NO. 152132. July 24, 2007

Ponente: NACHURA, J.

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NACHURA, J.:

This Petition for Review on Certiorari assails the Decision[1] dated August 28, 2001 of the Court of Appeals (CA) in CA-G.R. CV No. 58493 which affirmed the Decision[2] dated February 18, 1997 of the Regional Trial Court (RTC), Branch 10, of Cebu City in an action for quieting of title and damages.

It appears that the lot in controversy, Lot No. 472-A (subject lot), is situated in Poblacion Daanbantayan, Cebu, and was originally conjugal property of the spouses Bernabe Deliarte, Sr. and Gregoria Placencia who had nine children, including herein respondent Beethoven Deliarte and petitioner Fe Deliarte Arrogante. The other petitioners, Lordito, Johnston, and Arme, Jr., all surnamed Arrogante, are the children of Fe and, thus, nephews of Beethoven. Respondent Leonora Duenas is the wife of Beethoven.

A series of misfortunes struck the Deliarte family. The first tragedy occurred when a brother of Beethoven and Fe was hospitalized and eventually died in Davao. Beethoven shouldered the hospitalization and other related expenses, including the transport of the body from Davao to Cebu and then to Daanbantayan.

The next occurrence took place a year after, when Gregoria was likewise hospitalized and subsequently died on July 29, 1978. Once again, Beethoven paid for all necessary expenses. Soon thereafter, it was Bernabe, the parties' ailing father, who died on November 7, 1980. Not surprisingly, it was Beethoven who spent for their father's hospitalization and burial.

In between the deaths of Gregoria and Bernabe, on November 16, 1978, the Deliarte siblings agreed to waive and convey in favor of Beethoven all their rights, interests, and claims to the subject lot in consideration of P15,000.00.[3] At the signing of the deed of absolute sale, the siblings who failed to attend the family gathering, either because they were dead or were simply unable to, were represented by their respective spouses who signed the document on their behalf.[4] Bernabe, who was already blind at that time, was likewise present and knew of the sale that took place among his children.

Thus, from then on, Beethoven occupied and possessed the subject lot openly, peacefully, and in the concept of owner. He exercised full ownership and control over the subject lot without any objection from all his siblings, or their heirs, until 1993 when the controversy arose.[5] In fact, on March 26, 1986, all of Beethoven's siblings, except Fe, signed a deed of confirmation of sale in favor of Beethoven to ratify the 1978 private deed of sale.

Sometime in August 1993, petitioner Lordito Arrogante installed placards on the fence erected by respondents, claiming that the subject lot was illegally acquired by the latter.[6] The placards depicted Beethoven as a land

grabber who had unconscionably taken the subject lot from Lordito who claimed that the lot is a devise from his grandfather.[7] Allegedly, the bequeathal was made in Bernabe's last will and testament which was, unfortunately, torn up and destroyed by Beethoven.[8]

Thus, on November 10, 1993, respondents filed an action for quieting of title and damages against the petitioners.

In their answer, the petitioners averred that Beethoven does not own the whole of the subject lot because Bernabe was still alive in 1978 when Beethoven's siblings sold to him all their rights and claims to and interests in that lot. Thus, the siblings could sell only their respective inheritance from one-half of the subject lot, representing Gregoria's share in the conjugal property. Corollarily, the petitioners claimed that Fe continues to own 1/9 of one-half of the subject lot, comprising Bernabe's share of the property, which allegedly was not contemplated in the conveyance in 1978. According to petitioners, this contention is supported by Fe's failure to sign the deed of confirmation of sale in 1986.

As regards the damaging placards, the petitioners asseverated that Lordito acted on his own when he installed the same, and that this was resorted to merely to air his grievance against his uncle, Beethoven, for claiming ownership of the entire lot.

After trial, the RTC rendered a Decision quieting title on the subject lot in favor of respondents and directing petitioners, jointly and severally, to pay the respondents P150,000.00 as moral damages, P25,000.00 as attorney's fees, and P10,000.00 as litigation expenses.

On appeal, the CA affirmed the trial court's decision but deleted the award of attorney's fees and litigation expenses. In ruling for the respondents, both the trial and appellate courts upheld the validity of the 1978 sale as between the parties. Considering that petitioner Fe signed the document and consented to the transaction, she is now barred from repudiating the terms thereof. In this regard, the RTC and the CA applied the parole evidence rule and allowed the introduction of evidence on the additional consideration for the conveyance, namely, the expenses incurred by Beethoven during the three tragedies that had befallen the Deliarte family. Both courts found that the sale was already completely executed, thus removing it from the ambit of the Statute of Frauds.[9]

As for the award of moral damages, the trial and appellate courts held that the other petitioners' failure to prevent Lordito from putting up, or at least, removing the placards, amounted to the defamation and opprobrium of Beethoven with their knowledge and acquiescence. Thus, the assessment of moral damages was appropriate, given the humiliation and embarrassment suffered by Beethoven considering his stature and reputation in the community as an electrical engineer handling several big projects.

However, petitioners insist that the lower courts erred in their rulings. They maintain that the 1978 sale did not contemplate the alienation of Bernabe's share in the conjugal partnership as he failed to sign the private document. As such, the courts' application of the parole evidence rule and the Statute of Frauds were erroneous. In the same vein, the petitioners posit that both courts' ruling that they are jointly and severally liable for moral damages is inconsistent with the evidence on record that Lordito was the sole author of the damaging placards.

In this appeal, the issues for the resolution of this Court are:

I

WHETHER OR NOT THE PRIVATE DEED OF SALE EXECUTED IN 1978 IS A VALID CONVEYANCE OF THE ENTIRE LOT 472-A TO PETITIONER BEETHOVEN DELIARTE.

II

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WHETHER OR NOT THE PAROLE EVIDENCE RULE IS APPLICABLE TO THIS CASE.

III

WHETHER OR NOT THE STATUTE OF FRAUDS IS APPLICABLE TO THIS CASE.

IV

WHETHER OR NOT THE PETITIONERS ARE JOINTLY AND SEVERALLY LIABLE FOR MORAL DAMAGES.

At the outset, we note that both the lower and the appellate courts failed to identify the applicable law.

First. The 1978 private deed of sale, insofar as it disposed of Bernabe's share in the conjugal partnership prior to his death, is void for being a conveyance of the Deliarte siblings' future inheritance.

Article 1347, paragraph 2 of the Civil Code characterizes a contract entered into upon future inheritance as void.[10] The law applies when the following requisites concur: (1) the succession has not yet been opened; (2) the object of the contract forms part of the inheritance; and (3) the promissor has, with respect to the object, an expectancy of a right which is purely hereditary in nature.[11]

In this case, at the time the contract was entered into, succession to Bernabe's estate had yet to be opened, and the object thereof, i.e., Bernabe's share in the subject lot, formed part of his children's inheritance, and the children merely had an inchoate hereditary right thereto.

True, the prohibition on contracts respecting future inheritance admits of exceptions, as when a person partitions his estate by an act inter vivos under Article 1080 of the Civil Code.[12] However, the private deed of sale does not purport to be a partition of Bernabe's estate as would exempt it from the application of Article 1347. Nowhere in the said document does Bernabe separate, divide, and assign to his children his share in the subject lot effective only upon his death.[13] Indeed, the document does not even bear the signature of Bernabe.

Neither did the parties demonstrate that Bernabe undertook an oral partition of his estate. Although we have held on several occasions that an oral or parole partition is valid, our holdings thereon were confined to instances wherein the partition had actually been consummated, enforced, and recognized by the parties.[14] Absent a showing of an overt act by Bernabe indicative of an unequivocal intent to partition his estate among his children, his knowledge and ostensible acquiescence to the private deed of sale does not equate to an oral partition by an act inter vivos. Besides, partition of property representing future inheritance cannot be made effective during the lifetime of its owner.[15]

Considering the foregoing, it follows that the 1986 deed of confirmation of sale which sought to ratify the 1978 sale likewise suffers from the same infirmity.[16] In short, the 1986 deed is also void.

Nevertheless, it is apparent that Bernabe treated his share[17] in the subject lot as his children's present inheritance, and he relinquished all his rights and claim thereon in their favor subject to Beethoven's compensation for the expenses he initially shouldered for the family. The records reveal that Bernabe, prior to his hospitalization and death, wanted to ensure that his children attended to the expenditure relating thereto, and even articulated his desire that such surpass the provision for both his son and wife, Beethoven's and Fe's brother and mother, respectively.[18] Their arrangement contemplated the Deliarte siblings' equal responsibility for the family's incurred expenses.

We take judicial notice of this collective sense of responsibility towards family. As with most nuclear Filipino families, the Deliarte siblings endeavored to provide for their parents or any member of their family in need. This

was evident in Florenda Deliarte Nacua's, the youngest Deliarte sibling's, remittance to her parents of her salary for two years so they could redeem the subject lot.[19]

Florenda corroborated the testimony of Beethoven that their father was present during, and was aware of, the transaction that took place among his children.[20] The 1978 deed of sale, albeit void, evidenced the consent and acquiescence of each Deliarte sibling to said transaction. They raised no objection even after Beethoven forthwith possessed and occupied the subject lot.

The foregoing arrangement, vaguely reflected in the void deed of sale, points to a meeting of the minds among the parties constitutive of an innominate contract, akin to both an onerous and a remuneratory donation.[21] In this regard, Bernabe's waiver and relinquishment of his share in the subject lot is effectively a donation inter vivos to his children. However, the gratuitous act is coupled with an onerous cause - equal accountability of the Deliarte siblings for the hospitalization and death expenses of deceased family members to be taken from their shares in the subject lot. In turn, the remunerative cause pertains to Beethoven's recompense for the family expenses he initially shouldered.

During his lifetime, Bernabe remained the absolute owner of his undivided interest in the subject lot. Accordingly, he could have validly disposed of his interest therein. His consent to the disposition of the subject lot in favor of Beethoven, agreed upon among his children, is evident, considering his presence in, knowledge of, and acquiescence to the transaction. Further, the arrangement was immediately effected by the parties with no objection from Bernabe or any of the Deliarte siblings, including herein petitioner Fe. Ineluctably, the actual arrangement between the parties included Bernabe, and the object thereof did not constitute future inheritance.

Second. The parole evidence rule is applicable. While the application thereof presupposes the existence of a valid agreement, the innominate contract between the parties has been directly put in issue by the respondents. Verily, the failure of the deed of sale to express the true intent and agreement of the parties supports the application of the parole evidence rule.[22]

Contrary to petitioners' contention, the absence of Bernabe's signature in the 1978 deed of sale is not necessarily conclusive of his dissent or opposition to the effected arrangement. As previously adverted to, the agreement had multiple causes or consideration, apart from the P15,000.00 stated in the deed of sale. To repeat, the agreement between the parties had both an onerous and a remunerative cause. Also worthy of note is the moral consideration for the agreement given the relationship between the parties.

Third. We agree with both the lower and the appellate courts that the Statute of Frauds is not applicable to the instant case.

The general rule is that contracts are valid in whatever form they may be.[23] One exception thereto is the Statute of Frauds which requires a written instrument for the enforceability of a contract.[24] However, jurisprudence dictates that the Statute of Frauds only applies to executory, not to completed, executed, or partially consummated, contracts.[25]

In the case at bench, we find that all requisites for a valid contract are present, specifically: (1) consent of the parties; (2) object or subject matter, comprised of the parties' respective shares in the subject lot; and (3) the consideration, over and above the P15,000.00 stipulated price. We note that the agreement between the parties had long been consummated and completed. In fact, the agreement clearly contemplated immediate execution by the parties. More importantly, the parties, including petitioner Fe, ratified the agreement by the acceptance of benefits thereunder.[26]

One other thing militates against Fe's claim of ownership - silence and palpable failure to object to the execution

of the agreement. Fe insists that she only intended to sell her share of the lot inherited from her mother's estate, exclusive of her father's share therein.

We are not persuaded by the belated claim. This afterthought is belied by the express stipulations in the 1978 deed of sale that the heirs of Bernabe and Gregoria, absolutely sell, quitclaim, and transfer the subject lot in favor of Beethoven. Although a void contract is not a source of rights and obligations between the parties, the provisions in the written agreement and their signature thereon are equivalent to an express waiver of all their rights and interests in the entire lot in favor of Beethoven, regardless of which part pertained to their mother's or father's estate.

Truly significant is the fact that in all the years that Beethoven occupied the subject lot, Fe never disturbed the former in his possession. Neither did she present her other siblings to buttress her contradicting claim over the subject lot. Likewise, she never asked for a partition of the property even after the death of their father, Bernabe, to settle his estate, or when her other siblings executed the deed of confirmation of sale in 1986. Fe also does not pretend to share in the payment of realty taxes thereon, but merely advances the claim that Priscillana, one of their siblings, had already paid said taxes.[27] Ultimately, petitioner Fe is estopped from staking a claim on the subject lot and wresting ownership therein from Beethoven.

Our holding in the case of Tinsay v. Yusay[28] is still good law, thus:

> Juana Servando not being a party to the partition agreement Exhibit 1, the agreement standing alone was, of course, ineffective as against her. The attempt to partition her land among her heirs, constituting a partition of future inheritance was invalid under the second paragraph of Article 1271 of the Civil Code and for the same reason the renunciation of all interest in the land which now constitutes lots Nos. 241 and 713 made by the appellants in favor of the children of Jovito Yusay would likewise be of no binding force as to the undivided portion which belonged to Juan Servando. But if the parties entered into the partition agreement in good faith and treated all of the land as a present inheritance, and if the appellants on the strength of the agreement obtained their Torrens title to the land allotted to them therein, and if Perpetua Sian in reliance on the appellants' renunciation of all interest claimed by her on behalf of her children in the cadastral case refrained from presenting any opposition to the appellants' claim to the entire fee in the land assigned to them in the partition agreement and if the appellants after the death of Juana Servando continued to enjoy the benefits of the agreement refusing to compensate the heirs of Jovito Yusay for the latters' loss of their interest in lots Nos. 2 and 744 through the registration of the lots in the name of the appellants and the subsequent alienation of the same to innocent third parties, said appellants are now estopped from repudiating the partition agreement of 1911 and from claiming any further interest in lots Nos. 241 and 713. There is, however, no reason why they should not be allowed to share in the distribution of the other property left by Juana Servando.

Fourth. As to the lower courts' award of moral damages, we sustain respondents' entitlement thereto. Undeniably, respondents suffered besmirched reputation, wounded feelings, and social humiliation due to the damaging placards.[29] The injury is aggravated because of the relationship among the parties. Respondent Beethoven was able to prove that his nephews, petitioners Lordito, Johnston, and Arme, Jr., stayed with him at some point, and that he financially supported and trained them to be electricians.[30]

Yet, Lordito denies malice in the aforesaid act. He argues that his only quarrel with Beethoven stems from the latter's claim of ownership over the subject lot which was, supposedly, already bequeathed to him by his grandfather, Bernabe. Lordito maintains that his claim is valid, supported by a will Beethoven had torn up, which allegedly negates malice in his act of putting up the placards.

We are not convinced.

To begin with, the supposed devise to Lordito appears to be void. Considering that Bernabe's estate consisted

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merely of his conjugal share in the subject lot, the bequeathal infringes on his compulsory heirs' legitimes, including that of Lordito's mother, Fe.[31] Lordito's claim, therefore, is only subordinate to Beethoven's claim as a compulsory heir, even without delving into the innominate contract between the parties. In all, the ascription of malice and Lordito's corresponding liability for moral damages is correct given the words he employed in the placards.

However, we agree with petitioners that there is a dearth of evidence pointing to their collective responsibility for Lordito's act.

Corollary thereto, Lordito admits and claims sole responsibility for putting up the placards. The other petitioners' specific participation in the tortious act was not proven. Failure to prevent Lordito or command him to remove the placards, alone, does not justify the finding that all the petitioners are jointly and severally liable. It does not suffice that all the petitioners were moved by a common desire to acquire the subject property, absent any proof that they individually concurred in Lordito's act.

Entrenched is the rule that "the rights of a party cannot be prejudiced by an act, declaration, or omission of another."[32] The exception under Section 32, Rule 130 of the Rules of Court does not obtain in this instance. The other petitioners' acquiescence to and apparent concurrence in Lordito's act cannot be inferred merely from their failure to remove the placards or reprimand Lordito. While the placards indeed defamed Beethoven, there is nothing that directly links the other petitioners to this dastardly act.

WHEREFORE, premises considered, the petition is PARTIALLY GRANTED. The August 28, 2001 Decision of the Court of Appeals is hereby MODIFIED. Petitioner Lordito Arrogante is held solely liable to respondents for moral damages in the amount of P150,000.00. The quieting of title in favor of respondents is hereby AFFIRMED. No costs.

SO ORDERED.

Ynares-Santiago, (Chairperson), Austria-Martinez, and Chico-Nazario, JJ., cocnur.

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[1] Penned by Associate Justice Jose L. Sabio, Jr., with Associate Justices Cancio C. Garcia (now Associate Justice of the Supreme Court) and Hilarion L. Aquino, concurring; rollo, pp. 27-39.

[2] Rollo, pp. 43-47.

[3] Annex "A" of the Complaint; records, p. 4.

[4] TSN, September 8, 1995, pp. 7-9.

[5] Payment of realty taxes, construction of hollow block fence.

[6] Exhibit "E-3," records, p. 144.

[7] Exhibits "E" to "E-14," id. at 143-147; TSN, March 19, 1996, pp. 17-23.

[8] TSN, March 19, 1996, pp. 17-19.

[9] Rollo, pp. 36, 46.

[10] Civil Code, Article 1347:

All things which are not outside the commerce of men, including future things, may be the object of a contract. All rights which are not intransmissible may also be the object of contracts.

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No contract may be entered into upon future inheritance except in cases expressly authorized by law.

All services which are not contrary to law, morals, good customs, public order, or public policy may likewise be the object of a contract.

[11] Tolentino, Civil Code of the Philippines Commentaries and Jurisprudence, Vol. IV, p. 525, 1985.

[12] J.L.T. Agro, Inc. v. Balansag, G.R. No. 141882, March 11, 2005, 453 SCRA 211, 223.

Civil Code, Article 1080:

Should a person make a partition of his estate by an act inter vivos, or by will, such partition shall be respected, insofar as it does not prejudice the legitime of the compulsory heirs.

A parent who, in the interest of his or her family, desires to keep any agricultural, industrial, or manufacturing enterprise intact, may avail himself of the right granted to him in this article, by ordering that the legitime of the other children to whom the property is not assigned, be paid in cash.

[13] See Civil Code, Article 1079 and J.L.T. Agro v. Balansag, supra note 12, at 226.

[14] Chavez v. Intermediate Appellate Court, G.R. No. 68282, November 8, 1990, 191 SCRA 211, 216; Tan v. Lim, G.R. No. 128004, September 25, 1998, 296 SCRA 455, 474-475; Hernandez v. Andal, 78 Phil. 196, 203 (1947).

[15] Bautista v. GriHo-Aquino, G.R. No. L-79958, October 28, 1988, 166 SCRA 790, 795; Tinsay v. Yusay, 47 Phil. 639 (1925).

[16] See TaHedo v. Court of Appeals, G.R. No. 104482, January 22, 1996, 252 SCRA 80, 87.

[17] One-half of the subject lot as his share in the conjugal partnership, plus 1/10 of one-half, his wife's share. See Civil Code, Article 892, par. 2. The share of the surviving spouse is equal to that of one child.

[18] TSN, September 8, 1995, p. 5; TSN, September 28, 1995, p. 25.

[19] TSN, September 25, 1995, p. 24.

[20] Id. at 34.

[21] See Civil Code, Articles 1305, 1307, 726 and 733.

[22] Rules of Court, Rules 130, Section 9.

[23] Civil Code, Article 1356:

Contracts shall be obligatory, in whatever form they may have been entered into, provided all the essential requisites for their validity are present. However, when the law requires that a contract be in some form in order that it may be valid or enforceable, or that a contract be proved in a certain way, that requirement is absolute and indispensable. In such cases, the right of the parties stated in the following article cannot be exercised.

[24] See Civil Code, Articles 1356 and 1402.

[25] Averia v. Averia, G.R. No. 141877, August 13, 2004, 436 SCRA 459, 466; Swedish Match, AB v. Court of Appeals, G.R. No. 128120, October 20, 2004, 441 SCRA 1, 22; Ainza v. Padua, G.R. No. 165420, June 30, 2005, 462 SCRA 614, 619; Sps. Dela Cerna v. Sps. Briones, G.R. No. 160805, November 24, 2006.

[26] Civil Code, Article 1405:

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Contracts infringing the Statute of Frauds, referred to in No. 2 of Article 1403, are ratified by the failure to object to the presentation of oral evidence to prove the same, or by the acceptance of benefits under them.

[27] TSN, December 14, 1995, pp. 13-14.

[28] Supra note 15, at 644-645.

[29] See Civil Code, Articles 2217 and 2219.

[30] TSN, September 8, 1995, pp. 18-20.

[31] Civil Code, Article 842:

One who has no compulsory heirs may dispose by will of all his estate or any part of it in favor of any person having capacity to succeed.

One who has compulsory heirs may dispose of his estate provided he does not contravene the provisions of this Code with regard to the legitime of said heirs.

[32] Rules of Court, Rule 130, Section 28.

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