

ESTATE OF EDWARD MILLER GRIMM, REPRESENTED BY RAMON J. QUISUMBING AND RANDY GLEAVE LAWYER, AS JUDICIAL ADMINISTRATORS, PETITIONERS, VS. ESTATE OF CHARLES PARSONS AND PATRICK C. ...*G.R. NO. 159810. October 09, 2006*

Ponente: GARCIA, J.

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Because legal and situational ambiguities often lead to disagreements even between or amongst the most agreeable of persons, it behooves all concerned to put their financial affairs and proprietary interests in order before they depart for the great beyond. Leaving legal loose ends hanging or allowing clouds to remain on property titles when one can do something about them before the proverbial thief in the night suddenly comes calling only opens the door to bruising legal fights and similar distracting inconveniences. So it was here.

In this petition for review under Rule 45 of the Rules of Court, the Estate of Edward Miller Grimm, represented by its judicial administrators, assails and seeks to set aside the Decision^[1] dated September 8, 2003 of the Court of Appeals (CA) in CA-G.R. CV No. 69990, reversing an earlier decision of the Regional Trial Court (RTC) of Makati City in its Civil Case No. 92-2452.

At the core of the controversy is a stock certificate of the Manila Golf & Country Club, Inc. ("MGCC" or the "Club", for short) covered by Membership Certificate (MC) No. 1088 for 100 units, the playing rights over which the Rizal Commercial Banking Corporation (RCBC), the court-appointed receiver, had, in the meantime, leased out. The Club issued MC No. 1088 to replace MC No. 590. Asserting clashing ownership claims over MC No.1088, albeit recorded in the name of Charles Parsons ("Parsons", hereinafter) are petitioner Estate of Edward Miller Grimm and respondent G-P and Company ("G-P & Co.", hereinafter).

Parsons and Edward Miller Grimm (Grimm), together with Conrado Y. Simon (Simon), formed in 1952 a partnership for the stated purpose of engaging in the import/export and real estate business. Per SEC Certificate #3305,^[2] the partnership was registered under the name G - P and Company.

Before September 1964, Parsons and Grimm each owned proprietary membership share in MGCC,^[3] as evidenced by MC No. 374 for 100 units in the name of Parsons, and MC No. 590, also for 100 units, in the name of Grimm. Per records, the Club issued MC No. 590 to Grimm on May 25, 1960.^[4]

After Grimm's demise on November 27, 1977, Parsons and Simon continued with the partnership under the same name, G - P and Company, as reflected in Articles of Partnership dated December 14, 1977.^[5] The articles of the partnership would later undergo another amendment to admit Parsons' son, Patrick, in the partnership.^[6] After Parsons died on May 12, 1988, Amended Articles of Partnership of G-P and Company was executed on September 23, 1988 by and among Parsons' heirs, namely, Patrick, Michael, Peter and Jose, all surnamed Parsons, albeit the amendment appeared to have been registered with the SEC only on March 18, 1993.^[7]

The herein legal dispute started when brothers Patrick and Jose, both surnamed Parsons, responding to a letter[8] from the Estate of Grimm, rejected the existence of a trust arrangement between their father and Grimm involving MC No. 1088. Thus spurned, the Estate of Grimm filed on August 31, 1992 before the RTC of Makati City, a suit for recovery of MC No. 1088 with damages against the Estate of Parsons, Patrick Parsons and MGCC. In its complaint,[9] docketed as Civil Case No. 92-2452 and eventually raffled to Branch 135 of the court, the Estate of Grimm, represented by its judicial administrator, Ramon J. Quisumbing, alleged, among other things, the following:

- That on September 7, 1964, Grimm transferred MC No. 590 in trust to Parsons; on the same day, MGCC cancelled MC No. 590 and issued MC No. 1088 in the name of Parsons;
- That in separate letters dated February 28, 1968 addressed to MGCC, both Grimm and Parsons stated that the transfer of MC No. 590 was temporary. Enclosed in that Parsons' letter was MC No. 1088 which he was turning over for safekeeping to the Club, thru E.C. Von Kauffmann and Romeo Alhambra, then MGCC honorary secretary and assistant manager, respectively;
- That on June 9, 1978, or after Mr. Kauffman's death and Mr. Alhambra's resignation, MGCC turned over the possession of MC No. 1088 to Parsons;
- That in 1977, Grimm died; after a protracted proceedings, his estate was finally settled in 1988, the year Parsons also died;
- That Patrick and Jose Parsons had, when reminded of the trust arrangement between their late father and Grimm, denied the existence of a trust over the Club share and refused to return the same; and
- That MGCC had refused, despite demands, to cancel MC No. 1088 and issue a new certificate in the name of the Estate of Grimm.

Attached to the complaint were the demand letters and other communications which, to the Estate of Grimm, document the Grimm-Parsons trust arrangement.

In his Answer with counterclaim,[10] Patrick Parsons averred that his father was, with respect to MC No. 1088, a mere trustee of the true owner thereof, G-P & Co., and alleged, by way of affirmative defense, that the claim set forth in the complaint is unenforceable, barred inter alia by the dead man's statute, prescription or had been waived or abandoned.

Herein respondent G-P & Co., echoing Patrick Parsons' allegation respecting the ownership of MC No. 1088, moved to intervene and to implead Far East Bank & Trust Co. (FEBTC), as transfer agent of MGCC, as defendant-in-intervention. Attached to its motion was its COMPLAINT In Intervention[11] therein alleging (a) that on September 1, 1964, Parsons executed a Letter of Trust, infra, in which he acknowledged the beneficial ownership of G-P & Co. over MC No. 374 and MC No.1088; (b) that Parsons, as required by the partnership, endorsed both certificates in blank; and (c) that G-P & Co. carried said certificates amongst its assets in its books of accounts and financial statements and paid the monthly dues of both certificates to the Club when its membership privileges were not temporarily assigned to others. In the same complaint-in-intervention, G-P & Co. cited certain tax incidents as reasons why the transfer of MC No. 374 and MC No. 1088 from Parsons to the intervenor-partnership cannot as yet be accomplished.

After the usual reply and answer to counterclaims had been filed, the Estate of Grimm filed an amended complaint to include Randy Gleave Lawyer, the other judicial co-administrator, as representative of the Estate. On April 28, 1993, the trial court admitted the amended complaint.

After a lengthy trial, the trial court rendered its May 29, 2000 judgment[12] finding for the Estate of Grimm, as

plaintiff a quo, disposing as follows:

1. Ordering defendants ESTATE OF CHARLES PARSONS and PATRICK C. PARSONS:

1.1

to turn over [MC] No. 1088 to plaintiff ESTATE OF EDWARD MILLER GRIMM;

1.2

jointly and severally to pay damages to plaintiff ESTATE ...in the amount of P400,000.00 per annum from September 8, 1989 to November 12, 1998, with legal interest thereon from the date of this Decision until fully paid;

1.3

Jointly and severally, to pay plaintiff ESTATE ... attorney's fees in the amount of P1,000,000.00 and the costs;

2. Ordering defendant [MGCC] and defendant-in-intervention [FEBTC] to cancel [MC] No. 1088 and to issue a new Membership Certificate in lieu thereof in the name of plaintiff ESTATE

3. Ordering Receiver RIZAL COMMERCIAL BANKING CORPORATION to turn over to plaintiff ESTATE ... all income derived from the lease of the playing rights of [MC] No. 1088, less Receiver's fees and charges.

4. Ordering the dismissal of the counterclaim of the defendants ... [Parsons]; and

5. Ordering the dismissal of the complaint-in-intervention and the supplemental counterclaim of intervenor G - P AND COMPANY.

SO ORDERED. (Words in bracket added.)

In gist, the trial court predicated its ruling on the postulate that the temporary transfer of Grimm's original share in MGCC - covered by MC No. 590 whence MC No. 1088 descended - to Parsons, created a trust relationship between the two.

Therefrom, only herein respondents G-P & Co., Patrick Parsons and the Parsons Estate appealed to the CA, albeit MGCC would, in its brief, reiterate its readiness to issue the corresponding replacement certificate to whosoever is finally adjudged owner of MC No. 1088.

On September 8, 2003, in CA-G.R.CV No. 69990, the appellate court rendered its herein assailed Decision,[13] disposing as follows:

WHEREFORE, the Decision of the lower court dated May 29, 2000 is hereby REVERSED and SET ASIDE, and another one rendered:

- Dismissing the complaint filed by ... Estate of Edward Miller Grimm for lack of merit;

- Ordering ... Manila Golf and Country Club, Inc., and defendant-in-intervention Far East Bank & Trust Company, as transfer agent, to immediately effect the reconveyance of [MC] No. 1088 to Intervenor-appellant G-P and Company;

- Ordering Rizal Commercial Banking Corporation, as receiver, to immediately turn over to intervenor-appellant G-P and Company all income derived from the lease of the playing rights of said Membership Certificate, less receiver's fees;

- Ordering [the] ... Estate of Edward Miller Grimm to pay appellants the amount of P800,000.00 as attorney's fees;

- Ordering ... Estate of Edward Miller Grimm to pay appellants the costs of suit.

SO ORDERED. (Words in bracket added.)

Hence, this petition for review on the lone submission that the CA erred in finding that respondent G-P & Co. is the beneficial owner of MC No. 1088.

In their comment to the petition, the respondents urge the outright dismissal thereof on the ground that it raises only purely factual and evidentiary issues which are beyond the office of an appeal by certiorari. As argued further, the factual findings of the CA are conclusive on the parties.

It should be made clear right off that respondent Patrick Parsons, in his individual capacity, and the Estate of Parsons (collectively, the Parsons) are not claiming beneficial ownership over MC No. 1088. The same goes for respondent MGCC which went to state on record that "[T]he ownership of [MC] No. 1088 (previously No. 590) does not belong to the Club and it does not stand to gain ... from the determination of its real owner." [14]

We GRANT the petition.

The respondents' formulation of the grounds for the dismissal of the instant petition is a statement of the general rule. A resolution of the petition would doubtless entail a review of the facts and evidentiary matters against which the appealed decision is cast, a procedure which is ordinarily outside the province of the Court and the office of a certiorari review under Rule 45 of the Rules of Court. For, the rule of long standing is that the Court will not set aside the factual determinations of the CA lightly nor will it embark in the evaluation of evidence adduced during trial. This rule, however, admits of several exceptions. Among these are when the factual conclusions of the CA are manifestly erroneous; are contrary to those of the trial court; when the judgment of the CA is based on misapprehension of facts or overlooked certain relevant facts not disputed by the parties which, if properly considered, would justify a different conclusion. [15] Decidedly, this case falls within the recognized exceptions to the rule on the finality of factual findings or conclusions of the CA.

The principal issue tendered in this case turns on who between petitioner Estate of Grimm and respondent G.P. & Co. beneficially owns MC No. 1088. Corollary thereto - owing to the presentation by respondents of a LETTER OF TRUST that Parsons allegedly executed in favor of G-P and Company with respect to MC No. 1088 - is the question of whether or not the transfer of MC No. 590 effected on September 7, 1964 by Grimm in favor of Parsons resulted, as the petitioner would have it, in the formation of a trust relation between the two. Thus formed, the trust relationship would preclude the trustee from disposing of the trust property, save when repudiation of the trust had effectively supervened.

The trial court found the September 7, 1964 Grimm- to- Parsons certificate transfer to be only temporary and without valuable consideration to accommodate a third person and thus adjudged Grimm to be the real owner of MC No. 590, as later replaced by MC No. 1088. According to the trial court, such transfer created a trust, with Parsons, as trustee, and Grimm, as the beneficial owner of the share thus transferred, adding that Parsons, as mere trustee, is without right to transfer the replacement certificate to G-P & Co.

On the other hand, the CA, while eschewing the alternative affirmative defenses interposed below by respondents, nonetheless ruled for respondent G-P & Co. Citing Article 1448 of the Civil Code, [16] the appellate court held that respondent G-P & Co. pertains the beneficial ownership of MC No. 1088, an implied trust in its favor having been created when MC No. 590 and MC No. 374 were acquired for and placed in the names of Grimm and Parsons, respectively, albeit the partnership paid for the price therefor. To the appellate court, the fact that these certificates were carried, as of December 31, 1974, November 27, 1977 and December 31, 1978 in the books [17] of G-P & Co. as investment assets only proves one thing: the company paid the acquisition costs for the

membership certificates. If Grimm was the real owner of said share, he should have, according to the appellate court, objected to its inclusion in the partnership assets during his lifetime. Completing its ratiocination, the CA wrote:

xxx. A trust, which derives its strength from the confidence one reposes on another especially between the partners and the company, does not lose that character simply because of what appears in a legal document. The transfer therefore of Grimm's [MC] No. 590 on September 7, 1964 in favor of Charles Parsons resulted merely in the change of the person of trustee but not of the beneficial owner, the G-P and Company.

The CA's ruling does not commend itself for acceptance. As it were, the assailed decision started on the wrong foot and thus had to limp all along to arrive at a strained and erroneous conclusion. We shall explain.

A party in whose favor a legal presumption exists may rely on and invoke such legal presumption to establish a fact in issue. He need not introduce evidence to prove that fact. For, a presumption is prima facie proof of the fact presumed and to the party against whom it operates rests the burden of overthrowing by substantial and credible evidence the presumption.[18] Under the law on evidence, it is presumed that "there was sufficient consideration for a contract." [19]

Inasmuch as Grimm's name appeared on MC No. 590 as registered owner thereof, he is deemed to have paid sufficient consideration for it. The onus of proving otherwise would fall on respondents G-P & Co. and/or the Parsons. Without so much of an explanation, however, the CA minimized the value of MC No. 590 as arguably the best evidence of ownership. Corollarily, the appellate court devalued the rule on legal presumption and faulted petitioner Estate of Grimm for not presenting evidence to prove that Grimm paid for his original acquisition of MC No. 590. Wrote the CA:

Contrary to the findings of the lower court, [petitioner] failed to establish [its] right over the said shares. xxx Not a single evidence of proof of payment for the said shares was ever presented by the [petitioner] to establish ownership. (Words in bracket added.) [20]

Ironically, while the CA held it against the petitioner for failing to adduce proof of payment by Grimm for his MC No. 590, it nonetheless proceeded to declare respondent G-P & Co. to be the beneficial owner of said certificate even if it, too, had not presented proof for such payment. Respondent G-P & Co., in its complaint-in-intervention (should have been answer-in-intervention), did not allege paying for MC No. 590. Surely, payment cannot be validly deduced, as the CA did, from the bare fact of such membership certificate being listed in the books of respondent G-P & Co. as partnership investment assets. For one, the self-serving book entries in question are, as correctly dismissed by the trial court, not evidentiary of ownership. Else, anyone can lay a claim, or worse, acquire ownership over a share of stock by the simple expedience of listing, without more, the same in the partnership or corporate books. The sheer absurdity of the notion need no belaboring.

For another, what appears or what respondent company uniformly entered as investments are: "Manila Golf & Country Club, Inc. 2 shares." No reference was made whatsoever in the books or financial statements about MC No. 590, (MC. No. 1088) and MC. No. 374. In the absence of the number reference or other similar identifying details, the CA's categorical conclusion that one of the "2 shares" referred to is MC No. 1088 is at best speculative. This observation becomes all the more valid given that Michael Parsons had in his name two (2) Club share certificates. Exhibit "X-4," a September 21, 1964 letter from Parsons to Mr. Kaufmann made specific reference to Michael's shares:

Under the circumstance, please disregard ... the previous letter which Michael wrote in connection with the shares in his name

In the case of the two shares in the name of Michael, please leave the two in his name

As matter now stands, in summary, I shall retain my shares in my name and continue playing under such shares; Michael will retain two shares ... assigning one to Mr. Stoner; and Pete Grimm will assign his playing rights to Mr. Daikichi Yoshida.[21]

And for a significant third, respondent G-P & Co. is not the same G-P & Co. that Parsons, Grimm and Simon organized in 1952, the former being an entity that came into existence only on September 23, 1988. It is thus well-nigh impossible for respondent company to have participated in a transaction that occurred years before it acquired juridical personality. In the concrete, it is not physically possible for respondent G-P & Co. to have paid the price for the purchase of Grimm's MC No. 590, the same having been acquired in 1960 or some 28 years before the respondent company was established by the execution of the Articles of Partnership on September 23, 1988. The trial court depicted the incongruity of the situation in the following fashion:

Intervenor [respondent G-P & Co.] is not the same partnership originally formed by Grimm, Parsons and Simon. When Grimm died on November 27, 1977, the original partnership was dissolved. The death of a partner causes dissolution of a partnership [Article 1829, Civil Code]. A new partnership was formed with Parsons and Simon as partners. Besides this new partnership formed after the death of Grimm, there were five (5) others formed [Exhibit DD, EE, FF, GG, HH and II] carrying the name, G-P and Company. [22] (Words in bracket in the original)

Independent of the cited Article 1829 of the Civil Code on the matter of partnership dissolution, however, it bears to state that Parsons and Simon executed on December 13, 1977 a joint affidavit[23] wherein they declared the dissolution of the original 3-man G-P & Co., owing to the death of Grimm. The registration on December 14, 1977 of a new Articles of Partnership of G-P & Co. followed the execution by Parsons and Simon of said affidavit.[24]

It may be, as respondents rationalize, that the succeeding G-P & Co. partnerships merely continued with the business started by the original G-P & Co.[25] This element of continuity, assuming to be true, does not, however, detract from the fact that the partnerships of the same name formed after Grimm's demise are entities altogether different and with personalities distinct from the original partnership.

This brings us to the next issue of whether or not the transfer to Parsons of MC No. 590, as replaced by MC No. 1088, partook of the nature of a trust transaction.

Trust is the legal relationship between one having an equitable ownership in property and another person owning the legal title to such property, the equitable ownership of the former entitling him to the performance of certain duties and the exercise of certain powers by the latter.[26] Trust relations between parties may be express, as when the trust is created by the intention of the trustor.[27] An express trust is created by the direct and positive acts of the parties, by some writing or deed or by words evidencing an intention to create a trust; the use of the word trust is not required or essential to its constitution, it being sufficient that a trust is clearly intended.[28] Implied trust comes into existence by operation of law, either through implication of an intention to create a trust as a matter of law or through the imposition of the trust irrespective of, and even contrary to any such intention.[29]

Judging from their documented acts immediately before and subsequent to the actual transfer on September 7, 1964 of MC No. 590, Parsons, as transferee, and Grimm, as transferor, indubitably contemplated a trust arrangement. Consider: There can be no quibbling, owing to the letter exchanges between the Club, in particular its Honorary Secretary E. C. Von Kauffman, and Parsons, that the reason Grimm transferred his MC No. 590 to Parsons was because of the latter's wish to accommodate one Daikichi Yoshida. Earlier, Parsons recommended to Club management the approval of Mr. Yoshida's "Application For Waiting List Eligible To [Club] Proprietary Membership." [30] In a letter of August 10, 1964 [31] to the MGCC's Board of Directors, Parsons endorsed the

application of Yoshida as Club member. While the Club's response does not appear in its files, it is quite apparent that Parsons addressed a letter to Kauffman requesting that Yoshida be taken in as a Company assignee. In his reply-letter[32] of August 29, 1964, Kauffman explained why he cannot, under Club rules, favorably act on Parsons' specific request, but suggested a viable solution, as follows:

Reference to your letter dated August 25[th], there is a hitch ... of assigning the playing rights to Mr. Daikichi Yoshida, as a company assignee.

xxx xxx xxx

The only solution that I see is that you transfer Pete Grimm's 100 units to your name and leave the other 100 units in your name, then you may assign the playing rights of one of the certificates for 100 units to Mr. Yoshida. Mr. Yoshida was approved by the Board but not as a Company assignee. (Emphasis added.)

Parsons' response to Kauffman's August 29, 1964 letter partly reads as follows:

Thank you for your letter of the 29[th]

Under the circumstances, please disregard the previous letter which I wrote with reference to Pete Grimm's and my shares

xxx xxx xxx

As matter now stands, in summary, I shall retain in my name and continue playing under such shares And Pete Grimm will assign his playing rights to Mr. Daikichi Yoshida.

The conclusion easily deductible from the foregoing exchanges is that, given existing Club restrictions, the simplest way to accommodate and qualify Yoshida for Club membership was for Grimm to transfer his 100-unit share to Parsons who will then assign the playing rights of that share to Yoshida.[33] The RTC aptly described the relevant factual situation, viz.:

With these exchanges between Parsons and Kauffman ..., it is apparent that since the shares held by Parsons and Grimm are individual shares and not company shares, their shares may not be assigned The proposal of Parsons that "Pete Grimm will assign his playing rights to ... Yoshida" was rejected by Kauffman in his letter dated September 5, 1964 [Exhibit X-5 / 27] that "Pete Grimm's assignment to him (Yoshida) cannot be made as the rules are that only members who holds (sic) 200 units may assign 100 units to an individual." A letter of the same date ... [Exhibit X-6 / 28] was sent by Kauffman to Mr. Yoshida informing him of his election to the Club apologizing for the delay Kauffman wrote further " ... Mr. Charles Parsons has made arrangement for to play (sic) as assignee of extra membership which he now holds."

The election of Yoshida as assignee of a proprietary member and the resignation of Grimm were approved by the Club's Board... on August 27, 1964. Kauffman and Parsons were still discussing the ways ... Mr Yoshida can be accommodated ... as of September 5, 1964, but the resignation of Grimm and election of Yoshida was already approved ... more than a week before.[34] (Words in bracket in the original; Underscoring added.)

Even on the above factual perspective alone, it is not difficult to characterize, as did the trial court, the certificate transfer from Grimm to Parsons, as temporary, there being no evidence whatsoever that the transfer was for value. Such transfer was doubtless meant only to accommodate Yoshida whose stay in the country was obviously temporary. As it were, Yoshida's application[35] for Club membership juxtaposed with the August 10, 1964 endorsement- letter[36] of Parsons, yielded the information that he (Yoshida) is the manager of the Manila Liaison Office of Mitsubishi Shoji Kaisha desiring to acquire Company membership in the name of his employer Mitsubishi to enable future representatives to avail themselves of Club facilities. Since Club membership did not seem possible at the time, Yoshida had to come in as an assignee of a proprietary member.

Other compelling evidence attest to the temporary nature of the transfer in question. The trial court cited two in its Decision. Wrote that court:

Even a witness for the (respondents) intervenor and the Parsons, Celso Jamias, Chief Accountant of G-P and Company, confirmed that the transfer of the share to Parsons was temporary. In a letter [Exhibit 7-GG] dated 10 August 1991 addressed to Atty. Patricia Cecilia B. Bisda, counsel for G-P and Company, Jamais wrote: ". . . please be informed that the accommodation for Mr. Yoshida to have playing rights has not bearing on the ownership of the share. The share of ...Grimm (EMG) was transferred to Mr. Charles Parsons (CP) to accommodate Mr. Yoshida due to Manila Golf club requirements.

Atty. Patricia Cecilia B. Bisda ...echoed the view of Jamias, in a letter [Exhibit Y] dated 30 August 1991 addressed to ... (the) then General Manager of the Club: She wrote:

"Also, we would like to clarify That the accommodation of Mr. Yoshida to enjoy the playing rights has no bearing to the ownership of the shares. The share of Edward Grimm was transferred to Charles Parsons to accommodate D. Yoshida due to club requirements." [37]

Any lingering doubt, however, as to the temporary nature of the Grimm-to-Parsons transfer should, in our view, be put to rest by what MGCC records-file contained and the testimony of its former records custodian, Romeo Alhambra. In his affidavit of May 12, 1989, [38] Alhambra stated that "[A]ccording to Club records, the transfer of [MC] # 580 was only temporary, and that Mr. Grimm was and, according to club records, is in fact the owner of [MC] # 1088" and that after the transfer, "Mr. Charles Parsons endorsed the share certificate and turned it over to ... Kauffmann ... for safekeeping." Forming parts of the same records were letters both dated February 28, 1968 - the day the share certificate transfer was effected - separately submitted by Grimm and Parsons, to inform MGCC of the temporary nature of the transfer. In his letter, Grimm stated that MC No. 1088 "is still my property and I wish it recorded as such in the Club's file." [39] Parsons' letter [40] was just as simple as it was revealing, thus:

Reference to the transfer of [MC] #590 in the name of Mr. E.M. Grimm to my name, for which I now have the new Certification No. 1088 ..., please be advised that this transfer was made on a temporary basis and that said new certificate is still the property of Mr. E.M. Grimm and I enclose the certificate duly endorsed by me for safekeeping.

At bottom then, documented events immediately before and after the February 28, 1968 share certificate conveyance in question veritably confirm the trust arrangement Parsons had or intended to have with Grimm and vice versa, vis-à-vis MC No. 1088. If, as herein respondent G-P & Co. posits at every turn, Parsons was its trustee, then the latter's act of endorsing MC No. 1088 in blank and then delivering the same to the Club for safekeeping instead of directly to the G-P & Co. was without sense.

The trial court correctly described the relationship that was formed between Grimm and Parsons, and the consequence of such relationship, as follows:

Since the transfer of Grimm's share to Parsons was temporary, a trust was created with Parsons as the trustee, and Grimm, the beneficial owner of the share. The duties of trustees have been said, in general terms, to be: "to protect and preserve the trust property, and to see to it that it is employed solely for the benefit of the cestui que trust." xxx Parsons as a mere trustee, it is not within his rights to transfer the share to G-P and Company (sic).

The Court has, to be sure, considered the Letter of Trust [41] dated September 1, 1964 largely because, in respondents' own words, it "provides the answer to the question of who the real owner of MC #1088 is." [42] In the Letter he purportedly signed, Parsons declared holding MC No. 374 and MC No. 1088 as "NOMINEE IN

TRUST for and in behalf of G-P AND COMPANY ... or its nominee." This piece of document is not, however, a winning card for the respondents. The trial court mentioned two compelling reasons why not, both reasons bearing on the due execution and genuineness of the document. Wrote the court:

This "LETTER OF TRUST" was purportedly signed by Parsons on September 1, 1964. But the transfer of [MC] No. 590 was recorded (and MC No. 1088 issued) only on September 7, 1964 in the Club's Proprietary Membership Card No. 144 [Exhibit 8]. With the testimony of Celso B. Jamias, a long time employee of G-P and Company, the doubt as to the genuineness of the signature of Parsons on the "LETTER OF TRUST" was brought to light. Jamias was cross-examined on the signatures of Parsons on several documents including the signature of the LETTER OF TRUST":

Q:

How about the signature appearing on Exhibit CC-1 ...?

A:

This is Charles Parsons, sir.

Q:

- You are familiar with the signature?

A:

Yes, sir.

Q:

- I'm showing you Exhibit I which is a letter of trust dated September 1, 1964, comparing those signatures which you identified above the printed name C. Parsons there are, two signatures, the signatures you identified earlier and the one appearing on the letter of trust are similar in the sense that the "s" of Parsons is elevated and it slopes down, is that correct?

xxx xxx xxx

A:

- Based on how I see, this doesn't seem to be the signature of Parsons, it looks like but it is not, sir. [TSN, May 4, 1999, pp 5-6]. (Words in parenthesis added.)

And lest it be overlooked, Parsons had previously acknowledged Grimm to be the owner of MC No. 1088, after his earlier repeated declarations that the transfer of the replaced MC No. 580 was temporary. Parsons was thus in contextually in estoppel to deny, thru the Letter of Trust aforementioned, hypothetically assuming its authenticity, Grimm's ownership of the replacement certificate.

Summing up, the Court finds the evidence adduced and admitted by the trial court more than adequately supporting a conclusion that MC No. 1088 was issued to and held by Parsons as the trustee thereof of Grimm or his estate. The fact that respondent G-P & Co. may have paid, starting 1992, as evidence discloses, the membership fees due on MC No. 1088 does not make Grimm less of a beneficial owner. Such payment, needless to stress, is not a mode of acquiring ownership.

Parenthetically, the CA is observed to have said that in the settlement of the estate of Parsons, MC No. 1088 was not included in the list of stocks owned by him. And from this inconsequential event, the appellate court would conclude that the estate administrator recognized Parsons to be a mere trustee of such certificate. While the

decision does quite say so, the implication is that Parsons was the trustee of G -P & Co.

We cannot agree with this non-sequitur approach which, at bottom, clearly tends to lower the evidentiary bar for respondents. Needless to stress, it is not for the CA and all courts for that matter to compensate for a burden of proof not discharged or a quantum of evidence not met.

The Court cannot, for two reasons, also lend cogency to the CA's observation that the heirs of Grimm may have had waived, abandoned or denounced their rights to the trust property when, for P100,000.00, they executed a Deed of Acknowledgment of Satisfaction of Partnership Interests.[43] Firstly, the deed, as a quitclaim instrument, did not mention any share certificate at all, which is only logical since MC No. 1088 was not a partnership asset in the first place. Secondly, the intention to waive a known right must be clear and unequivocal. In this case, the intent to renounce beneficial ownership of MC No. 1088 cannot reasonably be drawn from the tenor of the quitclaim document. For perspective, what the heirs of Grimm stated in the Deed of Acknowledgment is that the amount of P100,000.00 they received "represents the total liquidation and complete settlement ... of the entire partnership interests pertaining to the late Edward Miller Grimm as partner in G-P AND COMPANY." If, to borrow from *Thompson v. Court of Appeals*,^[44] we apply the standard norm on how a waiver must be formulated, then clearly the general terms of the aforementioned deed merely indicate a clearance from general accountability, not specifically an abandonment of ownership of the disputed share. For:

xxx. Settled is the rule that a waiver to be valid and effective must, in the first place, be couched in clear and unequivocal terms which leave no doubt as to the intention of a party to give up a right or benefit which legally pertains to him. xxx A waiver may not be attributed to a person when the terms thereof do not explicitly and clearly evidence an intent to abandon a right vested in such person. If we apply the standard rule that waiver must be cast in clear and unequivocal terms, then clearly the general terms of the cited release and quitclaim indicates merely a clearance from general accountability, not specifically a waiver of Amcham's beneficial ownership of the disputed shares.^[45]

In all, the facts and circumstances attendant militate against the CA's finding pointing to G-P & Co. as the beneficial owner of MC No. 1088. What the evidence adduced instead proved beyond cavil is that Grimm or his estate is such owner. We therefore reverse.

WHEREFORE, the herein assailed decision of the Court of Appeals is REVERSED and SET ASIDE, and the Decision of the Regional Trial Court of Makati City in Civil Case No. 92-2452 is REINSTATED.

Costs against the respondents.

SO ORDERED.

Puno, (Chairperson), Sandoval-Gutierrez, Corona, and Azcuna, JJ., concur.

[1]Per Associate Justice Eubulo G. Verzola, (ret.) concurred in by Associate Justices Remedios Salazar-Fernando and Edgardo F. Sundiam; Annex "A", Petition, Rollo, pp. 7 et seq.

[2]Original Records, p. 2086.

[3] Sec. 6 of the Club's By- Laws (Exh. "U") provides: Membership in the Club shall consist of only the Proprietary Members. A Proprietary Member is one owning one (1) full [MC] and who has been elected A full [MC] shall consist of one hundred (100) units. No [MC] will be issued for more than one hundred (100) units, but may be issued for less.

Subject to approval of the Board, full Proprietary [MCs] may also be acquired by Companies.... A Company

Proprietary [MC] may only ... be utilized by a bona fide official of the Company....

[4]Per the Club's index card #144; Exh. "7-I", Original Records, p. 2571.

[5]Id. at 2102.

[6] Id. at. 2106.

[7]Id. at 2110.

[8]Exh. "C," Id. at 2232.

[9] Annex "B," Petition; Rollo, pp. 114 et seq.

[10] Annex "D," Petition; Id. at 142 et seq.

[11] Id. at 128 et seq.

[12] Penned by Judge Francisco B. Ibay; Annex "R," Petition; Id. at 797 et seq.

[13] Supra note 1.

[14]MGCCI's Comment on Petitioner's Petition for Review, Rollo, pp. 252 et seq.

[15]Sampayan v. Court of Appeals, G.R. No. 156360, Jan. 14, 2005, 448 SCRA 220, citing cases. Reyes v. Court of Appeals, G.R. No. 110207, July 11, 1996, 258 SCRA 651.

[16] Art. 1448. There is implied trust when property is sold and the legal estate is granted to one party but the price is paid by another for the purpose of having the beneficial interest of the property. The former is the trustee, while the latter is the beneficiary. xxx.

[17] Exh. "13" and submarkings; Original Records, pp. 2610 -12.

[18] Tison v. Court of Appeals, G.R. No. 121027, July 31, 1997, 276 SCRA 582; Angeles v. Maglaya, G.R. No. 153798, September 2, 2005, 469 SCRA 363.

[19] Rule 131, Sec. 3[r], Rules of Court.

[20] CA Decision, p. 9; Rollo, p. 16.

[21]Original Records, p. 2427.

[22] RTC Decision, p. 10; Rollo, p. 2975.

[23]Id. at 2094.

[24] Id. at 2103 et seq.

[25]Comment to Petition for Review, p. 51; Id. at 140.

[26]Tolentino, Commentaries & Jurisprudence on the Civil Code of the Philippines, Vol. IV, 1991 ed., p. 669, citing 54 Am Jur. 21.

[27]Art. 1441, Civil Code; Vda. De Esconde v. Courts of Appeals, G.R. No. 103635, February 1,1966, 253 SCRA 66.

[28] Art. 1444, Civil Code.

[29]Valdez vs. Olarga, G.R. No. L-22571, May 25, 1973, 51 SCRA 71.

[30]Exh. "X-2"/ "24-a."

[31]Exh. "X-1"/ "24," Original Records, p. 2643.

[32] Exh. "X-3"/"25."

[33]Sec. 31 of the Club's 1968 By- Laws provides: "A member may own more than one (1) full Membership Certificate The owner of more than one (1) full Membership Certificate shall be entitled to transfer such certificate, permanently or temporarily, to any person who has been duly elected to membership

[34]RTC Decision, pp. 5-6; Rollo, pp. 801-802.

[35] Supra note 30.

[36] Supra note 31.

[37]----Pages 6-7; Rollo, pp. 802-803.

[38] Exh. "J," Original Records, pp. 2244-2245.

[39] Exh. "L," Id. at 2247.

[40]Exh. "M," Id. at 2248

[41]Exh. "7-mm."

[42] Comment to Petition for Review, p. 41; Rollo, p. 130.

[43] Exh. "3-F," Original Records, pp. 2552 et seq.

[44] G.R. No. 116631, October 28, 1998, 298 SCRA 280.

[45]Ibid. at 293-294.

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