SPOUSES BENJAMIN AND NORMA GARCIA, PETITIONER, VS. ESTER GARCIA, AMADO GARCIA, ADELA GARCIA, ROSA GARCIA AND DAVID GARCIA, RESPONDENTS.

G.R. No. 169157. November 14, 2011

Ponente: PERALTA, J.

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PERALTA, J.:

For review is the Court of Appeals (CA) Decision[1] dated May 12, 2005 and Resolution[2] dated August 3, 2005 in CA-G.R. SP No. 41556. The assailed decision dismissed the Amended Petition for Certiorari with Preliminary Injunction and/or Temporary Restraining Order (TRO)[3] filed by petitioners, Spouses Benjamin and Norma Garcia, questioning the Regional Trial Court (RTC)[4] Orders[5] dated April 24, 1996[6] and July 9, 1996[7] denying their Urgent Motion to Quash Order of Execution[8] and Motion for Reconsideration,[9] respectively, in Civil Case No. Q-36147; while the assailed resolution denied petitioners' motion for reconsideration.

The facts of the case follow:

Emilio Garcia (Emilio) and Eleuteria Pineda Garcia (Eleuteria) had nine (9) children, namely: Jerameal, Jose, Rita Garcia-Shipley (Rita), respondents Ester, Amado, Adela, Rosa, David and petitioner Benjamin, all surnamed Garcia. Eleuteria died in 1927. Emilio, thereafter, married Monica Cruz (Monica), with whom he had eight (8) children, namely: Irma, Imelda, Rogelio, Emilio, Maurita, Felixberto, Violeta and Rosalinda.[10]

On October 26, 1962, Emilio died intestate, survived by his wife Monica Cruz and his children of the first and second marriage. He left, among others, a 1,564-square-meter (sq m) lot (hereafter referred to as "subject property") located in San Francisco Del Monte, Quezon City covered by Transfer Certificate of Title (TCT) No. 18550 registered in the name of Emilio married to Eleuteria.[11]

On June 28, 1965, Emilio's children of the first marriage executed a General Power of Attorney (GPA) in favor of Rita. On July 29, 1971, Benjamin and Rita executed a Deed of Extrajudicial Settlement of Estate, declaring themselves as the sole and only heirs of Emilio and Eleuteria, and adjudicating unto themselves the subject property, 1,000 sq m of which to Rita and the remaining 564 sq m to Benjamin.[12] Pursuant to said Deed, TCT No. 18550 was cancelled and TCT No. 170385 was issued in the name of Rita and Benjamin. The latter title was further cancelled and two (2) new TCTs were issued, namely, TCT No. 171639 in the name of Benjamin corresponding to his share of the subject property and TCT No. 171640 in the name of Rita for her share.[13]

On July 25, 1973, Emilio's daughters (Irma and Imelda) of his second marriage filed a complaint against Rita and Benjamin for the annulment of title, docketed as Civil Case No. Q-17933. In addition to the annulment and cancellation of the TCT, Irma and Imelda prayed that the property covered thereby be partitioned in accordance with the law on intestate succession.[14] The parties, thereafter, entered into a Compromise Agreement[15] which was approved by the court on August 29, 1974.[16] The subject property was supposed to be partitioned among the siblings of the first and second marriage. Pursuant to the said agreement as approved by the court, the children of the first marriage were supposed to receive a total area of 1,091.90 sq m, while the children of the second

marriage, including the surviving spouse Monica, were supposed to receive a total area of 472.10 sq m.[17] It was further agreed upon by the parties that the shares of Monica and her children were to be taken from Rita's 1,000-sq-m portion of the subject property.[18]

However, instead of executing the judgment based on the compromise agreement, Rita divided her 1,000-sq-m property – 555 sq m for herself and 445 sq m for Monica and her children. Consequently, TCT No. 171640 was cancelled and TCT No. 207117 was issued to Monica and her children, while TCT No. 207116 to Rita.[19]

On April 17, 1975, a permanent service road was constructed on Rita's property. Consequently, a Deed of Exchange was executed between Rita on the one hand, and Monica and her children, on the other. This resulted in the issuance of TCT No. 207210 for 445 sq m in the name of Rita and TCT No. 207211 for 555 sq m to Monica and her children.[20] On August 22, 1979, Rita sold her property covered by TCT No. 207210 to petitioner Norma Dimalanta Garcia (Norma) resulting in the registration and issuance of TCT No. 278765 in the name of Norma married to Benjamin.[21]

Respondents Ester, Adela, Amado, Rosa and David filed a complaint for reconveyance, which was later amended[22] on October 26, 1982, of the parcel of land originally covered by TCT No. 18550, against Rita, Benjamin, and Monica and her children. The case was docketed as Civil Case No. Q-36147. They alleged that Benjamin and Rita were able to adjudicate between themselves the subject property by claiming to be the only heirs of Emilio, when in fact they were not. They, thus, demanded for their shares in the subject property since, as children of the first marriage (which includes Benjamin and Rita), they are entitled to a total area of 1,091 sq m, pursuant to the August 28, 1974 Compromise Agreement.

On March 15, 1989, the RTC rendered a Decision[23] in favor of respondents, the dispositive portion of which reads:

> WHEREFORE, premises considered, judgment is hereby rendered in favor of the plaintiff[s] and against the defendants as follows:
>
> - Defendants are ordered to convey to plaintiffs the portions corresponding to their shares in the property in question based upon the Compromise Agreement dated August 28, 1974, computed in accordance with the law on intestate succession; and
>
> - Defendants are ordered to pay attorney[']s fees amounting to P5,000.00. Costs against the defendants.
>
> SO ORDERED.[24]

The court noted that Benjamin and Rita's basis in adjudicating between themselves the subject property was the GPA allegedly executed by respondents in favor of Rita. However, the court held that the law requires a special power of attorney, not a GPA, in repudiating an inheritance. It follows that the deed of extrajudicial settlement executed by Benjamin and Rita is defective for having knowingly and willingly excluded compulsory heirs. The partition earlier made by Benjamin and Rita, and later by Monica and her children based on the compromise agreement, is incomplete. Consequently, there is a need to complete the distribution to the omitted heirs.[25]

On appeal, except for the deletion of the award of attorney's fees, the CA affirmed[26] the RTC decision. When elevated before the Court, we denied the petition and, consequently, affirmed the CA decision. The decision attained finality.[27] The corresponding Writ of Execution[28] was issued thereafter.

Meanwhile on August 30, 1993, Norma filed a Petition for Quieting of Title[29] against Amado with the RTC. The case was docketed as Civil Case No. Q-93-17396. Norma alleged that she is the owner of a portion of the property being claimed by Amado and his siblings in a reconveyance case in which she was not made a party. She

added that she bought the property from Rita.[30] The case, however, was dismissed on motion of Amado on the ground of res judicata considering that the title to the property claimed by Norma emanated from TCT No. 18550 which was already declared to have been fraudulently partitioned by Rita and Benjamin.[31]

On motion of respondents, an Alias Writ of Execution[32] in the reconveyance case was issued, the pertinent portion of which reads:

> NOW THEREFORE, the defendants are hereby ordered to convey to plaintiffs the portions corresponding their shares in the property in question based upon the Compromise Agreement dated August 28, 1974, computed in accordance with the law on intestate succession and to show proof of compliance with this writ within sixty (60) days from receipt. Likewise, the Branch Deputy Sheriff, Mr. Cesar M. Torio, is ordered to return this writ into [this] court within sixty (60) days from date with your proceedings endorsed thereon.[33]

Petitioners, however, opposed the writ on the ground that the compromise agreement referred to in the decision did not cover their properties.[34] In an Urgent Motion to Quash Order of Execution,[35] petitioners insisted that in including the properties of Benjamin and Norma in the order of execution, the judge amended the judgment sought to be executed.[36] They likewise pointed out that Norma was never impleaded in the reconveyance case.

In an Order[37] dated April 24, 1996, the RTC denied the motion to quash. The RTC explained that the issue of Norma's non-inclusion in the reconveyance case had been finally settled when her case had been dismissed for quieting of title precisely because of the reconveyance case that had become final and executory. Petitioners' motion for reconsideration[38] was likewise denied in an Order[39] dated July 9, 1996.

In a special civil action for certiorari, the CA found no grave abuse of discretion on the part of the RTC in issuing the above orders. The CA pointed out that the assailed order of execution did not amend the March 15, 1989 decision sought to be executed.[40] It explained that the order of execution merely clarified the dispositive portion of the decision with reference to the other portions thereof.[41] It found that the parcels of land in the name of petitioners form part of the decision as they originated from the mother title TCT No. 18550 against which the execution may be had in favor of respondents.[42] As to the non-inclusion of Norma as indispensable party in the reconveyance case, the appellate court applied the rule on estoppel by laches, considering that Norma was very much aware of the existence of the litigations involving the subject property.[43] Finally, on petitioners' claim of the indefeasibility of the Torrens title, the CA stressed that mere issuance of the certificate of title does not foreclose the possibility that the property may be under co-ownership with persons not named in the title.[44]

Aggrieved, petitioners filed this petition assailing in general the denial of their urgent motion to quash writ of execution.

The petition is without merit.

The existence of the court's decision in Civil Case No. Q-36147 for reconveyance and the August 28, 1974 Compromise Agreement, is undisputed. In said decision, the court ordered Benjamin, Rita, Monica and her children, to convey to respondents the portions corresponding to their shares in the subject property based on the compromise agreement. In the compromise agreement, the subject property was divided as follows: 1,091 sq m as the total shares of the children of the first marriage and 472 sq m for Monica and her children. Pursuant to the final and executory decision above, the RTC issued a Writ of Execution and eventually the assailed Alias Writ of Execution.

Petitioners, however, opposed the implementation of the writ of execution on two grounds: (1) the compromise agreement did not include the portion of the subject property in the name of Benjamin, thus, should not be considered part of the property ordered by the court to be reconveyed to respondents; and (2) the writ of execution

could not cover the portion of the subject property in the name of Norma, since she was not impleaded in the reconveyance case, and as such, is not bound by the decision sought to be executed.

We do not agree with petitioners.

To determine the propriety of petitioners' claims, it is necessary to look into the terms of the compromise agreement and the conclusions of the court in the decision sought to be executed.

First, the compromise agreement. It must be recalled that the compromise agreement came about because of the case for annulment of title instituted by Monica and her children against Benjamin and Rita. At the time of the institution of the annulment case, the subject property had been divided between Benjamin and Rita, wherein they were issued their respective titles, TCT No. 171639 in the name of Benjamin covering 564 sq m and TCT No. 171640 in the name of Rita covering 1,000 sq m. The parties later entered into a compromise agreement recognizing the rights of Monica and her children to the subject property as heirs of Emilio being the surviving wife and children of the second marriage. To facilitate the delivery of their[45] shares, it was stated in the compromise agreement that their shares shall be taken from Rita's portion covered by TCT No. 171640.

Respondents were not parties to the annulment case or to the compromise agreement but their rights to the subject property as heirs of Emilio were recognized. Of the 1,564 sq m property, 1,091 sq m was agreed upon as the total shares of the children of the first marriage which include Rita, Benjamin and respondents, and 472 sq m for Monica and her children. From Rita's 1,000 sq m share, 472[46] sq m was supposed to be given to Monica and her children. After deducting said area, 528 sq m remained for the children of the first marriage who are entitled to 1,091 sq m. Although it was not specifically stated in the compromise agreement, obviously, the shares of the children of the first marriage should be taken from the remaining 528 sq m of Rita and the 564 sq m of Benjamin. Benjamin's claim that the portion of the property registered in his name is not covered by the compromise agreement, certainly, has no leg to stand on.

Second, the decision in the reconveyance case sought to be executed. The action for reconveyance was instituted by the other heirs of Emilio who were not parties to the annulment case nor to the compromise agreement. They based their claim on their entitlement to 1,091 sq m as children of the first marriage. Although several cancellations of titles had already taken place, it is clear from the decision sought to be executed that the subject property was that originally covered by TCT No. 18550. Considering that Benjamin's title which is TCT No. 171639 was derived from TCT No. 18550, the same was definitely included.

Moreover, in deciding the reconveyance case in favor of respondents, the court took into consideration how TCT No. 18550, covering the subject property, was cancelled and how TCT Nos. 171639 and 171640, in the names of Benjamin and Rita, came about. The court applied the laws on intestate succession and implied trust before it finally concluded that respondents were excluded from the partition and are thus entitled to their shares. Undoubtedly, these rules apply not only to Rita but also to Benjamin. If we were to sustain Benjamin's claim that the portion of the property registered in his name is excluded, the shares of the omitted heirs will not be completed.

Neither can we sustain petitioners' contention that the writ of execution cannot include the portion of the subject property registered in the name of Norma as she was never a party to the reconveyance case.

As clearly stated above, several cancellations of titles had taken place since the death of Emilio until the present case was instituted, which we now reiterate for a proper perspective. The subject property was originally covered by TCT No. 18550 in the name of Emilio, married to Eleuteria. By virtue of the extrajudicial settlement of estate executed by Rita and Benjamin, a new title was issued in their names, TCT No. 170385. Two new titles were later

issued, TCT No. 171639 in the name of Benjamin and TCT No. 171640 in the name of Rita. Pursuant to the compromise agreement entered into with their brothers and sisters of the second marriage, TCT No. 171640 was cancelled and new ones were issued, TCT No. 207117 in the name of Monica and her children and TCT No. 207116 in the name of Rita. A Deed of Exchange was, thereafter, executed resulting in the cancellation of the latter titles and new ones were issued, TCT No. 207211 in the name of Monica and her children and TCT No. 207210 in the name of Rita. Eventually, Rita decided to sell the portion of the property registered in her name to Norma resulting in the cancellation of her title and the issuance of the new title in the name of Norma, TCT No. 278765. In sum, at the time of the issuance of the questioned writ of execution, the subject property was covered by TCT No. 171639 covering 564 sq m in the name of Benjamin; TCT No. 207211 covering 555 sq m in the name of Monica and her children; and TCT No. 278765 covering 445 sq m in the name of Norma, the wife of Benjamin.

Respondents instituted the action for reconveyance involving the subject property originally covered by TCT No. 18550. At that time, Norma had been the registered owner of a portion of the subject property. As such, she was an indispensable party as her title to the property was affected. The Court had thoroughly discussed in a number of cases the nature and definition of an indispensable party, to wit:

> x x x [I]ndispensable parties [are] parties-in-interests without whom there can be no final determination of an action. As such, they must be joined either as plaintiffs or as defendants. The general rule with reference to the making of parties in a civil action requires, of course, the joinder of all necessary parties where possible, and the joinder of all indispensable parties under any and all conditions, their presence being a sine qua non for the exercise of judicial power. x x x[47]
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> An indispensable party is a party who has such an interest in the controversy or subject matter that a final adjudication cannot be made, in his absence, without injuring or affecting that interest, a party who has not only an interest in the subject matter of the controversy, but also has an interest of such nature that a final decree cannot be made without affecting his interest or leaving the controversy in such a condition that its final determination may be wholly inconsistent with equity and good conscience. It has also been considered that an indispensable party is a person in whose absence there cannot be a determination between the parties already before the court which is effective, complete, or equitable. Further, an indispensable party is one who must be included in an action before it may properly go forward.[48]

Thus, a person who was not impleaded in the complaint cannot be bound by the decision rendered therein, for no man shall be affected by a proceeding in which he is a stranger.[49] Otherwise stated, things done between strangers ought not to injure those who are not parties to them.[50]

In this case, however, as aptly held by the RTC and CA, Norma is estopped from invoking the rule on indispensable party. Estoppel by laches or “stale demands” ordains that the failure or neglect, for an unreasonable and unexplained length of time, to do that which by exercising due diligence could or should have been done earlier, or the negligence or omission to assert a right within a reasonable time, warrants a presumption that the party entitled to assert it either has abandoned it or declined to assert it.[51] There is no absolute rule as to what constitutes laches; it is addressed to the sound discretion of the court. Being an equitable doctrine, its application is controlled by equitable considerations.[52]

The CA has thoroughly explained the circumstances showing Norma’s knowledge of the existence of the pending litigation involving the subject property which includes the portion registered in her name. We quote with approval the exhaustive observations and explanations of the CA in this wise:

> [Records show] that petitioner Norma D. Garcia had knowledge of the existence of Civil Case No. Q-36147 [for reconveyance] as well as the subject thereof. The Amended Complaint dated 26 October 1982 specifically

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> mentioned petitioner Benjamin Garcia as being married to herein petitioner Norma Dimalanta Garcia. It even alleged in paragraph 14 thereof that the property covered by TCT No. 207210 in the name of Rita Garcia-Shipley was transferred to petitioner Norma Dimalanta Garcia by virtue of a Deed of Sale dated 22 August 1979 executed between petitioner Norma Garcia and Rita Garcia-Shipley and resulted to the registration and issuance of TCT No. 278765, now TCT No. 66234, in the name of Norma Garcia married to Benjamin Garcia. Likewise, in paragraph 15 of the said Amended Complaint, private respondents alleged that demands were made on Rita Garcia-Shipley, Benjamin Garcia and Norma D. Garcia for the conveyance to them (plaintiffs) of their legitimate shares.
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> Further, the private respondents alleged in their Comment dated 10 January 1997, that petitioner Norma D. Garcia was very much aware of the existence of Civil Case No. Q-36147 as the same involves the estate of her deceased parent-in-law Emilio Garcia from which her property covered by TCT No. 66234 came from; that she knew very well that her property is involved in the litigation yet she did not take steps to have the same excluded therefrom, and that she even participated actively during the trial of the case and testified to support the theory put up by the defendants. Petitioner Norma Garcia's filing of the Petition for Quieting of Title with [the] RTC of Quezon City docketed as Q-93-17396 raffled to Branch 103 (Judge Jaime N. Salazar, Jr.) supports private respondents'assertion of petitioner Norma Garcia's knowledge of the existence and subject matter of the reconveyance case (Civil Case No. Q-36147) as she categorically stated in paragraph 6 of said Petition that said case for reconveyance of property apparently includes the property registered in her name. x x x
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> x x x x
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> We, therefore, find that petitioner Norma Garcia is estopped by laches from invoking the rule on indispensable parties. Taking into consideration the established circumstances surrounding the transfer in her name of the parcel of land covered by TCT No. 66234 (278765), her non-joinder as an indispensable party is a mere technicality that cannot prevail over considerations of substantial justice. x x x[53]

Indeed, evidence clearly shows that Norma had knowledge of the existence and the pendency of the reconveyance case filed by respondents against her husband Benjamin, Rita, and Monica and her children. She is now estopped from claiming that the RTC had not acquired jurisdiction over her and thus not bound by the decision sought to be executed.[54] The RTC, therefore, did not abuse its discretion in denying petitioners' urgent motion to quash the writ of execution.

WHEREFORE, premises considered, the petition is DENIED for lack of merit. The Court of Appeals Decision dated May 12, 2005 and Resolution dated August 3, 2005 in CA-G.R. SP No. 41556, are AFFIRMED.

SO ORDERED.

Velasco, Jr., (Chairperson), Abad, Perez,[*] and Mendoza, JJ., concur.

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[*] Designated as an additional member in lieu of Associate Justice Estela M. Perlas-Bernabe, per Special Order No. 1152, dated November 11, 2011.

[1] Penned by Associate Justice Celia C. Librea-Leagogo, with Associate Justices Andres B. Reyes, Jr. and Lucas P. Bersamin (now a member of this Court), concurring; rollo, pp. 19-57.

[2] Id. at 59-60.

[3] CA rollo, pp. 89-117.

[4] Branch 76, Quezon City.

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[5] Penned by Judge Monina A. Zeñarosa.

[6] CA rollo, p. 75.

[7] Id. at 68-74

[8] Id. at 78.

[9] Id. at 76-77.

[10] Rollo, p. 21.

[11] Id.

[12] Id. at 21-22.

[13] Id. at 22.

[14] Id.

[15] CA rollo, pp. 23-26.

[16] Rollo, p. 22.

[17] Id. at 23.

[18] CA rollo, pp. 24-25.

[19] Rollo, p. 24.

[20] Id.

[21] Id.

[22] CA rollo, pp. 27-31.

[23] Penned by Judge Manuel M. Calanog, Jr.; id. at 32-37.

[24] Id. at 37.

[25] Id. at 34-37.

[26] Embodied in a Decision dated October 4, 1990 in CA-G.R. CV No. 21765; Penned by Associate Justice Luis L. Victor, with Associate Justices Vicente V. Mendoza and Segundino G. Chua, concurring, CA rollo, pp. 38-44.

[27] Rollo, pp. 32-33.

[28] CA rollo, pp. 45-46.

[29] Id. at 52-54.

[30] Rollo, p. 33.

[31] CA rollo, pp. 194-195.

[32] Id. at 58-59.

[33] Id. at 59.

[34] Rollo, p. 35.

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[35] CA rollo, pp. 68-74.

[36] Rollo, p. 40.

[37] CA rollo, p. 75.

[38] Id. at 76-77.

[39] Id. at 78.

[40] Rollo, p. 43.

[41] Id. at 45.

[42] Id.

[43] Id. at 49-52.

[44] Id. at 53.

[45] Monica and her children.

[46] But their actual share is only 444.60 sq m because the 27.5 sq m service road was to be deducted from their share.

[47] Casals v. Tayud Golf and Country Club, Inc., G.R. No. 183105, July 22, 2009, 593 SCRA 468, 490; Galicia v. Manliquez Vda. de Mindo, G.R. No. 155785, April 13, 2007, 521 SCRA 85, 93-94; Arcelona v. CA, 345 Phil. 250, 267 (1997).

[48] Casals v. Tayud Golf and Country Club, Inc., supra, at 491-492.

[49] Arcelona v. CA, supra note 47, at 270.

[50] Casals v. Tayud Golf and Country Club, Inc., supra note 47, at 501.

[51] Galicia v. Manliquez Vda. de Mindo, supra note 47, at 96; Republic v. Sandiganbayan, G.R. No. 152154, July 15, 2003, 406 SCRA 190, 252.

[52] Galicia v. Manliquez Vda. de Mindo, supra note 47, at 96.

[53] Rollo, pp. 49-52.

[54] See Oro Cam Enterprises, Inc. v. Court of Appeals, 377 Phil. 469, 480 (1999).

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