

CIRCA NILA DEVELOPMENT CORPORATION, TEODORO K. KATIGBAK AND JENNIFER EVIDENTE BAERTGES, PETITIONERS, VS. HON. SALVADOR J. BAYLEN, JUDGE, REGIONAL TRIAL COURT, BRANCH CXXI, CALOO...

G.R. Nos. 69757-58. January 29, 1988

Ponente: SARMIENTO, J.

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SARMIENTO, J.:

The lone issue in these cases is whether or not the Regional Trial Court, sitting as a probate court, may compel performance under a contract it had approved incidental to its office as such a special court.

There is no dispute as to the facts.

On February 21, 1984, the Estates of Soledad and Ricardo Balatbat, subject of a settlement proceeding pending with respondent Judge, entered into a "Property Management and Exchange Contract" with the petitioners Circa Nila Development Corporation, represented by petitioner Teodoro Katigbak, and Jennifer Baertges, both real estate developers. The contract charged the petitioners with the development of two parcels of real property, located in Valenzuela, Bulacan, owned by the Balatbat Estates, and called upon them to pay a total consideration of TWO MILLION SIX HUNDRED THOUSAND (P2,600,000.00) PESOS.

On May 9, 1984, the respondent Judge approved the contract.

Subsequently, the Estates presented an "Omnibus Motion" praying that the petitioners be compelled to pay the sum of P456,100.00 representing the alleged balance of the contract price they had allegedly refused to pay. The petitioners opposed the motion on the ground, in essence, that the respondent Court, as a probate court, had no jurisdiction to grant the relief sought.

On October 18, 1984, the respondent Judge issued an order directing the petitioners to pay the sum demanded. The petitioners sought a reconsideration. On January 23, 1985 the respondent Judge issued an order denying reconsideration. He likewise ordered the petitioner to pay the additional sum of P500,000.00 on motion of the Estates. The petitioners then came to this Court.

We rule for the petitioners.

A probate court is a tribunal of limited jurisdiction. It acts on matters pertaining to the estate but never on rights to property arising from contract.[1] It approves contracts entered into for and on behalf of the estate or the heirs to it but this is by fiat of the Rules of Court.[2] In that case, judicial approval is necessary for the validity of such contracts. It cannot, however, adjudicate the rights and obligations of the parties thereto. Compliance with the terms and conditions thereof may be compelled by specific performance, jurisdiction over which is vested in the Regional Trial Court, acting as a court of general jurisdiction.[3]

The fact that the petitioners "participated in the formulation and in the eventual execution"[4] of the "Property

Management and Exchange Contract" does not bar them from raising this jurisdictional challenge. The petitioners never contended that the contract cannot be enforced against them nor denied its validity. What they dispute is the jurisdiction of the respondent court to hear the incident in its capacity as a probate court.

Neither does estoppel preclude the petitioners from questioning the respondent Court's assumption of jurisdiction. Estoppel occurs where a party invokes the jurisdiction of a court, say, by seeking affirmative relief, and denies it later following an adverse judgment. Here, however, the petitioners never invoked the jurisdiction of the respondent Court. They took part in the preparation of the "Property Management and Exchange Contract," they being parties thereto, but that did not make them parties to the case, or give the respondent Court the jurisdiction to adjudicate on the rights of the parties under that contract. The jurisdiction of a probate court is "merely the settlement of the estate and may not be extended beyond."^[5]

The respondent Judge's reliance on our ruling in *Pio Barretto Realty Development, Inc. vs. Court of Appeals*^[6] is not well-taken. *Pio Barretto* did not broaden the jurisdiction of a probate court. On the contrary, it underscored the limited character of its jurisdiction^[7] ("the limited jurisdiction of a probate court prohibits it from determining rights to property left by a decedent which depends on the contract") thus:

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Since the probate court has no jurisdiction over the question of title and ownership of the properties, the respondents may bring a separate action if they wish to question the petitioner's titles and ownership (*Vda. de Rodriguez v. Court of Appeals*, 91 SCRA 540). Though an order of the probate court approving the sale of the decedent's property is final, the respondent may file a complaint in the proper court for the rescission of the sale. (*Pizarro v. Court of Appeals*, 99 SCRA 72). Likewise, the initial question of respondent regarding the propriety of including the properties in question in the inventory of the probate court as he claims ownership thereof may therein be finally and conclusively settled (*Vda. de Rodriguez v. Court of Appeals*, *supra*; *Lachenal v. Salas*, 71 SCRA 202). The respondent has ample protection of his rights for the province of the probate court remains merely the settlement of the estate and may not be extended beyond (*Pizarro v. Court of Appeals*, *supra*).^[8]

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In that case, however, we noted that the respondent had "bound himself under an agreement with the court separate and distinct from that which he had with the decedent."^[9] In other words, what the court had sought to enforce was not the contract executed on behalf of the estate but the respondent's agreement with the court itself to obtain the best terms for the estate, and consequently, his authority to enter into such a contract. But far from repealing the long-standing rule that a probate court is one of limited jurisdiction, *Pio Barretto*, in fact, reinforced it.

In fine, we hold that the respondent Judge acted without jurisdiction in issuing the assailed orders of October 18, 1984 (Annex "H") and of January 23, 1985 (Annex "P") that warrants the corrective hand of certiorari.

WHEREFORE, the petition is GRANTED. The Orders dated October 18, 1984 and January 23, 1985 are declared NULL and VOID. The Temporary Restraining Order given in these cases on February 6, 1985 is hereby made permanent. Costs against the private respondents.

Yap, (Chairman), Melencio-Herrera, Paras, and Padilla, JJ., concur.

[1] *Pio Barretto Realty Development, Inc. vs. Court of Appeals*, Nos. L-62431-33, August 31, 1984, 131 SCRA 606 (1984).

[2] RULES OF COURT, Rule 89.

[3] Batas Blg. 129, sec. 19.

[4] Rollo, 104.

[5] Supra, 623.

[6] Supra.

[7] Supra, at 623.

[8] Supra, at 621.

[9] Supra.

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