

## FIRST DIVISION

[ G.R. No. 223610, July 24, 2017 ]

**CONCHITA S. UY, CHRISTINE UY DY, SYLVIA UY SY, JANE UY TAN, JAMES LYNDON S. UY, IRENE S. UY, \* ERICSON S. UY, JOHANNA S. UY, AND JEDNATHAN S. UY, PETITIONERS, VS. CRISPULO DEL CASTILLO, SUBSTITUTED BY HIS HEIRS PAULITA MANATAD-DEL CASTILLO, CESAR DEL CASTILLO, AVITO DEL CASTILLO, NILA C. DUEÑAS, NIDA C. LATOSA, LORNA C. BERNARDO, GIL DEL CASTILLO, LIZA C. GUNGOB, ALMA DEL CASTILLO, AND GEMMA DEL CASTILLO, RESPONDENTS.**

### DECISION

**PERLAS-BERNABE, J.:**

Before the Court is a petition for review on *certiorari*<sup>[1]</sup> filed by petitioner Conchita S. Uy (Conchita) and her children, petitioners Christine Uy Dy, Sylvia Uy Sy, Jane Uy Tan, James Lyndon S. Uy, Irene S. Uy, Ericson S. Uy (Ericson), Johanna S. Uy, and Jednathan S. Uy (Uy siblings; collectively, petitioners), assailing the Decision<sup>[2]</sup> dated May 26, 2015 and the Resolution<sup>[3]</sup> dated February 22, 2016 of the Court of Appeals (CA) in CA G.R. SP No. 07120, which affirmed the twin Orders<sup>[4]</sup> dated December 9, 2011 and the Order<sup>[5]</sup> dated May 17, 2012 of the Regional Trial Court of Mandaue City, Branch 55 (RTC) in Civil Case No. MAN-2797, denying petitioners' Omnibus Motion,<sup>[6]</sup> motion to quash the writ of execution,<sup>[7]</sup> and their subsequent motion for reconsideration.<sup>[8]</sup>

### The Facts

The present case is an offshoot of an action<sup>[9]</sup> for quieting of title, reconveyance, damages, and attorney's fees involving a parcel of land, known as Lot 791 and covered by Transfer Certificate of Title (TCT) No. 29129,<sup>[10]</sup> filed by Crispulo Del Castillo (Crispulo) against Jaime Uy (Jaime) and his wife, Conchita, on November 12, 1996, docketed as Civil Case No. MAN-2797 (Quieting of Title Case).<sup>[11]</sup> However, since Jaime had died six (6) years earlier in 1990,<sup>[12]</sup> Crispulo amended his complaint<sup>[13]</sup> and impleaded Jaime's children, *i.e.*, the Uy siblings, as defendants.<sup>[14]</sup> Meanwhile, Crispulo died<sup>[15]</sup> during the pendency of the action and hence, was substituted by his heirs, respondents Paulita Manalad-Del Castillo, Cesar Del Castillo, Avito Del Castillo, Nila C. Duenas, Nida C. Latosa, Lorna C. Bernardo, Gil Del Castillo, Liza C. Gungob, Alma Del Castillo, and Gemma Del Castillo (respondents).<sup>[16]</sup>

After due proceedings, the RTC rendered a Decision<sup>[17]</sup> dated April 4, 2003 (RTC Decision) in respondents' favor, and accordingly: (a) declared them as the true and

lawful owners of Lot 791; (b) nullified Original Certificate of Title No. 576,<sup>[18]</sup> as well as TCT No. 29129; and (c) ordered petitioners to pay respondents moral damages and litigation costs in the amount of P20,000.00 each, as well as attorney's fees equivalent to twenty-five percent (25%) of the zonal value of Lot 791.<sup>[19]</sup> Aggrieved, petitioners appealed before the CA,<sup>[20]</sup> and subsequently, to the Court, but the same were denied for lack of merit.<sup>[21]</sup> The ruling became final and executory on April 8, 2010, thus, prompting the Court to issue an Entry of Judgment<sup>[22]</sup> dated May 4, 2010.

On August 17, 2010, respondents filed a Motion for Issuance of Writ of Execution,<sup>[23]</sup> manifesting therein that since the zonal value of Lot 791 at that time was P3,500.00 per square meter (sqm.) and that Lot 791 covers an area of 15,758 sqm., the total zonal value of Lot 791 was P55,153,000.00.<sup>[24]</sup> Hence, the attorney's fees, computed at twenty-five percent (25%) thereof, should be pegged at P13,788,250.00.<sup>[25]</sup>

Acting on the said motion, the RTC ordered<sup>[26]</sup> petitioners to file their comment or opposition thereto, which they failed to comply.<sup>[27]</sup> Accordingly, in an Order<sup>[28]</sup> dated November 22, 2010, the RTC granted the motion and ordered the issuance of a writ of execution. On December 13, 2010, a Writ of Execution<sup>[29]</sup> was issued, to which the sheriff issued a Notice of Garnishment<sup>[30]</sup> seeking to levy petitioners' properties in an amount sufficient to cover for the P13,788,250.00 as attorney's fees and P20,000.00 each as moral damages and litigation costs.

Threatened by the Notice of Garnishment, petitioners filed an Omnibus Motion<sup>[31]</sup> praying that the writ of execution be quashed and set aside, and that a hearing be conducted to re-compute the attorney's fees.<sup>[32]</sup> Petitioners maintained that the Writ of Execution is invalid because it altered the terms of the RTC Decision which did not state that the zonal value mentioned therein referred to the zonal value of the property at the time of execution.<sup>[33]</sup> Before the RTC could act upon petitioners' Omnibus Motion, they filed a Motion to Quash Writ of Execution on Jurisdictional Ground(s) (motion to quash),<sup>[34]</sup> claiming that the RTC had no jurisdiction over the Uy siblings in the Quieting of Title Case as they were never served with summons in relation thereto.<sup>[35]</sup>

### **The RTC Proceedings**

On December 9, 2011, the RTC issued two (2) orders: (a) one granting petitioners' Omnibus Motion, nullifying the Notice of Garnishment, and setting a hearing to determine the proper computation of the award for attorney's fees;<sup>[36]</sup> and (b) another denying their motion to quash, since they never raised such jurisdictional issue in the proceedings *a quo*.<sup>[37]</sup>

On January 20, 2012, a hearing was conducted for the determination of attorney's fees.<sup>[38]</sup> Thereafter, the parties were ordered to submit their respective position papers,<sup>[39]</sup> to which respondents complied with,<sup>[40]</sup> presenting the following alternative options upon which to base the computation of attorney's fees: (a) P3,387,970.00, equivalent to twenty-five percent (25%) of the zonal value of Lot

791 in 1996, the year when the Quieting of Title Case was filed; (b) P11,424,550.00, equivalent to twenty-five percent (25%) of the zonal value of Lot 791 in 2003, the year when the RTC rendered its Decision in the same case; or (c) P15,758,000.00, equivalent to twenty-five percent (25%) of the zonal value of Lot 791 in 2010, the year when the RTC Decision became final and executory.<sup>[41]</sup>

On the other hand, instead of filing the required position paper, petitioners filed a Consolidated Motion for Reconsideration<sup>[42]</sup> of the RTC's December 9, 2011 twin Orders. In said motion, petitioners contended that the RTC failed to definitely rule on the validity of the writ of execution, and that it erred in holding that the RTC Decision was already final and executory despite the absence of summons on the Uy siblings.<sup>[43]</sup>

In an Order<sup>[44]</sup> dated May 17, 2012, the RTC: (a) pegged the attorney's fees at P3,387,970.00,<sup>[45]</sup> using the zonal value of Lot 791 in 1996, the year when the Quieting of Title Case was instituted, it being the computation least onerous to petitioners; and (b) denied petitioners' Consolidated Motion for Reconsideration for lack of merit.

Dissatisfied, petitioners filed a petition for *certiorari*<sup>[46]</sup> with the CA, assailing the RTC's twin Orders dated December 9, 2011 and the Order dated May 17, 2012. Petitioners argued that instead of just declaring the Notice of Garnishment void, the RTC should have also declared the writ of execution void because the Uy siblings were never served with summons; and like the Notice of Garnishment, the Writ of Execution also altered the terms of the RTC Decision. Petitioners further added that the writ of execution was void because it made them liable beyond their inheritance from Jaime. They maintain that the estate of Jaime should instead be held liable for the adjudged amount and that respondents should have brought their claim against the estate, in accordance with Section 20, Rule 3 of the Rules of Court.<sup>[47]</sup>

### **The CA Ruling**

In a Decision<sup>[48]</sup> dated May 26, 2015, the CA affirmed the assailed Orders of the RTC. The CA found no merit in the claim that the Uy siblings were never served with summons, pointing out that in a Manifestation/Motion<sup>[49]</sup> dated November 26, 1997, their counsel in the trial proceedings, Atty. Alan C. Trinidad (Atty. Trinidad), stated that petitioners received the summons with a copy of the amended complaint.<sup>[50]</sup> It likewise refused to give credence to petitioners' denial of Atty. Trinidad's representation, observing that one of the Uy siblings, Ericson, even testified in court with the former's assistance, and that none of them showed any concern or apprehension before the court, which they would have if indeed Atty. Trinidad was not authorized to represent them.<sup>[51]</sup>

Anent petitioners' argument that they cannot be held personally liable with their separate property for Jaime's liability and that respondents should have filed a claim against Jaime's estate in accordance with Section 20, Rule 3 of the Rules of Court, the CA held that such provision only applies to contractual money claims and not when the subject matter is some other relief and the collection of any amount is merely incidental thereto, such as by way of damages, as in this case.<sup>[52]</sup> Besides,

petitioners had all the opportunity to raise such perceived error when they elevated the case to the CA and to this Court, but they did not.<sup>[53]</sup> Following the principle of finality of judgment, the CA can no longer entertain such assignment of errors.<sup>[54]</sup>

With respect to the validity of the writ of execution, the CA ruled that since the Writ of Execution made express reference to the RTC Decision without adding anything else, the same was valid, unlike the Notice of Garnishment which expressly sought to levy P13,788,250.00 in attorney's fees and, in the process, exceeded the purview of the said Decision.<sup>[55]</sup>

Undaunted, petitioners moved for reconsideration,<sup>[56]</sup> which was, however, denied by the CA in its Resolution<sup>[57]</sup> dated February 22, 2016; hence, the present petition.

### **The Issue Before the Court**

The issue for the Court's resolution is whether or not the CA correctly upheld the twin Orders dated December 9, 2011 and the Order dated May 17, 2012 of the RTC.

### **The Court's Ruling**

The petition is partly meritorious.

At the outset, it is well to reiterate that petitioners are resisting compliance with the ruling in the Quieting of Title Case, on the grounds that: (a) they were never served with summons in relation thereto; and (b) they were merely impleaded as substitutes to Jaime therein, and as such, respondents should have proceeded against his estate instead, pursuant to Section 20, Rule 3 of the Rules of Court. However, a judicious review of the records would reveal that such contentions are untenable, as will be discussed hereunder.

Anent petitioners' claim that they were never served with summons, the CA correctly pointed out that in the November 26, 1997 Manifestation/Motion,<sup>[58]</sup> petitioners, through their counsel, Atty. Trinidad, explicitly stated, among others, that they "received the Summons with a copy of the Second Amended Complaint" and that "the Answer earlier filed serves as the Answer to the Second Amended Complaint."<sup>[59]</sup> Having admitted the foregoing, petitioners cannot now assert otherwise. "It is settled that judicial admissions made by the parties in the pleadings or in the course of the trial or other proceedings in the same case are conclusive and do not require further evidence to prove them. They are legally binding on the party making it, except when it is shown that they have been made through palpable mistake or that no such admission was actually made, neither of which was shown to exist in this case."<sup>[60]</sup>

Assuming *arguendo* that petitioners did not receive summons for the amended complaint, they were nonetheless deemed to have voluntarily submitted to the RTC's jurisdiction by filing an Answer<sup>[61]</sup> to the amended complaint and actively participating in the case.<sup>[62]</sup> In fact, one of the petitioners and Uy siblings, Ericson, was presented as a witness for the defense.<sup>[63]</sup> Moreover, petitioners appealed the adverse RTC ruling in the Quieting of Title Case all the way to the Court. It is settled that the active participation of the party against whom the action was brought, is

tantamount to an invocation of the court's jurisdiction and a willingness to abide by the resolution of the case, and such will bar said party from later on impugning the court's jurisdiction.<sup>[64]</sup> After all, jurisdiction over the person of the defendant in civil cases is obtained either by a valid service of summons upon him or by his voluntary submission to the court's authority.<sup>[65]</sup>

In this regard, petitioners cannot also deny Atty. Trinidad's authority to represent them. As mentioned earlier, one of the petitioners, Ericson, even testified with the assistance of Atty. Trinidad.<sup>[66]</sup> Indeed, if Atty. Trinidad was not authorized to represent them, the natural reaction for petitioners was to exhibit concern. Based on the records, however, there is no indication that any of the petitioners or Ericson made even the slightest objections to Atty. Trinidad's representation. This only confirms the CA's finding that such denial was a mere afterthought and a desperate attempt to undo a final and executory judgment against them.<sup>[67]</sup>

As to petitioners' contention that respondents should have proceeded against Jaime's estate pursuant to Section 20, Rule 3 of the Rules of Court, it is well to point out that based on the records, the Uy siblings were not merely substituted in Jaime's place as defendant; rather, they were impleaded in their personal capacities. Under Section 16, Rule 3 of the Rules of Court, substitution of parties takes place when the party to the action dies *pending* the resolution of the case and the claim is not extinguished, viz.:

Section 16. *Death of party; duty of counsel.* - Whenever **a party to a pending action dies, and the claim is not thereby extinguished**, it shall be the duty of his counsel to inform the court within thirty (30) days after such death of the fact thereof, and to give the name and address of his legal representative or representatives. Failure of counsel to comply with his duty shall be a ground for disciplinary action.

**The heirs of the deceased may be allowed to be substituted** for the deceased, without requiring the appointment of an executor or administrator and the court may appoint a guardian *ad litem* for the minor heirs.

The court shall forthwith order said legal representative or representatives to appear and be substituted within a period of thirty (30) days from notice.

If no legal representative is named by the counsel for the deceased party, or if the one so named shall fail to appear within the specified period, the court may order the opposing party, within a specified time to procure the appointment of an executor or administrator for the estate of the deceased and the latter shall immediately appear for and on behalf of the deceased. The court charges in procuring such appointment, if defrayed by the opposing party, may be recovered as costs. (Emphases supplied)

Here, **Jaime died on March 4, 1990,<sup>[68]</sup> or six (6) years be(ore private respondents filed the Quieting of Title Case.** Thus, after Conchita filed an Answer<sup>[69]</sup> informing the RTC of Jaime's death in 1990, the complaint was amended<sup>[70]</sup> to implead the Uy siblings. Accordingly, the Rules of Court provisions