

## FIRST DIVISION

[ G.R. No. 158576, March 09, 2011 ]

**CORNELIA M. HERNANDEZ, PETITIONER, VS. CECILIO F. HERNANDEZ, RESPONDENT.**

### D E C I S I O N

**PEREZ, J.:**

Before Us is a Petition for Review<sup>[1]</sup> of the Decision of the Court of Appeals in CA-G.R. CV No. 70184<sup>[2]</sup> dated 29 May 2003. The appellate court reversed the Decision of the Regional Trial Court of Makati, Branch 150 (RTC Branch 150), in Civil Case No. 00-1148<sup>[3]</sup> dated 12 February 2001, declaring that the quitclaim signed by the petitioner is valid and incontrovertible.

The controversy between the parties began when the Republic of the Philippines, through the Department of Public Works and Highways (DPWH), offered to purchase a portion of a parcel of land with an area of 80,133 square meters, covered by TCT No. T-36751<sup>[4]</sup> of the Registry of Deeds for Tanauan, Batangas, located at San Rafael, Sto. Tomas, Batangas, for use in the expansion of the South Luzon Expressway. The land is *pro-indiviso* owned by Cornelia M. Hernandez (Cornelia), petitioner herein, Atty. Jose M. Hernandez, deceased father of respondent Cecilio F. Hernandez (Cecilio),<sup>[5]</sup> represented by Paciencia Hernandez (Paciencia) and Mena Hernandez (Mena), also deceased and represented by her heirs.<sup>[6]</sup>

The initial purchase price that was offered by the government was allegedly at Thirty-Five pesos (P35.00) per square meter for 14,643 square meters of the aforementioned land.<sup>[7]</sup> The Hernandez family rejected the offer. After a series of negotiations with the DPWH, the last offer stood at Seventy Pesos (P70.00) per square meter.<sup>[8]</sup> They still did not accept the offer and the government was forced to file an expropriation case.

On 9 August 1993, an expropriation case was filed by the Republic of the Philippines, through the DPWH, before the Regional Trial Court, Branch 83 (RTC Branch 83), Tanauan, Batangas.<sup>[9]</sup> The case was first docketed as Civil Case No. T-859, then Civil Case No. C-023. Branch Clerk of Court Francisco Q. Balderama, Jr., issued a Certification dated 10 January 2001 certifying that the docket numbers stated refers to one and the same case.<sup>[10]</sup>

In Civil Case No. C-023, different parcels of land in *Barangay* Tripache, Tanauan Batangas, which belongs to thirty-four (34) families including the Hernandezes are affected by the expansion project of the DPWH. A similar case, Civil Case No. C-022, was consolidated with the former as it affects the same DPWH endeavor. Land in San Rafael, Sto. Tomas, Batangas, which belong to twenty-three (23) families, was

also the subject of expropriation.

On 11 November 1993, the owners of the Hernandez property executed a letter indicating: (1) Cecilio as the representative of the owners of the land; and (2) the compensation he gets in doing such job. The letter reads:

November 11, 1993

Mr. Cecilio F. Hernandez  
Tanauan, Batangas

Dear Cecilio:

This would confirm to give you twenty (20%) percent of any amount in excess of Seventy (P70.00) Pesos per square meter of our respective shares as success fee for your effort in representing us in Civil Case No. T-859 entitled, "Republic of the Philippines, represented by the Public Works and Highways v. Sto. Tomas Agri-Farms, Inc. and the Appellate Courts."

Whatever excess beyond Three Hundred (P300.00) Pesos per square meter of the area shall likewise be given to you as additional incentive.

We will give you One Thousand Five Hundred (P8,500.00) (*sic*) Pesos each for the preparation of the pleading before the Regional Trial Court and such other reasonable expenses of litigation pro-indiviso.

Very Truly Yours,

(Sgd.) PACENCIA F. HERNANDEZ  
(Sgd.) CORNELIA M. HERNANDEZ

Conforme:

(Sgd.) PACITA M. HERNANDEZ  
(Sgd.) CECILIO F. HERNANDEZ  
HEIRS OF MENA M. HERNANDEZ  
By: (Sgd.) MA. ANTONIA H. LLAMZON  
AND

(Sgd.) PERSEVERANDO M. HERNANDEZ<sup>[11]</sup>

During the course of the expropriation proceedings, an Order dated 13 September 1996 was issued by the RTC Branch 83, informing the parties of the appointment of commissioners to help determine the just compensation. Cecilio was appointed as one of the commissioners to represent the defendants in Civil Case No. C-022. The Order reads:

In order to determine the fair market value of the lands subject of expropriation, the following are appointed as commissioners: Engr.

Melchor Dimaano, as representative of the Department of Public Works and Highways (DPWH), **Messrs. Magno Aguilar and Cecilio Hernandez, as representatives of the landowners**, and Mr. Eric Faustino Esperanza as representative of the Court.<sup>[12]</sup> (Emphasis ours)

On 18 October 1996, Cornelia, and her other co-owners who were also signatories of the 11 November 1993 letter, executed an irrevocable Special Power of Attorney (SPA) appointing Cecilio Hernandez as their "true and lawful attorney" with respect to the expropriation of the subject property.<sup>[13]</sup> The SPA stated that the authority shall be irrevocable and continue to be binding all throughout the negotiation. It further stated that the authority shall bind all successors and assigns in regard to any negotiation with the government until its consummation and binding transfer of a portion to be sold to that entity with Cecilio as the sole signatory in regard to the rights and interests of the signatories therein. There was no mention of the compensation scheme for Cecilio, the attorney-in-fact.

The just compensation for the condemned properties was fixed in the Decision<sup>[14]</sup> dated 7 January 1998, penned by Judge Voltaire Y. Rosales (Judge Rosales) of RTC Branch 83, Tanauan, Batangas. The value of the land located at *Barangay* Tripache, Tanauan, Batangas, was pegged at One Thousand Five Hundred Pesos (P1,500.00) per square meter. The total area that was condemned for the Hernandez family was Fourteen Thousand Six Hundred Forty-Three (14,643) square meters. Thus, multiplying the values given, the Hernandez family will get a total of Twenty One Million, Nine Hundred Sixty-Four Thousand Five Hundred Pesos (P21,964,500.00) as just compensation.<sup>[15]</sup>

Included in the decision is the directive of the court to pay the amount of P4,000.00 to Cecilio, as Commissioner's fees.<sup>[16]</sup>

On 6 October 1999, petitioner executed a Revocation of the SPA<sup>[17]</sup> withdrawing the authority earlier granted to Cecilio in the SPA dated 18 October 1996. After the revocation, on 28 December 1999, without the termination of counsel on record, Cornelia, with a new lawyer, moved for the withdrawal of her one-third (1/3) share of the just compensation, which is equivalent to Seven Million Three Hundred Twenty-One Thousand Five Hundred Pesos (P7,321,500.00) - the amount a *pro-indiviso* owner is to receive.

In the Order<sup>[18]</sup> dated 24 January 2000, Judge Rosales, even with the irregularity that the motion to withdraw was not filed by the counsel of record, granted the motion of petitioner, with the condition that the money shall be released only to the attorney-in-fact, Mr. Cecilio F. Hernandez. The trial court took cognizance of the irrevocable nature of the SPA dated 18 October 1996.<sup>[19]</sup> Cecilio, therefore, was able to get not just one-third (1/3) of, but the entire sum of Twenty One Million, Nine Hundred Sixty-Four Thousand Five Hundred Pesos (P21,964,500.00).

On 7 February 2000, Cornelia received from Cecilio a Bank of the Philippine Islands Check amounting to One Million One Hundred Twenty-Three Thousand Pesos (P1,123,000.00).<sup>[20]</sup> The check was however accompanied by a Receipt and Quitclaim<sup>[21]</sup> document in favor of Cecilio. In essence it states that: (1) the amount

received will be the share of Cornelia in the just compensation paid by the government in the expropriated property; (2) in consideration of the payment, it will release and forever discharge Cecilio from any action, damages, claims or demands; and (3) Cornelia will not institute any action and will not pursue her complaint or opposition to the release to Cecilio or his heirs or assigns, of the entire amount deposited in the Land Bank of the Philippines, Tanauan, Batangas, or in any other account with any bank, deposited or will be deposited therein, in connection with Civil Case No C-023, representing the total just compensation of expropriated properties under the aforementioned case.

The check was received by Cornelia with a heavy heart. She averred in her *ex-parte* testimony that she was forced to receive such amount because she needs the money immediately for medical expenses due to her frail condition.<sup>[22]</sup>

Moreover, Cornelia averred that after a few days from her receipt of the check, she sought the help of her niece, Daisy Castillo, to get the decision in Civil Case No. C-022.<sup>[23]</sup> It was only then, when her niece got hold of the decision and explained its contents, that she learned that she was entitled to receive Seven Million Three Hundred Twenty-One Thousand Five Hundred Pesos (P7,321,500.00).<sup>[24]</sup> In a Letter<sup>[25]</sup> dated 22 June 2000, Cornelia demanded the accounting of the proceeds. The letter was left unanswered. She then decided to have the courts settle the issue. A Complaint for the Annulment of Quitclaim and Recovery of Sum of Money and Damages<sup>[26]</sup> was filed before the RTC Branch 150 of Makati on 18 September 2000. The case was docketed as Civil Case No. 00-1184.

Cecilio, despite the service of summons and copy of the complaint failed to file an answer. The trial court explained further that Cecilio was present in the address supplied by the petitioner but refused to receive the copy. The trial court even gave Cecilio ten (10) more days, from his refusal to accept the summons, to file his answer. **Upon the motion of the petitioner, respondent Cecilio was declared in default.** The court allowed petitioner to adduce evidence *ex parte*.<sup>[27]</sup>

Cecilio tried to file a Motion for Reconsideration to lift the order of default. However, the trial court found that the leeway they have given Cecilio to file an answer was more than enough.

In the Decision dated 12 February 2001, the RTC Branch 150 of Makati, through Judge Zeus C. Abrogar denied the motion and nullified the quitclaim in favor of Cecilio. The *fallo* of the case reads:

**WHEREFORE,** judgment is hereby rendered in favor of the plaintiff and against the defendant, declaring the receipt and quitclaim signed by the plaintiff dated February 7, 2000 as null and void and ordering the defendant to pay the plaintiff the amount of;

1. P6,198,417.60, including the accrued interest thereon with 12% per annum, computed from the date of the filing hereof until the said amount is fully paid;
2. payment of P200,000.00 to the plaintiff by the defendant by way of moral damages;

3. attorney's fees in the sum of P100,000.00 and;
4. cost of suit.<sup>[28]</sup>

Aggrieved, Cecilio appealed the Decision of the trial court. The Court of Appeals did not discuss whether the default order was proper. However, the appellate court, in its Decision dated 29 May 2003 reversed and set aside the ruling of the trial court. The dispositive portion reads:

**WHEREFORE**, premises considered, the Decision dated February 12, 2001, of the Regional Trial Court of Makati, National Capital Judicial Region, Branch 150, in Civil Case No. 00-1148, is hereby **REVERSED** and **SET ASIDE** and a new one is entered ordering the dismissal of the complaint filed on September 13, 2000 by the appellee against the appellant. No pronouncement as to costs.<sup>[29]</sup>

Petitioner Cornelia now submits that the Court of Appeals erred in holding the validity of the receipt and quitclaim document contrary to law and jurisprudence.<sup>[30]</sup> She holds that the distribution of award that transpired is unjust and prays that the decision of the RTC Branch 150 of Makati be reinstated.

We agree.

The trial court awarded the Hernandez family, among others, a total amount of P21,964,500.00 for the expropriation of 14,643 square meters of land to be used as extension of the South Luzon Expressway. The three co-owners of the said land, Cornelia, Mena and Paciencia were listed as item number twenty (20) in the decision dated 7 January 1998, as one of the recipients of the just compensation to be given by the government.<sup>[31]</sup> As *pro-indiviso* landowners of the property taken, each one of them ought to receive an equal share or one third (1/3) of the total amount which is equivalent to P7,321,500.00.

The equal division of proceeds, however, was contested by Cecilio. He avers that he is the agent of the owners of the property.<sup>[32]</sup> He bound himself to render service on behalf of her cousins, aunt and mother, by virtue of the request of the latter.<sup>[33]</sup> As an agent, Cecilio insists that he be given the compensation he deserves based on the agreement made in the letter dated 11 November 1993, also called as the service contract,<sup>[34]</sup> which was signed by all the parties. This is the contract to which Cecilio anchors his claim of validity of the receipt and quitclaim that was signed in his favor.

## I.

A contract where consent is given through mistake, violence, intimidation, undue influence, or fraud is voidable.<sup>[35]</sup> In determining whether consent is vitiated by any of the circumstances mentioned, courts are given a wide latitude in weighing the facts or circumstances in a given case and in deciding in their favor what they believe to have actually occurred, **considering the age, physical infirmity, intelligence, relationship, and the conduct of the parties at the time of the**