

THIRD DIVISION

[G.R. No. 161220, July 30, 2008]

SPOUSES GORGONIO BENATIRO AND COLUMBA CUYOS-BENATIRO SUBSTITUTED BY THEIR HEIRS, NAMELY: ISABELITA, RENATO, ROSADELIA AND GORGONIO, JR., SURNAMED BENATIRO, AND SPOUSES RENATO C. BENATIRO AND ROSIE M. BENATIRO, RESPONDENTS, VS. HEIRS OF EVARISTO CUYOS, NAMELY: GLORIA CUYOS-TALIAN, PATROCENIA CUYOS-MIJARES, NUMERIANO CUYOS, AND ENRIQUE CUYOS, REPRESENTED BY THEIR ATTORNEY-IN-FACT, SALUD CUYOS, RESPONDENTS.

D E C I S I O N

AUSTRIA-MARTINEZ, J.:

Before us is a Petition for Review on *Certiorari* under Rule 45 of the Rules of Court filed by petitioners seeking to annul the Decision^[1] dated July 18, 2003 of the Court of Appeals (CA) and its Resolution^[2] dated November 13, 2003 denying petitioners' motion for reconsideration issued in CA-G.R. SP No. 65630.^[3]

Spouses Evaristo Cuyos and Agatona Arrogante Cuyos were blessed with nine children, namely: Francisco, Victoria, Columba, Lope, Salud, Gloria, Patrocenia, Numeriano, and Enrique. On August 28, 1966, Evaristo died leaving six parcels of land located in Tapilon, Daanbantayan, Cebu covered by Tax Declaration (TD) Nos. 000725, 000728, 000729, 000730, 000731, 000732, all under the name of Agatona Arrogante.

On July 13, 1971, one of the heirs, Gloria Cuyos-Talian (respondent Gloria) represented by Atty. Victor Elliot Lepiten (Atty. Lepiten), filed before the Court of First Instance (CFI) now Regional Trial Court (RTC), Cebu, Branch XI, a petition^[4] for Letters of Administration, docketed as Special Proceeding (SP) No. 24-BN entitled "In the Matter of the Intestate Estate of Evaristo Cuyos, Gloria Cuyos-Talian, petitioner." The petition was opposed by Gloria's brother, Francisco, who was represented by Atty. Jesus Yray (Atty. Yray).

In the hearing held on January 30, 1973, both parties together with their respective counsels appeared. Both counsels manifested that the parties had come to an agreement to settle their case. The trial court on even date issued an Order^[5] appointing Gloria as administratrix of the estate. The dispositive portion reads:

WHEREFORE, letters of administration of the estate of the late Evaristo Cuyos and including the undivided half accruing to his spouse Agatona Arrogante who recently died is hereby issued in favor of Mrs. Gloria

Cuyos Talian who may qualify as such administratrix after posting a nominal bond of P1,000.00.^[6]

Subsequently, in the Order^[7] dated December 12, 1975, the CFI stated that when the Intestate Estate hearing was called on that date, respondent Gloria and her brother, oppositor Francisco, together with their respective counsels, appeared; that Atty. Yray, Francisco's counsel, manifested that the parties had come to an agreement to settle the case amicably; that both counsels suggested that the Clerk of Court, Atty. Andres C. Taneo (Atty. Taneo), be appointed to act as Commissioner to effect the agreement of the parties and to prepare the project of partition for the approval of the court. In the same Order, the Court of First Instance (CFI) appointed Atty. Taneo and ordered him to make a project of partition within 30 days from December 12, 1975 for submission and approval of the court.

In his Commissioner's Report^[8] dated July 29, 1976, Atty. Taneo stated that he issued subpoenae supplemented by telegrams to all the heirs to cause their appearance on February 28 and 29, 1976 in Tapilon, Daanbantayan, Cebu, where the properties are located, for a conference or meeting to arrive at an agreement; that out of the nine heirs, only respondents Gloria, Salud and Enrique Cuyos failed to attend; that per return of the service, these three heirs could not be located in their respective given addresses; that since some of the heirs present resided outside the province of Cebu, they decided to go ahead with the scheduled meeting.

Atty. Taneo declared in his Report that the heirs who were present:

1. Agreed to consider all income of the properties of the estate during the time that Francisco Cuyos, one of the heirs, was administering the properties of the estate (without appointment from the Court) as having been properly and duly accounted for.
2. Agreed to consider all income of the properties of the estate during the administration of Gloria Cuyos Talian, (duly appointed by the Court) also one of the heirs as having been properly and duly accounted for.
3. Agreed to consider all motions filed in this proceedings demanding an accounting from Francisco Cuyos and Gloria Cuyos Talian, as having been withdrawn.
4. Agreed not to partition the properties of the estate but instead agreed to first sell it for the sum of P40,000.00 subject to the condition that should any of the heirs would be in a position to buy the properties of the estate, the rest of the eight (8) heirs will just receive only Four Thousand Pesos (P4,000.00) each.
5. Agreed to equally divide the administration expenses to be deducted from their respective share of P4,000.00.^[9]

The Report further stated that Columba Cuyos-Benatiro (Columba), one of the heirs, informed all those present in the conference of her desire to buy the properties of the estate, to which everybody present agreed, and considered her the buyer. Atty. Taneo explained that the delay in the submission of the Report was due to the

request of respondent Gloria that she be given enough time to make some consultations on what was already agreed upon by the majority of the heirs; that it was only on July 11, 1976 that the letter of respondent Gloria was handed to Atty. Taneo, with the information that respondent Gloria was amenable to what had been agreed upon, provided she be given the sum of P5,570.00 as her share of the estate, since one of properties of the estate was mortgaged to her in order to defray their father's hospitalization.

Quoting the Commissioner's Report, the CFI issued the assailed Order^[10] dated December 16, 1976, the dispositive portion of which reads as follows:

WHEREFORE, finding the terms and conditions agreed upon by the heirs to be in order, the same being not contrary to law, said compromise agreement as embodied in the report of the commissioner is hereby approved. The Court hereby orders the Administratrix to execute the deed of sale covering all the properties of the estate in favor of Columba Cuyos Benatiro after the payment to her of the sum of P36,000.00. The said sum of money shall remain in custodia legis, but after all the claims and administration expenses and the estate taxes shall have been paid for, the remainder shall, upon order of the Court, be divided equally among the heirs. ^[11]

The CFI disapproved the claim of respondent Gloria for the sum of P5,570.00, as the same had been allegedly disregarded by the heirs present during the conference.

In an Order^[12] dated January 11, 1978, the CFI appointed Lope Cuyos (Cuyos) as the new administrator of the estate, purportedly on the basis of the motion to relieve respondent Gloria, as it appeared that she was already residing in Central Luzon and her absence was detrimental to the early termination of the proceedings.

On May 25, 1979, administrator Cuyos executed a Deed of Absolute Sale^[13] over the six parcels of land constituting the intestate estate of the late Evaristo Cuyos in favor of Columba for a consideration of the sum of P36,000.00.

Sometime in February 1998, the heirs of Evaristo Cuyos, namely: Gloria Cuyos-Talian, Patrocenia Cuyos-Mijares, Numeriano Cuyos and Enrique Cuyos, represented by their attorney-in-fact, Salud Cuyos (respondents), allegedly learned that Tax Declaration Nos. 000725, 000728, 000729, 000730, 000731 and 000732, which were all in the name of their late mother Agatona Arrogante, were canceled and new Tax Declaration Nos., namely, 20-14129, 20-14130, 20-141131, 20-14132, 2014133 and 20-14134, were issued in Columba's name; and that later on, Original Certificates of Titles covering the estate of Evaristo Cuyos were issued in favor of Columba; that some of these parcels of land were subsequently transferred to the names of spouses Renato C. Benatiro and Rosie M. Benatiro, son and daughter-in-law, respectively, of petitioners Gorgonio and Columba, for which transfer certificates of title were subsequently issued; that they subsequently discovered the existence of the assailed CFI Order dated December 16, 1976 and the Deed of Absolute Sale dated May 25, 1979.

Respondents filed a complaint against petitioner Gorgonio Benatiro before the Commission on the Settlement of Land Problems (COSLAP) of the Department of

Justice, which on June 13, 2000 dismissed the case for lack of jurisdiction.^[14]

Salud Cuyos brought the matter for conciliation and mediation at the *barangay* level, but was unsuccessful.^[15]

On July 16, 2001, Salud Cuyos, for herself and in representation^[16] of the other heirs of Evaristo Cuyos, namely: Gloria, Patrocenia, Numeriano,^[17] and Enrique, filed with the CA a petition for annulment of the Order dated December 16, 1976 of the CFI of Cebu, Branch XI, in SP No. 24-BN under Rule 47 of the Rules of Court. They alleged that the CFI Order dated December 16, 1976 was null and void and of no effect, the same being based on a Commissioner's Report, which was patently false and irregular; that such report practically deprived them of due process in claiming their share of their father's estate; that Patrocenia Cuyos-Mijares executed an affidavit, as well as the unnotarized statement of Gloria stating that no meeting ever took place for the purpose of discussing how to dispose of the estate of their parents and that they never received any payment from the supposed sale of their share in the inheritance; that the report was done in close confederacy with their co-heir Columba, who stood to be benefited by the Commissioner's recommendation, should the same be approved by the probate court; that since the report was a falsity, any order proceeding therefrom was invalid; that the issuance of the certificates of titles in favor of respondents were tainted with fraud and irregularity, since the CFI which issued the assailed order did not appear to have been furnished a copy of the Deed of Absolute Sale; that the CFI was not in *custodia legis* of the consideration of the sale, as directed in its Order so that it could divide the remainder of the consideration equally among the heirs after paying all the administration expenses and estate taxes; that the intestate case had not yet been terminated as the last order found relative to the case was the appointment of Lope as administrator vice Gloria; that they never received their corresponding share in the inheritance; and that the act of petitioners in manifest connivance with administrator Lope amounted to a denial of their right to the property without due process of law, thus, clearly showing that extrinsic fraud caused them to be deprived of their property.

Herein petitioners contend that respondents' allegation that they discovered the assailed order dated December 16, 1976 only in February 1998 was preposterous, as respondents were represented by counsel in the intestate proceedings; thus, notice of Order to counsel was notice to client; that this was only a ploy so that they could claim that they filed the petition for annulment within the statutory period of four (4) years; that they have been in possession of the six parcels of land since May 25, 1979 when the same was sold to them pursuant to the assailed Order in the intestate proceedings; that no extrinsic fraud attended the issuance of the assailed order; that Numeriano executed an affidavit in which he attested to having received his share of the sale proceeds on May 18, 1988; that respondents were estopped from assailing the Order dated December 16, 1976, as it had already attained the status of finality.

On July 18, 2003, the CA granted the petition and annulled the CFI order, the dispositive portion of which reads:

FOR ALL THE FOREGOING REASONS, the instant petition is hereby GRANTED. Accordingly, the Order issued by the Court of First Instance of

Cebu Branch XI dated December 16, 1976 as well as the Certificates of Title issued in the name of Columba Cuyos-Benatiro and the subsequent transfer of these Titles in the name of spouses Renato and Rosie Benatiro are hereby ANNULLED and SET ASIDE. Further, SP Proc. Case No. 24-BN is hereby ordered reopened and proceedings thereon be continued.^[18]

The CA declared that the ultimate fact that was needed to be established was the veracity and truthfulness of the Commissioner's Report, which was used by the trial court as its basis for issuing the assailed Order. The CA held that to arrive at an agreement, there was a need for all the concerned parties to be present in the conference; however, such was not the scenario since in their separate sworn statements, the compulsory heirs of the decedent attested to the fact that no meeting or conference ever happened among them; that although under Section 3(m), Rule 133 on the Rules of Evidence, there is a presumption of regularity in the performance of an official duty, the same may be contradicted and overcome by other evidence to prove the contrary.

The CA noted some particulars that led it to conclude that the conference was not held accordingly, to wit: (1) the Commissioner's Report never mentioned the names of the heirs who were present in the alleged conference but only the names of those who were absent, when the names of those who were present were equally essential, if not even more important, than the names of those who were absent; (2) the Report also failed to include any proof of conformity to the agreement from the attendees, such as letting them sign the report to signify their consent as regards the agreed mechanisms for the estate's settlement; (3) there was lack or absence of physical evidence attached to the report indicating that the respondents were indeed properly notified about the scheduled conference. The CA then concluded that due to the absence of the respondents' consent, the legal existence of the compromise agreement did not stand on a firm ground.

The CA further observed that although it appeared that notice of the report was given to Atty. Lepiten and Atty. Yray, lawyers of Gloria and Francisco Cuyos, respectively, the same cannot be taken as notice to the other heirs of Evaristo Cuyos; that a lawyer's authority to compromise cannot be simply presumed, since what was required was the special authority to compromise on behalf of his client; that a compromise agreement entered into by a person not duly authorized to do so by the principal is void and has no legal effect, citing *Quiban v. Butalid*;^[19] that being a void compromise agreement, the assailed Order had no legal effect.

Thus, the CA ruled that the Certificates of Titles obtained by herein petitioners were procured fraudulently; that the initial transfer of the properties to Columba Cuyos-Benatiro by virtue of a Deed of Absolute Sale executed by Lope Cuyos was clearly defective, since the compromise agreement which served as the basis of the Deed of Absolute Sale was void and had no legal effect.

The CA elaborated that there was no showing that Columba paid the sum of P36,000.00 to the administrator as consideration for the sale, except for the testimony of Numeriano Cuyos admitting that he received his share of the proceeds but without indicating the exact amount that he received; that even so, such alleged payment was incomplete and was not in compliance with the trial court's order for the administratrix to execute the deed of sale covering all properties of the estate in favor of Columba Cuyos-Benatiro after the payment to the administratrix of the sum