

SUPREME COURT OF THE PHILIPPINES
PUBLIC INFORMATION OFFICE
RECEIVED
NOV 15 2021
BY: R. JANTADO
TIME: 2:37

Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

**MA. CONCEPCION ALFEREZ,
ANTONIO S. ALFEREZ, and
ESPERANZA ALFEREZ EVANS,**
Petitioners,

G.R. No. 244542

Present:

- versus -

LEONEN, J., *Chairperson,*
HERNANDO,
INTING,
DELOS SANTOS, and
LOPEZ, JJ.

**SPOUSES EXEQUIEL and
CELESTINA CANENCIA, NORMA
A. ALFORQUE, and TERESA A.
ALFORQUE,**

Promulgated:

June 28, 2021

Respondents.

Mis-DCBatt

X-----X

DECISION

LOPEZ, J., J.:

This resolves a petition for review on *certiorari*¹ filed by petitioners Ma. Concepcion Alferez (*Ma. Concepcion*), Antonio Alferez (*Antonio*), and Esperanza Alferez Evans (*Esperanza*) assailing the June 29, 2018 Decision² and January 16, 2019 Resolution³ of the Court of Appeals (*CA*) in CA-G.R. CV No. 04491-MIN, which declared the May 17, 2016 Judgment⁴ of the Regional Trial Court (*RTC*), Branch 19, Davao del Sur, in Civil Case No. 4805 void for lack of jurisdiction.

¹ *Rollo*, pp. 27-55.

² Penned by Associate Justice Oscar V. Badelles with Associate Justices Romulo V. Borja and Tita Marilyn Payoyo-Villordon concurring; *id.* at 11-17.

³ *Id.* at 19-20.

⁴ *Id.* at 98-122.

9

The Antecedents

Federico J. Alferez (*Federico*) died on September 23, 1980 without leaving any will. He was survived by his spouse, Teodora, and their children, namely: Ma. Concepcion, Antonio, and Esperanza (*petitioners*).

Petitioners allege that since the late Federico left several bank debts, Ma. Concepcion, as Federico's daughter and compulsory heir, filed a Petition for Issuance of Letters of Administration for the Intestate Estate of Federico Alferez⁵ on October 25, 1980, which was docketed as Special Proceedings No. 437, in the Court of First Instance (*CFI*), Branch 5, Davao Del Sur.

In the intestate proceedings, the Estate of the late Federico consists of one-half of all the real and personal properties of his conjugal partnership with his surviving spouse, Teodora, to wit:⁶

- (1) **Lot 1885-C, Psd-20401-D** containing an area of 240,000 square meters located at Goma, Digos City covered by and bounded in **Original Certificate of Title (OCT) No. P-6029-1518** of the Registry of Deeds of Davao del Sur;
- (2) A parcel of land located at Goma, Digos City with an area of 23.2607 hectares covered by and bounded in **Transfer Certificate of Title (TCT) No. T-173-29** of the Registry of Deeds of Davao del Sur;
- (3) **Lot 1885-B, Psd-20401-D**, containing an area of 240,000 square meters located at Goma, Digos City, covered by and bounded in **OCT No. P-6028** of the Registry of Deeds of Davao del Sur;
- (4) Parcel of land located along Rizal Avenue, Digos City, containing an area of 901 square meters covered by and bounded **OCT No. P-5586**; and
- (5) Parcel of land located at Matti, Digos City, containing an area of 400 square meters covered by and bounded in **TCT No. T-5907** of the Registry of Deeds of Davao del Sur.

On January 16, 1981, the CFI issued Letters of Administration⁷ in favor of Ma. Concepcion, appointing her as administratrix of the Estate of Federico.

On January 15, 1982, Teodora and Petitioners executed an Extrajudicial Settlement with Donation⁸ with the following relevant provisions:

⁵ *Id.* at 68-70.

⁶ *Id.* at 29-30.

⁷ *Id.* at 71-72.

⁸ *Id.* at 73-77.

8

1. Teodora, is the absolute owner of one-half of the parcels of land, particularly covered by **OCT No. P-6029-1518**; **OCT No. 6028**; and **TCT No. T-173-29**, being her conjugal share in the conjugal partnership with Federico;
2. Teodora, Antonio, and Esperanza waives their inheritance share, participation and interest in **Lot No. 1885-C, Psd-20401-D**, covered by **OCT No. P-6029-1518** in favor of Ma. Concepcion;
3. Teodora, Ma. Concepcion, and Esperanza waives their respective inheritance share, participation, and interest in the parcel of land covered by **TCT No. T-173-29** in favor of Antonio; and
4. Teodora, Antonio, and Ma. Concepcion waives their respective inheritance share, participation, and interest in **Lot No. 1885-B, Psd-20401-D** covered by **OCT No. P-6028** in favor of Esperanza.

By reason of the outstanding debts incurred by the late Federico, part of his estate needed to be sold to settle the same. Necessarily, Ma. Concepcion, as administratrix, was constrained to file an Urgent Motion to Allow Administratrix to Sell Properties⁹ dated April 24, 1985, in the same proceedings. In support of the motion, Ma. Concepcion alleged the willingness of the other heirs to sell their respective shares. Particularly, Esperanza executed a Special Power of Attorney (*SPA*) in 1984, authorizing Ma. Concepcion to negotiate a sale of the property covered by **OCT No. P-6028**.¹⁰ Likewise, on March 28, 1985, Antonio also executed an SPA capacitating Ma. Concepcion to sell the lot covered by **TCT No. T-173-29**.¹¹

In an Order¹² dated August 29, 1985, Ma. Concepcion was authorized to sell the properties located in Digos, Davao del Sur, and covered by the following titles: (1) **TCT No. T-173-29** adjudicated to Antonio; (2) **OCT No. P-6029-1518** adjudicated to Ma. Concepcion; and (3) **OCT No. P-6028** adjudicated to Esperanza.

To finally settle Federico's outstanding debts, Ma. Concepcion, in behalf of the estate, executed a Deed of Sale with Assumption of Mortgage¹³ (*Deed*) dated October 8, 1985 with Spouses Exequiel and Celestina Canencia (*respondents Canencia*), Norma A. Alforque and Teresa A. Alforque (*respondents*) covering the properties adjudicated to petitioners for a consideration of **Three Hundred Thousand Pesos (₱300,000.00)**.

⁹ *Id.* at 78-80.

¹⁰ *Id.* at 133-134.

¹¹ *Id.* at 12.

¹² *Id.* at 81.

¹³ *Id.* at 123-124.

9

Petitioners, later filed an action for Annulment and/or Declaration of Nullity of Deed of Sale with Assumption of Mortgage, Recovery of Possession, Damages, and Attorney's Fees.¹⁴ Petitioners assert that during negotiations with respondents, they were clear that the land forming part of Federico and Teodora's estate, which was about 71 hectares, was not entirely for sale; what they intended to sell was only the half of Federico. While respondents expressed their interest to buy the remaining half of the farm pertaining to the conjugal share of Teodora, Ma. Concepcion explained that the primary reason for the sale of the estate was for the payment of bank debts; in fact, she herself planned to till the other half of the farm using her share of the money from the sale.

During the execution of the Deed, Ma. Concepcion was surprised to see that the entire property was included in the sale. Despite her protests, she was reassured that the Deed was a temporary document to serve only as a security for the amount to be advanced by respondents Canencia and that a subsequent Deed would be prepared once the sale was consummated. To protect their interest as heirs, Ma. Concepcion requested that the Deed of Sale remain unnotarized. However, her request went unheeded as respondents went ahead and notarized the Deed.

Left without any security, Ma. Concepcion endeavored to have respondents Canencia sign a Memorandum of Agreement to express their earlier agreed terms. The Memorandum included a provision that the terms for the sale of the portion belonging to Teodora would be drafted upon respondents Canencia's payment for the sale of Federico's portion.

When the last yearly installment for the portion belonging to Federico was settled by respondents Canencia in 1990, Ma. Concepcion reminded respondents Canencia of their agreement regarding the purchase of the conjugal share of Teodora. To her astonishment, respondents Canencia instead showed her the supposed temporary Deed, telling her that they had already paid for the entire estate of Federico and Teodora. At that moment, it was evident on the part of Ma. Concepcion that from the beginning, during the negotiations for the sale of Federico's share, that respondents had acted in bad faith, and at the same time, had taken advantage of her financial difficulties and earnestness in the transaction due to their desire in settling Federico's indebtedness.

In frustration, Ma. Concepcion had no other recourse but to refer the matter to the *Lupong Tagapamayapa* of San Jose, Digos City. As the parties failed to reach a settlement, a certificate to file action was issued by the *Lupon*. As a consequence, a case was filed before the RTC, Branch 20, in 1995, which was dismissed without prejudice on May 31, 2007 for lack of jurisdiction, as

¹⁴ *Id.* at. 13-14.

the value of the property was not alleged in the complaint. Hence, the action was timely refiled on August 26, 2007 in RTC, Branch 19.¹⁵

Respondents Canencia present their own version of the facts.¹⁶

Respondents Canencia allege that they first met Ma. Concepcion sometime in 1985. She approached respondents Canencia offering the sale of three (3) parcels of land owned by her parents in Goma, Digos, Davao del Sur. Initially, respondents Canencia rejected her offer, as they did not have the resources to buy the said parcels of land. However, Ma. Concepcion was persistent and practically begged them to buy the land, as she needed the money to settle her father's debts with Philippine National Bank (*PNB*) and Bank of Philippine Islands (*BPI*). She also intimated that such lands were subject to foreclosure as the lands were mortgaged with the banks.

After much convincing, respondents Canencia decided to help Ma. Concepcion by agreeing to buy the lands she was offering to sell. Anent payment terms, it was agreed that Ma. Concepcion would receive **Five Hundred Thousand Pesos (₱500,000.00)** in cash, which respondents Canencia would pay by installments and in addition, they would also assume the mortgage debt of the estate with the banks amounting to more or less **Three Hundred Thousand Pesos (₱300,000.00)**.

Being in agreement, the parties reduced the same in writing by executing a Deed of Sale with Assumption of Mortgage dated October 8, 1985. The contract was signed by Ma. Concepcion as vendor, and respondents as vendees. At the request of Ma. Concepcion, the contract reflected a different amount of consideration at **Three Hundred Thousand Pesos (₱300,000.00)**, as she wanted to save some money for herself and her siblings.¹⁷ The true amount of the compensation was thereafter reflected in a Memorandum of Agreement¹⁸ between the parties.

After fully paying the consideration of the sale on July 27, 1990, respondents requested petitioner to facilitate the transfer of titles to them. To their surprise, Ma. Concepcion refused to accede to their request. Instead, she filed an action before the RTC for Annulment of Deed of Sale and Recovery of Possession.

The Ruling of the RTC

¹⁵ *Id.* at 84-97.

¹⁶ *See* Comment to the Petition for Review on *Certiorari*; *id.* at 156-188.

¹⁷ *See* Affidavit dated October 10, 1985; *id.* at p. 130.

¹⁸ *Id.* at 131-133.

On May 17, 2016, the RTC rendered a Judgment¹⁹ in favor of respondents. The *fallo* reads:

WHEREFORE, foregoing premises considered, judgment is hereby rendered declaring the Deed of Sale with Assumption of Mortgage executed by and between the [petitioner] Maria Concepcion Alferez and the [respondents] Spouses Exequiel and Celestina Canencia, Norma A. Alforque, and Teresa A. Alforque, VALID. The propriety of a subsequent CARP-coverage of the parcels of land subject of the Deed of Sale with Assumption of Mortgage is beyond the province of this Court.

No award of damages or costs to either party.

SO ORDERED.²⁰

Ruling in favor of respondents, the RTC found that the Deed of Sale with Assumption of Mortgage possesses all the elements of a valid contract. While petitioners assert that the properties subject of the Deed are part of the estate of Federico and Teodora, the Extrajudicial Settlement of Estate with Donation proves otherwise. The said Settlement clearly states in no uncertain terms the act of donation by Teodora to her children of all her conjugal shares in the parcels of land which are to become the subject properties in the Deed. As the properties were now the exclusive properties of Ma. Concepcion, Antonio, and Esperanza, they were free to convey and dispose of the same. Given that Antonio and Esperanza had executed an SPA to capacitate Ma. Concepcion to sell their respective portions, Ma. Concepcion was thus authorized to sign the Deed and enter into a sale with respondents.

By signing the Deed which bears no infirmity, petitioners are barred from questioning the validity and the bounds of the same.

Aggrieved, petitioners appealed to the CA.

The Ruling of the CA

On June 29, 2018, the CA issued a Decision²¹ which declared void the Judgment of the RTC for lack of jurisdiction. The dispositive portion reads:

WHEREFORE, premises considered, the assailed 17 May 2016 Decision of the Regional Trial Court, Branch 19, Digos City, Davao del Sur in Civil Case No. 4805 is hereby declared VOID for lack of jurisdiction. The Complaint in Civil Case No. 4805 is DISMISSED without prejudice.

¹⁹ *Id.* at 98-122.

²⁰ *Id.* at 121-122.

²¹ *Id.* at 11-17.

SO ORDERED.²²

In finding the assailed RTC Judgment to be suffering from jurisdictional infirmity, the CA cites Rule 73, Section 1 of the Rules of Court, which provides that “the court first taking cognizance of the settlement of the estate of a decedent shall exercise jurisdiction to the exclusion of all other courts.”

Here, when Federico died intestate on September 23, 1980, he left behind several bank debts. As a result, his heirs, herein petitioners, instituted intestate proceedings before the CFI, Branch 5 of Davao del Sur. Undoubtedly, CFI, Branch 5, being the court to first take cognizance of the settlement of the intestate estate of the late Federico, acquired jurisdiction over the properties to the exclusion of all other courts. RTC, Branch 19, in issuing the assailed Judgment, encroached on the jurisdiction of the CFI, Branch 5; to hold otherwise would be to divide the jurisdiction of the appropriate forum in the resolution of incidents arising in a case before it.

On July 24, 2018, petitioners filed a Motion for Reconsideration, which was thereafter denied in a Resolution²³ dated January 16, 2019.

Petitioners, claiming that the CA decision was adverse to them, considering that no reconveyance was decreed, filed the instant petition.

Hence, this petition.

The Issue Before the Court

Petitioners essentially anchor their prayer for the reversal of the CA Decision and Resolution on a sole argument:

THE COURT OF APPEALS PATENTLY ERRED, DEPARTING FROM THE USUAL COURSE OF JUDICIAL PROCEEDINGS, AND SUPPLANTED THE LOWER TRIBUNAL’S DISCRETION ON PURELY PROCEDURAL MATTERS WITH ITS OWN, THAT IS CONTRARY TO LAW AND SUPREME COURT RULINGS, WHEN IT RULED THAT THE PROCEEDINGS IN THE COURT *A QUO* WERE VOID FOR LACK OF JURISDICTION WHEN IT SHOULD HAVE RULED ON THE MERITS OF THE CASE.²⁴

In the main, petitioners argue that the CA should have decided on the merits of the case instead of dismissing the appeal on jurisdictional grounds.

²² *Id.* at 17.

²³ *Id.* at 19-20.

²⁴ *Id.* at 38.

9

Moreover, they insist that the Deed of Sale with Assumption of Mortgage should be annulled as it is not reflective of their intent to limit the sale only to the portion of the properties belonging to Federico.

The Court's Ruling

After a careful perusal of the arguments presented and the evidence submitted, the Court finds partial merit in the petition.

First, on the issue of jurisdiction.

Petitioners assert that the dismissal on jurisdictional grounds is without legal basis. While it may be true that the Deed pertains to the Estate of Federico, the greater issue in this present case is the reconveyance of the conjugal properties of Teodora, which were not included in the Deed and not within the jurisdiction of the intestate court, as the proceedings therein only dealt with properties forming part of the estate of Federico.

In their Comment,²⁵ the respondents counter that the CA properly ruled on the jurisdictional issue. Particularly, when the Deed was executed, the entire estate including the conjugal share was still under administration and the intestate proceedings had not yet been terminated. Moreover, there was even no approved plan of partition yet at the time. Thus, regardless of the contention of the petitioners, the entire parcels of lands subject of the sale were under the jurisdiction of the intestate court.

We rule for the petitioners.

In law, nothing is as elementary as the concept of jurisdiction, for the same is the foundation upon which the courts exercise their power of adjudication, and without which, no rights or obligation could emanate from any decision or resolution.²⁶

Jurisdiction is defined as the power and authority of a court to hear, try, and decide a case.²⁷ In order for the court or an adjudicative body to have authority to dispose of the case on the merits, it must acquire, among others, jurisdiction over the subject matter.²⁸

In *Padlan v. Dinglasan*, the Court held:

²⁵ *Id.* at 158-188.

²⁶ *Proceso L. Maligalig v. Sandiganbayan, et al.*, G.R. No. 236293, December 10, 2019.

²⁷ *Spouses Genato v. Viola*, 625 Phil. 515, 527 (2010).

²⁸ *Mitsubishi Motors Philippines Corporation v. Bureau of Customs*, 760 Phil. 954, 960 (2015).

Basic as a hornbook principle is that jurisdiction over the subject matter of a case is conferred by law and determined by the allegations in the complaint which comprise a concise statement of the ultimate facts constituting the plaintiff's cause of action. The nature of an action, as well as which court or body has jurisdiction over it, is determined based on the allegations contained in the complaint of the plaintiff, irrespective of whether or not the plaintiff is entitled to recover upon all or some of the claims asserted therein.²⁹

Jurisdiction is a matter of substantive law because it is conferred only by law, as distinguished from venue, which is a purely procedural matter. The conferring law may be the Constitution, or the statute organizing the court or tribunal, or the special or general statute defining the jurisdiction of an existing court or tribunal, but it must be in force at the time of the commencement of the action.³⁰

When the settlement proceedings were instituted in 1980, R.A. No. 296³¹ was in effect. The law provides for the jurisdiction of Courts of First Instance (*CFIs*), now Regional Trial Courts. More specifically, Section 44 thereof confers original jurisdiction to the *CFIs* in all matters of probate, to wit:

Section 44 as last updated by **R.A. 3828** (1963)
Original jurisdiction. –

Courts of First Instance shall have original jurisdiction:

- a. In all civil actions in which the subject of the litigation is not capable of pecuniary estimation;
- b. In all civil actions which involve the title to or possession of real property, or any interest therein, or the legality of any tax, impost or assessment, except actions of forcible entry into and detainer of lands or buildings, original jurisdiction of which is conferred by this Act upon justice of the peace courts and municipal courts;
- c. In all cases in which the demand, exclusive of interest, or value of the property in controversy, amounts to more than ten thousand pesos;
- d. In all actions in admiralty and maritime jurisdiction, irrespective of the value of the property in controversy or the amount of the demand;
- e. **In all matters of probate, both of testate and intestate estates, appointment of guardians, trustees and receivers, and in all actions for annulment of marriage, and in all such special cases and proceedings as are not otherwise provided for;**

²⁹ 707 Phil. 83, 91 (2013).

³⁰ *Salvador, et al. v. Patricia, Inc.*, 799 Phil. 116, 126-127 (2016).

³¹ Entitled "JUDICIARY ACT OF 1948."

9

f. In all criminal cases in which the penalty provided by law is imprisonment for more than six months, or a fine of more than two hundred pesos;

g. Over all crimes and offenses committed on the high seas or beyond the jurisdiction of any country, or within any of the navigable waters of the Philippines, on board a ship or water craft of any kind registered or licensed in the Philippines in accordance with the laws thereof. The jurisdiction herein conferred may be exercised by the Court of First Instance in any province into which the ship or water craft upon which the crime or offense was committed shall come after the commission thereof: Provided, That the court first lawfully taking cognizance thereof shall have jurisdiction of the same to the exclusion of all other courts in the Philippines; and

h. Said courts and their judges, or any of them, shall have the power to issue writs of injunction, mandamus, certiorari, prohibition, quo warranto and habeas corpus in their respective provinces and districts, in the manner provided in the Rules of Court. (Emphasis Ours)

It must be stressed that the recent law conferring jurisdiction to the RTC, R.A. No. 7691,³² did not divest matters of probate, both testate or intestate, from its original jurisdiction; it merely added a jurisdictional amount to delineate estates whose gross value may come within the ambit of the Regional Trial Courts or alternatively, the Metropolitan Trial Courts, Municipal Trial Courts, and Municipal Circuit Trial Courts. Section 1 provides:

Section 1. Section 19 of Batas Pambansa Blg. 129, otherwise known as the "Judiciary Reorganization Act of 1980", is hereby amended to read as follows:

"Sec. 19. Jurisdiction in civil cases. – Regional Trial Courts shall exercise exclusive original jurisdiction.

"(1) In all civil actions in which the subject of the litigation is incapable of pecuniary estimation;

"(2) In all civil actions which involve the title to, or possession of, real property, or any interest therein, where the assessed value of the property involved exceeds Twenty thousand pesos (P20,000.00) or, for civil actions in Metro Manila, where such value exceeds Fifty thousand pesos (P50,000.00) except actions for forcible entry into and unlawful detainer of lands or buildings, original jurisdiction over which is conferred upon the Metropolitan Trial Courts, Municipal Trial Courts, and Municipal Circuit Trial Courts;

"(3) In all actions in admiralty and maritime jurisdiction where the demand or claim exceeds One hundred thousand pesos (P100,000.00) or, in Metro Manila, where such demand or claim exceeds Two hundred thousand pesos (P200,000.00);

³² Entitled, "AN ACT EXPANDING THE JURISDICTION OF THE METROPOLITAN TRIAL COURTS, MUNICIPAL TRIAL COURTS, AND MUNICIPAL CIRCUIT TRIAL COURTS, AMENDING OR THE PURPOSE BATAS PAMBANSA, BLG. 129, OTHERWISE KNOWN AS THE 'JUDICIARY REORGANIZATION ACT OF 1980.'" 9

"(4) In all matters of probate, both testate and intestate, where the gross value of the estate exceeds One hundred thousand pesos (P100,000.00) or, in probate matters in Metro Manila, where such gross value exceeds Two Hundred thousand pesos (P200,000.00);

"(5) In all actions involving the contract of marriage and marital relations;

"(6) In all cases not within the exclusive jurisdiction of any court, tribunal, person or body exercising jurisdiction of any court, tribunal, person or body exercising judicial or quasi-judicial functions;

"(7) In all civil actions and special proceedings falling within the exclusive original jurisdiction of a Juvenile and Domestic Relations Court and of the Court of Agrarian Relations as now provided by law; and

"(8) In all other cases in which the demand, exclusive of interest, damages of whatever kind, attorney's fees, litigation expenses, and costs or the value of the property in controversy exceeds One hundred thousand pesos (P100,000.00) or, in such other cases in Metro Manila, where the demand exclusive of the abovementioned items exceeds Two Hundred thousand pesos (P200,000.00)."

The law is clear: an action for probate, both testate and intestate, as in this case, is cognizable by the CFI, now the RTC. By concluding that the RTC, Branch 19, Davao del Sur lacks jurisdiction pursuant to Section 1 of Rule 73,³³ the CA has apparently confused jurisdiction with venue, which pertains to the place or geographical location where a case is filed.³⁴

In *Uriarte v. CFI of Negros Occidental, et al.*,³⁵ the Court in probate proceedings has made the distinction between jurisdiction, lodged with the CFIs, or RTCs, and venue, which shall be vested in the court of the province where he resided at the time of his death, and if he is an inhabitant of a foreign country, the court of any province in which he had estate. The Court was explicit in pointing out that Section 1, Rule 73, as invoked in this case, regulates venue, rather than jurisdiction, *viz.*:

Under the Judiciary Act of 1948 [Section 44, paragraph (e)], Courts of First Instance have original exclusive jurisdiction over "all matters of probate," that is, over special proceedings for the settlement of the estate of deceased persons — whether they died testate or intestate. **While their**

³³ Section 1. *Where estate of the deceased persons settled.*—If the decedents is an inhabitant of the Philippines at the time of his death, whether a citizen or an alien, his will shall be proved, or letters of administration granted, and his estate settled, in the Court of First Instance in the province in which he resides at the time of his death, and if he is an inhabitant of a foreign country, the Court of First Instance of any province in which he had estate. The court first taking cognizance of the settlement of the estate of a decedent, shall exercise jurisdiction to the exclusion of all other courts. The jurisdiction assumed by a court, so far as it depends on the place of residence of the decedent, or of the location of his estate, shall not be contested in a suit or proceeding, except in an appeal from that court, in the original case, or when the want of jurisdiction appears on the record. (Emphasis ours)

³⁴ *Radiowealth Finance Company, Inc. v. Pineda*, G.R. No. 227147, July 30, 2018.

³⁵ 144 Phil. 205, 212 (1970).

④

jurisdiction over such subject matter is beyond question, the matter of venue, or the particular Court of First Instance where the special proceeding should be commenced, is regulated by former Rule 75, Section 1 of the Rules of Court, now Section 1, Rule 73 of the Revised Rules of Court, which provides that the estate of a decedent inhabitant of the Philippines at the time of his death, whether a citizen or an alien, shall be in the court of first instance in the province in which he resided at the time of his death, and if he is an inhabitant of a foreign country, the court of first instance of any province in which he had estate. (Emphasis and underscoring Ours)

Similarly, in *Malig, et al. v. Bush*,³⁶ defendant sought to dismiss the settlement proceedings on jurisdictional grounds, citing Section 1, Rule 75, now Section 1, Rule 73. The Court, in clarifying that the aforementioned rule pertains to venue, enunciated:

x x x the foregoing rule [Section 1, Rule 75] fixes jurisdiction for purposes of the special proceeding for the settlement of the estate of a deceased person, “so far as it depends on the place of residence of the decedent, or of the location of his estate.” **The matter really concerns venue, as the caption of Rule cited indicates, and in order to preclude different courts which may properly assume jurisdiction from doing so, the Rule specifies that “the court first taking cognizance of the settlement of the estate of a decedent, shall exercise jurisdiction to the exclusion of all other courts.”**³⁷ (Emphasis Ours)

Irefragably, it was erroneous for the CA to dismiss outright the assailed May 17, 2016 Judgment of the RTC and declare the same void for lack of jurisdiction under Section 1, Rule 73. In effect, the issuance of the Judgment by the RTC, Branch 19, instead of the CFI, Branch 5, involves a mere issue on the venue of the action and not the jurisdiction of the court, as misapprehended by the CA.

Analogously the Court is not unaware of the recourse available to parties in cases of improper venue *vis-à-vis* lack of jurisdiction. Well-settled is the principle that objections to jurisdiction cannot be waived and may be brought at any stage of the proceedings, even on appeal. When a case is filed with a court which has no jurisdiction over the action, the court shall *motu proprio* dismiss the case. On the other hand, a party’s objections to venue must be brought at the earliest opportunity in a motion to dismiss or in the answer; otherwise, the objection shall be deemed waived. When the venue of a civil action is improperly laid, the court cannot *motu proprio* dismiss the case. Wrong venue is merely a procedural infirmity, not a jurisdictional impediment.³⁸

³⁶ 138 Phil. 467 (1969).

³⁷ *Id.* at 471.

³⁸ *City of Lapu-Lapu v. Philippine Economic Zone Authority*, 748 Phil. 473, 522-523 (2014).

Records in this case bear out that respondents did not even object to the allegedly wrongful venue of the complaint filed by petitioners; in fact, respondents actively participated in the case, having taken part in the mediation proceedings and trial, proffering both testimonial and documentary evidence for the consideration of the RTC. Consequently, in failing to raise their objections to it either in a motion to dismiss or in an answer, coupled with having sought favorable judgment from the court, respondents themselves have evinced an acceptance on the venue of the action. Without an explicit rejection of the venue, the Court thus finds no error in the RTC's action of issuing the assailed May 17, 2016 Judgment. In *Dacoycoy v. Intermediate Appellate Court*,³⁹ the Court has expounded that venue, though technically wrong, may be held acceptable to the parties absent any objection from the defendants.

Parenthetically, it is indubitable that the CFI, Branch 5, sitting as a probate court, is a tribunal of limited jurisdiction. It acts on matters pertaining to the estate, but never on the rights to property arising from the contract.⁴⁰ In *Aranas v. Mercado, et al.*,⁴¹ the Court has expounded that the jurisdiction of the trial court as an intestate court is special and limited. It cannot adjudicate title to properties claimed to be part of the estate but are claimed to belong to third parties by title adverse to that of the decedent and the estate. All that the trial court can do regarding said properties is to determine whether or not they should be included in the inventory of properties to be administered by the administrator. This rule is not without certain qualifications or exceptions: if the interested parties are all heirs, or the question is one of collation or advancement, or the parties consent to the assumption of jurisdiction by the probate court and the rights of third parties are not impaired, then the probate court is competent to decide the question of ownership.⁴²

The Court finds that the case does not fall under any such exceptions. Obviously, respondents, as interested parties and purchasers of the lands, are not heirs of the late Federico. Further, the point in issue is glaringly not one of collation or advancement; rather, the question sought to be resolved by the RTC, Branch 19, is one involving ownership. *Sans* any applicable exceptions in this case, CFI, Branch 5 is devoid of any jurisdiction to decide on such issue. Thus, with all the more reason should the Court lend credence to the Judgment of the RTC, Branch 19, as questions pertaining to ownership and titles to property should be ventilated appropriately in a separate action.

In fine, the CA erroneously dismissed the May 17, 2016 Judgment on the ground of lack of jurisdiction in light of Section 1, Rule 73, as the same pertains to matters of venue and not jurisdiction. Correlatively, the issue at

³⁹ 273 Phil. 1, 4 (1991).

⁴⁰ *Reyes-Mesugas v. Reyes*, 630 Phil. 335, 340 (2010).

⁴¹ 724 Phil. 174 (2014).

⁴² *Id.* at 190.

8

bench being one of ownership, CFI, Branch V, as a probate court, has no jurisdiction to decide on the same.

Second, we rule on the issue of whether the Deed of Sale with Assumption of Mortgage is valid only insofar as the one-half share of the estate of Federico is concerned.

It is petitioners' contention that the Deed, as the primary document that governs the transaction between the parties, and taken together with the documents and exhibits submitted by respondents Canencia, is plain that the party to and seller in the transaction of sale is the Estate of Federico Alferez. The parties to the contract, as specified in the Deed, completely and unambiguously names the Estate of Federico Alferez, represented by its administratrix, Ma. Concepcion, as the first party thereto. Moreover, the Letters of Administration dated January 16, 1981, authorizing Ma. Concepcion as administratrix did not extend to the conjugal share of Teodora. As such, there cannot be any doubt that the subject of the sale is only the property which was owned by the Estate of Federico.

In contrast, respondents aver that the pieces of evidence identified and offered by the parties, and admitted by the RTC, all demonstrate without doubt that petitioners sold the subject three (3) parcels of lands to the respondents and that the said sale is valid. Respondents insist that the provisions of the Deed did not even remotely suggest that petitioners were only selling half of the parcels of land thereof; in fact, there were no doubtful provisions therein that could have indicated a different intention on the part of the petitioners. Thus, petitioners should be bound by the terms and conditions of the Deed and should not be allowed to escape the obligatory force of their contractual commitment by contending that the Deed failed to correctly embody their true intention.

We rule for the respondents.

It is basic that a contract is the law between the parties. Obligations arising from contracts have the force of law between the contracting parties and should be complied with in good faith. Unless the stipulations in a contract are contrary to law, morals, good customs, public order or public policy, the same are binding as between the parties.⁴³ Being the law between the parties, courts have no choice but to enforce such contracts. Simply put, courts cannot stipulate for the parties or amend the latter's agreement, for to do so would be to alter the real intention of the contracting parties when the contrary function of courts is to give force and effect to the intention of the parties.⁴⁴

⁴³ *Morla v. Belmonte, et al.*, 678 Phil. 102, 117 (2011)

⁴⁴ *Heirs of San Andres v. Rodriguez*, 388 Phil. 571, 586 (2000).

9

A cursory examination of the Deed affirmingly shows that petitioners, without qualification, sold, transferred, and conveyed to respondents the parcels of land, without any mention of their alleged intention to only offer half of the said property, with the other half belonging to Teodora, to wit:

That for and on consideration of the sum of PESOS: THREE HUNDRED THOUSAND PESOS ONLY (P300,000.00), Philippine Currency, to the FIRST PARTY [petitioners] in hand paid by jointly and severally by the other parties hereto, the FIRST PARTY does by these presents hereby SELL, TRANSFER, and CONVEY, in a manner absolute and irrevocable, the above-described three (3) parcels of land with all the improvements found thereon, unto the following persons:

- | | |
|--|---|
| 1. TO MR. EXEQUIEL
CANENCIA
(SECOND PARTY) | That parcel of land covered by
ORIGINAL CERTIFICATE
OF TITLE P-6029-1518; |
| 2. TO NORMA A.
ALFORQUE
(THIRD PARTY) | That parcel of land covered by
ORIGINAL CERTIFICATE
OF TITLE P-6028; |
| 3. TO TERESA A.
ALFORQUE
(FOURTH PARTY) | That parcel of land covered by
TRANSFER CERTIFICATE
OF TITLE T-(173)-29 |

or their assigns, free from any liens and encumbrances x x x.⁴⁵

The provisions thereof are categorical and admits of no other interpretation; the sale, transfer, and conveyance of the parcels of land covered by the aforementioned titles appear absolute, there being no reservation of ownership of half of the lots therein described, nor a stipulation making mention of Teodora's specific share of the said properties. As mandated by Article 1370 of the Civil Code, if the terms of the contract are clear and leave no doubt, the literal meaning of its stipulations shall control. The Deed, as the agreement between the parties, is the formal expression of the parties' rights, duties, and obligations. It is the best evidence of the intention of the parties. Thus, when the terms of an agreement have been reduced to writing, it is considered as containing all the terms agreed upon and there can be no evidence of such terms other than the contents of the written agreement between the parties and their successors in interest.⁴⁶

Section 9, Rule 130 of the Revised Rules of Court is on point:

SEC. 9. Evidence of written agreements. - When the terms of an agreement have been reduced in writing, it is considered as containing all the terms agreed upon and there can be, between the parties and their successors in interest, no evidence of such terms other than the contents of the written agreement.

⁴⁵ Rollo, p. 123.

⁴⁶ Norton Resources and Dev't. Corp. v. All Asia Bank Corporation, 620 Phil. 381, 391 (2009).

However, a party may present evidence to modify, explain, or add to the terms of the written agreement if he puts in issue in his pleading:

- (a) An intrinsic ambiguity, mistake, or imperfection in the written agreement;
- (b) The failure of the written agreement to express the true intent and agreement of the parties thereto;
- (c) The validity of the written agreement; or
- (d) The existence of other terms agreed to by the parties or their successors in interest after the execution of the written agreement.

The “parol evidence rule” described above forbids any addition to or contradiction of the terms of a written instrument by testimony or other evidence purporting to show that, at or before the execution of the parties’ written agreement, other or different terms were agreed upon by the parties, varying the purport of the written contract. When an agreement has been reduced to writing, the parties cannot be permitted to adduce evidence to prove alleged practices, which to all purposes would alter the terms of the written agreement. Whatever is not found in the writing is understood to have been waived and abandoned.⁴⁷

None of the above-cited exceptions finds application to the instant case, more particularly, the alleged failure of the contract to express the true intent and agreement of the parties. By reason of the glaring lack of evidence, the Court cannot subscribe to petitioner’s contention that respondents had acted in bad faith and had taken advantage of their financial difficulties to settle Federico’s indebtedness. The Court cannot anchor its conclusions on mere allegations, without more, that the subject Deed was only a temporary document to serve only as a security and that Ma. Concepcion requested that it remain unnotarized to protect her interest; neither did petitioners proffer the alleged Memorandum of Agreement, which includes a provision that the terms of sale of the portion belonging to Teodora would be drafted upon respondents Canencia’s payment for the sale of Federico’s portion.

Finally, neither can petitioners find succor in their defense that Ma. Concepcion’s authority as administratrix does not extend to the exclusive properties of Teodora. Records prove that when petitioners entered into the Deed with respondents, they were the absolute owners of the subject parcels of land. Hence, their right to sell the properties flows from their right as owners thereof and not from their right as heirs and as administratrix of Federico.

It is undisputed that the Deed, executed on October 8, 1985, disposing certain parcels of land through sale, was preceded by an Extrajudicial Settlement with Donation dated January 15, 1982, whereby Teodora, as owner

⁴⁷ *Heirs of the Deceased Carmen Cruz-Zamora v. Multiwood International, Inc.*, 596 Phil. 150, 160 (2009).

of one-half of the parcels of land covered by OCT No. P-6029-1518, OCT No. P-6028, and TCT No. T-173-29, had bequeathed and waived her rights to the same in behalf of petitioners Ma. Concepcion, Esperanza, and Antonio, respectively. As owners, petitioners had every right to dispose of the lands through sale, without any limitation or restriction.⁴⁸ Demonstrative of their intention to sell their respective shares, both Esperanza and Antonio executed separate SPAs authorizing Ma. Concepcion to enter into a contract of sale in their behalf.

All facts considered, the Court is inclined to sustain that Ma. Concepcion, in her interest as owner of the land covered by OCT No. P-6029-1518, and having been capacitated to sell the lands covered by OCT No. P-6028, and TCT No. T-173-29 by virtue of a SPA, validly entered in a contract of sale with respondents; verily, absent any proof, petitioners cannot now belatedly insist that the Deed failed to reflect their true intention.


WHEREFORE, in view of the foregoing, the June 29, 2018 Decision and January 16, 2019 Resolution of the Court of Appeals in CA-G.R. CV No. 04491-MIN, which found that the Regional Trial Court, Branch 19, Digos City, Davao del Sur has no jurisdiction over Civil Case No. 4805 are **REVERSED** and **SET ASIDE**.

The Judgment dated May 17, 2016 rendered by the Regional Trial Court in Civil Case No. 4805 is **REINSTATED**. The Deed of Sale with Assumption of Mortgage executed by and between Maria Concepcion Alferez and the Spouses Exequiel and Celestina Canencia, Norma A. Alforque, and Teresa A. Alforque is **VALID**.

SO ORDERED.



JHOSEP LOPEZ
Associate Justice


WE CONCUR:


MARVIC M.V.F. LEONEN
Associate Justice

⁴⁸

See Article 428, NEW CIVIL CODE.

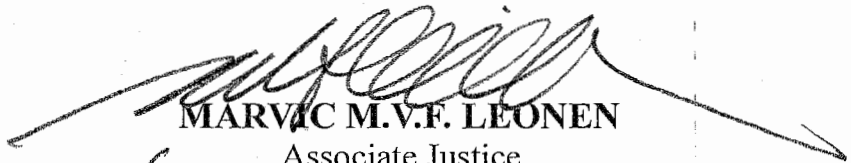

RAMON PAUL L. HERNANDO
Associate Justice


HENRI JEAN PAUL B. INTING
Associate Justice


EDGARDO L. DELOS SANTOS
Associate Justice

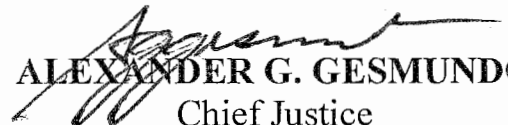
ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


MARVIC M.V.F. LEONEN
Associate Justice
Chairperson, Third Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, and the Third Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


ALEXANDER G. GESMUNDO
Chief Justice