



SUPREME COURT OF THE PHILIPPINES
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Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

**HEIRS OF SOTERO A. G.R. No. 238762
PUNONGBAYAN,
REPRESENTED BY CLARITA M. PUNONGBAYAN [DECEASED],
SUBSTITUTED BY HER HEIRS,
NAMELY: LETICIA M. MAPOY,
LUISITO A. MENDOZA,
YOLANDA M. DIMAGIBA, AND
ELVIRA M. BURAYAG; AND
HENIE N. PUNONGBAYAN,**
Petitioners,

Present:

LEONEN, J., *Chairperson*,
LAZARO-JAVIER,
LOPEZ, M.,
LOPEZ, J., and
KHO, JR., *JJ.*

-versus-

ST. PETER'S COLLEGE, INC.,
Respondent.

Promulgated:
JUN 27 2022

X-----X

DECISION

LEONEN, J.:

The jurisdiction of an intestate court is special and limited. It cannot pass upon questions of ownership. It does not have the authority to adjudicate or determine the title of properties held by third persons arising from a title adverse to that of the deceased. An intestate court's jurisdiction over these properties is limited to determining whether they should be included in the estate's inventory of properties.¹

¹ *Aranas v. Mercado*, 724 Phil. 174, 189-192 (2014) [Per J. Bersamin, First Division].

This Court resolves a Petition for Review on Certiorari,² challenging the Court of Appeals' Decision³ and Resolution,⁴ nullifying the Regional Trial Court's Orders for having been rendered in excess of jurisdiction.⁵ The assailed resolution denied the motion for reconsideration of the Heirs of Sotero A. Punongbayan, represented by Clarita M. Punongbayan [deceased], substituted by her heirs, namely: Leticia M. Mapoy, Luisito A. Mendoza, Yolanda M. Dimagiba, and Elvira M. Burayag; and Henie N. Punongbayan (Heirs of Sotero).

The present case is an offshoot from the orders issued by the Regional Trial Court in Special Proceeding No. 1053 entitled "In the Matter of the Intestate Estate of the Deceased Escolastica Punongbayan Paguio."⁶

In the course of the intestate proceedings, Sotero Punongbayan (Sotero), the co-administrator of the Estate of the deceased Escolastica Punongbayan Paguio (the Estate), filed a Manifestation/Motion praying that the amount of ₱40,000,000.00 deposited in Security Bank and Trust Company, Iligan Branch (Security Bank) under the name of St. Peter's College, Inc. (St. Peter's College), be levied and attached.⁷

Sotero alleged that the deposited amount represented St. Peter's College's rental payment for the use of a property belonging to the Estate. He maintained that since Escolastica died, St. Peter's College has not paid rent for the property's use.⁸ Upon investigation, he discovered that the rental payments were deposited with Security Bank, whose account was under the name of St. Peter's College, with Perfecto Punongbayan, Jr. and Marilou Visitacion as administrators and signatories.⁹

According to Sotero, St. Peter's College is a mere trustee of the deposited funds, with the Estate being the true and beneficial owner. That St. Peter's College holds the funds in a trustee capacity is bolstered by its failure to declare the funds as part of its income/asset to the Bureau of Internal Revenue.¹⁰

² *Rollo*, pp. 13–46.

³ *Id.* at 49–58. The August 31, 2017 Decision in CA-G.R. SP No. 05678-MIN was penned by Associate Justice Edgardo A. Camello and concurred in by Associate Justices Ronaldo B. Martin and Louis P. Acosta of the Twenty-Second Division of the Court of Appeals, Cagayan de Oro.

⁴ *Id.* at 60–64. The April 2, 2018 Resolution in CA-G.R. SP No. 05678-MIN was penned by Associate Justice Edgardo A. Camello and concurred in by Associate Justices Perpetua T. Atal-Paño and Walter S. Ong of the Twenty-Second Division, Court of Appeals, Cagayan de Oro.

⁵ *Id.* at 97–104. The May 23, 2001 Order in SPEC. PROC. No. 1053 was penned by Judge Anthony E. Santos of the Regional Trial Court, Cagayan de Oro City, Branch 19. Meanwhile, the February 4, 2004 and the July 3, 2013 Orders in SPEC. PROC. No. 1053 were penned by Presiding Justice Evelyn Gamotin Nery of the Regional Trial Court, Cagayan de Oro City, Branch 19.

⁶ *Id.* at 50.

⁷ *Id.* at 72.

⁸ *Id.* at 90.

⁹ *Id.* at 91.

¹⁰ *Id.*

St. Peter's College's interim president, Carmelita Punongbayan (Carmelita), filed a comment arguing, among others, that: (1) they did not receive a copy of Sotero's motion; and (2) no lease contract was executed for the use of the property.¹¹

In its May 23, 2001 Order,¹² the Regional Trial Court froze the deposited account and directed Security Bank's branch manager not to allow any withdrawal from the account. It ruled that there is *prima facie* evidence showing that the funds in St. Peter's College's account belonged to the Estate.¹³

St. Peter's College then filed a Complaint in Intervention.¹⁴

On September 27, 2001, the Regional Trial Court denied St. Peter's College's Motion to Intervene¹⁵ for lack of sufficient basis.¹⁶

Subsequently, the Regional Trial Court issued an Order¹⁷ dated February 4, 2004, directing that the funds in the Security Bank account, which was already then ₱68,000,000.00, be transferred to the court, in trust, save for ₱2,000,000.00.¹⁸ It is likewise ordered that the turned-over amount be deposited, in equal amounts, with the Bank of the Philippine Islands and Land Bank of the Philippines (Land Bank) under the joint account of the Estate and St. Peter's College. The Regional Trial Court continued further and prohibited the withdrawal of the ₱66,000,000.00 until the proper court decided its ownership through appropriate proceedings.¹⁹

On May 30, 2013,²⁰ St. Peter's College filed a Motion²¹ for the Lifting and Discharge of the Attachment Order and the return of the ₱66,000,000.00.²² It raised the following arguments: (1) that it was not served a copy of the Manifestation/Motion, which violated Rule 15, Section 5 of the Rules of Court; (2) that it was deprived of due process of law when the Manifestation/Motion was granted without a hearing;²³ (3) that the Manifestation/Motion was a motion for preliminary attachment and therefore should have complied with Rule 57 of the Rules of Court; and (4) the granting of the Manifestation/Motion without the filing of a bond nor the serving of

¹¹ Id. at 97.

¹² Id. at 97-98.

¹³ Id. at 98.

¹⁴ Id. at 73.

¹⁵ Id.

¹⁶ Id. at 113. The September 27, 2001 Resolution in SPC No. 1053 was penned by Judge Anthony E. Santos of the Regional Trial Court, Cagayan de Oro City, Branch 19.

¹⁷ Id. at 99.

¹⁸ Id. at 73 and 84.

¹⁹ Id. at 99.

²⁰ Id. at 73.

²¹ Id. at 114-126.

²² Id.

²³ Id. at 115-117.

summons equated to a violation of St. Peter's College's right to due process.²⁴

In its July 3, 2013, Omnibus Order, the Regional Trial Court ruled that St. Peter's College had no personality to seek redress considering that its motion to intervene was denied on September 27, 2001. It further noted that the May 23, 2001, and September 27, 2001 Orders had become final since none of the parties assailed the rulings.²⁵ Finally, it held that the funds deposited with the Bank of the Philippine Islands and Land Bank belong to the Estate,²⁶ thus:

ALL THE FOREGOING CONSIDERED, the COURT hereby
ORDERS:

....

4. St. Peter's College has no personality to seek redress from this court since their Motion for Intervention was denied in the Resolution of September 27, 2001, much less assail an order which has long attained finality;

5. The money deposited with [Land Bank] and BPI belongs to the Estate of Escolastica Punongbayan.

IT IS SO ORDERED.²⁷

St. Peter's College moved for reconsideration,²⁸ but the motion is yet to be resolved by the Regional Trial Court.²⁹

Aggrieved, St. Peter's College filed a Petition for Certiorari³⁰ before the Court of Appeals, arguing that the Regional Trial Court gravely abused its discretion when it: (1) granted the Manifestation/Motion even if it had no jurisdiction over St. Peter's College and the deposited account in Security Bank; and (2) ruled on the issue of the funds' ownership despite its limited jurisdiction over intestate proceedings.³¹

It maintained that by reason of the Regional Trial Court's lack of jurisdiction, the orders it issued are void and therefore could not obtain finality.³²

Finally, it reiterated that the Manifestation/Motion was a preliminary

²⁴ Id. at 117-123.

²⁵ Id. at 103-104.

²⁶ Id. at 104.

²⁷ Id.

²⁸ Id. at 145-149.

²⁹ Id. at 68 and 75.

³⁰ Id. at 65-87.

³¹ Id. at 76-77.

³² Id. at 78-81.

attachment.³³

In its August 31, 2017 Decision, the Court of Appeal granted St. Peter's College's petition and nullified the Orders of the Regional Trial Court:

FOR THESE REASONS, this court GRANTS the petition for a writ of certiorari and NULLIFIES the Orders of the Regional Trial Court dated May 23, 2001, February 4, 2004, and July 3, 2013 in Spec. Proc. No. 1053 for having been rendered in excess of jurisdiction.

The Bank of the Philippine Islands Cagayan de Oro and Land Bank of the Philippines Cagayan de Oro are ORDERED to restore and deliver the 66 Million pesos together with its interests to St. Peter's College, Inc., or its authorized representative, without prejudice to whatever appropriate action the incumbent Administrator of the Estate of Escolastico Punongbayan may bring to enforce and protect the estates alleged interest in those monies.

SO ORDERED.³⁴

It held that the Regional Trial Court exceeded its jurisdiction when it ruled on the deposited amount's ownership. It further decreed that St. Peter's College was deprived of its property without due process of law.³⁵

The Heirs of Sotero filed a Motion for Reconsideration,³⁶ but it was denied on April 2, 2018.

Dissatisfied with the decision, petitioners filed a Petition for Review before this Court.

Petitioners Heirs of Sotero claim that the Court of Appeals should have dismissed the Petition for Certiorari outright for being fatally defective in form and substance. They stress that contrary to Rule 65's mandate, respondent St. Peter's College failed to attach in its petition, certified true copies of the assailed orders. They likewise insist that no proof was submitted showing that respondent's Management Committee was authorized to file the petition before the Court of Appeals.³⁷

Similarly, they maintain that respondent has no legal personality to file a petition before the Court of Appeals since it is not a party to the intestate proceedings.³⁸

³³ Id. at 77-84.

³⁴ Id. at 57.

³⁵ Id. at 56-57.

³⁶ Id. at 264-276.

³⁷ Id. at 37-40.

³⁸ Id. at 24-25.

They further aver that the Court of Appeals erred in not ruling that the May 23, 2001 Order had attained finality and stressed that respondent's failure to file an appeal rendered the Order final and executory.³⁹ Additionally, they assert that the Order is not interlocutory because it resolved the issue concerning the Estate's rights over the disputed funds.⁴⁰

They likewise contend that the Regional Trial Court conducted a hearing during which pieces of evidence were presented to prove that the Estate owned the funds.⁴¹

They also argue that respondent's inaction for more than 10 years renders it guilty of laches.⁴²

Lastly, they contend that the Court of Appeals violated their right to due process when it adjudicated the ₱66,000,000.00 in respondent's favor without the need to institute a separate action for the amount's recovery.⁴³

In its Comment,⁴⁴ respondent maintains that it has the legal personality to file a petition for certiorari since it has a direct interest in the money attached and levied by the Regional Trial Court.⁴⁵

It further claims that contrary to petitioners' assertions, the assailed May 23, 2001, February 4, 2004, and July 3, 2013 Orders cannot become final and executory based on the following: (1) the orders are interlocutory in nature; and (2) the orders are void for having been issued by a court which had no jurisdiction.⁴⁶

It likewise insists that assuming a hearing was conducted to determine the deposited funds' ownership, respondent was not given an opportunity to be heard before the money was taken from it.⁴⁷

Additionally, it avers that it is not guilty of estoppel since it incessantly filed several motions after the July 3, 2013 Order was issued.⁴⁸

As the petition is defective, it maintains that the Court of Appeals had already addressed the issue in its assailed resolution. Further, it had allegedly submitted proof of its authority to institute a petition for the recovery of

³⁹ Id. at 25–28.

⁴⁰ Id. at 28–30.

⁴¹ Id. at 30.

⁴² Id. at 35–37.

⁴³ Id. at 40–42.

⁴⁴ Id. at 340–349.

⁴⁵ Id. at 341–343.

⁴⁶ Id. at 344–346.

⁴⁷ Id. at 346.

⁴⁸ Id. at 347.

respondent's money.⁴⁹

For this Court's resolution are the following issues:

First, whether or not the Court of Appeals erred in not dismissing the Petition for Certiorari for being defective in form and substance;

Second, whether or not respondent St. Peter's College, Inc. has the legal personality to file a Petition for Certiorari before the Court of Appeals;

Third, whether or not the Regional Trial Court had jurisdiction to issue the May 23, 2001, February 4, 2004, and July 3, 2013 Orders; and

Finally, whether or not respondent St. Peter's College, Inc. is guilty of estoppel by laches.

The petition is unmeritorious.

I

We first discuss the procedural issues.

Rule 65, Section 1 of the Rules of Court provides the manner by which a Petition for Certiorari may be instituted:

SECTION 1. *Petition for certiorari.* — When any tribunal, board or officer exercising judicial or quasi-judicial functions has acted without or in excess its or his jurisdiction, or with grave abuse of discretion amounting to lack or excess of jurisdiction, and there is no appeal, or any plain, speedy, and adequate remedy in the ordinary course of law, a person aggrieved thereby may file a verified petition in the proper court, alleging the facts with certainty and praying that judgment be rendered annulling or modifying the proceedings of such tribunal, board or officer, and granting such incidental reliefs as law and justice may require.

The petition shall be accompanied by a certified true copy of the judgment, order or resolution subject thereof, copies of all pleadings and documents relevant and pertinent thereto, and a sworn certification of non-forum shopping as provided in the third paragraph of section 3, Rule 46.

In relation, Rule 46, Section 3 states that a clearly legible duplicate original or certified true copy of the assailed order must be attached to the Petition for Certiorari:

⁴⁹ Id. at 347–348.

SECTION 3. Contents and filing of petition; effect of noncompliance with requirements. — The petition shall contain the full names and actual addresses of all the petitioners and respondents, a concise statement of the matters involved, the factual background of the case, and the grounds relied upon for the relief prayed for.

In actions filed under Rule 65, the petition shall further indicate the material dates showing when notice of the judgment or final order or resolution subject thereof was received, when a motion for new trial or reconsideration, if any, was filed and when notice of the denial thereof was received.

It shall be filed in seven (7) clearly legible copies together with proof of service thereof on the respondent with the original copy intended for the court indicated as such by the petitioner, and shall be accompanied by a clearly legible duplicate original or certified true copy of the judgment, order, resolution, or ruling subject thereof, such material portions of the record as are referred to therein, and other documents relevant or pertinent thereto. The certification shall be accomplished by the proper clerk of court or by his duly authorized representative, or by the proper officer of the court, tribunal, agency or office involved or by his duly authorized representative. The other requisite number of copies of the petition shall be accompanied by clearly legible plain copies of all documents attached to the original.

....

The failure of the petitioner to comply any of the requirements shall be sufficient ground for the dismissal of the petition.

*Quintano v. National Labor Relations Commission*⁵⁰ discussed the reason for the rule:

The submission of the duplicate original or certified true copy of the judgment, order, resolution or ruling subject of a petition for certiorari is essential to determine whether the court, body or tribunal, which rendered the same, indeed, committed grave abuse of discretion. The provision states that either a legible duplicate original or certified true copy thereof shall be submitted. If what is submitted is a copy, then it is required that the same is certified by the proper officer of the court, tribunal, agency or office involved or his duly-authorized representative. The purpose for this requirement is not difficult to see. It is to assure that such copy is a faithful reproduction of the judgment, order, resolution or ruling subject of the petition.⁵¹ (Citations omitted)

Quintano continued that the certification requirement is complied with when the attached copy of the assailed order “has been certified by the proper officer of the court, tribunal, agency or office involved. . . and that the same is a faithful reproduction thereof[.]”⁵²

⁵⁰ 487 Phil. 412 (2004) [Per J. Callejo, Sr., Second Division].

⁵¹ Id. at 423.

⁵² Id.

Notably, in its April 2, 2018 Resolution, the Court of Appeals addressed the issue of the petition's alleged nonconformity with the Rules of Court:

[W]e are satisfied that the petition is compliant with the requirements of Rule 65. Annexes "A" to "T" attached to the petition for certiorari are either the original of the document or stamped, "Certified True/Machine Copy" by the Branch Clerk of Court of the Regional Trial Court of Cagayan de Oro City.⁵³

This Court agrees with the Court of Appeals.

A perusal of the documents⁵⁴ attached to the Petition for Certiorari reveals that they bear the stamp "Certified True/Machine Copy," signed by the Clerk of Court of the Regional Trial Court. Accordingly, the documents attached to the Petition satisfy the requirement of the Rules of Court.

As to the issue of respondent's alleged lack of authority to file the petition, this Court notes that petitioners have raised this concern in their comment⁵⁵ filed before the Court of Appeals. Much like with the proceedings before the Court of Appeals, respondent had already offered its explanation, which petitioners did not refute, thus:

Let it be noted that the petition filed at Court of Appeals was initially dismissed but was later on reconsidered after subsequent and substantial compliance made by herein respondent College including submission of Authority of the MANCOM members duly appointed by the corporate court in its Order dated October 30, 2012; Resolution No. 09, s. 2013 dated April 25, 2013, granting authority to the MANCOM to file action and engage the services of legal counsel for the recovery of SPC money. These documents were duly attached in herein respondent's motion for reconsideration at the Court of Appeals and already part of the records of the case.⁵⁶

II

Under Rule 65, Section 1 of the Rules of Court, the party who may institute a special civil action of certiorari before the Court of Appeals or the Supreme Court is the person considered aggrieved by the assailed order, resolution, or judgment.

*Tang v. Court of Appeals*⁵⁷ clarified that the term "person aggrieved" should not be interpreted as any person who feels injured by the lower court's order but "to one who was a party in the proceedings before the lower

⁵³ *Rollo*, p. 64.

⁵⁴ *Id.* at 90-188.

⁵⁵ *Id.* at 200.

⁵⁶ *Rollo*, pp. 347-348.

⁵⁷ 382 Phil. 277 (2000) [Per J. Kapunan, First Division].

court[,]”⁵⁸:

Although Section 1 of Rule 65 provides that the special civil action of certiorari may be availed of by a “person aggrieved” by the orders or decisions of a tribunal, the term “person aggrieved” is not to be construed to mean that any person who feels injured by the lower court’s order or decision can question the said court’s disposition via certiorari. To sanction a contrary interpretation would open the floodgates to numerous and endless litigations which would undeniably lead to the clogging of court dockets and, more importantly, the harassment of the party who prevailed in the lower court.

In a situation wherein the order or decision being questioned underwent adversarial proceedings before a trial court, the “person aggrieved” referred to under Section 1 of Rule 65 who can avail of the special civil action of certiorari pertains to one who was a party in the proceedings before the lower court. The correctness of this interpretation can be gleaned from the fact that a special civil action for certiorari may be dismissed *motu proprio* if the party elevating the case failed to file a motion for reconsideration of the questioned order or decision before the lower court. Obviously, only one who was a party in the case before the lower court can file a motion for reconsideration since a stranger to the litigation would not have the legal standing to interfere in the orders or decisions of the said court. In relation to this, if a non-party in the proceedings before the lower court has no standing to file a motion for reconsideration, logic would lead us to the conclusion that he would likewise have no standing to question the said order or decision before the appellate court via *certiorari*.⁵⁹ (Emphasis in the original and citations omitted)

Based on this, a party who did not participate in the proceedings before the Regional Trial Court is precluded from assailing the latter’s order via a petition for certiorari before the Court of Appeals or the Supreme Court.⁶⁰

Siguion Reyna Montecillo and Ongsiako Law Offices v. Chionlo-Sia,⁶¹ however, introduced an exception. In that case, this Court took cognizance of the special civil action of certiorari filed by a party’s counsel, in its personal capacity, despite it not having participated in the proceedings below. We stressed that while the petitioner therein was not considered a party to the case, it had a material interest in challenging the lower court’s decision since the assailed order was directly addressed to it, thus:

Considering that the RTC’s order of reimbursement is specifically addressed to SRMO and the established fact that SRMO only received the subject money in its capacity as counsel/agent of Gerardo, there is then more reason to apply the exception here. Unlike Tang, which involved neighboring lot owners as petitioners, SRMO’s interest can hardly be considered as merely incidental. That SRMO is being required to reimburse

⁵⁸ Id. at 287.

⁵⁹ Id. at 287–288.

⁶⁰ *Siguion Reyna Montecillo and Ongsiako Law Offices v. Chionlo-Sia*, 780 Phil. 228, 238 (2016) [Per J. Jardeleza, Third Division].

⁶¹ 780 Phil. 228 (2016) [Per J. Jardeleza, Third Division].

from its own coffers money already transmitted to its client is sufficient to give SRMO direct interest to challenge the RTC's order. Neither can SRMO be considered a total stranger to the proceedings. We have stated in one case that "a counsel becomes the eyes and ears in the prosecution or defense of his or her client's case." This highly fiduciary relationship between counsel and client makes the party/non-party delineation prescribed by Tang inadequate in resolving the present controversy.

As a corollary, we have, in a number of instances, ruled that technical rules of procedures should be used to promote, not frustrate, the cause of justice. Rules of procedure are tools designed not to thwart but to facilitate the attainment of justice; thus, their strict and rigid application may, for good and deserving reasons, have to give way to, and be subordinated by, the need to aptly dispense substantial justice in the normal cause. In this case, ordering SRMO to reimburse the widow's allowance from its own pocket would result in the unjust enrichment of Gerardo, since the latter would retain the money at the expense of his own counsel. To avoid such injustice, a petition for certiorari is an adequate remedy available to SRMO to meet the situation presented.

Another important consideration for allowing SRMO to file a petition for certiorari is the rule on real party in interest, which is applicable to private litigation. A real party in interest is one "who stands to be benefited or injured by the judgment in the suit, or the party entitled to the avails of the suit."⁶² (Citations omitted)

Here, it is not disputed that the money that respondent seeks to recover was originally deposited in its own name and account. The intestate court attached, levied, and transferred the amount to a different bank without giving respondent an opportunity to be heard. Respondent's resolve to protect its interest over the disputed funds constitutes direct interest to clothe it with legal personality to challenge the orders of the Regional Trial Court.

III

Settled is the rule that a Regional Trial Court acting as an intestate court has special and limited jurisdiction. Generally, its authority only extends to the settlement of the deceased's estate and is not permitted to decide on issues of ownership arising during the proceedings. It is without jurisdiction to "adjudicate title to properties claimed to be a part of the estate but are claimed to belong to third parties by title adverse to that of the decedent and the estate, not by virtue of any right of inheritance from the decedent."⁶³

The rule, however, is not absolute. An intestate court may provisionally rule on the property's ownership issue to include it in the inventory of the deceased's estate.⁶⁴ *Aranas v. Mercado*,⁶⁵ citing *Agtarap v. Agtarap*,⁶⁶

⁶² Id. at 240-241.

⁶³ *Aranas v. Mercado*, 724 Phil. 174, 189-192 (2014) [Per J. Bersamin, First Division].

⁶⁴ Id. at 189-190.

⁶⁵ *Aranas v. Mercado*, 724 Phil. 174 (2014) [Per J. Bersamin, First Division].

⁶⁶ 666 Phil. 452 (2011) [Per J. Nachura, Second Division].

teaches:

There is no dispute that the jurisdiction of the trial court as an intestate court is special and limited. The trial court cannot adjudicate title to properties claimed to be a part of the estate but are claimed to belong to third parties by title adverse to that of the decedent and the estate, not by virtue of any right of inheritance from the decedent. 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. Such determination is provisional and may be still revised. As the Court said in *Agtarap v. Agtarap*:

The general rule is that the jurisdiction of the trial court, either as a probate court or an intestate court, relates only to matters having to do with the probate of the will and/or settlement of the estate of deceased persons, but does not extend to the determination of questions of ownership that arise during the proceedings. The patent rationale for this rule is that such court merely exercises special and limited jurisdiction. As held in several cases, a probate court or one in charge of estate proceedings, whether testate or intestate, cannot adjudicate or determine title to properties claimed to be a part of the estate and which are claimed to belong to outside parties, not by virtue of any right of inheritance from the deceased but by title adverse to that of the deceased and his estate. All that the said court could do as regards said properties is to determine whether or not they should be included in the inventory of properties to be administered by the administrator. If there is no dispute, there poses no problem, but if there is, then the parties, the administrator, and the opposing parties have to resort to an ordinary action before a court exercising general jurisdiction for a final determination of the conflicting claims of title.

However, this general rule is subject to exceptions as justified by expediency and convenience.

First, the probate court may provisionally pass upon in an intestate or a testate proceeding the question of inclusion in, or exclusion from, the inventory of a piece of property without prejudice to final determination of ownership in a separate action. *Second*, if the interested parties are all heirs to the estate, 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 resolve issues on ownership. Verily, its jurisdiction extends to matters incidental or collateral to the settlement and distribution of the estate, such as the determination of the status of each heir and **whether the property in the inventory is conjugal or exclusive property of the deceased spouse.**⁶⁷ (Emphasis in the original and citations omitted)

⁶⁷ *Aranas v. Mercado*, 724 Phil. 174, 189–191 (2014) [Per J. Bersamin, First Division].

A perusal of the May 23, 2001 Order reveals that the Regional Trial Court made no conclusive determination as to the issue of the fund's ownership. The Regional Trial Court merely decreed that there is *prima facie* evidence to prove that the funds belong to the Estate. Consequently, it froze the deposited account to protect the rights of the heirs.⁶⁸

The provisional nature of the ruling on the issue of ownership is further reinforced by the Regional Trial Court's Order dated February 4, 2004, where it was acknowledged that there must be a separate determination of ownership in the proper proceedings:

Upon joint prayers, Fifty percent of the amount so turned over shall be deposited by the Court with the Bank of the Philippine Islands, Cagayan de Oro City Branch and the other fifty percent with the Land Bank of the Philippines, Cagayan de Oro City Branch, and placed under the joint account of the Estate of Escolastica Punongbayan and St. Peter's College and held in trust by this Court. It is understood that no order for withdrawal of any amount therefrom shall be made until and after determination of the ownership thereof shall have been made by the proper court through an appropriate proceedings.⁶⁹

However, unlike the first two orders, the Regional Trial Court, in its July 3, 2013 Omnibus Order, made a final determination on the issue of the funds' ownership:

In the Order of May 23, 2001 rendered by then presiding judge of this court, Hon. Anthony Santos which reads in part:

"After a thorough study of the issue at hand, this Court finds a prima facie evidence that the money deposited at the Security Bank, Iligan Branch, under the name of St. Peter's College Iligan City, amounting to P40,000,000.00 more or less belongs to the Estate of Escolastica Punongbayan. And in order to protect the rights of the heirs, this Court deems it proper to freeze the said money."

Such finding was buttressed when during the hearing on July 10, 2001, two of the heirs of Perfecto, Sr. – Adeluisa P. Abarro and Marilou P. Visitacion testified that the money deposited with the Security Bank belongs to the Estate of Escolastica.

Subsequently, in the Resolution of September 27, 2001, the Court denied the Intervention of St. Peter's.

More than a decade had passed and the question on the ownership of the money was only raised after the commissioner submitted its report to this court. When the aforementioned Orders were rendered by then Judge Santos, the parties did not avail of the proper remedies provided for by the

⁶⁸ *Rollo*, p. 98.

⁶⁹ *Id.* at 99.

this court. When the aforementioned Orders were rendered by then Judge Santos, the parties did not avail of the proper remedies provided for by the Rules. The assailed Orders have, thus, attained finality.

....

Time and again, the court reiterates that it will no longer entertain matters not related to the execution of the long and final compromise agreement. Parties could no longer assail the Compromise Agreement approved by the Court as early as June, 1976 and orders rendered more than a decade ago by the predecessor of this representation.

ALL THE FOREGOING CONSIDERED, the Court hereby ORDERS:

....

4. St. Peter's College has no personality to seek redress from this court since their Motion for Intervention was denied in the Resolution of September 27, 2001, much less assail an order which has long attained finality;

5. The money deposited with [Land Bank] and BPI belongs to the Estate of Escolastica Punongbayan.

IT IS SO ORDERED.⁷⁰ (Emphasis in the original.)

This Court agrees with the Court of Appeals that the intestate court exceeded its jurisdiction when it made a conclusive determination on the fund's ownership:

Here, the trial court not only attached and levied the monies deposited in Security Bank under the name of the College, it also ultimately passed upon its ownership when it ruled that "the money deposited with LandBank and BPI belongs to the Estate of Escolastica Punongbayan." The assailed Orders of the trial court did more than what jurisprudence allows it to do: it passed upon questions of ownership, custody, and control of the disputed monies when its sole purpose is to determine whether or not a property should be included in the inventory.⁷¹

In *Pacioles, Jr. v. Chuatoco-Ching*,⁷² we stressed that an intestate court is without jurisdiction to rule on the issue of a property's ownership claimed by a third party:

Clearly, the RTC, acting as an intestate court, had overstepped its jurisdiction. Its proper course should have been to maintain a hands-off stance on the matter. It is well-settled in this jurisdiction, sanctioned and reiterated in a long line of decisions, that when a question arises as to ownership of property alleged to be a part of the estate of the deceased

⁷⁰ Id. at 103-104.

⁷¹ Id. at 56.

⁷² 503 Phil. 707 (2005) [Per J. Sandoval-Gutierrez, Third Division].

person, but claimed by some other person to be his property, not by virtue of any right of inheritance from the deceased but by title adverse to that of the deceased and his estate, such question cannot be determined in the course of an intestate or probate proceedings. The intestate or probate court has no jurisdiction to adjudicate such contentions, which must be submitted to the court in the exercise of its general jurisdiction as a regional trial court. Jurisprudence teaches us that:

“[A] probate court or one in charge of proceedings whether testate or intestate cannot adjudicate or determine title to properties claimed to be a part of the estate and which are claimed to belong to outside parties. All that the said court could do as regards said properties is to determine whether they should or should not be included in the inventory or list of properties to be administered by the administrator. If there is no dispute, well and good, but if there is, then the parties, the administrator, and the opposing parties have to resort to an ordinary action for a final determination of the conflicting claims of title because the probate court cannot do so.”

Hence, respondent's recourse is to file a separate action with a court of general jurisdiction. The intestate court is not the appropriate forum for the resolution of her adverse claim of ownership over properties ostensibly belonging to Miguelita's estate.⁷³ (Emphasis in the original and citations omitted)

In any case, assuming that the ruling on the issue of ownership was provisional, this Court could not overlook that the Regional Trial Court acted on the Manifestation/Motion in violation of the Rules of Court.

The Rules of Civil Procedure, prior to its amendment, require that motions affecting the rights of adverse parties shall be in the form of a written motion and set for hearing by the applicant.⁷⁴ Courts shall not act upon these motions⁷⁵ unless the applicant presents proof of service of written motion and notice of hearing.⁷⁶

In this case, petitioners do not deny that respondent was not served a copy of the Manifestation/Motion nor was given an opportunity to be heard before the intestate court granted it. We agree with the Court of Appeals that this amounts to deprivation of respondent's property without due process of law:

⁷³ Id. at 718–719.

⁷⁴ RULES OF COURT, rule 15, sec.4 provides:

SECTION 4. *Hearing of motion.* — Except for motions which the court may act upon without prejudicing the rights of the adverse party, every written motion shall be set for hearing by the applicant. Every written motion required to be heard and the notice of the hearing thereof shall be served in such a manner as to ensure its receipt by the other party at least three (3) days before the date of hearing, unless the court for good cause sets the hearing on shorter notice.

⁷⁵ RULES OF COURT, rule 15, sec. 4 provides:

SECTION 6. *Proof of service necessary.* — No written motion set for hearing shall be acted upon by the court without proof of service thereof.

⁷⁶ RULES OF COURT, rule 15, sec. 4

Even assuming that the Orders freezing and transferring the monies, and the ruling on the ownership of the 66 Million pesos are for inventory only, there was no hearing set to determine whether the College truly owes the Estate rent, *or* whether the monies are truly held in trust by the College in favor of the Estate. The College was not heard. What transpired was merely the trial court's precipitate pronouncement granting the Estate's motion to attach and levy the multimillion-peso deposit of the College. And when the Order of attachment was questioned, the College's motion to intervene was denied. And not only that. Its succeeding efforts to have the trial court release the monies from the attachment order were all simply shrugged-off on the grounds of lack personality to sue, purportedly because the denial of the College's motion to intervene has become final, immutable and unalterable.

Truly, this is an obvious deprivation of property without due process of law. The trial court has set a dangerous precedent where courts can easily control the properties of a third person (stranger to the probate proceedings) on the strength of a mere motion claiming that certain property to be an asset of the estate.⁷⁷

Lastly, this Court notes that the Manifestation/Motion filed by petitioners was, in essence, a demand for payment of rentals allegedly due to the estate.

In *In re: Fallon v. Camon*,⁷⁸ we explained that an administrator could not make the demand for payment of money allegedly due to the estate through a mere motion but by the institution of a separate action against the third person:

With the foregoing as parting point, let us look at the administrator's claim for rentals allegedly due. The amount demanded is not, by any means, liquidated. Conceivably, the lessee may interpose defenses. Compromise, payment, statute of limitations, lack of cause of action and the like, may be urged to defeat the administrator's case. Here, appellee's opposition to the motion served a warning that at the proper time he will set up the defense that the administrator, as attorney-in-fact of the declared heirs, had theretofore sold the estate's two-fourths share in Hacienda Rosario together with "all the rights, title and interest (including all accrued rents) that said heirs had inherited from the said deceased." Appellant administrator in his reply to the opposition admits the fact of sale of the land, but not the rentals due. Accordingly, the right to collect the rentals is still in a fluid state. That right remains to be threshed out upon a full-dress trial on the merits. Because of all of these, the money (rentals) allegedly due is not property in the hands of the administrator; it is not thus within the effective control of the probate court. Neither does it come within the concept of money of the deceased "concealed, embezzled, or conveyed away," which would confer upon the court incidental prerogative to reach out its arm to get it back and, if necessary, to cite the professor thereof in contempt. At best that money is debt to the estate — not against the estate. Recovery thereof, we are

⁷⁷ *Rollo*, pp. 56–57.

⁷⁸ 123 Phil. 759 (1966) [Per J. Sanchez, En Banc].

persuaded to say, should be by separate suit commenced by the administrator. With reason, because of the absence of express statutory authorization to coerce the lessee debtor into defending himself in the probate court. And, we are confronted with the unyielding refusal of appellee to submit his person to the jurisdiction of the probate court.

By no means may it be said that this is untrodden ground. *Paula vs. Escay, et al.*, teaches that: When the demand is in favor of the administrator and the party against whom it is enforced is a third party, not under the court's jurisdiction, the demand can not be by mere motion by the administrator but by an independent action against the third person. The line drawn in the *Escay* case gives us a correct perspective in the present. The demand is for money due allegedly for rentals. Camon is a third person. Hence, the administrator may not pull him against his will, by motion, into the administration proceedings. We are fortified in our view by the more recent pronouncement of this court that even "matters affecting property under judicial administration" may not be taken cognizance of by the court in the course of intestate proceedings, if the "interests of third persons" are "prejudiced"[]⁷⁹ (Citations omitted.)

The recovery of the alleged rentals due to the Estate cannot be made by the administrator through a mere motion during the intestate proceedings. The administrator's recourse is to institute a separate action for collection.

IV

Jurisprudence defines estoppel by laches as "the failure or neglect for an unreasonable or unexplained length of time to do that which, by exercising due diligence, could or should have been done earlier, warranting a presumption that the person has abandoned his [or her] right or declined to assert it."⁸⁰ It is a principle created by equity which has for its purpose "discouragement of claims grown stale for non-assertion"⁸¹:

The principle of laches is a creation of equity which, as such, is applied not really to penalize neglect or sleeping upon one's right, but rather to avoid recognizing a right when to do so would result in a clearly inequitable situation. As an equitable defense, laches does not concern itself with the character of the defendant's title, but only with whether or not by reason of the plaintiff's long inaction or inexcusable neglect, he should be barred from asserting this claim at all, because to allow him to do so would be inequitable and unjust to the defendant.

"The doctrine of laches or of stale demands is based upon grounds of public policy which requires, for the peace of society, the discouragement of stale claims and . . . is principally a question of the inequity or unfairness of permitting a right or claim to be enforced or asserted."

⁷⁹ Id. at 761-763.

⁸⁰ *Imperial v. Court of Appeals*, 374 Phil. 740, 755 (1999) [Per J. Gonzaga-Reyes, Third Division].

⁸¹ *Catholic Bishop of Balanga v. Court of Appeals*, 332 Phil. 206, 220 (1996) [Per J. Hermosisima, Jr., First Division].

The time-honored rule anchored on public policy is that relief will be denied to a litigant whose claim or demand has become “stale”, or who has acquiesced for an unreasonable length of time, or who has not been vigilant or who has slept on his rights either by negligence, folly or inattention. In other words, public policy requires, for the peace of society, the discouragement of claims grown stale for non-assertion; thus laches is an impediment to the assertion or enforcement of a right which has become, under the circumstances, inequitable or unfair to permit.⁸² (Emphasis in the original and citations omitted)

In *United Overseas Bank v. Ros*,⁸³ we emphasized that there is no hard and fast rule in determining whether a party is guilty of laches. It is not merely a question of time, and its application depends on the circumstances of a particular case. “Ultimately, however, the question of laches is addressed to the court’s sound discretion and, since it is an equitable doctrine, its application is controlled by equitable consideration.”⁸⁴

A perusal of the circumstances, in this case, reveals that allowing respondent to challenge the Regional Trial Court orders would not amount to inequity.

To be sure, May 23, 2001, and February 4, 2004 Orders are interlocutory in nature. *Investments, Inc. v. Court of Appeals*⁸⁵ demarcated the difference between final and interlocutory orders:

A “final” judgment or order is one that finally disposes of a case, leaving nothing more to be done by the Court in respect thereto, e.g., an adjudication on the merits which, on the basis of the evidence presented at the trial, declares categorically what the rights and obligations of the parties are and which party is in the right; or a judgment or order that dismisses an action on the ground, for instance, of res adjudicata or prescription. Once rendered, the task of the Court is ended, as far as deciding the controversy or determining the rights and liabilities of the litigants is concerned. Nothing more remains to be done by the Court except to await the parties’ next move (which among others, may consist of the filing of a motion for new trial or reconsideration, or the taking of an appeal) and ultimately, of course, to cause the execution of the judgment once it becomes “final” or, to use the established and more distinctive term, “final and executory.”

....

Conversely, an order that does not finally dispose of the case, and does not end the Court’s task of adjudicating the parties’ contentions and determining their rights and liabilities as regards each other, but obviously indicates that other things remain to be done by the Court, is “interlocutory,” e.g., an order denying a motion to dismiss under Rule 16 of the Rules, or granting a motion for extension of time to file a pleading, or authorizing

⁸² Id. at 219–220.

⁸³ 556 Phil. 178 (2007) [Per J. Chizo-Nazario, Third Division].

⁸⁴ Id. at 194.

⁸⁵ 231 Phil. 302 (1987) [Per J. Narvasa, First Division].

judgment or order, which is appealable, as above pointed out, an “interlocutory” order may not be questioned on appeal except only as part of an appeal that may eventually be taken from the final judgment rendered in the case.⁸⁶

As discussed, the Regional Trial Court’s ruling regarding the funds’ ownership in its May 23, 2001, and February 4, 2004 Orders is provisional in nature. The determination is subject to the final disposition made in a separate action. This is based on the principle that an intestate court has limited and special jurisdiction, which does not include the authority to conclusively rule on issues of ownership.⁸⁷

Finally, we agree with the Court of Appeals that following the issuance of the July 3, 2013 Order, respondent has filed multiple motions to enforce its rights over the attached funds.⁸⁸

ACCORDINGLY, the Petition is **DENIED**. The August 31, 2017 Decision and April 2, 2018 Resolution of the Court of Appeals in CA-G.R. SP No. 05678-MIN are **AFFIRMED**.

The May 23, 2001, February 4, 2004 and July 3, 2013 Orders of the Regional Trial Court, Branch 19 of Cagayan de Oro City in SPEC. PROC. No. 1053 are **NULLIFIED**.

The Bank of the Philippine Islands of Cagayan de Oro and Land Bank of the Philippines of Cagayan de Oro are **ORDERED** to restore and deliver the ₱66,000,000.00 together with its interest to St. Peter’s College Inc., or its authorized representative, without prejudice to whatever appropriate action the incumbent Administrator of the Estate of Escolastica Punongbayan Paguio may bring to enforce and protect the estates alleged interest in those monies.

SO ORDERED.




MARVIC M.V.F. LEONEN
Associate Justice


⁸⁶ Id. at 308–309.

⁸⁷ *Aranas v. Mercado*, 724 Phil. 174, 185–186 (2014) [Per J. Bersamin, First Division]. Citing *Vda. de Rodriguez v. Court of Appeals*, 180 Phil. 482 (1979) [Per J. Aquino, En Banc]; *De Leon v. Court of Appeals*, 435 Phil. 232 (2002) [Per J. Austria-Martinez, First Division]; *Jimenez v. Intermediate Appellate Court*, 263 Phil. 283 (1990) [Per J. Ferman, C.J., Third Division].

⁸⁸ *Rollo*, p. 63.

WE CONCUR:


AMY C. LAZARO-JAVIER
Associate Justice


MARIO V. LOPEZ
Associate Justice


JHOSEP Y. LOPEZ
Associate Justice


ANTONIO T. KHO, JR.
Associate Justice

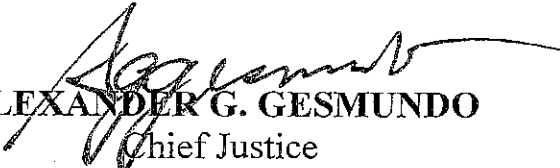
ATTESTATION

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

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution and the 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