



REPUBLIC OF THE PHILIPPINES
SUPREME COURT
Manila

SECOND DIVISION

NOTICE

Sirs/Mesdames:

*Please take notice that the Court, Second Division, issued a Resolution dated **October 10, 2022** which reads as follows:*

“G.R. No. 233296 (AMVEL LAND DEVELOPMENT CORP., petitioner v. ABSOLUTE MANAGEMENT CORP., SPOUSES BENISON T. CHUA AND ROSEMARIE REYES-CHUA, respondents); G.R. No. 233394 (SPOUSES BENISON T. CHUA AND ROSEMARIE REYES-CHUA, petitioners v. AMVEL LAND DEVELOPMENT CORP. AND ABSOLUTE MANAGEMENT CORP., respondents) — A party’s filing of a civil case based on substantially the same cause of action and with the same prayer in its motion before the intestate court constitutes forum shopping.

This resolves the two separate Petitions for Review¹ filed by Amvel Land Development Corporation (Amvel Land) and Spouses Benison Chua and Rosemarie Reyes-Chua (the Chua Spouses), seeking the review of the Decision² and Resolution³ of the Court of Appeals. The Court of Appeals affirmed with modification the Decision⁴ of the Regional Trial Court of Muntinlupa City, which ordered Betty Chua and her children, Benison Chua, Baldwin T. Chua, and Jennifer T. Chua-Locsin, as well as Ernesto Locsin and Rosemarie Reyes-Chua, to pay Absolute Management Corporation (Absolute) ₱13,370,000.00, the amount equivalent to the conjugal share of the property located in Alabang, Muntinlupa City they sold to Amvel Land. The trial court found that the Chua Spouses, together with the other heirs, acted in bad faith when they executed an extrajudicial settlement of estate covering the subject property and sold the same to Amvel Land, despite earlier instituting an intestate proceeding.

¹ *Rollo* (G.R. No. 233296) pp. 3–77; *rollo* (G.R. No. 233394), pp. 39–58.

² *Rollo* (G.R. No. 233296), pp. 88–103. The March 24, 2017 Decision in CA-G.R. CV No. 98421 was penned by Associate Justice Stephen C. Cruz and concurred in by Associate Justices Jose C. Reyes, Jr. and Nina G. Antonio-Valenzuela.

³ *Id.* at 79–86. The July 27, 2017 Resolution in CA-G.R. CV No. 98421 was penned by Associate Justice Stephen C. Cruz and concurred in by Associate Justices Jose C. Reyes, Jr. and Nina G. Antonio-Valenzuela.

⁴ *Id.* at 529–537. The August 23, 2010 Decision in Civil Case No. 02-147 was penned by acting Presiding Judge Romulo S.G. Vilanueva of the Regional Trial Court Muntinlupa City, Branch 256.

12/14

Absolute was a creditor of Jose L. Chua (Jose), who died intestate on January 31, 1999. The debt of Jose amounted to ₱75,000,000.00, constituting his unremitted collections from Absolute's customers.⁵

A few months after Jose's death, his wife, Betty, and her children instituted a Petition for Intestate Estate and Letters of Administration⁶ before the Regional Trial Court of Pasay City. On June 30, 1999, Absolute filed its total claim of ₱75,000,000.00 in the intestate case. Later, the intestate court issued letters of administration in favor of Betty.⁷

Meanwhile, Betty and her children executed an Extrajudicial Settlement of Estate of a Deceased Person⁸ on May 25, 1999, covering a 1,377-square meter parcel of land located in Alabang, Muntinlupa City (Alabang property) and covered by Transfer Certificate of Title No. S-99198. In this extrajudicial settlement, they divided among themselves Jose's conjugal share. The Register of Deeds soon canceled Transfer Certificate of Title No. S-99198 and issued Transfer Certificate of Title No. 584 in the names of Betty and her children.⁹ Thereafter, Betty and her children executed a Deed of Absolute Sale¹⁰ over the property in favor of Amvel Land and Transfer Certificate of Title No. 972 was issued in Amvel Land's name.¹¹

On July 4, 2002, Absolute filed a Complaint¹² before the Regional Trial Court of Muntinlupa City.¹³ It averred that since the estate of the decedent is insufficient to answer for its claim, it can collect from the one-half conjugal share of Betty in the property fraudulently sold and transferred to Amvel Land. Absolute also contended that Amvel Land was a buyer in bad faith as it was aware of the pendency of the intestate case¹⁴ and did not file its claim therein. Finally, it claimed that the Deed of Absolute Sale, being a sale in fraud of creditors, should be annulled and the one-half undivided portion of the land be ordered to be conveyed in its favor.¹⁵

The trial court issued a Writ of Attachment, garnishing the property.¹⁶

In its Answer, Amvel Land countered that it was not aware of any intestate proceeding instituted by Betty Chua and her children at the time they executed the Deed of Absolute Sale. Assuming it was informed, it was not a creditor of the decedent and had no obligation to file any claim before the

⁵ Id. at 529

⁶ Id. at 491-496.

⁷ Id. at 529.

⁸ Id. at 505-507.

⁹ Id. at 530.

¹⁰ Id. at 272-276.

¹¹ Id. at 530.

¹² Id. at 475-490.

¹³ Id. at 89.

¹⁴ Id. at 90-91.

¹⁵ Id. at 304.

¹⁶ Id. at 91.

intestate court. It further insisted that it was a buyer in good faith and for value and the sale of the property was executed by the heirs to carry out the provisions of the perfected Contract of Sale with Assumption of Mortgage¹⁷ it had earlier entered with the decedent.¹⁸

In their separate Answer,¹⁹ the Chua Spouses reiterated Amvel Land's defense that the Deed of Absolute Sale was merely an implementation of the perfected Contract of Sale with Assumption of Mortgage²⁰ between Jose and Amvel Land before the former's death.²¹ They added that the proceeds of the sale were fully accounted before the intestate court. They averred that Absolute had no claim over Betty's conjugal share in the property and was guilty of forum shopping by instituting its complaint, which basically raised the same causes as its claim in the intestate proceedings.²²

Betty and her other children did not file their respective answers despite service of summons through publication. Hence, the trial court cited them in default.²³

The Regional Trial Court of Muntinlupa City partially granted Absolute's Complaint. It found that the acts of Betty and her children in executing the extrajudicial settlement and the subsequent Deed of Absolute Sale over the property covered by Transfer Certificate of Title No. S-99198, knowing Absolute's claim filed in the intestate case, constituted bad faith and fell squarely within the purview of the principle of abuse of rights as embodied in Articles 19 and 21 of the Civil Code.²⁴ Still, it accepted Amvel Land's defense of a buyer in good faith, holding the property was covered by a clean title absent any annotation of encumbrance.²⁵

The dispositive portion of the Decision reads:

WHEREFORE, in the light of the foregoing considerations, judgment is hereby rendered in favor of the plaintiff and against defendants Betty Chua, Benison T. Chua, Rosemarie Reyes, Baldwin T. Chua, Jennifer T. Chua-Loecin, and Ernesto Loecin in the following manner:

- (1) Ordering the defendants Betty Chua, Benison T. Chua, Rosemarie Reyes, Baldwin T. Chua, Jennifer T. Chua-Loecin, and Ernesto Loecin to deliver to the plaintiff the amount of Thirteen Million Three Hundred Seventy Thousand Pesos (P13,370,000.00) which is the amount equivalent to the conjugal share of the subject property of defendant

¹⁷ Id. at 305.

¹⁸ Id. at 91.

¹⁹ Id. at 590-604.

²⁰ Id. at 503-504.

²¹ Id. at 91.

²² Id. at 306.

²³ Id. at 91-92.

²⁴ Id. at 309.

²⁵ Id. at 94.

Betty Chua;

- (2) Ordering defendants Betty Chua, Benison T. Chua, Rosemarie Reyes, Baldwin T. Chua, Jennifer T. Chua-Locsin, and Ernesto Locsin to pay the plaintiff the sum of One Hundred Thousand Pesos (P100,000.00) as exemplary damages;
- (3) Ordering defendants Betty Chua, Benison T. Chua, Rosemarie Reyes, Baldwin T. Chua, Jennifer T. Chua-Locsin, and Ernesto Locsin to pay the amount of One Hundred Thousand Pesos (P100,000.00) plus Three Thousand Pesos (P3,000.00) per appearance as and by way of attorney's fees;
- (4) Dismissing the complaint against defendant Amvel Land Development Corporation for lack of merit. Their counterclaim is dismissed, no proof of bad faith on the part of the plaintiff in filing the instant complaint.²⁶

Cost against the defendants except Amvel Land Development Corporation.

Absolute and the Chua Spouses filed their separate appeals.²⁷

The Court of Appeals partially granted the appeal of Absolute, but denied the Chua Spouses' appeal.²⁸ It agreed with the Regional Trial Court of Muntinlupa City and ruled that the decedent's heirs, including the Chua Spouses, acted in bad faith when they executed an extrajudicial settlement of estate covering the subject property and sold the same to Amvel Land despite earlier instituting an intestate proceeding. It also found that the property was not in the list of real properties submitted to the intestate court and Absolute was not identified as one of the decedent's creditors.²⁹

The Court of Appeals modified that ruling by holding that Amvel Land was a buyer in bad faith. It found that Amvel Land was not only aware of the irregularities surrounding the transfer of the property but was also in connivance with the decedent's heirs to defraud all the creditors of Jose, including Absolute.³⁰

The dispositive portion of the Decision of the Court of Appeals reads:

WHEREFORE, in view of the foregoing premises, plaintiff-appellant Absolute Management Corporation's partial appeal is hereby GRANTED. On the other hand, the appeal of defendants-appellants Spouses Benison Chua and Rosemarie Chua is DENIED. The assailed Decision dated August 23, 2010 of the Regional Trial Court, Branch 256, Muntinlupa City in Civil Case No. 02-147, is AFFIRMED with MODIFICATION, to read as follows:

WHEREFORE, in the light of the foregoing

²⁶ Id. at 310-311.

²⁷ Id. at 94.

²⁸ Id. at 101.

²⁹ Id. at 96-97.

³⁰ Id. at 100-101.

considerations, judgment is hereby rendered in favor of the plaintiff and against defendants BETTY CHUA, BENISON T. CHUA, ROSEMARIE REYES, BALDWIN T. CHUA, JENNIFER T. CHUA-LOCSIN, and ERNESTO LOCSIN in the following manner:

1. Ordering the CANCELLATION of Transfer Certificate of Title No. 584 in the names of Betty Chua, Jennifer Chua Locsin, Benison T. Chua and Baldwin T. Chua, and Transfer Certificate of Title No. 972 under Amvel Land Development Corporation;
2. Ordering the RESTORATION of Transfer Certificate of Title No. S-99198 in the name of Jose Chua;
3. Ordering the RECONVEYANCE of the conjugal share of Betty Chua in the subject property consisting of one-half (1/2) undivided portion thereof with a fair market value of P13,370,000.00 to plaintiff-appellant;
4. Ordering defendants BETTY CHUA, BENISON T. CHUA, ROSEMARIE REYES, BALDWIN T. CHUA, JENNIFER T. CHUA-LOCSIN, and ERNESTO LOCSIN to pay the plaintiff the sum of One Hundred Thousand Pesos (P100,000.00) as exemplary damages;
5. Ordering defendants BETTY CHUA, BENISON T. CHUA, ROSEMARIE REYES, BALDWIN T. CHUA, JENNIFER T. CHUA-LOCSIN, and ERNESTO LOCSIN to pay the amount of One Hundred Thousand Pesos (P100,000.00) plus Three Thousand Pesos per appearance as and by way of attorney's fees;

SO ORDERED.

SO ORDERED.³¹

In its Resolution,³² the Court of Appeals denied the respective Motions for Reconsideration³³ filed by Amvel Land and the Chua Spouses.

Amvel Land filed a Petition for Review docketed as G.R. No. 233296,³⁴ assailing the Decision and Resolution of the Court of Appeals. The Chua Spouses also filed their Petition for Review docketed as G.R. No. 233394.³⁵

In a Resolution, we resolved to consolidate both cases.

In turn, Absolute filed its Consolidated Comment.³⁶

Amvel Land submits that the Decision of the Court of Appeals is

³¹ Id. at 101-102.

³² Id. at 79-86.

³³ Id. at 86.

³⁴ Id. at 3-77. The Petition was filed under Rule 45.

³⁵ *Rollo* (G.R. No. 233394), pp 39-58.

³⁶ *Rollo* (G.R. No. 233296), pp. 644-702.

“highly irregular [and] anomalous[,] and well constitutes grave abuse of discretion” because it considered facts and evidence not presented and admitted in evidence before the trial court.³⁷ It claims that the Certification upon which the Court of Appeals relied in concluding that the Contract of Sale with Assumption of Mortgage was a sham document is nowhere to be found in the records and was never formally offered in evidence by Absolute during the trial of the case. In fact, the Certification was raised for the first time only in the Motion for Reconsideration of the Resolution of the Court of Appeals. It stresses that the genuineness and due execution of the Contract of Sale with Assumption of Mortgage were never put in issue before the trial court. Thus, it maintains that the Contract of Sale with Assumption of Mortgage is a valid, perfected, and binding contract.³⁸

Under the Contract of Sale with Assumption of Mortgage, Amvel Land claims that the buyer (Amvel Land) was allowed to take possession of the parcel of land. Thus, the very execution of the Contract in a public instrument effectively transferred ownership of the property to Amvel Land, subject only to the resolutive condition that the property would revert to the seller should Amvel Land fail to settle the contract price. Since Amvel Land had complied with the conditions of the Contract of Sale, Betty and her children must execute the necessary documents to effectuate the transfer of the title in its name.³⁹

Amvel Land argues that Betty and her children were not guilty of bad faith, fraud, or abuse of rights when they excluded the property in the list of real properties forming the estate of the late Jose. The ownership of the property had allegedly been earlier transferred to Amvel Land and they were merely complying with the contractual obligation of the decedent. In this regard, the lower courts erred when they applied Articles 19 and 21 of the Civil Code.⁴⁰

Amvel Land adds that it is a buyer in good faith and for value. It bought the property under the Contract from Jose when he was still alive. It had no notice, other than the mortgage it assumed, of any right or interest claimed by other persons on the property, even Absolute, which was only recognized as creditor by Betty on July 20, 1999. Neither did the Transfer Certificate of Title No. S-99198 registered under Jose bear any annotation regarding Absolute’s claim. It submits that it had already settled the purchase price and complied with all the conditions of the Contract a year before it learned of Absolute’s claim when the latter filed the case before the trial court in 2002.⁴¹

Amvel Land contends that the finding of the Court of Appeals that

³⁷ Id. at 56.

³⁸ Id. at 18–19, 24.

³⁹ Id. at 24–27.

⁴⁰ Id. at 27–34, 36.

⁴¹ Id. at 37–38.

Amvel Land required Betty and her children to execute an extrajudicial settlement is not supported by testimonial or documentary evidence.⁴² Also bereft of any basis is its following conclusion:

[N]ot only was Amvel aware of the irregularities surrounding the transfer of the subject property from decedent to his heirs, and later on to Amvel itself, but also it was in connivance with decedent's heirs to defraud all the creditors of Jose Chua, including Absolute. Amvel and decedent's heirs manipulated a fraudulent scheme in order that the subject property would be out of reach of other creditors. It is indubitable therefore that Amvel acted with malice and in bad faith.⁴³

Amvel Land adds that it was arbitrary and unjust for the Court of Appeals to order the cancellation of its title and the reconveyance of the property in favor of Absolute, when Amvel Land had already settled the purchase price and complied with the conditions under the Contract.⁴⁴

On the other hand, the Chua Spouses argue that the Court of Appeals erred when it ruled in favor of Absolute despite the latter's resort to forum shopping. They add that the Court of Appeals also erred in finding that they acted in bad faith and declaring them liable for exemplary damages and attorney's fees.⁴⁵

The Chua Spouses point out that Absolute resorted to three fora, namely, the civil case for nullification of contract, the intestate proceedings, and the criminal case for falsification, to obtain the settlement of its money claim against the estate of Jose. They claim that the Court of Appeals not only skirted this issue but proceeded to order reconveyance of Betty's conjugal share in the Alabang property, thereby encroaching upon the prerogatives of the intestate court. As such, Absolute was able to secure indirectly what it failed to secure directly in the estate proceedings.⁴⁶

The Chua Spouses further contend that they acted in good faith in executing the extrajudicial settlement and Deed of Absolute Sale without any financial benefit gained from it. They merely obeyed their mother, Betty, and relied on the professional advice of their lawyer. They aver that the proceeds from the transfer of the Alabang property were forwarded and accounted for before the intestate court, wherein Absolute was a party.⁴⁷

The Chua Spouses argue that the Contract of Sale with Assumption of Mortgage is a contract to sell, which gave birth to the "final contract of sale" upon Amvel Land's fulfillment of its terms and conditions. It was just that

⁴² Id. at 42.

⁴³ Id. at 45-46.

⁴⁴ Id. at 55

⁴⁵ *Rollo* (G.R. No. 233394), p. 45.

⁴⁶ Id. at 45-47.

⁴⁷ Id. at 48-51.

Amvel Land fully complied with the terms after the death of Jose but before the expiration of the period of completion on October 15, 1999. Thus, upon full payment of the purchase price and mortgage debt, the heirs of Jose had no choice but to convey the Alabang property to Amvel Land. The extrajudicial settlement was executed in good faith and only as a preparatory act to the transfer of title to Amvel Land. They add that they were compelled to perform their obligation under the Contract of Sale with Assumption of Mortgage, failing which they could be deemed in bad faith in contravention of Articles 19 and 20 of the Civil Code.⁴⁸

In its Consolidated Comment,⁴⁹ Absolute counters that Amvel Land's Petition failed to demonstrate how the Court of Appeals committed grave abuse of discretion when it ruled that Amvel Land is a buyer in bad faith and the Chua Spouses violated Articles 19 and 21 of the Civil Code.⁵⁰ At the time of the execution of the Deed of Absolute Sale, Amvel Land was allegedly aware of Jose's death. Moreover, the Court of Appeals did not err when it found that Amvel instructed the decedent's heirs not to include the property in the intestate proceedings and to execute the extrajudicial settlement of estate and Deed of Absolute Sale because no other person than Amvel Land would benefit from the sale of the Alabang property.⁵¹

Regarding the Chua Spouses, Absolute contends that their hurried execution of the extrajudicial settlement and the Deed of Absolute Sale negated their claim of good faith.⁵²

On the issue of the belated submission of the Certification, Absolute argues that even without it, a Department of Justice Resolution dated April 25, 2002 presented in evidence before the trial court by both parties established that the Contract of Sale with Assumption of Mortgage is a sham document, having been "disowned by the lawyer who notarized it."⁵³ Considering that it is a sham document, it cannot be the basis of an obligation on the part of the Chua Spouses to execute a Deed of Absolute Sale in favor of Amvel Land.⁵⁴

Finally, Absolute contends that the issue of forum shopping had no basis and the Court of Appeals properly ordered the cancellation of the title and reconveyance of Betty's conjugal share. Betty and her children were allegedly in bad faith and the deceased's obligations redounded to the benefit of the family.⁵⁵

⁴⁸ Id. at 53-54.

⁴⁹ *Rollo* (G.R. No. 233296), pp. 644-702.

⁵⁰ Id. at 646-647.

⁵¹ Id. at 678-679, 681.

⁵² Id. at 697.

⁵³ Id. at 689-692.

⁵⁴ Id. at 694.

⁵⁵ Id. at 698-699.

The issues to be resolved by this Court are the following:

first, whether Absolute was guilty of forum shopping;

second, whether the Court of Appeals gravely erred in holding that there is bad faith on the part of the Chua Spouses;

third, whether the Court of Appeals gravely erred in holding that Amvel Land is a buyer in bad faith;

fourth, whether the Court of Appeals gravely erred in holding that the Chua Spouses and Amvel Land connived to defraud Absolute; and

finally, whether the Court of Appeals gravely erred in ordering the cancellation of the title of Amvel Land and the reconveyance of the property to Absolute.

We dismiss the Complaint for nullification filed by Absolute as the latter is guilty of forum shopping. Accordingly, there would be no need to discuss all the other issues raised by the parties.

The Chua Spouses contend that Absolute's act of filing the present complaint for nullification constitutes forum shopping as the latter also prayed for similar reliefs in its Motions filed before the intestate court.⁵⁶

The Motions referred to were the Motions "To Resolve Pending Incident for the Change of Administrator" and "For Cancellation of the Extra-Judicial Settlement Executed by [Betty Chua and her children]," which Absolute filed upon learning of the extrajudicial settlement executed by the heirs on the Alabang property. Among the reliefs prayed for in the Motions were:

(i) The extra-judicial settlement of the estate executed on May 25, 1999 be cancelled, declared void ab initio, and no force and effect.

(ii) Authorize the new Administrator to institute appropriate proceedings to annul the sale to Amvel Land Development Corporation, to recover the parcel of land, or to compel the petitioners, jointly and severally, to turn over to the intestate estate the sum of P25,867,800.00 which was the consideration for the sale within five (5) days from receipt of the corresponding order to be enforced by a writ of execution in case of failure or refusal of petitioners to comply thereto[.]⁵⁷

⁵⁶ *Rollo* (G.R. No. 233394), pp. 45-46.

⁵⁷ *Rollo* (G.R. No. 233296), p. 601.

Subsequently, Absolute filed its “Comments/Observations on Petitioners Manifestation Dated January 31, 2001 with Motion to Compel Petitioners to Turn Over the Proceeds of Sale and to Annotate a Creditors Lien on the Property.”⁵⁸ Among the reliefs it prayed for were the following:

1. *Petitioners be ordered, jointly and severally, to turn over to the custody of this court, or to a bank to be designated by the court, the proceeds of the sale as stipulated in that Deed of Sale, marked as Exhibit “4” of Absolute’s twin motions, within a reasonable period of time at the discretion of the court, which may, in the event of a failure or refusal by the petitioners to comply thereto, be enforceable by a proper writ or execution against the properties of the petitioners, and that,*

2. *A court order immediately issue to be annotated as an encumbrance on Transfer Certificate of Title No. 972 of the Register of Deeds of the City of Muntinlupa, or on any succeeding titles which may be subsequently issued thereafter; subjecting the said property to the claims of creditors to be determined by the Regional Trial Court of Pasay City acting in Special Proceedings No. 99-0023: entitled In the Matter of the Intestate Estate of Jose L. Chua – Petition for Letters of Administration.⁵⁹ (Emphases supplied)*

It does not appear from the records whether the foregoing motions have been resolved by the intestate court. However, it appears from the pleadings and documents attached to the Petition that in compliance with the order of the intestate court, Betty and her children had submitted an accounting of the proceeds of the sale of the Alabang property. Their accounting showed that “from the proceeds of ₱25,867,800.00, the conjugal share of each spouse amounted to only ₱8,069,337.73 after deducting the mortgage loan, commission, capital gains and other expenses; and that in addition, the late Jose L. Chua had other loans with Metrobank totaling P12,986,100.44 which were paid from the sale proceeds so that the conjugal share of Betty T. Chua was reduced to ₱4,916,762.71, thereby leaving her a net share of only ₱3,152,575.02.”⁶⁰ The records do not show, however, whether this accounting has been approved by the intestate court.

In its Complaint⁶¹ for nullification, Absolute alleged the following:

25. However, the remaining defendants, Betty. T. Chua and children, in fraud of such other creditors like plaintiff and subsequent to their filing of the intestate case, executed an Extrajudicial Settlement of the Estate of Jose L. Chua dated May 25, 1999 whereby they divided and adjudicated unto themselves, the one-half (1/2) conjugal share of the decedent in the subject property[;]

....

⁵⁸ Id. at 601.

⁵⁹ Id. at 601–602.

⁶⁰ Id. at 595.

⁶¹ Id. at 475–490.

28. In furtherance of their scheme to defraud and keep the subject property beyond the reach of creditors, particularly plaintiff herein, the defendants Betty T. Chua and children immediately thereafter executed a Deed of Absolute Sale over the subject property in favor of defendant Amvel on July 15, 1999 . . . for and in consideration of the price of Twenty-Five Million Eight Hundred Sixty-Seven Thousand Eight Hundred (P25,867,800.00) Pesos;

.....

31. *Considering the magnitude of plaintiff's claim and that the estate of the decedent is miserably insufficient to answer for such claim, the plaintiff cannot in any other manner collect the claims due it except from the one-half (1/2) conjugal share of defendant Betty T. Chua, the correct fair market value thereof is P13,370,000.00 which was included when she fraudulently sold and transferred to defendant Amvel the subject property;*

32. Defendant Amvel is not a buyer in good faith but is in fact a buyer in bad faith since as a creditor of the decedent, it should have filed its claim as such creditor in the intestate case which defendant Amvel was notified of prior to the sale to it of the subject property on July 15, 1999;

.....

34. *That the Deed of Absolute Sale (Annex 1) being a sale in fraud of creditors should therefore be annulled and the one-half (1/2) undivided portion thereof with a correct fair marker value of P13,370,000.00, representing the conjugal share of defendant Betty T. Chua, ordered conveyed to the plaintiff;*

.....

40. By way of example or correction for the public good in order to deter others from resorting to such fraudulent maneuverings, the plaintiff is entitled to exemplary damages conservatively estimated at One Hundred Thousand (P100,000.00) Pesos which the defendants jointly and severally should be made to pay;

41. To preserve and protect its rights, plaintiff was constrained to litigate engaging the services of undersigned counsel in the process to whom it incurred attorney's fees in the amount of One Hundred Thousand (P100,000.00) Pesos plus appearance expenses of Three Thousand (P3,000.00) Pesos each time, which the defendants jointly and severally should be made to pay;⁶² (Emphases supplied)

Absolute does not claim ownership of the Alabang property. It filed the complaint for nullification as a creditor of the late Jose. In its Complaint, it sought to nullify the sale of the Alabang property, which allegedly was in fraud of creditors, and to collect its claims on Betty's 1/2 conjugal share in the Alabang property.⁶³

"Forum shopping exists when, as a result of an adverse decision in one

⁶² Id. at 480-485.

⁶³ Id. at 483.

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forum, or in anticipation thereof, a party seeks a favorable disposition in another forum through means other than appeal or *certiorari*.”⁶⁴

The Court has explained why forum shopping is reprehensible:

Forum shopping trifles with the courts, abuses their processes, degrades the administration of justice and congest court dockets. What is critical is the vexation brought upon the courts and the litigants by a party who asks different courts to rule on the same or related causes and grant the same or substantially the same reliefs and in the process creates the possibility of conflicting decisions being rendered by the different fora upon the same issues. Willful and deliberate violation of the rule against forum shopping is a ground for summary dismissal of the case; it may also constitute direct contempt.⁶⁵

There is forum shopping when there is identity of parties, rights asserted, and reliefs prayed for in the two actions, which are founded on the same facts, and a judgment in either will result in *res judicata* in the other.⁶⁶

To determine whether a party violated the rule against forum shopping, the most important factor to ask is whether the elements of *litis pendentia* are present, or whether a final judgment in one case will amount to *res judicata* in another; otherwise stated, the test for determining forum shopping is whether in the two (or more) cases pending, there is identity of parties, rights or causes of action, and reliefs sought.

Litis pendentia as a ground for the dismissal of a civil action refers to that situation wherein another action is pending between the same parties for the same cause of action, such that the second action becomes unnecessary and vexatious. The underlying principle of *litis pendentia* is the theory that a party is not allowed to vex another more than once regarding the same subject matter and for the same cause of action. This theory is founded on the public policy that the same subject matter should not be the subject of controversy in courts more than once, in order that possible conflicting judgments may be avoided for the sake of the stability of the rights and status of persons.

The requisites of *litis pendentia* are: (a) the identity of parties, or at least such as representing the same interests in both actions; (b) the identity of rights asserted and relief prayed for, the relief being founded on the same facts; and (c) the identity of the two cases such that judgment in one, regardless of which party is successful, would amount to *res judicata* in the other.⁶⁷

The elements of forum shopping are present in this case.

⁶⁴ *Teodoro III v. Gonzales*, 702 Phil. 422, 428 (2013) [Per J. Brion, Second Division].

⁶⁵ *Arania v. Intestate Estate of Sangalang*, 822 Phil. 643, 660 [Per J. Martires, Third Division].

⁶⁶ *La Campana Development Corp. v. See*, 525 Phil. 652 (2006) [Per J. Corona, Second Division].

⁶⁷ *Yap v. Chua*, 687 Phil. 392, 400 (2012) [Per J. Reyes, Second Division].

First, there is identity of parties or they at least represent the same interest. In the intestate case, the parties are Absolute and the heirs of Jose Chua. Here, the parties are Absolute, on one hand, and the heirs of Jose and Amvel Land, on the other hand. The presence of Amvel Land in this case will not preclude the application of the rule against forum shopping. It has been held that only substantial, not absolute, identity of parties is required.⁶⁸ Undeniably, the motions and complaint for nullification were filed to protect the interest of Absolute as creditor of Jose.

Second, both the motions in the intestate proceedings and the complaint for nullification hinged on one substantial issue, i.e., the validity of the extrajudicial settlement and conveyance of the Alabang property to Amvel Land. The ultimate relief prayed for in both cases is the satisfaction of Absolute's money claims against the estate of Jose. The same facts establish the causes of action in both cases. This creates the possibility of two separate and conflicting decisions.

Rule 7, Section 5 of the Rules of Court requires the plaintiff or principal party to certify under oath that they have not commenced any action involving the same issues in any court. Absolute did not even disclose the filing of its motions in the intestate court. The certification against forum shopping attached to the Complaint for nullification states:

4. I further certify that the plaintiff has not commenced any other action or proceeding involving the same issues in the Supreme Court, the Court of Appeals or different divisions thereof, or any other tribunal or agency and to best of my knowledge, no such action or proceeding is pending except civil case no. 01-321 entitled Absolute Management Corporation versus Amvel Land Development Corporation, Betty T. Chua, Benison T. Chua, Rosemarie Reyes, Baldwin T. Chua, Jennifer T. Chua-Locsin, Ernesto Locsin and the Register of Deeds of Muntinlupa City which pended at the Regional Trial Court, Muntinlupa City, Branch 276 but was however dismissed without prejudice. If I should hereafter learn that the same or similar action or proceeding has been filed or is pending before the Supreme Court, the Court of Appeals or different divisions thereof, or any other tribunal or agency, I undertake to promptly inform the Honorable Court within five (5) days therefrom.⁶⁹

Hence, for violating the rule against forum shopping, the Complaint for nullification should have been dismissed outright.

Absolute is one of the creditors of Jose that filed its money claim before the intestate court. As such, it cannot claim for itself the Alabang property or any proceeds therefrom that pertains to the share of Jose or to his estate, except

⁶⁸ *Heirs of Mampo v. Morada*, G.R. No. 214526, November 3, 2020, <<https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/67030>> [Per J. Caguioa, First Division]; *Spouses Marasigan v. Chevron Philippines, Inc.*, 681 Phil. 503 (2012) [Per J. Mendoza, Third Division]; *Guaranteed Hotels, Inc. v. Baltao*, 489 Phil. 702 [Per J. Ynares-Santiago, First Division].

⁶⁹ *Rollo* (G.R. No. 233296), p. 490.

through the intestate court.

Under Rule 73, Section 1 of the Rules of Court, “[t]he court first taking cognizance of the settlement of the estate of a decedent, shall exercise jurisdiction to the exclusion of all other courts.” Pursuant to this provision, all questions concerning the settlement of the estate of Jose, including the disposition of the estate for the payment of its liabilities, should be filed before the intestate court.⁷⁰

The Court has synthesized the rationale behind Rule 73, Section 1:

The reason for this provision of the law is obvious. The settlement of the estate of a deceased person in court constitutes but one proceeding. For the successful administration of that estate it is necessary that there should be but one responsible entity, one court, which should have exclusive control of every part of such administration. To intrust it to two or more courts, each independent of the other, would result in confusion and delay.

....

The provision of section 602, giving one court exclusive jurisdiction of the settlement of the estate of a deceased person, was not inserted in the law for the benefit of the parties litigant, but in the public interest for the better administration of justice. For that reason the parties have no control over it.

On the other hand, and for such effects as may be proper, it should be stated herein that any challenge to the validity of a will, any objection to the authentication thereof, and every demand or claim which any heir, legatee, or party in interest in a testate or intestate succession may make, must be acted upon and decided within the same special proceedings, not in a separate action, and the same judge having jurisdiction in the administration of the estate shall take cognizance of the question raised, inasmuch as when the day comes he will be called upon to make distribution and adjudication of the property to the interested parties[.]⁷¹ (Citations omitted)

Approval of the intestate court of the disposal of estate property is required⁷² under Rule 89 of the Rules of Court. Regarding conveyance of property contracted by the decedent in their lifetime, Rule 89, Section 8 of the Rules of Court provides:

SECTION 8. When court may authorize conveyance of realty which deceased contracted to convey. Notice. Effect of deed. — Where the deceased was in his lifetime under contract, binding in law, to deed real property, or an interest therein, the court having jurisdiction of the estate may, on application for that purpose, authorize the executor or administrator to convey such property according to such contract, or with

⁷⁰ *Macias v. Kim*, 150-A Phil. 603 (1972) [Per J. Makasiar, Second Division].

⁷¹ *Id.* at 611–612.

⁷² *Lee v. RTC of Quezon City Branch 85*, 467 Phil. 997 (2004) [Per J. Corona, Third Division].

such modifications as are agreed upon by the parties and approved by the court; and if the contract is to convey real property to the executor or administrator, the clerk of the court shall execute the deed. The deed executed by such executor, administrator, or clerk of court shall be as effectual to convey the property as if executed by the deceased in his lifetime; but no such conveyance shall be authorized until notice of the application for that purpose has been given personally or by mail to all persons interested, and such further notice has been given, by publication or otherwise, as the court deems proper; nor if the assets in the hands of the executor or administrator will thereby be reduced so as to prevent a creditor from receiving his full debt or diminish his dividend. (Emphasis supplied)

Implicit in the requirement for judicial approval is the authority of the intestate court to annul unauthorized sale by the prospective heirs or administrator.⁷³

In *Silverio, Sr. v. Silverio, Jr.*:⁷⁴

At the outset, we emphasize that *the probate court having jurisdiction over properties under administration has the authority not only to approve any disposition or conveyance, but also to annul an unauthorized sale by the prospective heirs or administrator.* Thus we held in *Lee v. Regional Trial Court of Quezon City, Branch 85*:

Juliana Ortañez and Jose Ortañez sold specific properties of the estate, without court approval. It is well-settled that court approval is necessary for the validity of any disposition of the decedent's estate. In the early case of *Godoy vs. Orellano*, we laid down the rule that the sale of the property of the estate by an administrator without the order of the probate court is void and passes no title to the purchaser. And in the case of *Dillena vs. Court of Appeals*, we ruled that:

....

It being settled that property under administration needs the approval of the probate court before it can be disposed of, any unauthorized disposition does not bind the estate and is null and void. As early as 1921 in the case of *Godoy vs. Orellano* (42 Phil. 347), We laid down the rule that a sale by an administrator of property of the deceased, which is not authorized by the probate court is null and void and title does not pass to the purchaser.

There is hardly any doubt that the probate court can declare null and void the disposition of the property under administration, made by private respondent, the same having been effected without authority from said court. *It is the probate court that has the power to authorize and/or approve the sale (Sections 4 and 7, Rule 89), hence, a fortiori, it is said court that can declare it null and void for as long as the proceedings had not been closed or terminated.* To

⁷³ *Romero v. Court of Appeals*, 686 Phil. 203 (2012) [Per J. Sereno, Second Division]. See also *Dillena v. Court of Appeals*, 246 Phil. 645 (1988) [Per J. Bidin, Third Division].

⁷⁴ 741 Phil. 377 (2014) [Per J. Villarama, Jr., First Division].

uphold petitioner's contention that the probate court cannot annul the unauthorized sale, would render meaningless the power pertaining to the said court. (*Bonga vs. Soler*, 2 SCRA 755). (Emphases supplied)

Our jurisprudence is therefore clear that (1) any disposition of estate property by an administrator or prospective heir pending final adjudication requires court approval and (2) *any unauthorized disposition of estate property can be annulled by the probate court, there being no need for a separate action to annul the unauthorized disposition.* (Emphases supplied., citation omitted)⁷⁵

Absolute does not pose issues pertaining to title or ownership. It questions the validity of the sale of the Alabang property by the heirs, an issue already raised in the intestate court. Prudence dictates that it should have waited for the resolution of the intestate court.

FOR THESE REASONS, the Petitions are **PARTLY GRANTED**. The March 24, 2017 Decision and July 27, 2017 Resolution of the Court of Appeals in CA-G.R. CV No. 98421 are **REVERSED** and **SET ASIDE**. The Complaint for Nullification filed by Absolute Management Corporation is **DISMISSED** for forum shopping.

SO ORDERED.”

By authority of the Court:

TERESITA AQUINO TUAZON
Division Clerk of Court

By:



MA. CONSOLACION GAMINDE-CRUZADA
Deputy Division Clerk of Court ^{mm}

14 MAR 2023

3/14

⁷⁵ Id. at 389–390.

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P-7/14