



Republic of the Philippines  
Supreme Court  
Manila

SECOND DIVISION

CALI REALTY CORPORATION,  
represented by DR. CAMILO M.  
ENRIQUEZ, JR.,  
Petitioner,

G.R. No. 257454

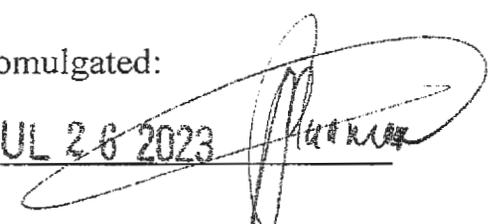
Members:

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

-versus-

PAZ M. ENRIQUEZ,  
Respondent.

Promulgated:

JUL 26 2023 

X ----- X

DECISION

LAZARO-JAVIER, J.:

The Case

This Petition for Review on *Certiorari*<sup>1</sup> assails the following dispositions of the Court of Appeals in CA-G.R. CV No. 07019 entitled “*Cali Realty Corporation, represented by Dr. Camilo Enriquez, Jr., v. Paz Enriquez*”, viz.:

<sup>1</sup> Rollo, pp. 11-56.

1. Decision<sup>2</sup> dated September 29, 2020, directing petitioner Cali Realty Corporation (CRC) to convey to respondent Paz M. Enriquez (Paz) one-sixth of one-half of the properties covered by various Transfer Certificates of Title (TCTs) in its name<sup>3</sup> which it received from Camilo M. Enriquez, Sr. (Camilo, Sr.); and
2. Resolution<sup>4</sup> dated June 9, 2021, denying CRC's subsequent Motion for Reconsideration.

### Antecedents

Camilo, Sr. and Librada Machica Enriquez (Librada) got married on May 20, 1939 at Sto. Rosario Parish in Cebu City.<sup>5</sup> Their union bore five children, namely: Ernesto M. Enriquez (Ernesto), Camilo M. Enriquez, Jr. (Camilo, Jr.), Bella E. Brendel (Bella), Paz, and Diosdado M. Enriquez (Diosdado).<sup>6</sup> Librada died on June 23, 1995.<sup>7</sup>

On August 14, 1995, CRC was organized with an authorized capital stock of PHP 5,000,000.00.<sup>8</sup> Its incorporators were Camilo, Sr., Ernesto, Camilo, Jr., Bella, and Diosdado.<sup>9</sup> Paz was not included as an incorporator or stockholder.<sup>10</sup>

Subsequently, Camilo, Sr. executed a Deed of Assignment in favor of CRC on October 5, 1995 (Deed of Assignment), conveying to it parcels of land which he allegedly inherited from his parents.<sup>11</sup> These parcels of land (subject properties), covered by various TCTs,<sup>12</sup> constituted an aggregate land area of 530,491 square meters<sup>13</sup> and were registered in the name of Camilo, Sr.. After the assignment, however, they were transferred to the name of CRC.<sup>14</sup>

<sup>2</sup> Penned by Associate Justice Marilyn B. Lagura-Yap, with the concurrence of Associate Justices Raymond Reynold R. Laguigan and Lorenza R. Bordios of the Twentieth Division of the Court of Appeals, Cebu City, *id.* at 62-79.

<sup>3</sup> TCT Nos. T-6118, T-45290, T-45289, T-45288, T-45287, T-45282, T-45283, T-45284, T-51916, T-51917, T-51920, and T-51921, *id.* at 103-130, 273.

<sup>4</sup> Penned by Associate Justice Marilyn B. Lagura-Yap, with the concurrence of Associate Justices Gabriel T. Ingles and Lorenza R. Bordios, *id.* at 92-94.

<sup>5</sup> *Id.* at 13, 63.

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

<sup>8</sup> *Id.* at 63, 134.

<sup>9</sup> *Id.*

<sup>10</sup> *Id.* at 63, 67.

<sup>11</sup> *Id.* at 63.

<sup>12</sup> TCT Nos. T-500, T-11031, T-11032, T-819, T-25135, T-20513, T-11030, T-25137, T-45285, T-45286, *id.* at 225-227.

<sup>13</sup>  $466+23,425+28,597+1,837+396+3,444+430,193+1,685+22,275+10,289+5,251+2,623 = 530,491$ , *id.* at 13-16, 103-130.

<sup>14</sup> *Id.* at 63-66, 275.

Thus, on September 27, 2001, Paz caused the annotation of her adverse claim on CRC's TCTs, asserting ownership over the parcels of land covered thereby to the extent of her one-sixth share in Librada's estate.<sup>15</sup>

CRC filed a Petition for Cancellation of Adverse Claim<sup>16</sup> asserting that the annotations of adverse claim were erroneous because the TCTs to which they were appended pertained to corporate properties of CRC,<sup>17</sup> an entity which has a personality distinct from its shareholders.<sup>18</sup> As such, the claim of Paz had no basis in law and equity.<sup>19</sup> Eventually, the trial court granted the Petition and ordered the cancellation of the adverse claim of Paz.<sup>20</sup>

By Decision<sup>21</sup> dated June 17, 2013 in CA-G.R. CV No. 03725, the Court of Appeals reversed, finding that: (a) genuine issues existed which needed to be addressed in a full-blown trial; (b) the validity of Paz's adverse claim must be determined; and (c) the counterclaim of Paz pertaining to her portion in the shares of CRC needed to be resolved.<sup>22</sup> Due to CRC's failure to appeal, the aforesaid decision attained finality on August 1, 2013.<sup>23</sup>

The case was then remanded to the trial court for further proceedings.<sup>24</sup> The parties presented their respective witnesses. Camilo, Jr. was the sole witness for CRC while Paz was the sole witness for the defense.<sup>25</sup> Both parties offered the TCTs in the name of CRC as evidence.<sup>26</sup>

During the hearing, CRC maintained that the adverse claim on the TCTs should be removed because: (a) the subject properties were exclusive properties of Camilo, Sr. which he inherited from his parents; and (b) they were corporate properties transferred by Camilo, Sr. to CRC while he was still alive, hence, were not part of his estate at the time of his death on January 20, 2005.<sup>27</sup>

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<sup>15</sup> *Id.* at 66–67, 275–276.

<sup>16</sup> *Id.* at 271.

<sup>17</sup> *Id.* at 276.

<sup>18</sup> *Id.* at 67.

<sup>19</sup> *Id.*

<sup>20</sup> By Decision dated September 1, 2010, copy of which is attached to the Petition; *id.* at 272.

<sup>21</sup> Penned by Associate Justice Maria Elisa Sempio Diy, with the concurrence of Associate Justices Edgardo L. Delos Santos (a retired Member of this Court) and Pamela Ann Abella Maxino of the Nineteenth Division, Court of Appeals, Cebu City, *id.* at 360–373.

<sup>22</sup> *Id.* at 69, 273.

<sup>23</sup> Entry of Judgment, *id.* at 376.

<sup>24</sup> *Id.*

<sup>25</sup> *Id.*

<sup>26</sup> *Id.* at 67.

<sup>27</sup> *Id.* at 276, 281.

For her part, Paz contended that: (a) the subject properties were conjugal in nature; (b) she inherited one-sixth portion of the subject properties upon the death of Librada; (c) she incurred actual expenses of PHP 1,000,000.00 for airfare from Canada to the Philippines, hotel accommodations, food and transportation; legal expense of PHP 50,000.00; miscellaneous expense of more than PHP 30,000.00; moral damages of PHP 100,000.00; and (d) she was entitled to a share in the income of CRC.<sup>28</sup>

### Ruling of the Trial Court

By Decision<sup>29</sup> dated August 22, 2018, the trial court ruled in favor of Paz, *viz.*:

**WHEREFORE**, based on the foregoing discussion, the Petition is **DENIED**. The adverse claim caused to be annotated by herein respondent on the twelve (12) TCTs shall remain until her share in the properties covered by the TCTs is settled.

As to the counterclaim, petitioner Cali Realty Corporation is hereby **ORDERED** to:

a. **EXECUTE** a Deed of Conveyance to effect immediately the transfer to respondent PAZ M. ENRIQUEZ of ONE SIXTH (1/6) of the ONE HALF (1/2) portion of the properties covered by the TWELVE (12) TRANSFER CERTIFICATES OF TITLE (Exhibits "B" to "M"/"1" to "12") subject matter of this case;

b. **CONVEY AND TRANSFER** to respondent PAZ M. ENRIQUEZ TWO HUNDRED [FORTY-TWO] THOUSAND (242,000) shares of stocks of Cali Realty Corporation representing Nineteen Point Thirty Six Percent (19.36%) of the capital structure of the corporation, and that respondent PAZ M. ENRIQUEZ is hereby **DECLARED** as co-owner to the extent of Nineteen Point Thirty Six Percent (19.36%) of Cali Realty Corporation;

c. **ACCOUNT** the proceeds of ONE SIXTH (1/6) of the ONE HALF (1/2) portion of the properties covered by the TWELVE (12) TRANSFER CERTIFICATES OF TITLE (Exhibits "B" to "M"/"1" to "12") utilized by Cali Realty Corporation in its business operations starting from its incorporation up to the present; and to **DELIVER** them to respondent PAZ M. ENRIQUEZ;

d. **ACCOUNT** the proceeds of the Nineteen Point Thirty Six Percent (19.36%) shares of stocks of Cali Realty Corporation from 2005 up to the present and to **DELIVER** them to respondent PAZ M. ENRIQUEZ;

e. **PAY** respondent PAZ M. ENRIQUEZ the following amounts by way of damages:

<sup>28</sup> *Id.* at 66–67, 276–277, 281.

<sup>29</sup> *Id.* at 271–291.

1. THIRTY THOUSAND PESOS (P30,000.00) as litigation expenses;
2. THIRTY THOUSAND PESOS (P30,000.00) as attorney's fees plus TWO THOUSAND PESOS (P2,000.00) for every hearing attended by the lawyer in this case; and
3. TO PAY the cost of this suit.

Whatever amounts due to respondent shall earn interest at six percent (6%) per annum from the time it becomes due and until this Decision becomes final and executory, and from finality of this Decision until full satisfaction, the total amount due shall earn interest of six percent (6%) per annum until fully paid.

**SO ORDERED.**<sup>30</sup> (Emphasis in the original)

The trial court found that CRC failed to adduce evidence to support its claim that the subject properties were exclusively owned by Camilo, Sr.<sup>31</sup> On the other hand, Paz traced back the origin of the 12 TCTs, all of which categorically stated that they were issued to Camilo, Sr. during his marriage to Librada.<sup>32</sup> As such, Article 160 of the Old Civil Code of the Philippines, the law in effect at the time of the marriage of Camilo, Sr. and Librada, was applicable.<sup>33</sup> The subject properties were then presumed to belong to their conjugal partnership in the absence of clear and convincing evidence to the contrary.<sup>34</sup> Consequently, upon Librada's death, she transmitted her rights and interests over the subject properties to Paz and her siblings consisting of her one-half share.<sup>35</sup> Thus, Paz was entitled to have her adverse claim annotated on the TCTs to protect her one-sixth share over her mother's one-half share in the conjugal partnership.<sup>36</sup>

Further, the trial court found that the counterclaim of Paz stood on the same footing as an independent action and must be resolved.<sup>37</sup> In this regard, the trial court concluded that when Camilo, Sr. assigned the subject properties to CRC, he erroneously included the share of Paz in the assignment. It is only fair that CRC return to Paz her one-sixth share.<sup>38</sup>

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<sup>30</sup> *Id.* at 290–291.

<sup>31</sup> *Id.* at 282.

<sup>32</sup> *Id.* at 282–285.

<sup>33</sup> *Id.* at 282.

<sup>34</sup> *Id.* at 282–283.

<sup>35</sup> *Id.* at 286.

<sup>36</sup> *Id.*

<sup>37</sup> *Id.*

<sup>38</sup> *Id.* at 287.

More, as a compulsory heir of Camilo, Sr., Paz was likewise entitled to inherit from the former. But because Camilo, Sr. disposed of his properties in favor of CRC, Paz could no longer claim any inheritance from his estate. Instead, she had the right to inherit part of the shares owned by Camilo, Sr. at the time of his death in proportion to her share in his estate.<sup>39</sup> Accordingly, the trial court declared Paz a co-owner of CRC who was entitled to the proceeds of CRC's business operations arising from use of the subject properties.<sup>40</sup>

On damages, the trial court found no evidence showing that CRC perpetuated the unlawful acts against Paz. Too, it appeared that Camilo, Sr. singlehandedly caused Paz to be deprived of her share in the estate of her mother.<sup>41</sup> There was also no showing that Paz demanded her share from CRC and that the latter unjustifiably refused.<sup>42</sup> The trial court nevertheless found CRC liable for litigation expenses and attorney's fees because in filing the Petition for Cancellation of Adverse Claim, Paz was forced to litigate.

### **Ruling of the Court of Appeals**

By Decision<sup>43</sup> dated September 29, 2020, the Court of Appeals affirmed. It observed that the case involved a "scheme of exclusion perpetrated against Paz by [her siblings, and] by her father too, over her share of the family inheritance."<sup>44</sup> In the main, it concurred with the trial court that the subject properties were conjugal in nature because they were acquired during the marriage of Camilo, Sr. and Librada.<sup>45</sup> Neither was CRC able to present proof to the contrary.<sup>46</sup>

The Court of Appeals also disregarded CRC's claim that the trial court improperly ruled on the permissive counterclaim of Paz despite her nonpayment of docket fees. The nature of the counterclaim was definitively settled by the Court of Appeals in its June 17, 2013 Decision where it held that the counterclaim was compulsory in nature because "it is closely intertwined with the issue of the main case."<sup>47</sup> CRC failed to appeal this

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<sup>39</sup> *Id.*

<sup>40</sup> *Id.* at 288.

<sup>41</sup> *Id.* at 289.

<sup>42</sup> *Id.*

<sup>43</sup> *Id.* at 62-79.

<sup>44</sup> *Id.* at 78.

<sup>45</sup> *Id.* at 74.

<sup>46</sup> *Id.* at 75.

<sup>47</sup> *Id.* at 76.

finding.<sup>48</sup> Therefore, the treatment of Paz's counterclaim as compulsory has become the law of the case and must be treated as the controlling legal rule between the parties.<sup>49</sup>

Reconsideration was denied under Resolution<sup>50</sup> dated June 9, 2021.

### The Present Petition

CRC now charges the Court of Appeals with erroneously affirming the trial court's dispositions. It argues:

**First.** The subject properties were not conjugal properties of Camilo, Sr. and Librada.<sup>51</sup> A close scrutiny of the TCTs reveals that the subject properties were either registered under "Camilo Enriquez, married to Librada M. Enriquez," "Camilo Enriquez, married," or under the name of Camilo Enriquez and his sibling Donato Enriquez.<sup>52</sup> Jurisprudence has consistently characterized the statement "married to" as merely an indication of the civil status of the registered owner.<sup>53</sup> On its own, the statement does not create the presumption that the property is conjugal in nature.<sup>54</sup>

Further, the presumption of conjugality does not arise in this case because Paz failed to prove when the property alleged to be conjugal was acquired.<sup>55</sup> It is settled that proof of acquisition during the coverture is a condition *sine qua non* for the operation of the presumption.<sup>56</sup> Registration of the properties in the name of one of the spouses during the marriage is insufficient because acquisition and registration are two different acts.<sup>57</sup>

**Second.** The subject properties have become corporate properties of CRC which it acquired through the Deed of Assignment executed by Camilo, Sr. during his lifetime.<sup>58</sup> Paz could not have acquired successional rights over these properties.<sup>59</sup>

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<sup>48</sup> *Id.* at 77.

<sup>49</sup> *Id.*

<sup>50</sup> *Id.* at 92-94.

<sup>51</sup> *Id.* at 22.

<sup>52</sup> *Id.* at 27.

<sup>53</sup> *Id.* at 28, 29.

<sup>54</sup> *Id.* at 29.

<sup>55</sup> *Id.* at 31-33, citing *Francisco v. Court of Appeals*, 359 Phil. 519, 526 (1998) [Per J. Quisumbing, First Division].

<sup>56</sup> *Rollo*, pp. 31-33.

<sup>57</sup> *Id.* at 34, 36-37, citing *Jacson v. Court of Appeals*, 252 Phil 342, 354 (1989) [Per J. Medialdea, First Division], citing *Metropolitan Bank and Trust Company v. Tan*, 538 Phil. 873, 882 (2006) [Per J. Carpio Morales, Third Division].

<sup>58</sup> *Rollo*, pp. 27, 30.

<sup>59</sup> *Id.* at 31, 40-41.

**Finally.** The counterclaim interposed by Paz, which resulted in the award of 19.36% of the shares of CRC to her, was permissive and not compulsory.<sup>60</sup> Therefore, her nonpayment of docket fees was a fatal defect that should have led to the dismissal of the counterclaim.<sup>61</sup> In any event, the counterclaim required the presence of third persons (i.e., the other heirs of Camilo, Sr.) who were not impleaded and who were deprived of due process.<sup>62</sup>

In her Comment<sup>63</sup> dated October 17, 2022, Paz maintains that, *inter alia*, the issue of ownership of the subject properties is a question of fact which is improper for a Rule 45 petition.<sup>64</sup> Regardless, even if the facts were re-examined, the conclusion would be the same since the evidence clearly shows that the subject properties were acquired during the marriage of Camilo, Sr. and Librada. The TCTs offered as evidence confirm the conjugal nature of the properties because they described Camilo, Sr. as “married” or “married to Librada M. Enriquez.” More, CRC failed to present evidence to rebut the conjugal nature of the subject properties.<sup>65</sup>

Paz likewise avers that as far as strangers and the whole world are concerned, registration is the date of acquisition<sup>66</sup> and “that for the presumption of the conjugal nature of the property to arise, it is not necessary that it be proven first that the property was acquired during the marriage using conjugal funds.”<sup>67</sup> Finally, CRC did not specify the supposed legal errors committed by the Court of Appeals in affirming the award of litigation expenses and attorney’s fees.<sup>68</sup>

### Our Ruling

The Petition is meritorious.

CRC assails the Decision of the Court of Appeals on the premise that the subject properties were exclusively owned by Camilo, Sr. prior to their transfer to CRC.<sup>69</sup> In this regard, it is settled that the issue of possession

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<sup>60</sup> *Id.* at 22–23.

<sup>61</sup> *Id.* at 43–49.

<sup>62</sup> *Id.* at 52.

<sup>63</sup> *Id.* at 320–356.

<sup>64</sup> *Id.* at 336.

<sup>65</sup> *Id.* at 335–337.

<sup>66</sup> *Id.* at 337–341.

<sup>67</sup> *Id.*, citing *Metrobank v. Pascual*, 570 Phil. 559, 569 (2008) [Per J. Velasco, Jr., Second Division].

<sup>68</sup> *Rollo*, p. 355.

<sup>69</sup> *Id.* at 27–41.

or ownership of land is a question of fact<sup>70</sup> and thus improper for a Rule 45 petition which is generally limited to questions of law.<sup>71</sup>

The difference between a question of law and a question of fact was explained in *Disini v. Republic*,<sup>72</sup> viz.:

The test in determining whether a question is one of law or of fact is whether the appellate court can resolve the issue raised without reviewing or evaluating the evidence, in which case, it is a question of law. Any question that invites evaluation of the whole evidence, as well as their relation to each other and to the whole, is a question of fact and thus proscribed in a Rule 45 petition.<sup>73</sup> (Citations omitted)

The Court is not a trier of facts, which undertakes the re-examination and re-assessment of the evidence presented during trial.<sup>74</sup> Appreciation and resolution of factual issues are functions of the trial court, whose findings are accorded great respect, if not finality, especially when affirmed by the Court of Appeals.<sup>75</sup> This rule nonetheless admits of several exceptions, such as:

- (a) When the findings are grounded entirely on speculation, surmises, or conjectures;
- (b) **When the inference made is manifestly mistaken**, absurd, or impossible;
- (c) When there is grave abuse of discretion;
- (d) **When the judgment is based on a misapprehension of facts;**
- (e) When the findings of facts are conflicting;
- (f) When in making its findings the [Court of Appeals] went beyond the issues of the case, or its findings are contrary to the admissions of both the appellant and the appellee;
- (g) When the [Court of Appeal's] findings are contrary to those by the trial court;
- (h) **When the findings are conclusions without citation of specific evidence on which they are based;**
- (i) When the facts set forth in the petition as well as in the petitioner's main and reply briefs are not disputed by the respondent;
- (j) When the findings of fact are premised on the supposed absence of evidence and contradicted by the evidence on record; or

<sup>70</sup> *Lambiquit, et al. v. Hon. Marave, et al.*, 174 Phil. 535, 540–541 (1978) [Per J. Concepcion, Jr., Second Division].

<sup>71</sup> rules of court, Rule 45, Sec. 1.

<sup>72</sup> 904 Phil. 13 (2021) [Per J. Hernando. *En Banc*].

<sup>73</sup> *Id.* at 35.

<sup>74</sup> *Cacho v. Manahan*, 823 Phil. 1011, 1021 (2018) [Per J. Martires, Third Division], citing *Maglana Rice and Corn Mill, Inc. v. Tan*, 673 Phil. 532, 539 (2011) [Per J. Bersamin, First Division].

<sup>75</sup> *Abalos v. Heirs of Torio*, 678 Phil. 691 (2011) [Per J. Peralta, Fourth Division]; *Chanelay Development Corporation v. GSIS*, 906 Phil. 620 (2021) [Per J. Lazaro-Javier, Second Division].

**(k) When the Court of Appeals manifestly overlooked certain relevant facts not disputed by the parties, which, if properly considered, would justify a different conclusion.**<sup>76</sup> (Emphasis supplied)

The Court finds that the second, fourth, eighth, and eleventh exceptions are present in this case. As such, the Court is not precluded from reviewing the factual findings of the lower courts because their decisions contain conclusions that are bereft of evidentiary support or factual basis.<sup>77</sup>

The Court of Appeals erroneously affirmed the conclusion of the trial court that the subject properties belonged to the conjugal partnership of Camilo, Sr. and Librada. It based its conclusions on the following observations of the trial court:

[I]n order to prove that these properties are conjugal in nature, [Paz] traced back the origin of these twelve (12) TCTs. [Paz] was able to show that:

1. TCT No. T-6118 (Exhibit "B"/"1") issued in the year 1996 in the name of [CRC] is a transfer from TCT No. T-500 (Exhibit "17"). TCT No. T-500 **was issued in the year 1969 in the name of [Camilo, Sr.], married.**
2. TCT No. T-45290 (Exhibit "C"/"2") issued in the year 1996 in the name of [CRC] is a transfer from TCT No. T-11031 (Exhibit "17-a"). TCT No. T-11031 **was issued in the year 1975 in the name of [Camilo, Sr.], married to [Librada].**
3. TCT No. T-45289 (Exhibit "D"/"3") issued in the year 1996 in the name of [CRC] is a transfer from TCT No. T-11032 (Exhibit "17-b"). TCT No. T-11032 **was issued in the year 1975 in the name [of] [Camilo, Sr.], married to [Librada].**
4. TCT No. T-45288 (Exhibit "E"/"4") issued in the year 1996 in the name of [CRC] is a transfer from TCT No. T-819 (Exhibit "17-c"). TCT No. T-819 **was issued in the year 1960 in the name of [Camilo, Sr.], married.**
5. TCT No. T-45287 (Exhibit "F"/"5") issued in the year 1996 in the name of [CRC] is a transfer from TCT No. T-25135 (Exhibit "17-d"). TCT No. T-25135 **was issued in the year 1983 in the name of [Camilo, Sr.], married.**
6. TCT No. T-45282 (Exhibit "G"/"6") issued in the year 1996 in the name of [CRC] is a transfer from TCT No. T-20513 (Exhibit "17-e"). TCT No. T-20513 **was issued**

<sup>76</sup> *Id.* at 699–700, citing *Sps. Andradu v. Pilhino Sales Corporation*, 659 Phil. 70, 78 (2011) [Per J. Bersamin, Third Division].

<sup>77</sup> *See Republic v. Ong*, 688 Phil. 138, 154–155 (2012) [Per J. Del Castillo, First Division].

**in the year 1981 in the name of [Camilo, Sr.], married to [Librada].**

7. TCT No. T-45283 (Exhibit "H"/"7") issued in the year 1996 in the name of [CRC] is a transfer from TCT No. T-11030 (Exhibit "17-f"). TCT No. T-11030 was issued in the year 1975 in the name of [Camilo, Sr.], married to [Librada].
8. TCT No. T-45284 (Exhibit "I"/"8") issued in the year 1996 in the name of [CRC] is a transfer from TCT No. T-25137 (Exhibit "17-g"). TCT No. T-25137 was issued in the year 1983 in the name of [Camilo, Sr.], married.
9. TCT No. T-51916 (Exhibit "J"/"9") issued in the year 1998 in the name of [CRC] is a transfer from TCT No. T-45285 (Exhibit "17-h"). TCT No. T-45285 which was issued in 1996 in the name of [CRC] and Donato Enriquez is a transfer from TCT No. T-20509 (Exhibit "17-i"). TCT No. T-20509 was issued in 1981 in the name of [Camilo, Sr.], married to [Librada], and Donato Enriquez, married to Emilia Jaca.
10. TCT No. T-51917 (Exhibit "K"/"10") issued in the year 1998 in the name of [CRC] is a transfer from TCT No. T-45285 (Exhibit "17-h"). TCT No. T-45285 which was issued in the year 1996 in the name of [CRC] and Donato Enriquez is a transfer from TCT No. T-20509 (Exhibit "17-i"). TCT No. T-20509 was issued in 1981 in the name of [Camilo, Sr.], married to [Librada], and Donato Enriquez, married to Emilia Jaca.
11. TCT No. T-51920 (Exhibit "L"/"11") issued in the year 1998 in the name of [CRC] is a transfer from TCT No. T-45286 (Exhibit "17-j"). TCT No. T-45286 which was issued in 1996 in the name of [CRC] and Encarnacion Enriquez Llamas is a transfer from TCT No. T-20510 (Exhibit "17-k"). TCT No. T-20510 was issued in 1981 in the name of [Camilo, Sr.], married to [Librada], and Encarnacion Enriquez Llamas.
12. TCT No. T-51921 (Exhibit "M"/"12") issued in the year 1998 in the name of [CRC] is a transfer from TCT No. T-45286 (Exhibit "17-j"). TCT No. T-45286 which was issued in 1996 in the name of [CRC] and Encarnacion Enriquez Llamas is a transfer from TCT No. T-20510 (Exhibit "17-k"). TCT No. T-20510 was issued in 1981 in the name of [Camilo, Sr.], married to [Librada], and Encarnacion Enriquez Llamas.

From the foregoing tracing of the origin of the twelve (12) TCTs subject matter of this case, it clearly appears that they were issued to [Camilo, Sr.] while he was married to [Librada], mother of [Paz] and that they were acquired from the years 1960 to 1983, well within the duration

of the marriage of [Camilo, Sr.] and [Librada]. (Camilo, Sr. and Librada married in 1939, and that marriage ended in June 23, 1995 when Librada died).<sup>78</sup> (Emphasis and underscoring supplied)

In echoing the findings of the trial court, the Court of Appeals declared:

Under Article 1407 of the Spanish Civil Code, which CRC argues to be the applicable law, the property of the spouses are deemed conjugal partnership property in the absence of proof that it belongs exclusively to one or the other spouse. This presumption arises with respect to property acquired during the marriage. It is not necessary to prove that the property was acquired with conjugal funds. In order to overthrow this presumption, the evidence to the contrary must be strong, clear, and convincing. x x x

**As correctly held by the RTC, Paz established that the subject properties were acquired from 1960 to 1983, during the marriage of Camilo, Sr. and Librada, which subsisted from 1939 to 1995. Thus, the subject properties are presumed to be conjugal, unless proven otherwise.**

As to the argument that the date of registration is not the same as the date of acquisition, this does not bear convincing quality.

Basic is the rule that the registration of the deed is the effectual act which binds the land insofar as third persons are concerned. x x x

Yet, even if we were to entertain the notion that the date of registration is not the same as the date of acquisition, CRC failed to proffer any evidence as to the supposed actual dates of the acquisitions. In fact, the most that it could muster is to express uncertainty as to the exact dates that the subject properties were acquired.<sup>79</sup> (Emphasis supplied, citations omitted)

At most, however, the findings of the lower courts only confirm that the properties were registered in the name of Camilo, Sr. during his marriage to Librada. Verily, acquisition of title and registration are two different acts.<sup>80</sup> The latter merely confirms that the title is already vested or existing.<sup>81</sup> **More, the lower courts failed to cite any specific evidence that the properties were indeed acquired during the marriage of Camilo, Sr. and Librada.** Hence, the inference made by the courts *a quo*—i.e., that the properties are conjugal in nature—is misplaced and based on a misapprehension of the evidence.

In the recent case of *Jorge v. Marcelo*,<sup>82</sup> which involved a similar dispute on whether the property was conjugal in nature, the Court ordained:

<sup>78</sup> *Id.* at 283–285.

<sup>79</sup> *Id.* at 74–75.

<sup>80</sup> *Imani v. Metropolitan Bank & Trust Company*, 649 Phil. 647, 661 (2010) [Per J. Nachura, Second Division], citing *Francisco v. Court of Appeals*, 359 Phil. 519, 529 (1998) [Per J. Quisumbing, First Division].

<sup>81</sup> *Francisco v. Court of Appeals*, 359 Phil. 519, 529 (1998) [Per J. Quisumbing, First Division].

<sup>82</sup> 849 Phil. 707 (2019) [Per J. Peralta, Third Division].

Before the presumption of conjugal nature of property can apply, it must first be established that the property was in fact acquired during the marriage. Proof of acquisition during the coverture is a condition sine qua non for the operation of the presumption in favor of conjugal partnership. The party who asserts this presumption must first prove said time element. The presumption does not operate when there is no showing as to when the property alleged to be conjugal was acquired. If there is no showing as to when the property in question was acquired, the fact that the title is in the name of the wife alone is determinative of its nature as paraphernal, i.e., belonging exclusively to said spouse. **Notably, acquisition of title and registration thereof are two different acts. It is well settled that registration under the Torrens title system does not confer or vest title but merely confirms one already existing.**<sup>83</sup> (Emphasis and underscoring supplied, citations omitted)

Thus, the Court of Appeals erroneously faulted CRC for its “fail[ure] to proffer any evidence as to the supposed actual dates of the acquisitions”<sup>84</sup> for the burden of proof rests on Paz. CRC has no obligation to prove its exception or defense.<sup>85</sup>

Even *Spouses Go v. Yamane*,<sup>86</sup> cited by Paz in her Comment, bolsters the paradigm that what is material is the time of acquisition of the property:

As a general rule, all property acquired by the spouses, regardless of in whose name the same is registered, during the marriage is presumed to belong to the conjugal partnership of gains, unless it is proved that it pertains exclusively to the husband or to the wife. x x x **What was material was the time the fishpond lease right was acquired by the grantee, and that was during the lawful existence of [their marriage].**<sup>87</sup> (Emphasis and underscoring supplied.)

The same doctrine is reiterated in *Metrobank v. Pascual*,<sup>88</sup> also cited by Paz:

**Nicholson is correct in pointing out that only proof of acquisition during the marriage is needed to raise the presumption that the property is conjugal.** Indeed, if proof on the use of conjugal [funds] is still required as a necessary condition before the presumption can arise, then the legal presumption set forth in the law would veritably be a superfluity.<sup>89</sup> (Emphasis and underscoring supplied.)

<sup>83</sup> *Id.* at 726–727.

<sup>84</sup> *Rollo*, p. 75.

<sup>85</sup> *National Bureau of Investigation v. Najera*, 875 Phil. 748, 755 (2020) [Per J. Lopez, First Division], citing *Bruselas, Jr. v. Mallari* [Notice, *En Banc*]; See *Quintos v. Department of Agrarian Reform Adjudication Board*, 726 Phil. 366, 375 (2014) [Per J. Perlas-Bernabe, Second Division].

<sup>86</sup> 522 Phil. 653 (2006) [Per C.J. Panganiban, First Division]; *rollo*, pp. 339–340.

<sup>87</sup> 522 Phil. 653, 666 (2006) [Per C.J. Panganiban, First Division].

<sup>88</sup> 570 Phil. 559 (2008) [Per J. Velasco, Jr., Second Division]; *rollo*, p. 341.

<sup>89</sup> 570 Phil. 559, 569 (2008) [Per J. Velasco, Jr., Second Division].

For sure, Paz has not established the condition *sine qua non* for the presumption of conjugality of property to apply. She has not proven or even alleged when the properties were **actually acquired**. Instead, she merely claimed that the date of registration of property is the same as the date of acquisition.<sup>90</sup> Hence, in accordance with *Jorge*, we find that the subject properties, registered in the name of Camilo, Sr., are paraphernal in nature.<sup>91</sup> Consequently, the ruling of the trial court that Paz had an interest in the subject properties to the extent of her one-sixth share in her mother's one-half share in the conjugal partnership, has no leg to stand on.

As for CRC's contention that the counterclaim interposed by Paz, i.e., for reconveyance of the subject properties, her rightful share in the shares of stock of CRC, as well as litigation expenses, attorney's fees, and damages,<sup>92</sup> was permissive and should have been disallowed due to nonpayment of docket fees,<sup>93</sup> the Court finds that the characterization of said counterclaim as compulsory had long become the law of the case in view of the finality of the June 17, 2013 Decision of the Court of Appeals.<sup>94</sup> The doctrine of the law of the case provides:

It is well established that when a right or fact has been judicially tried and determined by a court of competent jurisdiction, so long as it remains unreversed, it should be conclusive upon the parties and those in privity with them. The *dictum* therein laid down became the law of the case and what was once irrevocably established as the controlling legal rule or decision continues to be binding between the same parties as long as the facts on which the decision was predicated continue to be the facts of the case before the court. Hence, the binding effect and enforceability of that *dictum* can no longer be resurrected anew since such issue had already been resolved and finally laid to rest, if not by the principle of *res judicata*, at least by conclusiveness of judgment.<sup>95</sup> (Citations omitted)

It is undisputed that the Court of Appeals, in its June 17, 2013 Decision, ruled that "the counterclaim is compulsory as it is closely intertwined with the issue of the main case."<sup>96</sup> On the one hand, CRC has not shown that it appealed the June 17, 2013 Decision. On the other, Paz has presented an Entry of Judgment<sup>97</sup> in CA-G.R. CV No. 03725 categorically stating

<sup>90</sup> *Rollo*, p. 341.

<sup>91</sup> *Jorge v. Marcelo*, 849 Phil. 707, 726 (2019) [Per J. Peralta, Third Division].

<sup>92</sup> *Rollo*, pp. 44-49.

<sup>93</sup> *Id.*

<sup>94</sup> *Id.* at 76-77.

<sup>95</sup> *Escandor v. Morales*, G.R. No. 223743, August 17, 2022 [Per J. Dimaampao, Third Division]. *citing* *Constantino v. Sandiganbayan*, 559 Phil. 622, 644-645 (2007) [Per J. Tinga, Second Division].

<sup>96</sup> *Rollo*, p. 76.

<sup>97</sup> Entry of Judgment, *id.* at 376.

that the June 17, 2013 Decision had attained finality. Consequently, the pronouncements in said Decision became final and cannot be re-litigated before the Court at this late stage of the proceedings. For purposes of this case, therefore, the counterclaim of Paz is compulsory.

As such, the Court is bound to rule on the propriety of Paz's counterclaim. On this score, there is no dispute that Paz is a compulsory heir of the late Camilo, Sr. and is thus entitled to her legitime in the absence of a valid disinheritance.<sup>98</sup> It is likewise settled that any compulsory heir to whom the testator has left by any title less than the legitime belonging to him or her may demand that the same be fully satisfied.<sup>99</sup> The assailed Decision of the Court of Appeals supposes that Paz had, in fact, been disinherited, and seeks to rectify the situation by awarding her 19.36% of the shares of CRC.<sup>100</sup>

The Court, however, cannot subscribe to this conclusion. *For one*, the legitime to which Paz is entitled has not been established with reasonable certainty. No conclusion as to the legal share due to a compulsory heir can be reached without: (1) determining first the net value of the estate of the decedent; (2) collating all the donations *inter vivos* in favor of some of the heirs; and (3) ascertaining the legitime of the compulsory heirs.<sup>101</sup> *For another*, there is insufficient information on whether Camilo, Sr. and Librada owned any other property other than the subject properties. All that the record contains is Camilo, Jr.'s bare and uncorroborated claim that Librada's estate "was settled"<sup>102</sup> and that Camilo, Sr.'s entire estate consisted of the subject properties.<sup>103</sup> Paz unsurprisingly claims otherwise.<sup>104</sup> Without a clear determination thereon, any transfer of shares to Paz by virtue of the assailed Decision could be lesser or greater than what she is actually entitled to. Simply put, since the Court is unable to compute Paz's legitime, it cannot accurately determine the extent to which said legitime had allegedly been prejudiced.

As for CRC's contention that its shareholders were not afforded due process,<sup>105</sup> we find the same to be unmeritorious. Generally, before a person may be deprived of his or her property, he or she must be given the opportunity to be heard and to submit any evidence in support of his or

<sup>98</sup> civil code, arts. 886-887, 904 and 915; BALANE, JOTTINGS AND JURISPRUDENCE IN CIVIL LAW (SUCCESSION), 423-424 (2016 Ed.).

<sup>99</sup> civil code, art. 906.

<sup>100</sup> *Rollo*, pp. 77-78.

<sup>101</sup> *See Pagkatipunon, et al. v. Intermediate Appellate Court*, 275 Phil. 794, 810 (1991) [Per J. Medialdea, First Division].

<sup>102</sup> TSN, August 4, 2016, p. 8.

<sup>103</sup> *Id.* at 11.

<sup>104</sup> Records, pp. 83-84.

<sup>105</sup> *Rollo*, p. 53.

her defense.<sup>106</sup> Here, none of the shareholders of CRC have been impleaded. It thus appears that they are strangers whose rights cannot be determined by the Court.<sup>107</sup>

Nevertheless, in *International Academy of Management and Economics (I/AME) v. Litton and Company, Inc.*,<sup>108</sup> we ordained:

In general, corporations, whether stock or non-stock, are treated as separate and distinct legal entities from the natural persons composing them. The privilege of being considered a distinct and separate entity is confined to legitimate uses, and is subject to equitable limitations to prevent its being exercised for fraudulent, unfair or illegal purposes. **However, once equitable limitations are breached using the coverture of the corporate veil, courts may step in to pierce the same.**

As we held in *Lanuza, Jr. v. BF Corporation*:

Piercing the corporate veil is warranted when “[the separate personality of a corporation] is used as a means to perpetrate fraud or an illegal act, or as a vehicle for the evasion of an existing obligation, the circumvention of statutes, or to confuse legitimate issues.” It is also warranted in alter ego cases “where a corporation is merely a farce since it is a mere alter ego or business conduit of a person, or where the corporation is so organized and controlled and its affairs are so conducted as to make it merely an instrumentality, agency, conduit or adjunct of another corporation.”

**When [the] corporate veil is pierced, the corporation and persons who are normally treated as distinct from the corporation are treated as one person, such that when the corporation is adjudged liable, these persons, too, become liable as if they were the corporation.**

The piercing of the corporate veil is premised on the fact that the corporation concerned must have been properly served with summons or properly subjected to the jurisdiction of the court *a quo*. Corollary thereto, it cannot be subjected to a writ of execution meant for another in violation of its right to due process.

**There exists, however, an exception to this rule: if it is shown “by clear and convincing proof that the separate and distinct personality of the corporation was purposefully employed to evade a legitimate and binding commitment and perpetuate a fraud or like wrongdoings.”**

<sup>106</sup> *Borlongan v. Banco de Oro*, 808 Phil. 505, 517 (2017) [Per J. Velasco, Jr., Special Third Division], citing *Chu v. Mach Asia Trading Corporation*, 707 Phil. 284 (2013) [Per J. Peralta, Third Division].

<sup>107</sup> *Heirs of Nicolas v. Metropolitan Bank & Trust Company*, 558 Phil 649, 652 (2007) [Per J. Sandoval-Gutierrez, First Division].

<sup>108</sup> 822 Phil. 610 (2017) [Per C.J. Sereno, First Division].

**The resistance of the Court to offend the right to due process of a corporation that is a nonparty in a main case, may disintegrate not only when its director, officer, shareholder, trustee or member is a party to the main case, but when it finds facts which show that piercing of the corporate veil is merited.**

Thus, as the Court has already ruled, a party whose corporation is vulnerable to piercing of its corporate veil cannot argue violation of due process.<sup>109</sup> (Emphases supplied; citations omitted)

Though the courts *a quo* did not mention the doctrine of piercing the veil of corporate fiction, they both found that CRC was actually used to perpetuate fraud and injustice against Paz, *viz.*:<sup>110</sup>

It is crystal clear from the testimony of Camilo, Jr., as highlighted by the RTC, that Paz was unduly deprived of her shares in the subject properties. Camilo, Sr. and Paz's siblings obviously used CRC as an instrument to exclude Paz from enjoying her share as a compulsory heir, in violation of the laws on succession. The RTC wisely resolved the issues of the case that effectively ended the scheme of exclusion perpetrated against Paz by her own siblings, nay by her father too, over her share of the family inheritance.<sup>111</sup>

Camilo, Jr.'s answers to the clarificatory questions of the trial judge are conclusive on this point:

Q: Why did the corporation exclude Paz Enriquez and include only all the other children of Camilo – except Paz? Why is it so?

A: We had no direct control of what my father would decide when he was still alive. Physically and mentally, my father was so domineering, we didn't have a say.

Q: So, in other words, you will agree with the Court now that your father deliberately excluded Paz Enriquez from these properties?

A: The way I understand it. That is the way I perceive it.

Q: Don't you pity your sister?

A: Your Honor, our father was so domineering we had no say.

Q: Your father is dead now. You and your siblings are now controlling the corporation. You are saying that your father was domineering at the time. Can't you correct that mistake now by including your sister?

A: This may not be relevant to the case right now, but there were really bad incidents that happened in th[ese] cases we are talking about. I have no control – to dictate to my father. I think he really did it on his own – not us.

<sup>109</sup> *Id.* at 618–619.

<sup>110</sup> *Rollo*, pp. 68, 78, 209, 280, 287; *See* TSN, February 8, 2018, pp. 15–17.

<sup>111</sup> *Rollo*, p. 78.

Q: You are part of this corporation, being a child of Camilo Enriquez, Sr. and your other siblings are part of this corporation being children of Camilo Enriquez, Sr. Is that correct?

A: Yes, your Honor.

Q: So it was only Paz Enriquez who is not part of your corporation. Right?

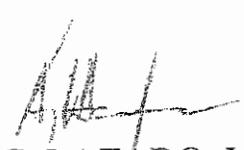
A: Yes, your Honor.<sup>112</sup>

The acts of Camilo, Sr., as well as the inaction of Paz's siblings, are unequivocal. Camilo, Sr. transferred the subject properties to CRC in exchange for shares of stock.<sup>113</sup> Prior to his death, he then transferred his shares to his other children, and other third persons to the exclusion of Paz.<sup>114</sup> When Camilo, Sr. died, Camilo, Jr. and his other siblings took no measures to rectify the situation. In all, CRC is merely a subterfuge employed by the late Camilo, Sr. and CRC's shareholders to unlawfully deprive Paz of her legitime.

The Court is acutely aware that this case has been pending for a prolonged period. Nevertheless, we are constrained to remand it to the trial court so that it can rule on the remaining factual issues which this Court is ill-equipped to determine, i.e., the extent of Paz's legitime, her entitlement to shareholdings in CRC, and to any fruits produced thereby.<sup>115</sup>

**ACCORDINGLY**, the Petition for Review on *Certiorari* is **GRANTED**. The Decision dated September 29, 2020 and the Resolution dated June 9, 2021 of the Court of Appeals in CA-G.R. CV. No. 07019 are **SET ASIDE**. The case is **REMANDED** to the Regional Trial Court – Tacloban City, Branch 9 for the sole purpose of determining the extent of Paz's legitime, her entitlement to shareholdings in CRC, and to any fruits produced in the interim. The trial court is **DIRECTED** to resolve this case with utmost dispatch.

**SO ORDERED.**

  
**AMY C. LAZARO-JAVIER**  
Associate Justice

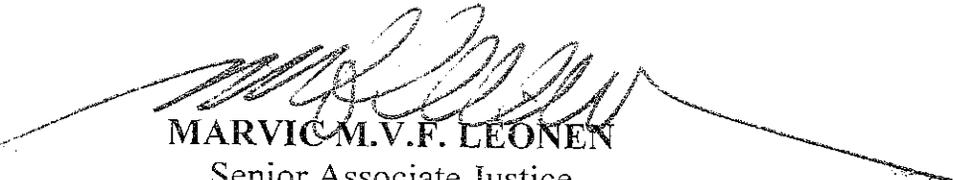
<sup>112</sup> TSN, August 4, 2016, pp. 14–15.

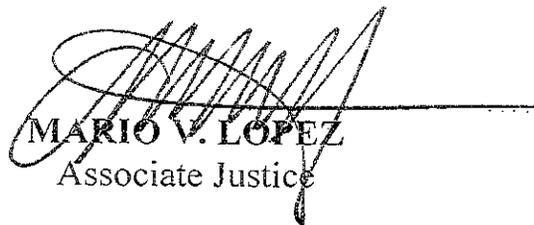
<sup>113</sup> Records, p. 415.

<sup>114</sup> TSN, August 4, 2016, p. 11.

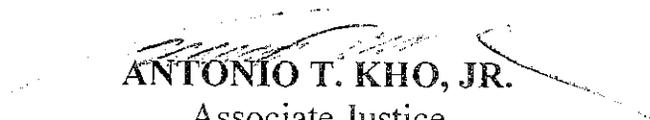
<sup>115</sup> civil code, art. 1087.

**WE CONCUR:**

  
**MARVIC M.V.F. LEONEN**  
Senior Associate Justice

  
**MARIO V. LOPEZ**  
Associate Justice

  
**JHOSEP V. LOPEZ**  
Associate Justice

  
**ANTONIO T. KHO, JR.**  
Associate Justice

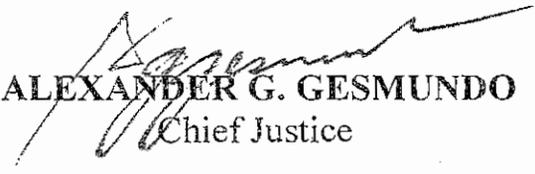
**ATTESTATION**

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**  
Senior 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