

SECOND DIVISION

[G.R. No. 164108, May 08, 2009]

ALFREDO HILADO, LOPEZ SUGAR CORPORATION, FIRST FARMERS HOLDING CORPORATION, PETITIONERS, VS. THE HONORABLE COURT OF APPEALS, THE HONORABLE AMOR A. REYES, PRESIDING JUDGE, REGIONAL TRIAL COURT OF MANILA, BRANCH 21 AND ADMINISTRATRIX JULITA CAMPOS BENEDICTO, RESPONDENTS.

DECISION

TINGA, J.:

The well-known sugar magnate Roberto S. Benedicto died intestate on 15 May 2000. He was survived by his wife, private respondent Julita Campos Benedicto (administratrix Benedicto), and his only daughter, Francisca Benedicto-Paulino.^[1] At the time of his death, there were two pending civil cases against Benedicto involving the petitioners. The first, Civil Case No. 95-9137, was then pending with the Regional Trial Court (RTC) of Bacolod City, Branch 44, with petitioner Alfredo Hilado as one of the plaintiffs therein. The second, Civil Case No. 11178, was then pending with the RTC of Bacolod City, Branch 44, with petitioners Lopez Sugar Corporation and First Farmers Holding Corporation as one of the plaintiffs therein.^[2]

On 25 May 2000, private respondent Julita Campos Benedicto filed with the RTC of Manila a petition for the issuance of letters of administration in her favor, pursuant to Section 6, Rule 78 of the Revised Rules of Court. The petition was raffled to Branch 21, presided by respondent Judge Amor A. Reyes. Said petition acknowledged the value of the assets of the decedent to be P5 Million, "net of liabilities."^[3] On 2 August 2000, the Manila RTC issued an order appointing private respondent as administrator of the estate of her deceased husband, and issuing letters of administration in her favor.^[4] In January 2001, private respondent submitted an Inventory of the Estate, Lists of Personal and Real Properties, and Liabilities of the Estate of her deceased husband.^[5] In the List of Liabilities attached to the inventory, private respondent included as among the liabilities, the above-mentioned two pending claims then being litigated before the Bacolod City courts.^[6] Private respondent stated that the amounts of liability corresponding to the two cases as P136,045,772.50 for Civil Case No. 95-9137 and P35,198,697.40 for Civil Case No. 11178.^[7] Thereafter, the Manila RTC required private respondent to submit a complete and updated inventory and appraisal report pertaining to the estate.^[8]

On 24 September 2001, petitioners filed with the Manila RTC a Manifestation/Motion *Ex Abundanti Cautela*,^[9] praying that they be furnished with copies of all processes and orders pertaining to the intestate proceedings. Private respondent opposed the manifestation/motion, disputing the personality of petitioners to intervene in the intestate proceedings of her husband. Even before the Manila RTC acted on the

manifestation/motion, petitioners filed an omnibus motion praying that the Manila RTC set a deadline for the submission by private respondent of the required inventory of the decedent's estate.^[10] Petitioners also filed other pleadings or motions with the Manila RTC, alleging lapses on the part of private respondent in her administration of the estate, and assailing the inventory that had been submitted thus far as unverified, incomplete and inaccurate.

On 2 January 2002, the Manila RTC issued an order denying the manifestation/motion, on the ground that petitioners are not interested parties within the contemplation of the Rules of Court to intervene in the intestate proceedings.^[11] After the Manila RTC had denied petitioners' motion for reconsideration, a petition for certiorari was filed with the Court of Appeals. The petition argued in general that petitioners had the right to intervene in the intestate proceedings of Roberto Benedicto, the latter being the defendant in the civil cases they lodged with the Bacolod RTC.

On 27 February 2004, the Court of Appeals promulgated a decision^[12] dismissing the petition and declaring that the Manila RTC did not abuse its discretion in refusing to allow petitioners to intervene in the intestate proceedings. The allowance or disallowance of a motion to intervene, according to the appellate court, is addressed to the sound discretion of the court. The Court of Appeals cited the fact that the claims of petitioners against the decedent were in fact contingent or expectant, as these were still pending litigation in separate proceedings before other courts.

Hence, the present petition. In essence, petitioners argue that the lower courts erred in denying them the right to intervene in the intestate proceedings of the estate of Roberto Benedicto. Interestingly, the rules of procedure they cite in support of their argument is not the rule on intervention, but rather various other provisions of the Rules on Special Proceedings.^[13]

To recall, petitioners had sought three specific reliefs that were denied by the courts *a quo*. First, they prayed that they be henceforth furnished "copies of all processes and orders issued" by the intestate court as well as the pleadings filed by administratrix Benedicto with the said court.^[14] Second, they prayed that the intestate court set a deadline for the submission by administratrix Benedicto to submit a verified and complete inventory of the estate, and upon submission thereof, order the inheritance tax appraisers of the Bureau of Internal Revenue to assist in the appraisal of the fair market value of the same.^[15] Third, petitioners moved that the intestate court set a deadline for the submission by the administrator of her verified annual account, and, upon submission thereof, set the date for her examination under oath with respect thereto, with due notice to them and other parties interested in the collation, preservation and disposition of the estate.^[16]

The Court of Appeals chose to view the matter from a perspective solely informed by the rule on intervention. We can readily agree with the Court of Appeals on that point. Section 1 of Rule 19 of the 1997 Rules of Civil Procedure requires that an intervenor "has a legal interest in the matter in litigation, or in the success of either of the parties, or an interest against both, or is so situated as to be adversely affected by a distribution or other disposition of property in the custody of the court

x x x" While the language of Section 1, Rule 19 does not literally preclude petitioners from intervening in the intestate proceedings, case law has consistently held that the legal interest required of an intervenor "must be actual and material, direct and immediate, **and not simply contingent and expectant.**"^[17]

Nonetheless, it is not immediately evident that intervention under the Rules of Civil Procedure necessarily comes into operation in special proceedings. The settlement of estates of deceased persons fall within the rules of special proceedings under the Rules of Court,^[18] not the Rules on Civil Procedure. Section 2, Rule 72 further provides that "[i]n the absence of special provisions, the rules provided for in ordinary actions shall be, as far as practicable, applicable to special proceedings."

We can readily conclude that notwithstanding Section 2 of Rule 72, intervention as set forth under Rule 19 does not extend to creditors of a decedent whose credit is based on a contingent claim. The definition of "intervention" under Rule 19 simply does not accommodate contingent claims.

Yet, even as petitioners now contend before us that they have the right to intervene in the intestate proceedings of Roberto Benedicto, the reliefs they had sought then before the RTC, and also now before us, do not square with their recognition as intervenors. In short, even if it were declared that petitioners have no right to intervene in accordance with Rule 19, it would not necessarily mean the disallowance of the reliefs they had sought before the RTC since the right to intervene is not one of those reliefs.

To better put across what the ultimate disposition of this petition should be, let us now turn our focus to the Rules on Special Proceedings.

In several instances, the Rules on Special Proceedings entitle "any interested persons" or "any persons interested in the estate" to participate in varying capacities in the testate or intestate proceedings. Petitioners cite these provisions before us, namely: (1) Section 1, Rule 79, which recognizes the right of "any person interested" to oppose the issuance of letters testamentary and to file a petition for administration;" (2) Section 3, Rule 79, which mandates the giving of notice of hearing on the petition for letters of administration to the known heirs, creditors, and "to any other persons believed to have interest in the estate;" (3) Section 1, Rule 76, which allows a "person interested in the estate" to petition for the allowance of a will; (4) Section 6 of Rule 87, which allows an individual interested in the estate of the deceased "to complain to the court of the concealment, embezzlement, or conveyance of any asset of the decedent, or of evidence of the decedent's title or interest therein;" (5) Section 10 of Rule 85, which requires notice of the time and place of the examination and allowance of the Administrator's account "to persons interested;" (6) Section 7(b) of Rule 89, which requires the court to give notice "to the persons interested" before it may hear and grant a petition seeking the disposition or encumbrance of the properties of the estate; and (7) Section 1, Rule 90, which allows "any person interested in the estate" to petition for an order for the distribution of the residue of the estate of the decedent, after all obligations are either satisfied or provided for.

Had the claims of petitioners against Benedicto been based on contract, whether express or implied, then they should have filed their claim, even if contingent, under

the aegis of the notice to creditors to be issued by the court immediately after granting letters of administration and published by the administrator immediately after the issuance of such notice.^[19] However, it appears that the claims against Benedicto were based on tort, as they arose from his actions in connection with Philsucom, Nasutra and Traders Royal Bank. Civil actions for tort or quasi-delict do not fall within the class of claims to be filed under the notice to creditors required under Rule 86.^[20] These actions, being as they are civil, survive the death of the decedent and may be commenced against the administrator pursuant to Section 1, Rule 87. Indeed, the records indicate that the intestate estate of Benedicto, as represented by its administrator, was successfully impleaded in Civil Case No. 11178, whereas the other civil case^[21] was already pending review before this Court at the time of Benedicto's death.

Evidently, the merits of petitioners' claims against Benedicto are to be settled in the civil cases where they were raised, and not in the intestate proceedings. In the event the claims for damages of petitioners are granted, they would have the right to enforce the judgment against the estate. Yet until such time, to what extent may they be allowed to participate in the intestate proceedings?

Petitioners place heavy reliance on our ruling in *Dinglasan v. Ang Chia*,^[22] and it does provide us with guidance on how to proceed. A brief narration of the facts therein is in order. Dinglasan had filed an action for reconveyance and damages against respondents, and during a hearing of the case, learned that the same trial court was hearing the intestate proceedings of Lee Liong to whom Dinglasan had sold the property years earlier. Dinglasan thus amended his complaint to implead Ang Chia, administrator of the estate of her late husband. He likewise filed a verified claim-in-intervention, manifesting the pendency of the civil case, praying that a co-administrator be appointed, the bond of the administrator be increased, and that the intestate proceedings not be closed until the civil case had been terminated. When the trial court ordered the increase of the bond and took cognizance of the pending civil case, the administrator moved to close the intestate proceedings, on the ground that the heirs had already entered into an extrajudicial partition of the estate. The trial court refused to close the intestate proceedings pending the termination of the civil case, and the Court affirmed such action.

If the appellants filed a claim in intervention in the intestate proceedings it was only pursuant to their desire to protect their interests it appearing that the property in litigation is involved in said proceedings and in fact is the only property of the estate left subject of administration and distribution; and the court is justified in taking cognizance of said civil case because of the unavoidable fact that whatever is determined in said civil case will necessarily reflect and have a far reaching consequence in the determination and distribution of the estate. In so taking cognizance of civil case No. V-331 the court does not assume general jurisdiction over the case but merely makes of record its existence because of the close interrelation of the two cases and cannot therefore be branded as having acted in excess of its jurisdiction.

Appellants' claim that the lower court erred in holding in abeyance the closing of the intestate proceedings pending determination of the