

FIRST DIVISION

[G.R. No. 165696, April 30, 2008]

ALEJANDRO B. TY, Petitioner, vs. SYLVIA S. TY, in her capacity as Administratrix of the Intestate Estate of Alexander Ty, Respondent.

DECISION

AZCUNA, J.:

This is a petition for review on *certiorari* under Rule 45 of the Rules of Court against the Decision^[1] of the Court of Appeals (CA) in CA-G.R. No. 66053 dated July 27, 2004 and the Resolution therein dated October 18, 2004.

The facts are stated in the CA Decision:

On May 19, 1988, Alexander Ty, son of Alejandro B. Ty and Bella Torres, died of cancer at the age of 34. He was survived by his wife, Sylvia Ty, and his only daughter, Krizia Katrina Ty. A few months after his death, a petition for the settlement of his intestate estate was filed by Sylvia Ty in the Regional Trial Court of Quezon City.

Meanwhile, on July 20, 1989, upon petition of Sylvia Ty, as Administratrix, for settlement and distribution of the intestate estate of Alexander in the County of Los Angeles, the Superior Court of California ordered the distribution of the Hollywood condominium unit, the Montebello lot, and the 1986 Toyota pick-up truck to Sylvia Ty and Krizia Katrina Ty.

On November 23, 1990, Sylvia Ty submitted to the intestate Court in Quezon City an inventory of the assets of Alexander's estate, consisting of shares of stocks and a schedule of real estate properties, which included the following:

1. EDSA Property - a parcel of land with an area of 1,728 square meters situated in EDSA, Greenhills, Mandaluyong, Metro Manila, registered in the name of Alexander Ty when he was still single, and covered by TCT No. 0006585;
2. Meridien Condominium - A residential condominium with an area of 167.5 square meters situated in 29 Annapolis Street, Greenhills, Mandaluyong, Metro Manila, registered in the name of the spouses Alexander Ty and Sylvia Ty, and covered by Condominium Certificate of Title No. 3395;
3. Wack-Wack Property - A residential land with an area of 1,584 square meters situated in Notre Dame, Wack-Wack, Mandaluyong,

Metro Manila, registered in the name of the spouses Alexander Ty and Sylvia Ty, and covered by TCT No. 62670.

On November 4, 1992, Sylvia Ty asked the intestate Court to sell or mortgage the properties of the estate in order to pay the additional estate tax of P4,714,560.02 assessed by the BIR.

Apparently, this action did not sit well with her father-in-law, the plaintiff-appellee, for on December 16, 1992, Alejandro Ty, father of the deceased Alexander Ty, filed a complaint for recovery of properties with prayer for preliminary injunction and/or temporary restraining order. Docketed as Civil Case No. 62714, of the Regional Trial Court of Pasig, Branch 166, the complaint named Sylvia Ty as defendant in her capacity as [Administratrix] of the Intestate Estate of Alexander Ty.

Forthwith, on December 28, 1992, defendant Sylvia Ty, as Administratrix of the Intestate Estate of Alexander Ty, tendered her opposition to the application for preliminary injunction. She claimed that plaintiff Alejandro Ty had no actual or existing right, which entitles him to the writ of preliminary injunction, for the reason that no express trust concerning an immovable maybe proved by parole evidence under the law. In addition, Sylvia Ty argued that the claim is barred by laches, and more than that, that irreparable injury will be suffered by the estate of Alexander Ty should the injunction be issued.

To the aforementioned opposition, plaintiff filed a reply, reiterating the arguments set forth in his complaint, and denying that his cause of action is barred by laches.

In an order dated February 26, 1993, the Regional Trial Court granted the application for a writ of preliminary injunction.

As to the complaint for recovery of properties, it is asserted by plaintiff Alejandro Ty that he owns the EDSA property, as well as the Meridien Condominium, and the Wack-Wack property, which were included in the inventory of the estate of Alexander Ty. Plaintiff alleged that on March 17, 1976, he bought the EDSA property from a certain Purificacion Z. Yujuico; and that he registered the said property in the name of his son, Alexander Ty, who was to hold said property in trust for his brothers and sisters in the event of his (plaintiffs) sudden demise. Plaintiff further alleged that at the time the EDSA property was purchased, his son and name-sake was still studying in the United States, and was financially dependent on him.

As to the two other properties, plaintiff averred that he bought the Meridien Condominium sometime in 1985 and the Wack-Wack property sometime in 1987; that titles to the aforementioned properties were also placed in the name of his son, Alexander Ty, who was also to hold these properties in trust for his brothers and sisters. Plaintiff asserted that at [the] time the subject properties were purchased, Alexander Ty and Sylvia Ty were earning minimal income, and were thus financially incapable of purchasing said properties. To bolster his claim, plaintiff

presented the income tax returns of Alexander from 1980-1984, and the profit and loss statement of defendant's Joji San General Merchandising from 1981-1984.

Plaintiff added that defendant acted in bad faith in including the subject properties in the inventory of Alexander Ty's estate, for she was well aware that Alexander was simply holding the said properties in trust for his siblings.

In her answer, defendant denied that the subject properties were held in trust by Alexander Ty for his siblings. She contended that, contrary to plaintiff's allegations, Alexander purchased the EDSA property with his own money; that Alexander was financially capable of purchasing the EDSA property as he had been managing the family corporations ever since he was 18 years old, aside from the fact that he was personally into the business of importing luxury cars. As to the Meridien Condominium and Wack-Wack property, defendant likewise argued that she and Alexander Ty, having been engaged in various profitable business endeavors, they had the financial capacity to acquire said properties.

By way of affirmative defenses, defendant asserted that the alleged verbal trust agreement over the subject properties between the plaintiff and Alexander Ty is not enforceable under the Statute of Frauds; that plaintiff is barred from proving the alleged verbal trust under the Dead Man's Statute; that the claim is also barred by laches; that defendant's title over the subject properties cannot be the subject of a collateral attack; and that plaintiff and counsel are engaged in forum-shopping.

In her counterclaim, defendant prayed that plaintiff be sentenced to pay attorney's fees and costs of litigation.

On November 9, 1993, a motion for leave to intervene, and a complaint-in-intervention were filed by Angelina Piguing-Ty, legal wife of plaintiff Alejandro Ty. In this motion, plaintiff-intervenor prayed that she be allowed to intervene on the ground that the subject properties were acquired during the subsistence of her marriage with the plaintiff, hence said properties are conjugal. On April 27, 1994, the trial court issued an Order granting the aforementioned motion.

During the hearing, plaintiff presented in evidence the petition filed by defendant in Special Proceedings No. Q-88-648; the income tax returns and confirmation receipts of Alexander Ty from 1980-1984; the profit and loss statement of defendant's Joji San General Merchandising from 1981-1984; the deed of sale of the EDSA property dated March 17, 1976; the TCT's and CCT of the subject properties; petty cash vouchers, official receipts and checks to show the plaintiff paid for the security and renovation expenses of both the Meridien Condominium and the Wack-Wack property; checks issued by plaintiff to defendant between June 1988 - November 1991 to show that plaintiff provided financial support to defendant in the amount of P51,000.00; and the articles of incorporations of various corporations, to prove that he, plaintiff, had put up several corporations.

Defendant for her presented in evidence the petition dated September 6, 1988 in Special Proceedings No. Q-88-648; the TCTs and CCT of the subject properties; the deed of sale of stock dated July 27, 1988 between the ABT Enterprises, Incorporated, and plaintiff; the transcript of stenographic notes dated January 5, 1993 in SEC Case No. 4361; the minutes of the meetings, and the articles of incorporation of various corporations; the construction agreement between the defendant and the Home Construction, for the renovation of the Wack-Wack property; the letters of Home Construction to defendant requesting for payment of billings and official receipts of the same, to show that defendant paid for the renovation of the Wack-Wack property; the agreement between Drago Daic Development International, Incorporated, and the spouses Alexander Ty and Sylvia Ty, dated March, 1987, for the sale of the Wack-Wack property covered by TCT No. 55206 in favor of the late Alexander Ty and the defendant; a photograph of Krizia S. Ty; business cards of Alexander Ty; the Order and the Decree No. 10 of the Superior Court of California, dated July 20, 1989; the agreement between Gerry L. Contreras and the Spouses Alexander Ty and Sylvia Ty, dated January 26, 1988, for the Architectural Finishing and Interior Design of the Wack-Wack property; official receipts of the Gercon Enterprises; obituaries published in several newspapers; and a letter addressed to Drago Daic dated February 10, 1987.^[2]

Furthermore, the following findings of facts of the court *a quo*, the Regional Trial Court of Pasig City, Branch 166 (RTC), in Civil Case No. 62714, were adopted by the CA, thus:

We adopt the findings of the trial court in respect to the testimonies of the witnesses who testified in this case, thus:

"The gist of the testimony of defendant as adverse witness for the plaintiff:

"Defendant and Alexander met in Los Angeles, USA in 1975. Alexander was then only 22 years old. They married in 1981. Alexander was born in 1954. He finished high school at the St. Stephen High School in 1973. Immediately after his graduation from high school, Alexander went to the USA to study. He was a full-time student at the Woodberry College where he took up a business administration course. Alexander graduated from the said college in 1977. He came back to the Philippines and started working in the Union Ajinomoto, Apha Electronics Marketing Corporation and ABT Enterprises. After their marriage in 1981, Alexander and defendant lived with plaintiff at the latter's residence at 118 Scout Alcaraz St., Quezon City. Plaintiff has been engaged in manufacturing and trading business for almost 50 years. Plaintiff has established several corporations. While in the USA, Alexander stayed in his own house in Montebello, California, which he acquired during his college days. Alexander was a stockholder of companies owned by plaintiff's family and got yearly dividend therefrom. Alexander was an officer in the said companies and obtained benefits and bonuses therefrom. As stockholder of Ajinomoto, Royal Porcelain, Cartier and other companies, he obtained

stock dividends. Alexander engaged in buy and sell of cars. Defendant cannot give the exact amount how much Alexander was getting from the corporation since 1981. In 1981, defendant engaged in retail merchandising i.e., imported jewelry and clothes. Defendant leased two (2) units at the Greenhills Shoppesville. Defendant had dividends from the family business which is real estate and from another corporation which is Perway. During their marriage, defendant never received allowance from Alexander. The Wack-Wack property cost P5.5 million. A Car Care Center was established by Alexander and defendant was one of the stockholders. Defendant and Alexander spent for the improvement of the Wack-Wack property. Defendant and Alexander did not live in the condominium unit because they followed the Chinese tradition and lived with plaintiff up to the death of Alexander. Defendant and Alexander started putting improvements in the Wack-Wack property in 1988, or a few months before Alexander died.

"The gist of the testimony of Conchita Sarmiento:

"In 1966, Conchita Sarmiento was employed in the Union Chemicals as secretary of plaintiff who was the president. Sarmiento prepared the checks for the school expenses and allowances of plaintiff's children and their spouses. Sarmiento is familiar with the Wack-Wack property. Plaintiff bought the Wack-Wack property and paid the architect and spent for the materials and labor in connection with the construction of the Wack-Wack property (Exhs. `M' to `Z' inclusive; Exhs. `AA' to `ZZ,' inclusive; Exhs. `AAA' to `ZZZ,' inclusive; Exhs. `AAAA' to `FFFF,' inclusive). Plaintiff entrusted to Alexander the supervision of the construction of the Wack-Wack property, so that Exhibit `M' shows that the payment was received from Alexander. Plaintiff visited the Wack-Wack property several times and even pointed the room which he intended to occupy. Sarmiento was told by plaintiff that it was very expensive to maintain the house. The documents, referring to the numerous exhibits, were in the possession of plaintiff because they were forwarded to him for payment. Sarmiento knows the residential condominium unit because in 1987 plaintiff purchased the materials and equipments for its renovation, as shown by Exhs. `GGGG' to `QQQQ' inclusive. Plaintiff supported defendant after the death of Alexander, as shown by Exhs. `RRRR' to `TTTT' inclusive. Sarmiento was plaintiff's secretary and assisted him in his official and personal affairs. Sarmiento knew that Alexander was receiving a monthly allowance in the amount of P5,000.00 from Alpha.

"The gist of the testimony of the plaintiff:

Plaintiff is 77 years old and has been engaged in business for about 50 years. Plaintiff established several trading companies and manufacturing firms. The articles of incorporation of the companies are shown in Exhs. `UUUUU' (Manila Paper Mills, Inc.); `UUUUU-1' (Union Chemicals Inc.); `UUUUU-2' (Starlight Industrial Company Inc.); `UUUUU-3' (Hitachi Union, Inc.); `UUUUU-4' (Philippine Crystal Manufacturing Corp.). Alexander completed his elementary education in 1969 at the age of 15 years and finished high school education in 1973. Alexander left in 1973