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ACCORDINGLY, the Motions for (a) Leave to File a Second Motion for Reconsideration and the (b) aforesaid Second Reconsideration are **DENIED** for lack of merit. No further pleadings will be entertained.

Narvasa, C.J., Padilla, Bidin, Regalado, Davide, Jr., Romero, Bellosillo, Melo, Quiason, Puno, Vitug, Kapunan, Mendoza, and *Francisco, JJ.*, concur.

SECOND DIVISION

[G.R. No. 114145. February 15, 1995]

LEE ENG HONG and ROSALINDA VILLACORTA, *petitioners, vs.* COURT OF APPEALS and BENJAMIN D. YU, *respondents.*

SYLLABUS

1. **REMEDIAL LAW; EVIDENCE; RULE WHEN FINDINGS OR CONCLUSIONS OF THE COURT OF APPEALS AND TRIAL COURT ARE CONTRARY TO EACH OTHER.**— Both parties cite the rule that appellate courts generally do not disturb the factual findings of the trial court (People *v.* Tismo, 204 SCRA 535 [1991]). Respondent, while citing this rule, states that the trial court overlooked, misunderstood, or misapplied facts or circumstances of weight and substance that would affect the result of the case (People *v.* Martinez, 205 SCRA 666 [1991]). Where the findings or conclusion of the Court of Appeals and the Trial Court are contrary to each other, the Supreme Court may scrutinize the evidence in the records (Quality Tobacco Corp. *v.* Intermediate Appellate Court, 187 SCRA 210 [1992]; Shauf *v.* Court of Appeals, 191 SCRA 713 [1990])

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2. **ID.; ID.; TO BE BELIEVED, MUST NOT ONLY PROCEED FROM THE MOUTH OF A CREDIBLE WITNESS, BUT MUST BE CREDIBLE IN ITSELF.**— A review of the records of his petition shows that it is the Court of Appeals which overlooked or misapplied facts of weight and substance when it reversed the findings of the trail court. The evidence presented by the respondent is testimonial; while that of the petitioners is both testimonial and documentary. The trial court did not only find the witnesses for the petitioners more credible but their testimony is more logical and in keeping with the nature of the events described. It is more true-to-life and more believable. Evidence, to be believed, must not only proceed from the mouth of a credible witness, but it must be credible in itself— such as the common experience and observation of mankind can approve as probable under the circumstances. We have no test of the truth of human testimony, except its conformity to our knowledge, observation and experience. Whatever is repugnant to these belongs to the miraculous and is outside judicial cognizance (Castañares *v.* Court of Appeals, 92 SCRA 568 [1979]).

3. **ID.; ID.; CREDIBILITY OF WITNESSES; FACTUAL FINDINGS OF TRIAL COURT; RULE.**— It is a fundamental rule in criminal as well as in civil cases that in the matter of credibility of witnesses, the findings of the trial court are given great weight and highest degree of respect by the appellate court (Pagsuyuin *v.* Intermediate Appellate Court, 193 SCRA 547 [1991]). Where the issue is one of credibility of witnesses, appellate courts give great weight to the findings of fact by the trial courts as they are in a better position to examine real evidence, as well as observe the demeanor of the witnesses (People *v.* Sewaben, 194 SCRA 239 [1991]). The appreciation of evidence and the assessment of the credibility of witnesses rest primarily with the trial court (People *v.* Labriaga, 199 SCRA 530 [1991]).

4. **ID.; ID.; PROOF AND AUTHENTICITY OF DOCUMENT; PRIVATE WRITING; HOW PROVED; CASE**

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AT BAR.— An important issue is whether or not Lee Eng Hong was penniless when he arrived in the Philippines. According to the respondent, petitioner Lee and his family had to be sheltered by Yu Ching and that Lee was employed as a salesman in Yu Ching's business. To explain why the name of Lee Eng Hong appears in some vital documents regarding properties allegedly of Yu Ching alone, the respondent claimed that petitioner Lee was a mere dummy of Yu Ching. The records belie the respondent's allegations. The respondent Court committed reversible error in this regard. The fact that Lee and his family, all Chinese citizens, were admitted without difficulty to the Philippines supports Lee's story that he came in as a foreign investor with US$100,000.00. The Manager's Check of Filmanbank for P738,000.00, the conversion value at the time for the US$100,000.00, was introduced as Exh. 6-A. Bank records for authentication purposes could no longer be produced because Filmanbank had closed in the meantime. Filipinas Bank, the successor bank, certified that it did not retain the records of the closed bank but stated that Salvador E. Ravago who signed for the US$100,000.00 deposit worked for Filmanbank at the time. Where Filipinas Bank certified that the records of the defunct Filmanbank have been lost, secondary evidence is admissible to prove the contents of the documents by a copy, or by a recital of its contents in some authentic document, or by the testimony of witnesses in the order stated (Rule 130, Sec. 5, Rules of Court). The documents were presented as evidence in the course of Lee Eng Hong's testimony. He was present when the transactions took place and the documents were executed. In this regard, Section 21 of Rule 132 provides: "SEC. 21. *Private writing, its execution and authenticity, how proved.* —Before any private writing may be received in evidence, its due execution and authenticity must be proved either: "(a) By anyone who saw the writing executed; (b) By evidence of the genuineness of the handwriting of the maker; or (c) By a subscribing witness." Lee Eng Hong's ACR 1328531 with the description "Foreign Investor" is official recognition by the Government that he brought money with him when he entered the

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Philippines. The Alien Certificate of Registration was introduced as Exh. 19 and Exh. 19-A.

5. ID.; ID.; DOCUMENTARY EVIDENCE; MORE RELIABLE THAN ORAL EVIDENCE; CASE AT BAR.— The documents relating to the construction of the building reinforce the testimony of Lee Eng Hong as to his ownership of at least half of it. Petitioners introduced as evidence the Tax Declaration, Exhibit B, to show that the building was declared for taxation purposes in the names of the co-owners, Antonio Yu and Lee Eng Hong; real estate tax payment receipts, Exhibits "15", "16", "17" and "18" to show that Lee Eng Hong paid his share of taxes on the disputed building; invoices for construction materials used in putting up the building, Exhibits "8", "9", "10" and "11"; the building permit signed by Lee Eng Hong, Exhibit "12"; the Sanitary Plumbing Permit, Exhibit "13"; and the application for electrical permit, Exhibit "14". The petitioner asks why his name should appear as co-owner in the declarations and tax payment receipts; why should he keep and save invoices of constructions materials of the building; and why should he possess and/or sign the building permit, plumbing permit and electrical permit if he is a non-owner and had no participation whatsoever in the construction of the building. In refuting the applicability of the principle that documentary evidence (should be documentary evidence supported by oral evidence) is more reliable than oral evidence, the private respondent says "admitted" but not "when documents involving a series of transactions are resorted to evade the consequences of prohibited acts like aliens engaging in retail trade or business." Benjamin Yu uses as an example the registration of Yu Ching's business in the name of Antonio Yu because Yu Ching is prohibited by law to engage in retail trade. Insofar as petitioners are concerned, the above argument is worse than irrelevant because it supports the opposite of what the respondent tries to convey. All of the documents submitted as evidence by the petitioners are in compliance with legal requirements. If Lee Eng Hong intended to circumvent any citizenship laws, his name would not appear in any building permit,

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receipts for constructions materials, tax declarations, etc. Not one of the documents submitted by Lee Eng Hong was employed to evade the consequences of any prohibited act. In the example used by respondent Yu, it was his father Yu Ching who violated the law. On the other hand, the documents of Lee Eng Hong were executed in good faith with no attempt to hide anything. It is inconceivable that Yu Ching, if he is indeed the owner of the entire furniture business and the whole building, would not have a single document to prove his ownership. Or that he would execute a sworn statement disclaiming ownership of half of the building and enter, through his son Antonio, into a compromise agreement on the very issue of ownership that was the subject of court litigation. Instead of submitting documents evidencing ownership by Yu Ching, respondent Yu allowed the documents of Lee Eng Hong to be entered as evidence with no objections as to their admissibility.

6. ID.; CIVIL PROCEDURE; EFFECT OF JUDGMENT; RULE; CASE AT BAR.— The judgment dated November 14, 1991 was based on a compromise agreement. The records also show a notarized document signed by Yu Ching which, in part provides "that the portion I sell, transfer, and convey unto said Antonio Yu is now occupied by him, while the other half is presently in the possession of Lee Eng Hong." Yu Ching sold his half share of the building to his son Antonio while acknowledging that the other half is owned by Lee Eng Hong. The document entitled "Conditional Deed of Sale" sold the half share of Yu Ching for P200,000.00, P100,000.00 down and P100,000.00 to be paid in ten yearly installments. The respondent questions the admissibility of this decision. First, he states that the compromise agreement was raised in the Court of Appeals for the first time and second, Benjamin Yu was not a party to the compromise agreement and is not bound by it. What was before the Court of Appeals, however, was the *judgment* of the same Regional Trial Court of Cebu, albeit a different branch and not the compromise agreement. The judgment based on compromise agreement could not have been introduced during the trial of this case because it was rendered

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on November 14, 1991. The decision now raised in this petition was rendered on January 30, 1991. The respondent Court of Appeals ignored not only the trial court findings in herein petition but also the final and executory judgment of November 14, 1991. It reversed not only the January 30, 1991 decision in this case but also the November 14, 1991 final decision in the other case. It is well settled that the effect of a judgment by a court of the Philippines having jurisdiction to pronounce the judgment upon a *thing* is conclusive upon the *title to the thing*. A judgment *in rem* is binding upon the whole world (Rule 39, Sec. 49[a]). The fact that Benjamin Yu was not a party to the other case is proof that he has no ownership in the property being disputed. Respondents therein were his own brother and sister-in-law. As pointed out by the trial court in this case, Benjamin Yu was the plaintiff. He filed the complaint and was bound to prove his affirmative allegations. Since the title of Lee Eng Hong is being disputed, he has the right to prove his ownership against the whole world, not necessarily Benjamin Yu alone. Petitioner was asserting a defense against an affirmative allegation. Moreover, the respondent overlooks the fact that he does not claim the properties for himself but for his late father. Yu Ching executed a deed of sale which admits that one-half belongs to Lee Eng Hong while the other half was being sold by him to Antonio. How then can Benjamin Yu claim for Yu Ching something which Yu Ching himself states does not belong to him?

APPEARANCES OF COUNSEL

Zosa & Quijano Law Offices for petitioner.

Florido & Associates for respondents.

D E C I S I O N

BIDIN, *J.*:

In an action for reconveyance, damages, and accounting, filed by respondent Benjamin D. Yu, the Regional Trial

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Court of Cebu ruled in favor of petitioners Lee Eng Hong and Rosalinda Villacorta. The respondent Court of Appeals, however, reversed the lower court on appeal. In its February 28, 1994 decision, the Court of Appeals ordered herein petitioners to render an accounting of all funds, income, and disbursements of the Asia Furniture Center Company and the former Cebu Asia Furniture Company and to reconvey the funds and assets of said companies to the estate of the late Yu Ching. The Court also declared the estate of Yu Ching as the exclusive owner of the disputed building at El Filibusterismo Street, Cebu City.

Petitioner Lee Eng Hong is the son of the spouses Tan Siu (father) and Ivy Leung Chee Lue (mother), both of whom are now deceased. The couple resided in Legaspi Street, Cebu City where their family business, Manila Furniture, was located. Lee Eng Hong, however, was born in China and was in the tailoring business in Hongkong before he moved to the Philippines in 1978.

Petitioner Rosalinda Villacorta is the half-sister of Lee Eng Hong. The two are children of Tan Siu by different mothers. She is also in the furniture business.

The issue in this case is the ownership of the funds and assets of Asia Furniture Center Company and the concrete building at El Filibusterismo, Cebu City, earlier mentioned. Respondent Benjamin D. Yu claims that the funds, assets and buildings above-mentioned belonged exclusively to his late father Yu Ching and that petitioner Lee Eng Hong was only the dummy of Yu Ching without any right or interest over the disputed building.

Yu Ching was married to Gregoria Doquiles. The couple had three children — Antonio Yu, Isabelita Yu, and herein respondent Benjamin Yu. After he became a widower, Yu Ching lived in an ostensible marital relationship with Ivy Leung Chee Lue, the widowed mother of herein petitioner Lee Eng Hong.

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According to the petitioner, he was a successful tailor in Hongkong when his mother pleaded with him to come to the Philippines. Since the death of her husband, she needed a family member to help her manage the furniture business her husband Tan Siu left behind. The petitioner states that he was able to readily enter the Philippines because he came in as a foreign investor; that he brought foreign capital with him in the amount of US$100,000.00; that the amount was converted into Philippine pesos in the amount of P738,000.00; and that he found his widowed mother to be living in a marital relationship with Yu Ching at the furniture enterprise left by his father.

The petitioner states that he accepted not only the relationship of his mother with Yu Ching but he also trusted them to the extent or engaging in a partnership relationship with them especially Antonio Yu, and sharing half and half in the construction of a building, now disputed by the parties.

The evidence presented by Benjamin Yu tries to establish that Lee Eng Hong, his wife and two children had no money when they came to the Philippines and that his father Yu Ching had to employ petitioner Lee Eng Hong as a salesman in the Yu furniture business because of the importuning of the mother, Ivy Leung Chee Lue. The private respondent contended that Lee Eng Hong was a mere dummy of Yu Ching and had absolutely no legal right nor interest in the assets of the furniture business or the disputed building.

According to the private respondent, his brother Antonio Yu entered into a partnership business with Lee Eng Hong. Respondent alleges that he discovered the partnership when he confronted his brother Antonio who admitted that he and Lee Eng Hong had entered the furniture business. When the partnership broke up, Lee Eng Hong and Antonio Yu allegedly assured Benjamin Yu that even if the building will be sold, he would have a share in the proceeds. After

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the dissolution of the partnership, Lee Eng Hong entered into another partnership engaged in the same furniture business with his half- sister, Rosalinda Villacorta.

Benjamin Yu states that he sensed he was surreptitiously being eased out of participation in the estate of his father. He demanded from the petitioners the reconveyance of the building claimed by Lee Eng Hong to be partially owned by him as well as the assets of the newly-formed partnership with his half-sister. When the petitioners refused his demand and declined to render an accounting of the incomes received from what Benjamin Yu claims are his father's properties, he filed the complaint in Court which led to this petition.

As earlier stated, the Regional Trial Court of Cebu, 7th Judicial Region, Branch 18 at Cebu City dismissed the complaint of Benjamin Yu, finding it "baseless and unfounded as it is based on mere oral evidence, without any documentary support and must, therefore, fail." The Regional Trial Court in dismissing the complaint awarded P20,000.00 moral damages and P10,000.00 exemplary damages, attorney's fees and costs of litigation in favor of Lee Eng Hong.

Plaintiff Benjamin D. Yu appealed the Regional Trial Court decision to the Court of Appeals which granted the appeal and reversed the Regional Trial Court decision. The herein petitioners were ordered to render an accounting of funds, profits and disbursements of the furniture company and to reconvey the assets to the estate of Yu Ching, which was declared owner of the disputed building.

In their Memorandum, the petitioners summarized the issues raised to this Court as follows:

"I. THE SUPERIOR ADVANTAGES OF THE TRIAL COURT FOR THE ASCERTAINMENT OF TRUTH ESPECIALLY UNDER THE PECULIAR CIRCUMSTANCES OF THIS CASE WERE DISREGARDED BY THE HONORABLE RESPONDENT COURT.

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"II. DOCUMENTARY EVIDENCE, INCLUDING A JUDGMENT BASED ON COMPROMISE AGREEMENT AND ADMISSIONS AGAINST SELF-INTEREST, IS SUPERIOR TO TESTIMONIAL EVIDENCE.

"III. THE RESPONDENT COURT COMMITTED REVERSIBLE ERROR WHEN IT IGNORED INDUBITABLE EVIDENCE OF PETITIONERS' FINANCIAL CAPACITY.

"IV. THE CONCLUSIONS OF THE RESPONDENT COURT ON THE DISPUTED FURNITURE BUSINESS ARE CONTRARY TO THE EVIDENCE ON THE RECORD.

"V. THE RESPONDENT COURT COMMITTED REVERSIBLE ERROR IN DELETING THE AWARD FOR DAMAGES AND ATTORNEY'S FEES IN FAVOR OF THE PETITIONER." (*Rollo*, p. 150)

The private respondent refuted the above issues in his Memorandum.

Both parties cite the rule that appellate courts generally do not disturb the factual findings of the trial court (People *v.* Tismo, 204 SCRA 535 [1991]). Respondent, while citing this rule, states that the trial court overlooked, misunderstood, or misapplied facts or circumstances of weight and substance that would affect the result of the case (People *v.* Martinez, 205 SCRA 666 [1991]).

Where the findings or conclusion of the Court of Appeals and the Trial Court are contrary to each other, the Supreme Court may scrutinize the evidence in the records (Quality Tobacco Corp. *v.* Intermediate Appellate Court, 187 SCRA 210 [1992]; Shauf *v.* Court of Appeals, 191 SCRA 713 [1990]).

A review of the records of his petition shows that it is the Court of Appeals which overlooked or misapplied facts of weight and substance when it reversed the findings of

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the trial court. The evidence presented by the respondent is testimonial; while that of the petitioners is both testimonial and documentary. The trial court did not only find the witnesses for the petitioners more credible but their testimony is more logical and in keeping with the nature of the events described. It is more true-to-life and more believable. Evidence, to be believed, must not only proceed from the mouth of a credible witness, but it must be credible in itself—such as the common experience and observation of mankind can approve as probable under the circumstances. We have no test of the truth of human testimony, except its conformity to our knowledge, observation and experience. Whatever is repugnant to these belongs to the miraculous and is outside judicial cognizance (Castañares *v.* Court of Appeals, 92 SCRA 568 [1979]).

It is a fundamental rule in criminal as well as in civil cases that in the matter of credibility of witnesses, the findings of the trial court are given great weight and highest degree of respect by the appellate court (Pagsuyuin *v.* Intermediate Appellate Court, 193 SCRA 547 [1991]).

Where the issue is one of credibility of witnesses, appellate courts give great weight to the findings of fact by the trial courts as they are in a better position to examine real evidence, as well as observe the demeanor of the witnesses (People *v.* Sewaben, 194 SCRA 239 [1991]).

The appreciation of evidence and the assessment of the credibility of witnesses rest primarily with the trial court (People *v.* Labriaga, 199 SCRA 530 [1991]).

An important issue is whether or not Lee Eng Hong was penniless when he arrived in the Philippines. According to the respondent, petitioner Lee and his family had to be sheltered by Yu Ching and that Lee was employed as a salesman in Yu Ching's business. To explain why the name of Lee Eng Hong appears in some vital documents regarding

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properties allegedly of Yu Ching alone, the respondent claimed that petitioner Lee was a mere dummy of Yu Ching.

The records belie the respondent's allegations. The respondent Court committed reversible error in this regard. The fact that Lee and his family, all Chinese citizens, were admitted without difficulty to the Philippines supports Lee's story that he came in as a foreign investor with US$100,000.00. The Manager's Check of Filmanbank for P738,000.00, the conversion value at the time for the US$100,000.00, was introduced as Exh. 6-A. Bank records for authentication purposes could no longer be produced because Filmanbank had closed in the meantime. Filipinas Bank, the successor bank, certified that it did not retain the records of the closed bank but stated that Salvador E. Ravago who signed for the US$100,000.00 deposit worked for Filmanbank at the time. Where Filipinas Bank certified that the records of the defunct Filmanbank have been lost, secondary evidence is admissible to prove the contents of the documents by a copy, or by a recital of its contents in some authentic document, or by the testimony of witnesses in the order stated (Rule 130, Sec. 5, Rules of Court). The documents were presented as evidence in the course of Lee Eng Hong's testimony. He was present when the transactions took place and the documents were executed. In this regard, Section 21 of Rule 132 provides:

"SEC. 21. *Private writing, its execution and authenticity, how proved.* - Before any private writing may be received in evidence, its due execution and authenticity must be proved either:

"(a) By anyone who saw the writing executed;

"(b) By evidence of the genuineness of the handwriting of the maker; or

"(c) By a subscribing witness."

Lee Eng Hong's ACR 1328531 with the description "Foreign Investor" is official recognition by the Government

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that he brought money with him when he entered the Philippines. The Alien Certificate of Registration was introduced as Exh. 19 and Exh. 19-A.

The trial court ruled that the evidence shows that the disputed furniture business was formerly known as Manila Furniture, owned by Lee Eng Hong's father. Upon the death of the father, the name of the store was changed to Cebu Asia Furniture. The proprietor was listed as Antonio Yu, son of Yu Ching who had in the meantime started living with the widow. The trial court, however, ruled that the capital of the business came from the widowed mother of petitioner Lee.

Respondent Benjamin Yu admits that his father was in a variety of business ventures ranging from grain milling to kerosene products.

The respondent's allegation that Yu eventually settled for the furniture business jibes perfectly with Lee Eng Hong's story and the findings of the trial court. The furniture business belonged to the parents of the petitioner.

Petitioner Lee's being a foreign investor explains why he is registered as a partner of Antonio Yu and why his name appears in the business records. His supposedly being only a hired salesman of Yu Ching does not ring true. He newly arrived in Cebu and did not have the necessary experience or contacts. He did not speak either Cebuano or English.

Respondent Yu tried to explain the partnership with petitioner Lee by alleging that Lee was a mere dummy of their family. There is no explanation whatsoever why Cebuanos and Filipino citizens would use a newly arrived alien as their dummy. As pointed out by the petitioners, Lee Eng Hong could not have been a dummy because it is usually a newly arrived alien who looks for Filipino dummies and, therefore, respondent Yu reversed the natural order of

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things. They state that it would be more believable if a newly arrived foreign investor would use Yu Ching and his sons as dummies and transacted business and other arrangements through them. We agree. Unless Lee Eng Hong had money, there was absolutely no reason to get this former Hongkong tailor as a partner, much less a dummy, in the furniture business. We sustain the findings of the trial court that Lee was a partner in the business handed down by his parents.

Respondent Benjamin Yu claims that the disputed building in El Filibusterismo Street belonged to his father, Yu Ching. The petitioners claims that the property belongs half and half to Lee Eng Hong and Antonio Yu but the money put into it by Antonio actually came from the furniture business of Ivy Leung Chee Lue, petitioner Lee's mother.

There appears to be no dispute that the land upon which the building was built originally belonged to Antonio Yu. Antonio testified that he mortgaged the land to Ivy Leung Chee Lue for P100,000.00 but claims he already paid the debt secured by the mortgage. Other than Antonio's testimony, there is no other evidence about the payment because Ivy Leung Chee Leu died in May, 1982 (TSN, February 2, 1990, p. 12 and January 20, 1989, p. 7; CA Decision, p. 4).

In LRC Rec. No. 9465, "Lee Eng Hong, petitioner *vs.* Spouses Antonio Yu and Elvira C. Yu, respondents," the RTC of Cebu rendered a decision declaring:

"1. That spouses Antonio Yu and Elvira O. Yu and Lee Eng Hong, have without any mental reservations against each other, agreed to settle the above case amicably, and for this matter, further agree to divide between the Petitioner and Respondents, a parcel of commercial land, situated in the City of Cebu, known as Lot No. 2 of the consolidation and subdivision plan (LRC) Pcs 8666, being a portion of the consolidation of Lots 1 and 2 (LRC) Pcs-4331, L.R.C. Record No. 9465, containing an area of Five Hundred Fifty-Four (554) square meters, more or less, covered by TCT 70527 issued by the Register of Deeds of Cebu City.

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"2. That both Petitioner and Respondents are co-owners of a concrete building, existing on the abovementioned lot, in equal shares, in consonance with the Decision of the Regional Trial Court, Branch 18, of Civil Case No. 60-7069, dated January 30, 1991.

"3. That both, Petitioner, Lee Eng Hong and Respondents, Antonio Yu and Elvira O. Yu, have agreed for their own mutual benefits (sic), to sell and dispose of the land and building and divide the proceeds thereof according to their agreement.

"4. That both parties have agreed to sell and dispose of the said land and building within the period of twenty (20) days from date of approval by the courts of this compromise agreement, provided further that in the event the same will not be disposed of within the period stated above, Respondents, Antonio Yu and Elvira O. Yu, will allow the Petitioner, Lee Eng Hong, the exclusive rights to dispose of his one-half (1/2) shares (sic) to any third person at a price he deems fair.

x x x" (*Rollo*, pp. 55-56)

The judgment dated November 14, 1991 was based on a compromise agreement. The records also show a notarized document signed by Yu Ching which, in part provides "that the portion I sell, transfer, and convey unto said Antonio Yu is now occupied by him, while the other half is presently in the possession of Lee Eng Hong." Yu Ching sold his half share of the building to his son Antonio while acknowledging that the other half is owned by Lee Eng Hong. The document entitled "Conditional Deed of Sale" sold the half share of Yu Ching for P200,000.00, P100,000.00 down and P100,000.00 to be paid in ten yearly installments.

The respondent questions the admissibility of this decision. First, he states that the compromise agreement was raised in the Court of Appeals for the first time and second, Benjamin Yu was not a party to the compromise agreement and is not bound by it.

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What was before the Court of Appeals, however, was the *judgment* of the same Regional Trial Court of Cebu, albeit a different branch and not the compromise agreement. The judgment based on compromise agreement could not have been introduced during the trial of this case because it was rendered on November 14, 1991. The decision now raised in this petition was rendered in January 30, 1991. The respondent Court of Appeals ignored not only the trial court findings in herein petition but also the final and executory judgment on November 14, 1991. It reversed not only the January 30, 1991 decision in this case but also the November 14, 1991 final decision in the other case. It is well settled that the effect of a judgment by a court of the Philippines having jurisdiction to pronounce the judgment upon a *thing* is conclusive upon the *title to the thing.* A judgment *in rem* is binding upon the whole world (Rule 39, Sec. 49 [a]).

The fact that Benjamin Yu was not a party to the other case is proof that he has no ownership in the property being disputed. Respondents therein were his own brother and sister-in-law. As pointed out by the trial court in this case, Benjamin Yu was the plaintiff. He filed the complaint and was bound to prove his affirmative allegations. Since the title of Lee Eng Hong is being disputed, he has the right to prove his ownership against the whole world, not necessarily Benjamin Yu alone. Petitioner was asserting a defense against an affirmative allegation. Moreover, the respondent overlooks the fact that he does not claim the properties for himself but for his late father. Yu Ching executed a deed of sale which admits that one-half belongs to Lee Eng Hong while the other half was being sold by him to Antonio. How then can Benjamin Yu claim for Yu Ching something which Yu Ching himself states does not belong to him?

The documents relating to the construction of the building reinforce the testimony of Lee Eng Hong as to his ownership of at least half of it.

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Petitioners introduced as evidence the Tax Declaration, Exhibit B, to show that the building was declared for taxation purposes in the names of the co-owners, Antonio Yu and Lee Eng Hong; real estate tax payment receipts, Exhibits "15", "16", "17" and "18" to show that Lee Eng Hong paid his share of taxes on the disputed building; invoices for construction materials used in putting up the building, Exhibits "8", "9", "10" and "11"; the building permit signed by Lee Eng Hong, Exhibit "12"; the Sanitary Plumbing Permit, Exhibit "13"; and the application for electrical permit, Exhibit "14". The petitioner asks why his name should appear as co-owner in the declarations and tax payment receipts; why should he keep and save invoices of constructions materials of the building; and why should he possess and/or sign the building permit, plumbing permit and electrical permit if he is a non-owner and had no participation whatsoever in the construction of the building.

In refuting the applicability of the principle that documentary evidence (should be documentary evidence supported by oral evidence) is more reliable than oral evidence, the private respondent says "admitted" but not "when documents involving a series of transactions are resorted to evade the consequences of prohibited acts like aliens engaging in retail trade or business."

Benjamin Yu uses as an example the registration of Yu Ching's business in the name of Antonio Yu because Yu Ching is prohibited by law to engage in retail trade. Insofar as petitioners are concerned, the above argument is worse than irrelevant because it supports the opposite of what the respondent tries to convey. All of the documents submitted as evidence by the petitioners are in compliance with legal requirements. If Lee Eng Hong intended to circumvent any citizenship laws, his name would not appear in any building permit, receipts for constructions materials, tax declarations, etc.

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Not one of the documents submitted by Lee Eng Hong was employed to evade the consequences of any prohibited act. In the example used by respondent Yu, it was his father Yu Ching who violated the law. On the other hand, the documents of Lee Eng Hong were executed in good faith with no attempt to hide anything.

It is inconceivable that Yu Ching, if he is indeed the owner of the entire furniture business and the whole building, would not have a single document to prove his ownership. Or that he would execute a sworn statement disclaiming ownership of half of the building and enter, through his son Antonio, into a compromise agreement on the very issue of ownership that was the subject of court litigation. Instead of submitting documents evidencing ownership by Yu Ching, respondent Yu allowed the documents of Lee Eng Hong to be entered as evidence with no objections as to their admissibility.

The attempt by the respondent to have Rosalinda Villacorta declared as another dummy of Yu Ching is equally unfounded and illogical. Rosalinda was a teacher and businesswoman. She had her own business, Villacorta Furniture, at Leon Kilat Street and another store called Nena's Store. Why Yu Ching would use another dummy is not explained.

We agree with the trial court in finding the evidence of petitioners more credible, that Tan Siu and Ivy Leung Chee Lue were the owners of the disputed furniture business; that Yu Ching engaged in said business only when he moved into the house of the widow and into the Manila Furniture which was renamed Cebu Asia Furniture; that Lee Eng Hong came to the Philippines to help his mother with their family business; and that he had to enter into a partnership with Antonio Yu and share the ownership of a building because Yu Ching was living with his mother and, as a newcomer who spoke neither English nor Cebuano, he needed their help in the investment of his funds and the construction of the building.

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The statement of Benjamin Yu in his memorandum that Antonio Yu and Lee Eng Hong promised Benjamin that when the building is sold, he would have a share betrays his purpose in filing an unfounded suit.

The award of reasonable damages by the trial court arose from its findings and conclusion on the ownership of the building and the distress and suffering caused the petitioners by the filing of a complaint which had no factual and legal basis. The records support the award of damages.

WHEREFORE, the questioned decision of the Court of Appeals is hereby **REVERSED** and **SET ASIDE**. The decision of the Regional Trial Court of Cebu is **REINSTATED**.

SO ORDERED.

Narvasa, C.J. (*Chairman*), *Regalado, Puno,* and *Mendoza, JJ.*, concur.

EN BANC

[Adm. Matter No. 93-7-696-0. February 21, 1995]

In Re JOAQUIN T. BORROMEO. *Ex Rel.* Cebu City Chapter of the Integrated Bar of the Philippines.

SYLLABUS

1. **REMEDIAL LAW; SPECIAL CIVIL ACTION; CONTEMPT; DEEMED COMMITTED IN CASE OF ABUSE OF AND INTERFERENCE WITH JUDICIAL RULES AND PROCESSES, GROSS DISRESPECT TO COURTS AND JUDGES AND IMPROPER CONDUCT DIRECTLY IMPEDING, OBSTRUCTING AND DEGRADING THE ADMINISTRATION OF JUSTICE.**— Upon the indubitable facts on record, there