

100 Phil. 379

[ G.R. No., L-9709. November 27, 1956 ]

**CONCEPCION R. LIM DE PLANAS AND ILUMINADO PLANAS, PLAINTIFFS AND APPELLANTS, W. RICARDO L. CASTELLO, DEFENDANT AND APPELLEE.**

## **D E C I S I O N**

### **LABRADOR, J.:**

This is an appeal from a judgment of the Court of First Instance of Nueva Ecija, dismissing a complaint for the reformation of a compromise agreement executed by the parties in civil case No. 1086 of the said court, and for the collection of the sum of P4,250 from the defendant, the additional sums of P2,500 as compensatory damages for attorney's fees and cost of litigation, and of P1,000 as corrective damages.

The record discloses that on February 24, 1951, plaintiff Concepcion R. Lim de Planas, with the marital consent of her husband, plaintiff Iluminado Planas, leased six parcels of riceland in Nueva Ecija to the defendant for a period of five years, at a yearly rental of P3,500 for the first two years and P4,000, for the last three years. At the time of the execution of the contract, defendant paid the lessors P1,000 in advance and as part of the rental for the first year. As defendant failed to pay the rental corresponding to the first year on time, plaintiff filed an action in the Court of First Instance of Nueva Ecija (civil case No. 1086 of that court), praying for the recovery of the sum of P2,500 and the delivery of the share of the plaintiffs in the harvest during the agricultural year 1952-1953. Soon after the filing of the action the parties entered into a compromise agreement, under whose terms defendant was to pay the plaintiffs the sum of P750 on or before March 31, 1953, upon payment of which plaintiffs were to renounce other claims they may have against defendant. Upon the submission of this compromise, which the court approved, the complaint was dismissed, without pronouncement as to costs. After the dismissal of the "complaint, plaintiffs moved to set aside the decision on the ground that the agreement "does not contain the true intent and agreement of the parties at the time of the execution" and on the further ground that "it was made without the marital consent and knowledge of Mr. Iluminado Planas, the husband

of Mrs. Concepcion R. Lim de Planas." This motion for reconsideration was denied by the court, and as no appeal was taken, the decision became final.

Upon the presentation of the present action, which is civil case No. 1324, the defendant presented a motion to dismiss on the ground that the decision in civil case No. 1086 between the same parties bars the present action. The lower court sustained the motion to dismiss and upon denial by the court of a motion to reconsider the first order of denial, the present appeal was prosecuted.

It is argued on behalf of the plaintiffs-appellants that the present action is for a different cause, because it involves the validity of the compromise agreement entered into by the parties, which is claimed to have been secured by fraud, misrepresentation and deceit by the defendants, whereas the previous action, civil case No. 1086, referred to the collection of the balance of the rental of the properties leased for the first year. This argument is absolutely without merit because the ultimate issue in this case is whether or not the compromise agreement in question was secured by defendant from plaintiffs by means of fraud, misrepresentation and deceit, and said issue was squarely presented before the court in the motion to set aside the judgment in the previous case. The denial of the motion to set aside the judgment in civil case No. 1086, on the alleged ground of fraud, which denial became final because the order of denial was not appealed, constitutes a positive bar against the institution of the present action. The mere fact that the decision on the alleged invalidity of the compromise agreement was made in an order of the court, and not in the judgment of the main action, is no reason for not considering the said decision as final within the meaning of section 44 of Rule 39 of the Rules of Court. The principle of *res judicata* is not applicable to judgments alone; it also applies to final orders rendered by a court in any action or proceeding.

The order dismissing the action is hereby affirmed, with costs against plaintiffs-appellants.

*Paras, C. J., Bengzon, Padilla, Montemayor, Bautista Angelo, Concepcion, J. B. L., Reyes, Endencia, and Felix, JJ., concur.*

