

Title:

****Philippine National Bank vs. Romeo B. Daradar: A Discourse on Res Judicata and Finality of Orders****

Facts:

In this case, the Philippine National Bank (PNB) entered into a “Deed of Promise to Sell” with respondent Romeo B. Daradar, involving two parcels of land. Daradar’s failure to meet the agreed payments led to PNB rescinding the deed through a Notarial Notice of Rescission. Daradar then filed a legal action against PNB, seeking to annul the rescission, which was docketed as Civil Case No. 21375. After Daradar failed to attend a scheduled hearing, the Regional Trial Court (RTC) of Iloilo City provisionally dismissed the case without prejudice. No motions were filed against this order.

Four years later, without any reinstatement request from Daradar, the RTC issued an order finally dismissing the case for failure to prosecute, citing Section 3, Rule 17 of the Rules of Court. Subsequently, Daradar filed another complaint (Civil Case No. 25981) for the declaration of nullity of the notarial rescission. PNB moved to dismiss this new complaint, arguing that the dismissal of the previous case had the effect of an adjudication upon the merits, thus barring the new complaint on grounds of res judicata.

Issues:

1. Does the provisionally dismissed Civil Case No. 21375 without prejudice bar the subsequent filing of Civil Case No. 25981?
2. Is the trial court’s second order, finally dismissing Civil Case No. 21375 for lack of prosecution, valid and did it attain finality to the extent of barring a new filing on the same cause?
3. Does the doctrine of res judicata apply in this context to prevent the refiling of Daradar’s complaint in Civil Case No. 25981?

Court’s Decision:

The Supreme Court granted the petition, reversing the CA’s decision and reinstating the RTC’s order in Civil Case No. 25981 which dismissed Daradar’s complaint on the ground of res judicata. The Court clarified that the first RTC order, which provisionally dismissed Civil Case No. 21375, was void for lack of legal basis since provisional dismissal applies to criminal, not civil cases. Thus, the RTC retained jurisdiction and correctly issued its second order dismissing the case for failure to prosecute, which became final and executory.

Further, the Court established that all elements of res judicata were present: final judgment, jurisdiction over the subject and parties, judgment on the merits, and identity of parties, subject matter, and causes of action between the two cases. Therefore, Daradar was barred from reviving his action by filing a new complaint on the same cause.

Doctrine:

The Supreme Court reiterated that a dismissal due to failure to prosecute, unless otherwise specified, has the effect of an adjudication on the merits and is with prejudice, barring the refile of the case on the same cause of action (res judicata). Additionally, the Court highlighted that provisional dismissals apply only in criminal cases and not in civil proceedings.

Class Notes:

- **Res Judicata:** A final judgment by a court of competent jurisdiction is conclusive on the rights of the parties and their privies, preventing subsequent actions involving the same claim, demand, or cause of action.
- **Provisional Dismissal:** Applicable only in criminal cases, not civil cases. It involves a temporary dismissal that can be revived within a specific period.
- **Finality of Orders:** Once a judgment or order becomes final and executory, it is beyond the power of any court to amend or revoke it, except for clerical errors or nunc pro tunc entries.

Historical Background:

The complexity of this case underscores the importance of distinguishing between interlocutory and final orders, and the specific applications of procedural doctrines such as provisional dismissals and res judicata. It highlights the procedural intricacies in Philippine civil litigation and reinforces the principles safeguarding the finality of judgments, which are foundational in the pursuit of judicial efficiency and stability.