

Title: **\*\*Lagunilla et al. vs. Velasco et al.\*\***

**\*\*Facts:\*\***

The case centers around a property dispute involving members of the Monis family over the estate of Patricio Monis and Magdalena Catalina Monis, who had acquired several parcels of land in La Union and Quezon City. Following their deaths, a Deed of Extrajudicial Settlement with Donation was executed by Andrea Monis Velasco and Macaria Monis, in favor of Andrea's son, Pedro Monis Velasco, Jr., without including Dionisia Monis Lagunilla and Rafael Monis, children of Venancio Monis, who claimed to be rightful heirs. This led to the cancellation of the previous Title (TCT No. RT-60455 (190472)) and issuance of a new one (TCT No. 85837) in Pedro Jr.'s name.

Dionisia and Rafael filed a complaint in the Regional Trial Court (RTC) of Balaoan, La Union, seeking the annulment of the deed and the titles issued pursuant to it, alleging fraud by the respondents in excluding them as heirs. The respondents countered that the petitioners were not compulsory heirs and had received advances on their inheritance, making the annulment of the deed untenable. After failed pre-trial mediation, the trial proceeded.

The trial court dismissed the complaint, awarding damages to the respondents. The decision was affirmed with modifications by the Court of Appeals (CA), which deleted the award of exemplary damages and attorney's fees.

**\*\*Issues:\*\***

1. Whether the Court of Appeals committed an error in upholding the validity of the extrajudicial settlement despite the exclusion of Dionisia and Rafael Monis.
2. Whether the non-inclusion of Pedro Velasco, Jr. as a party in the case affected the court's jurisdiction and the validity of its judgment.
3. Whether the RTC and CA erred in concluding that Dionisia and Rafael had no grounds to annul the extrajudicial settlement due to alleged fraud or bad faith.

**\*\*Court's Decision:\*\***

The Supreme Court set aside the Court of Appeals' decision and remanded the case to the trial court to include Pedro Velasco, Jr. as an indispensable party for a complete and effective resolution. The Court highlighted the mandatory joinder of indispensable parties as vital for the exercise of judicial power, noting that any resolution lacking the participation of Pedro Velasco, Jr. would be void for jurisdictional issues and could potentially violate due process.

**\*\*Doctrine:\*\***

The case reiterates the doctrine of compulsory joinder of indispensable parties without whom no final determination of a suit is possible, ensuring that all those materially concerned are part of the litigation to afford complete relief and avoid the violation of due process rights.

**\*\*Class Notes:\*\***

1. **\*\*Jurisdiction Over Parties:\*\*** The filing of the complaint vests jurisdiction over plaintiffs, while jurisdiction over defendants is established via summons or voluntary appearance.
2. **\*\*Indispensable Parties:\*\*** Parties without whose involvement no final judgment can be rendered, affecting their interests. The absence of such parties renders any court decision null and void.
3. **\*\*Remedy for Non-Joinder of Indispensable Parties:\*\*** The case stresses that the non-joinder of indispensable parties warrants remanding the case for their inclusion rather than outright dismissal.

**\*\*Historical Background:\*\***

This case illustrates the complex relations and disputes that can arise within families over inheritance and property rights, especially concerning extrajudicial settlements in the Philippines. It emphasizes the need for due process and correct procedural steps in adjudicating rights over properties among heirs to ensure equitable distribution and justice.