

**Title:** De Leon vs. Dela Llana – Application of Res Judicata in Ejectment Cases

**Facts:**

1. **Initial Dispute:**

- In 1999, Robert de Leon leased a portion of a 541 square-meter property in Nabunturan, Compostela Valley from Gilbert dela Llana to use as a lottery outlet through an undated contract of lease.
- In 2005, Gilbert filed an unlawful detainer complaint (Civil Case No. 821) against Robert and Gil de Leon for non-payment of rent before the MCTC-Nabunturan-Mawab.
- Defendants Robert and Gil claimed the lease contract was simulated for compliance with PCSO requirements only.

2. **MCTC Ruling in Civil Case No. 821:**

- On January 24, 2006, the MCTC dismissed the complaint, recognizing the lease contract as relatively simulated and nonbinding.
- The MCTC also mentioned that even if the contract was binding, the case was filed in the wrong venue as per the contract stipulating disputes to be filed in Davao City Courts.

3. **Second Ejectment Complaint:**

- On November 13, 2006, Gilbert and his wife Analyn filed a second unlawful detainer complaint (Civil Case No. 19,590-B-06) in the MTCC-Davao City against Robert and his wife Nenita.
- In their answer, the petitioners raised the defense of res judicata.

4. **MTCC Ruling in Civil Case No. 19,590-B-06:**

- On July 26, 2007, the MTCC-Davao City ruled in favor of the respondents, ordering the petitioners to vacate the property and pay rental arrears and costs, without addressing the res judicata defense.

5. **RTC Appeal:**

- The RTC, in a decision dated June 11, 2009, reversed the MTCC's decision, dismissing the second ejectment complaint for improper venue.
- Respondents' motion for reconsideration was denied on March 1, 2010.

6. **Appeal to CA:**

- The CA, on July 31, 2013, overturned the RTC's decision, reinstating the MTCC-Davao City's ruling, holding the venue stipulation valid.
- Petitioners' motion for reconsideration was denied on March 31, 2014.

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

1. **\*\*Whether res judicata applies, barring the second ejectment complaint.\*\***
2. **\*\*Proper venue for an unlawful detainer action given the stipulation in the lease contract.\*\***

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

1. **\*\*Res Judicata Application:\*\***

- The Supreme Court held that res judicata applies under "bar by prior judgment" since there is identity of parties, subject matter, and issues between the first and second ejectment cases.
- The MCTC-Nabunturan-Mawab's decision on January 24, 2006, constituted a final judgment on the merits, addressing the issue of the undated lease contract, which barred the relitigation of the same issue in the second complaint.
- The dismissal of the second complaint was affirmed but without prejudice, meaning the respondents could file another complaint on grounds other than those previously adjudicated.

2. **\*\*Venue Stipulation:\*\***

- With the lease contract being absolutely simulated and void, its stipulation on the exclusive venue was invalid.

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

1. **\*\*Res Judicata:\*\*** A matter already adjudicated by a competent court and having attained finality cannot be relitigated between the same parties on the same cause of action.
2. **\*\*Absolute Simulation:\*\*** A contract is void if it is absolutely simulated, meaning the parties do not intend to be bound by it.

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

- **\*\*Key Elements in Ejectment Cases:\*\***

- Identity of parties and subject matter in subsequent legal actions.
- Finality of previous judgments addressing substantive issues.

- **\*\*Relevant Statutes and Principles:\*\***

- **\*\*Res Judicata\*\*** (Rule 39, Section 47 of the Rules of Court)

- **\*\*Art. 1345 & 1346, Civil Code:\*\*** Differentiating absolute and relative simulation.

- **\*\*Application:\*\***

- Res judicata applies when the previous judgment has resolved the substantive rights and obligations of the parties.

- Venue stipulations in void contracts are not enforceable.

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

- **\*\*Simulation of Contracts:\*\*** The case illustrates the Courts' approach in differentiating absolute from relative simulation. This principle comes from the long-standing need to distinguish between sham and genuine agreements.

- **\*\*Res Judicata Doctrine:\*\*** Evolved in ensuring judicial efficiency and finality, preventing continuous litigation of the same issues which leads to legal certainty and respects judicial decisions.