

### Case Title:

**Tala Realty Services Corp., Inc. vs. Banco Filipino Savings & Mortgage Bank**

### Facts:

- September 5, 1995**: Banco Filipino Savings & Mortgage Bank (Banco Filipino) filed a complaint for reconveyance against Tala Realty Services Corporation, Inc. (Tala Realty) and individual petitioners with the Regional Trial Court (RTC) of Manila.
- Complaint Allegations**: Asserted that properties, including one in Sta. Cruz, Manila, were tied to a trust agreement. This agreement was essentially a sale and lease-back arrangement to allow Banco Filipino flexibility in branch operations and compliance with the General Banking Act's capital asset restrictions.
- Conflict Arises**: In August 1992, Tala Realty claimed ownership of the Sta. Cruz property and threatened Banco Filipino with eviction.
- RTC Motions and Decisions**:
  - Petitioners (Tala Realty) moved to dismiss on grounds of forum shopping, lack of cause of action, and *pari delicto*.
  - Initially denied, RTC later dismissed the complaint against individual petitioners and suspended proceedings in light of the Supreme Court's preceding decision in G.R. No. 137533 (2002).
- Banco Filipino's Reaction**: Moved for reconsideration at the RTC and upon denial, elevated the case to the Court of Appeals (CA) via a Rule 65 petition.
- Court of Appeals**:
  - CA reinstated the complaint, reasoning that the RTC should have admitted the trust agreement's validity hypothetically for purposes of ruling on the motion to dismiss.
  - CA held that G.R. No. 137533, addressing an ejectment suit, was distinct from the present case for reconveyance.
  - Denied reconsideration motions from petitioners.
- Appeal to the Supreme Court via Rule 45**: Petitioners argued that the decision in G.R. No. 137533 and subsequent related cases barred Banco Filipino's reconveyance claim through *stare decisis* and conclusiveness of judgment.

### Issues:

1. **Stare Decisis**: Whether Banco Filipino's action for reconveyance is barred under the doctrine of stare decisis due to the prior ruling in G.R. No. 137533 and subsequent cases declaring the trust agreement void.
2. **Conclusiveness of Judgment**: Whether the doctrine of conclusiveness of judgment precludes Banco Filipino from pursuing reconveyance based on issues already settled in previous litigation.
3. **Correct Mode of Review**: Whether Banco Filipino used the proper legal remedy by filing a certiorari petition instead of an ordinary appeal before the CA.

### ### Court's Decision:

1. **Stare Decisis**:
  - The Supreme Court determined that the trust agreement at the core of Banco Filipino's claim for reconveyance had been declared void in G.R. No. 137533.
  - Affirmed the application of the principle of stare decisis et non quieta movere, underscoring the necessity for consistency and stability in judicial decisions. Banco Filipino's claim based on the same void agreement must be denied.
2. **Conclusiveness of Judgment**:
  - The Court invoked the doctrine of conclusiveness of judgment, precluding Banco Filipino from relitigating the validity of the trust agreement.
  - The prior final judgment in G.R. No. 137533 about the voidness of the agreement barred subsequent relitigation, even in separate reconveyance cases.
3. **Mode of Review**:
  - The Court found that Banco Filipino's reconveyance claim should have been presented through an ordinary appeal, not a certiorari petition.
  - However, the resolution turned primarily on the principles of stare decisis and conclusiveness of judgment rather than procedural technicalities.

### ### Doctrine:

1. **Stare Decisis**: Legal precedents must be adhered to ensure consistency and stability in rulings. A previously adjudicated and settled issue cannot be reopened by the same parties in a different spin-off case.
2. **Conclusiveness of Judgment**: A final judgment on an issue precludes its relitigation between the same parties, even if asserted in a different cause of action. This is a specific

application of res judicata dealing with identical legal issues already settled.

### Class Notes:

- **Elements of a Trust**: In law, a trust cannot be upheld if it contravenes statutory regulations such as the General Banking Act.
- **Stare Decisis**: A legal doctrine which commands adherence to precedents to provide legal certainty.
- **Conclusiveness of Judgment**: Prevents re-litigation of issues conclusively resolved in prior litigation between the same parties.
- **Rule 39, Section 47 (c), Rules of Civil Procedure**: Allows the principle of conclusiveness of judgment, asserting that any right or fact already adjudicated cannot be disputed again in subsequent litigation between the same parties.
- **Clean Hands Doctrine**: A party cannot seek judicial relief or equitable remedy if they have engaged in unethical or improper conduct related to the subject of their claim.

### Historical Background:

The case reflects tactical legal maneuvering post the banking crisis affecting Banco Filipino in the 1980s, revealing attempts to re-obtain properties disposed of through mechanisms later scrutinized for banking law compliance. The Supreme Court's reinforcement of doctrines like stare decisis underscores the judiciary's role in maintaining legal consistency and integrity.