

Title:

Goodland Company, Inc. vs. Asia United Bank, et al. [Supreme Court of the Philippines, G.R. Nos. 195546 and 195561, January 31, 2012]

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Facts:

1. Execution of Mortgages:

- July 1999: Goodland Company, Inc. (Goodland) mortgaged two parcels of land in Sta. Rosa, Laguna (TCT Nos. 321672 and 321673) and a property in Makati (TCT No. 114645) to secure loans extended by Asia United Bank (AUB) to Radio Marine Network, Inc. (RMNSI).
- These mortgages were signed by Gilbert G. Guy, President of Goodland, and were registered with the Registry of Deeds in Calamba and Makati.

2. Disputes Arising from Mortgages:

- Goodland claimed AUB filled blank mortgage forms without their consent, treating them only as “comfort documents.”

3. Laguna Properties:

- Two suits regarding the Laguna properties:
 - Civil Case No. B-6242 for annulment of the mortgage,
 - Civil Case No. B-7110 to annul the foreclosure sale and enjoin title consolidation.
- AUB filed for extrajudicial foreclosure; AUB emerged as highest bidder. Titles registered in AUB’s name as highest bidder.
- Dismissals and appeals:
 - Branch 25 dismissed Civil Case No. B-7110 for forum shopping.
 - Branch 25 dismissed Civil Case No. B-6242; orders were reversed by the Court of Appeals (CA) but later reinstated by the Supreme Court in G.R. Nos. 190231 and 191388.

4. Makati Property:

- Two suits for the Makati property:
 - Civil Case No. 03-045 for annulment of mortgage.
 - Civil Case No. 06-1032 for nullification of foreclosure and injunction.
- RTC denied both Goodland’s application for a writ of preliminary injunction and responded to motions to dismiss.

5. CA and Supreme Court Appeals:

- CA dismissed Goodland’s appeal in CA-G.R. CV No. 90418 for forum shopping; Supreme

Court upheld the CA.

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Issues:

1. **Was Goodland guilty of forum shopping when filing Civil Case Nos. 03-045 and 06-1032?**
2. **Is a judgment in either case res judicata in the other?**

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Court's Decision:

1. Forum Shopping:

- **Decision:** The Supreme Court found Goodland guilty of forum shopping.
- **Reasoning:**
 - The key issue in both cases was the validity of the REM, involving identical parties and rights asserted.
 - Goodland sought to nullify the REM and subsequent foreclosure based on alleged fraudulent execution.
 - Multiple suits based on the same facts are prohibited to avoid the potential for conflicting rulings.

2. Res Judicata:

- **Decision:** Any judgment in either case will amount to res judicata on the other.
- **Reasoning:**
 - Both cases hinged on the validity of the REM.
 - The evidence and issue concerning the REM's validity were the same in both cases.
 - A decision in one case would legally bar relitigation in the other.

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Doctrine:

Doctrine of Forum Shopping: There exists forum shopping when there is an identity of parties, rights asserted, and reliefs prayed for that raises the possibility of conflicting rulings.

Doctrine of Litis Pendentia and Res Judicata: Any judgment rendered in one case precludes the other if both share the same cause of action, contradicting the principle

against multiple suits for the same cause.

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Class Notes:

1. **Forum Shopping:** Filing multiple cases for the same cause of action to obtain favorable judgment.
 - **Rule Basis:** Section 5, Rule 7, Rules of Court.
 - **Principal Elements:** Identity of parties, rights asserted, and same relief founded on identical facts.
 - **Implications:** Violates the rule against multiplicity of suits; potential for conflicting decisions.
2. **Res Judicata (Claim Preclusion):** A final judgment on the merits by a court of competent jurisdiction bars further actions by the parties on the same cause.
 - **Examples in Case:** Civil Case Nos. 03-045 and 06-1032.
3. **Litis Pendentia (Pending Suit):** Similar or identical issues pending in different courts of the same jurisdiction can lead to the dismissal of one action.
 - **Purpose:** Avoid vexatious litigation and burdening the judicial system.

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Historical Background:

This case is situated within a broader historical context of banking practices and contractual disputes in the late 1990s to early 2000s in the Philippines. During this period, rapid economic expansion and banking institutions led to complex financial arrangements, often secured by real estate. The case reflects judicial principles seeking to prevent strategic litigation intended to obstruct or delay legal proceedings.