

****Title:****

Reyes v. Hamada, G.R. No. L-16777 (1961)

****Facts:****

- ****Mortgage and Foreclosure****: The spouses Sinai C. Hamada and Geraldina M. Hamada owned certain properties in Baguio, which were mortgaged to the Philippine National Bank (PNB).
- ****Auction Sale****: Due to extrajudicial foreclosure proceedings initiated by PNB, the properties were sold at public auction on February 11, 1960. Arsenio Reyes became the highest bidder with P38,000.00.
- ****Redemption Attempt****: On February 10, 1961, the last day for redemption, the Hamadas delivered checks covering the redemption amount to the City Sheriff of Baguio. The sheriff accepted this.
- ****Subsequent Action****: Reyes, disputing the validity of the redemption, demanded possession of the properties. The Hamadas refused to yield possession.
- ****First Case Filed****: Reyes filed Civil Case No. 1025 on March 9, 1961, seeking a declaration of ownership and right to possession due to his purchase at the auction sale.
- ****Second Case Filed****: During Civil Case No. 1025's pendency, on May 26, 1961, Reyes filed Civil Case No. 1041 to recover rentals paid by tenants of the properties, asserting his entitlement under Section 30 of Rule 39 of the old Rules of Court.
- ****Motion to Dismiss****: Defendants moved to dismiss Civil Case No. 1041, citing the pendency of Civil Case No. 1025.
- ****Lower Court Ruling****: The Court of First Instance of Baguio dismissed Civil Case No. 1041 due to the pendency of Civil Case No. 1025, adjudging them as covering the same issues.

****Issues:****

1. Whether the pendency of Civil Case No. 1025 precludes the institution and prosecution of Civil Case No. 1041.
2. Whether there is an identity of causes of action between Civil Case No. 1025 and Civil Case No. 1041.
3. Whether Reyes, as a purchaser at the auction, is entitled to the rentals from the tenants during the redemption period.

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

****Issue 1: Pendency of Civil Case No. 1025 and Effect on Civil Case No. 1041****

- ****Resolution****: The Court held that the pendency of Civil Case No. 1025 (validity of

redemption, ownership, and possession) precluded another action (Civil Case No. 1041) for recovery of rentals since both stemmed from the same transactions and facts.

****Issue 2: Identity of Causes of Action****

- ****Resolution****: The Court determined that issues in Civil Case No. 1041 were inherently tied to the determination of issues in Civil Case No. 1025. The rightful collection of rentals was contingent upon ownership and possession rights settled in Civil Case No. 1025.

****Issue 3: Entitlement to Rentals During Redemption Period****

- ****Resolution****: According to Section 30 of Rule 39, a purchaser may collect rents during the redemption period if the property is tenant-occupied. However, these proceeds are credited against the redemption amount, benefiting the mortgagor or judgment debtor. Reyes's entitlement to rentals required resolution of the redemption's validity, which was already under scrutiny in Civil Case No. 1025.

****Doctrine****

- Section 30 of Rule 39 (old Rules of Court): A purchaser at auction sale can collect rents from tenant-occupied property during the redemption period, but such rents are credited against the redemption price if redemption occurs.
- Civil Cases should not be split if arising from the same factual circumstances and legal issues to avoid multiplicity of suits.

****Class Notes****

- ****Pendency of Another Action (lis pendens)****: Bars another suit involving the same parties and issues.
- ****Section 30, Rule 39, Old Rules of Court****: Governs collection and credit of rents during redemption.
- ****Civil Procedure Principle****: Avoid splitting causes of action where the issues can be resolved in one suit.

****Historical Background****

This case highlights the procedural intricacies involved in judicial foreclosure, property redemption rights, and related tenant issues in the Philippines. The decision reinforces the importance of resolving the validity and timeliness of redemption as a prerequisite to claims of benefits (like rentals) deriving from the contested property. This legal framework aims to maintain equitable treatment of debtors while upholding procedural fairness for purchasers at public auctions.