

**FIRST DIVISION**

[ G.R. No. 249434. March 15, 2023 ]

**RENE MANUEL R. JOSE, PETITIONER, VS. ELIZABETH QUESADA-JOSE, FOR HERSELF AS HEIR, AND AS REPRESENTATIVE OF CO-HEIRS, CHILDREN OF DECEASED LUIS MARIO JOSE, NAMELY: NATHANIEL SEAN P. JOSE, NAOMI CELENA P. JOSE-CHOKR, NEILL EMMANUEL Q. JOSE, AND NICHOLAS MATTHEW Q. JOSE, RESPONDENTS.**

**D E C I S I O N**

**GESMUNDO, C.J.:**

Before the Court is a Petition for Review on *Certiorari*,<sup>[1]</sup> seeking the reversal of the June 25, 2018 Decision<sup>[2]</sup> and the September 20, 2019 Resolution<sup>[3]</sup> of the Court of Appeals (CA) in CA-G.R. CV No. 107444, which reversed the July 16, 2015 Order<sup>[4]</sup> of the Regional Trial Court of Antipolo City, Branch 95 (*RTC Antipolo*), in Civil Case No. 08-8406, granting the dismissal of the Complaint<sup>[5]</sup> for annulment of sale and cancellation of titles on the ground of *litis pendentia*. The CA ordered that the case be remanded to RTC Antipolo for further proceedings.

**The Antecedents**

Rene Manuel R. Jose (*petitioner*) and Luis Mario Jose (*Luis*) are the sons of spouses Domingo Jose (*Domingo*) and Emilia Jose (*Emilia*).<sup>[6]</sup>

In 1996, Domingo was sued as solidary debtor with five co-defendants by Philippine Export and Foreign Loan Guarantee Corporation (now called Trade Investment Development Corporation [TIDCORP]) before the Regional Trial Court of Makati (*RTC Makati*). After due proceedings, the RTC Makati rendered judgment in TIDCORP's favor. Pending appeal before the CA, Domingo requested help from petitioner and his wife, Cynthia Cuyegkeng Jose (*Cynthia*), to settle the case by ceding to TIDCORP a portion of their 23-hectare property in Antipolo City (*Antipolo property*) covered by Transfer Certificate of Title (TCT) No. N-50023, to which the spouses agreed. Thus, Domingo and TIDCORP signed a compromise agreement in which 109,234 square meters (*sq. m.*) of the Antipolo property was conveyed to TIDCORP as complete settlement of Domingo's solidary obligation. The CA

approved said compromise agreement.<sup>[7]</sup>

The Antipolo property was later subdivided into three lots, hence, TCT No. N-50023, which was registered in Cynthia's name, was cancelled. In lieu thereof, three titles were issued on January 28, 2004, to wit: TCT No. R-19951 covering 109,234 sq. m., in TIDCORP's name; (ii) TCT No. R-19952 covering 104,081 sq. m.; and (iii) TCT No. R-19953 covering 19,627 sq. m. The last two were issued in the name of Cynthia married to petitioner.<sup>[8]</sup>

Pursuant to their oral agreement, petitioner later demanded Domingo to pay him P120 Million corresponding to the fair value of the property ceded to TIDCORP. Domingo failed to pay despite demands. On July 4, 2005, Domingo executed a Deed of Revocation claiming that he and his wife, Emilia, are the real owners of the Antipolo property.<sup>[9]</sup> Hence, on December 1, 2005, petitioner and Cynthia filed a Complaint for a sum of money and damages with prayer for the issuance of a writ of preliminary attachment<sup>[10]</sup> against Domingo before the RTC of Manila, Branch 19 (*RTC Manila*). The case was docketed as **Civil Case No. 05-11400<sup>[11]</sup> (collection case).**<sup>[12]</sup> Upon Domingo's death on December 24, 2005, Luis, who is the brother of petitioner, became the substitute defendant.<sup>[13]</sup>

In said collection case, Luis reiterated the claim that his parents are the true owners of the Antipolo property and the sale to Cynthia was simulated, and hence, void. He explained that the property was previously registered in the names of Domingo and Emilia under TCT No. 56762.<sup>[14]</sup>

Luis alleged that on November 3, 1978, his parents executed a simulated sale of the Antipolo property in favor of Cynthia for a consideration of only P65,000.00 to supposedly hide the property from their creditor, TIDCORP. Domingo allegedly gave clear instructions not to transfer the title in Cynthia's name, but the latter did not comply. In September 1980, TCT No. N-50023 was issued in Cynthia's name covering the Antipolo property. Despite the sale, his parents allegedly remained in possession and enjoyment of the property in the concept of owners by continuing to keep the title and by paying taxes.<sup>[15]</sup> Domingo's fears came true when TIDCORP sued him, among others. On appeal, Domingo endeavored to settle the case by offering a portion of the Antipolo property. After the satisfaction of the loan to TIDCORP, Domingo allegedly wanted to reinstate in his name the two titles issued in Cynthia's name. However, petitioner and Cynthia began to claim ownership over the property. In connection with this adverse claim, Domingo and Emilia executed a deed of revocation as regards the Antipolo property.<sup>[16]</sup>

On February 13, 2008, while the collection case was pending, Luis, on behalf of his parents, filed before the RTC Antipolo the **Complaint for Annulment of Sale and Cancellation of TCT Nos. R-19952 and R-19953** against petitioner and Cynthia. The case was docketed as **Civil Case No. 08-8406 (annulment case)**. This case is the subject of the petition before this Court.<sup>[17]</sup>

Meanwhile, **on December 22, 2014**, the **RTC Manila** rendered its Decision<sup>[18]</sup> in the collection case in favor of petitioner and Cynthia. In resolving the case, RTC Manila phrased the issue as follows: *“what was the nature of the deed of sale between plaintiff-spouses and Domingo Jose in 1978? Was it valid as the plaintiff-spouses said it was, or was it simulated and fictitious, a mere ploy by Domingo to hide the property from TIDCORP, as herein defendants said it was?”*<sup>[19]</sup> In simple terms, the issue in the collection case was **whether the deed of sale was simulated or valid**. The RTC Manila found that no sufficient evidence was presented to prove that the transaction was simulated. It exhaustively discussed its findings thus:

An examination of the evidence presented reveals that while so assiduously asserted, **there is no sufficient showing that the sale of the property to the plaintiff-spouses in 1978 was made by Domingo with no other reason than to hide the property from his creditors**. This court arrives at this conclusion after a consideration of the following chronological sequence of events:

Oct. 18, 1977 -	The Antipolo property was mortgaged to TIDCORP for [P]30,750,000.00 (as annotated in TCT No. 56762);
Nov. 03, 1978 -	A Deed of Sale was executed in favour of Cynthia Cuyegkeng, married to Rene Manuel for [P]65,000.00 (as annotated in TCT No. 56762);
Jan. 31, 1979 -	The mortgage to TIDCORP [was] cancelled (as annotated in TCT No. 56762);
Sept. 11, 1980 -	TCT No. 56762 in the name of Sps. Domingo and Emilia Jose was cancelled and TCT No. N-50023 was issued in the name of Cynthia Cuyegkeng married to Manuel Rene Jose;
Feb 23, 1985 -	Cuyegkeng executed an SPA in favour of Domingo to encumber or use the property as security for a loan in accordance with Doc. No. 203, p. 42, Book 31, Series of 1985 of Notary Public Atty. Virgilio Catris (as appearing in TCT No. 50023);
Sometime in 1996 -	A complaint for collection of money was filed by TIDCORP against Domingo Jose, et. al., before RTC Makati;

- Nov. 5, 1996 - A Letter of Guaranty was made by Domingo and Emilia Jose promising to pay plaintiffs the value of the portion of the property conveyed and transferred to TIDCORP to settle the obligations of Domingo Jose's corporations;
- Jan. 1, 1997 - An SPA was executed by plaintiff Cuyegkeng in favour of Domingo and/or Ma. Victoria Cuisia, Rosalina C. Flores authorizing them to cede, convey to TIDCORP the property to satisfy the indebtedness subject of Civil Case No. 96-1902 pending in RTC Makati;
- Dec. 11, 2003 - A Compromise Agreement entered between TIDCORP and Construction Resources of Asia before the Court of Appeals;
- Dec. 30, 2003 - Cynthia Cuyegkeng (per SPA of January 1, 1997) executed a Deed of Absolute Conveyance of 109[, ]234 square meters of the property in full satisfaction of the settlement of [P]53,300,000.00 under the Compromise Agreement;
- Feb. 08, 2005 - The Compromise Agreement was approved by the Court of Appeals in a Decision based thereon;
- Feb. 09, 2005 - Domingo filed a Petition for Probate of their Will which included the disinheritance of plaintiff Rene Manuel Jose;
- Mar. 07, 2005 - Plaintiff-spouses executed a Deed of Revocation of the SPAs previously executed by Cuyegkeng (and which were annotated in TCT Nos. 19952 and 19953, both in the name of Cynthia Cuyegkeng);
- Jun. 13, 2005 - Domingo and Emilia Jose issued a Deed of Revocation claiming full ownership of the Antipolo property;
- Aug. 19, 2005 - Title of ceded portion issued to TIDCORP; two other titles of the remaining portions issued to the plaintiff-spouses;
- Sept. 14, 2005 - Letter of plaintiff Rene to his father Domingo asking for opportunity to discuss fair market value of the property;
- Sept. 22, 2005 - Plaintiff-spouses executed a Revocation of the SPAs executed by plaintiff Cuyegkeng and which remained inscribed on TCT Nos. 19952 and 19953;
- Sept. 28, 2005 - Plaintiff-spouses sent Domingo a letter demanding payment of [P]145 [Million];
- Dec. 01, 2005 - The plaintiff-spouses filed the instant case;
- Dec. 24, 2005 - Domingo died.<sup>[20]</sup> (Emphasis supplied)

From the foregoing, it would appear that three months after the sale of the property to the plaintiff-spouses [Rene and Cynthia] on 01 November 1978, Domingo's indebtedness to TIDCORP was already discharged, as evidenced by the cancellation, on 31 January 1979 of the annotation of the mortgage in favour of TIDCORP at the back of TCT No. 56762. In the absence of any evidence, it cannot be assumed that this indebtedness to TIDCORP for which the Antipolo property was made the collateral and which was discharged in 1979 was the same indebtedness for which Domingo was made a defendant before the Makati

court in 1996, or some seventeen (17) years later. Considering the length of time, a total interval of 17 years, the court can only presume that these were separate indebtedness to TIDCORP. In 1979, TIDCORP could not have allowed the mortgage annotated at the back of its debtor's title to be cancelled; for certainly, no creditor in its right mind would consent to such cancellation if it was indeed, not yet paid. The length of time - a total of (17) years from the time of the discharge of the mortgage to TIDCORP to the time when TIDCORP filed a case for collection of sum of money gives ground for one to consider that two separate debts were involved, *i.e.*, that the debt which was extant at the time of the sale to the plaintiff-spouses in 1978 was not the same debt for which Domingo was sued 17 years later.<sup>[21]</sup>

x x x x

Suffice it to state that since 1978, the title to the property has always been in the names of the plaintiff-spouses and **whatever intention or intentions of the parties were in 1978, the same has been rendered irrelevant when faced with the [indefeasibility] of Torrens Title.** Torrens Title is binding to the whole world; with more reason, it is binding to the parties to the transaction x x x.

With this court having ruled that the 1978 sale of the Antipolo property to Cynthia Cuyegkeng married to Rene Manuel Jose was a perfectly valid and enforceable sale, it now proceeds to determine whether the plaintiff-spouses should be compensated for the portion ceded to TIDCORP. Undisputedly, Cynthia Cuyegkeng and Rene Manuel Jose had paid Domingo's loan using a portion of their property. x x x

x x x x

Pursuant to the foregoing, plaintiff-spouses are entitled to payment for the value of the portion of their property ceded to TIDCORP.<sup>[22]</sup> (Emphasis supplied)

Notably, the RTC Manila also anchored its ruling on the indefeasibility of the Torrens title registered in Cynthia's name. It further stated that while no copy of the 1978 Deed of Sale was presented in court, there was no dispute that a contract of sale was indeed executed by Domingo and Emilia in favor of Cynthia.<sup>[23]</sup> After reviewing the case records, the RTC Manila

held that the transaction was not in fraud of creditors. Finding that no preponderance of evidence was presented to show that the 1978 sale to Cynthia was simulated, the RTC upheld the validity of the sale and held Domingo and Emilia liable to pay for the market value of the property ceded to TIDCORP.<sup>[24]</sup>

Subsequent to the RTC Manila's ruling, sometime before March 2, 2015, petitioner filed a **motion to dismiss** in the annulment case **before the RTC Antipolo** on the ground of *litis pendentia*, arguing that Luis' allegation that the 1978 sale of the property was simulated, was also raised as his defense in the collection case.<sup>[25]</sup> In fact, the main issue in Luis' complaint in this annulment case is whether the 1978 sale was simulated. Petitioner pointed out that all of Luis' allegations in support of his complaint in the annulment case were already previously raised by Luis as his defense in the collection case before the RTC Manila.<sup>[26]</sup>

In his comment/opposition, Luis argued that *litis pendentia* does not exist because the instant case before the RTC Antipolo is for reconveyance while the case before the RTC Manila is one for collection. Besides, the RTC Antipolo is not bound by the findings of a co-equal body.<sup>[27]</sup>

### ***The RTC Antipolo Ruling in the Annulment Case***

In an Order dated July 16, 2015, the RTC Antipolo **granted** petitioner's motion to dismiss the complaint for annulment of sale and cancellation of TCT Nos. R-19952 and R-19953, the *fallo* of which reads:

**WHEREFORE**, premises considered, the motion to dismiss filed by defendant is hereby **GRANTED**. Consequently, the instant complaint is hereby **DISMISSED**.

SO ORDERED.<sup>[28]</sup>

After going over Luis' allegations in his complaint vis-à-vis his positions as described in the RTC Manila's decision in the collection case, the RTC Antipolo found that such allegations were already raised and passed upon by the RTC Manila.<sup>[29]</sup> Thus, the RTC Antipolo held that all the elements of *litis pendentia* are present. On the identity of causes of action, it stressed that "[t]he difference in the form of actions is of no moment" considering that "the test of identity of causes of action lies not in the form of an action but on whether the same

evidence would support and establish the former and the present causes of action.”<sup>[30]</sup> It noted that the underlying principle of *litis pendentia* is the theory that a party is not allowed to vex another more than once regarding the same subject matter and for the same cause of action. This theory is founded on the public policy that the same subject matter should not be the subject of controversy in courts more than once, in order that possible conflicting judgments may be avoided.<sup>[31]</sup>

In the collection case, the CA promulgated its August 16, 2016 Decision<sup>[32]</sup> in CA-G.R. CV No. 104283 affirming the Decision of the RTC Manila. Subsequently in G.R. No. 234220, the Court denied the petition for review on *certiorari* filed by Luis and affirmed the CA ruling upon finding no reversible error therein.<sup>[33]</sup> The Court later denied the motion for reconsideration filed by Luis with finality.<sup>[34]</sup>

### ***The CA Ruling in the Annulment Case***

In its assailed June 25, 2018 Decision, the CA **reversed** the RTC Antipolo’s ruling and **remanded** the case for further proceeding. It found that there was no *litis pendentia* because the cases involved different causes of action and parties.<sup>[35]</sup> The *fallo* of the said Decision reads:

**WHEREFORE**, the instant appeal is hereby **GRANTED**. The **Decision** dated July 16, 2015 and the **Order** dated June 16, 2016 [in] Civil Case No. 08-8406 are hereby **REVERSED** and **SET ASIDE**. Civil Case No. 08-8406 is **REINSTATED** and **REMANDED** to the Regional Trial Court of Antipolo City, Branch 95 for further proceedings.

**SO ORDERED.**<sup>[36]</sup>

*As regards the variance in the causes of action*, the CA held that while the validity of the 1978 sale (*i.e.*, whether the deed of sale by Domingo and Emilia in favor of Cynthia was simulated) was passed upon by the RTC Manila in the collection case, such ruling was not conclusive. It found the situation akin to an ejectment case in which the issue of ownership may be provisionally ruled upon only for the purpose of determining who is entitled to possession *de facto*.<sup>[37]</sup>

The CA also emphasized that Civil Case No. 05-114000 was only for collection of a sum of

money based on Domingo's alleged failure to pay petitioner the fair market value of the property conveyed to TIDCORP, while Civil Case No. 08-8406 is precisely for the annulment of the supposed simulated 1978 sale between Domingo and Cynthia.<sup>[38]</sup>

*As regards the lack of identity of parties*, the CA explained that while petitioner and Cynthia were parties in both the collection and annulment cases, their opponents differed. Particularly, they filed the collection case against Domingo, Emilia, and DOMEL Corporation, while Luis filed the annulment case against Rene and Cynthia. The CA expounded that in the collection case, the interest of Luis over the property was merely inchoate and became actual only upon Domingo's death.<sup>[39]</sup>

The CA noted that as specified in the dispositive portion of the RTC Manila's ruling in the collection case, another case, *Special Proceeding* No. 05-111904, is pending between the parties relating to the probate of Domingo's last will and testament. Undeniably, the properties subject of the testate proceedings include the properties subject of this case. The CA thus concluded that the question of ownership of the properties subject of the annulment case or Civil Case No. 08-8406 could not have been disposed of with finality in the collection case.<sup>[40]</sup>

Petitioner and Cynthia filed a Motion for Reconsideration,<sup>[41]</sup> but the same was denied by the CA in its September 20, 2019 Resolution.

## **The Petition**

Petitioner filed this Petition for Review on *Certiorari* against the heirs of Luis (*respondents*),<sup>[42]</sup> raising the following errors:

### I.

The Honorable Court of Appeals erred in REVERSING and SETTING ASIDE the subject Order, which dismissed the case on the ground of *litis pendentia*.

### II.

The Honorable Court of Appeals erred in equating the situation in the instant



case to that of an ejectment case wherein the issue of ownership may be provisionally ruled upon for the sole purpose of determining who is entitled to possession de facto.<sup>[43]</sup>

Essentially, the issue presented for resolution is **whether or not the action for annulment of sale and cancellation of titles before the RTC Antipolo is barred by *litis pendentia***. It bears noting, however, that the ruling in the collection case had attained finality, following the denial with finality of the motion for reconsideration in G.R. No. 234220.<sup>[44]</sup>

In his petition, petitioner argues that the CA erred in ruling that *litis pendentia* is not existent, and thus, he prays that the RTC Antipolo's dismissal of the complaint be reinstated. He avers that the trial before the RTC Manila revolved upon the same issue raised before the RTC Antipolo - whether the sale from Domingo to Cynthia was simulated. Pieces of evidence were presented before the RTC Manila in support of the parties' respective allegations, and based thereon, the RTC Manila concluded that the sale was valid. Hence, the same issue should no longer be relitigated.<sup>[45]</sup>

Petitioner further asserts that the CA erred in equating the situation in this case to that of an ejectment case where the ruling on the issue of ownership is only provisional. He argues that the issue of ownership is not heard in a full-blown proceeding due to the summary nature of an ejectment action; thus, the determination of ownership is not conclusive. In contrast, the issue in the annulment case before the RTC Antipolo - whether the sale to Cynthia was simulated - was already fully heard in a full-blown trial before the RTC Manila with both parties presenting evidence to support their respective claims.<sup>[46]</sup>

In their Comment/Opposition,<sup>[47]</sup> Luis' heirs oppose the petition maintaining that the CA correctly ruled that *litis pendentia* does not apply. They also emphasize that the main issue in the collection case is whether Domingo and Emilia are liable to pay a sum of money to petitioner and Cynthia. The RTC Manila's ruling on the issue of ownership was only done to resolve the main issue, and as such, it was not conclusive on the title of the property even if the issue was heard in a full-blown trial.<sup>[48]</sup>

In his Reply to the Comment/Opposition,<sup>[49]</sup> petitioner reiterates that the issue in the annulment case was already decided by the RTC Manila in the collection case. Contrary to the CA's pronouncement, the RTC Manila's finding that there was no simulated sale is not provisional in nature.<sup>[50]</sup>

## The Court's Ruling

The petition is meritorious.

### *Litis pendentia*

*Litis pendentia* refers to a situation where two actions are pending between the same parties for the same cause of action, so that one of them becomes unnecessary and vexatious.<sup>[51]</sup> Its underlying principle is the theory that a party is not allowed to vex another more than once regarding the same subject matter and for the same cause of action. Said theory is founded on the public policy that the same subject matter should not be the subject of controversy in courts more than once, in order that possible conflicting judgments may be avoided for the sake of the stability of the rights and status of persons.<sup>[52]</sup> It is anchored on the policy against multiplicity of suits.<sup>[53]</sup>

*Litis pendentia* requires the concurrence of the following requisites: (a) *identity of parties* or at least such as representing the same interest in both actions; (b) *identity of rights asserted* and *reliefs prayed for*, the reliefs being founded on the same facts; and (c) the identity in the two cases should be such that the judgment that may be rendered in one would, regardless of which party is successful, amount to *res judicata* in the other.<sup>[54]</sup> Upon examining each of these elements, the Court finds that *litis pendentia* exists. Thus, the CA's ruling must be reversed.

Identity of parties is evident in both the collection and the annulment cases. As held in *Chu v. Cunanan*,<sup>[55]</sup> identity of parties is attendant "when the parties in both actions are the same, or there is privity between them, or they are successors-in-interest by title subsequent to the commencement of the action litigating for the same thing and under the same title and in the same capacity."<sup>[56]</sup>

Here, the requirement of identity of parties was fully met because petitioner and Cynthia, on the one hand, and Luis, on the other, were parties in both the collection and the annulment cases. While it is true that Domingo was initially the party in the collection case, Luis substituted him as heir or successor-in-interest after the former's death. Moreover, when Luis filed the annulment case, he asserted the same interests that Domingo and Emilia had as the supposed true owners of the property. Well-settled is the principle that "absolute identity of parties is not required. It is enough that there is substantial identity of parties."<sup>[57]</sup>

As regards the second element, there also exists an *identity of rights asserted and reliefs prayed for* in the two cases considering that the reliefs sought are founded on the same series of facts. Jurisprudence elucidates that the true test to determine the identity of causes of action is to ascertain whether the **same evidence** will sustain both actions despite the difference in form, or whether there is an identity in the facts essential to the maintenance of the two actions.<sup>[58]</sup> In *Benedicto v. Lacson*,<sup>[59]</sup> the Court explained that:

The test to determine identity of causes of action is to ascertain whether the same evidence necessary to sustain the second cause of action is sufficient to authorize a recovery in the first, **even if the forms or the nature of the two (2) actions are different from each other**. If the same facts or evidence would sustain both, the two (2) actions are considered the same within the rule that the judgment in the former is a bar to the subsequent action; otherwise, it is not. (Emphasis supplied)

Further, in *Yap v. Chua*,<sup>[60]</sup> the Court emphatically elucidated on the concept of *litis pendentia*:

Hornbook is the rule that identity of causes of action does not mean absolute identity; otherwise, a party could easily escape the operation of *res judicata* by changing the form of the action or the relief sought. The test to determine whether the causes of action are identical is to ascertain whether the same evidence will sustain both actions, or whether there is an identity in the facts essential to the maintenance of the two actions. If the same facts or evidence would sustain both, the two actions are considered the same, and a judgment in the first case is a bar to the subsequent action. Hence, a party cannot, by varying the form of action or adopting a different method of presenting his case, escape the operation of the principle that one and the same cause of action shall not be twice litigated between the same parties or their privies. Among the several tests resorted to in ascertaining whether two suits relate to a single or common cause of action are: (1) whether the same evidence would support and sustain both the first and second causes of action; and (2) whether the defenses in one case may be used to substantiate the complaint in the other.<sup>[61]</sup>

In this case, although the form of the two actions differ – one is for collection of a sum of money while the other is for annulment of sale and cancellation of titles – the rights asserted by the parties are anchored on their respective alleged ownership over the property. In the collection case, petitioner and Cynthia claim that they are entitled to be paid for the value of the property ceded to TIDCORP based on their prior ownership over it as evidenced by TCT No. N-50023 registered in Cynthia’s name. In contrast, Luis avers that his parents need not pay for such value as they are the true owners thereof. In the annulment case, Luis seeks the cancellation of the remaining titles issued in Cynthia’s name (*i.e.*, TCT Nos. R-19952 and R-19953) based on the same claim that his parents are the true owners of the property.

It bears noting that in the collection case, the supposed simulation of the deed of sale in favor of Cynthia was thoroughly argued by Luis before the RTC Manila as well as on appeal before the CA and the Court. The RTC Manila carefully examined the evidence submitted before it and thereafter concluded that the sale was valid. Pertinently, the RTC Manila already heard, in a full-blown trial, the issue of validity of the sale to Cynthia and the resulting certificates of title, which is precisely the issue in the annulment case before the RTC Antipolo. Notably, the RTC Manila considered the issue of simulation of the deed of sale as integral to resolving the collection case, as it phrased the main issue before it as follows:

The **gist of the controversy** consisted of **one primordial question – what was the nature of the deed of sale** between plaintiff-spouses [Rene and Cynthia] and Domingo Jose in 1978? Was it valid as the plaintiff-spouses said it was, or was it simulated and fictitious, a mere ploy by Domingo to hide the property from TIDCORP, as herein defendants said it was?<sup>[62]</sup> (Emphases supplied)

During trial, the parties presented evidence to support their respective positions on whether the sale to Cynthia was simulated. In resolving the money claim, the RTC Manila thoroughly inquired into the validity of the sale. It **decisively held** based on the evidence presented that “**the 1978 sale of the Antipolo property to [Cynthia] married to [Rene] was a perfectly valid and enforceable sale[.]**” Only thereafter did it address whether petitioner and Cynthia should be compensated for the portion ceded to TIDCORP, and succinctly answered in the affirmative.<sup>[63]</sup>

On appeal by Luis, one of the errors that he raised before the CA in the collection case was the finding that the sale was not simulated.<sup>[64]</sup> In affirming the RTC’s ruling, the CA

exhaustively discussed its reasons for finding that the sale was valid in its Decision in CA-G.R. CV No. 104283, viz.:

Domingo's intention to be bound by the sale of the Antipolo property to plaintiff-appellee Cynthia is evidenced by the following documents:

1. **Duly notarized Letter of Guarantee** dated 5 November 1996, executed by Domingo and his wife, promising to pay plaintiffs-appellees the value of the portion of the Antipolo property conveyed and transferred to TIDCORP;
2. **Special Power of Attorney** dated 1 January 1997, executed by plaintiffs-appellees in favor of Domingo, Maria Victoria, and Rosalina authorizing them to cede, transfer, and convey by way of *dacion en pago* the Antipolo property, or any part thereof, in full settlement of their outstanding obligation with TIDCORP;
3. **Compromise Agreement** dated 11 December 2003, approved by the Court of Appeals, wherein Domingo (as one of the signatories) expressly recognized plaintiff-appellee Cynthia's ownership of the Antipolo property;
4. **Deed of Absolute Conveyance** in favor of TIDCORP executed by plaintiff-appellee Cynthia, wherein Domingo (as one of those who acted for and in behalf of said plaintiff-appellee) again recognized plaintiff-appellee Cynthia's ownership of the Antipolo property;
5. **Deed of Undertaking in favor of TIDCORP**, wherein Domingo (as one of the signatories) once again recognized plaintiff-appellee Cynthia's ownership of the Anti polo property.

Notably, from the time of the sale of the Antipolo property by Domingo to plaintiff-appellee Cynthia in 1978 until the time of his death in 2005, Domingo did not file any case questioning the validity of said sale and the resulting issuance of TCT No. N-50023 in the name of said plaintiff-appellee. **In other words, Domingo implicitly acknowledged plaintiff-appellee Cynthia's title or ownership over the Antipolo property for more than 25 years.**

As to the contention that plaintiff-appellee Rene failed to bring his wife (plaintiff-appellee Cynthia) in court to tell the truth about the alleged simulated deed of sale, plaintiff-appellee Rene was not obliged to do so. Plaintiff-appellee's cause of action is for the recovery of a sum of money that Domingo failed to pay them, and

their duty was to present evidence substantiating such claim - which they were able to establish by preponderance of evidence. It was not their duty to present proof of **whether the deed of sale over the Antipolo property was simulated**, because **that was the allegation or defense of defendants-appellants. The latter had the burden to prove their own affirmative defense**. The burden did not shift on plaintiffs-appellees just because defendant-appellant Luis challenged plaintiff-appellee Rene to bring the latter's wife in court.<sup>[65]</sup> (Emphases supplied, citations omitted)

Luis again assailed the CA's pronouncement in CA-G.R. CV No. 104283 before the Court, but the latter affirmed such ruling in G.R. No. 234220 due to Luis' failure to show any reversible error in the assailed judgment.<sup>[66]</sup> Later, the Court ordered the issuance of the entry of judgment in G.R. No. 234220 *via* its March 5, 2018 Resolution.<sup>[67]</sup>

From the foregoing, it is apparent that Luis fully participated in the proceedings and exhaustively argued his position before the different courts in the collection case (*i.e.*, the RTC Manila, the CA, and the Supreme Court) as regards the alleged simulation of sale and his parents' supposed true ownership over the property. Thus, the pronouncement on the validity of the sale and titles in this case was done after a full-blown trial examining the parties' evidence.<sup>[68]</sup> Hence, unlike in an ejectment case where the ruling on ownership is only provisional due to its summary nature, the RTC Manila's determination of ownership in the collection case can be considered conclusive.

In other words, both the collection case and the annulment case are anchored on the same issue - whether Cynthia is the true owner of the subject property pursuant to a sale between her and Domingo. If Cynthia is the true owner, then Domingo, as substituted by Luis, is liable to pay the sum of money to Cynthia and petitioner; if Cynthia is not the true owner, then the certificate of title in her favor is void. As these two cases essentially contemplate the same issue, there exists *litis pendentia*.

To reiterate, the issue of validity of the sale had been subjected to a full-blown trial before the RTC Manila, and affirmed all the way to the Court. To the Court's mind, allowing the RTC Antipolo to proceed with the annulment case will certainly entail reexamining the same evidence and relitigating the same issue to the detriment of the judicial system. It would not serve the orderly administration of justice and would run counter to the goal of avoiding multiplicity of suits.

It would also subvert the prohibition against forum shopping, which is the act of filing of multiple suits involving the same parties for the same cause of action, either simultaneously or successively for the purpose of obtaining a favorable judgment.

On these scores, the dismissal of the complaint for annulment of sale and cancellation of certificates of title before the RTC Antipolo is hereby **reinstated**.

*Certificate of title;  
compulsory counterclaim;  
forum shopping*

The Court acknowledges the settled rule in this jurisdiction that the issue as to whether a certificate of title was procured by fraud can only be raised in an action expressly instituted for the purpose.<sup>[69]</sup> This finds basis in Section 48 of the Property Registration Decree<sup>[70]</sup> (*PRD*) which states that a certificate of title shall not be subject to a collateral attack and cannot be altered, modified or cancelled, except in a direct proceeding.<sup>[71]</sup> The rationale for prohibiting collateral attacks has been explained in this wise:

**A collateral attack is prohibited because the integrity of land titles and their indefeasibility are guaranteed by the Torrens system of registration.**

The Torrens system was adopted precisely to quiet titles to lands and to put a stop forever to any question of legality of the titles, except claims which were noted at the time of registration or which may arise subsequent thereto. By guaranteeing the integrity of land titles and their indefeasibility, the Torrens system gives the registered owners complete peace of mind.”<sup>[72]</sup> (Emphasis supplied, citations omitted)

In the collection case, Luis attempted a collateral attack on Cynthia’s title when he assailed the validity of the deed of sale. Jurisprudence has emphasized that “an attack on a deed of sale pursuant to which a certificate of title was issued [constitutes] an impermissible collateral attack on the certificate of title.”<sup>[73]</sup> To recall, in the collection case, petitioner and Cynthia aimed to claim the proceeds representing the value of the portion of the property transferred to TIDCORP to answer for Domingo’s obligations. For their part, Domingo and Emilia, and later Luis, argued that they were the true owners of the Antipolo property, alleging that its sale to Cynthia was simulated and the latter fraudulently transferred the title of the property to her name. Effectively, Luis, in his affirmative defense, **challenged**

**the validity of the sale upon which TCT No. N-50023 was issued.** Accordingly, he questioned the validity of the issuance of TCT Nos. R-19952 and R-19953 which were issued in Cynthia's name after the property covered by TCT No. N-50023 was subdivided. The collateral attack through an affirmative defense is not proper.

Based on prevailing case law, a direct attack on a certificate of title may be done by filing either **an original action or a counterclaim**, in which a certificate of title is assailed as void.<sup>[74]</sup> For a counterclaim to be considered a direct attack, it must specifically pray for annulment of the questioned title and reconveyance of ownership of the property.<sup>[75]</sup>

Sec. 7, Rule 6 of the Amendments to the 1997 Rules of Civil Procedure (*Rules*) defines a compulsory counterclaim, to wit:

Section 7. *Compulsory counterclaim.* — A compulsory counterclaim is one which, being cognizable by the regular courts of justice, arises out of or is connected with the transaction or occurrence constituting the subject matter of the opposing party's claim and does not require for its adjudication the presence of third parties of whom the court cannot acquire jurisdiction. Such a counterclaim must be within the jurisdiction of the court both as to the amount and the nature thereof, except that in an original action before the Regional Trial Court, the counterclaim may be considered compulsory regardless of the amount. A compulsory counterclaim not raised in the same action is barred, unless otherwise allowed by these Rules.

A counterclaim is compulsory if (a) it arises out of, or is necessarily connected with, the transaction or occurrence which is the subject matter of the opposing party's claim; (b) it does not require for its adjudication the presence of third parties of whom the court cannot acquire jurisdiction; and (c) the court has jurisdiction to entertain the claim.<sup>[76]</sup> Jurisprudence states that the "one compelling test of compulsoriness" is the logical relationship between the claim alleged in the complaint and that in the counterclaim, that is, where conducting separate trials of the respective claims of the parties would entail a substantial duplication of effort and time, as where they involve many of the same factual and/or legal issues.<sup>[77]</sup>

Sec. 7, Rule 6 of the Rules clearly provides the consequence when a party fails to institute a compulsory counterclaim. It states that "[a] compulsory counterclaim not raised in the same



action is barred, unless otherwise allowed by these Rules.”<sup>[78]</sup> Accordingly, the failure to include a compulsory counterclaim in the answer of a defending party shall constitute as a restraint on the latter’s part in instituting a separate action, involving a necessarily connected transaction or occurrence which is the subject matter of the opposing party’s claim, unless otherwise allowed by the Rules.

To the Court’s view, all the elements of the compulsory counterclaim in the collection case are present. The alleged ownership over the Antipolo property and validity of the sale are connected with and anchored on the refusal of Luis’ parents to pay for the value of the property ceded to TIDCORP. As extensively discussed earlier, the issue in the collection case involves the validity of the sale between Cynthia and Domingo and whether the certificate of title of Cynthia over the subject property is valid. Accordingly, the action for collection of a sum of money and action for annulment of title necessarily involve the determination of which party owns the property pursuant to the sale between Cynthia and Domingo. Thus, the same cause of action for annulment of sale and cancellation of titles by Luis arise out of, or is necessarily connected with, the same series of transaction from the cause of action for collection of a sum of money.

Moreover, the resolution of the issue of validity of Cynthia’s title does not require the presence of parties other than those involved in the collection case. Finally, the RTC Manila has jurisdiction to decide the issue regarding the validity of the sale and the ownership of the subject property. Ergo, Luis should have instituted a compulsory counterclaim in the same collection case.

In this case, the records show that Luis did not file any counterclaim in the collection case regarding the validity of the sale and ownership of the subject property. Instead, he only raised such issues as affirmative defenses in his answer, claiming that his parents were the true owners of the Antipolo property in the collection case. Indeed, he did not include a counterclaim in his answer praying for its reconveyance nor the annulment of the resulting titles that were issued in Cynthia’s name.<sup>[79]</sup>

As stated above, Luis could have instituted a compulsory counterclaim so that he may directly attack the validity of Cynthia’s certificate of title. Regrettably, Luis did not institute such a compulsory counterclaim in the collection case regarding the validity of the sale even though it involves an issue that arises out of, or is necessarily connected with, the transaction or occurrence which is the subject matter of the opposing party’s claim, particularly, the validity of the sale between Cynthia and Domingo.

For these reasons, Luis' claim to recover ownership over the Antipolo property and the annulment of the Cynthia's title is deemed waived. Pursuant to Sec. 7, Rule 6 of the Rules, Luis' failure to set up before the RTC Manila a compulsory counterclaim to question the validity of the sale to Cynthia and the resulting certificates of title bars him from instituting a separate action in the RTC Antipolo.

Finally, it must be stressed that filing a separate case involving a similar claim would constitute forum shopping. Verily, forum shopping exists "when a party repetitively avails of several judicial remedies in different courts, simultaneously or successively, all substantially founded on the same transactions and the same essential facts and circumstances, and all raising substantially the same issues either pending in or already resolved adversely by some other court."<sup>[80]</sup> It is an act of malpractice that is prohibited and condemned because it trifles with the courts and abuses their processes. It degrades the administration of justice and adds to the already congested court dockets.<sup>[81]</sup> To the Court's mind, allowing a party to file a separate action to question the validity of title when the same issue is already presented in a pending case, which could have been filed as a compulsory counterclaim in the such case, opens avenues for forum shopping.

**WHEREFORE**, the petition is **GRANTED**. The June 25, 2018 Decision and the September 20, 2019 Resolution of the Court of Appeals in CA-G.R. CV No. 107444, are **REVERSED**. Accordingly, the July 16, 2015 Order of the Regional Trial Court of Antipolo City, Branch 95 in Civil Case No. 08-8406 is hereby **REINSTATED**.

**SO ORDERED.**

*Hernando, M. Lopez,\* Rosario, and Marquez, JJ., concur.*

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\* Designated additional member in lieu of Associate Justice Rodil V. Zalameda per raffle dated September 13, 2022.

<sup>[1]</sup> *Rollo*, pp. 9-32.

<sup>[2]</sup> *Id.* at 34-45; penned by Associate Justice Renato C. Francisco and concurred in by Associate Justices Magdangal M. De Leon and Rodil V. Zalameda (now a Member of the Court).

<sup>[3]</sup> *Id.* at 47-48; penned by Associate Justice Fernanda Lampas Peralta and concurred in by

Associate Justices Danton Q. Bueser and Ronaldo Roberto B. Martin.

<sup>[4]</sup> *Id.* at 96-108; penned by Presiding Judge Marie Claire Victoria Mabutas-Sordan.

<sup>[5]</sup> Records, pp. 1-4.

<sup>[6]</sup> *Rollo*, p. 137.

<sup>[7]</sup> *Id.* at 137-138.

<sup>[8]</sup> *Id.* at 36 and 121.

<sup>[9]</sup> *Id.* at 123. The Deed of Revocation pertinently provides:

On this 13<sup>th</sup> day of June 2005, we are revoking the following real estates that were conveyed and transferred including the two (2) real estate that purportedly showed [sic] as a sale to Cynthia Cuyegkeng Jose and Rene R. Jose. Those real properties were as follows:

1. The Antipolo property (Brgy. Inarawan property). As you well know, the Antipolo property was conveyed purportedly to your wife, Cynthia Cuyegkeng spouse of Rene R. Jose as an alternative to save the Antipolo property from Philippine Guarantee's (now TIDCORP) from being included in our debt restructuring. We had informed you of our action that we will convey to your wife to save our twenty-four (24) hectares property. As you had known and we planned to give Philippine Guarantee (now TIDCORP) 10.9 hectares to be taken from the twenty-four hectares as Dacion En Pago to settle all our obligations and save the company from further financial burden. x x x

All these (3) properties rightfully belong to us x x x. We learned that you are in the process of ceasing the properties [sic] from us in spite of our verbal agreement, trust and confidence that we will use your names only to hide all these properties from creditors.

<sup>[10]</sup> *Id.* at 109-119.

<sup>[11]</sup> See p. 120; but was inadvertently referred to as Civil Case No. 05-11400 in the June 25, 2018 Decision of the CA in CA-G.R. CV No. 107444, p. 36.

<sup>[12]</sup> *Id.* at 36.

<sup>[13]</sup> *Id.* at 121.

<sup>[14]</sup> *Id.* at 121-122.

<sup>[15]</sup> *Id.* at 122-123.

<sup>[16]</sup> *Id.* at 123.

<sup>[17]</sup> *Id.* at 96.

<sup>[18]</sup> *Id.* at 120-134. Penned by Presiding Judge Marlo A. Magdoza-Malagar. The *fallo* reads thus:

WHEREFORE, after due consideration, this Court hereby rules as follows:

1. It directs the estate of the late Domingo Jose and Emilia Jose to pay the plaintiff-spouses Rene Jose and Cynthia Cuyegkeng the sum of [P]53,300,000.00 as adequate compensation for the 109,234 square meters of property ceded to TIDCORP in payment for the indebtedness incurred by Domingo Jose from TIDCORP during his lifetime; and
2. It directs the estate of the late Domingo and Emilia Jose to pay plaintiff-spouses interests on the foregoing amount at the rate of 6% per annum to be reckoned from 01 December 2005, the date of judicial demand until the finality of this Decision. If, after this Decision has become final and executory, the foregoing sums should remain unpaid, the same shall again be subject to interests at the rate of 6% per annum, until such time that the foregoing money judgment should have been fully paid[.]

<sup>[19]</sup> *Id.* at 124.

<sup>[20]</sup> *Id.* at 127-128.

<sup>[21]</sup> *Id.* at 128.

<sup>[22]</sup> *Id.* at 132.

<sup>[23]</sup> *Id.* at 124.

<sup>[24]</sup> *Id.* at 132-133.

<sup>[25]</sup> *Id.* at 100-101.

<sup>[26]</sup> *Id.* at 101.

<sup>[27]</sup> *Id.* at 105.

<sup>[28]</sup> *Id.* at 108.

<sup>[29]</sup> *Id.* at 106.

<sup>[30]</sup> *Id.* at 108.

<sup>[31]</sup> *Id.* at 106.

<sup>[32]</sup> *Id.* at 136-151; penned by Associate Justice Mariflor P. Punzalan Castillo and concurred in by Associate Justices Florito S. Macalino and Zenaida T. Galapate-Laguilles.

<sup>[33]</sup> *Id.* at 58-59. Resolution dated December 4, 2017.

<sup>[34]</sup> *Id.* at 60-61. Resolution dated March 5, 2018.

<sup>[35]</sup> *Id.* at 42-45.

<sup>[36]</sup> *Id.* at 45.

<sup>[37]</sup> *Id.* at 43-44.

<sup>[38]</sup> *Id.*

<sup>[39]</sup> *Id.* at 44.

<sup>[40]</sup> *Id.*

<sup>[41]</sup> *Id.* at 50-57.

<sup>[42]</sup> *Id.* at 12. In his petition, petitioner informed the Court that Luis had passed away. Hence, petitioner listed as Luis' heirs (*i.e.*, wife and children) as respondents.

<sup>[43]</sup> *Id.* at 18.

<sup>[44]</sup> *Id.* at 60-61.

<sup>[45]</sup> *Id.* at 27-28.

[46] *Id.* at 28.

[47] *Id.* at 179-191.

[48] *Id.* at 182-184.

[49] *Id.* at 207-214.

[50] *Id.* at 210-211.

[51] **Dy v. Yu**, 763 Phil. 491, 511-512 (2015).

[52] See **Yap v. Chua**, 687 Phil. 392, 400 (2012).

[53] **Dy v. Yu**, *supra* at 512, citing **Spouses Marasigan v. Chevron, Phils., Inc.**, 681 Phil. 503, 515 (2012).

[54] **City of Makati v. Municipality of Taguig**, 578 Phil. 773, 783 (2008).

[55] 673 Phil. 12 (2011).

[56] *Id.* at 24.

[57] **City of Caloocan v. Court of Appeals**, 522 Phil. 592, 603 (2006); see also **Dy v. Yu**, *supra* at 512 stating that “only substantial, and not absolute, identity of parties is required for *litis pendentia* to lie.”

[58] See **Dy v. Yu**, *id.* at 513; citing **Benedicto v. Lacson**, 634 Phil. 154, 176 (2010); See also **Spouses Marasigan v. Chevron Phils., Inc.**, *supra* at 517.

[59] **Benedicto v. Lacson**, *supra* at 176.

[60] *Supra*.

[61] *Id.* at 401.

[62] *Rollo*, p. 124.

[63] *Id.* at 132. The RTC cited Article 1236 of the Civil Code as basis in ruling that the spouses are entitled to payment. The provision states that “[w]hoever pays for another may demand from the debtor what he has paid, except if he paid without the knowledge and the will of

the debtor, he can recover only insofar as the payment has been beneficial to the debtor.”

<sup>[64]</sup> *Id.* at 142. The second assigned error before the CA was as follows:

The court *a quo* gravely erred in ignoring relevant facts and circumstances which would lead to the conclusion that the sale by Domingo Jose to Cynthia Cuyegkeng, married to Manuel Jose, **was merely simulated**.

Corollarily, the court *a quo* gravely erred in its refusal to appreciate relevant facts and circumstances indicating red flags as identified by the Supreme Court that would point to a simulated contract.

The court *a quo* gravely erred in rendering judgment in favor of plaintiffs considering that the burden of proving the existence or non-existence of the simulated sale was shifted to the plaintiffs-appellees.

<sup>[65]</sup> *Id.* at 146-147.

<sup>[66]</sup> *Id.* at 58-59.

<sup>[67]</sup> *Id.* at 60-61.

<sup>[68]</sup> *Id.* at 28.

<sup>[69]</sup> See **Wee v. Mardo**, 735 Phil. 420, 431 (2014).

<sup>[70]</sup> Presidential Decree No. 1529; Signed on June 11, 1978.

<sup>[71]</sup> P.D. No. 1529. “Sec. 48. *Certificate not subject to collateral attack*. — A certificate of title shall not be subject to collateral attack. It cannot be altered, modified or cancelled except in a direct proceeding in accordance with law.”; Case law elucidates that “an attack is indirect or collateral when, in an action to obtain a different relief, an attack on the proceeding is nevertheless made as an incident thereof.” (See **Heirs v. Cascayan v. Spouses Gumallaoui**, 812 Phil. 108, 131 (2017), citing **Fizara, Sr. v. Spouses Ugay**, 708 Phil. 24, 29 (2013); **Arangote v. Maglunob**, 599 Phil. 91, 110-111 (2009), citing **Leyson v. Bontuyan**, 492 Phil. 238, 257 (2005).).

<sup>[72]</sup> **Garcia v. Esclito, G.R. No. 207210**, March 21, 2022.

<sup>[73]</sup> *Id.*; citing **Vicente v. Avera**, 596 Phil. 693, 701 (2009). See also **Spouses Zaragoza v. Court of Appeals**, 395 Phil. 516, 525-526 (2000).

<sup>[74]</sup> See **Leyson v. Bontuyan**, *supra* at 257; See also **Filipinas Eslon Manufacturing Corp v. Heirs of Llanes**, 850 Phil. 591, 606-607 (2019) and **Guntalilib v. Dela Cruz**, 789 Phil. 287, 304-305 (2016). In **Guntalilib**, the Court stated that “an **action for annulment of title** is the more appropriate remedy to seek the cancellation of a certificate of title” and that “underlying objectives or reliefs sought in both the quieting-of-title and the annulment-of-title cases are essentially the same — adjudication of the ownership of the disputed lot and nullification of one of the two certificates of title.”

<sup>[75]</sup> **Manlan v. Beltran, G.R. No. 222530**, October 16, 2019, 924 SCRA 619, 635.

<sup>[76]</sup> See RULES OF COURT, Rule 6, Sec. 7; See also **Bayer Philippines, Inc. v. Court of Appeals**, 394 Phil. 777, 784-785 (2000); **Spouses Meliton v. Court of Appeals**, 290-A Phil. 257, 264 (1992).

<sup>[77]</sup> See RULES OF COURT, Rule 6, Sec. 7; See also **Bayer Philippines, Inc. v. Court of Appeals**, *supra* at 785.

<sup>[78]</sup> See **Spouses Meliton v. Court of Appeals**, *supra* at 266-267.

<sup>[79]</sup> See RULES OF COURT, Rule 6, Sec. 7 as amended in 2019 which states that a “compulsory counterclaim not raised in the same action is barred, unless otherwise allowed by these Rules.”

<sup>[80]</sup> See **Heirs of Sotto v. Palicte**, 726 Phil. 651, 653-654 (2014).

<sup>[81]</sup> *Id.* at 654.