

## **ANTONIO T. TIONGSON, PETITIONER, VS. THE HONORABLE COURT OF APPEALS, PASCUAL ARNOBIT, CARLOS UBALDO, RAFAEL LAPEÑA, MARCELINO FELIX-MEÑA, LUDOVICO ANTONIO GALLIGUEZ, MARIANO MAT...**

*G.R. No. L-35059. February 27, 1973*

Ponente: ANTONIO, J.

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### **ANTONIO, J.:**

Certiorari to review the decision, dated February 25, 1972, of the Court of Appeals in CA-G.R. No. 45183-R, reversing that of the Court of Agrarian Relations.

Petitioner is the owner of the "Green Valley Farm", a substantially large tract of land in Urdaneta Panga-sinan, devoted to palay and secondary crops, private respondents are petitioner's tenants of said land.

On May 9, 1967, an ejectment suit was filed by petitioner with the Court of Agrarian Relations (CAR Case No. 1605-P-67) against the private respondent which culminated in a judgment by compromise date April 8, 1968, embodying the terms and conditions of the amicable settlement of the parties as regards their share tenancy relationship.

This judgment was amended by an order dated May 22, 1968 where the court fixed the sharing basis of the parties and what items are deductible from the gross produce.

On October 28, 1968, the present action for ejectment (CAR Case 1743-P-68) was filed by petitioner against the same respondents on the ground that respondents violated the terms and conditions of the judgment by compromise (par. 9, complaint), in that they defiantly refused to use certified fertilizers recommended by an agriculturist (par. 6, id.) and maliciously failed and refused to use a Tractor offered for use by petitioner to plow the land (par. 7, id.), both of which are proven farm practices, resulting to the damage and prejudice of petitioner to the amount of P10,000.00.

In answer to the complaint, respondents raised the defenses of res judicata and of the fact that it was petitioner who failed to furnish the certified seedlings, certified fertilizers and Tractor, in violation of the terms of the compromise judgment. As counterclaims, respondents asked that their tenancy relationship be converted from share tenancy to leasehold, and that petitioner be ordered to pay them P16,000 representing their expected share from the harvests which they failed to realize, together with moral and exemplary damages.

After trial, judgment was rendered, as follows:

"WHEREFORE, and in view of all the foregoing, judgment is hereby rendered ordering the ejectment of all of the above-named defendants from their respective landholdings in question. The defendants are ordered to pay plaintiff attorney's fees in the sum of P1,000.00 and the costs of suit."

From this judgment, the respondents appealed to the Court of Appeals contending that the lower court erred:

"1.

In not dismissing the complaint on the ground of lack of cause of action as it is barred by prior judgment.

2.

In holding that the acts of the defendants were intentional in order to prevent and sabotage increase in harvest to justify low rentals after they became leaseholders.

3.

In ejecting them despite attendant circumstances that bring forth grave doubts that should have been resolved in favor of the appellants.

4.

In not granting leasehold to the defendants-appellants.

5.

In adjudging attorney's fee against, the defendants."

In passing upon these issues, the Court of Appeals had the following to say:

"The issues raised by the appellants in this appeal are (1) whether the present case is barred by prior judgment (judgment by compromise in CAR case 1605-P-67); (2) whether appellants violated the terms of the judgment by compromise in manner narrated in the complaint; and (3) whether appellants can ask for the conversion of their tenancy relationship into leasehold.

"To our mind, the most vital issue upon this appeal hinges is whether the present case is already barred by prior judgment.

"Anent this issue, all the elements necessary to the application of the principle of res judicata are present - the prior judgment in CAR case 1505-P-67 is final and executory, the court rendering the same had jurisdiction over the subject-matter and the parties, there is identity of parties, of subject-matter and cause of action between the two cases, and the prior judgment is on the merits. The prior judgment in CAR case 1605-P-67 having the sanction of the court, and entered as its determination of the controversy, it has the force and effect of any judgment (see *Marquez vs. Marquez*, 73 Phil. 74; *Piano vs. Gayanong*, L-18603, Feb. 28, 1963; *Araneta vs. Perez*, 7 SCRA 923; *Sotto vs. Reyes*, 8 SCRA 691), and cannot be litigated anew by reason of res judicata (*Valdez vs. Octaviano*, 1 SCRA 744, 746; *Suarez vs. Municipality of Naujan*, 18 SCRA 683; *Sabina vs. Cuba*, 18 SCRA 981).

"It follows from all this that it was error for the lower court not to have dismissed the present case, for, otherwise, to allow parties to institute a separate suit everytime the compromise judgment is violated is conducive to multiplicity of suits abhorred by the Rules of Court and by established jurisprudence (*Marcelino vs. Antonio*, 70 Phil. 388; also Section 3, Rule 2, Revised Rules of Court). The remedy of appellee, if the allegations of the complaint are true that appellants violated the terms of the compromise judgment, is to go back to the issuing court and move for the execution of judgment with the end in view of enforcing compliance with the terms and conditions of the compromise judgment. For its part, the issuing court shall hear both sides

of the controversy, and determine whether to issue execution or not, and if it finds that violations are committed, issue such orders and take such appropriate measures as would ensure compliance with the compromise judgment.

xxx xxx xxx

"One more thing needs to be resolved.

"Appellants prayed in their counterclaim for conversion of their share tenancy relationship into leasehold. It would appear that this matter has been embraced in the compromise judgment as in fact in the amicable settlement it was stipulated that '1. That the parties agree to continue with their share tenancy relationship, \* \* \* ', hence cannot likewise be raised anew by reason of res judicata.

"FROM ALL THE FOREGOING, upon the authority of the decided cases hereinbefore cited, the judgment appealed from is reversed and set aside with costs against appellee. Let a new decision be rendered dismissing the complaint and appellants' counterclaim. This is without prejudice to plaintiff's pursuing the remedy pointed out above."

A motion for reconsideration, dated March 20, 1972, filed by petitioner having been denied on April 26, 1972, petitioner herein interposed the present appeal, asserting, among others, that the respondent Court of Appeals, (1) in holding that CAR Case No. 1743-P-68 was barred by the decision in CAR CASE No. 1605-P-67, went further than the issues brought by the parties to the case; and (2) had misapplied the ruling in the case of *Asirot v. Vda. de Gonzales*, (28 SCRA 258) in that petitioner has established sufficient evidence to eject the private respondents from their respective landholdings, pursuant to the provisions of Republic Act No. 1199, as amended.

The only issue determinative of this appeal on certiorari is whether or not the Appellate Court misapplied the doctrine of res judicata in reversing the judgment of the Agrarian Court and in dismissing the complaint and appellants' counterclaim. It must be noted that the principle of "res judicata" embraces two different concepts. The first is "bar by former judgment" and the other, "conclusiveness of judgment."

There is no question that where as between the first case where the judgment is rendered and the second case where such judgment is invoked, there is identity of parties, subject-matter and cause of action, the judgment on the merits in the first case constitutes an absolute bar to the subsequent action not only as to every matter which was offered and received to sustain or defeat the claim or demand, but also as to any other admissible matter which might have been offered for that purpose and to all matters that could have been adjudged in that case.[1] This is designated as "bar by former judgment."

But where the second action between the same parties is upon a different claim or demand, the judgment in the prior action operates as an estoppel only as to those matters in issue or points controverted, upon the determination of which the finding or judgment was rendered. In fine, the previous judgment is conclusive in the second case, only as to those matters actually and directly controverted and determined and not as to matters merely involved therein.[2] This is the rule on "conclusiveness of judgment" embodied in subdivision (c) of Section 49 of Rule 39 of the Revised Rules of Court.

In the case at bar, the cause of action of petitioner is upon a different claim or demand. The action of petitioner was predicated upon the violation by the private respondents of the terms and conditions of the judgment by compromise rendered by the Agrarian Court on April 8, 1968, as amended by its order of May 22, 1968. As to whether or not private respondents violated the terms and conditions thereof by defiantly refusing to use certified fertilizers recommended by an agriculturist and maliciously failed and refused to use a tractor offered for their use by petitioner resulting in substantial damage and prejudice to the latter, are matters which were not actually and directly controverted and determined in the previous case. These are new facts which occurred subsequent to

the first judgment. A judgment is not and may not be considered as operating as an estoppel as to facts which did not occur or rights which did not accrue until after the particular judgment was rendered and which were not involved in the suit in which it was rendered.[3]

It was therefore error for the Appellate Court to reverse the decision of the Agrarian Court and dismiss the complaint on the ground of res judicata.

While it may have been desirable, in conformity with the *Asirot v. Vda. de Rodriguez* ruling,[4] that the petitioner should have sought the enforcement of the compromise judgment in the original case, the fact that private respondents have voluntarily submitted to the jurisdiction of the Agrarian Court in the second case, and adduced their evidence therein, should preclude them now from raising that question. The steps suggested in *Asirot* to be taken by an aggrieved party are matters of procedure which could be waived. Matters such as these do not affect the merits of the case or the substantial rights of the parties and are not grounds for reversing orders or judgments.[5]

We note however from the "motion for execution pending appeal" filed with this Court by private respondents on November 7, 1972, and the "comment" thereto by petitioner, that the judgment of the Agrarian Court dated January 10, 1970 ordering the ejectment of the private respondents from the landholdings had already been enforced, notwithstanding the pendency of the appeal. The collective ouster of the private respondents by the execution of the Agrarian Court's judgment pending appeal transgresses the substantive rights of said respondents. Under the Land Reform Code they are entitled to the enjoyment, and possession of their landholdings except when their dispossession has been authorized by the Court in a judgment that is final and executory. The focus is on the finality of the judgment for ejectment. This we clearly explained in *Quilantang et al. v. Court of Appeals* (G.R. No. L-34212, Dec. 13, 1972) thus:

" \* \* \* In our view, the same section 36 of R.A. 3844, supra, which the private respondent invoked before the trial court to obtain the petitioner's collective ouster, created in favor of an agricultural lessee a substantive right to 'continue in the enjoyment and possession of his landholding except when his dispossession has been authorized by the Court in a judgment that is final and executory.' R.A. 5434, on the other hand, as its statutory title indicates, is purely procedural in nature, in that it purports to do no more than prescribe a uniform procedure for appeals from the bodies and entities enumerated therein. It is easily comprehensible, then, considering the adjective nature of R.A. 5434, that section 12 of R.A. 1267, as amended, was explicitly and precisely referred to as one of the procedural provisions to be superseded by R.A. 5434.

"The legislative policy on agrarian relations, however, has changed radically since the enactment of R.A. 1267. Share tenancy, for instance, has become outcast, and has been declared as contrary to public policy, and tenants were given greater security and added interests of a semi-proprietary nature in their landholdings. It is, therefore, not a mere accident in the law-making process that while under R.A. 1267 a tenant's authority to stay in his landholding until the judgment ousting him became final and executory, merely formed part of the ordinary rules of procedure in the disposition of agrarian cases, that same authority to hold over until final judgment was withdrawn by R.A. 3844 from the realm of procedural law and transformed into a transcendental substantive right. Within the context of the environmental legislative intention directly pertinent to the issue at bar, this Court cannot construe R.A. 5434, an adjective law, in a manner that will upturn one of the fundamental substantive aspects of R.A. 3844, although the latter, in terms of end-results, would seemingly operate to constrict the scope of the former."

WHEREFORE, the appealed decision of the respondent Court of Appeals should be, as it is hereby, reversed and set aside, and this case remanded to said Court for decision on the merits. The Court of Appeals is further directed to issue immediately an order for the reinstatement of private respondents as tenants of the land in question. This decision is hereby declared immediately executory.

Makalintal, Zaldivar, Ruiz Castro, Barredo, Makasiar, and Esguerra, JJ., concur.

Teehankee, J., concurs and dissents in a separate opinion.

Concepcion, C.J., and Fernando, J., concur and dissent in the separate opinion opinion of Justice Teehankee.

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[1] Heirs of Roxas v. Galindo, 108 Phil. 582, 587; Aguila, v. J.M. Tuason & Co., 22 SCRA 690, 694; Gonzales v. Gonzales, 26 SCRA 72, 77, citing Urtula v. Republic, 22 SCRA 477; Sec. 49(b), Rule 39 of the Revised Rules of Court; Viray v. Mariñas, G.R. No. L-33168, Jan. 11, 1973.

[2] Heirs of Roxas v. Galindo et al., supra; Viray v. Mariñas, G.R. No. L-33168, Jan. 11, 1973.

**[3] 50 C.J.S. 219.**

**[4] 28 SCRA 258.**

[5] 1 Moran, Comments on the Rules of Court, 1970 Ed., pp. 106--107; Case and Nantz v. Jugo, 77 Phil. 517.

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#### CONCURRING AND DISSENTING

TEEHANKEE, J.:

I concur in the result reversing the appellate court's decision and returning the case to it for decision on the merits.

But respondents-tenants were clearly wrongfully ordered ejected from their landholding by the agrarian court, notwithstanding their appeal, since under our decision in Quilantang vs. Court of Appeals (G.R. No. L-34212, Dec. 13, 1972) they are entitled under section 36 of the Agricultural Land Reform Code (R.A. 3844) "to continue in the enjoyment and possession of (their) landholding except when (their) dispossession has been authorized by the Court in a judgment that is final and executory."

Respondents-tenants are therefore clearly entitled to reinstatement pending decision on the merits of their appeal by the Court of Appeals to which we have ordered the case returned for decision on the merits.

In the interest of avoiding further delay in respondents-tenants' obtaining the reinstatement and possession which the law unqualifiedly grants them pending final decision on the merits on their appeal (which reinstatement has already been long delayed and which will necessarily be further delayed, notwithstanding the Court's directive that the appellate court immediately issue such reinstatement order, due to the mechanics of remanding the records of the case to the said court), I vote that such immediate reinstatement order should be issued directly by this Court. I therefore dissent from the decision insofar as it fails and declines to issue such reinstatement order and to grant respondents' urgent petition expressly praying for such reinstatement order from this Court. This Court's authority to issue such order cannot be seriously questioned nor can any valid technical or procedural objection be raised against its directly issuing such order in the decision at bar.

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