

URBANA VELASCO AROC ASSISTED BY HER HUSBAND CELESTINO AROC, PLAINTIFF-APPELLANT, VS. PEOPLE'S HOMESITE AND HOUSING CORPORATION AND CIRILO B. GARCIA AND FELICIANA BITO, DEFENDANT...

G.R. No. L-39674. January 31, 1978

Ponente: GUERRERO, J.

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GUERRERO, J.:

This case was certified to Us by the Court of Appeals[1] in CA-G.R. No. 46525-R entitled "Urbana Velasco Aroc assisted by her husband Celestino Aroc, Plaintiff-Appellant, versus People's Homesite and Housing Corporation and Cirilo B. Garcia and Feliciano Bito, Defendants-Appellees," pursuant to the provisions of Section 17 of Republic Act No. 296, as amended, and Section 3, Rule 50 of the Revised Rules of Court per its Resolution dated October 31, 1974 since the appeal involves pure questions of law.

Plaintiff-appellant appealed to the Court of Appeals the order of the Court of First Instance of Rizal in Civil Case No. Q-11807 dismissing on the ground of res judicata the complaint to declare null and void the award and sale of a parcel of land, known as Lot 6, Block E-144, Piñahan Subdivision, Quezon City, to defendants-appellees Cirilo B. Garcia and his spouse, Feliciano Bito, by the other defendant-appellee PHHC, and the cancellation of the certificate of title issued to said spouses.

The facts are as stated in the Resolution of the Court of Appeals, thus:

"From the allegations of the complaint we gather that as early as 1952 plaintiff and her family started occupying one-half of the lot in controversy while a certain Alfonso Naparan and his family occupied the other half. In 1956 plaintiff constructed a house of strong materials worth P3,270, planted fruit-bearing trees and fenced the portion occupied by her. In May 1956 she filed with defendant corporation an application for the award and sale of said portion to her. She filed another application in January 1957. Later she discovered that both applications were missing from the files of defendant corporation. Upon suggestion of an official of the latter, she reapplied for the same portion of Lot 6 on February 3, 1966. However, Lot 6 was unlawfully and in bad faith awarded and sold to defendants-spouses who were disqualified from purchasing it, since they had previously purchased a 1,450-square meter lot (Lot 12, Block W-28) from defendant corporation and already owned several lots in Greater Manila.

It is further gathered that plaintiff formally protested the award and sale of Lot 6 to defendants-spouses with the Board of Directors of defendant corporation. The investigating officer recommended the rescission of the conditional sale of Lot 6 and the award of the lot to plaintiff and Alfonso Naparan. In spite of said recommendation defendant corporation executed a deed of sale in favor of defendants-spouses. Transfer Certificate of Title No. 106146 covering the lot was subsequently issued to them by the Register of Deeds of

Quezon City.

At the time of the filing of the complaint on January 22, 1968, plaintiff and her family were still occupying one-half portion of the lot.

In its answer with counterclaim, defendant corporation denied the material allegations of the complaint and, as special and affirmative defenses, alleged that the complaint stated no cause of action; that plaintiff was a mere squatter of Lot 6; that the award and sale of said lot to defendants-spouses was legal and valid, for they had complied with the requirements imposed by defendant corporation for its acquisition; and that plaintiff's claim had been passed upon by an investigating committee which found the same to be without basis.

Defendants-spouses likewise denied the material allegations of the complaint. They set up as special and affirmative defenses the following: that there was a pending action to quiet title and/or recovery of possession of Lot 6 with preliminary injunction and damages filed by them against Alfonso Naparan and herein plaintiff (Civil Case No. Q-10442) and in her answer she raised the same issues of fact and law alleged by her in the present complaint; that there was a valid ground to dismiss the new complaint due to the pendency of Civil Case No. Q-10442 between the same parties for the same cause of action; that Lot 6 was lawfully awarded and sold to them by defendant corporation and if ever plaintiff suffered damages her action should be against the corporation; that plaintiffs could no longer question the validity of the award and sale, since it was duly approved by the General Manager of defendant corporation after three investigations on plaintiff's protest had been conducted and she had been given the opportunity to air her grievances, but her protest was dismissed for lack of merit.

Defendants-spouses later amended their answer to include the following allegation:

"6-A. That on December 26, 1968, the Honorable Judge Honorato B. Masakayan, Branch V of this Court rendered judgment in Civil Case No. Q-10442, the dispositive portion of which is quoted as follows:

""WHEREFORE, judgment is hereby rendered in favor of plaintiff Cirilo B. Garcia and against defendants Alfonso Naparan and Urbana Velasco Vda. de Aroc, declaring plaintiff Cirilo B. Garcia the rightful and legal owner of Lot 6, Block E-144, Piñahan Subdivision, Quezon City, and ordering the defendants Alfonso Naparan and Urbana Velasco Vda. de Aroc and all persons claiming rights under them to vacate the premises in question and restore the possession thereof to the plaintiff, and to pay the plaintiff the sum of P500.00 as attorney's fees and to pay the costs of suit.

""SO ORDERED.'"

so much so that the above decision having become final and executory, there is nothing left for this Honorable Court to do except to dismiss the instant complaint based on the doctrine of res judicata, otherwise there will be no more end to the controversy, as the parties will be litigating all over again on the same issues.

Two days after the filing of the amended answer, defendants-spouses moved for the dismissal of the action on the ground of res judicata or bar by prior judgment. Attached to their motion were the complaint, answer and decision in Civil Case No. Q-10442. The court granted the motion and dismissed the action.

Appellant now assails before this Court the order of dismissal, claiming that the principle of res judicata is not applicable, the requisite that there must be identity of cause of action between the two cases not being present, since the case on appeal is for annulment of the award and sale of Lot 6 to defendants-spouses while Civil Case No. Q-10442 was for quieting of title and/or recovery of possession. Thus, the sole issue to determine is whether or not the final judgment in Civil Case No. Q-10442 is a bar to the case before us. This involves a question of law (Bengua vs. Abay, CA-G.R. No. 19408-R, July 30, 1959) which is not within the jurisdiction of this Court to decide. It is for the Supreme Court to pass upon the issue in accordance with Section 17 of Republic Act No. 296, as amended. Said section vests in the Supreme Court exclusive appellate jurisdiction over cases in which only errors or questions of law are involved."

Plaintiff-appellant, litigating this case on appeal as a pauper-litigant, contends that the trial court erred in dismissing her complaint on the ground of res judicata. We find the contention to be meritorious.

In determining whether the final judgment in the first case, Civil Case No. Q-10442 for quieting of title and/or recovery of possession, constitutes res judicata as would bar the appellant's complaint in Civil Case No. Q-11807, now subject of this appeal, for annulment of award and deed of sale and cancellation of the certificate of title to the land, We must examine if between these two cases the requisites of res judicata are present, namely: 1) The former judgment must be final; 2) It must have been rendered by a court having jurisdiction over the subject matter and over the parties; 3) It must be a judgment on the merits; and 4) There must be, between the first and second actions, identity of parties, of subject matter and cause of action.[2] It is only in the identity of cause of action that the parties dispute and disagree.

The term "cause of action" has been defined as "an act or omission of one party in violation of the legal right or rights of the other; and its essential elements are legal right of the plaintiff, correlative obligation of the defendant, and act or omission of the defendant in violation of said legal right".[3]

Is there identity of cause of action between the two aforementioned cases, the first case for quieting of title and/or recovery of possession and the second case for annulment of award and deed of sale and cancellation of certificate of title? This query can be answered by a searching look into and a careful perusal of the records of said two cases.

In the first case, the records disclose that on Sept. 16, 1966, defendant-appellee, Colonel Cirilo V. Garcia, filed against plaintiff-appellant Urbana Velasco Aroc and Juan Alfonso Naparan the complaint alleging that plaintiff therein is the absolute owner in fee simple of the parcel of land, Lot No. 6, Block E-144 Piñahan Subdivision; that he acquired the land by way of purchase from the PHHC on December 8, 1965; that said lot is now titled in the name of the plaintiff and is covered by TCT No. 106146 of the Register of Deeds of Quezon City; that defendant therein, Urbana Velasco Aroc, asserts a claim of ownership and right of possession to the land and in fact still occupies the land; that defendant's claim of ownership and possession is invalid, ineffective and prejudicial to

plaintiff's title as owner in fee simple, consequently entitling plaintiff to bring an action to remove the cloud on and to quiet his title; that defendant owns a house constructed on the western portion of the land and refuses to demolish or remove the same notwithstanding plaintiff's demand therefor. The above allegations state the basic or ultimate facts which constitute complainant's cause of action.

Defendant Urbana Velasco Aroc having filed her answer on November 29, 1966 but failed to appear at the trial of the case, judgment was rendered in favor of the plaintiff, declaring him the rightful and legal owner of the land, and ordering defendant to vacate the premises in question and restore possession thereof to the plaintiff plus the payment of attorneys fees and costs. The above judgment became final and executory during the pendency of the present case.

In the second case, now subject of this appeal in Civil Case No. 11807 instituted on January 22, 1968, the plaintiff therein (Urbana Velasco Aroc) alleged that she is a bonafide occupant and possessor of the one-half portion of Lot 6, Block E-144 Piñahan Subdivision; that she started occupying the lot as early as 1952; that in 1956, she built her own house therein made of strong materials, introduced improvements and fenced the area; that she applied for the award and subsequent sale to her of the one-half portion in May, 1946, reiterated in January, 1957 and re-applied on Feb. 3, 1966; that the lot was, however, awarded later to the defendant Cirilo V. Garcia and his wife Feliciano Bito in bad faith, contrary to law and public policy.

The complaint further alleged that the awardees Cirilo V. Garcia and Feliciano Bito are disqualified from purchasing Lot No. 6 because they had earlier purchased a parcel of land formerly belonging to the PHHC, consisting of 1,450 sq. meters, known as Block 12, Lot W-8, covered under TCT No. 31596 of the land records of Quezon City, aside from the fact that they are already owners and possessors of several other lots in Manila and in the suburbs; and that the award to the spouses Cirilo V. Garcia and Feliciano Bito was in violation of the charter provisions of the PHHC. The above allegations likewise establish the ultimate facts that constitute the cause of action of plaintiff (now the appellant), entitling her to the one-half portion of Lot 6.

Considering now the cause of action in the first case and the cause of action in the second case, the conclusion is inevitable that one is different from the other; that they are not one and the same cause of action. The first seeks only to remove the cloud on the title of the land. The action is premised on Art. 476, New Civil Code, which provides:

"Art. 476. Whenever there is a cloud on title to real property or any interest therein, by reason of any instrument, record, claim, encumbrance or proceeding which is apparently valid or effective but is in truth and in fact invalid, ineffective, voidable, or unenforceable, and may be prejudicial to said title, an action may be brought to remove such cloud or to quiet the title.

An action may be brought to prevent a cloud from being cast upon title to real property or any interest therein."

The second seeks not only the nullification of the award and sale to the awardee, the cancellation of the Certificate of Title, but also places in issue the power and authority of the grantor (PHHC) to make the award and sell the land to one disqualified to purchase the same, the awardee being a Colonel in the Armed Forces of the Philippines, as admitted by the PHHC.[4] The qualification of the purchaser is likewise placed in issue. These issues are more basic and fundamental than the quieting of the title and the removal of the cloud on such title.

In the application of the doctrine of res judicata, if it is doubtful whether a second action is for the same cause of action as the first, the test generally applied is to consider the identity of facts essential to their maintenance, or

whether the same evidence would sustain both. If the same facts or evidence would sustain both, the two actions are considered the same within the rule that the judgment in the former is a bar to the subsequent action. If, however, the two actions rest upon different states of facts, or if different proofs would be required to sustain the two actions, a judgment in one is no bar to the maintenance of the other. It has been said that this method is the best and most accurate test as to whether a former judgment is a bar in subsequent proceedings between the same parties and it has even been described as infallible.[5]

Applying the test accordingly, We hold that the evidence needed to prove the allegations of the second cause of action must necessarily be more than that in the first case for in the herein second case, additional evidence must be adduced to prove that the PHHC acted in violation of its charter; that the PHHC made the award in violation of the presidential directive alleged in plaintiff's "Opposition to Motion and to Reinstate Writ of Preliminary Injunction," evidenced by a letter dated January 12, 1967 of the President of the Philippines to the General Manager of the People's Homesite and Housing Corporation, directing the Board of said corporation to award the lots in the Piñahan Area, Quezon City, to the actual and bona fide occupants thereof;[6] that the awardees have previously purchased another lot from the PHHC and were the owners of several other lots in Manila and Quezon City which disqualified them from acquiring the lot in controversy, evidenced by Annexes A & B.[7]

There is merit to the claim of the appellant that the legality of the award and sale of the lot in controversy was not directly litigated in the first case not only because the defendant therein did not appear at the trial to adduce evidence, but also because the PHHC, the grantor and vendor of the property, was not impleaded as a party litigant in the case.

"It is also a general rule that a judgment in an action to quiet title is not conclusive as to matters not in issue and determined, particularly where such matters could not have been determined in such action." [8]

Since the power or authority of the PHHC was not in issue in the first case to quiet title, and neither was the qualification of the awardee, the plaintiff therein, directly determined, the judgment in said case is not conclusive and binding in the present case for annulment of the award and sale, and the cancellation of the title of the awardee or purchaser.

WHEREFORE, the order appealed from issued by the Court of First Instance of Rizal in Civil Case No. Q-11807 dated February 19, 1970 is hereby reversed and the records remanded to the said court for further proceedings. No costs.

Petition granted.

SO ORDERED.

Makasiar, Muñoz Palma, and Fernandez, JJ., concur.

Teehankee, J., (Chairman), in the result.

[1] Fifth Division, Serrano, J., ponente, with Martin and Gancayco, JJ., concurring.

[2] San Diego v. Cardona, 70 Phil. 281; Valdez v. Pineda, 89 Phil. 547; Lapid v. Lawan, et al., 101 Phil. 1243; Nator v. CIA, G.R. No. L-16671, March 30, 1962; Malvar, et al. v. Pallingayan et al., G.R. No. L-24736, Sept. 27, 1966; Martin, Rules of Court, Vol. 2, p. 418.

[3] Ma-ao Sugar Central Company, Inc. v. Barrios, 79 Phil. 666; Caseñas v. Rosales, 19 SCRA 462; Remitere v. Vda. de Yues, 16 SCRA 251, 256.

[4] Answer of PHHC, par. 13, Rollo, p. 17.

[5] 30 Am. Jur. 918-919; Francisco, the Revised Rules of Court, Vol. II, p. 871.

[6] Rollo, p. 82.

[7] Rollo, p. 81.

[8] 50 C.J.S. 242.

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