

**ILUMINADA CARANDANG, EDEN CARANDANG, SWANIE CARANDANG
AND MARILO CARANDANG, PETITIONERS, VS. POMPOSA G.
VENTURANZA AND GREGORIO VENTURANZA, RESPONDENTS.**

G.R. No. L-41940. November 21, 1984

Ponente: GUTIERREZ, JR., J.

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GUTIERREZ, JR., J.:

Petitioners are the surviving heirs of the late Protacio Carandang who, during his lifetime, owned and possessed together with his spouse Iluminada, a parcel of land, duly registered in his name and co-vered by Transfer Certificate of Title No. T-21000 of the Register of Deeds of Oriental Mindoro. Because the property was saddled with claims of relatives of Protacio as alleged co-heirs to certain hereditary shares on the land, a case was filed against the spouses Carandang. The latter, being unlettered, sought the professional help of respondent Gregorio Venturanza, a long-time neighbor, lawyer and friend, who was then a Municipal Judge of Victoria, Oriental Mindoro. Pursuant to the advice and assistance of the judge, the spouses Carandang subscribed to a Deed of Absolute Sale in favor of respondent spouses Pomposa G. Venturanza allegedly with the specific understanding that after the relatives' claims shall have been fully settled, title to the subject land would be given back to Protacio Carandang. In the meantime, the transfer certificate of title in the name of Protacio was cancelled and in lieu thereof, a transfer certificate of title in the name of respondent spouse Pomposa was issued by the Register of Deeds of Oriental Mindoro.

As was expected, Civil Case No. R-2149 of respondent Court of First Instance of Calapan, Oriental Mindoro, was filed by the relatives of the now deceased Protacio. The case had for its purpose the declaration of nullity of the Deed of Sale executed by the deceased in favor of respondent Pomposa Venturanza. Protacio Carandang was, together with herein respondent spouses, made a party defendant. A decision was rendered by the court in favor of the defendants. The dispositive portion of the decision reads:

"WHEREFORE, judgment is hereby rendered in favor of the defendants and against the plaintiffs as follows:

"(a) Declaring valid and subsisting the deed of sale executed by Protacio Carandang in favor of the spouses Gregorio Venturanza and Pomposa Venturanza;

"(b) Declaring the defendants spouses Gregorio Venturanza and Pomposa Venturanza the lawful owners and entitled to the possession of the land described in Transfer Certificate of Title No. T-21114 free from all liens and encumbrances; and

"(c) Dismissing the complaint with costs against the plaintiffs."

On appeal, the Court of Appeals (now Intermediate Appellate Court) affirmed the lower court's decision. The claims of the relatives of the deceased Protacio were finally denied in Case No. G.R. 42539-R of the Court of Appeals.

Pursuant to the alleged understanding between the late Protacio and the spouses Venturanza, the Carandang

repeat-edly requested from the latter the return of the title to the land in question over which they had continually exercised ownership, their possession never having been disturbed by the Venturanzas. The respondents consistently refused and interposed ownership by virtue of the final decision in CA-G.R. No. 42539-R. Upon investigation by the petitioners, they discovered that the transfer certificate of title in the name of respondent Pomposa had been subsequently cancelled and replaced with two transfer certificates of title also in the name of Pomposa after the land was subdivided. Hence, a complaint was filed by the heirs of Protacio against the respondent spouses Venturanza before the Court of First Instance of Oriental Mindoro.

A motion to dismiss was interposed by the spouses Venturanza on the ground of *res judicata* or bar by the prior judgment of the same Court of First Instance in Civil Case No. 2149. The respondent court sustained the motion to dismiss. Hence, this petition was filed to review the court's resolution dismissing the complaint in Civil Case No. R-2480 entitled "Iluminada Carandang, et al., v. Pomposa Venturanza and Gregorio Venturanza.

The doctrine of *res judicata* is an old axiom of law, dictated by wisdom and sanctified by age, and is founded on the broad principle that it is to the interest of the public that there should be an end to litigation by the same parties and their privies over a subject once fully and fairly adjudicated x x x (*Fernandez v. Sebido, et al.*, 70 Phil. 151). *Interest republicae ut sit finis litium*.

For *res judicata* to apply: (a) the former judgment must be final; (b) it must have been rendered by a court having jurisdiction of the subject matter and of the parties; (c) it must be a judgment on the merits; and (d) there must be, between the first and second actions, identity of parties, of subject matter, and of cause of action (*Pantranco North Express, Inc. v. NLRC*, 126 SCRA 526; *Gatus v. Court of Appeals*, 95 SCRA 530; *Pagsisihan v. Court of Appeals*, 95 SCRA 540; *Meralco v. Gaerlan*, 97 SCRA 840; *Republic v. Court of Appeals*, 99 SCRA 742; *Municipality of Daet v. Court of Appeals*, 93 SCRA 503; *Mendoza v. Arrieta*, 91 SCRA 113; *Aroc v. People's Homesite and Housing Corporation*, 81 SCRA 350; *Obdulia v. Ong*, 82 SCRA 337; *Dacasin v. Court of Appeals*, 80 SCRA 89; *Municipality of Hagonoy, Bulacan v. Secretary of Agriculture and Natural Resources*, 73 SCRA 507; *Philippine Commercial and Industrial Bank v. Pfeider*, 65 SCRA 13).

The existence of the first three requisites in the case at bar is not disputed. However, the issue of whether or not there is identity of parties and cause of action between the two cases in question as to bar the later action brings this case before us.

Anent the criterion of identity of parties, a situation obtains whereby the parties Protacio Carandang and the spouses Venturanza, a formerly co-defendants in a case brought against them, now find themselves protagonists in opposite camps. Because of such adverse relationship, the question arises whether or not the judgment in the first case in which both parties were defendants is conclusive in a subsequent litigation between the two.

We have laid down the rule in the case of *Valdez v. Mendoza* (89 Phil. 83) to wit:

"In the United States where our theories on *res judicata* have originated, a judgment in favor of two or more defendants is conclusive on plaintiff as against them. The estoppel however is raised only between those who were adverse parties in the former suit, and the judgment therein ordinarily settles nothing as to the relative rights or liabilities of the co-plaintiffs or co-defendants inter sese, unless their hostile or conflicting claims were actually brought in issue.' * * * 'by cross-petition or separate and adverse answers' (50 C. J. S. pp. 372, 373 citing many cases) (See also 30 Am. Jur. 233)."

Based on the above ruling, there can be no identity of parties between the first and second cases as to bar the latter case.

Moreover the qualifications to the above rule are, themselves, not applicable.

In the above-cited case, where this Court laid down the foregoing rule, we held that estoppel does not work against co-parties in a prior case "unless their hostile or conflicting claims were actually brought in issue" x x x "by cross-petition or separate and adverse answers (50 C.J.S. 372, 373; 30 AM. Jur. 233)." No such thing appears in the records so as to bring the present case under the above qualification to the rule. The petitioners' present claims have never been set forth in Civil Case No. R-2149, nor were they litigated therein. Only insofar as the decision of the respondent court in the earlier case declares the Deed of Sale between deceased Protacio Carandang and the spouses Venturanza valid and subsisting between them will the rule of *res judicata* apply. But even if the judgment rendered upon the validity of the deed of sale between the parties in Civil Case No. 2149 is conclusive between the same parties in the subsequent action, Civil Case No. 2480 involving the same deed of sales, the petitioners' case is not anchored on this issue. This brings us to the question of identity of causes of action.

Respondents allege that the main issue in both cases is the question of ownership. They state that this question has been adjudged in their favor and they may no longer be sued by petitioners on the same cause. At first blush, the validity of such an argument appears con-vincing. However, a more careful study of the respective contentions of the parties inclines us to uphold the contrary. The present cause of action is not a basis for a finding of *res judicata*.

A comparison alone of the complaints in both cases reveals a difference in objectives. Civil Case No. R-2149 brought by Trinidad Moreno and others against the parties herein had for its purpose the annulment of the sale of the property under litigation and the recovery of heredi-tary rights. On the other hand, Civil Case No. R-2480 brought by the petitioners against the spouses Venturanza seeks the reconveyance of property or recovery of owner-ship on the basis of a trust agreement between the parties. Petitioners do not seek the annulment of the Deed of Sale which they had executed in favor of the respondents nor do they question the respondents' ownership of the property by virtue of the deed. Rather, the petitioners pray for the enforcement of the trust agreement between the parties under Article 1453 of the Civil Code to wit:

"When a property is conveyed to a person in reliance upon his declared intention to hold it for, or transfer it to another or the grantor, there is an implied trust in favor of the person whose benefit is contemplated."

Thus, though the ownership of the respondents by virtue of the deed of sale executed in their favor by petitioners may have been established, the question of ownership on the basis of the trust agreement between the same parties was not adjudicated by the court in Civil Case No. R-2149. Therefore, the judgment in the earlier case cannot bar the petitioners' present cause of action which is founded on facts and law different from those of the previous case involving them. As held in *Heirs of Roxas v. Galindo, et.al.* (108 Phil. 582) and *Viray v. Mariñas* (49 SCRA 44) "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 which the finding or judgment was rendered. In fine, the previous judgment is conclu-sive in the second case, only as to those matters actually and directly controverted and determined and not as to matters merely involved therein." This is the rule on conclusiveness of judgment embodied in Subdivision c, Section 49, Rule 39 of the Revised Rules of Court, which must be interpreted and its applicability ascertained in the case at bar and not the doctrine of *res judicata*, which respondent spouses invoke to bar the petitioners' claims.

WHEREFORE, in view of the foregoing, the petition is hereby GRANTED. The resolution of the respondent court dismissing the complaint and amended complaint of petitioners in Civil Case No. R-2480 is SET ASIDE. The Regional Trial Court, successor of the respondent court, is ordered to try Civil Case No. R-2480 on its merits.

SO ORDERED.

Teehankee (Chairman), Melencio-Herrera, Plana, Relova, and De la Fuente, JJ., concur.

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