

STERLING INVESTMENT CORPORATION, PACIFIC EQUIPMENT CORPORATION, REGIONAL INVESTMENT CORPORATION AND GOLDEN HILLS DEVELOPMENT CORPORATION, PETITIONERS, VS. HON. V. M. RUIZ, IN HI...

G.R. No. L-30694. October 31, 1969

Ponente: FERNANDO, J.

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FERNANDO, J.:

The assumption of jurisdiction by respondent Judge V. M. Ruiz of the Court of First Instance of Rizal, Branch XV, of a suit in Civil Case No. 10603, filed in his sala by private respondent Alejandro Cabasbas, to annul a decision rendered by another branch of the same court of first instance notwithstanding his alleged lack of jurisdiction and his failure to dismiss the same on the ground that such complaint did not state a cause of action, the ground relied upon for the annulment of such decision being intrinsic and not extrinsic fraud, with res judicata moreover operating as a bar, prompted this petition for certiorari, prohibition and mandamus.

The subject matter of the controversy is a parcel of land originally owned by one Teodorico Cabasbas, who obtained a homestead patent thereon on December 27, 1940. The deceased was the father of respondent Alejandro Cabasbas. Petitioners Sterling Investment Corporation, Pacific Equipment Corporation, Regional Investment Corporation and Golden Hills Development Corporation, defendants in Civil Case No. 10603, started by alleging that on February 18, 1958, respondent Alejandro Cabasbas filed a complaint in Branch VI of the Court of First Instance of Rizal (Civil Case No. 4870), against the spouses Jose A. de Kastro and Estanislawa de Kastro, spouses Lutgardo Reyes and Elisa A. Reyes, and Demetrio de Jesus, to recover the land originally owned by the late Teodorico Cabasbas, as evidenced by Original Certificate of Title No. 815. On May 3, 1958, pursuant to a compromise agreement entered into by the parties in the above-mentioned Civil Case No. 4870, the Honorable Judge Andres Reyes of Branch VI of the Court of First Instance of Rizal rendered a decision in said case. By virtue of the above-mentioned decision, the spouses Lutgardo Reyes and Elisa A. Reyes, and Demetrio de Jesus were declared to be the registered owners of the western portion of the land originally owned by the late Teodorico Cabasbas as per Original Certificate of Title No. 615, subject matter of the above-mentioned litigation.[1]

Petitioners then specifically made mention of how subsequently they acquired ownership of the above-mentioned property originally owned by the deceased Teodorico Cabasbas, by virtue of the following transfers, namely: (a) Elisa A. Reyes sold a portion of the land to the spouses Demetrio de Jesus and Florencia Borja and the remaining portion to the spouses Jose Rojas and Emiliana Mendoza; (b) subsequently, the spouses Jose Rojas and Emiliana Mendoza acquired the whole lot by purchasing the portion belonging to the spouses Demetrio de Jesus and Florencia Borja; (c) the spouses Jose Rojas and Emiliana Mendoza thereafter sold one-half of the land to Natividad Araneta and the other half to the spouses Vincent Recto and Ofelia Martinez; (d) the spouses Vincent Recto and Ofelia Martinez sold their one-half interest to petitioner Regional Investment Corporation, while Natividad Araneta sold her one-half share to Sterling Investment Corporation; (e) finally, Sterling Investment

Corporation sold the portion belonging to it to Pacific Equipment Corporation, which in turn sold it to Golden Hills Development Corporation.[2]

Mention was then made that on October 24, 1968, respondent Alejandro Cabasbas filed his second amended complaint, Civil Case No. 10603, praying that the decision in the previous Civil Case No. 4870, based on a compromise agreement, be declared null and void with the allegation that it was obtained through fraud as it was made to appear before the court of first instance that the conveyance of title was made on February, 1946 when in fact it took place on September 14, 1944, in violation of the Homestead Law.[3]

In the answer of petitioners as defendants, there was a specific denial of the allegations that the previous conveyances were made in bad faith or that they were null and void. In addition, petitioners Sterling Investment Corporation and Pacific Equipment Corporation alleged as affirmative and special defenses that the sale to them made on June 1, 1967 and November 14, 1967 were in good faith and for valuable consideration they being innocent purchasers for value thus negating any cause of action against them.[4] Petitioners filed a motion to lift the notice of lis pendens, previously issued on March 6, 1968, with the allegation that the suit was filed by respondent Alejandro Cabasbas for harassment purposes only. They likewise asserted in such motion that petitioner Golden Hills Development Corporation had subdivided the property and contracted to sell the portion thereof to over 100 buyers. They affirmed their readiness and willingness to post a bond in favor of the plaintiff in that suit, Alejandro Cabasbas.[5]

In an order of January 14, 1969, respondent Judge Ruiz denied such motion. Then came an omnibus motion for reconsideration by petitioners as defendants stressing that respondent Judge should dismiss the then pending suit on the grounds of lack of jurisdiction, failure to state a cause of action, bar by res judicata and the impropriety of the regulation of the notice of lis pendens, the omnibus motion being dated May 5, 1969.[6]

After an order denying such omnibus motion of June 24, 1969, the present petition was filed on July 10 this year. In a resolution of July 15, 1969, we gave due course to this petition for certiorari, prohibition and mandamus, requiring respondents to answer within ten days from notice. Likewise, upon the posting of a bond of P10,000.00, we granted the writ of preliminary injunction prayed for.

The three-page answer, filed on July 29, 1969, admitted the refusal of respondent Judge to dismiss Civil Case No. 10603 but alleged that he has jurisdiction, that the complaint states sufficient cause of action and that the suit is not barred by the doctrine of res judicata. There was likewise an admission of the principal facts alleged in the petition coupled with the assertion that the sale of a parcel of land was made on September 14, 1944 in violation of the five-year period within which a transfer of a homestead patent is prohibited.

The plea of petitioners must be granted. There is merit in the petition.

- The jurisdiction of respondent Judge is assailed on the ground that only the same branch of the court of first instance, which rendered a decision, possesses the competence to annul it. Since it is admitted that the 1958 decision was rendered in the sala then presided by Judge Andres Reyes, now Justice of the Court of Appeals, clearly respondent Judge who presides in another and distinct branch is not vested with jurisdiction over Civil Case No. 10603. This contention has support in our decisions. Thus, in *J. M. Tuason & Co., Inc. v. Torres*,^[7] cited in the petition, we explicitly held: "Petitioner's submission that only Branch IV of the Court of First Instance of Quezon City can annul its own decision is well taken. It is settled that the jurisdiction to annul a judgment of a branch of the Court of First Instance belongs solely to the very same branch which rendered the judgment. Any other branch, even if it be in the same judicial district—like those of the Courts of First Instance of Rizal, sitting at Pasig and at Quezon City, which belong to the 7th Judicial District—that attempts to do so either exceeds its jurisdiction, as We held in *Cabigao v. Del Rosario*, 44 Phil. 182, or acts with grave abuse of discretion amounting

to lack of jurisdiction, as We ruled in *P.N.B. v. Javellana*, 92 Phil. 525. In either case, certiorari and prohibition would be proper to prevent the attempting branch of the court from proceeding to nullify a final decision rendered by a co-equal and coordinate branch. The two cases cited have only recently been reaffirmed by Us in *Mas v. Dumaraog*, L-16252, Sept. 29, 1964."

The success of the petition could thus be predicated on this ground alone, although it must be admitted that at least two members of the Court feel the need for a re-examination of the above doctrine.

- Insofar, however, as the petition is predicated on an absence of a cause of action, the ground relied upon to annul the 1958 decision based on a compromise agreement being intrinsic and not extrinsic fraud, there is unanimity in the view entertained by the Court that petitioners' stand must be sustained.

It suffices to refer to the leading case of *De Almeda v. Cruz*,^[8] a 1949 decision. As Justice Tuason speaking for the Court made clear: "Fraud to be ground for nullity of a judgment must be extrinsic to the litigation. Were not this the rule there would be no end to litigations, perjury being of such common occurrence in trials. In fact, under the opposite rule, the losing party could attack the judgment at any time by attributing imaginary falsehood to his adversary's proofs. But the settled law is that judicial determination however erroneous of matters brought within the court's jurisdiction cannot be invalidated in another proceeding. It is the business of a party to meet and repel his opponent's perjured evidence."

As likewise aptly pointed out by him: "Under these circumstances, the most careful scrutiny of the complaint should be made to see that it contains concrete and explicit charges and that its allegations have the ring of probability. To write finis to litigations at the shortest possible time is a cardinal policy in the administration of justice, and rules of procedure have been adopted with this as one of their specific ends in view. One who assails the judgment of the court whose machinery he himself had set in motion places upon himself greater burden than is required in ordinary cases, to make in his complaint plausible showing that the court's and the defendant's time, and expense will not again go to waste." The *De Almeda* decision has been subsequently cited with approval in at least five cases.^[9]

The latest case in point, decided in 1968, this time in an opinion penned by Justice Zaldivar, reiterates the above doctrine.^[10]

Thus: "Not every kind of fraud, however, is sufficient ground to set aside a judgment. This Court has held that only extrinsic or collateral, as distinguished from intrinsic, fraud is a ground for annulling a judgment. Extrinsic fraud refers to any fraudulent act of the successful party in a litigation which is committed outside the trial of a case against the defeated party, or his agents, attorneys or witnesses, whereby said defeated party is prevented from presenting fully and fairly his side of the case. On the other hand, intrinsic fraud refers to acts of a party in a litigation during the trial, such as the use of forged instruments on perjured testimony, which did not affect the presentation of the case, but did prevent a fair and just determination of the case."

- In view of the above, there is no need to pass on the question of *res judicata*, which for petitioners likewise constitutes a bar to the assumption of jurisdiction of respondent Judge.

WHEREFORE, the writ of certiorari prayed for is granted. The order of respondent Judge of January 14, 1969 denying the motion to lift the *lis pendens* and his order of June 24, 1969 denying the omnibus motion for reconsideration, which sought the dismissal of Civil Case No. 10603 on the ground among others of lack of jurisdiction as well as the failure to state a cause of action, are declared null and set aside. Respondent Judge is directed to order the cancellation of the notice of *lis pendens* filed by respondent Cabasbas in such action, and thereafter to dismiss Civil Case No. 10603. The writ of prohibition is likewise granted, thereafter perpetually

restraining respondent Judge from further taking cognizance of the aforesaid Civil Case No. 10603. The writ of preliminary injunction is hereby made permanent. With costs against respondent Alejandro Cabasbas.

Concepcion, L.J., Reyes, J.B.L., Dizon, Makalintal, Zaldivar, Sanchez, Ruiz Castro, Teehankee and Barredo, JJ., concur.

[1] Petition, Antecedents of the Case, pars. 1-3.

[2] Ibid, par. 4.

[3] Ibid, par. 5 and Annex D.

[4] Ibid, Annex A.

[5] Ibid, Annex F.

[6] Ibid, Annexes G and H.

[7] 21 SCRA 1169, 1172 (1967).

[8] 84 Phil. 636, 641, 643.

[9] Soriano v. De Leon, 87 Phil. 551 (1950); Ramos v. Albano, 92 Phil. 834 (1953); Varela v. Villanueva, 95 Phil. 248 (1954); Escudero v. Flores, 97 Phil. 240 (1955); Koppel (Phil.) Inc. v. Magallanes, 107 Phil. 926 (1960).

[10] Palanca v. American Food Mfg. Co., 24 SCRA 819, 826.

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