

**CRESENCIO CANTILLANA, AND SALVACION LOCSIN,
PLAINTIFFS-APPELLANTS, VS. THE HEIRS OF FRANK D. SCOTT,
NAMELY: ROSARIO VDA. DE SCOTT, MAY SCOTT BOOTH, HENRY
SCOTT, MORICH SCOTT, EV...**

G.R. No. L-39450. August 29, 1980

Ponente: DE CASTRO, J.

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DE CASTRO, J.:

From the Order[1] of the Court of First Instance of Albay dated 13 September 1968, in its Civil Case No. 3508, dismissing plaintiffs' complaint for reconveyance and/or reimbursement of improvements and damages,[2] the relevant portion of which reads:

"xxx The Court has ascertained that the properties herein involved are the same properties involved in Land Registration Case No. N-34 or in Civil Cases Nos. 5475 and 6100 of this Court, in which judgments therein were already promulgated for a long long time by this Court, in favor of the defendants herein; and that the plaintiffs in these three cases were all privies or were successors-in-interests of the previous litigants in the aforesaid cases. And so, it is very clear, therefore, that the cause of action of the plaintiffs in these cases is already barred by a final judgment. Besides, the principle of res judicata is applicable hereto. xxx"

plaintiffs appealed to the Court of Appeals, which, however, in a Resolution[3] promulgated 30 September 1974, certified the case to this Court since the issues raised involve pure questions of law.

The controversy between the parties arose from the following incidents: In Civil Cases Nos. 5475 (in 1931) and 6100 (in 1936) of the Court of First Instance of Albay, in Land Registration Case No. N-34 of the same Court, the parcel of land now in controversy was adjudicated in favor of the herein defendants-appellees, the decisions therein having since become final and conclusive between the parties and their successors-in-interest.

On 17 March 1964, pursuant to the decision promulgated in Land Registration Case No. N-34, a decree of registration was issued in favor of the applicant, Rosario Vda. de Scott and her children, who are the defendants-appellees in the present action. On 25 March 1964, the defendants-appellees were issued Original Certificate of Title No. 0-279, covering the same land in question.

Subsequently, the plaintiffs-appellants purchased the land in question on 3 November 1964 from Dominador Viray and Maria Tating. They immediately took possession thereof and introduced improvements thereon. On 25 August 1966, at the instance of defendants-appellees, a writ of possession was issued by the lower court based on the decision in LRC Case No. N-34, against the plaintiffs-appellants.

On 7 July 1967, plaintiffs-appellants filed the instant action against defendants-appellees for reconveyance and/or reimbursement with damages, docketed as Civil Case No. 3508, alleging, in substance: that they are the owners and possessors of the land in question covered by Tax Declaration No. 18519, and assessed for P3,500; that said land consists of five (5) parcels of land, previously declared under the name of Alfredo Roa, since 1928, and/or

Tax Declaration No. 9434, since 1916 in the name of Pedro Reiteran, who sold it to Carmen Recasio de Ravago and Alfredo Roa, who in turn executed a quitclaim on 5 July 1963 in favor of Dominador Viray and Maria Tating, and Tax Declaration No. 17643 was procured; and that on 3 November 1964, said land was sold to plaintiffs whose possession, together with their predecessors-in-interest being for more than 50 years, actual, continuous and adverse, ripened into ownership by ordinary and/or extraordinary acquisitive prescription.

Instead of filing the requisite answer, the defendants-appellees filed a motion to dismiss^[4] on the ground of res judicata, invoking the decisions in Civil Cases Nos. 5475 and 6100, as well as that in Land Registration Case No. N-34. Acting upon the motion, the trial court issued the Order adverted to at the beginning of this decision, dismissing the complaint.

The heirs of Scott were subsequently substituted by Antonio Peñaflor as party-defendant, the latter having purchased the land in question, and by virtue of said purchase, Transfer Certificate of Title No. T-25547 was issued in his name cancelling O.C.T. No. 0-279.

While plaintiffs-appellants first took up in their brief the question of their right to reimbursement for improvements they introduced in the land, alleging that they are builders and planters in good faith (covered by their first two assignments of errors), nevertheless, more basic is the issue of res judicata (covered by third and fourth assignments of errors), since they would also claim right of ownership over the land despite the final decisions rendered against their predecessors-in-interest in Civil Cases Nos. 5475 and 6100 and LRC No. N-34 of the Court of First Instance of Albay. The issue of res judicata shall, accordingly, be first resolved for a more logical sequence of the disposition of the issues raised.

It is settled that in order that there may be res judicata, the following requisites must be present:

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.^[5]

It is conceded by herein plaintiffs-appellants that the first three requisites aforementioned are present in the instant case. Plaintiffs-appellants however, argue^[6] that the element of identity of parties does not exist because neither of the said parties, nor the persons from whom they purchased the land in question were parties in Civil Case No. 6100 wherein Alfredo Roa was the losing party and wherein the ownership of the land was adjudged in favor of the defendants-appellees. In other words, plaintiffs-appellants' claim that they are total strangers, insofar as said case is concerned, so much so that any judgment rendered therein does not affect rights, nor bind them in any manner. This stand cannot be sustained, in the face of what they expressly pleaded both in their complaint^[7] and in their Opposition to Motion to Dismiss,^[8] that one Pedro Reiteran, who was the alleged original owner of the questioned land as early as 1916, sold same to Carmen Recasio de Ravago and Alfredo Roa in 1928; that the latter quitclaimed a portion to Dominador Viray in 1963, who sold the same to plaintiffs-appellants in 1964. It is,

therefore, clear that since plaintiffs-appellants purchased the said land from Dominador Viray and Maria Tating, the latter acquiring the same from Carmen Recasio de Ravago and Alfredo Roa, they are successors--in-interest by title subsequent to the commencement of Civil Case No. 6100. Consequently, it becomes indubitable that the present action was definitely barred, for while plaintiffs-appellants or the persons from whom they bought the land in question were not parties to said former action, plaintiffs-appellants' vendors' predecessors-in-interest were such a party, and the final judgment against the latter concludes and bars his successors and privies as well, as clearly held in *Varsity Hills, Inc. v. Navarro*.^[9] It makes no difference that Alfredo Roa is not the immediate predecessor-in-interest of plaintiffs-appellants because the cardinal consideration is that *res judicata* does not require absolute, but only substantial, identity of parties.^[10]

As to the identity of the subject matter which plaintiffs-appellants dispute with a specious argument,^[11] in support of a separate error they assigned in connection therewith (third assignment of error), suffice it to say that when by the enforcement of the writ of possession against them, they were prompted to file the instant action, the identity of the subject matter can hardly be in doubt. Hence, *res judicata* bars the present action insofar as it seeks reconveyance of the property in suit.

Be that as it may, the instant complaint cannot be dismissed in its totality, as the plaintiffs-appellants had claimed an alternative cause of action for reimbursement of improvements and damages, in the event their claim for reconveyance shall be denied. A close reading of the records will show that the basis of the questioned Order issued by the lower court, dismissing plaintiffs-appellants' complaint, was purely on the doctrine of *res judicata*. As such, it cannot in anyway be said that said Order had likewise disposed of the aforestated alternative cause of action for reimbursement of improvements and damages. Withal, the alleged improvements were introduced by plaintiffs-appellants on the land in question after the decisions in Civil Cases Nos. 5475 and 6100 and in LRC No. N-34, it appearing that plaintiffs-appellants purchased the land in question only on 3 November 1964. But whether they are ultimately entitled to reimbursement of the improvements that they had introduced in the said land as well as of useful necessary expenses they incurred is a question which We cannot now decide. It is the lower court that has to determine the merit of the claim for reimbursement of value of improvements and damages, after issues thereon shall have been joined with the filing of appropriate responsive pleading to be followed by the usual proper proceedings.

CONFORMABLY WITH ALL THE FOREGOING, this case should be, as it is hereby, remanded to the court a quo for the determination of plaintiffs' right to reimbursement, as above-intimated. The Order appealed from is affirmed in all other respects. No pronouncements as to costs.

SO ORDERED.

Teehankee, (Chairman), Fernandez, Guerrero, and Melencio-Herrera, JJ., concur.
Makasiar, J., took no part.

[1] pp. 31-32, Record on Appeal, p. 51, Rollo.

[2] pp. 1-7, *ibid*.

[3] pp. 121-125, Rollo.

[4] pp. 15-19, Record on Appeal, *supra*.

[5] *Alejandro v. Cardona*, 70 Phil. 281; *Municipality of Hagonoy v. Secretary of Agriculture and Natural Resources et al.*, 73 SCRA 507 (1976); *Mendoza v. Arrieta*, 29 June 1979, 91 SCRA 113.

[6] pp. 15-19, Brief for plaintiffs-Appellants, p. 82 Rollo.

[7] p. 4, Record on Appeal, *supra*.

[8] pp. 20-21, *ibid*.

[9] 43 SCRA 503; See also *Navarro v. Director of Lands*, 5 SCRA 834; *National Bank v. Barretto*, 52 Phil. 818; *Escudero v. Flores, et al.*, L-7401, 25 June 1955.

[10] See *Santos v. Gabriel*, 45 SCRA 288; *Suarez v. Municipality of Naujan*, 18 SCRA 682; *Lim Toco v. Go Fay*, 81 Phil. 258; *Grimm v. Atok-Big Wedge Mining Co.*, L-11887, 29 December 1959.

[11] p. 19, Plaintiff-Appellant's Brief.

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