

HEIRS OF LAUREANO MARQUEZ, PETITIONERS, VS. VICENTE VALENCIA, RESPONDENT.

G.R. No. L-7328. August 21, 1956

Ponente: PADILLA, J.

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PADILLA, J.:

This is an appeal by certiorari under Rule 46 from a judgment of the Court of Appeals reversing one of the Court of First Instance of Bulacan and remanding the case for new trial.

As found by the Court of Appeals, Vicente Valencia applied for the registration of two parcels of land described in the application and plan attached thereto, claiming that he had acquired title thereto because the spouses Laureano Marquez and Eusebia Capiral had failed to repurchase the parcels of land within the period of time stipulated in a contract of sale with a right to repurchase. Laureano Marquez and Eusebia Capiral objected to the application averring that they were the owners of the parcels of land applied for registration, by Vicente Valencia and that the parcels of land were the subject of litigation between them and the applicant then pending in the Court of First Instance of Bulacan (civil case No. 5250). One of the parcels of land (lot No. 1-b-2) was excluded from the application because it was already registered in the name of Felipia Crisostomo, as evidenced by certificate of title No. 12353. By agreement of the parties the hearing of the application for registration of the remaining parcel of land (lot No. 1-b-3) was postponed until after final judgment shall have been rendered in civil case No. 5250 between the same parties! The spouses Laureano Marquez and Eusebia Capiral, the plaintiffs in civil case No. 5250, brought an action against Vicente Valencia to secure a declaration that the deed of sale with pacto de retro executed by them on 27 July 1931 in favor of the defendant was null and void. The Court of First Instance of Bulacan held that the contract was one of antichresis. The Court of Appeals held that it was a sale with pacto de retro. On appeal by certiorari this Court held that it was not a sale with a right to repurchase but an equitable mortgage only and ordered Laureano Marquez and Eusebia Capiral to pay Vicente Valencia the mortgage debt of P7,000. In view of this judgment, on 20 April 1948 Vicente Valencia amended his application alleging that he had acquired the parcel of land (lot No. 1-b-3) by inheritance from his maternal grandfather, the late Pedro Crisostomo, and that he and his predecessors-in-interest have been in possession thereof from time immemorial, his possession having been interrupted only on 23 April 1947, by the heirs of the late Laureano Marquez who also claimed to be the owners of the parcel of land by inheritance from their late parents. After hearing, the trial court dismissed the application for registration filed by the respondent, on the ground of res judicata, and decreed the registration thereof in the name of the estate of the late Laureano Marquez. The dispositive part of the judgment reads as follows:

Por tanto, de acuerdo con la Sección 87 de la ley 496, enmendada por la Sección 2 de la ley 3621, este Tribunal, previo sobreseimiento de la solicitud de Vicente Valencia, decreta, el registro y titulación del terreno descrito en el plano Psu-10759, Lote No. 1-b-3, Exh. F, a nombre del Intestado del difunto Laureano Marquez, con todas las mejoras existentes en la misma.

Ordena, además, que el Intestado del difunto Laureano Marquez reembolse al solicitante de los gastos

incurridos por este consistentes en derechos de registro y derechos de publication por haberse presentado de buena fe la presente solicitud de registro por el solicitante.

Una vez firme este decision, expidase el decreto correspondiente.

From this judgment Vicente Valencia appealed. As stated at the beginning of this opinion, the Court of Appeals reversed the judgment of the lower court, being of the opinion that the judgment in civil case No. 5250 did not bar the filing of an amended application for registration and remanded the case to the lower court for new trial as prayed for by the applicant.

The rule that a dismissal of an application for the registration of a parcel of land does not bar the filing of another application, cannot be availed of in the case at bar, because a renewal of an application for registration of the same parcel of land or an amendment thereto upon a ground different from that alleged in the previous application may be allowed if the dismissal of the first application was without prejudice and not when the ownership or title to the parcel of land was litigated by the same parties and a judgment rendered for one party and against the other. Under the provisions of section 37, Act No. 496, if the land registration court "finds that the applicant has not proper title for registration, it shall dismiss the application and the dismissal may be without prejudice.[1] The provisions of section 37, Act No. 496, has been amended by adding three provisos. The pertinent proviso reads as follows:

* * * Provided, however, That in case where there is an adverse claim, the court shall determine the conflicting interests of the applicant and the adverse claimant, and after taking evidence shall dismiss the application if neither of them succeeds in showing that he has proper title for registration, or shall enter a decree awarding the land applied for, or any part thereof, to the person entitled thereto, and such decree, when final, shall entitle to the issuance of an original certificate of title to such person: * * *. (Section 2, Act No. 3621.)

So that if by virtue of or pursuant to a final judgment the land registration court should decree the registration of a parcel of land applied for in the name of the opponent, the applicant could not apply anew for the registration of the same parcel of land which had already been decreed registered in the name of his opponent. In this case the parties agreed to have the action brought by Laureano Marquez and Eusebia Capiral against Vicente Valencia to secure a declaration that the deed of sale of the parcel of land with a right to repurchase, upon which Vicente Valencia based his application for registration of the parcel of land, was a nullity, (civil case No. 5250) heard and decided before the application for registration. After the Court of First Instance of Bulacan and on appeal the Court of Appeals had rendered their respective judgments as above adverted to, this Court on appeal by certiorari held that the deed of sale with a right to repurchase was only an equitable mortgage. In view of this judgment Vicente Valencia amended his application claiming that he had inherited the parcel of land from his late maternal grandfather Pedro Crisostomo. After hearing, the Court of First Instance of Bulacan, acting as land registration court, found that the judgment in the civil case (No. 5250) between the same parties above referred to constitutes res judicata and bars the claim of the applicant to have the land registered in his name. On appeal the Court of Appeals held otherwise, and as already stated remanded the case to the lower court for new trial.

The action for nullity or annulment of the deed of sale of a parcel of land with a right reserved by the vendors to repurchase it brought in civil case No. 5250 of the Court of First Instance of Bulacan by the spouses Laureano Marquez and Eusebia Capiral against Vicente Valencia was really for reformation of the contract or deed of sale. The action referred to involved ownership or title to the parcel of land purportedly sold by the plaintiffs to the defendant with a right reserved by the former to repurchase it from the latter, because whether the contract was of antichresis, of sale or of mortgage, the only inference that could be drawn from it was that the plaintiffs were the owners of the parcel of land. By resisting the claim of the plaintiffs upon the ground that he had acquired title to the parcel of land by a deed of sale with a right to repurchase and for failure of the plaintiffs to repurchase it

within the period of time stipulated in the deed, the defendant expressly admitted that he had derived title to the parcel of land from the plaintiffs. If, aside from relying solely on the deed of sale with a right to repurchase and failure on the part of the vendors to purchase it within the period stipulated therein, the defendant had set up an alternative though inconsistent defense^[1] that he had inherited the parcel of land from his late maternal grandfather and presented evidence in support of both defenses, the overruling of the first would not bar the determination by the court of the second. The defendant having failed to set up such alternative defenses and chosen or elected to rely on one only, the overruling thereof was a complete determination of the controversy between the parties which bars a subsequent action based upon an unpleaded defense, or any other cause of action, except that of failure of the complaint to state a cause of action and of lack of jurisdiction of the Court.^[1] The determination of the issue joined by the parties constitutes *res judicata*. More, the finding of the trial court and the Court of Appeals that the respondent took a lease on the parcel of land sought to be registered by him from the spouses Laureano Marquez and Eusebia Capiral, the predecessors-in-interest of the petitioners, is another proof that Vicente Valencia was not the owner thereof. A lease contract lawfully entered into precludes the lessee from questioning the title of the lessor.^[2]

The judgment of the Court of Appeals is reversed and that of the trial court affirmed, with costs against the respondent.

Paras, C. J., Bengzon, Montemayor, Reyes, A., Bautista Angelo, Labrador, Concepcion, Reyes, J. B. L., and Felix, JJ., concur.

[1]Section 37, Act No. 496.

[1] Section 9, Rule 9; *Castle Bros., Wolf & Sons vs. Go-Juno*, 7 Phil., 144; *Cia. General de Tabacos vs. Trinchera*, 7 Phil., 689.

[1]Section 10, Rule 9.

[2] Article 1436, new Civil Code; Section 68 (b), Rule 123.

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