

**AURORA P. DE LEON, PETITIONER, VS. HONORABLE JUDGE
FERNANDO CRUZ OF THE COURT OF FIRST INSTANCE OF RIZAL,
CALOOCAN CITY, BRANCH XII AND EUSEBIO BERNABE,
RESPONDENTS.**

G.R. NO. L-34518. January 24, 1974

Ponente: TEEHANKEE, J.

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TEEHANKEE, J.:

The Court herein reiterates the rule that in the absence of overriding considerations, the judgment debtor will not be granted preliminary injunction to enjoin execution of a final judgment or implementation of an already executed judgment simply because of the filing by the judgment debtor of a new action for annulment of the executed judgment on bare allegations of fraud, because the presumption is that such judgment was legally and validly rendered. This rule doubly holds true where the judgment debtor has already failed in a previous action to annul the execution sale for alleged irregularities and this Court has already sustained the validity of the execution sale in a final judgment rendered over three years ago.

On December 28, 1970, this Court rendered its joint decision in Cases L-30871[1] and L-31603[2] involving the same protagonists at bar, wherein the decisive issue of conflict of jurisdiction between two branches of the Caloocan City court of first instance was stated thus:

"x x x which court, Branch XII presided by Judge Cruz or Branch XIV presided by Judge Salvador has exclusive jurisdiction to set aside for alleged irregularities the execution sale held on February 14, 1967 by virtue of the writ for the execution of the final judgment in the first case (No. C-189) issued by Judge Cruz' court and to order a new auction sale - which was the relief sought by the judgment debtor in the second case (No. C-1217) in Judge Salvador's court?"[3]

The Court sustained the exclusive jurisdiction of Judge Cruz's court, holding that "(I)t is patent that such exclusive jurisdiction was vested in Judge Cruz' court. Having acquired jurisdiction over Case No. C-189 and rendered judgment that had become final and executory, it retained jurisdiction over its judgment, to the exclusion of all other co-ordinate courts for its execution and all incidents thereof, and to control, in furtherance of justice, the conduct of its ministerial officers in connection therewith. Execution of its judgment having been carried out by the sheriff with the levy and sale of the judgment debtor's properties, Eusebio Bernabe as judgment debtor could not in the guise of a new and separate second action (Case No. 1217) ask another court of co-ordinate jurisdiction, Judge Salvador's court, to interfere by injunction with the execution proceedings, to set them aside and to order the holding of a new execution sale - instead of seeking such relief by proper motion and application from Judge Cruz' court which had exclusive jurisdiction over the execution proceedings and the properties sold at the execution sale."[4]

This Court thus upheld the validity of the execution sale held on February 14, 1967 of respondent Bernabe's two real properties (registered under T.C.T. Nos. 94985 and 94986 of Caloocan City) wherein petitioner Aurora de

Leon (sister of the judgment creditor Enrique de Leon) was the highest bidder and of Judge Cruz' orders of September 5, 1969 and January 5, 1970 in the first case (No. C-189) consolidating ownership of the properties in petitioner de Leon with the expiration of the redemption period and ordering respondent to surrender his owner's duplicate certificates of title to the properties thus sold to petitioner "since said orders were within the exclusive competence and jurisdiction of Judge Cruz' court." [5]

By the same token, this Court held that Judge Salvador had no jurisdiction to take cognizance of respondent Bernabe's second action (Case No. C-1217) against his judgment creditor Enrique de Leon and herein petitioner Aurora P. de Leon as purchaser to set aside or annul the execution on February 14, 1967 "for being anomalous and irregular" and to order the holding of a new auction sale. This Court therefore nullified Judge Salvador's orders of May 20, 1969 and June 23, 1969 allowing redemption of the properties "notwithstanding that the one-year redemption period had already lapsed more than one year ago on February 21, 1968" [6] and declared his court "without jurisdiction over Civil Case No. C-1217 other than to dismiss the same." [7]

Pursuant to this Court's said decision, petitioner assumed control of the properties and collection of the rentals therefrom, while under the Court's resolution of March 15, 1971, Bernabe's motion for the return of the redemption amount of P33,817.28 accepted by the sheriff under Judge Salvador's order of May 20, 1969 which this Court set aside and declared null and void, was granted as a matter of equity.

It now turns out that respondent Bernabe filed under the same date of March 15, 1971 still another action against petitioner Aurora P. de Leon et al. (docketed as Case No. C-2048) [8] for annulment or declaration of nullity of the judgment rendered against him in the first case (No. C-189) at the execution sale of which petitioner de Leon had acquired his properties in question on the ground that "the judgment rendered in Civil Case No. C-189 which led to the execution and sale of his properties, was null and void because the same was secured by Enrique de Leon, Jr., petitioner's brother and the plaintiff named in Civil Case No. C-189, through fraud, deceit and misrepresentation in that his (Enrique de Leon, Jr.'s) signatures appearing in the document (lease contract) on which his complaint in Civil Case No. C-189 was founded, and in the verification of said complaint, were both falsified by his father, Enrique de Leon, Sr. In other words, Enrique de Leon, Jr. is not entitled to the judgment he obtained in Civil Case No. C--189 because the complaint which gave rise to it was not instituted by him but by his father, Enrique de Leon, Sr. - the person who signed the verification thereof declaring that he is the plaintiff named therein." [9]

When petitioner asked respondent judge to finally enforce his previous orders of September 5, 1969 and January 5, 1970 for the surrender and cancellation of respondent Bernabe's certificates of title and the issuance of new certificates in petitioner's favor (as upheld by this Court's previous decision above referred to), respondent judge denied petitioner's motions to this effect per his orders of June 11, 1971 and September 8, 1971 on the ground of pendency of respondents' new action for annulment of judgment (Case No. C-2048). Respondent Judge had per his order of June 10, 1971 in this new annulment case denied petitioner's motion to dismiss (on grounds of res judicata and lack of cause of action since it was premised on allegations of intrinsic, not extrinsic, fraud) stating that petitioner's grounds for dismissal "do not appear to be indubitable" and ordered petitioner to answer the complaint. [10] In an earlier order of March 17, 1971, "to preserve the status quo between the parties" he had ordered petitioner and her co--defendants "to refrain from taking any further action on the properties of the plaintiff, Eusebio Bernabe." [11]

Hence, the present petition for certiorari, prohibition and mandamus. [12] The Court, in giving due course, issued on January 10, 1972 its writ of preliminary injunction enjoining respondents from further restraining this Court's final decision in Cases L--30871 and L-31603 above referred to and respondent judge from further taking cognizance of and proceeding with the annulment case (No. C-2048).

The crucial issue thus presented at bar is whether respondent judge acted with grave abuse of discretion amounting to excess of jurisdiction in issuing his challenged orders restraining in effect implementation of this Court's final decision of December 28, 1970 which sustained his own orders of September 5, 1969 and January 5, 1970 in the original case (No. C-189) "confirming Aurora's acquisition of title to the properties by virtue of the execution sale and ordering Bernabe to transfer possession to her"[13] simply from the bare fact that respondent Bernabe has filed on March 15, 1971 a second action for annulment of the executed judgment for alleged fraud (Case No. C-2048) after his first action for annulment of the execution sale in favor of petitioner Aurora (Case No. C-1217) had failed and this Court had sustained by final judgment the very orders implementing the execution sale which respondent judge would now enjoin?

The Court holds that respondent judge did so act with grave abuse of discretion. In the absence of overriding considerations - and none has been shown here - the implementation of execution proceedings already performed in satisfaction of a judgment and sustained by final judgment of this Court (for consolidation of title of the properties acquired in the execution sale by petitioner Aurora and her exercise of the rights of ownership and possession over the same) will not be enjoined, simply because of the filing by the judgment debtor of a new action for annulment of the executed judgment on the ground of fraud because the presumption is that such judgment was legally and validly rendered. This is doubly true where as in this case respondent judgment debtor has already failed in a previous action to annul the execution sale and this Court sustained the validity of such sale in a final judgment rendered over three years ago on December 28, 1970.

As was stressed in the similar case of *Quintero vs. Martinez*[14] where the judgment debtor sought to enjoin execution of a final judgment of the municipal court in an action filed by him for the annulment thereof on the ground "that the said judgment was obtained through fraud, falsification and collusion," the Court sustained the court of first instance's action of refusing to issue a preliminary injunction against execution of the final judgment, ruling that "unless and until the court sets aside as null and void the final judgment of the municipal court of Manila . . . on the ground of fraud, the execution thereof cannot be enjoined . . . because the presumption is that the judgment was legally rendered. x x x To issue a preliminary injunction (on mere allegations of fraud) would be to allow judgment debtors to delay the execution of a final judgment against them by filing a complaint (for annulment of judgment with injunction) irrespective of the final outcome of the action." [15] Parenthetically, it may be noted that a judgment debtor seeking annulment of judgment affecting real property may avail of a notice of *lis pendens* as provided in Rule 14, Section 24 for the protection of his alleged rights to the property.

Equally pertinent is the established doctrine that where there is no question about the jurisdiction of the court over the parties and subject matter and the proceedings were free from extrinsic fraud, the judgment cannot be declared null and void even if it were assumed that the court committed an error of judgment or reached an erroneous conclusion in deciding the case, since such errors of judgment - not of jurisdiction are correctible and reviewable only by appeal and "if no appeal is taken, the decision, erroneous or not, becomes final and executory, and is valid and binding between the parties." [16]

Thus, when respondent judge in obedience to this Court's preliminary injunction subsequently ordered respondent Bernabe to surrender his titles under pain of cancellation and authorized petitioner Aurora "to resume collecting rentals from the properties" per his orders of April 7, 1972, July 1, 1972 and September 11, 1972 and Bernabe sought to impugn such orders in a petition for certiorari filed with this Court on September 28, 1972 (docketed as Case L-35559)[17] the Court dismissed the petition for lack of merit per its resolutions of October 31, 1972 and November 28, 1972.

Here, respondent Bernabe admittedly had his day in Court in the original case (No. C-189) where judgment was obtained and executed against him, his appeal from the judgment failed, and his special civil action for certiorari

against Judge Cruz' orders confirming petitioner Aurora's acquisition of title to the properties by virtue of the execution sale was decided adversely against him in this Court's decision of December 28, 1970.

He now alleges fraud in his new complaint only in that the judgment creditor's father (Enrique de Leon, Sr.) allegedly falsified his (the son's) signatures in the lease contract and in the complaint supra.[18] In respondent Bernabe's belated supplementary memorandum of May 19, 1973, however, realizing perhaps that his bare allegations as to the father having falsified the signatures of his son, the judgment creditor, in the lease contract and the complaint do not make out a case of extrinsic fraud since he was in no way deprived of his day in court, he now makes for the first time allegations not made below of a "second fraud" of alleged collusion between his lawyer in the first case (C-189) and the de Leons and indicates that he would correspondingly seek an "amendment of pleading if necessary to serve the ends of justice."

The best-case view for respondent then is that while he could file such action or amended action for annulment of the executed judgment (on the assumption that his first action to annul the execution sale in Case No. 1217 is not *res judicata*) such filing per se does not invalidate the judgment nor entitle him to a preliminary injunction suspending the effects and consequences of the executed judgment to the prejudice of petitioner Aurora, whose rights as purchaser of the properties at the execution sale have been recognized by this Court's final judgment of December 28, 1970, until and unless he shall have obtained a final judgment for annulment.

The worst-case view for respondent is that respondent judge may take a second look at petitioner's motion to dismiss for lack of cause of action on the ground that the fraud alleged in respondent's new complaint does not constitute extrinsic fraud - which alone warrants annulment of a judgment - and then resolve after hearing the parties that indeed no extrinsic fraud is alleged in respondent's second complaint for annulment or such amendments thereof as shall have been permitted and that the same should therefore be dismissed without need of trial for failure to state a cause of action.

The question of extrinsic fraud has been extensively discussed in the Court's ample jurisprudence on the matter. In the latest case of *Cruz vs. Navarro*,[19] Mr. Justice Castro succinctly defined fraud as "extrinsic when it is employed to deprive a party of his day in court, thereby preventing him from asserting his right to the property."

In *Libudan vs. Gil*,[20] extrinsic fraud was likewise described as the "fraudulent scheme of the prevailing litigant (which) prevents a party from having his day in court or from presenting his case." It was therein emphasized that an action to annul judgment on grounds of intrinsic fraud such as "acts of a party in a litigation during the trial, such as the use of forged instruments or perjured testimony, which did not affect the presentation of the case, but did prevent a fair and just determination of the case,"[21] would be unavailing, since it is the business of a party-litigant to meet and repel his opponent's perjured or falsified evidence and it is settled law that judicial determination however erroneous of matters brought within the court's jurisdiction must be corrected in the same proceeding on appeal and cannot be invalidated in another proceeding as otherwise the losing party could attack the judgment at any time by attributing imaginary falsehoods to his adversary's proofs.

In *Cordovis vs. Obias*,[22] it was stressed that while "equity abhors fraud . . . not every fraud can be a ground to annul a judgment, otherwise litigations would never end."

ACCORDINGLY, the writ of certiorari is granted and respondent judge's questioned orders of June 11, 1971 and September 8, 1971 in Case No. C-189 denying implementation of his previous orders confirming petitioner's acquisition of title to the properties (as set aside by respondent judge in his subsequent orders of April 7, July 1, and September 11, 1972) are hereby set aside and annulled. The preliminary injunction heretofore issued on January 15, 1972 by the Court is set aside insofar as it enjoined respondent judge from further taking cognizance of and proceeding with the annulment case (No. C-2048) with instructions to dispose of the same, particularly as

to the unresolved question raised in petitioner's pending motion to dismiss of whether the allegations of respondent's complaint therein make out a case of extrinsic fraud so as to state a cause of action, in consonance with the controlling principles and jurisprudence thereon as set forth in the Court's opinion. No pronouncement as to costs.

Makalintal, C.J., Ruiz Castro, Makasiar, Esguerra, and Muñoz Palma, JJ., concur.

[1] Aurora P. de Leon, petitioner, vs. Hon. Serafin Salvador, as Judge of Branch XIV of the Court of First Instance of Rizal (Caloocan City), and Eusebio Bernabe, Alberto A. Valino, Special Deputy Sheriff of the Office of the Provincial Sheriff, Province of Rizal, and the Register of Deeds for Caloocan City, respondent.

[2] Eusebio Bernabe, petitioner, vs. The Honorable Judge Fernando A. Cruz of the Court of First Instance of Rizal, Caloocan City, Branch XII, Special Deputy Sheriff, Alberto A. Valino of the Provincial Sheriff of Rizal and Aurora P. De Leon, respondents.

[3] 36 SCRA at p. 572.

[4] Idem, at pp. 572-573.

[5] Idem, at p. 580.

[6] Idem, at p. 576

[7] Idem, at p. 580.

[8] Entitled "Eusebio Bernabe, plaintiff vs. Enrique de Leon, Sr., Enrique de Leon, Jr., Aurora P. de Leon, Special Deputy Sheriff Alberto A. Valino and the Register of Deeds of Caloocan City, defendants."

[9] Respondents' memorandum, pp. 12-13; emphasis copied.

[10] Annex "J", petition.

[11] Annex "G", petition.

[12] Originally filed on September 30, 1971 as a motion to cite respondents, the case was ordered docketed on January 5, 1972 as a new petition under the Court's resolution of December 27, 1971 (Rollo, p. 177).

[13] 36 SCRA at p. 580.

[14] 84 Phil. 496 (1949); see also *Nacorda vs. Yatco*, 17 SCRA 920, (August 12, 1966)

[15] Notes in parenthesis supplied.

[16] *Araneta vs. Commonwealth Ins. Co.*, 103 Phil. 522 (1958) and cases cited.

[17] Entitled "Eusebio Bernabe, petitioner vs. The Honorable Judge Fernando A. Cruz of the Court of First Instance of Rizal, Caloocan City and Aurora P. de Leon, Respondents."

[18] At pp. 3-4 hereof.

[19] L-27644, November 29, 1973.

[20] 45 SCRA 17, 28-29 (May 17, 1972) per Antonio, J. and cases cited.

[21] Citing *Palanca vs. American Food Mfg. Co.*, 24 SCRA 819, 826 (1968).

[22] 23 SCRA 244, 247 (April 26, 1968) per Reyes, J.B.L., J. and Sterling Investment Inc. vs. Ruiz, 30 SCRA 318 (1969) and see also Republic vs. Orellana, 30 SCRA 511 (1969).

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