

REMIGIO PILLADO, ET AL., PLAINTIFFS-APPELLANTS, VS. ESTELA FRANCISCO, VIVENCIO LASALA, AND THE PHILIPPINE NATIONAL BANK, DEFENDANTS-APPELLEES.*G.R. No. L-12006. January 31, 1959*

Ponente: BENGZON, J.

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Appeal from the order of the court of first instance of Negros Occidental dismissing this case, which began in May 1952, with a complaint whereby plaintiffs asked for the annulment of the contract of sale of a certain real estate executed by the Philippine National Bank in favor of the spouses Estela Francisco and Vivencio Lasala. It seems that the lot had been mortgaged to the bank by plaintiffs' predecessors, and that upon foreclosure said bank became the purchaser and owner thereto. Plaintiffs asserted that the foreclosure was illegal, and of no effect, and conveyed no legal title either to the bank or to the spouses, the subsequent purchasers.

To the complaint, the defendant Philippine National Bank submitted its answer in due course. The defendant-spouses filed a motion to dismiss on the ground that the complaint stated no cause of action and that plaintiffs had no legal capacity to sue for the annulment of the contract. Said defendants subsequently filed an additional motion to dismiss on the ground that the cause of action of plaintiffs, if any, had prescribed. Acting upon such motions, the court, by order of August 2, 1952 found the same to be "well-founded", and directed "the dismissal of the complaint with costs against the plaintiffs." From this order, plaintiffs appealed to this Supreme Court; but due to their failure to file their brief on time, such appeal was dismissed on May 4, 1953. After such dismissal had become final, plaintiffs asked the court of first instance to continue the case against the Philippine National Bank; but on January 30, 1956, the latter moved for dismissal on the ground that: the court had lost, or had been divested of, its jurisdiction over the case through the release of the defendant-spouses, 'who were indispensable parties. Over and above plaintiffs' opposition, the Honorable Jose Teodoro, Sr., judge, threw the case out, holding that the previous discharge of the defendant-spouses "divested this court of its jurisdiction over the remaining defendant Philippine National Bank", because the authorities hold the vendees to be indispensable parties in an action for the rescission of a sale. Hence, this appeal.

Here the plaintiffs-appellants developed in their printed brief a very ingenious argument. "We argued before the Court" they say, "when the defendant-spouses' motion was discussed, that said spouses were indispensable parties and could not be released from the case, and yet the Court granted their motion to dismiss. Wherefore, such Court is being inconsistent in presently ordering the dismissal of the case precisely upon the ground that said spouses were indispensable parties." The argument assumes that when the Court dismissed the case against the defendant-spouses, it declared them to be not indispensable parties. Such assumption is erroneous. The Court released the spouses on the ground that there was no cause of action against them, that plaintiffs had no capacity to sue, and that the action, if any, had prescribed. In upholding the motion, the Court did not rule that such spouses were not indispensable. Indeed, even if they were indispensable parties as herein plaintiffs contended, the motion could be and was granted on the grounds already stated. There was, therefore, no such inconsistency.

And yet, it is quite clear that in the absence of said spouses, who had already been discharged actually the court is not in a position to grant the plaintiffs' demands, principally the revocation of the Deed of Sale in their favor.[1]

It should further be observed that the Court's order (August 2, 1952) upon the spouses' motion to dismiss directed the "dismissal of the complaint with costs against the plaintiffs." It did not order, "dismissal of the complaint in so far as said spouses were concerned." And the grounds alleged in the motion to dismiss were reasons which the bank could itself invoke. Therefore, such order of August 2, 1952 upon becoming final, should have written "finis" to this litigation because in effect, it held that plaintiffs had no cause of action against defendants and that their action for annulment, if any had prescribed.

The appealed order is hereby affirmed, with costs against appellants. So ordered.

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

[1] Pin v. Goquiolay, 49 Of. Gaz. 2807; Alberto v. Mananghala, L-2715, May 30, 1951; Garcia v. Reyes, 17 Phil. 127.

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