

ANDREA SANGALANG, PLAINTIFF-APPELLANT, VS. REV. BALBINO CAPARAS, DEVELOPMENT BANK OF THE PHILIPPINES AND REGISTER OF DEEDS OF RIZAL, DEFENDANTS-APPELLEES.

G.R. No. L-49749. June 18, 1987

Ponente: GANCAYCO, J.

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GANCAYCO, J.:

This is an appeal originally filed with the Court of Appeals seeking the reversal of the Decision of the Court of First Instance of Rizal in Civil Case No. 16885, dismissing the Complaint for Quieting of Title, Cancellation of TCT No. 869987 and all subsequent titles derived under it with damages, on the ground of *res judicata*.

The Court of Appeals certified the case to this Court as the same involves a pure question of law.[1]

The following facts are undisputed - Ramon Florentino, as original owner of a parcel of residential land with improvements thereon located at San Juan, Rizal and covered by TCT No. 30714, mortgaged the same to the Development Bank of the Philippines (DBP). On December 11, 1954, Florentino executed a Deed of Sale with assumption of mortgage in favor of Rev. Balbino Caparas over the aforesaid property. On July 27, 1960, the said property was foreclosed by the DBP due to the inability of Florentino (and Caparas) to continue payments of the obligations therefor. On December 29, 1960, Caparas wrote the DBP requesting permission to redeem the property on the ground that a Deed of Sale with assumption of mortgage was executed by Florentino in his favor and deposited P1,494.21 for the purpose.

However, before DBP could act upon the request of Caparas, said bank received a letter from Florentino claiming that the deed of sale in favor of Caparas is null and void for lack of consideration and that as the registered owner, he must be allowed to redeem the property. On January 27, 1961, the DBP informed Florentino of the offer made by Caparas.

Meanwhile, on January 18, 1961,[2] Ramon Florentino received One Thousand Five Hundred Pesos (P1,500.00) from Andrea Sangalang as initial downpayment[3] of the purchase price of the aforesaid property. On January 31, 1961, Florentino executed a Deed of Absolute Sale with assumption of mortgage in favor of Sangalang. The said Deed was registered on the same date.[4] On February 2, 1961, DBP again received a letter from Florentino reiterating his offer of redemption, enclosing a Philippine National Bank (PNB) check for P2,800.00.[5] On February 10, 1961, DBP informed Caparas that Florentino is questioning the validity of the sale in favor of the latter and returned the P1,494.21. On February 16, 1961, DBP received another letter from Florentino asking the DBP to hold the P2,800.00 until the question of ownership is finally settled by a competent court. On February 28, 1961, the DBP received a letter from Andrea Sangalang informing the bank that the mortgaged property was sold in her favor by Florentino and enclosed of sale and informed the bank that the check of P2,800.00 came from her.5-a

On May 10, 1961, the DBP received a letter from Caparas' lawyer, Atty. Alcazar, claiming that only Caparas can redeem the property. The bank in turn informed Atty. Alcazar that the bank cannot entertain any offer to redeem

the property until the rightful ownership of the same shall have been determined by a competent court. On May 11, 1961, Caparas registered the sale dated December 11, 1954, in his favor.

On the other hand, it appears that the same property was attached and sold at public auction in favor of Jorge Pascua[6] as judgment creditor of Ramon Florentino, who also manifested his desire to redeem the property.

On June 23, 1961, Caparas filed a suit for Specific Performance with Consignation, against the DBP before the Court of First Instance of Rizal, docketed as Civil Case No. 6685, raising the issue of "who among Sangalang, Pascua and Caparas has a better right to redeem the property in question". Sangalang and Pascua intervened while Florentino was impleaded as a party. During the trial, Sangalang vehemently denied knowledge of the prior sale in favor of Caparas "at the time of the sale in her favor", but admitted in court that she registered her lien only upon her knowledge of Caparas' claim over the property.[7] The Court of Appeals ruled in favor of Caparas,[8] finding that Sangalang was not a purchaser in good faith:

"We find, and so hold, that appellant Sangalang does not fulfill the requirement of a purchaser in good faith. Further, We agree with the findings of the lower court on this points, that:

"With regard to Andrea Sangalang's claim intervention, there are at least two reasons why the sale to Miss Sangalang cannot be given legal effect: (1) At the time of the alleged sale on January 31, 1961, neither defendant Florentino nor plaintiff was the owner of the property, the Development Bank of the Philippines having bought the same on foreclosure sale, plaintiff had already acquired the property from Florentino under a valid deed of sale dated Dec. 1, 1954. It may be that the mortgage indebtedness remained in the books of the Bank as that of Florentino but between his and the plaintiff, the latter had become the owner of the property and had assumed the obligation. (2) There is ample evidence indicating bad faith on the part of Florentino and Andrea Sangalang. In the case of the latter, it is evident in the following circumstance: (a) Miss Sangalang's knowledge of the prior unregistered sale to plaintiff-Sangalang herself admitted that it was only after she had learned of plaintiff's claim that she had caused her affidavit of Adverse Claim to be registered. This knowledge on her part is equivalent to registration because the purpose of the law has thereby been achieved. The Torrens System cannot be used as a shield for the commission of fraud. (b) Sangalang's representation to the tenants (Exh. '9' Sangalang, Exh. 'Q' - plaintiff) that she had acquired the property from Rev. Fr. Caparas (not Florentino) is a clear admission of the latter's preferred right. (c) Florentino's letters to D.B.P. dated Jan. 23, Feb. 2, and Feb. 16, (Exh. 6, 7 and 11 DBP) offering to redeem the property and enclosing PNB Cashier's Check No. 1787110 dated Feb. 1, 1961, in the amount of P2,800.00 which came from Sangalang, as admitted by her in her letter to the DBP dated Feb. 20, 1961 present circumstances of suspicion, inconsistent with good faith especially if we are to consider that on Jan. 19, 1961, Sangalang had already paid Florentino the sum of P1,500.00 as part of the purchase price. Further-more, if so alleged by her she did some verification regarding the property from the Bank and was issued a statement of account she must have learned that on Dec. 20, 1960 plaintiff had already requested the Bank to allow him to repurchase the property. (Exh. 4-DBP). (3) The contention that Sangalang was first in possession is untenable because plaintiff since the sale in 1954 has been in juridical possession.[9]

On appeal[10], the Court of Appeals affirmed the decision in toto. In due time, the Decision became final and executory. In accordance with the Decision, the DBP sold the property in question to Caparas who registered the same with the Register of Deeds of Rizal. Consequently TCT 30714 and 269981 in the name of Florentino and DBP, respectively, were cancelled and a new title, TCT 3046763, was issued in the name of Caparas, free from all liens.

On November 4, 1977, Andrea Sangalang filed a Complaint[11] for Quieting of Title, Cancellation of TCT 269987 and all subsequent titles derived under it before the Court of First Instance (CFI) of Rizal, against Balbino Caparas, the DBP and the Register of Deeds of Rizal, with a prayer for compensatory and moral damages. During the trial, the parties agreed with the observations of the court that the documentary and testimonial evidence

adduced in Civil Case No. 6885 and the Memoranda of the respective parties be considered sufficient basis for deciding the case.

On October 26, 1973, the lower court rendered a decision dismissing the Complaint and the counterclaim on the ground that the present case is barred by prior judgment in Civil Case No. 6685.[12]

On appeal, the Court of Appeals decreed that the issues raised are pure questions of law and, therefore, beyond its jurisdiction. In addition, the Court observed that the only factual issue raised on appeal is the basis of the alleged good faith of appellant Andrea Sangalang. The Appellate Court decreed that the said issue had been fully discussed in CA-G.R. No. 33952-R, where the said Court declared Sangalang not to be a purchaser in good faith.

It is now contended by appellant Sangalang that the lower court erred:

- “1. IN HOLDING THAT THIS CASE HAS BEEN BARRED BY PRIOR JUDGMENT IN CIVIL CASE NO. 6685;
2. IN FINDING THAT THE DEED OF SALE IN HER FAVOR DID NOT OPERATE TO CONVEY OWNERSHIP TO HERSELF DESPITE PROPER REGISTRATION;
3. IN SUSTAINING THE DELETION OF PLAINTIFF'S REGISTERED CLAIM IN THE ORIGINAL TRANSFER CERTIFICATE OF TITLE WITHOUT JUDICIAL PRONOUNCEMENT;
4. IN FINDING THAT ANDREA SANGALANG ACTED IN BAD FAITH IN THE PURCHASE OF THE PROPERTY IN QUESTION.”

Appellant contends that the principle of *res judicata* is inapplicable on the ground that there is no identity of causes of action in Civil Case No. 6685 and 16885 in that in the former case for specific performance and consignment, the cause of action was DBP's refusal to allow Balbino Caparas to redeem the foreclosed property whereas in the latter, it is to quiet title over the property redeemed by Caparas by virtue of a valid deed of sale in her (appellant) favor on the premise that the land in question being a registered land and the sale in her favor having been registered in good faith, convey upon her title over the property in question.

We are of the opinion and so hold, that the appeal now before Us is already barred by the final judgment in Civil Case No. 6685. The test of identity of causes of action lies not in the form of an action but on whether the same evidence would support and establish the former and the present causes of action.[13] The difference of actions in the aforesaid cases is of no moment. It has been held that a party cannot by varying the form of action or adopting a different method of presenting his case, escape the operation of the principle that one and the same cause of action shall not be twice litigated between the same parties and their privies.[14]

The special circumstance in this case which triggered both parties to litigate is their conflicting interests over the property in question which was brought about by the double sales executed in their favor by Florentino, the original owner. It will be recalled that on the basis of the evidence presented in the previous case, which is the same set of evidence that appellant proposed to present in the case now under review, appellant's defense of priority of registration of the sale in the previous case was declared ineffective after it was duly established that at the time of appellant's registration of the sale, appellant was already aware of the previous sale in favor of Caparas, the knowledge of which was correctly declared as equivalent to registration in favor of Caparas. The aforesaid findings of the lower court were affirmed in toto by the Court of Appeals, the decision of which became final and executory.

When a right or fact has been judicially tried and determined by a court of competent jurisdiction, or an opportunity for such trial has been given, the judgment of the court, so long as it remains unreversed, should be

con-clusive upon the parties, and those in privity with them in law and estate.[15] Thus the claim of the appellant having been denied as she was found to be in bad faith, appellant is now barred from raising the same issue by varying the cause of action. Said issue is no longer subject to review by any court. The law cannot allow parties to trifle with the courts.

In view of the foregoing discussion, appellant's argu-ment that she has acquired title over the property in question by virtue of her previous registration thereof and therefore the decision in Civil Case No. 6685 should have directed for its cancellation is likewise untenable. The fact that the court failed to provide for cancellation of appellant's claim is immaterial. First, as above observed, the declaration that appellant's knowledge of the previous sale in favor of Caparas as equivalent to registration, simply means that the annotation of her claim thereof, is of no force and effect, thus an order for its cancellation is not necessary. Second, upon the finality of the judgment in favor of Caparas, he is entitled to registration thereof.[16] Thus on the basis of said judgment, DBP allowed Caparas to redeem the property in question. It should be borne in mind, that Caparas is not an ordinary redemptioner but a "vendee a retro", so the argument that a redemption does not neces-sarily make him the owner thereof will not hold true under the special circumstances of this case. Caparas having redeemed the property by virtue of a valid deed of redemp-tion and consequently acquiring title thereto free from all liens and encumbrances, appellant cannot successfully seek the cancellation of his title thereto.

The finding of bad faith on the part of appellant in the acquisition and registration of the questioned property in the previous case is final and may not be reopened. And contrary to the pretension of appellant that the same is based on surmises and conclusions, a reading shows it was arrived at based on the evidence before the Court.

WHEREFORE, the decision appealed from is hereby AFFIRMED in toto. Costs against appellant.

SO ORDERED.

Yap, (Chairman), Narvasa, Melencio-Herrera, Cruz, Feliciano, and Samiento, JJ., concur.

[1] Page 40, Rollo, (December 7, 1978, Resolution).

[2] Pp. 20-21, Record on Appeal.

[3] The formal deed of absolute sale to be executed upon the payment of the balance of P8,000.00 within forty-five days from date.

[4] The deed was registered on January 31, 1961, and the adverse claim was annotated at the back of TCT 30714, with Entry No. 14256, Vol. 31, whereas the claim of Caparas was registered on May 11, 1961.

[5] On February 16, 1961, DBP acknowledged receipt of the cashier's check per O.R. No. 692226.

5-a Page 10, Brief for the Plaintiff-Appellant.

[6] March 16, 1961.

[7] Page 10, Decision CA, First Division, p. 65, Record on Appeal, CA-G.R. No. 133952-R.

[8] November 13, 1963.

[9] Pp. 11-12, Decision, Civil Case No. 6685.

[10] CA-G.R. No. 133952-R, promulgated on June 8, 1971.

[11] Civil Case No. 16885.

[12] Pp. 77-88. Record on Appeal.

[13] Garcia vs. Court of Appeals, 14 SCRA 771, Syllabus.

[14] Francisco vs. Blas, 93 Phil. 1; Ipeckdjan Merchandising Co. vs. Court of Tax Appeals, L-15430, Sept. 30, 1963, 9 SCRA 72 & Malabon Restaurant, et al vs. Department of Labor, et al. 16 SCRA 159.

[15] Oberiano vs. Sobremisana, L-4622, May 30, 1912.

[16] Section 78, PD 1529.

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