

BASILIA VALDEZ, ET AL., PLAINTIFFS AND APPELLANTS, VS. MARCELO PINEDA, ET AL., DEFENDANTS AND APPELLEES.

G. R. No. L-3467. July 30, 1951

Ponente: MONTEMAYOR, J.

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MONTEMAYOR, J.:

For the reason that the present case here on appeal is closely interwoven with other cases decided not only by the Court of First Instance of Bulacan but also by this Court, for a better understanding of the facts and issues involved, we shall trace its history from the beginning and state its bearing with said other cases, at the same time noting the interrelation of the said facts and issues.

Maximino Valdez and his wife Maria Carmen de la Cruz had four children named, Basilia, Emerita, Miguel, and Juan, all surnamed Valdez. The property involved in this case and in the other cases is the same lot No. 1882 of the cadastral survey of San Miguel, Bulacan. There is no evidence as to the manner of acquisition of this lot but the fact is that it was registered in the name of Maximino Valdez alone and the corresponding Certificate of Title No. 4855 thereto is solely in his name. His wife Maria Carmen died in the year 1935. Their daughter Basilia instituted intestate proceedings for the administration of her estate, and her father Maximino was appointed administrator. In his inventory of the properties under administration he included this lot No. 1882. Afterward, due to sickness and, it is said, because without the consent of the court he had mortgaged this same lot No. 1882 in favor of his sister Maria Valdez in order to secure the payment of a loan of P8,000 evidenced by a promissory note, he was later substituted by his daughter Basilia sometime in the year 1937 or 1938. In the meantime, because Maximino failed to pay the loan, Maria Valdez filed Civil Case No. 5648 of the Court of First Instance of Bulacan against him in his dual capacity— personally and as administrator of the estate of his wife, Intestate Proceedings No. 5343 to foreclose the mortgage. In said Civil Case No. 5648 the trial court made the following findings as to the origin and nature of the loan sought to be collected, which we reproduce below:

"On January 30, 1931, defendant Maximino Valdez executed and signed a promissory note marked Exhibit '1', wherein he acknowledged to be indebted to the plaintiff Maria Valdez de Cruz in the sum of P4.000 payable on January 30, 1934 with interest at 12 per cent per annum. The defendant having failed to redeem the note above mentioned which amounted to P5,440 including its interests on January 30, 1934 when it became due, he executed another promissory note marked Exhibit '2' on January 30, 1934, for the total sum of P8,000 itemized as follows:

Amount for Exhibit '1' including interests

P5,440.00

Additional loan.....

2,560.00

Total.....

P8,000.00

payable on January 30, 1938, with interest at 12 per cent per annum. And to secure the payment of the obligation set forth in said Exhibit '2', the defendant executed on January 29, 1937, a deed of mortgage Exhibit '3' in favor of the plaintiff, over the property registered in the name of said defendant under Transfer Certificate of Title No. 4855 of Bulacan, which mortgage was duly registered in the office of the Register of Deeds of Bulacan. On the date of maturity of the note above mentioned the defendant failed to pay its value with its interests, notwithstanding repeated demands made upon him by the plaintiff.

According to Exhibit '1', the indebtedness of P4,000 mentioned therein was invested by the defendant as follows:—P2,070 for the redemption of his property covered by Certificate of Title No. 4855 mortgaged to Tomas Reyes, and the remainder, for his other expenses; and in Exhibit '2', it is stated that out of the total indebtedness of P8.000 of the defendant, the sum of F2.560 was applied by him to meet the expenses incurred during the last illness of his wife, and for the education of their son, Miguel."

For failure to pay the amount sought to be collected, the mortgage was duly foreclosed, lot No. 1882 was sold, and it was bought by Maria Valdez herself. Certificate of Title No. 4855 in the name of Maximino Valdez was cancelled and Certificate of Title No. 21393 was issued in the name of Maria Valdez. Sometime after having bought this lot Maria Valdez donated it to her two nephews, Miguel and Juan, sons of Maximino Valdez and Maria Carmen de la Cruz, one-third (1/3) to Juan and two-thirds (2/3) to Miguel, but reserving to herself the possession of the portion given to Miguel, during her life time. Still later Maria Valdez and Miguel Valdez sold their rights in said lot No. 1882 to Juan Valdez in whose name a new Certificate of Title No. 21866 was issued.

After Basilia Valdez, daughter of Maximino Valdez, had been appointed administratrix in the Intestate Proceedings No. 5343 in substitution of her father Maximino, in her capacity as such administratrix she filed Civil Case No. 6159 in the Court of Bulacan against her aunt Maria Valdez, her father Maximino Valdez, and his second wife Leonora Culala, her brother Juan Valdez and his wife Magdalena Mendoza, and her other brother Miguel Valdez and his wife Carmen Gregorio, seeking to annul and invalidate the foreclosure proceedings long terminated, claiming that the loan of P8,000, the security for whose payment lot No. 1882 had been mortgaged, was fictitious based on forged and manufactured promissory notes; that said lot No. 1882 was conjugal property, and that her father Maximino was without authority to mortgage it in favor of his sister Maria Valdez. After hearing said Civil Case No. 6159 the Court of Bulacan found that plaintiff Basilia herself had recognized said loan of P8,000 and had agreed that the lot in question No. 1882 be mortgaged to secure its payment. We are reproducing the pertinent portion of the decision of the trial court:

"En 15 de diciembre de 1936, se otorgo por y entre Maximino Valdez y sus hijos Juan Valdez, Miguel Valdez, Emerita Valdez y Basilia Valdez, convenio titulado 'extrajudicial agreement' en el que declaran que el terreno ubicado en el barrio de Magmarale, San Miguel, Bulacan, conocido como lote No. 1882, y descrito en el certificado de transferencia de titulo No. 4865 era de la propiedad conyugal de Maximino Valdez y Carmen de la Cruz y en que convinieron eh repartirlo entre ellos en la proporcion, de una mitad a Maximino, y otra mitad a Juan y Miguel adjudicandose a Emerita el Lot No. 3 mitad a Juan y Miquel, adjudicandose a Emerita el Lot No. 3 en la Hacienda de Buenavista y a Basilia Valdez la suma de P800.00 y en que se asumio por Maximino, Juan y Miguel la obligacion de pagar a Maria Valdez una deuda de P9,000 contraida en vida de Carmen de la Cruz, garantizando el pago de tal obligacion con sus participaciones en dicho terreno."

The trial court further found that the deed of mortgage was regular, and that there was no reason for invalidating the foreclosure proceedings. We again quote a portion of the trial court's decision:

"No hay pruebas de que eran simulados o ficticios los contratos habidos entre Maximino y Maria Valdez relativos a la deuda de mas de P8,000. Antes al contrario, la misma demandante en el convenio, Exhibit A, admitio que el terreno en cuestion estaba sujeto a una obligacion de P9,000 a favor de Maria Valdez por lo que ella hubo de conformarse en que el terreno en cuestion fuese adjudicado a los que habian de asumir dicha obligacion contentandose ella con recibir P8,000. Este convenio fue otorgado en 15 de noviembre de 1936, o sea, antes del otorgamiento de la hipoteca cuestionada, y fue presentado en el intestado. Por lo demas en la decision del Juzgado en la causa civil No. 5648 (Exhibit G) se ha declarado que parte de los P8,000 se ha invertido en los gastos de ultima enfermedad de la finada Carmen de la Cruz y de la education de su hijo Miguel; y se han hecho las siguientes conclusiones:

"Under the facts proven as above stated, there is no question as to the liability of the defendant in his personal capacity. He is bound personally under the terms of the mortgage deed Exhibit 3 which was duly registered in the office of the Register of Deeds of Bulacan, and he is the exclusive inscribed owner of the mortgaged property according to Transfer Certificate of Title No. 4855, altho the same is claimed in Civil Case No. 5343, as community property of said defendant and his deceased wife Carmen de la Cruz, which claim cannot prevail over the said Certificate of Title No. 4855."

In 1946, shortly before his death, Juan Valdez in whose name the latest title No. 21866 for lot No. 1882 was issued, was supposed to have made a written statement in Tagalog to the effect that because of his approaching death, and to clear his conscience, he was declaring the truth as to the real ownership of the lot in question No. 1882, namely, that it belonged to his father Maximino Valdez, and that he was returning one-half (1/2) of it to him and to his sister Emerita Valdez but that Maximino and Emerita should pay 1/2 of his debt of P1,850 owing to Jose Payawal.

After the death of Juan Valdez and on the basis of this declaration, Maximino Valdez and his daughter Emerita Valdez filed Civil Case No. 293 on September 6, 1948, in the Court of Bulacan against Juan's widow Magdalena Mendoza and her two minor children Remigio and Barbara represented by her as guardian ad litem, and Leodegario de la Fuente, administrator of Juan's estate, to recover 1/2 of lot No. 1882. The trial court acting upon a motion to dismiss on the ground of res adjudicata, dismissed the complaint for the reason that the title to said lot No. 1882 had already been decided not only in the foreclosure proceedings, Civil Case No. 5648, but also in Civil Case No. 6159 wherein Basilia, as administratrix of the estate of her deceased mother Maria Carmen sought to invalidate the foreclosure proceedings and restore lot No. 1882 to its original status as conjugal property of her father Maximino and her mother Maria Carmen. Upon appeal by plaintiffs to this Court from that order of dismissal, we held in a decision penned by Mr. Justice Bengzon and promulgated May 28, 1951 (G. R. No. L-2847), that there was no res adjudicata as regards Civil Case No. 6159 for lack of identity of parties for the reason that the decision in said case 6159 was against plaintiff Basilia Valdez as administratrix and in favor of Maximino Valdez, his son Juan Valdez and their co-defendants, while in the present case No. 290 of the Bulacan court, Maximino Valdez is now a plaintiff and the heirs and administrator of Juan Valdez are defendants. In other words, the decision in Civil Case No. 6159 as regards lot No. 1882 is conclusive against Basilia as the administratrix and in favor of Maximino and Juan as defendants, but is not decisive or conclusive as to the relative rights of the defendants over the lot, especially when their claims conflict where Maximino is plaintiff and Juan or his heirs and administrator are defendants. So, the order of dismissal was set aside and the case was remanded to the lower court for further proceedings.

The present appeal had its origin in Civil Case No. 339 of the Bulacan Court wherein Basilia Valdez personally and in her capacity as administratrix of the estate of her mother Maria Carmen de la Cruz (Case No. 5343), and her sister Emerita Valdez sued Marcelo Pineda, Maria Valdez, Maximino Valdez, Miguel Valdez and Magdalena Mendoza as widow of Juan Valdez and as guardian ad litem of his minor children Remigio and Barbara, to annul the proceedings in all the three cases of the Bulacan Court we have alluded to and discussed namely, the mortgage

foreclosure case No. 5648, Civil Case No. 6159 and Civil Case No. 293, to declare void and cancel Certificates of Title Nos. 2193 and 21866 in the name of Maria Valdez and of Juan Valdez respectively, and recover damages in the amount of 1*25,000 said to be the value of the products of the land from the time that the administration had been deprived of its possession. Acting upon the motion to dismiss filed on behalf of defendants in said Civil Case No. 338, on the ground that the present action is barred by a prior judgment in Civil Case No. 6159 of the same court, the trial court presided over by Judge Francisco E. Jose, dismissed the complaint and found that the parties, the property in litigation, namely, lot No. 1882, and the issues are the same in both cases (6159 and 338). Plaintiffs have appealed from that order of dismissal.

After a careful study of the case, especially its relation with the other cases which we have had occasion to extensively refer in this decision, we agree with the trial court that the doctrine of *res adjudicata* is applicable. That the same lot No. 1882 is the subject-matter in these two cases, is clear. It is equally clear that in the cases, the same issue or issues are involved, namely, the alleged fraud in mortgaging said lot No. 1882 to secure the payment of a supposed fictitious loan and the annulment of the foreclosure proceedings as well as the subsequent transfers of said lot so that it would return to its original status as conjugal property to be administered in Intestate Proceedings No. 5343. It is also obvious that the same parties-plaintiffs in both cases are the same. It is true that in Civil Case No. 6159, the plaintiff was Basilia Valdez in her capacity as administratrix of the estate of her deceased mother Maria Carmen in Intestate Proceedings No. 5343 of the Bulacan court, while in the present case No. 338 the plaintiffs are the same Basilia Valdez not only as administratrix of the estate but also in her personal capacity, and her sister Emerita Valdez. The decision in Civil Case No. 6159 against the plaintiff therein Basilia Valdez as administratrix bound not only the administratrix but also all the heirs to the estate. The administration represents the heirs so that any decision in favor or against the administration will naturally favor or bind said heirs (*Chua Tan vs. Del Rosario*, 57 Phil., 411). Both Basilia and her sister Emerita as plaintiffs in the present case brought the action and lay their claim to and assert interest in the subject matter—lot No. 1882, as heirs in the administration. It is therefore evident that the parties plaintiff in both cases,—Civil Case No. 6159 and the present case, may then well be regarded as the same. As to the parties defendant in the two cases they are the same, namely, Maria Valdez, Maximino Valdez, Miguel Valdez and Juan Valdez or his heirs. Marcelo Pineda is included in this case as defendant only because he acted as counsel for his co-defendants in the other cases. We are satisfied that all the essential requisites necessary to constitute *res adjudicata* are present.

Finding no reversible error in the order of dismissal appealed from, the same is hereby affirmed with costs.

So ordered.

Paras, C. J., Feria, Pablo, Bengzon, Padilla, Tuason, Reyes, Jugo and Bautista Angelo, JJ., concur.

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