

PHILIPPINE FARMING CORPORATION, LTD., REPRESENTED IN THIS ACTION BY FLOR R. RAMIRO, PRESIDENT, PLAINTIFF AND APPELLANT, VS. ALEJANDRO LLANOS, ET AL., DEFENDANTS AND APPELLEES.

G.R. No. L-21014. August 14, 1965

Ponente: BENGZON, J.P., J.

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BENGZON, J.P., J.:

Philippine Farming Corporation, Ltd. (Hawaii) executed on July 11, 1950, an indenture of sale purporting to transfer ownership of a 4,706 square meter parcel of land, situated in Tinejeros, Malabon, Rizal, covered by transfer Certificate of Title No. 1584, to Manuel Ramos, Dominador Llanos and Juliana Andrada, for P30,000.00. As a result thereof the aforesaid buyers were subsequently issued by the Register of Deeds of Rizal Transfer Certificate of Title No. 19243 covering said parcel of land.

Philippine Farming Corporation, Ltd. (Philippines), a distinct corporation from its aforementioned namesake, filed in August 1950 in the Court of First Instance of Rizal a suit docketed as Civil Case No. 1209 to annul and declare null and void the indenture of sale afore-stated as well as to cancel TCT No. 19248 in the buyers' name and reinstate TCT 1584, allegedly in plaintiff's name. The parties defendants were: Alejandro Llanos, Aquilino Galiza, Antonio Bacilio, Dionisio Quinto, Andres Baxa (who all signed the sale as Directors of Philippine Farming Corporation, Ltd. [Hawaii]); Manuel Ramos, Dominador Llanos, Juliana B. Andrada (the buyers); and the Register of Deeds of Rizal.

On September 29, 1950, however, Philippine Farming Corporation, Ltd. (Philippines) moved to dismiss its complaint in said Civil Case No. 1209 stating as reason therefor the settlement of the case. Defendants concurred to said motion and the court dismissed the complaint.

Philippine Farming Corporation, Ltd. (Philippines) later sought to withdraw its motion to dismiss and to annul the order of dismissal, alleging deceit on the part of the defendants. Still later, however, it moved that its motion for withdrawal be itself considered withdrawn, and the court granted said last motion on November 20, 1950.

On May 8, 1951, Philippine Farming Corporation, Ltd. (Philippines) filed an action in the Court of First Instance of Rizal, docketed as Civil Case No. 1439, against the same defendants as in Civil Case No. 1209, likewise to declare the same indenture of sale null and void and to cancel Transfer Certificate of Title No. 19248. The court dismissed this second suit on November 27, 1951 for being *res judicata*. A motion for reconsideration was denied on February 19, 1952.

Sometime in 1960 Philippine Farming Corporation, Ltd. (Philippines) filed the present suit, in the Court of First Instance of Rizal, docketed therein as Civil Case No. 6322; to declare the same indenture of sale null and void, to cancel Transfer Certificate of Title No. 19248 in the buyers' name, and to declare null and void a certain mortgage executed by the buyers on November 1, 1950 as well as the subsequent foreclosure sale on said mortgage.

Alejandro Llanos, Manuel Ramos, Dominador Llanos, Juliana Andrada assisted by her husband Honofre Andrada, the Register of Deeds of Rizal—all of whom were defendants in the previous suits—were again impleaded as defendants. Furthermore, the following were also included as defendants: Estate of Florentino P. Buan, Philippine Rabbit Bus Lines, Inc. (as purchasers of the right to redeem in the foreclosure sale) and Philippine Surety and Insurance Co., Inc. (as mortgagee).

Defendants filed separate motions to dismiss raising the ground of res judicata. On January 30, 1962, the court dismissed the complaint on the ground of res judicata. Plaintiff appealed to this Court on the sole issue of whether its present complaint is barred by res judicata. The requisites for res judicata are: (1) court of competent jurisdiction; (2) final judgment or order on the merits; and (3) identities of parties, subject matter, and cause of action (*San Diego vs. Cardona*, 70 Phil. 281, 288). The Court of First Instance of Rizal clearly had competent jurisdiction in Civil Case No. 1209. The subject matter thereof was annulment of declaration of nullity of sale. And the parties came within the court's jurisdiction by the filing of the complaint and service of summons.

The dismissal in said Civil Case No. 1209 was by a final order since thereafter nothing was left to be disposed of. The dismissal was with prejudice, hence, on the merits. It was with prejudice because the dismissal was by order of the court upon the instance of both plaintiff and defendants, on the allegation of a settlement (Exh. 14-B, Offer of Additional Documentary Evidence, Rec. on App., 89-92). Not being, therefore, a dismissal by plaintiff's mere filing of a notice (Sec. 1, Rule 30, Old Rules of Court), nor a dismissal by order of the court upon plaintiff's instance alone (Sec. 2, Rule 30, Old Rules of Court), it falls under "dismissal on other grounds" covered by Section 4 of Rule 30 of the Old Rules of Court, in which case the dismissal, unless otherwise specified (and here it was not), is with prejudice.

As to the identities required, the parties here were defendants in Civil Case No. 1209, the newly added defendants—mortgagee and purchasers of right of redemption—are only successors-in-interest and purchasers by title subsequent to the filing of the first action. Such parties are considered the same as their predecessors-in-interest for purposes of res judicata. Since the predecessors-in-interest were parties to the first case, the principle of res judicata applies even with their inclusion, since they are after all bound by the first judgment as the parties thereto.[*]

As regards the subject matter, the identity is undisputed, namely, the parcel of land now covered by TCT No. 19248 of the Registry of Deeds of Rizal and the annulment or declaration of nullity of the sale thereof, with cancellation of its Transfer Certificate of Title.

Similarly, the cause of action is identical. As stated in *Penalosa vs. Tuazon*, 22 Phil. 303, the test is: "Would the same evidence support and establish both the present and former causes of action?" In the instant case, the same evidence, namely, plaintiff's ownership of the parcel of land and that the sale thereof was fictitious would support and establish the present and former cause of action. It is therefore identical.

All requisites for res judicata being attendant, We find no error in the order of dismissal appealed from.

Wherefore, the order appealed from is hereby affirmed, with costs against appellant. So ordered.

Bengzon, C. J., Bautista Angelo, Concepcion, Reyes, J. B. L., Paredes, Dizon, Regala, Makalintal and Zaldivar, JJ., concur.

[*] *Baguinguio vs. Rivera*, 56 Phil. 423; *Barreto vs. Cabangis* 37 Phil. 98; *Fetalino vs. Sanz*, 44 Phil. 691; *Moran*, Rules of Court, [1957 Ed.], Vol. I, p. 613.

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