

BALTAZAR RAYMUNDO AND AGAPITA SAN JUAN, PLAINTIFFS AND APPELLANTS, VS. FELISA A. AFABLE AND ESTATE OF BRAULIO SANTOS, DEFENDANTS AND APPELLEES.*G. R. No. 10548. April 25, 1958*

Ponente: CONCEPCION, J.

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This is an appeal from an order of the Court of First Instance of Rizal, presided over by Hon. Juan P. Enriquez, Judge, granting defendants' motion to dismiss plaintiffs' complaint, upon the ground of res adjudicata.

It appears that on August 29, 1953, plaintiffs herein, the spouses Baltazar Raymundo and Agapita San Juan, instituted Civil Case No. 2219 of the Court of First Instance of Rizal, against the very same defendants herein, namely, Felisa A. Afable and Dominga Alvarez, as representative of the estate of her deceased husband, Braulio Santos, who died on March 27, 1953. It was alleged in the complaint that plaintiffs had been, were and are the registered owners of a house and lot, used by them as bakery, situated in Pasig, Rizal, and covered by Original Certificate of Title No. 3199 of the Register of Deeds of said province; that plaintiffs had mortgaged said property to Macondray & Co.—hereafter referred to as the company—to guarantee the payment of a debt, the outstanding balance of which, as of August 29, 1931, was P3,000.00; that on August 11, 1931, plaintiffs reached an agreement with Mrs. Afable and said company, whereby the rights of the latter as such mortgagee would be transferred to Mrs. Afable; that, under the pretext that it was necessary to carry out this agreement, on August 29, 1931, plaintiffs were induced by Mrs. Afable to sign a document which plaintiffs found in June 1945, to be one of sale of the property in question to Mrs. Afable, in consideration of the sum of P3,000.00 she would pay to the company; that Mrs. Afable succeeded thereby in securing the cancellation of said Original Certificate of Title No. 3199 and the issuance of Transfer Certificate of Title No. 20666 in her favor, on November 21, 1931; that, believing that the property in question was mortgaged to Mrs. Afable, plaintiffs had paid her continuously, from 1931 to early in 1943, the sum of P30.00 a month, by way of interest, at the rate of 12% per annum, the same rate charged by the company, on the sum of P3,000.00; that in 1943, plaintiffs tried to redeem the property by tendering payment in Japanese military notes, which Mrs. Afable refused to accept upon the ground that she preferred to collect in the same currency paid by her to the company; that when they again tendered payment to Mrs. Afable in June, 1945, plaintiffs learned that they no longer owned said property, because the instrument signed by them on August 29, 1931, was a deed of sale of the property in question, not one for the transfer to Mrs. Afable of the real estate mortgage in favor of the company; that on October 28, 1945, Mrs. Afable supposedly sold the property to Braulio Santos, for the alleged consideration of P22,000.00; that Transfer Certificate of Title No. 20666, in the name of Mrs. Afable, was, therefore, cancelled, and Transfer Certificate of Title No. 48269, in the name of Braulio Santos, was issued on October 29, 1945; that, on October 23, 1946, Santos instituted an ejectment case against plaintiffs herein in the Justice of the Peace Court of Pasig, Rizal, which rendered judgment in favor of Santos; that on appeal, the Court of First Instance of Rizal dismissed the case on December 31, 1948, for lack of jurisdiction; that, on appeal to the Court of Appeals, the same rendered judgment on April 7, 1951, in

favor of Santos; that on June 30, 1953, the Supreme Court reversed the decision of the Court of Appeals and affirmed that of the Court of First Instance for lack of jurisdiction of the Justice of the Peace Court of Pasig, Rizal, over the subject matter of the case; that, by reason of the bad faith of Mrs. Afable, plaintiffs had suffered damages in the total sum of P20,000.00; that the right of Mrs. Afable to recover from the plaintiffs the sum of P3,000.00 by her paid to the company has prescribed already; that, as a mere transfer of the real estate mortgage in favor of the company, Mrs. Afable had no right to sell the property or otherwise disposed of it; and that its sale by Mrs. Afable to Braulio Santos should be declared null and void. Plaintiffs prayed, therefore, in said Case No. 2219:

"* * * (a) That Dominga Alvarez, the surviving spouse of Braulio Santos or any other person who may be recommended by her, be appointed as legal representative of the estate of Braulio Santos; (b) That, after due hearing, judgment be rendered ordering the defendants Feliza A. Afable and the estate of Braulio Santos to pay jointly and severally to the plaintiffs the sum of P20,000.00, as losses and damages; (c) that the alleged sale made by Feliza A. Afable to Braulio Santos of the property involved in this action on October 28, 1945, be declared null and void, and transfer certificate of title No. 48261 in the name of Braulio Santos together with transfer certificate of title No. 20666 in the name of Feliza L. Afable be ordered cancelled and a new certificate of title be issued in the names of the plaintiffs; (d) that the right of action of the defendant Feliza A. Afable, if she had any, to recover from the herein plaintiffs the sum of P3,000.00 which she had paid to Macondray and Company, Incorporated, be declared to have already prescribed, and (e) that the plaintiffs be granted any other just and equitable remedy which the facts of this case and the law applicable thereto may warrant, plus the costs of the action."

On motion of Mrs. Afable, the Court of First Instance of Rizal, by an order dated October 23, 1953, dismissed the case, upon the ground that plaintiffs' cause of action had accrued in June, 1945, when the fraud allegedly committed by Mrs. Afable was discovered by them, according to the complaint; that they had four (4) years only to secure relief against such fraud, pursuant to section 43(3) of Act No. 190; and that plaintiffs were, accordingly, barred by the Statute of Limitations, when they instituted said Case No. 2219 on August 29, 1953. This order of dismissal was affirmed by the Supreme Court (G. R. No. L-7651)* on February 28, 1955.

Soon thereafter, or on June 1, 1955, plaintiffs instituted the case at bar, against the same defendants in the first case. In their second complaint, which was docketed as Civil Case No. 3638, of the Court of First Instance of Rizal, plaintiffs allege that they have been and are the registered owners of the property above referred to, as per Original Certificate of Title No. 3199 of Rizal; that, in August 1931, Mrs. Afable agreed to be subrogated into the rights of Macondray & Co., by virtue of a real estate mortgage constituted in its favor to secure payment of a debt of the plaintiffs, the balance of which amounted to P3,000.00, with the obligation on the part of plaintiffs to pay Mrs. Afable the same rate of interest (12% per annum) they used to pay to said company; that, pursuant to this agreement, Mrs. Afable paid the sum of P3,000.00 due to the company, which, in turn, ceded its right, as mortgagee, to Mrs. Afable; that, from September 1931 to April 1945, plaintiffs had paid to Mrs. Afable the interest on said mortgage indebtedness at the rate of P30.00 a month; that when plaintiffs tried to redeem the property in June, 1945, they learned for the first time that Mrs. Afable had already secured Transfer Certificate of Title No. 20666 in her name; that plaintiffs have been continuously and still are in exclusive possession of the property in question; that the aforementioned real estate mortgage had never been foreclosed; that, this notwithstanding, Mrs. Afable had on October 28, 1945, sold the property to Braulio Santos, who died on March 27, 1953, for the alleged consideration of P22,000.00, said Santos knowing that she did not own said property, that the same "was merely mortgaged to her, and that plaintiffs have been and still are engaged, in the premises of the property in question, in the bakery business and in the sale of bread and other allied products and groceries; that, in view of the aforementioned sale to Braulio Santos, he secured, on October 29, 1945, the cancellation of Transfer Certificate of Title No. 20666 in the name of Mrs. Afable, and the issuance of Transfer Certificate of Title No. 48261 in his name; and that, on October 23, 1946, Santos instituted ejectment proceedings, against

plaintiffs, in the Justice of the Peace Court of Pasig, Rizal, for the purpose of taking possession of the property in dispute, but, on appeal to thy Supreme Court, the case was dismissed on June 30, 1953, for want of jurisdiction their complaint herein, that judgment be rendered.

"(a) declaring the herein plaintiffs to be still the owners of the property the object of the action; (b) adjudging that the right of action of the defendant Felisa A. Afable, if she had any, to foreclose the mortgage in her favor of the said property to guaranty the payment of the sum of P3,000.00 plus interest, has already prescribed; (c) decreeing that the deceased Braulio Santos was a purchaser in bad faith of the said property, in which case transfer certificate of title No. 48261 of the Register of Deeds of Rizal be cancelled and another transfer certificate of title for the same property be issued in the name of the herein plaintiffs and (d) that the plaintiffs be granted any other just and equitable remedy which the facts of this case and the law applicable thereto may warrant, plus the costs of the action."

The issue before us is whether the present case is barred by our decision in the first case. Obviously, the answer must be in the affirmative, for the parties are the same and they represent the same interest, the subject matter is the same property, and the same cause of action is involved. What is more, the two cases were instituted before the same court, the jurisdiction of which is not contested, and, for all legal purposes, the decision in the first case disposed of the merits of the cause of action asserted therein.

Plaintiffs argue that the cause of action herein is not the same as that of the first case, because the same sought relief against the fraud allegedly committed by Mrs. Afable, whereas the purpose of the present action is, they say, merely to clear the title to the property above mentioned. It is further urged, in support of this pretense, that plaintiffs' claim, in the first case, to the effect, that the ownership and title to the property in dispute were involved therein had been rejected by the lower court, and that the action of the latter was affirmed by the Supreme Court, as if we, likewise held, that the ownership and title to said property were not in issue therein. Nothing can be further from the truth.

It will be recalled that a motion to dismiss the first case was filed upon the ground of prescription of action, and that the order of the lower court granting the motion was affirmed by this Court. The issue thus raised and settled was whether plaintiffs' action was barred by the statute of limitations. This, in turn, hinged on the period of limitation, or, more specifically, on the statutory provision, applicable to the case. Plaintiffs asserted then that it was section 40 of Act No. 190, which provides the period of ten (10) years for the recovery of title to, or possession of, real property. The defendants in turn invoked section 43 (3) of said Act, pursuant to which "an action for relief on the ground of fraud" may be brought within four (4) years. The lower court sustained the latter view, relying upon our decision in *Rone vs. Claro & Baquiring*, (91 Phil., 251), in which we said among other things:

"It may be that the recovery of title and possession of the lot was the ultimate objective of tile plaintiffs, but to attain that goal they must need first travel over the road of relief on the ground of fraud * * *."

It is not true, therefore, that the lower court found that the ownership and possession of the lot in dispute were not the subject matter of the first case. It declared, however, that for the purpose of determining the applicable period of prescription, the means availed of by plaintiffs—namely, the annulment of the conveyance by Mrs. Afable—was the decisive factor. And this conclusion was what we sanctioned in our decision in that case.

The issue thus settled before is what plaintiffs now seek to reopen in the case at bar. Indeed, in view, not only of the deed of conveyance executed by them in favor of Mrs. Afable, and the issuance of a transfer certificate of title in favor of the latter, upon cancellation of the transfer certificate of title in favor of the plaintiffs, but, also, of the deed of conveyance subsequently executed by Mrs. Afable in favor of Braulio Santos and the consequent issuance of a transfer certificate of title in his favor, upon cancellation of said transfer certificate of title in the name of

Mrs. Afable, how could we declare that plaintiffs still own the property in dispute and are entitled to its possession, without annulling said two (2) deeds of conveyance? And how could such annulment be decreed without holding that both deeds are tainted with fraud—the first, upon the ground that Mrs. Afable had induced plaintiffs to believe that it was a mere authority for her to substitute Macondray & Co. as plaintiffs' mortgage creditor, and the second upon the ground that Mrs. Afable and Braulio Santos knew that she had no right to dispose of the property and that the same belonged to plaintiffs herein? In fact, there is in the case at bar more reason to apply the conclusion reached by us in the first case, because plaintiffs alleged therein that Mrs. Afable, not Braulio Santos, was guilty of fraud, whereas now plaintiffs, in effect, aver that even Braulio Santos had, likewise, acted fraudulently. Incidentally, this additional claim is obviously due to the circumstance that, in our decision in the first case, we likewise said that:

"* * * in view of the issuance of certificates of title, another line of approach conclusive against plaintiffs' side suggests itself: There being no allegation of bad faith against Santos, his purchase of the duly registered title of Afable may not be revoked even if Afable, as alleged in the complaint, obtained it thru fraud. Consequently plaintiffs' action for annulment of the deed of sale will necessarily fail."

It is clear, therefore, that plaintiffs' cause of action in the first case is identical to their cause of action in the case at bar, and that the same is, accordingly, barred by the decision rendered in the former case, for which reason the order appealed from is hereby affirmed, with costs against plaintiffs-appellants. It is so ordered.

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

*Raymundo vs. Afable, 96 Phil., 655; 51 Off. Gaz., [3] 1329.

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