

**SPOUSES RODOLFO AND MARY GRACE BARRETTO, PETITIONERS,
VS. THE HONORABLE COURT OF APPEALS, HON. CECILIO F.
BALAGOT, ASSISTING JUDGE, RTC, PASIG, METRO MANILA, BRANCH
163 AND SPOU...**

G.R. No. 110259. February 03, 2000

Ponente: PURISIMA, J.

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PURISIMA, J.:

Petition for Review on Certiorari under Rule 45 of the Rules of Court seeking to set aside the Decision[1] of the Court of Appeals in CA-G.R. SP No. 28548, which affirmed the Decision[2] of the Regional Trial Court of Pasig, Branch 163,[3] in Civil Case No. 61274 reversing the Judgment[4] of the Metropolitan Trial Court of Pasig, Branch 71, in Civil Case No. 2204 for ejectment.

The antecedent facts are as follows:

The spouses, Mario Hernandez and Lydia Hernandez, (Hernandez spouses) are the registered owners of a parcel of land in Barangay San Joaquin, Pasig, Metro Manila, with an area of four hundred eighteen (418) square meters, covered by Original Certificate of Title No. 576 of the Registry of Deeds of Pasig, Metro Manila. Built thereon are several houses of the Hernandez spouses, one of which is a two storey residential house on a ninety-nine (99) square meter portion of the said lot.

On April 7, 1989, the Hernandez spouses, as vendors, for and in consideration of the amount of P125,000.00, executed in favor of the private respondents, (Labrague spouses), as vendees, a Deed of Conditional Sale[5] over the said ninety nine (99) square meter portion of subject land, including the residential house and other improvements existing thereon. By virtue of such contract,[6] the Labrague spouses took possession of the same property deeded out, upon payment of P70,000.00, binding themselves to pay the balance of P55,000.00, after the title thereto shall have been transferred in the names of the Labrague spouses.

On March 16, 1990, the Hernandez spouses sold to the herein petitioners (spouses Rodolfo Barretto and Mary Grace Barretto) an area of 418 square meters including the 99 square meter portion of land covered by the conditional deed of sale between the Hernandez spouses and the Labrague spouses. Thereafter, the petitioners told the latter of their desire to collect rents thereon from them. However, despite several demands, the Labrague spouses refused to pay rental and to vacate the premises.

On April 10, 1990, the Labrague spouses brought against the Hernandez spouses an action for specific performance, docketed as Civil Case No. 59367 before Branch 153 of the Regional Trial Court of Pasig City to compel the transfer of title of the portion of land covered by the conditional sale in their favor.

Seventeen (17) days later, or on April 27, 1990, to be precise, the Hernandez spouses, invoking their right to rescind subject conditional sale pursuant to paragraph 7 of the said contract,[7] deposited with the PCI Bank in Pasig, Metro Manila, at the disposal of the Labrague spouses the down payment of P70,000.00 they (Labrague

spouses) paid under the said contract of conditional sale sought to be rescinded.

On October 1, 1990, Branch 153 of the Regional Trial Court[8] in Pasig City, in the specific performance case, upheld the rescission of subject conditional sale; ratiocinating thus:

"In this incident, one for Summary Judgment filed by defendants, it was alleged that since they have validly rescinded the sale and returned the downpayment, as consigned, there is no more justiciable (sic) issue to be litigated on in any hearing. They principally rely on the 7th paragraph of the contract to sell which provides: '7. If for any reason the Vendor shall fail to transfer title in the name of the Vendee, the Vendor shall return to the Vendee all the money previously paid by the latter.'

The Court opts to agree. By the aforequoted 7th paragraph of the contract, freely entered into, the parties agreed on the automatic mode of rescission in case title cannot be delivered 'for any reason'. The provision was intended to cover the situation by which the Vendor 'by any reason' shall fail to make good his promise to deliver the title to the property sold, he is free to return the money paid and consider the contract cancelled. That is the plain meaning of paragraph 7th.

WHEREFORE, the motion for summary judgment is granted and the order denying it at first instance is reconsidered. This case, accordingly is ordered dismissed, without pronouncement as to costs.

SO ORDERED."[9]

On appeal by the Labrague spouses, the Court of Appeals dismissed the appeal for having been filed out of time. A motion for reconsideration of the dismissal of the appeal was likewise denied.[10]

Undaunted the Labrague spouses filed with this Court a Petition for Certiorari, entitled Eriberto Labrague vs. Court of Appeals, et al. and docketed as G.R. No. 107645, which was dismissed with finality on February 1, 1993.[11]

Meanwhile, on December 3, 1990, the herein petitioners commenced the present ejectment case against the Labrague spouses, docketed as Civil Case No. 2204 before Branch 71 of the Metropolitan Trial Court of Pasig, which decided for petitioners, on July 15, 1991; disposing as follows:

"WHEREFORE, premises considered, the Court hereby renders judgment in favor of plaintiffs and against defendants, by:

1)

Ordering defendants and all those claiming rights under/them or under their authority, to vacate the property in question, consisting of 99 sq. m. lot, and the apartment-house constructed thereon, located at Brgy. San Joaquin, Pasig, Metro Manila, described and covered by OCT No. 576 of the Registry of Deeds of Pasig, Metro Manila, or otherwise restore plaintiffs to the peaceful possession thereof;

2)

Ordering defendants to pay unto plaintiffs the sum of P2,000.00 per month representing reasonable rental value for the use and occupation of the lot from April 26, 1990, until they actually vacate therefrom;

3)

Ordering defendants to pay plaintiffs the sum of P3,000.00 as attorney's fees; and

4)

Ordering defendants to pay the costs of suit.

The Counter-Claim of defendants is hereby dismissed for lack of merit.

SO ORDERED."[12]

Therefrom, the Labrague spouses interposed an appeal which was assigned to Branch 163 of the Regional Trial Court in Pasig City.

On June 16, 1992, the said Regional Trial Court came out with a decision against the petitioners herein, the decretal portion of which ruled:

"WHEREFORE, judgment is rendered in favor of the defendants and against the plaintiffs -

1.

Dismissing the ejectment case;

2.

Restoring defendants in the peaceful possession of the subject property;

3.

Ordering the plaintiffs to pay P10,000.00 for and as attorney's fees and P500.00 per appearance; and

4.

Ordering plaintiffs to pay the costs.

SO ORDERED."[13]

Aggrieved, petitioners went to the Court of Appeals but to no avail. In its Decision dated March 31, 1993, the Court of Appeals dismissed the appeal of petitioners for lack of merit.[14]

The next recourse taken by petitioners was to bring the instant Petition on July 8, 1993; theorizing that:

"I

THE LOWER COURT ERRED WHEN IT RULED THAT THE DEED OF CONDITIONAL SALE EXECUTED BETWEEN ERIBERTO LABRAGUE AND MARIO T. HERNANDEZ (Predecessor-in-interest of spouses Rodolfo and Mary Grace Barretto) WAS A CONTRACT OF SALE AND NOT A CONTRACT TO SELL.[15]

II

THE LOWER COURT ERRED WHEN IT RULED ON WHO HAS POSSESSION DE JURE IN AN EJECTMENT CASE.[16]

III

THE SPOUSES BARRETO HAVE BETTER RIGHT OF POSSESSION UNDER CIVIL CASE NO. 59367 AS SUCCESSORS-IN-INTEREST OF MARIO HERNANDEZ THAN THE SPOUSES LABRAGUE UNDER THE DECISION OF THE HONORABLE COURT OF APPEALS BEING SUBMITTED FOR REVIEW.[17]

The pivotal issue at bar is: whether or not the Court can decide on a fact or issue already passed upon in a final and executory judgment?

To begin with, it is undisputed that the parties in the case under scrutiny anchor their right to possess subject lot on their alleged ownership. Petitioners claim to be the owners of subject lot by virtue of a Deed of Absolute Sale inked in their favor by the Hernandez spouses. The Labrague spouses, on the other hand, assert ownership of the same land in question on the strength of the Conditional Sale between them and the Hernandez spouses. It is thus clear that in resolving the issue of possession, the Court has to delve into the question of ownership of subject property.

Petitioners contend that since the decision in Civil Case No. 53679 (which ruled that the conditional sale between the Labrague spouses and the Hernandez spouses was validly rescinded) had become final and executory, as can be gleaned from the entry of judgment in G.R. No. 107645, entitled Eriberto Labrague vs. Court of Appeals, et al., the Labrague spouses, as conditional owners of the lot in litigation, lost their right to possess the same. The latter's claim of ownership thereover has no more leg to stand on because the Court has finally settled that the conditional sale between the Hernandez spouses and the Labrague spouses had been duly rescinded; petitioners maintain.

The contention is tenable. Section 47, Rule 39 of the Rules of Court, provides:

"Sec. 47. Effect of judgments or final orders. - The effect of a judgment or final order rendered by a court of the Philippines, having jurisdiction to pronounce the judgment or final order, may be as follows:

x x x

(b)

In other cases, the judgment or final order is, with respect to the matter directly adjudged or as to any other matter that could have been raised in relation thereto, conclusive between the parties and their successors in interest by title subsequent to the commencement of the action or special proceeding, litigating for the same thing and under the same title and in the same capacity; and

(c)

In any other litigation between the same parties or their successors in interest, that only is deemed to have been adjudged in a former judgment or final order which appears upon its face to have been so adjudged, or which was actually and necessarily included therein or necessary thereto."

The aforecited rule in point embodies the fundamental principles of res judicata, finality of judgment and estoppel by judgment, which means that once a judgment has become final and executory, the issues therein litigated upon are laid to rest.[18]

The doctrine of res judicata is of two aspects. The first aspect is the effect of a judgment as a bar to the prosecution of a second action upon the same claim, demand or cause of action. The second aspect precludes the relitigation of a particular fact or issue in another action between the same parties or their successors in interest, on a different claim or cause of action.[19]

In the case under consideration, the determination of the rights of the parties hinges on the validity of the rescission of the conditional sale between the Hernandez spouses and the Labrague spouses. Since the said issue had been resolved in the case for specific performance, docketed as Civil Case No. 59367, which already became final and executory, it cannot again be litigated in the instant ejectment case between the Labrague spouses (plaintiffs in Civil Case No. 59367) and the herein petitioners, who are the successors in interest of the Hernandez spouses, without virtually impeaching the correctness of the decision in the said civil case, which public policy does not allow.[20] Res judicata inter parties jus facit.[21] Hence, petitioners as lawful owners of the land covered by Original Certificate of Title No. 567 (including the disputed portion of 99 square meters sold under a Deed of

Conditional Sale to the Labrague spouses) by virtue of the Absolute Deed of Sale between the petitioners and the Hernandez spouses, have a better right to possess the lot in question as against the Labrague spouses whose claim of ownership has been rejected with finality in Civil Case No. 59367.

In light of the foregoing, the Court is of the opinion, and so holds, that the Court of Appeals erred in affirming the ruling of Branch 153 of the Regional Trial Court in Pasig City, which disposition, in effect, disregarded the final and executory judgment in Civil Case No. 59367.

WHEREFORE, the Petition is GRANTED; the assailed decision of the Court of Appeals in CA-G.R. No. 28548 is hereby SET ASIDE and the decision of Branch 71 of the Metropolitan Trial Court of Pasig City, in Civil Case No. 2204 REINSTATED. No pronouncement as to costs.

SO ORDERED.

Melo, (Chairman), Vitug, Panganiban, and Gonzaga-Reyes, JJ., concur.

[1] Decision, Annex "A", Rollo, pp. 30-38.

[2] Decision Annex "B", Rollo, pp. 39-49.

[3] Presided by Judge Cecilio F. Balagot.

[4] Decision, Annex "C", Rollo, pp. 50-54.

[5] Annex "I", Rollo, pp. 64-66.

[6] Pertinent portion thereof, reads:

- Total purchase price is P125,000.00;

- The VENDEE shall pay P70,000.00 as downpayment and shall settle the remaining balance of P55,000.00 after title to the portion of the land subject matter hereof shall have been transferred in the name of the VENDEE;

- The VENDEE is entitled and has the right to use and occupy the house and lot subject matter of this sale upon payment of the sum of P70,000.00;

- The VENDOR shall cause the subdivision of the above described parcel of land to segregate the 99 square meters sold to VENDEE;

- The VENDOR shall shoulder or pay all the expenses of transfer and registration including the real estate tax, capital gains tax, transfer tax and registration fees required in transferring title in the name of the VENDEE;

- After title to the parcel of land with an area of 99 square meters shall have been transferred in the name of the VENDEE, the latter shall pay the VENDOR remaining balance of Fifty Five Thousand Pesos (P55,000.00) as full payment;

- If for any reason the VENDOR shall fail to transfer title in the name of the VENDEE, the VENDOR shall return to the VENDEE all the money previously paid by the latter." (Annex "I", Rollo, p. 65.)

[7] "If for any reason the VENDOR shall fail to transfer title in the name of the VENDEE, the VENDOR shall return to the VENDEE all the money previously paid by the latter." (p. 7, Annex I, Rollo, p. 65)

[8] Presided by Judge Armie E. Elma.

- [9] Order, Annex "K", Rollo, p. 70.
- [10] Annex "E", Rollo, pp. 58-59.
- [11] Annex "F", Rollo, p. 60.
- [12] Decision, Rollo, p. 54.
- [13] Annex "B", Decision, Rollo, p. 49.
- [14] Annex "A", Decision, Rollo, p. 38.
- [15] Petition, Rollo, p. 18.
- [16] Petition, Rollo, p. 23.
- [17] Petition, Rollo, p. 24.
- [18] Filinvest Credit Corp. vs. Intermediate Appellate Court, 207 SCRA 59, p. 63.
- [19] Ibid, citing Lopez v. Reyes, 76 SCRA 179.
- [20] Lopez vs. Reyes, 76 SCRA 179, pp. 187–188; Kidpulos v. Baguio Gold Mining Co., 14 SCRA 913, 917-918 citing: Burlen v. Shannon, 99 Mass, 200: 96 Am. Dec 733; Board, etc. v. Mineral Point R. R. Co., 24 Vis. 124; Freeman on Judgments, sec. 257; Wells on Res Adjudicata, sec. 226; 1 Herman on Estoppel, sec. 111.
- [21] A question adjudicated between the parties after hearing them, makes the law of that question. (Lee, Jr., Hand Book of Legal Maxims, 1998 revised edition, p.164.)

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