ALEJO ARANDA, SIMEONA JOSON-ARANDA, BONIFACIA ARANDA, PELAGIA ARANDA, DOMINADOR ARANDA,VIVENCIO ARANDA, LOLITA ARANDA, JEFFREY ARANDA, AND FELICIANO ARANDA, PETITIONERS, VS. FOR...

G.R. NO. 125684. June 08, 2006

Ponente: CALLEJO, SR., J.

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CALLEJO, SR., J.:

Before the Court is a Petition for Review on Certiorari of the Decision[1] of the Court of Appeals (CA) in CA-G.R. SP No. 36111 dismissing the petition for the annulment of the Decision[2] of the Regional Trial Court (RTC)of Bacoor, Cavite, Branch 19, in Civil Case No. BCV-82-16, as well as the Resolution denying the motion for reconsideration thereof.

The Antecedents

On January 5, 1979, Alejo Aranda purchased from the then Ministry of Agrarian Reform(Ministry) a parcel of land consisting of 20,890 square meters identified as Lot No. 1260-B,Subdivision Plan SWO-40076 of the Yaptinchay Estate in Carmona, Cavite, for which he was issued Transfer Certificate of Title (TCT) No. 102248.[3] The transfer was covered by a Deed of Sale[4] where Aranda was prohibited from encumbering or selling the property within five years from said date without the Ministry's written consent.

On June 19, 1980, the Ministry issued a Permit to Mortgage[5] in favor of Aranda, with the condition that, in case the mortgagee is a private banking institution or private person, the following clause should be incorporated in the deed of mortgage: "In the event of foreclosure, only persons who are qualified to purchase land under Commonwealth Act No. 539, Republic Act No. 1162, as amended[,] Republic Act No. 3844, as amended, or government banking institution or agencies, or any private banking institution may participate in the public auction sale thereof." It was also required that the mortgage contract be submitted to the Ministry for verification and final approval.

Aranda's pending loan application with Fortune Savings and Loan Association, Inc. (FSLAI) was approved. Thus, on June 24, 1980, Aranda, with the consent of his wife, Simeona Joson,executed a Mortgage Contract[6] in favor of FSLAI. The loan (for P95,000.00) was evidenced by a Promissory Note,[7] whereby the spouses Aranda, jointly and severally, obliged themselves to pay their obligation on or before July 21, 1983.[8] The Ministry approved the loan as well as the contract.

The spouses Aranda, however, failed to pay the loan, upon which FSLAI filed a petition for the extrajudicial foreclosure of the mortgage. When Alejo Aranda received the Notice of Sheriff's Sale, he filed a Complaint[9] against the FSLAI and the Provincial Sheriff for the nullification of the mortgage and the extrajudicial foreclosure in the RTC of Cavite. The case was docketed as Civil Case No. BCV-82-16.

On December 22, 1983, Alejo Aranda, assisted by counsel, Atty. Franco L. Loyola, and the FSLAI, assisted by

Atty. Julio S. Francisco, executed a compromise agreement[10] which was submitted to the court for approval. The RTC approved the agreement in its Decision[11] dated January 5, 1984, to wit:

> - That plaintiff hereby waives all his claims embodied in the complaint;
>
> - That plaintiff admits that his total obligation is ONE HUNDRED SIXTY-TWO THOUSAND FOUR HUNDRED SEVENTY-FOUR PESOS & 44/100 (P162,474.44) as of today;
>
> - That plaintiff agreed and promised to pay the defendant Fortune Savings & Loan Association,Inc., the said amount of P162,474.44 on installment basis as follows:
> a) P10,000.00 upon the execution of this compromise agreement which amount shall be applied in the foreclosure sale expenses and penalty charges;
>
> b) P5,000.00 every month beginning January 22, 1983 until the full payment of the plaintiff's obligation;

- That plaintiff agreed to pay the stipulated interest of 22.5% per annum and a penalty charge of 3% per annum on the diminishing unpaid balance;

- That the aforementioned obligation of the plaintiff shall still be secured by the Real Estate Mortgage executed by plaintiff on June 10, 1980 and entered in the Notarial Register of the Notary Public of Rizal, Atty. Julio Francisco as Doc. No. 181; Page No. 38;Book No. XIV; Series of 1980 wherein the plaintiff mortgaged his 20,840 square meters [of]land covered by Transfer Certificate of Title No. T-102248;

- That, should the plaintiff fail to pay any of the aforementioned monthly installment, then the whole unpaid indebtedness shall become due and payable, and in case of such an event, the plaintiff/mortgagor agreed to pay the stipulated interest and penalty charge on the unpaid balance from date of default as agreed in paragraph 4 hereof;

- That, as stated in the aforesaid Deed of Real Estate Mortgage, should the plaintiff/mortgagor fail to pay any of the foregoing installment, the defendant/mortgagee/bank shall have the right to foreclose the said mortgage either judicially or extra-judicially; the defendant/mortgagee/bank is hereby appointed by the plaintiff/mortgagor as attorney-in-fact to conduct the extra-judicial foreclosure sale;

- That should the defendant/mortgagee/bank choose to foreclose the said mortgage either judicially or extra-judicially, the plaintiff/mortgagor is agreeable to pay attorney's fees of 25% of the unpaid balance and the expenses of the foreclosure sale.

WHEREFORE, plaintiff and defendants respectfully pray that this Honorable Court approve the foregoing compromise agreement by making a judgment based on the same.

Makati, Metro Manila, 22[nd] day of December 1983.

(Sgd.)

ALEJO ARANDA
FORTUNE SAVINGS & LOAN

Plaintiff-Mortgagor ASSOCIATION, INC.

Defendant-Mortgagee

By:

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(Sgd.)

DOLORES G. VILLENA

Accountant

Assisted by:
Assisted by:

(Sgd.) (Sgd.)

ATTY. FRANCISCO L. LOYOLA
ATTY. JULIO S. FRANCISCO

Counsel for Plaintiff
Counsel for Defendants

> WHEREFORE, finding the foregoing Compromise Agreement to be the term and voluntary will of parties, and the same not being contrary to law, morals, and public policy, judgment is hereby (sic) in accordance with the terms and conditions therein set forth, without any pronouncement as to costs.
>
> SO ORDERED.[12]

However, Alejo failed to pay his account as provided in the decision. Thus, on motion of the FSLAI, the RTC issued an Order[13] dated July 25,1985 allowing the corporation to foreclose the real estate mortgage extrajudicially.

In due time, the FSLAI filed a petition for extrajudicial foreclosure of real estate mortgage with the Ex-Officio Provincial Sheriff of Cavite. The sale of the property at public auction was set on August 26, 1985. Alejo Aranda did not oppose the petition. The FSLAI was declared the winning bidder during the public auction and the Deputy Sheriff executed a Certificate of Sale[14] over the property on the same day.

Alejo Aranda failed to redeem the property. On September 4, 1992, the Register of Deeds issued TCT No. 358872 in favor of the FSLAI over the parcel of land.[15]On December 30, 1992, it sold a portion of the property, Lot No.1260-B-1 with an area of 7,500 square meters to Sabrino C. Aranda (Alejo Aranda's brother) forP150,000.00.[16]

On December 21, 1991, Geodetic Engineer Bienvenido Corpuz conducted a subdivision survey of Lot No. 1260-B-1. He prepared a subdivision plan[17] where the property was subdivided into four lots: Lot Nos. 1260-B-1-A, 1260-B-1-B,1260-B-1-C, and 1260-B-1-D. Sabrino Aranda later sold Lot No. 1260-B-1-B to the Nishin Netsuken Philippines Corporation (NNPC).

The Register of Deeds thereafter issued the following titles: to Sabrino Aranda, TCT No. T-363211[18] covering Lot No. 1260-B-1-A (1,955 square meters), TCT No.T-363213[19] covering Lot No. 1260-B-1-C (3,933 square meters), and TCT No. T-363214[20] covering Lot No. 1260-B-1-D(258 square meters); to NNPC, TCT No. T-363212[21] covering Lot No. 1260-B-1-B (1,356 square meters).

On March 8, 1993, Alejo Aranda, as plaintiff, through counsel Atty. Dennis Angeles, filed a Complaint[22] in the RTC of Cavite for the cancellation of the titles covering the said lots with prayer for damages. He alleged that his brother, through machination, borrowed the owner's duplicate of TCT No. 102248, used the same as collateral for a loan which he secured from the FSLAI, and falsified his (Alejo's)signature on the mortgage contract. Since he

was unaware of the mortgage, the monthly amortizations were not paid, and the property was foreclosed by the FSLAI as a consequence.Alejo Aranda further alleged that, as shown in the title covering the property, it could "not be sold or transferred except by hereditary succession or to the government;" thus, the mortgage of the property to the FSLAI, the foreclosure of the real estate mortgage, the sale at public auction to the FSLAI and to the other defendants, as well as the torrens title issued under their names, are null and void.

Alejo prayed that, after due hearing, judgment be rendered in his favor as follows:

> WHEREFORE, it is most respectfully prayed that this Honorable Court render judgment in favor of plaintiff and against defendants, ordering:
>
> ON THE PRAYER FOR TEMPORARY RESTRAINING ORDER/PRELIMINARY INJUNCTION
>
> - Issuing a Temporary Restraining Order ex-parts (sic) and after due hearing, a Writ of Preliminary Injunction enjoining herein defendants or anyone claiming rights under them from further performing any act which would work injustice to herein plaintiff;
>
> ON THE MAIN CAUSE OF ACTION
>
> - Ordering the cancellation of Transfer Certificate of Title Nos. T-363211, T-363213,[and] T-363214 in the name of defendant Sabrino C. Aranda; Transfer Certificate of Title No.T-363212 in the name of defendant Nishin Netsuken Philippines Corporation; and Transfer Certificate of Title No. T-358872 in the name of defendant Fortune Savings Loan Association,Inc.;
>
> - Declaring plaintiff to be the owner of the real estate covered by Transfer Certificate of Title No.T-102248 reinstating the same to be valid and subsisting;
>
> - Ordering defendants to jointly and severally pay plaintiff:
>
> - Moral damages in the amount of P100,000.00
>
> - Exemplary damages in the sum of P100,000.00
>
> - The sum of P100,000.00 as and for attorney's fees.
>
> Plaintiff prays for other reliefs just and equitable in the premises.[23]

The case was docketed as Civil Case No. BCV-93-26. NNPC filed a motion to dismiss the complaint on the ground that the complaint did not allege that the property was purchased in bad faith and without value.

In his Answer[24] to the complaint, Sabrino alleged the following by way of special and affirmative defenses:

> - That when herein defendant who was then abroad and/or away from home returned,came to know of what happened, he pleaded with defendant Fortune Savings & Loan Association,Inc., explaining to the latter that he was a part owner of the property, as a result of which herein defendant was allowed to buy a portion of 7,500 square meters at the price demanded by defendant Fortune Savings & Loan Association, Inc., which was P150,000.00 as evidenced by a deed of sale dated December 30, 1991, a xerox copy of which is hereto attached and marked as ANNEXES "1" and "1-A" hereof;
>
> - That herein defendant later on sold a portion of 1,356 sq. meters, known as Lot1260-B-1-B, to his co-defendant Nishin Netsuken Philippine Corporation for a valuable consideration and in good faith, which act, was, and still within the right of herein defendant to do, as he was already the absolute owner thereof;
>
> - That plaintiff has therefore no cause of action against the herein defendant, but even assuming without admitting that plaintiff might have some right before to redeem said property or any portion thereof, the said

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right was already deemed waived or abandoned;

- That plaintiff is, therefore, in estoppel to exercise whatever right, if any, he might have in the premises.[25]

On July 22, 1993, the RTC issued an Order[26] denying the motion to dismiss filed by NNPC.

Subsequently, the FSLAI filed a motion to dismiss the complaint on the ground, inter alia, of res judicata. It alleged that the action of plaintiff was barred by the decision of the RTC in Civil Case No. BCV-82-16 which was based on the compromise agreement entered into by the parties. For his part, plaintiff filed a manifestation and motion praying that his complaint be dismissed without prejudice. During the December 15, 1993 hearing in Civil Case No.BCV-93-26, plaintiff's counsel, Atty. Dennis Angeles, presented the former counsel of plaintiff, Atty. Franco Loyola, as witness. The latter admitted the genuineness of his and plaintiff's signatures on the complaint in Civil Case No. BCV-82-16, and on the compromise agreement which the parties and their counsel submitted to the court for approval. He likewise admitted the due execution of the Compromise Agreement.

On March 25, 1994, the RTC issued an Order[27] granting the motion of the FSLAI to dismiss the complaint on the ground that the action of plaintiff was barred by the decision of the RTC in Civil Case No. BCV-82-16. Plaintiff did not appeal the order.

On January 6, 1995, Alejo, his wife Simeona, and their children, filed a Complaint for annulment of the decision of the RTC in Civil Case No. BCV-82-16 before the Court of Appeals.The complaint reiterated the material allegations of the complaint in Civil Case No. BCV-93-26relative to the nullity of the real estate mortgage in favor of FSLAI, the extrajudicial foreclosure thereof, the sale of the properties covered by the deed, and the torrens titles thereafter issued by the Register of Deeds. It was further alleged that Sabrino Aranda and his wife conspired with FSLAI to forge Alejo's signature on the complaint in Civil Case No.BCV-82-16; Alejo never authorized Atty. Franco Loyola to file the complaint in said case; the signature in the compromise agreement purporting to be his is a forgery; Alejo never appeared nor participated in said case, hence, the proceedings and judgment therein are null and void;and, the complaint in Civil Case No. BCV-93-26 was dismissed without prejudice. It was likewise prayed that judgment be rendered as follows:

WHEREFORE, it is most respectfully prayed that, pending final determination of the present case, it is most respectfully prayed that:

- A temporary restraining order immediately be issued restraining the defendants from committing the acts complained of;

- After hearing on the petition for preliminary injunction, a writ of preliminary injunction be issued restraining all the defendants from committing the acts complained of;

and after hearing on the merits, judgment be rendered in favor of the plaintiffs and against the defendants in the following tenor:

- Making the writ of injunction permanent;

- Declaring the mortgage in favor of defendant Bank, and all supporting papers thereto, null and void ab initio;

- Declaring the Decision dated January 5, 1984, Annex D, in Civil Case No. BCV-82-16 and all proceedings before and after rendition of said Decision, null and void ab initio for lack of jurisdiction;

- Declaring the Order dated March 25, 1994 in Civil Case No. BCV-93-26 null and void, or at least without prejudice;

- Declaring the Extrajudicial Foreclosure proceedings and the Certificate of Sale executed by the defendant

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Provincial Sheriff against the property of plaintiffs null and void ab initio;

- Declaring Transfer Certificate of Title Nos. T-213097, T-363212, T-363211, T-363213, T-363214, and T-358872 null and void ab initio, and ordering the defendant Register of Deeds to cancel said titles;

- Ordering the defendants to return and reconvey the property subject of this case to the plaintiffs free from all liens and encumbrances, and the Register of Deeds of the Province of Cavite to issue new title in the names of plaintiffs Alejo Aranda and Simeona Joson-Aranda over the property;

- In any event, ordering the defendants to pay to plaintiffs the following amounts:

- P50,000.00 as actual damages;

- P300,000.00 as moral damages;

- P300,000.00 as exemplary damages;

- P50,000.00 as attorney's fees.

Plaintiffs [pray] for such other reliefs to which they may be entitled under the law and premises.

FSLAI alleged, by way of defense, that (1) the complaint was barred by the decision of the RTC in Civil Case No. BCV-82-16 and by the Order of the RTC in Civil Case No. BCV-93-26 dismissing plaintiff's second complaint on the ground of res judicata; (2) the children of the spouses Alejo Aranda and Simeona Joson-Aranda, as plaintiffs, have no cause of action against it; (3)they are estopped from assailing the compromise agreement of the parties in Civil Case No.BCV-82-16 and the decision of the RTC based thereon; and (4) they were guilty of forum shopping.

On February 22, 1996, the CA rendered judgment dismissing the complaint for lack of merit.[28] The appellate court averred that the testimony of Atty. Franco Loyola in Civil Case No. BCV-93-26 taken on December 15, 1993, belied plaintiffs' factual allegations. It also ruled that the action was barred by prescription.

The Alejo Aranda spouses filed a motion for reconsideration, which the appellate court denied.[29]The Alejo Aranda spouses, through their new counsel, Atty. Jose Alvarez, forthwith filed the instant Petition for Review on Certiorari, alleging that the CA erred in ruling as follows:(1) that the RTC had jurisdiction in Civil Case No. BCV-82-16; (2) that their action for the nullification of the decision of the RTC in Civil Case No. BCV-82-16 had prescribed; and (3)that the dismissal of their complaint in Civil Case No. BCV-93-26 was with prejudice.

Petitioners maintain that they never authorized Atty. Franco Loyola to sign the compromise agreement in Civil Case No. BCV-82-16; in any event, their complaint in Civil Case No.BCV-93-26 was dismissed without any answer having been filed by defendant therein.Considering that the dismissal of the complaint was not on the merits of the case, it was not a bar to their complaint in the CA. They aver that the appellate court should have ordered an investigation on their claim that their counsels, Atty. Franco Loyola and Atty. Dennis Angeles, took advantage of their ignorance and illiteracy, and abandoned their cause.

In any event, petitioners point out, the trial court dismissed their complaint in Civil Case No.BCV-93-26 on their motion, before any answer was filed; hence, the dismissal of their complaint was without prejudice.

The petition has no merit.

First. Petitioners Bonifacia Aranda, Pelagia Aranda, Dominador Aranda, Vivencio Aranda, Lolita Aranda, Jeffrey Aranda, and Feliciano Aranda contend that they are the real parties-in-interest in the CA and in this Court, and thus had a cause of action for the nullification of the decision of the RTC in Civil Case No. BCV-82-16 and for the reversal of the CA decision.They joined their parents, spouses Alejo Aranda and Simeona Joson-Aranda as

plaintiffs in the CA, on their claim that they are the "compulsory heirs" of said spouses. However, under the law on succession, "the rights to the succession are transmitted from the moment of death ofthe decedent,"[30] and that "compulsory heirs are called to succeed by operation of law;"[31] as such, petitioners will only become compulsory heirs of their parents upon the death of the latter.

Second. Petitioners claim that petitioner Alejo Aranda did not secure the services of Atty.Loyola as his counsel in Civil Case No. BCV-82-16 and that said counsel forged his (Alejo's)signature in the complaint in Civil Case No. BCV-82-16, as well as the one above his typewritten name on page three of the compromise agreement. However, such allegation has been proved to be a complete prevarication by no less than petitioner Alejo Aranda himself, through his former counsel, Atty. Loyola, when the latter testified on December 15, 1993, during the hearing of the motion to withdraw the complaint. The lawyer categorically declared that the signatures in the complaint in Civil Case No. BCV-82-16 and the compromise agreement in said case were genuine. Moreover, the CA dismissed the petition for the annulment of the decision of the RTC in Civil Case No. BCV-82-16 based on the testimony of petitioner Alejo Aranda's own witness, Atty. Franco Loyola:

> However, the allegations in the petition are not deserving of credence. The petitioners' claim that they never filed nor authorized Atty. Loyola to file the complaint subject of Civil Case No. 82-16, much less the compromise agreement is not believable considering the following circumstances: First, the transcript of stenographic notes taken during the hearing held on December 15, 1993 in Civil Case No. 93-26 (a case admittedly filed by petitioner Alejo Aranda) reveals that petitioner Alejo Aranda himself, through his own counsel, Atty. Dennis Angeles, presented as witness, Atty. Franco Loyola who testified in this wise:
>
> ATTY. ANGELES:
>
> Your Honor, we are offering the testimony of Atty. Franco Loyola to testify and prove that he was the counsel on record of the plaintiff in Civil Case No. 82-16 entitled Alejo Aranda versus Fortune Savings & Loan Association, Inc. and Provincial Sheriff of Cavite and such lawyer was responsible for the execution of the compromise agreement signed by the parties particularly by his client Alejo Aranda. With the kind permission of this Honorable Court.
>
> COURT:
>
> Proceed
>
> Q:
>
> What was the purpose in coming to you?
>
> A:
>
> The purpose in coming to me is that they can (sic) recover the property subject matter of the sheriff sale under extrajudicial foreclosure pursuing.
>
> Q:
>
> After your conversation, what happened?
>
> A:

I prepared a complaint signed by Mr. Aranda against Fortune Savings & Loan Association, Inc., and the Provincial Sheriff of Cavite before [the] then Court of First Instance of Bacoor, Branch 5, docketed as Civil Case No. 82-16.

x x x

Q:

On page no. 8 of the complaint, at the last page, there is a signature of Alejo Aranda. Will you kindly go over the same and tell the Honorable Court whose signature is that?

A:

That is the signature of Alejo Aranda, Sir.

x x x

Q:

Why do you know that that is the signature of Alejo Aranda?

A:

I was present, Sir, when that was signed in the presence of the Clerk of Court, Adriano Vista,before we filed our complaint before the Court of First Instance of Bacoor, Cavite.

Q:

Now, will you kindly inform this Court whether that was already terminated?

A:

That case was terminated by compromise agreement/settlement, Sir.

x x x

Q:

I am showing to you again the compromise agreement and calling your attention to the signature of one Alejo Aranda appearing on page 11 of the compromise agreement, do you know whose signature is this?

A:

This (sic) were all signed by Alejo Aranda, Sir.

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Q:

And why do you know that these are the signatures of Alejo Aranda?

A:

It was signed in my presence. If I remember correctly, it was signed right in the office of Fortune Savings where the representatives of Fortune Savings, Dolores Villena and Atty. Julio Francisco were also present. I can distinctly remember Alejo Aranda.

x x x

Q:

Now, prior to the time Alejo Aranda affixed his signature on pages 2 and 3 of the compromise agreement, will you kindly inform this Honorable Court whether Alejo Aranda was duly advised of thecontents of the compromise agreement?

A:

Yes, Sir. I have already explained the contents of the compromise agreement to him because it involved monetary obligation it is incumbent for me to explain to him the meaning of the compromise agreement that has to be approved by the court.

x x x

Q:

On the basis of this compromise agreement, what happened?

A:

It was approved, Sir, by the court and the decision was made by Judge Ildefonso Nobleza dated January 5, 1984.

[Underscoring ours; Tsn, December 15, 1993, pp. 4-19]

The foregoing quoted portions of the transcript of stenographic notes of the hearing held on December 15, 1993, in Civil Case No. 93-26, clearly belies Alejo Aranda's claim that he did not sign nor authorize the filing of the complaint in Civil Case No. 82-16, and participated therein through his former counsel, Atty. Loyola. It is to be noted that Atty. Loyola was presented as witness by herein petitioner Alejo Aranda himself through his counsel, Atty.Dennis Angeles, in Civil Case No. 93-26. Petitioners did not file any Reply to refute thecopy of the transcript attached to the Comment of respondent bank; hence, it is deemedadmitted by the petitioners. Secondly, the assailed judgment upon compromise was renderedon January 5, 1984. Writ of execution was issued on July 25, 1985 and writ of possession onNovember 20, 1989. Assuming [that] petitioners did not receive copies of the

decision andthe writ of execution, certainly, they would be aware of the writ of possession as the samewould have involved a physical transfer of the subject property by the sheriff to respondentbank. The present petition for annulment of judgment was filed only on January 6, 1995. Theinordinate delay in questioning the judgment and seeking its annulment puts in serious doubtthe veracity of the allegation of fraud.[32]

Third. Petitioners' contention that the CA should have ordered the investigation of Atty.Loyola and Atty. Angeles is anchored on an erroneous factual premise, namely, that the CA found said counsels to have committed acts of misconduct to the prejudice of the rights oftheir client, petitioner Alejo Aranda. However, a careful study of the CA decision shows thatno such findings were made. The appellate court merely declared that even assuming the truthof the allegations in the petition, they merely constitute extrinsic fraud, a ground for theannulment of the RTC Decision in Civil Case No. BCV-82-16:

> "A judgment can be annulled on the following grounds: that the judgment is void for want ofjurisdiction; that the judgment is void for lack of due process; or that it has beenobtained by fraud." (Regidor v. Court of Appeals, 219 SCRA 530; Ruiz v. Court of Appeals,201 SCRA 577). The allegations in the petition that petitioner Alejo Aranda never filed norauthorized Atty. Franco Loyola to file the complaint for annulment of real estate mortgagewhich was docketed as Civil Case No. 82-16; that the signature in said complaint was forged,that petitioner Alejo Aranda never appeared nor participated in the proceedings of said Civil Case No. 82-16; that Alejo Aranda never authorized the compromise agreement, and that the signature appearing in said compromise agreement dated December 22, 1983 which waswrongfully made the basis of the herein assailed judgment upon compromise dated January 5,1984, was a forgery, could legally constitute extrinsic fraud that would be a ground forannulment of judgment. Among the instances of extrinsic or collateral fraud are: keepingthe unsuccessful party away from court by a false promise of compromise, or purposelykeeping him in ignorance of the suit; or where an attorney fraudulently pretends torepresent a party, and connives at his defeat, or being regularly employed, corruptly sellsout his client's interest (Magno v. Court of Appeals, 107 SCRA 285, at page 292).[33]

Indeed, there is no declaration that Atty. Franco Loyola ever committed any act of misconductas counsel of petitioner Alejo Aranda in Civil Case No. BCV-82-16. In fact, the CA declaredthat as gleaned from the evidence of petitioner Alejo Aranda in the RTC in Civil Case No.BCV-93-26, the signature of Atty. Loyola and petitioner Alejo Aranda in the complaint in CivilCase No. BCV-82-16 and in the compromise agreement were genuine. Moreover, petitioner spousesnever bothered to file any administrative complaint against Atty. Loyola or Atty. Angeles toassert their claim.

Fourth. We are convinced that the complaint of petitioners in the CA assailing the decisionof the RTC in Civil Case No. BCV-82-16 based on the compromise agreement of the parties ismerely an afterthought. The records show that the RTC rendered judgment in Civil Case No.BCV-82-16 as early as January 5, 1984. Based on the decision of the RTC, the extrajudicialforeclosure of the real estate mortgage in favor of respondent FSLAI was aborted. In hiscomplaint in Civil Case No. BCV-93-26 filed on March 8, 1993, petitioner Alejo Aranda claimedthat the torrens titles to the property were issued to and under the names of privaterespondents. He must have likewise discovered that the torrens titles were so issuedfollowing the decision of the RTC in Civil Case No. BCV-82-16, the extrajudicial foreclosureof the real estate mortgage executed by petitioner spouses Alejo Aranda with privaterespondents as buyers therein. However, petitioner Alejo Aranda failed to file a petition forthe annulment of the decision of the RTC in Civil Case No. BCV-82-16 on the ground ofextrinsic fraud; instead, he filed a complaint for the nullification of said titles againstprivate respondents herein in the RTC. It was only on January 6, 1995 that petitioners filedtheir complaint in the CA for the nullification of the decision of the RTC in Civil Case No.BCV-82-16, following the dismissal of the complaint in Civil Case No. BCV-93-26.

Fifth. Petitioners' claim that the complaint in Civil Case No. BCV-93-26 was dismissed without prejudice is

belied by the records of the case. The Order of the RTC in Civil Case No. BCV-93-26 shows that the complaint was dismissed based on res judicata:

> Considering that the plaintiff himself seeks the dismissal of this case and consideringfurther defendant Fortune Savings and Loan Association, Inc.'s grounds for seeking thedismissal of this case, particularly that of res judicata, to be well-founded, this Courthas no alternative but to dismiss this case.
>
> WHEREFORE, let this case be dismissed.
>
> SO ORDERED.[34]

An order of the court dismissing the complaint on the ground of res judicata is anadjudication of the case on the merits although no trial has been held. Such an order is thusan absolute bar to the filing of a subsequent action for the same cause between the same parties.[35]

The decision referred to in the Order of the RTC which barred the complaint of petitionerAlejo Aranda in Civil Case No. BCV-93-26 was the Decision of the RTC in Civil Case No.BCV-82-16. The aforementioned Order of the trial court thus affirmed the validity of the RTCdecision in Civil Case No. BCV-82-16. Therein plaintiff Alejo Aranda (now petitioner) did notappeal the Order.

IN LIGHT OF ALL THE FOREGOING, the petition is DENIED for lack of merit. Costs against petitioners.

SO ORDERED.

Panganiban, C.J., (Chairperson), Austria-Martinez, and Chico-Nazario, JJ., concur.
Ynares-Santiago, J., on leave.

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[1] Penned by then CA Associate Justice Minerva P. Gonzaga-Reyes (who would later become a member of the Court, now retired), with Associate Justices Buenaventura J. Guerrero (retired) and Romeo A. Brawner (retired), concurring; rollo, pp. 8-16.

[2] Penned by Judge Ildefonso M. Bleza (retired); records,pp. 240-242.

[3] Records, p. 118.

[4] Id. at 246-247.

[5] Id. at 125.

[6] Id. at 122-123.

[7] Id. at 27.

[8] Id.

[9] Id. at 126-133.

[10] Id. at 134-136.

[11] Id. at 30-32.

[12] Id. at 30-32.

[13] Id. at 140-142.

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[14] Id. at 39.

[15] Id. at 199.

[16] Id. at 60.

[17] Id. at 216-217.

[18] Id. at 202-204.

[19] Id. at 208-209.

[20] Id. at 211-212.

[21] Id. at 205-206.

[22] Id. at 1-7.

[23] Id. at 5-6.

[24] Id. at 54-59.

[25] Id. at 56-57.

[26] Id. at 107.

[27] Id. at 297.

[28] Id. at 8-16.

[29] Id. at 31-32.

[30] Article 777, New Civil Code.

[31] Rabadilla v. Court of Appeals, 390 Phil. 11, 24 (2000).

[32] Rollo, pp. 11-14.

[33] Id. at 10-11.

[34] Records, p. 297.

[35] Mirpuri v. Court of Appeals, 376 Phil. 628, 650 (1999).

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