SPOUSES JOVITO VALENZUELA AND NORMA VALENZUELA, SPOUSES ALFREDO QUIAZON AND BELLA GONZALES QUIAZON, SPOUSES EDUARDO DE GUZMAN AND JULIETA DE GUZMAN, DE GUZMAN DEVELOPMENT CORPOR...

G.R. No. 131175. August 28, 2001

Ponente: BUENA, J.

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BUENA, J.:

In resolving the propriety of the amendment of the complaint in the present case, which motion to amend was filed after the lapse of fifteen years from the filing of the initiatory pleading sought to be amended, this Court painstakingly considered not only the peculiar circumstances obtaining, but also accorded premium to the legal truism that "adjective law is not the counterfoil of substantive law" and that the rules of procedure must not be perverted into engines of injustice.[1]

Sought to be reversed in the instant petition for review on certiorari is the decision[2] of the Court of Appeals dated 15 August 1997 in C.A. G.R. SP. No. 44185, which nullified and set aside the orders dated 11 November 1996[3] and 06 February 1997 of the Regional Trial Court (RTC) of Pasay City, Branch 231, in Civil Case No. PQ-9412-P. The subject orders of the RTC denied private respondents' motion to admit amended complaint dated 18 March 1997.

Similarly impugned is the resolution[4] of the Court of Appeals dated 24 October 1997, denying private respondents' motion for reconsideration.

The factual antecedents and proceedings unfold.

On 10 September 1981, herein private respondents spouses Manuel and Leticia De Guia filed a complaint for specific performance and damages docketed as Civil Case No. PQ-9412-P[5] against herein petitioners spouses Jovito and Norma Valenzuela before the then Court of First Instance of Rizal in Pasay City. The complaint prayed, among others, that the Spouses Valenzuela be ordered to execute in favor of private respondents the necessary deed of sale covering the two (2) parcels of land allegedly subject of a contract to sell between said parties.

On 16 September 1981, private respondents spouses De Guia, upon discovering that the subject real properties were sold and transferred by the spouses Valenzuela to herein co-petitioners spouses Alfredo and Bella Gonzales Quiazon, filed Civil Case No. PQ- 9432-P[6] for annulment of sale, cancellation of title and damages, against spouses Valenzuela, spouses Quiazon, and the Register of Deeds of Pasay City. In the complaint, private respondents spouses De Guia prayed specifically for the annulment of the deed of sale executed by the spouses Valenzuela in favor of the spouses Quiazon, cancellation of TCT Nos. 39396 and 39397 in the name of spouses Quiazon, and the reinstatement of TCT No. 39142 in the name of the spouses Valenzuela, or in the alternative, the reconveyance of the subject properties by the spouses Quiazon to spouses Valenzuela.

On 13 October 1981, private respondents spouses De Guia amended their complaint in Civil Case No. PQ-9432-P impleading Webb-Hegg Construction Resources, Inc. as additional defendant.

On 19 January 1983, spouses De Guia filed in Civil Case No. PQ-9432-P a Motion to Admit Second Amended Complaint impleading as additional defendant Gerardo Villacorta. Prior to the resolution of such pending motion, Civil Case No. PQ-9432-P was transferred to the Regional Trial Court of Makati, Branch 133 pursuant to the Judiciary Reorganization Law (B.P. Blg. 129). As a result of the transfer of the case, Civil Case No. PQ-9432-P was redocketed as Civil Case No. 2723.

On 20 May 1983, the RTC of Makati, Branch 133 issued an order admitting the second amended complaint. Upon motion of the defendants therein, however, Civil Case No. 2723 was returned to RTC-Pasay, where herein private respondents spouses De Guia filed a motion to admit third amended complaint seeking to implead spouses De Guzman, De Guzman Development Corporation, Skyfreight Brokerage, Inc. and Lawyer Romeo Bobadilla, as additional defendants.

On 30 May 1984, the RTC-Pasay issued an omnibus order[7] denying the motion to admit the third amended complaint and declaring as automatically vacated the order of RTC-Makati, Branch 133, which admitted the second amended complaint. Upon denial of their motion for reconsideration, private respondents spouses De Guia then filed a petition for certiorari and prohibition before the appellate court, docketed as CA G.R. SP. No. 04518.

On 27 March 1990, after a preliminary hearing on the affirmative defenses of pendency of another action and splitting a cause of action, the lower court issued an order dismissing the complaint in Civil Case No. PQ-9432-P. Private respondents spouses De Guia appealed the dismissal of said case before the Court of Appeals which on 30 March 1994, affirmed the dismissal order of the lower court. Aggrieved, private respondents spouses De Guia filed a petition before the Supreme Court assailing the decision of the Court of Appeals.

In a Resolution dated 24 July 1995, the High Court dismissed the petition for having been filed beyond the reglementary period. Private respondents moved to reconsider, which motion the Supreme Court denied via a resolution dated 30 September 1995.

Upon motion of spouses Quiazon in Civil Case Nos. PQ-9412-P and PQ-9432-P, the lower court issued an order dated 17 January 1996 directing the cancellation of the Notice of Lis Pendens under Entry No. 81-11596 and Entry No. 81-12186 and the Adverse Claim under Entry No. 81-11601 on TCT Nos. 39386 and 39397 in the name of spouses Quiazon. On 02 February 1996, private respondents sought to reconsider the trial court's order.

On 18 March 1996, private respondents filed a motion to admit amended complaint in Civil Case No. PQ-9412-P. Prior to the resolution of the two pending motions, private respondents filed a motion for the inhibition of the presiding judge of Branch 117, RTC-Pasay. In an order dated 17 April 1996, the court granted the motion for inhibition resulting in the re-raffle of Civil Case No. PQ-9412-P to Branch 231, presided by Judge Cesar Z. Ylagan.

In an order dated 11 November 1996, Judge Ylagan denied the motion to admit amended complaint prompting herein private respondents spouses De Guia to file a motion for reconsideration which the lower court denied.

Private respondents elevated the lower court's order denying the motion to admit amended complaint to the Court of Appeals.

On 15 August 1997, the Court of Appeals rendered the assailed decision the decretal portion of which declares:

> "WHEREFORE, the instant petition for certiorari and mandamus is hereby GRANTED. Consequently, the orders dated November 11, 1996 and February 6, 1997 are SET ASIDE and respondent is ordered to admit

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> petitioners' amended complaint dated March 18, 1997."

On 05 November 1997, the RTC-Pasay, Branch 231 issued an order[8] admitting the amended complaint, pursuant to the decision of the Court of Appeals dated 15 August 1997. Herein petitioners filed with the lower court a manifestation with motion to reconsider[9] to the effect that they would file a "petition for review on certiorari" before the Supreme Court, to which manifestation private respondents filed an opposition. Petitioners then filed a reply to the opposition after which the lower court, in an order dated 23 January, decreed "that the admission of the amended complaint and service of summons are hereby held in abeyance until after the Supreme Court has resolved the case before it which has effectively placed this court on notice."

On 17 December 1997, herein petitioners filed the instant petition where this Court is tasked in the main to resolve the propriety of the amendment of the complaint in Civil Case No. PQ-9412-P. Petitioners argue, among others, that the amendment should not be allowed inasmuch as the introduction of amendments to the complaint in Civil Case No. PQ-9412-P would, in effect, "radically and substantially change the cause of action and theory" of the case.

The Court sanctions the amendment of the complaint and resolves to strike down the petition. At this point, a review of the pertinent provisions regarding amendments is in order. Section 1, Rule 10 of the 1997 Rules of Civil Procedure explicitly provides:

> "Section 1. Amendment in general. Pleadings may be amended by adding or striking out an allegation or the name of any party, or by correcting a mistake in the name of a party or a mistaken or inadequate allegation or description in any other respect, so that the actual merits of the controversy may speedily be determined, without regard to technicalities, and in the most expeditious and inexpensive manner." (emphasis ours)

Equally important is Section 3, Rule 10 of the Rules:

> "Section 3. Amendments by leave of court. Except as provided in the next preceding section, substantial amendments may be made only upon leave of court. But such leave may be refused if it appears to the court that the motion was made with intent to delay. Orders of the court upon the matters provided in this section shall be made upon motion filed in court, and after notice to the adverse party, and an opportunity to be heard."

Petitioners contend that the foregoing provisions of the 1997 Rules of Civil Procedure cannot be applied in the case at bar. We do not agree. Elementary is the rule in this jurisdiction that one does not have a vested right in procedural rules, thus:

> "Statutes regulating the procedure of courts will be considered as applicable to actions pending and undetermined at the time of their passage. Procedural laws are retroactive in that sense and to that extent. The fact that procedural statutes may somehow affect the litigants' rights may not preclude their retroactive application to pending actions. The retroactive application of procedural laws is not violative of any right of a person who may feel that he is adversely affected. Nor is the retroactive application of procedural statutes constitutionally objectionable. The reason is that as a general rule, no vested right may attach to, nor arise from procedural laws. It has been held that "a person has no vested right in any particular remedy, and a litigant cannot insist on the application to the trial of his case, whether civil or criminal, of any other than the existing rules of procedure."[10] (emphasis ours)

Interestingly, Section 3, Rule 10 of the 1997 Rules of Civil Procedure[11] amended the former rule[12] in such manner that the phrase "or that the cause of action or defense is substantially altered" was stricken-off and not retained in the new rules. The clear import of such amendment in Section 3, Rule 10 is that under the new rules, "the amendment may (now) substantially alter the cause of action or defense."[13] This should only be true, however, when despite a substantial change or alteration in the cause of action or defense, the amendments sought

to be made shall serve the higher interests of substantial justice, and prevent delay and equally promote the laudable objective of the rules which is to secure a "just, speedy and inexpensive disposition of every action and proceeding.

Thus, granting arguendo that the amendment of the complaint in Civil Case No. PQ-9432-P would substantially alter or change the cause of action or defense in said controversy, this Court nonetheless holds that in the higher interest of substantial justice, the introduction of amendments to the complaint is apropos at this particular instance to forestall further delay in the resolution of the actual merits of the parties' respective claims and defenses. To reiterate, the Rules of Court seek to eliminate undue reliance on technical rules and to make litigation as inexpensive, as practicable and as convenient as can be done.[14] Rules of procedure, after all, are but tools designed to facilitate the attainment of justice, such that when rigid application of the rules tends to frustrate rather than promote substantial justice, the Supreme Court is empowered to suspend their operation.[15] This Court will not hesitate to set aside technicalities in favor of what is fair and just.[16]

As the records would readily reveal, the instant case --Civil Case No. PQ-9412-P -- has already dragged and suffered protracted delay for a span of twenty years, borne by countless legal skirmishes between the party litigants involving principally entanglement on technical niceties and procedural rules. In fact, the procedural incidents and interlocutory matters relating to this controversy, to wit, Civil Case No. PQ-9412-P and its related case Civil Case No. PQ-9432-P, have reached no less than the portals of this Court at least twice --first, as to the specific issue of the propriety of admission of a third amended complaint in Civil Case No. PQ-9432 and second, as to the particular query on the validity of the dismissal of Civil Case No. PQ-9432-P, on the ground of litis pendentia.

By and large, due to the multifarious procedural incidents involving these two suits, albeit issues concededly not to be outrightly dismissed as less important, the actual merits of the controversy have yet to reach their full adjudication, resolution and determination. Under these circumstances, particularly considering the dismissal of Civil Case No. PQ-9432-P on ground of litis pendentia, the disallowance of the amendment of the complaint in Civil Case No. PQ-9412-P would, to our mind, necessarily result in an even greater delay in the disposition and adjudication of the actual merits of the case, which run counter to the hallowed office and cardinal objective of the Rules to provide, at each possible instance, an expeditious and full resolution of issues involving the respective rights and liabilities of the parties under substantive law.

True enough, the delay that has so characterized the adjudication of the merits of this case-- which original complaint was filed practically two decades ago-- has not escaped the attention of this Court. Thus, in the interest of substantial justice, this Court allows the introduction of amendments to the complaint in Civil Case No. PQ-9412-P so as to afford the party-litigants the full and genuine opportunity to substantiate their respective claims and defenses and for the trial court to finally resolve the matters relating to the merits of the case.

Besides, the defendants sought to be impleaded in Civil Case No. PQ-9412-P are not left without justifiable recourse. To this end, the law in no uncertain terms provide for the necessary legal implements and the adoption of effective means and defenses sanctioned by the Rules, wherein both parties in the controversy may very well advance and protect their respective legal interests. By sanctioning the introduction of amendments to the complaint, the issues shall at last be viewed, so to speak, in the clear light of day and substantial matters therein shall not anymore be lost in the abyss of technicalities and procedural jargon.

On this matter, the discourse of the Court of Appeals is elucidating:

> "With the dismissal of Civil Case No. PQ-9432-P in which petitioners (herein private respondents spouses De Guia) seek the annulment of the sale made by spouses Valenzuela in favor of spouses Quiazon, complete relief

> could be obtained by petitioners only by the admission of the amended complaint. Without the amendment, a favorable judgment for petitioners would be meaningless, if not futile, as the properties covered by the contract to sell which they seek to enforce had already been sold to spouses Quiazon, who are among those sought to be impleaded as additional defendants in the amended complaint.
>
> "X X X The inquiry should be as to whether or not the amendment is necessary to enable the parties, particularly petitioners, to obtain complete relief in just one proceeding. As above stated, the non-inclusion of spouses Quiazon and others who may have acquired rights or interest in the properties in question will render the relief originally sought in Civil Case No. PQ-9412-P incomplete without the sale or transfer to spouses Quiazon being nullified; hence, the need for the amendment. X X X
>
> "X X X Needless to state, the court is of the considered opinion that admission of the amended complaint is not only necessary to afford complete relief to the parties; it will also forestall any further need to institute other actions or proceedings arising from the transaction subject matter of Civil Case No. PQ-9412-P. X X X"

Inasmuch as herein private respondents, in its amended complaint, likewise pray for reconveyance of the real property, considering that the subject parcels of land were transferred in the name of spouses Quiazon who notably were not impleaded in the original complaint in Civil Case No. PQ-9412-P, it bears to stress that "owners of property over which reconveyance is asserted are indispensable parties without whom no relief is available and without whom the court can render no valid judgment."[17]

Additionally, petitioners stubbornly maintain that the principle of res judicata, specifically the doctrine of conclusiveness of judgment, should find application in the instant case so as to preclude the court from resolving anew the propriety of the amendment in Civil Case No. PQ-9412-P, which issue, according to petitioner, was previously passed upon and determined in Civil Case No. PQ-9432-P.

The contention is without basis. Res judicata, either in the concept of bar by former judgment or conclusiveness of judgment, cannot be applied to the present case.

In Vda. De Cruzo vs. Carriaga, Jr.,[18] this Court speaking through Mr. Justice Florenz Regalado, inked an enlightening discourse on the subject:

> "The doctrine of res judicata thus lays down two main rules which may be stated as follows: 1) The judgment or decree of a court of competent jurisdiction on the merits concludes the parties and their privies to the litigation and constitutes a bar to a new action or suit involving the same cause of action either before the same or any other tribunal; and 2) Any right, fact, or matter in issue directly adjudicated or necessarily involved in the determination of an action before a competent court in which a judgment or decree is rendered on the merits is conclusively settled by the judgment therein and cannot again be litigated between the parties and their privies whether or not the claim or demand, purpose or subject matter of the two suits is the same. These two main rules mark the distinction between the principles governing the two typical cases in which a judgment may operate as evidence. In speaking of these cases, the first general rule above stated, and which corresponds to the aforequoted paragraph (b) of Section 49, is referred to as `bar by former judgment' while the second general rule, which is embodied in paragraph (c) of the same section, is known as `conclusiveness of judgment.'
>
> "Stated otherwise, when we speak of res judicata in its concept as a `bar by former judgment.' the judgment rendered in the first case is an absolute bar to the subsequent action since said judgment is conclusive not only as to the matters offered and received to sustain that judgment but also as to any other matter which might have been offered for that purpose and which could have been adjudged therein. This is the concept in which the term res judicata is more commonly and generally used and in which it is understood as the bar by prior judgment constituting a ground for a motion to dismiss in civil cases.

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> "On the other hand, the less familiar concept or less terminological usage of res judicata as a rule on conclusiveness of judgment refers to the situation where the judgment in the prior action operates as an estoppel only as to the matters actually determined therein or which were necessarily included therein. Consequently, since other admissible and relevant matters which the parties in the second action could properly offer are not concluded by the said judgment, the same is not a bar to or a ground for dismissal of the second action.
>
> "At bottom, the other elements being virtually the same, the fundamental difference between the rule of res judicata as a bar by former judgment and as merely a rule on the conclusiveness of judgment is that, in the first, there is an identity in the cause of action in both cases involved whereas, in the second, the cause of action in the first case is different from that in the second case." (emphasis ours)

Proceeding from the foregoing disquisition, the principle of res judicata, requires the concurrence of the following requisites:[19]

> "a) The former judgment or order must be final;
>
> "b) It must be a judgment or order on the merits, that is, it was rendered after a consideration of the evidence or stipulations submitted by the parties at the trial of the case;
>
> "c) It must have been rendered by a court having jurisdiction over the subject matter and the parties; and
>
> "d) There must be, between the first and second actions, identity of parties, of subject matter and of cause of action. This requisite is satisfied if the two actions are substantially between the same parties." (emphasis ours)

For want of the second requisite, to wit, that the judgment must be rendered on the merits, the instant case is thus removed from the operation of the principle of res judicata. Stated differently, if the judgment is not on the merits, it cannot be considered as a conclusive adjudication of the controversy. Consequently, a judgment dismissing an action for want of jurisdiction, or because of the pendency of another action between the same parties and for the same cause, or a judgment absolving a defendant because he was not served with summons, or a dismissal on the ground of misjoinder cannot operate as res adjudicata on the merits.[20]

To this end, it must be noted that the dismissal of Civil Case No. PQ-9432-P was due to litis pendentia or the pendency of another action, obviously referring to Civil Case No. PQ-9412-P. Applying the foregoing doctrines, the judgment dismissing Civil Case No. PQ-9432-P, on the ground of litis pendentia, cannot be considered an adjudication on the merits.[21] Clearly then, res judicata cannot apply.

WHEREFORE, premises considered, the assailed decision of the Court of Appeals in C.A. G.R. SP. No. 44185 is AFFIRMED and the instant petition is DENIED for lack of merit. Accordingly, the Regional Trial Court of Pasay City-Branch 231, is hereby ordered to admit herein private respondents' amended complaint in Civil Case No. PQ-9412-P, to issue the necessary summons to all impleaded defendants therein and to resolve the case with dispatch.

SO ORDERED.

Bellosillo, (Chairman), Mendoza, Quisumbing, and De Leon, Jr., JJ., concur.

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[1] De Dios vs. Court of Appeals, 212 SCRA 519 [1992] per Justice Isagani Cruz.

[2] Rollo, pp. 208-213. Tuquero J., ponente, concurred in by J. Elbinias and J. Bacelona.

[3] Records, pp. 38-40.

[4] Rollo, p. 231.

[5] Annex "A", Rollo, pp. 30-36.

[6] Annex "B", Rollo, pp. 37-45.

[7] C.A. Records, pp. 108-110.

[8] Original Records, p. 1185.

[9] Original Records, p. 1186.

[10] Agpalo, Statutory Construction, 1995 ed., p. 294.

[11] The 1997 Rules of Civil Procedure became effective on 01 July 1997.

[12] Section 3, Rule 10 of the former rule provides, " Amendments by leave of court. After the case is set for hearing, substantial amendments may be made only upon leave of court. But such leave may be refused if it appears to the court that the motion was made with intent to delay the action or that the cause of action or defense is substantially altered. Orders of the court upon the matters provided in this section shall be made upon motion filed in court, and after notice to the adverse party, and an opportunity to be heard." (emphasis ours)

[13] Feria, Jose Y., 1997 Rules of Civil Procedure, Annotations, 1997 ed., p.34; Associate Justice Jose Y. Feria (Ret.) is the Co-Chairman of the Revision of the Rules of Court Committee of the Supreme Court, which drafted the 1997 Rules of Civil Procedure.

[14] Casil vs. Court of Appeals 285 SCRA 264 [1998].

[15] Ramos vs. Court of Appeals, 269 SCRA 34 [1997].

[16] Ysmael vs. Court of Appeals, 273 SCRA 165 [1997].

[17] Acting Registrars of Land Titles and Deeds of Pasay City, Pasig and Makati, 184 SCRA 622 [1990]; Director of Lands vs. Court of Appeals, 93 SCRA 238 [1979].

[18] 174 SCRA 330 [1989].

[19] Regalado, Remedial Law Compendium, Vol. 1, Sixth Revised Edition, pp. 472-473.

[20] Municipality of Hagonoy vs. Secretary of Agriculture and Natural Resources, 73 SCRA 507 [1976].

[21] Roa vs. PH Credit Corporation, 223 SCRA 371 [1993].

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