

JOSE V. DELA RAMA, PETITIONER, VS. HON. FRANCISCO G. MENDIOLA, JUDGE, RTC PASAY CITY, THE COURT OF APPEALS AND TITAN CONSTRUCTION CORP., RESPONDENTS.

G.R. No. 135394. April 29, 2003

Ponente: YNARES-SANTIAGO, J.

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YNARES-SANTIAGO, J.:

This is a petition for certiorari under Rule 65 of the Revised Rules of Court assailing the orders[1] of the Regional Trial Court of Pasay City, Branch 115, in Civil Case No. 97-0734 which denied petitioner's Motion to Dismiss and Motion For Direct Contempt based on Forum Shopping, as well as his Motion for Reconsideration.

On December 1, 1978, petitioner sold to the government on expropriation a parcel of land consisting of 1,225 square meters, which was part of Lot 831-A, covered by Transfer Certificate of Title No. 22066, for use in the construction of the EDSA Extension Project. The sale was subject to the reconveyance to petitioner of any unused portion of the property after the project is completed.[2]

On June 17, 1988, petitioner entered into a "Contract to Sell", whereby he undertook to sell to respondent Titan Construction Corporation a parcel of land adjacent to the one expropriated.[3] Subsequently, petitioner failed to comply with his obligations under the "Contract to Sell"; thus respondent filed a complaint for rescission/annulment of contract with the Regional Trial Court of Pasay City, Branch 116, which was docketed as Civil Case No. 6020. The parties entered into a compromise agreement and, on May 19, 1989, the trial court rendered judgment approving the parties' compromise agreement. The pertinent portion of the judgment reads:

- That the parties shall execute a deed of absolute sale over the subject property, including the improvements thereon in the total amount of TWO MILLION FIVE HUNDRED THOUSAND PESOS (P2,500,000.00);
- That relative to the parcel of land sold to the government, a separate agreement is likewise to be executed by the parties;
- That Atty. and Mrs. Dela Rama will be given a period of 60 days from the signing of this document to fully vacate the premises sold;
- That failure on their part to vacate within the said period, an ex-parte ejectment writ of execution shall issue;
- That the written agreement relative to the lease of houses in said premises shall be respected.[4]

Pursuant to the compromise judgment, petitioner executed a deed of absolute sale of the subject property in favor of respondent. Likewise, he executed an Agreement to Sell and Buy, stating among others:

- That in the event the Republic of the Philippines will return to the vendors (Jose Dela Rama and Esperanza Belmonte) the area sold which is 1,224 sq. ms. or any portion therein, the Vendee (Titan Construction Corporation) is given the exclusive option to buy any area returned at P2,000.00 per square meter.
- That in consideration of said exclusive option granted to the said Vendee by the Vendors, the Vendee upon

registration of this instrument at the back of T.C.T. No. 22066 shall pay P200,000.00 to the Vendors.[5]

After the execution of the Agreement to Sell and Buy, respondent paid petitioner the amount of P200,000.00, for which the latter issued a receipt which contained the inscription: “amount is not refundable & not deductible from the agreed price.”[6]

Meanwhile, petitioner sought the reconveyance of the unused portion of the property from the government. On December 4, 1996, the Office of the President executed the corresponding Deed of Reconveyance in favor of petitioner over 303 square meters of unused land.[7]

On January 3, 1997, respondent filed with the Regional Trial Court of Pasay City, Branch 110, a Petition for Declaratory Relief, Prohibition, Mandamus and Preliminary Injunction with Prayer for Restraining Order,[8] which was docketed as Civil Case No. 97-1275. It prayed that the Deed of Reconveyance be declared void on the grounds that the same violated its right of preemption under Article 1622 of the Civil Code; and that no public bidding was conducted, resulting in a denial of respondent’s right to bid considering that petitioners had waived any and all rights over the land by virtue of their Deed of Agreement to Sell and Buy. Respondent also prayed that the Office of the President be ordered to give due course to its application to purchase the subject land. The trial court dismissed the case for lack of merit on March 5, 1997.[9] Thus, respondent instituted a petition for certiorari before this Court on March 24, 1997 which, however, was referred to the Court of Appeals, where it was docketed as CA-G.R. SP No. 44094.[10]

On June 4, 1997, respondent filed an action for specific performance based on the compromise judgment with the Regional Trial Court of Pasay City, which was docketed as Civil Case No. 97-0734.[11] Petitioner thus filed with the Court of Appeals, in CA-G.R. SP No. 44094, a Motion for Direct Contempt and to Dismiss based on Forum Shopping.[12] He also filed a similar motion with the Regional Trial Court of Pasay City in Civil Case No. 97-0734.[13]

On July 18, 1997, respondent filed a motion to withdraw the petition in CA-G.R. SP No. 44094,[14] which the Court of Appeals, in its Resolution dated December 10, 1997, granted. Thus, the case was dismissed with finality.[15]

Meanwhile, the Regional Trial Court of Pasay City denied the motion to dismiss and for direct contempt based on forum shopping filed by petitioner. It held that the alleged violation of Supreme Court Circular No. 04-94 was cured when CA-G.R. SP No. 44094 was dismissed by the Court of Appeals. Moreover, petitioner failed to show that the two cases have the same causes of action.[16] Petitioner filed a motion for reconsideration, which was denied.[17]

Hence the instant petition based on the sole assigned error:

THE RESPONDENT COURT OF APPEALS GRAVELY ABUSED ITS DISCRETION IN NOT RESOLVING PETITIONER’S MOTION TO DISMISS AND FOR DIRECT CONTEMPT BASED ON FORUM SHOPPING AND, BY REASON OF THAT SERIOUS ABUSE OF DISCRETION, IT SANCTIONED THE CONTINUANCE OF SAID ACTION BEFORE THE RESPONDENT RTC WHICH ITSELF GRAVELY AND SERIOUSLY ABUSED ITS DISCRETION AMOUNTING TO LACK OR EXCESS OF JURISDICTION IN REFUSING TO DISMISS THE CASE BASED ON AUTER ACTION PENDANT AND RES JUDICATA, AND TO PUNISH FOR DIRECT CONTEMPT THE PRIVATE RESPONDENT AND ITS LAWYERS BASED ON FORUM SHOPPING.[18]

The decisive issue posed by petitioner is whether or not the specific performance case (Civil Case No. 97-0734) is barred by the petition for declaratory relief case (Civil Case No 96-1725 and CA-G.R. SP No. 44094) on the

ground of res judicata.

There is res judicata where the following four essential conditions concur, viz: (1) there must be a final judgment or order; (2) the court rendering it must have jurisdiction over the subject matter and the parties; (3) it must be a judgment or order on the merits; and (4) there must be, between the two cases, identity of parties, subject matter and causes of action.[19]

Reviewing the records of the case, there is no question that all the first three elements of res judicata are present. The declaratory relief case, which was elevated by way of a petition for certiorari to the Court of Appeals, has been dismissed with finality. The decision was rendered by a court of competent jurisdiction and the case was resolved on its merits.

As regards the fourth condition, it is clear that there is identity of parties in the two cases. The declaratory relief case was filed by respondent Titan against Executive Secretary Ruben D. Torres, DPWH Secretary Gregorio R. Vigilar, the Register of Deed of Pasay City, petitioner Jose V. Dela Rama and Esperanza Belmonte (deceased). On the other hand, the specific performance case was filed by respondent Titan against petitioner Dela Rama and the heirs of Esperanza Belmonte. Although the public respondents in the declaratory relief case were not impleaded in the specific performance case, only a substantial identity is necessary to warrant the application of res judicata.[20] The addition or elimination of some parties does not alter the situation.[21]

The subject matters and causes of action of the two cases are likewise identical. A subject matter is the item with respect to which the controversy has arisen, or concerning which the wrong has been done, and it is ordinarily the right, the thing, or the contract under dispute. In the case at bar, both the first and second actions involve the same real property. A cause of action, broadly defined, is an act or omission of one party in violation of the legal right of the other.[22] Its elements are the following: (1) the legal right of plaintiff; (2) the correlative obligation of the defendant, and (3) the act or omission of the defendant in violation of said legal right.[23] Causes of action are identical when there is an identity in the facts essential to the maintenance of the two actions, or where the same evidence will sustain both actions. If the same facts or evidence can sustain either, the two actions are considered the same, so that the judgment in one is a bar to the other.[24]

It is true that the first case was a special civil action for declaratory relief while the second case was a civil action for specific performance. However, the difference in form and nature of the two actions is immaterial. The philosophy behind the rule on res judicata prohibits the parties from litigating the same issue more than once.[25] The issue involved in the declaratory relief case was whether respondent has rights over the property which was reconveyed to petitioner considering that he waived all his rights by executing the Agreement to Sell and Buy. In the specific performance case, the issue involved was the same, that is, whether respondent was entitled to the property reconveyed when the petitioner failed to comply with the terms of their agreement embodied in the same Agreement to Sell and Buy. Respondent's alleged right in both cases depends on one and the same instrument, the Agreement to Sell and Buy. Clearly, respondent's ultimate objective in instituting the two actions was to have the property reconveyed in its favor.

When material facts or questions in issue in a former action were conclusively settled by a judgment rendered therein, such facts or questions constitute res judicata and may not be again litigated in a subsequent action between the same parties or their privies regardless of the form of the latter. This is the essence of res judicata or bar by prior judgment. The parties are bound not only as regards every matter offered and received to sustain or defeat their claims or demand but as to any other admissible matter which might have been offered for that purpose and of all other matters that could have been adjudged in that case.[26]

Assuming res judicata finds no application in the instant case, the action for specific performance must

nonetheless be dismissed. The Agreement to Sell and Buy, being one of the prestations of the compromise agreement which was judicially confirmed and had long become final and executory, cannot be enforced in a separate action. In the case of *Jose Dela Rama v. Hon. Aurora P. Navarrete-Recina*,^[27] where petitioner assailed the validity of the Deed of Absolute Sale executed pursuant to the compromise agreement, we held that:

Moreover, the Deed of Absolute Sale being impugned by the petitioners is but an offshoot of the compromise agreement entered into, with judicial confirmation, by the parties themselves. Thus, as observed by the respondent court, any further prestations left undone, with regard to the provisions of the compromise judgment, should be the subject of proceedings on execution, and not a separate action.

In the earlier case of *Arkoncel v. Lagamon*,^[28] we held:

The rule is that a judgment rendered in accordance with a compromise agreement is immediately executory unless a motion is filed to set aside the agreement on the ground of fraud, mistake or duress in which case an appeal may be taken against the order denying the motion. It then becomes ministerial for the lower court to order the execution of its final executory judgment.

Even more than a contract which may be enforced by ordinary action for specific performance, the compromise agreement is part and parcel of the judgment, and may therefore be enforced as such by a writ of execution.

Finally, when the terms of an amicable settlement are violated, as in the case at bar, the remedy of the aggrieved party is to move for its execution.

The principle of *res judicata* requires that stability be accorded to judgments. Controversies once decided on the merits shall remain in repose for there should be an end to litigation which, without the doctrine, would be endless.^[29] Given the circumstances in this case, we find that the trial court committed grave abuse of discretion when it denied the motion to dismiss filed by petitioners.

WHEREFORE, in view of the foregoing, the petition is GRANTED. The Order of the Regional Trial Court of Pasay City, Branch 115 in Civil Case No. 97-0734, denying petitioner's "Motion to Dismiss Complaint and For Direct Contempt Based on Forum Shopping," as well as the Order denying petitioner's "Motion for Reconsideration," are REVERSED and SET ASIDE. The Regional Trial Court of Pasay City, Branch 115, is ordered to DISMISS Civil Case No. 97-0734 on the ground of *res judicata*. Costs against private respondents.

SO ORDERED.

Davide, Jr., C.J. (Chairman), Vitug, Carpio, and Azcuna, JJ., concur.

[1] Rollo, pp. 146 & 155.

[2] *Id.*, p. 40.

[3] *Id.*, pp. 175-177.

[4] *Id.*, p. 174.

[5] *Id.*, p. 178.

[6] *Id.*, p. 240.

[7] *Id.*, pp. 53-59.

- [8] Id., pp. 60-73.
- [9] Id., pp. 78-83.
- [10] Id., pp. 84-110.
- [11] Id., pp. 166-173.
- [12] Id., pp. 130-138.
- [13] Id., pp. 142-145.
- [14] Id., pp. 139-140.
- [15] Id., p. 141.
- [16] Id., pp. 146-146.
- [17] Id., p. 155.
- [18] Id., p. 17.
- [19] Serrano v. Court of Appeals, G.R. No. 122930, February 6, 2002.
- [20] Id.
- [21] University Physicians Services, Inc. v. Court of Appeals, 381 Phil. 54, 67 [2000].
- [22] Bachrach Corporation v. Court of Appeals, 357 Phil. 483, 491 [1998].
- [23] Avisado v. Rumbaua, G.R. No. 137306, 12 March 2001, 354 SCRA 245, 256.
- [24] Stilianopulos v. City of Legaspi, G.R. No. 133913, 12 October 1999, 316 SCRA 523, 541.
- [25] Id., p. 542.
- [26] Carlet v. Court of Appeals, 341 Phil. 99, 111 [1997].
- [27] G.R. No. 116456, 19 August 1996, Unsigned Resolution; Rollo, pp. 264-269.
- [28] G.R. No. 50526, 4 December 1991, 204 SCRA 560, 567.
- [29] Nacuray v. NLRC, 336 Phil. 749, 757 [1997].

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