

FILINVEST LAND, INC., PETITIONER, VS. HON. COURT OF APPEALS AND ROMEO, ANTONIO, JOSEFINA, RICARDO (JR.), ALL SURNAMED ALVAREZ AND VENANCIA R. VDA. DE ALVAREZ, FOR HERSELF AS GUA...*G.R. NO. 142439. December 06, 2006*

Ponente: CHICO-NAZARIO, J.

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This is a Petition for Review on Certiorari under Rule 45 of the 1997 Rules of Court, as amended, seeking to set aside a Decision[1] of the Court of Appeals dated 11 November 1998 in CA–G.R. SP No. 48396 annulling the sale of a parcel of land specified as Lot No. 329, GSS-877 of the Laguna Resettlement Project, to the late Ricardo Alvarez and the subsequent transfers to Mercedes Oliver and petitioner Filinvest Land Inc. (Filinvest); and the reversion of the subject property to the ownership of the government. The Court of Appeals in its assailed Decision affirmed the Decision[2] of the Department of Agrarian Reform Adjudication Board (DARAB) dated 1 July 1998.

The subject matter in this case is a parcel of land registered as Lot No. 329 of the Laguna Resettlement Project, located in Barrio San Vicente, San Pedro, Laguna, with an area of 16,495 square meters. The Department of Agrarian Reform (DAR) awarded to Ricardo Alvarez the right to purchase the land in question, pursuant to an Order of Award dated 9 October 1973.[3] On 15 August 1977, Ricardo Alvarez, with the consent of his wife, respondent Rosario Param, purchased the land, evidenced by a Deed of Sale executed by the DAR.[4] This Deed of Sale specifically prohibited the transfer of the land within ten (10) years from the issuance of the certificate of title to any person other than the vendee's relatives within the third civil degree by consanguinity or affinity who are, at the same time, qualified beneficiaries.[5] This restriction was in accordance with Section 62 of Republic Act No. 3844, or the Agricultural Land Reform Code.[6]

However, pending the issuance of the certificate of title of the said land, Presidential Decree No. 1474, Declaring the San Pedro Tunasan Estate (also known as the Laguna Resettlement Project) of the Department of Agrarian Reform Suitable for Residential, Commercial, or Industrial, or other Non-Agricultural Purposes, was enacted on 11 June 1978 and published in the Official Gazette on 27 November 1978. This effectively repealed the ten-year prohibition on the transfer of agrarian lands situated in the Laguna Resettlement Project. Presidential Decree No. 1474 provided that:

Section 1. The Department of Agrarian Reform, as Administrator of the San Pedro Tunasan Estate, is hereby ordered to convert such estate into a commercial, industrial and residential site and to transfer the same to the National Housing Authority.

Section 2. Individuals who have legally acquired farm lots in the Estate under Orders of Award or Certificates of Land Transfer or Agreement to Sell or Deeds of Sale, may sell or transfer their lots covered thereby or convert the same for the purposes mentioned in Section 1 hereof.

The Register of Deeds of the Province of Laguna issued Transfer Certificate of Title (TCT) No. 62731, covering the subject land, in the name of Ricardo Alvarez on 25 May 1979. On 10 June 1979, only 16 days after the title was issued, Ricardo Alvarez and his wife, Rosario Param, sold the said land to Mercedes Oliver for Ten Thousand Pesos (P10, 000.00). Oliver was not a relative within the third degree of consanguinity and had no capacity to personally cultivate the land, as required of a qualified beneficiary. Thus, TCT No. 62731 was cancelled, and TCT No. 64967 was issued in the name of Mercedes Oliver.[7]

On 22 December 1989, Mercedes Oliver sold the subject land to Filinvest, resulting in the issuance of TCT No. 201836 on 23 January 1990 in the name of Filinvest.[8]

On 7 March 1982, the heirs of the late Ricardo Alvarez filed a case for reconveyance, redemption and damages against Mercedes Oliver, Avelino Ramos and Jose Nunez, before the Regional Trial Court (RTC) of Biñan, Laguna.[9] Respondents filed an Amended Complaint for Annulment of Title with Reconveyance, dated 4 December 1985, wherein they claim that the sale of the subject land was made without their knowledge, and it was only in the 1980's that they learned of such sale. They alleged that their mother and father, both illiterate, were deceived by the defendants into executing the Deed of Sale covering the subject land in favor of Mercedes Oliver. Respondents also argued that such sale was void since the Deed of Sale was executed in violation of the law which enjoins the sale of the subject land.[10] This case was, however, dismissed for failure of the respondents and counsel to appear during the hearing for the reception of their evidence, despite due notice and after eight postponements[11]. The RTC, in its Order,[12] dated 17 February 1989, ruled that:

Further considering that without the evidence of said witness and the plaintiffs not having presented any evidence on record, upon motion of counsel for defendants that this case be dismissed and further manifestation by the defendants that they are waiving their right to a counterclaim, the Court hereby orders the dismissal of this case (both the complaint and counterclaim).

Let copy of this Order be furnished party plaintiff.

The order became final and executory when the respondents failed to file a motion for reconsideration of this Order, despite receipt thereof.[13]

On 26 March 1990, respondents filed a complaint against Mercedes Oliver and Filinvest before the Provincial Agrarian Reform Adjudication (PARAD) of Sta. Cruz, Laguna, seeking to annul the Deed of Sale between the Spouses Alvarez and Mercedes Oliver and the subsequent transfer between Mercedes Oliver and Filinvest, on grounds similar to the complaint filed before the RTC of Biñan. They also sought the issuance of a restraining order enjoining Filinvest from bulldozing the subject land, which was occupied and cultivated by the respondents. Mercedes Oliver filed a Motion to Dismiss on the grounds of res judicata and that the PARAD had no jurisdiction over the subject matter of the case. Filinvest similarly filed a motion to dismiss on the grounds of res judicata and laches. It also alleged, in its defense, that it was a purchaser for value and in good faith. In its Position Paper, Filinvest likewise asserted that the restriction against selling the subject land within ten years, provided under the Deed of Sale executed by DAR in favor of the Spouses Alvarez had already been superseded by Presidential Decree No. 1474, which took effect in 1978.[14]

On 25 August 1993, the PARAD of Sta. Cruz, Laguna, dismissed the complaint on the ground of res judicata. Moreover, it ruled that the sale between the Spouses Alvarez and Mercedes Oliver was valid.[15] The dispositive part of this Decision[16] reads:

WHEREFORE, in view therefrom, Judgment is hereby rendered dismissing the instant case for lack of merit.

On appeal, the DARAB reversed and set aside the Decision dismissing the complaint, and ordered the reversion

of the subject property to the government. The dispositive portion of the said Order,[17] dated 1 July 1998 reads:

WHEREFORE, premises considered, the challenged decision dated August 25, 1993 is hereby REVERSED and SET ASIDE and a new judgment is hereby rendered as follows:

- Annulling the transfer of the land in question to the late Ricardo Alvarez and its subsequent transfers to defendant Mercedes Oliver and defendant Filinvest Land Incorporated;
- Ordering the cancellation of Transfer Certificate of Title No. 201836, covering the subject land, issued by the Register of Deeds for the Province of Laguna, Calamba branch, in the name of defendant Filinvest; and
- Directing the Register of Deeds for the Province of Laguna, Calamba branch, to issue in lieu of TCT No. 201836, a Certificate of Title in the name of the Republic of the Philippines, through DAR, for distribution to qualified farmer-beneficiary in accordance with Administrative Order No. 01, Series of 1992, which is the Revised Rules and Procedures Governing the Disposition of Homelots and other Lots in Barangay Sites and Residential, Commercial, and Industrial Lots in Townsites within DAR Settlement Project and Similar Other Areas under DAR Jurisdiction.

The DARAB ruled, too, that *res judicata* as a bar against filing a complaint with the PARAD is not applicable in this case since there was no adjudication of the merits before the RTC of Biñan.

The DARAB considered as self-serving and unsupported by evidence the allegations of the respondents that the consent of the Spouses Alvarez was obtained through fraud in connection with the sale made in favor of Mercedes Oliver. It also ruled that the sale between Ricardo Alvarez and Mercedes Oliver was a violation of the ten-year prohibition against the transfer of the land imposed by the Deed of Sale between the government and Ricardo Alvarez, in accordance with Section 62 of Republic Act No. 3844. Such act rendered the Deed of Sale executed by the DAR in favor of Ricardo Alvarez void, and, therefore, the subsequent transfers to Mercedes Oliver and Filinvest were, likewise, void.[18]

In negating Filinvest's claim that Presidential Decree No. 1474 has superseded Section 62 of Republic Act No. 3844, the DARAB cited the case of *Tipon v. Intermediate Appellate Court*,[19] where the Court upheld the validity of the ten-year prohibition on the transfer of land given by the government to farmer-beneficiaries. The DARAB added that the restriction on transfer of land is contained in our present agrarian laws, particularly Republic Act No. 6675.[20]

The petitioners then filed a Petition for Certiorari under Section 43 of the 1997 Rules of Court before the Court of Appeals, but on 11 November 1998, the appeal was again dismissed for lack of merit and the assailed Decision of the DARAB was affirmed. [21]

The petitioners filed a Motion for Reconsideration, which was subsequently denied in a Resolution dated 8 February 1999.[22]

Hence this petition, wherein Filinvest raised the following issues:

I

WHETHER OR NOT THE COURT OF APPEALS GRAVELY ABUSED ITS DISCRETION AND COMMITTED REVERSIBLE ERROR IN HOLDING THAT THE SALE OF THE SUBJECT PARCEL OF LAND BY RICARDO ALVAREZ TO MERCEDES OLIVER VIOLATED THE TRANSFER RESTRICTION CONTAINED IN THE PRIOR DEED OF SALE OF THE SAME PROPERTY EXECUTED BY THE DEPARTMENT OF AGRARIAN REFORM IN FAVOR OF RICARDO ALVAREZ AND SECTION 62, ARTICLE II, CHAPTER III OF REPUBLIC ACT NO. 3844

II

WHETHER OR NOT THE COURT OF APPEALS ACTED WITH GRAVE ABUSE OF DISCRETION AND COMMITTED REVERSIBLE ERROR IN APPLYING SECTION 1 (C), RULE II OF THE NEW RULES OF PROCEDURE OF THE DEPARTMENT OF AGRARIAN REFORM ADJUDICATION BOARD (DARAB), CONFERRING JURISDICTION OF THE DARAB OVER THE INSTANT CASE, IN DISREGARD OF THE PROVISIONS OF PRESIDENTIAL DECREE NO. 1474

III

WHETHER OR NOT THE COURT OF APPEALS ACTED WITH GRAVE ABUSE OF DISCRETION AND COMMITTED REVERSIBLE ERROR IN RULING THAT THE DOCTRINE OF RES JUDICATA DOES NOT APPLY TO BAR RESPONDENTS' COMPLAINT IN DARAB CASE NO. IV-032-L

IV

WHETHER OR NOT THE COURT OF APPEALS ACTED WITH GRAVE ABUSE OF DISCRETION AND COMMITTED REVERSIBLE ERROR IN NOT RULING THAT PETITIONER IS A BUYER IN GOOD FAITH WHO SHOULD BE ENTITLED TO PROTECTION AGAINST THE ALLEGED CLAIM OF THE RESPONDENT HEREIN, PURSUANT TO THIS HONORABLE COURT'S RULING IN AGRICULTURAL AND HOME EXTENSION DEVELOPMENT GROUP VS. COURT OF APPEALS, ET AL., G.R. NO. 92319, SEPTEMBER 3, 1992[23]

This petition is meritorious.

The first issue raised by Filinvest is whether the sale between Ricardo Alvarez and Mercedes Oliver was void because it violated the prohibitory condition contained in the Deed of Sale between Ricardo Alvarez and the Government, to wit:

- That from the date of the pertinent Order of Award and within TEN (10) years from the date of issuance by the proper Register of Deeds of the certificate of title, the land subject hereof shall not, except by hereditary succession, be subdivided, sold or in any manner transferred or encumbered except in favor of any of the VENDEE'S relative within the third civil degree by consanguinity or affinity who fulfill the four (4) requirements in Section 6 Land Authority Administrative Order No. 4, Series of 1967, or in favor of the Government and its financial or banking institutions or rural banks, and only upon prior written consent of the Secretary of the Department of Agrarian Reform; and any sale, transfer, encumbrance or alienation made in violation hereof shall be null and void: x x x[24]

This condition is in accordance with Section 62 of Republic Act No. 3844, The Agricultural Land Reform Code, which provided that:

Section 62. Limitation on Land Rights. - Except in case of hereditary succession by one heir, landholdings acquired under this Code may not be resold, mortgaged, encumbered, or transferred until after the lapse of ten years from the date of full payment and acquisition and after such ten-year period, any transfer, sale or disposition may be made only in favor of persons qualified to acquire economic family-size farm units in accordance with the provisions of this Code: Provided, That a purchaser who acquired his landholding under a contract to sell may secure a loan on the same from any private lending institution or individual for an amount not exceeding his equity on said landholding upon a guaranty by the Land Bank.

Filinvest, however, contends that these restrictions were already revoked by the issuance of Presidential Decree No. 1474, Declaring the San Pedro Tunasan Estate of the Department of Agrarian Reform Suitable for Residential, Commercial or Industrial, or Other Non-Agricultural Purposes. This law reclassifies the San Pedro Tunasan Estate, known as and hereinafter referred to as the Laguna Resettlement Project, into a commercial,

industrial and residential site as it is no longer conducive to agricultural development.

The position taken by Filinvest is justified. Section 2 of Presidential Decree No. 1474[25] categorically empowers "individuals who have legally acquired lots in the (San Pedro Tunasan) Estate" under Orders of Awards or Deeds of Sale, among others things, to "sell or transfer their lots covered thereby." Therefore, transfers of land located within the Laguna Resettlement Project, made after the law took effect, are valid and the restriction on transfer of the land within ten years after its registration is no longer applicable.

In the present case, the government, through the DAR had already issued an Order of Award and a Deed of Sale in favor of Ricardo Alvarez covering a parcel of land located within the Laguna Resettlement Project, when Presidential Decree No. 1474 was enacted on 11 June 1978. In 1979, Alvarez, with the consent of his spouse, Rosario Param, transferred the same parcel of land to Mercedes Oliver. Such transfer was clearly sanctioned. As earlier adverted to, Section 2 of Presidential Decree No. 1474 revoked the application of Section 62 of Republic Act No. 3844 and the condition prohibiting the transfer of the land contained in the Deed of Sale executed by the DAR in favor of Alvarez, in so far as land within the Laguna Resettlement Project was concerned. Since the transfer made by Ricardo Alvarez to Mercedes Oliver was valid, the subsequent transfer made by Mercedes Oliver to Filinvest is also valid.

DARAB's reliance on the ruling of the Court in *Tipon v. Intermediate Appellate Court*,[26] upholding the ten-year prohibition on the transfer of land distributed by the government in favor of its beneficiaries, is misplaced. This case is not applicable for it did not take into account Presidential Decree No. 1474 because of different factual circumstances. It is true that the *Tipon* case shares some similarities with the present case - the subject property was part of the Laguna Resettlement Project, and the Deed of Sale between the DAR and the farmer-beneficiary, Renato Tipon, was executed before the enactment of Presidential Decree No. 1474 in 1978. However, there is a crucial difference. Unlike the present case where the subsequent transfer by the farmer-beneficiary, Ricardo Alvarez, to Mercedes Oliver was made in 1979 after Presidential Decree No. 1474 took effect, the subsequent transfer by farmer-beneficiary Renato Tipon to Atty. Umiral Matic, was made in 1976 before the enactment of Presidential Decree No. 1474. The factual background of the *Tipon* case, as recounted by the Court, are thus:

Petitioner Renato Tipon acquired the lot in question (Lot No. 386 of the Laguna Settlement Project) from the government by virtue of a Deed of Sale executed in his favor by the Department of Agrarian Reform on November 23, 1976, for the price of P1,251.20. x x x.

x x x x

On the day the Deed of Sale was executed in his favor, Tipon filed a request with the Department of Agrarian Reform for permission to transfer his rights and interest over the lot in question in favor of Atty. Umiral P. Matic (respondent herein). This request was granted by the Regional Director of Region IV of the Department of Agrarian Reform on December 9, 1976 "subject to the condition that the Deed of Transfer is submitted to this department for verification and final approval.

On December 10, 1976, Tipon submitted the Deed of Absolute Sale in favor of Matic for approval and, on the same day, it was approved by the Regional Director of Region IV of the Department of Agrarian Reform. Thereafter, Matic caused the titling of the property in the name of Tipon to whom was issued Transfer Certificate of Title No. 50617 and later, had the same transferred to his name under Transfer Certificate of Title No. 53850 dated July 12, 1977, of the Registry of Deeds for the Province of Laguna.[27]

A basic principle of statutory construction mandates that general legislation must give way to special legislation on the same subject, and generally be so interpreted as to embrace only cases in which the special provisions are not applicable.[28] There is no question that Section 2 of Presidential Decree No. 1474 is inconsistent with

Section 62 of Republic Act No. 3844. The former authorizes the sale or transfer of agricultural lands within the Laguna Resettlement Project, while the latter law prohibits the transfer of agricultural lands distributed by the government to farmer-beneficiaries, at least for a limited period. Presidential Decree No. 1474 as a special law should govern lands within the Laguna Resettlement Project, while Republic Act No. 3844 is a law generally applied to agrarian lands.

The second issue Filinvest raised is whether the DARAB had jurisdiction over a case involving the subject land. Rule II, Section 1, of the DARAB Revised Rules of Procedure provides that the DARAB shall have primary jurisdiction, both original and appellate over:

(c) Cases involving the annulment or cancellation of orders or decisions of DAR officials other than the Secretary, lease contracts or deeds of sale or their amendments under the administration and disposition of the DAR and LBP; x x x.

However, Filinvest argued that under Section 1 of Presidential Decree No. 1474, the Laguna Resettlement Project was no longer agricultural land but was effectively converted into a commercial, industrial and residential site, and was therefore outside the jurisdiction of the DARAB. Section 1 of Presidential Decree No. 1474 reads:

Section 1. The Department of Agrarian Reform, as Administrator of the San Pedro Tunasan Estate, is hereby ordered to convert such estate into a commercial, industrial and residential site and to transfer the same to the National Housing Authority.

From the aforecited provision, it is clear that the DAR had lost jurisdiction over government lands located in the Laguna Resettlement Project formerly under its administration which it was ordered to transfer to the National Housing Authority (NHA). More importantly, the DARAB can no longer annul the Deed of Sale between the government and Ricardo Alvarez, or the subsequent transfers, on the ground that Alvarez violated Section 62 of Republic Act No. 3844 and the conditions laid down in the Deed of Sale regarding the ten-year restriction on the transfer of the same land. At that time, the transfer between Alvarez and Oliver was made, these aforementioned rules were repealed by the provisions of Presidential Decree No. 1474. These rules were no longer applicable to the land in question, as it was no longer under the administration of the DAR nor agrarian in character. The validity of the subsequent transfer of the subject land between Ricardo Alvarez and Mercedes Oliver, or even the later transfer between Mercedes Oliver and Filinvest, was no longer subject to agrarian laws, as the land was already commercial, industrial, or residential in nature at the time of the transfer. Therefore, any proceeding which attacks the validity of the subsequent transfers are within the jurisdiction of regular courts.

Clearly, the respondents filed the case before the PARAD, not because the case involved a dispute that would be properly resolved by the PARAD, but because they were already barred from filing the case before the proper forum. The allegations and relief found in the Complaint filed by the respondents before the PARAD are conspicuously similar to those in the Amended Complaint which they had earlier filed before the trial court of Biñan.[29] As earlier discussed, the trial court ordered the dismissal of the case for failure to prosecute. When the respondents failed to file a motion for reconsideration, despite due notice, such order became final.

This Court cannot countenance the party-litigant's recourse to such measures. The foundation principle upon which the doctrine of res judicata rests is that parties should not be permitted to litigate the same issue more than once. When a right or fact has been judicially tried and determined by a court of competent jurisdiction, or an opportunity for such trial has been given, the judgment of the court, so long as it is not reversed, should be conclusive upon the parties and those in privity with them in law or estate.[30]

The following requisites must concur in order that a prior judgment may bar a subsequent action: (1) the former judgment or order must be final; (2) 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; (3) it must have been rendered by a court having jurisdiction over the subject matter and the parties; and (4) there must be, between the first and second actions, identity of parties, of subject matter and of cause of action. [31]

A perusal of the records easily shows that the first, third and fourth requirements have been complied with in this case. The Order rendered by Branch XXIV of the RTC of Biñan, dated 17 February 1989, dismissing the case, is clearly final, as it disposed of all the rights and obligations of the parties before it.[32] There was never any question raised on the jurisdiction of Branch XXIV of the RTC to hear and decide the question of whether the sale executed between Ricardo Alvarez and Mercedes Oliver was valid. It is also obvious that the allegations of the respondents in their Amended Complaint filed before the RTC of Biñan are substantially identical to the Complaint filed before the PARAD; involved the same subject matter, and raised the same causes of action.[33] Filinvest was named as a party only in the complaint before the PARAD, since it acquired the property from Mercedes Oliver only on 22 December 1989,[34] after the case before the RTC was dismissed on 17 February 1997. Moreover, the fact that its predecessor-in interest, Mercedes Oliver, was a party in the case filed before the RTC of Biñan satisfies the requirement on the identity of parties. In the case of *Camara v. Court of Appeals*,[35] this Court has ruled that, "[t]here is identity of parties not only where the parties are the same, but also those in privity with them, as between their successors-in-interest by title subsequent to the commencement of the action, litigating for the same thing and under the same title and in the same capacity."

The only contention between the parties was whether the second requirement, that the decision or order must have been based on the merits of the case, was met. In situations contemplated in Section 3, Rule 17 of the Rules of Court,[36] where a complaint is dismissed for failure of the plaintiff to comply with a lawful order of the court, such dismissal has the effect of an adjudication upon the merits.[37] A dismissal for failure to prosecute has the effect of an adjudication on the merits, and operates as *res judicata*, particularly when the court did not direct that the dismissal was without prejudice.[38]

Having complied with the four requisites needed for the doctrine of *res judicata* to operate, the Order rendered by the RTC of Biñan dismissing Civil Case No. B-1941 finally determined the ownership of the subject land, the heirs of the late Ricardo Alvarez, Mercedes Oliver, and her successor-in-interest, Filinvest, as no motion for reconsideration on this Order was filed. Moreover, this would bar any dispute over the subject land from being brought before any judicial forum. Rule 39, Section 47 of the Rules of Court[39] provides that in case of a judgment or final order over a specific thing, rendered by a court having jurisdiction, the judgment or final order is conclusive upon the title to the thing and binding upon the parties and their successors-in-interest.

Furthermore, the allegations of the private respondents of their counsel's negligence cannot be given any credence. In the Affidavit of private respondent Romeo Alvarez, and reiterated in the Comment filed by the private respondents before the Court of Appeals, it was alleged that on 12 December 1986, their counsel, Atty. Rosendo O. Chavez, executed a Notice of Withdrawal, which was not filed before the trial court and did not bear the conformity of the private respondents.[40] Thereafter, Atty. Chavez allegedly stopped attending the hearings before the trial court. As a result thereof, the private respondents were not notified of the 17 February 1989 hearing, when the Order dismissing the case was issued.

Records clearly show that Atty. Chavez could not have withdrawn from the case on 12 December 1986. As of 14 December 1987, Atty. Chavez presented as his witness, Rosario Param, one of the private respondents.[41] Since he requested for continuance, he was required to bring the witness on the next hearing date. However, seven postponements later, he was unable to bring the witness he presented.[42] On 17 October 1988, Atty. Chavez attended the hearing. He failed to attend the next hearing on 20 January 1989. Nevertheless, he was still at that time the counsel of the private respondents and therefore the notice to him was binding upon the parties.

Moreover, the private respondent Rosario Param was perfectly aware that her testimony was far from finished, and that she still needed to appear before the Court. Given the foregoing facts, private respondent's allegations that their counsel was grossly negligent and that he had deceived them is not credible.

Even if the allegations of the private respondents are to be believed, they should have raised them in a Motion for Reconsideration, or a petition to annul the Order of the trial court dismissing the case. While they alleged that they did not receive the Order requiring them to appear on the 17 February 1989 hearing, they never denied receiving the Order of dismissal. As the records stand, the counsel for the respondents received the Order dismissing the case on 28 February 1989,[43] and the respondents never filed a Motion for Reconsideration or even a belated appeal to question the Order dismissing case. Instead, they waited for a full year and filed with the DARAB a case which was under the jurisdiction of the regular courts.

WHEREFORE, premises considered, this Court GRANTS this petition and REVERSES the Decision of the Court of Appeals in CA-G.R. SP No. 48396, dated 11 November 1998, affirming the Order of the DARAB nullifying the transfer certificate titles issued in the names of Ricardo Alvarez, Mercedes Oliver and Filinvest Land Inc. since the DARAB was without jurisdiction to issue the said Order. No costs.

SO ORDERED.

Panganiban, C.J., (Chairman), Austria-Martinez, and Callejo, Sr., JJ., concur.
Ynares-Santiago, J., see dissenting opinion.

[1] Penned by Associate Justice Rodrigo V. Cosico with Associate Justices Artemon D. Luna and Delilah Vidallon-Magtolis, concurring, rollo, pp. 42-47.

[2] Id. at 178-203.

[3] Id. at 503.

[4] Id. at 179.

[5] Id at 103-104.

[6] Section 62. Limitation on Land Rights.—Except in case of hereditary succession by one heir, landholdings acquired under this Code may not be resold, mortgaged, encumbered, or transferred until after the lapse of ten years from the date of full payment and acquisition and after such ten-year period, any transfer, sale or disposition may be made only in favor of persons qualified to acquire economic family-size farm units in accordance with the provisions of this Code: Provided, That a purchaser who acquired his landholding under a contract to sell may secure a loan on the same from any private lending institution or individual for an amount not exceeding his equity on said landholding upon a guaranty by the Land Bank.

[7] Rollo, p. 180.

[8] Rollo, 136-139.

[9] Id. at 97-102.

[10] Id. at 149-159.

[11] Id. at 160-169.

[12] Id. at 168.

[13] Rollo, 169..

[14] Id. at 171-172,181-184.

[15] Id. at 175-177.

[16] Id. at 177.

[17] Id. at 202.

[18] Id. at 193-198.

[19] G.R. No. L-71645, 27 February 1987, 148 SCRA 201.

[20] Rollo, pp. 199-201.

[21] Id. at 42-47.

[22] Id. at 49.

[23] Id. at 420-421.

[24] Id. at 280-281.

[25] Section 2. Individuals who have legally acquired farm lots in the Estate under Orders of Award or Certificates of Land Transfer or Agreements to Sell or Deeds of Sale, may sell or transfer their lots covered thereby or convert the same for the purposes mentioned in Section 1 hereof.

[26] Supra note 17.

[27] Id. at 202-204.

[28] *Leveriza v. Intermediate Appellate Court*, G.R. No. L-66614, 25 January 1988, 157 SCRA 282, 294; *Sto. Domingo v. De Los Angeles*, G.R. No. L-30135, 21 February 1980, 96 SCRA 139, 151.

[29] Records, DARAB Case No. 1900, First Folder, pp. 1-6 and 17-12.

[30] *Nabus v. Court of Appeals*, G.R. No. 91670, 7 February 1991, 193 SCRA 732, 738-739.

[31] *Cruzo v. Carriaga*, G.R. Nos. 75109-10, 28 June 1989, 174 SCRA 331, 340, citing *Malvar v. Palingayan*, G.R. No. L-24736, 27 September 1966, 18 SCRA 121, 123-124; *Usingco v. Ong Hing Lian*, G.R. No. L-26523, 24 December 1971, 42 SCRA 589, 602; *Daeng v. Intermediate Appellate Court*, G.R. No. L-71313, 24 September 1987, 154 SCRA 250, 254.

[32] Rollo, p. 135.

[33] Records, DARAB Case No. 1900, First Folder, pp. 1-6 and 17-12.

[34] Rollo, pp. 136-139.

[35] 369 Phil. 858, 867-868 (1999).

[36] Section 3. Failure to prosecute. If plaintiff fails to appear at the time of the trial, or to prosecute his action for an unreasonable length of time, or to comply with these rules or any order of the court, the action may be dismissed upon motion of the defendant or upon the court's own motion. This dismissal shall have the effect of adjudication upon the merits, unless otherwise provided by the court.

[37] *Nabus v. Court of Appeals*, supra note 28 at 740-741.

[38] *Cruzo v. Carriaga*, supra note 29 at 340; *Villanueva v. Court of Appeals*, 349 Phil. 99, 111 (1998).

[39] Section 47. Effect of judgment 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:

(a) In case of a judgment or final order against a specific thing, or in respect to the probate of a will, or the administration of the estate of a deceased person, or in respect to the personal, political, or legal condition or status of a particular person or his relationship to another, the judgment or final order is conclusive upon the title to the thing, the will or administration, or the condition, status or relationship of the person; however, the will or administration, or the condition, status, or relationship of the person; however, the probate of a will or granting of letters of administration shall only be prima facie evidence of the death of the testator or intestate;

(b) In other cases, the judgment or final order is, with respect to the matter directly adjudged or as to any other matter 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

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[40] CA Rollo, 185-186, 204-205.

[41] Rollo, 160.

[42] Id. at 160- 168.

[43] Id. at 169.

DISSENTING OPINION

YNARES-SANTIAGO, J.:

I agree with the ponencia that the DARAB did not have jurisdiction over the instant case. However, I do not agree with the additional pronouncements made by the ponencia that (1) the sale of the subject land by Alvarez to Oliver as well as by Oliver to Filinvest is valid;^[1] (2) the instant case is barred by res judicata because of a prior case filed before the Regional Trial Court (RTC) of Biñan, Laguna for recovery of ownership over the same land; and, (3) any subsequent action, if one should be filed, involving title over the subject land is already barred by res judicata.^[2]

With due respect, the ponencia might have overlooked the consequences of its finding that the DARAB was without jurisdiction over the instant case. Since the DARAB was without jurisdiction over the instant case, all the proceedings had as well as orders and decisions issued therein were null and void. As a result, the other issues raised by Filinvest could no longer be resolved because of the finding that the DARAB has no jurisdiction to hear the instant case. The declaration of the ponencia validating the sales of the subject land by Alvarez to Oliver as well as by Oliver to Filinvest is thus inappropriate under the circumstances. All that should be done is to order the dismissal of the instant case.

Whether the filing of a subsequent case is barred by res judicata is an issue that should be resolved if and when such a subsequent case is filed. The rule is well-settled that for a court to exercise its power of adjudication, there must be an actual case or controversy one which involves a conflict of legal rights, an assertion of opposite legal claims susceptible of judicial resolution.^[3] The instant case is not the proper forum to rule on the existence of res judicata. To emphasize, the DARAB has no jurisdiction hence all proceedings therein are null and void.

Consequently, the issue of res judicata raised therein could not be resolved. It follows that any pronouncement thereon by the ponencia is inappropriate.

Indeed, the records of the instant case reveal that a prior action for reconveyance of the subject land was filed by private respondents before the RTC of Biñan, Laguna; that the same was dismissed by the trial court for failure to prosecute; and that the order dismissing the RTC case became final and executory for failure of the private respondents to appeal therefrom. But, as previously discussed, the issue of whether the instant case is barred by res judicata because of the filing of a prior RTC case became moot with the finding that the DARAB, to begin with, has no jurisdiction over the instant case.

Nevertheless, the ponencia went on to rule on the issue of res judicata and took it a step further by declaring that the dismissal of the RTC case "would bar any dispute over the subject land from being brought before any judicial forum."^[4] With due respect, whether Filinvest can validly raise the defense of res judicata in a future, subsequent case involving title over the subject land is a matter of defense which this Court cannot resolve in the instant case without violating the rule that states that the power of adjudication of courts is limited to actual controversies. Such a declaration is premature to say the least. The other party must be allowed to refute the existence of the elements of res judicata in the proper forum at the proper time when it is raised as an issue. But as it is, such subsequent case has yet to be filed. Definitely, the instant case is not the "subsequent case" as the DARAB has no jurisdiction to begin with.

In fine, the issue of whether the sale of the subject land by Alvarez to Oliver and by Oliver to Filinvest is valid as well as whether a future, subsequent case is barred by res judicata cannot be resolved in the instant case. The only valid and binding ruling in the instant case should be one for dismissal on the ground of lack of jurisdiction.

ACCORDINGLY, the instant complaint should be DISMISSED for lack of jurisdiction.

[1] The ponencia stated thus:

In the present case, the government, through the DAR had already issued an Order of Award and a Deed of Sale in favor of Ricardo Alvarez covering a parcel of land located within the Laguna Resettlement Project, when Presidential Decree No. 1474 was enacted on 11 June 1978. In 1979, Alvarez, with the consent of his spouse, Rosario Param, transferred the same parcel of land to Mercedes Oliver. Such transfer was clearly sanctioned. As earlier adverted to, Section 2 of presidential Decree No. 1474 revoked the application of Section 62 of Republic Act No. 3844 and the condition prohibiting the transfer of the land contained in the Deed of Sale executed by the DAR in favor of Alvarez, in so far as land within the Laguna Resettlement Project was concerned. Since the transfer made by Ricardo Alvarez to Mercedes Oliver was valid, the subsequent transfer made by Mercedes Oliver to Filinvest is also valid. (Italics supplied) (Revised Draft Decision, p. 10)

[2] The ponencia stated thus:

Having complied with the four requisites needed for the doctrine of res judicata to operate, the Order rendered by the RTC of Biñan dismissing Civil Case No. B-1941 finally determined the ownership of the subject land, the heirs of the late Ricardo Alvarez, Mercedes Oliver, and her successor-in-interest, Filinvest, as no motion for reconsideration on this Order was filed. Moreover, this would bar any dispute over the subject land from being brought before any judicial forum. (Italics supplied) (Revised Draft Decision, p. 15-16)

[3] Republic v. Tan, G.R. No. 145255, March 30, 2004, 426 SCRA 485, 492-493.

[4] Revised Draft Decision, p. 16.

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