SPOUSES CONRADO ANTONIO AND AVELYN ANTONIO, PETITIONERS, VS. JULITA SAYMAN VDA. DE MONJE, SUBSTITUTED BY HER HEIRS, NAMELY: ANGELINA MONJE-VILLAMOR, LUZVISMINDA MONJE-CORTEL, MA...

G.R. No. 149624. September 29, 2010

Ponente: PERALTA, J.

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PERALTA, J.:

Assailed in the present petition are the Decision[1] and Resolution[2] of the Court of Appeals (CA) dated May 4, 2001 and August 3, 2001, respectively.

The facts of the case, as summarized by the CA, are as follows:

> Spouses Catalino Manguiob and Andrea Pansaon were the original owners of the subject parcel of coconut land, consisting of 15,903 square meters, particularly known as Lot No. 1 covered by Original Certificate of Title No. 1020 of the Register of Deeds of Davao.
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> On 02 September 1962, Andrea Pansaon who survived her husband Catalino Manguiob, together with some other heirs, sold to Macedonio Monje Seven Thousand Five Hundred (7,500) square meters only of the aforesaid property. The said deed of absolute sale was duly notarized by Notary Public Ricardo Reyes and entered in his notarial book as Doc. No. 48; page 10; Book No. 5; Series of 1962.
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> Macedonio Monje immediately took possession thereof and constructed a house worth P30,000.00.
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> On 16 January 1967, the heirs of spouses Catalino Manguiob and Andrea Pansaon who also died, sold the subject property which was already sold to Macedonio Monje in 1962, in favor of Nicanor Manguiob and Carolina V. Manguiob.
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> Immediately thereafter, spouses Nicanor Manguiob and Carolina V. Manguiob had executed an absolute deed of sale in favor of the former's sister-in-law, Avelyn B. Antonio, the entire Lot No. [1] consisting of 15,903 square meters. The sale was entered in the notarial book of Notary Public Juanito T. Hernandez as Doc. No. 645; Page 31; Book 5, Series of 1967.
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> Macedonio Monje knew it only on 11 August 1967 when he received a letter from Avelyn B. Antonio, informing him that she is now the registered owner of the subject property under a new Transfer Certificate of Title No. TCT No. T-9643.
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> Aggrieved, Macedonio Monje filed on 12 October 1967 before the CFI of Baganga, Davao Oriental, a complaint for the annulment of the deed of sale between the heirs of Catalino Manguiob and Carolina Balanay/Nicanor Manguiob, as well as the subsequent deed of absolute sale by the latter in favor [of] Avelyn Antonio and the cancellation of TCT No. T-9643, docketed as Civil Case No. 007-125.
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> On 27 August 1981, the aforesaid court rendered a decision the decretal portion thereof reads as follows:

> WHEREFORE, judgment is hereby rendered, declaring the 2[nd] and 3[rd] deeds of sale of the property in question null and void and transfer certificate of title No. 9643 likewise null and void; ordering the defendants jointly and solidarily to pay the plaintiff moral damages of P30,000.00 and actual damages of P20,000.00, with legal interest until the amount is fully paid; and to pay the costs.
>
> Let a copy of this decision be served on the Register of Deeds at Mati, Davao Oriental, for appropriate action.
>
> SO ORDERED.

Plaintiff-appellants, Spouses Antonio appealed the above-mentioned decision all the way to the Supreme Court. On 07 December 1992, the Supreme Court in G.R. No. 69696, rendered a decision, the pertinent portion of which states as follows:

> We find that while the principle of res judicata is better disregarded if its application would involve the sacrifice of justice to technicality; to so disregard it now and reopen the case would further delay its disposition. However, the lower court should take note of its erroneous order to deliver to Monje an area larger than what he bought from the heirs of Manguiob and claimed in the action he had filed, in the eventual execution of its decision. In the same way that the power of the court in the execution of its judgment extends only over properties belonging to the judgment debtor, the court below may not, in the execution of its decision of August 27, 1981, deliver to Monje the entire area covered by TCT No. T-9643 as it is more than double that of the property he had bought. (pp. 15-16, rollo).

Prescinding from the decision of the Supreme Court, plaintiff-appellants [herein petitioners] filed a case for a sum of money, accounting of the proceeds of the copra, damages and attorney's fees against herein defendant-appellees, docketed as Civil Case No. 506 before the Regional Trial Court of Baganga, Davao Oriental, Branch 7.

In the aforesaid complaint, plaintiffs-appellants alleged, among others that:

> 8. That the late Macedonio Monje has been in possession of this 15,903 square meters coconut land covered by TCT No. T-9643 since 1967 which possession and enjoyment thereof has been continued by the herein defendants when Monje died;
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> 9. That as earlier pointed out, Monje is only entitled to 7,500 square meters of this subject property, hence, plaintiffs were deprived of the possession and proceeds of the copra of their property consisting of 8,403 square meters since 1967 (the year plaintiffs became the owner of this property) continuously up to the present.
>
> 10. That the possession by Macedonio Monje and the defendants of the whole 15,903 square meters of the aforesaid land and their appropriation of the proceeds of the copra was made in bad faith for they know very well that they are only entitled to 7,500 square meters portion of the land which is the only area they bought from the heirs of Catalino Manguiob. (Please refer to Annex 'B')
>
> x x x x
>
> 12. That since 1967 up to the present or a period of 27 years, Monje and the defendants appropriated unto themselves the proceeds of the copra of the land belonging to the plaintiffs (8,403 square meters area) in the estimated net amount of P420,714.00);
>
> x x x x

Defendants-appellees [herein respondents], instead of filing an answer to the aforesaid complaint had opted to file a motion to dismiss on the grounds of res judicata and violation of Supreme Court Circular No. 04-94 on non-forum shopping. x x x[3]

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On December 16, 1994, the Regional Trial Court (RTC) issued an Order dismissing herein petitioners' complaint on the ground of res judicata.[4]

Aggrieved by the Order of the RTC, petitioners filed an appeal with the CA. Despite due notice, respondents failed to file their appellees' brief. Consequently, the CA deemed the case submitted for decision without the said brief.

On May 4, 2001, the CA rendered its presently assailed Decision affirming the judgment of the RTC and dismissing the appeal of herein petitioners.

Petitioners filed a Motion for Reconsideration, but the same was dismissed by the CA in its Resolution dated August 3, 2001.

Hence, the instant petition raising the lone issue of whether or not the CA erred in applying the principle of res judicata with respect to Civil Case No. 007-125 and Civil Case No. 506.[5]

At the outset, the Court notes that respondents failed to file their comment on the present petition. As borne by the records, several Court resolutions addressed to the respondents were returned either unserved or unheeded. Thus, the Court dispensed with the filing of respondents' comment.

Going to the merits of the case, res judicata is defined as "a matter adjudged; a thing judicially acted upon or decided; a thing or matter settled by judgment."[6] According to the doctrine of res judicata, an existing final judgment or decree rendered on the merits, and without fraud or collusion, by a court of competent jurisdiction, upon any matter within its jurisdiction, is conclusive of the rights of the parties or their privies, in all other actions or suits in the same or any other judicial tribunal of concurrent jurisdiction on the points and matters in issue in the first suit.[7] To state simply, a final judgment or decree on the merits by a court of competent jurisdiction is conclusive of the rights of the parties or their privies in all later suits on all points and matters determined in the former suit.[8]

The principle of res judicata is applicable by way of (1) "bar by prior judgment" and (2) "conclusiveness of judgment." This Court had occasion to explain the difference between these two aspects of res judicata as follows:

> There is "bar by prior judgment" when, as between the first case where the judgment was rendered and the second case that is sought to be barred, there is identity of parties, subject matter, and causes of action. In this instance, the judgment in the first case constitutes an absolute bar to the second action. Otherwise put, the judgment or decree of the court of competent jurisdiction on the merits concludes the litigation between the parties, as well as their privies, and constitutes a bar to a new action or suit involving the same cause of action before the same or other tribunal.
>
> But where there is identity of parties in the first and second cases, but no identity of causes of action, the first judgment is conclusive only as to those matters actually and directly controverted and determined and not as to matters merely involved therein. This is the concept of res judicata known as "conclusiveness of judgment." Stated differently, any right, fact or matter in issue directly adjudicated or necessarily involved in the determination of an action before a competent court in which judgment 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, demand, purpose, or subject matter of the two actions is the same.[9]

Stated differently, conclusiveness of judgment finds application when a fact or question has been squarely put in issue, judicially passed upon, and adjudged in a former suit by a court of competent jurisdiction.[10] The fact or question settled by final judgment or order binds the parties to that action (and persons in privity with them or their successors-in-interest), and continues to bind them while the judgment or order remains standing and unreversed by proper authority on a timely motion or petition; the conclusively-settled fact or question cannot

again be litigated in any future or other action between the same parties or their privies and successors-in-interest, in the same or in any other court of concurrent jurisdiction, either for the same or for a different cause of action.[11] Thus, only the identities of parties and issues are required for the operation of the principle of conclusiveness of judgment.[12]

In the present case, there is no question that there is identity of parties in Civil Case No. 007-125 and Civil Case No. 506.

However, as to identity of issues, a perusal of the records and other pleadings would show that the issue raised in Civil Case No. 007-125 is whether the sale to petitioners of the 7,500 square meter portion of Lot No. 1 being contested by respondents is valid. On the other hand, in Civil Case No. 506, the issues are whether petitioners were deprived of possession of the remaining 8,403 square meter portion of Lot No. 1 which was validly sold to them and whether they are entitled to an accounting of the proceeds of the copra harvested from their property which was supposedly appropriated by respondents. The Court finds that there is no identity of issues as the issue raised in Civil Case No. 007-125 is different from, and does not overlap with, the issue raised in Civil Case No. 506.

Respondents insist in their Motion to Dismiss filed with the RTC that the cause of action in Civil Case No. 506 is barred by the prior judgment rendered in Civil Case No. 007-125.

The Court agrees, however, with the CA that the causes of action in these cases are not identical.

The Court has previously employed various tests in determining whether or not there is identity of causes of action as to warrant the application of the principle of res judicata. One test of identity is the "absence of inconsistency test" where it is determined whether the judgment sought will be inconsistent with the prior judgment.[13] If no inconsistency is shown, the prior judgment shall not constitute a bar to subsequent actions.[14] In the instant case, the reliefs prayed for in Civil Case No. 506 are the payment of a sum representing the proceeds of the copra supposedly harvested from petitioners' property and purportedly misappropriated by respondents. Petitioners also pray for the award of moral and exemplary damages, as well as attorney's fees and litigation expenses. In the event that a judgment is rendered in favor of herein petitioners, who are the complainants in Civil Case No. 506, the Court finds no possible inconsistency in the judgment sought in Civil Case No. 506 with the judgment rendered in Civil Case No. 007-125.

The more common approach in ascertaining identity of causes of action is the "same evidence test," whereby the following question serves as a sufficient criterion: "would the same evidence support and establish both the present and former causes of action?" If the answer is in the affirmative, then the prior judgment is a bar to the subsequent action; conversely, it is not.[15] In the instant case, it is unmistakable that the pieces of evidence that would back up the cause of action in Civil Case No. 007-125 are different from the set of evidence that would prove the cause of action in Civil Case No. 506.

Aside from the "absence of inconsistency test" and "same evidence test," we have also ruled that a previous judgment operates as a bar to a subsequent one when it had "touched on [a] matter already decided," or if the parties are in effect "litigating for the same thing."[16] A reading of the decisions of the lower and appellate courts in Civil Case No. 007-125 would show that there were neither discussions nor disposition of the issues raised in Civil Case No. 506.

The Court, nevertheless, does not agree with the conclusion of the RTC and the CA that Civil Case No. 007-125 and Civil Case No. 506 involve the same subject matter.

The final and executory judgment in Civil Case No. 007-125 cannot bar the filing of Civil Case No. 506, since

these cases involve entirely different subject matters. The bone of contention in Civil Case No. 007-125 is confined to the 7,500 square meter portion of Lot No. 1 bought by the predecessor-in-interest of respondents, while the subject matter in Civil Case No. 506 is the remaining 8,403 square meter parcel of the same lot. Since there is no identity of subject matter between the two cases, it is but logical to conclude that there is likewise no identity of causes of action.[17]

Both the questioned rulings of the RTC and the CA may have arisen from an apparent confusion that the whole of Lot No. 1, consisting of 15,903 square meters, is owned by respondents. It is clear, however, from the December 7, 1992 ruling of this Court in G.R. No. 69696[18] that respondents' predecessor-in-interest acquired only a 7,500 square meter portion of Lot No. 1 and not the entirety thereof and that the remaining 8,403 square meters are still owned by petitioners.

Lastly, while the claims petitioners in Civil Case No. 506 may be an offshoot of the controversy between them and repondents in Civil Case No. 07-125, these claims do not take the nature of a compulsory counterclaim which are barred if not set up in petitioners' answer to respondents' complaint in Civil Case No. 007-125.

In the recent case of Manuel Bungcayao, Sr., etc. v. Fort Ilocandia Property Holdings and Development Corporation,[19] this Court had occasion to reiterate its discussion on the nature of a compulsory counterclaim, thus:

> A compulsory is any claim for money or any relief, which a defending party may have against an opposing party, which at the time of suit arises out of, or is necessarily connected with, the same transaction r occurrence that is the subject matter of the plaintiff's complaint. It is compulsory in the sense that it is within the jurisdiction of the court, does not require for its adjudication the presence of third parties over whom the court cannot acquire jurisdiction, and will be barred in the future if not set up in the answer to the complaint in the same case. Any other counterclaim is permissive.
>
> The Court has ruled that the compelling test of compulsoriness characterizes as counterclaim as compulsory if there should exist a logical relationship between the main claim and the counterclaim. The Court further ruled that there exists such a relationship when conducting separate trials of the respective claims of the parties would entail substantial duplication of the time and effort by the parties and the court; when the multiple claims involve the same factual and legal issues; or when the claims are offshoots of the same basic controversy between the parties.
>
> The criteria to determine whether the counterclaim is compulsory or permissive are as follows:
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> (a) Are issues of the fact and law raised by the claim and by the counterclaim largely the same?
>
> (b) Would res judicata bar a subsequent suit on defendant's claim, absent the compulsory rule?
>
> (c) Will substantially the same evidence support or refute plaintiff's claim as well as defendant's counterclaim?
>
> (d) Is there any logical relations between the claim and the counterclaim?

A positive answer to all four questions would indicate that the counterclaim is compulsory.

In the instant case, the answer to all four questions is in the negative. As discussed earlier, the subject matter, causes matter, causes of action and the issues in Civil Case No. 007-125 and Civil Case No. 506 are entirely different. Thus, petitioner's claims for accounting and damages in the latter case are merely permissive. These are essentially independent claims which may be filed separately from Civil Case No. 007-125.

Hence, the Court finds that there is no res judicata in the present case.

WHEREFORE, the instant petition is GRANTED. The Decision of the Court of Appeals dated May 4, 2001 and

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its Resolution dated August 3, 2001 in CA-G.R. CV No. 49356 are REVERSED and SET ASIDE. The case is REMANDED for appropriate proceedings to the court of origin, Regional Trial Court, Branch 7, of Baganga, Davao Oriental, which is DIRECTED to decide on the merits WITH REASONABLE DISPATCH.

SO ORDERED.

Carpio, (Chairperson), Nachura, Abad, and Mendoza, JJ., concur.

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[1] Penned by Associate Justice Bienvenido L. Reyes, with Associate Justices Eubulo G. Verzola and Marina L. Buzon, concurring; rollo, pp. 70-79.

[2] Id. at 30-31.

[3] Rollo, pp. 71-75.

[4] Id. at 121-123.

[5] Id. at 29.

[6] Spouses Fernando Torres and Irma Torres v. Amparo Medina and Ex-Officio Sheriff of the RTC of Quezon City, G.R. No. 166730, March 10, 2010.

[7] Id.

[8] Agustin v. Delos Santos, G.R. No. 168139, January 20, 2009, 576 SCRA 576, 585.

[9] Id at 585-586. (Emphasis supplied.)

[10] Hacienda Bigaa, Inc. v. Epifanio V. Chavez, G.R. No. 174160, April 20, 2010; Chris Garments Corporation v. Sto. Tomas, G.R. No. 167426, January 12, 2009, 576 SCRA 13, 21-22; Heirs of Rolando N. Abadilla v. Galarosa, G.R. No. 149041, July 12, 2006, 494 SCRA 675, 688-689.

[11] Id.

[12] Id.

[13] Spouses Torres v. Medina, supra note 6.

[14] Agustin v. Delos Santos, supra note 8, at 588-589.

[15] Id. at 590.

[16] Id. at 591.

[17] Id. at 587.

[18] Entitled, Antonio v. Intermediate Appellate Court.

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