

SIMPLICIO GALICIA, FOR HIMSELF, AND AS ATTORNEY-IN-FACT OF ROSALIA G. TORRE, PAQUITO GALICIA, NELLIE GALICIA, LETICIA G. MAESTRO AND CLARO GALICIA, PETITIONERS, VS. LOURDES MANL...

G.R. NO. 155785. April 13, 2007

Ponente: AUSTRIA-MARTINEZ, J.

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AUSTRIA-MARTINEZ, J.:

Before the Court is a Petition for Review on Certiorari seeking to annul and set aside the Decision[1] of the Court of Appeals (CA) dated January 14, 2002 in CA-G.R. SP No. 58834 and its Resolution[2] of October 21, 2002 denying petitioners' Motion for Reconsideration.

The present case originated from a complaint filed with the Regional Trial Court (RTC) of Odiongan, Romblon by herein petitioners, in their capacity as heirs of Juan Galicia (Juan), against Milagros Rico-Glori (Milagros) and her tenants Dominador Musca and Alfonso Fallar, Jr. for Recovery of Possession and Ownership, Annulment of Title, Documents and Other Papers. The case is docketed as Civil Case No. OD-306.

In their Complaint, petitioners contended that their predecessor, Juan, was the true and lawful owner of a parcel of land situated in Concepcion Sur, Sta. Maria, Romblon known as Lot No. 139 and containing an area of 5.5329 hectares, the same having been declared in his name under various tax declarations the latest of which being Tax Declaration No. 0037, Series of 1994; after years of possession of the said land, Juan was driven away from the property through force by the heirs of a certain Ines Ramirez (Ines), one of whom is defendant Milagros; because of poverty and lack of knowledge, Juan was not able to assert his right to the said property but he informed his children that they own the above-described parcel of land; and the continuous possession of the property by Milagros and her co-defendants, tenants has further deprived herein petitioners of their right over the same.

Defendants denied the allegations of petitioners in their complaint asserting that Juan was not the owner and never took possession of the disputed lot. They also contended that the subject property was part of a larger parcel of land which was acquired by Ines, Milagros's predecessor-in-interest in 1947 from a certain Juan Galicha who is a different person from Juan Galicia.

During the scheduled pre-trial conference on May 21, 1997, none of the defendants appeared. They filed a motion for postponement of the pre-trial conference but it was belatedly received by the trial court. As a consequence, defendants were declared in default. Herein petitioners, as plaintiffs, were then allowed to present evidence *ex parte*.

On December 2, 1997, the RTC rendered judgment with the following dispositive portion:

WHEREFORE, premises considered, and by preponderance of evidence, judgment is hereby rendered in favor of the plaintiffs and against the defendants:

- Declaring plaintiffs as the true and absolute owner of the property subject of the case and particularly described in paragraph II of the complaint;
- Affirming and confirming the validity and legality of plaintiffs' ownership over the property;
- Ordering defendants to vacate the land adverted to in paragraph II of the complaint;
- For the defendants to respect plaintiffs' peaceful possession and ownership of the land aforesaid; and
- To pay the costs.

SO ORDERED.[3]

On December 15, 1997, the RTC received a Motion for Leave of Court to Intervene with an attached Answer-in-Intervention filed by the compulsory heirs of Ines, among whom are herein respondents, who are also co-heirs of defendant Milagros. The intervenors contended that the subject parcel of land forms part of the estate of Ines which is yet to be partitioned among them; an intestate proceeding is presently pending in the RTC of Odiongan, Romblon, Branch 81; the outcome of Civil Case No. OD-306, one way or the other, would adversely affect their interest; their rights would be better protected in the said civil case; and their intervention would not unduly delay, or in any way prejudice the rights of the original parties.

In its Order of December 23, 1997, the RTC denied the said motion to intervene on the ground that it has already rendered judgment and under Section 2, Rule 19 of the Rules of Court, the motion to intervene should have been filed before rendition of judgment by the trial court.

Meanwhile, the defendants in Civil Case No. OD-306 filed an appeal with the CA. Their Notice of Appeal was filed on February 27, 1998. On June 23, 1999, the CA issued a Resolution dismissing the appeal for failure of the defendants-appellants to file their brief within the extended period granted by the appellate court. On August 13, 1999, the abovementioned CA Resolution became final and executory.

Subsequently, the trial court issued a writ of execution dated March 3, 2000.

On May 23, 2000, herein respondents filed a petition for annulment of judgment with the CA anchored on grounds of lack of jurisdiction over their persons and property and on extrinsic fraud.

On January 14, 2002, the CA promulgated the presently assailed Decision with the following dispositive portion:

WHEREFORE, the present petition is hereby GRANTED. The Decision dated December 2, 1997 and Writ of Execution dated March 3, 2000 of Branch 82 of the Regional Trial Court of Odiongan, Romblon are hereby ANNULLED and SET ASIDE.

SO ORDERED.[4]

Herein petitioners filed a Motion for Reconsideration but it was denied by the CA in its Resolution[5] dated October 21, 2002.

Hence, the instant petition for review based on the following assignment of errors:

- THAT THE COURT OF APPEALS COMMITTED SERIOUS ERROR OF LAW IN ANNULING AND SETTING ASIDE THE DECISION DATED 2 DECEMBER 1997 AND WRIT OF EXECUTION DATED 3 MARCH 2000 OF BRANCH 82 OF THE REGIONAL TRIAL COURT OF ODIONGAN, ROMBLON FOR LACK OF JURISDICTION OVER THE PERSONS OF PETITIONERS (NOW RESPONDENTS IN THE ABOVE-ENTITLED CASE), A DECISION NOT IN ACCORD WITH LAW OR WITH THE APPLICABLE DECISIONS OF THE SUPREME COURT.

- THAT THE COURT OF APPEALS COMMITTED SERIOUS ERROR OF LAW IN NOT DISMISSING THE PETITION FOR ANNULMENT OF JUDGMENT ON THE GROUND OF ESTOPPEL ON THE PART OF THE PETITIONERS IN CA-G.R. SP. NO. 58834.[6]

As to their first assigned error, petitioners invoke the principle that jurisdiction over the person is acquired by the voluntary appearance of a party in court and his submission to its authority. Applying this rule in the present case, petitioners argue that by filing their Motion for Leave to Intervene in the RTC, herein respondents voluntarily submitted themselves to the authority of the trial court, hence placing themselves under its jurisdiction; that by filing the said Motion, they recognized the authority of the court to hear and decide not only their Motion but the case itself; and that by acting on their Motion, the court actually exercised jurisdiction over the persons of petitioners.

With respect to their second assigned error, petitioners contend that by respondents' voluntary submission to the jurisdiction of the trial court they are already estopped in denying the authority of the court which they invoked when they filed their Motion. Petitioners also contend that respondents had several opportunities to raise the issue of the court's lack of jurisdiction over their persons but they remained silent and did not pursue the remedies available to them for an unreasonable length of time; hence, they are now barred by laches from questioning the court's jurisdiction.

On the other hand, respondents counter that the CA did not err in setting aside the trial court's decision on the ground that defendants, as indispensable parties, were not joined in the complaint. Respondents argue that the CA correctly held that when an indispensable party is not before the court then the action should be dismissed because the absence of such indispensable party renders all subsequent actions of the court null and void for want of authority to act not only as against him but even as against those present.

Respondents also aver that even assuming that herein petitioners were the true owners of the subject land, they have lost such ownership by extinctive prescription because respondents and their predecessors had been in uninterrupted adverse possession of the subject lot for more than 40 years. As such, they had become the owners thereof by acquisitive prescription.

The petition lacks merit but the CA Decision will have to be modified in the interest of substantial justice and for the orderly administration of justice, as will be shown forthwith.

It is true that the allowance and disallowance of a motion to intervene is addressed to the sound discretion of the court hearing the case.[7] However, jurisprudence is replete with cases wherein the Court ruled that a motion to intervene may be entertained or allowed even if filed after judgment was rendered by the trial court, especially in cases where the intervenors are indispensable parties.[8] In *Pinlac v. Court of Appeals*, this Court held:

The rule on intervention, like all other rules of procedure, is intended to make the powers of the Court fully and completely available for justice. It is aimed to facilitate a comprehensive adjudication of rival claims overriding technicalities on the timeliness of the filing thereof. Indeed, in exceptional cases, the Court has allowed intervention notwithstanding the rendition of judgment by the trial court.[9]

Since it is not disputed that herein respondents are compulsory heirs of Ines who stand to be affected by the judgment of the trial court, the latter should have granted their Motion to Intervene and should have admitted their Answer-in-Intervention.

Section 7. Rule 3 of the Rules of Court, defines indispensable parties as parties-in-interest without whom there can be no final determination of an action. As such, they must be joined either as plaintiffs or as defendants. The general rule with reference to the making of parties in a civil action requires the joinder of all necessary parties

where possible and the joinder of all indispensable parties under any and all conditions, their presence being a sine qua non for the exercise of judicial power.[10] It is precisely when an indispensable party is not before the court that the action should be dismissed.[11] The absence of an indispensable party renders all subsequent actions of the court null and void for want of authority to act, not only as to the absent parties but even as to those present.[12] The evident aim and intent of the Rules regarding the joinder of indispensable and necessary parties is a complete determination of all possible issues, not only between the parties themselves but also as regards to other persons who may be affected by the judgment.[13] A valid judgment cannot even be rendered where there is want of indispensable parties.[14]

As to the question of whether the trial court acquired jurisdiction over the persons of herein respondents, the Court has held that the filing of motions seeking affirmative relief, such as, to admit answer, for additional time to file answer, for reconsideration of a default judgment, and to lift order of default with motion for reconsideration, are considered voluntary submission to the jurisdiction of the court.[15] Hence, in the present case, when respondents filed their Motion for Leave to Intervene, attaching thereto their Answer-in-Intervention, they have effectively submitted themselves to the jurisdiction of the court and the court, in turn, acquired jurisdiction over their persons. But this circumstance did not cure the fatal defect of non-inclusion of respondents as indispensable parties in the complaint filed by petitioner. It must be emphasized that respondents were not able to participate during the pre-trial much less present evidence in support of their claims. In other words, the court acquired jurisdiction over the persons of herein respondents only when they filed their Motion for Leave to Intervene with the RTC. Prior to that, they were strangers to Civil Case No. OD-306.

It is basic that no man shall be affected by any proceeding to which he is a stranger, and strangers to a case are not bound by judgment rendered by the court.[16] In the present case, respondents and their co-heirs are adversely affected by the judgment rendered by the trial court considering their ostensible ownership of the property. It will be the height of inequity to declare herein petitioners as owners of the disputed lot without giving respondents the opportunity to present any evidence in support of their claim that the subject property still forms part of the estate of their deceased predecessor and is the subject of a pending action for partition among the compulsory heirs. Much more, it is tantamount to a violation of the constitutional guarantee that no person shall be deprived of property without due process of law.[17]

This Court held in *Metropolitan Bank and Trust Company v. Alejo* that:

A void judgment for want of jurisdiction is no judgment at all. It cannot be the source of any right nor the creator of any obligation. All acts performed pursuant to it and all claims emanating from it have no legal effect. Hence, it can never become final and any writ of execution based on it is void: x x x it may be said to be a lawless thing which can be treated as an outlaw and slain at sight, or ignored wherever and whenever it exhibits its head.[18]

In the absence of herein respondents and their co-heirs who are indispensable parties, the trial court had in the first place no authority to act on the case. Thus, the judgment of the trial court was null and void due to lack of jurisdiction over indispensable parties.[19] The CA correctly annulled the RTC Decision and writ of execution.

As to the timeliness of the petition for annulment of judgment filed with the CA, Section 3, Rule 47 of the Rules of Court provides that a petition for annulment of judgment based on extrinsic fraud must be filed within four years from its discovery; and if based on lack of jurisdiction, before it is barred by laches or estoppel.

The principle of laches or "stale demands" ordains that the failure or neglect, for an unreasonable and unexplained length of time, to do that which by exercising due diligence could or should have been done earlier, or the negligence or omission to assert a right within a reasonable time, warrants a presumption that the party entitled to

assert it either has abandoned it or declined to assert it.[20]

There is no absolute rule as to what constitutes laches or staleness of demand; each case is to be determined according to its particular circumstances.[21] The question of laches is addressed to the sound discretion of the court and, being an equitable doctrine, its application is controlled by equitable considerations.[22] It cannot be used to defeat justice or perpetrate fraud and injustice.[23] It is the better rule that courts, under the principle of equity, will not be guided or bound strictly by the statute of limitations or the doctrine of laches when to do so, manifest wrong or injustice would result.[24]

In the present case, the CA found no evidence to show when respondents acquired knowledge of the complaint that petitioners filed with the RTC. Moreover, the Court finds that herein respondents' right to due process is the overriding consideration in allowing them to intervene in Civil Case No. OD-306.

Petitioners also fault herein respondents for their failure to avail of other remedies before filing a petition for annulment of judgment with the CA. Petitioners cited the remedies enumerated by the RTC in its Order of December 23, 1997. However, the Court notes that the remedies enumerated therein refer to those available to a party who has been declared in default. In the present case, herein respondents could not have been declared in default, and thus could not have availed of these remedies, because they never became parties to Civil Case No. OD-306.

The settled rule is that a judgment rendered or final order issued by the RTC without jurisdiction is null and void and may be assailed any time either collaterally or in a direct action or by resisting such judgment or final order in any action or proceeding whenever it is invoked, unless barred by laches.[25] Indeed, jurisprudence upholds the soundness of an independent action to declare as null and void a judgment rendered without jurisdiction as in this case.[26]

As a result of and in consonance with the foregoing discussions, the complaint filed by herein petitioners with the trial court should have been dismissed at the outset, in the absence of indispensable parties.

Inevitably, the following questions come to mind: what happens to the original defendants who were declared as in default and judgment by default was rendered against them? What happens to the final and executory dismissal of the appeal of the defaulted defendants by the CA?

It is an accepted rule of procedure for this Court to strive to settle the entire controversy in a single proceeding, leaving no root or branch to bear the seeds of future litigation.[27]

In concurrence therewith, the Court makes the following observations:

To dismiss the complaint of herein petitioners for non-inclusion of herein respondents as indispensable parties, the former would have no other recourse but to file anew a complaint against the latter and the original defendants. This would not be in keeping with the Court's policy of promoting a just and inexpensive disposition of a case. It is best that the complaint remains which is deemed amended by the admission of the Answer-in-Intervention of the indispensable parties.

The trial court's declaration of the defendants as in default in Civil Case No. OD-306 for their failure to attend the pre-trial conference and the consequent final and executory judgment by default, are altogether void and of no effect considering that the RTC acted without jurisdiction from the very beginning because of non-inclusion of indispensable parties. The Court reiterates the ruling in *Metropolitan Bank and Trust Company* that void judgment for want of jurisdiction is no judgment at all; it cannot be the source of any right nor the creator of any obligation.[28]

Parties are reverted back to the stage where all the defendants have filed their respective Answers.

WHEREFORE, the petition is DENIED. The assailed Decision and Resolution of the Court of Appeals are AFFIRMED with MODIFICATION to the effect that the Regional Trial Court of Odiongan, Romblon, Branch 82 is ordered to GRANT the Motion for Leave to Intervene of respondents and their other co-heirs, ADMIT their Answer-in-Intervention, MAINTAIN the Answer of original defendants, and from there to PROCEED with Civil Case No. OD-306 in accordance with the Rules of Court.

Costs against petitioners.

SO ORDERED.

Ynares-Santiago, (Chairperson), Callejo, Sr., Chico-Nazario, and Nachura, JJ., concur.

[1] Penned by Justice Conchita Carpio-Morales (now a member of this Court) and concurred in by Justices Martin S. Villarama, Jr. and Sergio L. Pestaño, CA rollo, pp. 62-74.

[2] Penned by Justice Martin S. Villarama, Jr. and concurred in by Justices Andres B. Reyes, Jr. and Sergio L. Pestaño, id. at 113.

[3] Rollo, pp. 95-96.

[4] CA rollo, p. 73.

[5] Id. at 113.

[6] Rollo, p. 14.

[7] Foster-Gallego v. Galang, G.R. No. 130228, July 27, 2004, 435 SCRA 275, 288.

[8] Pinlac v. Court of Appeals, 457 Phil. 527, 534-536 (2003), citing Mago v. Court of Appeals, 363 Phil. 225, 234 (1999); Director of Lands v. Court of Appeals, G.R. No. L-45168, September 25, 1979, 93 SCRA, 238, 246; Tahanan Development Corp. v. Court of Appeals, 203 Phil. 652, 690 (1982).

[9] Pinlac v. Court of Appeals, id. at 534.

[10] Arcelona v. Court of Appeals, 345 Phil. 250, 267 (1997).

[11] Id.

[12] Id. at 267-268.

[13] Metropolitan Bank & Trust Company v. Alejo, 417 Phil. 303, 316 (2001).

[14] Id.

[15] Hongkong and Shanghai Banking Corporation Limited v. Catalan, G.R. No. 159590, October 18, 2004, 440 SCRA 498, 515.

[16] National Housing Authority v. Evangelista, G.R. No. 140945, May 16, 2005, 458 SCRA 469, 478 (2005).

[17] Id at 479.

[18] Supra note 13, at 318.

[19] Id., citing Leonor v. Court of Appeals 326 Phil. 74, 88 (1996) and Arcelona v. Court of Appeals, supra note 10, at 286.

[20] Chua v. Court of Appeals, G.R. No. 125837, October 6, 2004, 440 SCRA 121, 135.

[21] Far East Bank and Trust Company v. Querimit, 424 Phil. 721, 732 (2002).

[22] Id.

[23] Id.

[24] Ang Ping v. Court of Appeals, 369 Phil. 607, 616 (1999).

[25] Ancheta v. Ancheta, G.R. No. 145370, March 4, 2004, 424 SCRA 725, 735.

[26] Arcelona v. Court of Appeals, supra note 10, at 286.

[27] Munsayac-De Villa v. Court of Appeals, 460 Phil. 613, 624 (2003).

[28] Supra note 13, at 318.

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