

**REPUBLIC OF THE PHILIPPINES (CIVIL AERONAUTICS
ADMINISTRATION), PETITIONER, VS. RAMON YU, TEOFISTA
VILLAMALA, LOURDES YU AND YU SE PENG, RESPONDENTS.**

G.R. NO. 157557. March 10, 2006

Ponente: QUISUMBING, J.

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QUISUMBING, J.

For review on certiorari is the Decision [1] dated December 2, 2002 of the Court of Appeals in CA-G.R. CV No. 53712 which set aside the dismissal by the Regional Trial Court of Cebu, Branch 11, of Civil Case No. CEB-12968 and remanded the case to the lower court for further proceedings.

This petition relates to this Court's decision in *Valdehueza v. Republic* [2] and the final judgment of the Court of Appeals in *Yu v. Republic*. [3]

In *Valdehueza v. Republic* (1966), we affirmed the judgment of expropriation of Lot No. 939 in Lahug, Cebu City, and ruled that therein petitioners, Francisca Valdehueza, et al., were not entitled to recover possession of the lot but only to demand its fair market value.

The dispositive portion of the Court's decision reads:

Wherefore, finding no reversible error therein, the judgment appealed from is hereby affirmed, without costs in this instance. So ordered. [4]

In *Yu v. Republic* (1986), the Court of Appeals annulled the subsequent sale of the lot by Francisca Valdehueza, et al., to herein respondents, Ramon Yu, et al., and held that the latter were not purchasers in good faith. The parties did not appeal the decision and so, judgment became final and executory. [5]

The dispositive portion of the Court of Appeals' decision states:

WHEREFORE, in the view of the foregoing, the decision appealed from is hereby REVERSED. A new one is entered dismissing the complaint. The land in question is owned by the Republic of the Philippines.

SO ORDERED. [6]

On October 1, 1992, herein respondents filed a complaint for reversion of the expropriated property. Herein petitioner, the Republic of the Philippines, denied respondents' right to reacquire title and ownership over the lot on the ground of *res judicata*, lack of cause of action and forum-shopping. [7]

On November 16, 1995, the trial court dismissed the complaint as follows:

WHEREFORE, in view of all the foregoing premises and considerations, the Court hereby DISMISSES the complaint filed in this case on the ground of *res judicata* or bar by prior or final judgment.

SO ORDERED. [8]

On appeal, the Court of Appeals ruled that there was no res judicata and remanded the case to the trial court, thus,

WHEREFORE, in view of the foregoing, the decision dated November 16, 1995 of the Regional Trial Court, Branch 11, Cebu City is hereby REVERSED and SET ASIDE. This case is hereby remanded to the lower court for further proceedings and final determination of the issues on the merit.

SO ORDERED. [9]

The decision of the Court of Appeals is now before us in this petition for review. It raises the following issues, to wit: Whether —

I.

THE TRIAL COURT PROPERLY DISMISSED THE COMPLAINT ON THE GROUND OF RES JUDICATA.

II.

THE ABANDONMENT OF LAHUG AIRPORT AND RETURN OF OTHER EXPROPRIATED PROPERTIES DID NOT GIVE RESPONDENTS A NEW CAUSE OF ACTION.

III.

ASSUMING A NEW CAUSE OF ACTION, RESPONDENTS HAVE NO RIGHT TO ASSERT OWNERSHIP IN THE FIRST PLACE. [10]

Simply stated, the threshold issues are: Is the action barred by res judicata? Are respondents entitled to reversion of the expropriated property?

Petitioner asserts that the trial court properly dismissed the complaint on the ground of res judicata and maintains that respondents are bereft of any right to assert ownership as the sale in their favor was invalidated in *Yu v. Republic*. Petitioner further asserts that the expropriation of Lot No. 939 was absolute and unconditional. Thus, no reversion could be legally claimed despite the subsequent sale or reversion of the other nearby lots.

Respondents counter that the action is not barred by res judicata because the abandonment of the government of the public purpose constitutes a new cause of action. Further, respondents contend that the determination of their right to reacquire or repossess the lot necessitates a full blown trial.

Res judicata literally means "a matter adjudged; a thing judicially acted upon or decided; a thing or matter settled by judgment." [11] Res judicata lays the rule that 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. [12]

The elements of res judicata are: (1) the judgment sought to bar the new action must be final; (2) the decision must have been rendered by a court having jurisdiction over the subject matter and the parties; (3) the disposition of the case must be a judgment on the merits; and (4) there must be as between the first and second action, identity of parties, subject matter, and causes of action. [13]

In the present case, the first three elements are present. Only the presence of the identity of causes of action is at issue.

At this juncture, we need to stress that res judicata has two concepts: [14] (1) "bar by prior judgment" as enunciated in Rule 39, Section 47 (b) [15] of the Rules of Civil Procedure; and (2) "conclusiveness of judgment"

in Rule 39, Section 47 (c) [16].

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. But where there is identity of parties and subject matter 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 "conclusiveness of judgment." [17] Under the doctrine of conclusiveness of judgment, facts and issues actually and directly resolved in a former suit cannot again be raised in any future case between the same parties, even if the latter suit may involve a different claim or cause of action. [18] The identity of causes of action is not required but merely identity of issues.[19]

Conclusiveness of judgment clearly exists in the present case, because respondents again seek to enforce a right based on a sale which has been nullified by a final and executory judgment. Recall that the question of validity of the sale had long been settled. The same question, therefore, cannot be raised again even in a different proceeding involving the same parties.

The doctrine of res judicata provides that a final judgment on the merits rendered by a court of competent jurisdiction, is conclusive as to the rights of the parties and their privies and constitutes an absolute bar to subsequent actions involving the same claim, demand, or cause of action. [20] Considering that the sale on which respondents based their right to reversion has long been nullified, they have not an iota of right over the property and thus, have no legal personality to bring forth the action for reversion of expropriated property. Lack of legal personality to sue means that the respondents are not the real parties-in-interest. This is a ground for the dismissal of the case, related to the ground that the complaint evidently states no cause of action. [21]

Consequently, the second issue is now mooted and made academic by our determination of res judicata in this case.

WHEREFORE, the petition is GRANTED. The Decision dated December 2, 2002 of the Court of Appeals in CA-GR CV No. 53712 is SET ASIDE and the Decision dated November 16, 1995 of the Regional Trial Court of Cebu, Branch 11 in Civil Case No. CEB-12968 is AFFIRMED.

SO ORDERED.

Carpio, Carpio Morales, and Tinga, JJ., concur

[1] Rollo, pp. 9-20. Penned by Associate Justice Remedios A. Salazar-Fernando, with Associate Justices Ruben T. Reyes, and Edgardo F. Sundiam concurring.

[2] No. L-21032, 19 May 1966, 17 SCRA 107.

[3] CA-G.R. CV No. 01223, 30 October 1986; Records, pp. 35-49.

[4] Valdehueza v. Republic, supra at 114.

[5] Rollo, p. 12.

[6] Records, p. 49.

[7] Id. at 26.

[8] Id. at 141.

[9] Rollo, p. 19.

[10] Id. at 37-38.

[11] Manila Electric Company v. Philippine Consumers Foundation, Inc., G.R. No. 101783, 23 January 2002, 374 SCRA 262, 272 citing 46 Am Jur § 514.

[12] Oropeza Marketing Corporation v. Allied Banking Corporation, G.R. No. 129788, 3 December 2002, 393 SCRA 278, 286.

[13] Republic v. Court of Appeals, G.R. No. 103412, 3 February 2000, 324 SCRA 560, 565 citing Casil v. Court of Appeals, G.R. No. 121534, 28 January 1998, 285 SCRA 264, 276.

[14] Sta. Lucia Realty and Development, Inc. v. Cabrigas, G.R. No. 134895, 19 June 2001, 358 SCRA 715, 728.

[15] RULE 39, SEC. 47. Effect of judgments or final orders. — ...

x x x

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

[16] RULE 39, SEC. 47. Effect of judgments or final orders. — ...

x x x

(c) In any other litigation between the same parties or their successors in interest, that only is deemed to have been adjudged in a former judgment or final order which appears upon its face to have been so adjudged, or which was actually and necessarily included therein or necessary thereto.

[17] Padillo v. Court of Appeals, G.R. No. 119707, 29 November 2001, 371 SCRA 27, 39-40 citing Islamic Directorate of the Phils. v. Court of Appeals, G.R. No. 117897, 14 May 1997, 272 SCRA 454, 466.

[18] Rizal Surety and Insurance Company v. Court of Appeals, G.R. No. 112360, 18 July 2000, 336 SCRA 12, 21-22 citing Smith Bell and Company (Phils.), Inc. v. Court of Appeals, G.R. No. 56294, 20 May 1991, 197 SCRA 201, 209.

[19] Tan v. Court of Appeals, G.R. No. 142401, 20 August 2001, 363 SCRA 444, 450.

[20] Taganas v. Emuslan, G.R. No. 146980, 2 September 2003, 410 SCRA 237, 241-242 citing Allied Banking Corporation v. Court of Appeals, G.R. No. 108089, 10 January 1994, 229 SCRA 252.

[21] See Bank of America NT&SA v. Court of Appeals, G.R. No. 120135, 31 March 2003, 400 SCRA 156, 167 citing Columbia Pictures, Inc. v. Court of Appeals, G.R. No. 110318, 28 August 1996, 261 SCRA 144, 162.

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