

MANUEL C. BUNCAYAO, SR., REPRESENTED IN THIS CASE BY HIS ATTORNEY-IN-FACT ROMEL R. BUNCAYAO, PETITIONER, VS. FORT ILOCANDIA PROPERTY HOLDINGS, AND DEVELOPMENT CORPORATION, RES...

G.R. No. 170483. April 19, 2010

Ponente: CARPIO, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-170483/>

CARPIO, J.:

The Case

Before the Court is a petition for review [1] assailing the 21 November 2005 Decision[2] of the Court of Appeals in CA-G.R. CV No. 82415.

The Antecedent Facts

Manuel C. Bungcayao, Sr. (petitioner) claimed to be one of the two entrepreneurs who introduced improvements on the foreshore area of Calayab Beach in 1978 when Fort Ilocandia Hotel started its construction in the area. Thereafter, other entrepreneurs began setting up their own stalls in the foreshore area. They later formed themselves into the D'Sierto Beach Resort Owner's Association, Inc. (D'Sierto).

In July 1980, six parcels of land in Barrio Balacad (now Calayad) were transferred, ceded, and conveyed to the Philippine Tourism Authority (PTA) pursuant to Presidential Decree No. 1704. Fort Ilocandia Resort Hotel was erected on the area. In 1992, petitioner and other D'Sierto members applied for a foreshore lease with the Community Environment and Natural Resources Office (CENRO) and was granted a provisional permit. On 31 January 2002, Fort Ilocandia Property Holdings and Development Corporation (respondent) filed a foreshore application over a 14-hectare area abutting the Fort Ilocandia Property, including the 5-hectare portion applied for by D'Sierto members. The foreshore applications became the subject matter of a conflict case, docketed Department of Environment and Natural Resources (DENR) Case No. 5473, between respondent and D'Sierto members. In an undated Order,[3] DENR Regional Executive Director Victor J. Ancheta denied the foreshore lease applications of the D'Sierto members, including petitioner, on the ground that the subject area applied for fell either within the titled property or within the foreshore areas applied for by respondent. The D'Sierto members appealed the denial of their applications. In a Resolution[4] dated 21 August 2003, then DENR Secretary Elisea G. Gozun denied the appeal on the ground that the area applied for encroached on the titled property of respondent based on the final verification plan.

In a letter dated 18 September 2003,[5] respondent, through its Public Relations Manager Arlene de Guzman, invited the D'Sierto members to a luncheon meeting to discuss common details beneficial to all parties concerned. Atty. Liza Marcos (Atty. Marcos), wife of Governor Bongbong Marcos, was present as she was asked by Fort Ilocandia hotel officials to mediate over the conflict among the parties. Atty. Marcos offered P300,000 as financial settlement per claimant in consideration of the improvements introduced, on the condition that they

would vacate the area identified as respondent's property. A D'Sierto member made a counter-offer of P400,000, to which the other D'Sierto members agreed.

Petitioner alleged that his son, Manuel Bungcayao, Jr., who attended the meeting, manifested that he still had to consult his parents about the offer but upon the undue pressure exerted by Atty. Marcos, he accepted the payment and signed the Deed of Assignment, Release, Waiver and Quitclaim[6] in favor of respondent.

Petitioner then filed an action for declaration of nullity of contract before the Regional Trial Court of Laoag, City, Branch 13 (trial court), docketed as Civil Case Nos. 12891-13, against respondent. Petitioner alleged that his son had no authority to represent him and that the deed was void and not binding upon him.

Respondent countered that the area upon which petitioner and the other D'Sierto members constructed their improvements was part of its titled property under Transfer Certificate of Title No. T-31182. Respondent alleged that petitioner's sons, Manuel, Jr. and Romel, attended the luncheon meeting on their own volition and they were able to talk to their parents through a cellular phone before they accepted respondent's offer. As a counterclaim, respondent prayed that petitioner be required to return the amount of P400,000 from respondent, to vacate the portion of the respondent's property he was occupying, and to pay damages because his continued refusal to vacate the property caused tremendous delay in the planned implementation of Fort Ilocandia's expansion projects.

In an Order[7] dated 6 November 2003, the trial court confirmed the agreement of the parties to cancel the Deed of Assignment, Release, Waiver and Quitclaim and the return of P400,000 to respondent. Petitioner's counsel, however, manifested that petitioner was still maintaining its claim for damages against respondent.

Petitioner and respondent agreed to consider the case submitted for resolution on summary judgment. Thus, in its Order[8] dated 28 November 2003, the trial court considered the case submitted for resolution. Petitioner filed a motion for reconsideration, alleging that he manifested in open court that he was withdrawing his earlier manifestation submitting the case for resolution. Respondent filed a Motion for Summary Judgment.

The trial court rendered a Summary Judgment[9] dated 13 February 2004.

The Decision of the Trial Court

The trial court ruled that the only issue raised by petitioner was his claim for damages while respondent's issue was only his claim for possession of the property occupied by petitioner and damages. The trial court noted that the parties already stipulated on the issues and admissions had been made by both parties. The trial court ruled that summary judgment could be rendered on the case.

The trial court ruled that the alleged pressure on petitioner's sons could not constitute force, violence or intimidation that could vitiate consent. As regards respondent's counterclaim, the trial court ruled that based on the pleadings and admissions made, it was established that the property occupied by petitioner was within the titled property of respondent. The dispositive portion of the trial court's decision reads:

WHEREFORE, the Court hereby renders judgment DISMISSING the claim of plaintiff for damages as it is found to be without legal basis, and finding the counterclaim of the defendant for recovery of possession of the lot occupied by the plaintiff to be meritorious as it is hereby GRANTED. Consequently, the plaintiff is hereby directed to immediately vacate the premises administratively adjudicated by the executive department of the government in favor of the defendant and yield its possession unto the defendant. No pronouncement is here made as yet of the damages claimed by the defendant.

SO ORDERED.[10]

Petitioner appealed from the trial court's decision.

The Decision of the Court of Appeals

In its 21 November 2005 Decision, the Court of Appeals affirmed the trial court's decision in toto.

The Court of Appeals sustained the trial court in resorting to summary judgment as a valid procedural device for the prompt disposition of actions in which the pleadings raise only a legal issue and not a genuine issue as to any material fact. The Court of Appeals ruled that in this case, the facts are not in dispute and the only issue to be resolved is whether the subject property was within the titled property of respondent. Hence, summary judgment was properly rendered by the trial court.

The Court of Appeals ruled that the counterclaims raised by respondent were compulsory in nature, as they arose out of or were connected with the transaction or occurrence constituting the subject matter of the opposing party's claim and did not require for its adjudication the presence of third parties of whom the court could not acquire jurisdiction. The Court of Appeals ruled that respondent was the rightful owner of the subject property and as such, it had the right to recover its possession from any other person to whom the owner has not transmitted the property, including petitioner.

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

WHEREFORE, the assailed decision dated February 13, 2004 of the Regional Trial Court of Laoag City, Branch 13 is hereby AFFIRMED in toto.

SO ORDERED.[11]

Thus, the petition before this Court.

The Issues

Petitioner raises the following issues in his Memorandum:[12]

- Whether respondent's counterclaim is compulsory; and
- Whether summary judgment is appropriate in this case.

The Ruling of this Court

The petition has merit.

Compulsory Counterclaim

A compulsory counterclaim 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 or occurrence that is the subject matter of the plaintiff's complaint.[13] 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.[14] Any other counterclaim is permissive.[15]

The Court has ruled that the compelling test of compulsoriness characterizes a counterclaim as compulsory if there should exist a logical relationship between the main claim and the counterclaim.[16] 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 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.[17]

The criteria to determine whether the counterclaim is compulsory or permissive are as follows:

- (a) Are issues of 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.[18]

In this case, the only issue in the complaint is whether Manuel, Jr. is authorized to sign the Deed of Assignment, Release, Waiver and Quitclaim in favor of respondent without petitioner's express approval and authority. In an Order dated 6 November 2003, the trial court confirmed the agreement of the parties to cancel the Deed of Assignment, Release, Waiver and Quitclaim and the return of P400,000 to respondent. The only claim that remained was the claim for damages against respondent. The trial court resolved this issue by holding that any damage suffered by Manuel, Jr. was personal to him. The trial court ruled that petitioner could not have suffered any damage even if Manuel, Jr. entered into an agreement with respondent since the agreement was null and void.

Respondent filed three counterclaims. The first was for recovery of the P400,000 given to Manuel, Jr.; the second was for recovery of possession of the subject property; and the third was for damages. The first counterclaim was rendered moot with the issuance of the 6 November 2003 Order confirming the agreement of the parties to cancel the Deed of Assignment, Release, Waiver and Quitclaim and to return the P400,000 to respondent. Respondent waived and renounced the third counterclaim for damages.[19] The only counterclaim that remained was for the recovery of possession of the subject property. While this counterclaim was an offshoot of the same basic controversy between the parties, it is very clear that it will not be barred if not set up in the answer to the complaint in the same case. Respondent's second counterclaim, contrary to the findings of the trial court and the Court of Appeals, is only a permissive counterclaim. It is not a compulsory counterclaim. It is capable of proceeding independently of the main case.

The rule in permissive counterclaim is that for the trial court to acquire jurisdiction, the counterclaimant is bound to pay the prescribed docket fees.[20] Any decision rendered without jurisdiction is a total nullity and may be struck down at any time, even on appeal before this Court.[21] In this case, respondent did not dispute the non-payment of docket fees. Respondent only insisted that its claims were all compulsory counterclaims. As such, the judgment by the trial court in relation to the second counterclaim is considered null and void[22] without prejudice to a separate action which respondent may file against petitioner.

Summary Judgment

Section 1, Rule 35 of the 1997 Rules of Civil Procedure provides:

Section 1. Summary Judgment for claimant. - A party seeking to recover upon a claim, counterclaim, or cross-claim or to obtain a declaratory relief may, at any time after the pleading in answer thereto has been served, move with supporting affidavits, depositions or admissions for a summary judgment in his favor upon all or any part thereof.

Summary judgment has been explained as follows:

Summary judgment is a procedural device resorted to in order to avoid long drawn out litigations and useless delays. When the pleadings on file show that there are no genuine issues of fact to be tried, the Rules allow a party to obtain immediate relief by way of summary judgment, that is, when the facts are not in dispute, the court is allowed to decide the case summarily by applying the law to the material facts. Conversely, where the

pleadings tender a genuine issue, summary judgment is not proper. A "genuine issue" is such issue of fact which requires the presentation of evidence as distinguished from a sham, fictitious, contrived or false claim. Section 3 of the said rule provides two (2) requisites for summary judgment to be proper: (1) there must be no genuine issue as to any material fact, except for the amount of damages; and (2) the party presenting the motion for summary judgment must be entitled to a judgment as a matter of law. A summary judgment is permitted only if there is no genuine issue as to any material fact and a moving party is entitled to a judgment as a matter of law. A summary judgment is proper if, while the pleadings on their face appear to raise issues, the affidavits, depositions, and admissions presented by the moving party show that such issues are not genuine.[23]

Since we have limited the issues to the damages claimed by the parties, summary judgment has been properly rendered in this case.

WHEREFORE, we MODIFY the 21 November 2005 Decision of the Court of Appeals in CA-G.R. CV No. 82415 which affirmed the 13 February 2004 Decision of the Regional Trial Court of Laoag City, Branch 13, insofar as it ruled that respondent's counterclaim for recovery of possession of the subject property is compulsory in nature. We DISMISS respondent's permissive counterclaim without prejudice to filing a separate action against petitioner.

SO ORDERED.

Brion, Del Castillo, Abad, and Perez, JJ., concur.

[1] Under Rule 45 of the 1997 Rules of Civil Procedure.

[2] Rollo, pp. 36-42. Penned by Associate Justice Delilah Vidallon-Magtolis with Associate Justices Josefina Guevara-Salonga and Fernanda Lampas Peralta, concurring.

[3] Records, vol. 1, pp. at 85-93.

[4] Id. at 95-101.

[5] Id. at 20.

[6] Id. at 21-25.

[7] Id. at 110-111.

[8] Id. at 128-129.

[9] Id. at 220-229. Penned by Presiding Judge Philip G. Salvador.

[10] Id. at 229.

[11] Rollo, p. 42.

[12] Id. at 139.

[13] Cruz-Agana v. Hon. Santiago-Lagman, 495 Phil. 188 (2005).

[14] Id.

[15] Id.

[16] Lafarge Cement Phil., Inc. v. Continental Cement Corp., 486 Phil. 123 (2004) citing Quintanilla v. CA, 344

Phil. 811 (1997) and *Alday v. FGU Insurance Corporation*, 402 Phil. 962 (2001).

[17] *Id.*

[18] *Id.* citing *NAMARCO v. Federation of United Mamarco Distributors*, 151 Phil. 338 (1973).

[19] *Rollo*, p. 120.

[20] *Sandejas v. Ignacio, Jr.*, G.R. No. 155033, 19 December 2007, 541 SCRA 61.

[21] *Id.*

[22] *Id.*

[23] *Nocom v. Camerino*, G.R. No. 182984, 10 February 2009, 578 SCRA 390, 409-410.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.