HEIRS OF PEDRO BARZ, NAMELY: ANGELO BARZ AND MERLINDA BARZ, PETITIONERS, VS. SPOUSES JOSE GESALEM AND ROSA GESALEM, REPRESENTED [BY] THEIR ATTORNEY-IN-FACT, JONATHAN U. GESALEM;...

G.R. No. 172250. September 27, 2010

Ponente: PERALTA, J.

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PERALTA, J.:

This is a petition for review on certiorari[1] of the Decision of the Court of Appeals dated February 28, 2006 in CA-G.R. CEB-SP No. 00767, and its Resolution dated April 11, 2006 denying petitioners' motion for reconsideration.

The Decision of the Court of Appeals affirmed the Order of the Regional Trial Court (RTC) of Mandaue City, Branch 56, denying petitioners' motion to dismiss the respondents' Complaint for reconveyance.

The facts[2] are as follows:

Petitioners' predecessor, Pedro Barz, is the registered owner of a parcel of land, located in Mandaue City, Cebu, identified as Lot No. 896 of Plan No. II-5121, which formed part of the Hacienda de Mandaue. This parcel of land was originally owned by the spouses Esteban and Lorenza Sanchez.

When the spouses Esteban and Lorenza Sanchez died intestate, the land was inherited by their daughter, Juana Perez, married to Numeriano Barz.

On April 16, 1929, Juana Perez sold a parcel of land identified as Lot No. 896--A, with an approximate area of 2,505 square meters, to Panfilo Retuerto.

However, on April 26, 1935, Panfilo Retuerto purchased the aforementioned lot from the Archbishop of Cebu.

Meantime, the San Carlos Seminary in Cebu filed a Petition with the Juzgado de Primera Instancia (now the Regional Trial Court) in Cebu for the issuance of titles over several parcels of land in Hacienda de Mandaue, including Lot No. 896-A, earlier purchased by Panfilo Retuerto from Juana Perez and from the Archbishop of Cebu.

In August 1937, the Court rendered a decision declaring Panfilo Retuerto as the owner of the said parcel of land. On July 22, 1940, the Court issued an Order directing the General del Registro de Terrenos (later the Land Registration Commission) for the issuance of the appropriate decree over the said parcel of land in favor of Panfilo Retuerto. However, no decree was issued, because of the outbreak of the Second World War. After the war, Panfilo Retuerto failed to secure the appropriate decree.

Twenty years elapsed. Juana Perez Barz died intestate and was survived by her son, Pedro Barz. Sometime in 1966, Pedro Barz filed with the Court of First Instance of Cebu an application for confirmation of his title over

Lot No. 896 of Plan No. II-5121. Panfilo Retuerto did not file any opposition to the application. After appropriate proceedings, the Court rendered a decision declaring Pedro Barz as the lawful owner of the property. On August 18, 1966, Decree No. N-110287 was issued over the property in favor of Pedro Barz. On the basis of the said decree, the Register of Deeds issued Original Certificate of Title (OCT) No. 521 in the name of Pedro Barz on November 13, 1968.

Thereafter, Lot No. 896 was subdivided into four lots, namely, Lot 896-A, with an area of 507 square meters; Lot 896-B, with an area of 2,142 square meters; Lot 896-C, with an area of 5,580 square meters; and Lot 896-D, with an area of 12,253 square meters. On October 18, 1967, Pedro Barz sold Lot 896-C to Jose Gesalem.

On December 29, 1975, Panfilo Retuerto died intestate, and was survived by his wife, Catalina Retuerto, and their children, namely, Gaudencio, Loreto, Francisca, Francisco, Efigenia and Guillerma. The heirs executed an Extrajudicial Settlement and Sale of the Estate of Panfilo Retuerto, adjudicating unto themselves, as owners, the said property, and deeding 1,703 square meters of the property to Loreto Retuerto, and the remaining 440 square meters to Efigenia Retuerto. Thereafter, 440 square meters of the property was sold to the spouses Jose and Rosa Gesalem, respondents herein.

Pedro Barz died intestate and was survived by his heirs, Angelo P. Barz and Merlinda Barz. Loreto Retuerto also died intestate and was survived by his heirs, namely, Romeo, Antonia, Narcisa, Corazon and Patrocinia, all surnamed Retuerto.

The heirs of Panfilo Retuerto claimed ownership over subdivision Lot 896-B and a part of Lot 896-A covered by OCT No. 521 under the name of Teofila Barz.

On September 5, 1989, Angelo P. Barz and Merlinda Barz filed with the RTC of Mandaue City a Complaint against Catalina Retuerto and the other heirs of Panfilo Retuerto, as well as the spouses Jose and Rosa Gesalem for Quieting of Title, Damages and Attorney's Fees. The case was docketed as Civil Case No. MAN-697.

On April 3, 1997, the RTC of Mandaue City rendered a Decision in favor of Angelo P. Barz and Merlinda Barz, who were declared as the absolute owners of Lot Nos. 896-A and 896-B. It declared the documents adduced by the Retuertos as unenforceable and ineffective against OCT No. 521, and ordered the Retuertos to vacate the premises of Lot Nos. 896-A and 896-B. It also declared the Deed of Sale executed by the Retuertos in favor of the spouses Jose and Rosa Gesalem as null and void, and ordered the Spouses Gesalem to vacate the portion of Lot No. 896-B allegedly sold to them by the Retuertos.

The heirs of Panfilo Retuerto and the spouses Jose and Rosa Gesalem appealed the decision of the RTC of Mandaue City to the Court of Appeals, which appeal was docketed as CA-G. R. CV No. 59975.

The Court of Appeals affirmed the Decision of the trial court, but set aside the award of attorney's fees.[3]

Thereafter, the heirs of Panfilo Retuerto and the Spouses Gesalem filed a Petition for review on certiorari of the Decision of the Court of Appeals with this Court. The case was docketed as G.R. No. 148180.

On December 19, 2001, this Court rendered a Decision[4] in G.R. No. 148180, affirming the decision of the Court of Appeals in CA-G.R. CV No. 59975. The Court held in the main that OCT No. 521, issued in the name of Pedro Barz on November 13, 1968, became indefeasible after the lapse of one year from the date of entry of the decree of registration, and could no longer be controverted.

Realizing that no collateral attack on title to property is allowed, as stated in the Court's decision in G.R. No. 148180, the Spouses Gesalem, respondents herein, filed with the RTC of Mandaue City a Complaint for reconveyance with a prayer for the issuance of a temporary restraining order and/or a writ of injunction against

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the heirs of Pedro Barz, petitioners herein. The case was docketed as Civil Case No. MAN--4639.

Respondents alleged in their Amended Complaint[5] that they are the possessors and true owners of a 440-square-meter portion of Lot 896-A, with a total of 2,505 square meters, located at Pagsabungan, Mandaue City. They asserted that the 440-square-meter lot was sold to them by the heirs of Panfilo Retuerto. They contended that their property was erroneously included in the title of petitioners and/or their predecessor.

After filing their Answer denying the material allegations in the Complaint, petitioners filed a Motion to Dismiss on the ground of res judicata, laches and lack of cause of action.

Petitioners contended that the issues raised in the Complaint had already been laid to rest in the decision of this Court in G.R. No. 148180; hence, res judicata had allegedly set in. Petitioners further contended that private respondents are guilty of laches.

In an Order dated November 24, 2004, the RTC of Mandaue City, Branch 56 (trial court) denied petitioners' Motion to Dismiss for lack of merit. The trial court held that the elements of res judicata are not present in this case, because there is no identity of parties and causes of action. Moreover, laches would not apply in private respondents' case, because there was no intentional and unequivocal delay in the assertion of their rights.

Petitioners' motion for reconsideration was denied by the trial court in an Order dated April 11, 2005.

Petitioners filed a petition for certiorari with the Court of Appeals, alleging that the presiding judge of the trial court, Judge Augustine Vestil, committed grave abuse of discretion amounting to lack or excess of jurisdiction in denying their motion to dismiss and their motion for reconsideration.

On February 28, 2006, the Court of Appeals rendered a Decision,[6] the dispositive portion of which reads:

> WHEREFORE, in view of the foregoing premises, judgment is hereby rendered by us DISMISSING the petition filed in this case and AFFIRMING the assailed Orders of the public respondent dated November 24, 2004 and April 11, 2005 both in Civil Case No. MAN-4639.[7]

The Court of Appeals held that for res judicata to apply, the following requisites must be present: (a) finality of the former judgment; (b) the court which rendered it had jurisdiction over the subject matter and the parties; (c) it must be a judgment on the merits; and (d) there must be, between the first and second actions, identity of parties, subject matter and causes of action.

The Court of Appeals held that based on the foregoing, the trial court did not commit grave abuse of discretion when it held that res judicata does not apply for there is no identity of parties and causes of action in this action for reconveyance filed by respondents and petitioners' action for quieting of title, which had been resolved by this Court in G.R. No. 148180.

The appellate court held that the ultimate test to ascertain identity of causes of action is whether or not the same evidence fully supports and establishes both the first and second cases. As correctly held by the trial court, the causes of action for reconveyance and quieting of title require different sets of evidence for their support and establishment.

Moreover, the Court of Appeals held that the trial court's preliminary finding that laches does not apply for lack of its necessary elements is an exercise of its judgment; thus, certiorari cannot lie. Certiorari is a remedy designed for the correction of errors of jurisdiction, not errors of judgment. The appellate court stated that whether or not the elements of laches are indeed present can be thoroughly determined during the trial on the merits of the case.

Petitioners' motion for reconsideration was denied for lack of merit by the Court of Appeals in a Resolution[8]

dated April 11, 2006.

Thereafter, petitioners filed this petition raising the following issues:

> I
>
> WHETHER OR NOT THE COURT A QUO WAS CORRECT IN DISREGARDING THE PRINCIPLE OF RES JUDICATA IN THIS INSTANT CASE.
>
> II
>
> WHETHER OR NOT THE COURT A QUO WAS CORRECT IN DISREGARDING THE PRINCIPLES OF LACHES AND PRESCRIPTION[9]

In a Resolution dated June 21, 2006, the Court required the respondents to file their Comment on the petition. On August 11, 2006, respondents filed their Comment. Thereafter, petitioners filed their Reply to the Comment of respondents.

While the case was pending, the parties, assisted by their respective counsels, filed on May 6, 2010 a Joint Manifestation, which reads:

> 1. The instant case originated from Civil Case No. MAN-4639, Regional Trial Court, Branch 56, Mandaue City;
>
> 2. All parties have come to a settlement and agreement on all issues in the instant case;
>
> 3. They have voluntarily waived all their claims and counterclaims relative to the instant case they have finally settled the same;
>
> 4. The parties likewise submit to this Honorable Court their Compromise Agreement, hereto attached.
>
> WHEREFORE, premises considered, it is most respectfully prayed of this Honorable Court to approve the compromise agreement and to consequently dismiss the instant case.
>
> Other just and equitable remedies under the law are likewise prayed for.
>
> x x x x
>
> COMPROMISE AGREEMENT
>
> COME NOW, ALL PARTIES, assisted by their respective counsels and unto this Honorable Court most respectfully submit this Compromise Agreement as final settlement in the above-entitled case, to wit:
>
> The instant case originated from Civil Case No. MAN-4639, Regional Trial Court, Branch 56, Mandaue City;
>
> All parties have come to a settlement and agreement on all issues in the instant case;
>
> It is the mutual desire of all parties to put an end to all litigation involving the said parcel of land subject matter of this case and terminate all legal proceedings involving the same, hence this Compromise Agreement.
>
> 1. Angelo Barz and Me[r]linda Barz-Tabasa, being the only Heirs of Pedro & Teofila Barz, shall sell to Sps. Jose & Rosa Gesalem the remaining portion of OCT No. 521 denominated as lot 896-B with an area of 2,142 sq.m. more or less, situated at Pagsabungan, Mandaue City, Philippines. Likewise, the above parties hereby waive all their rights, interest, ownership and participation over the area of 440 square meters which is the subject matter of this case in favor of Sps. Jose & Rosa Gesalem;
>
> 2. In consideration of paragraph one, Sps. Jose and Rosa Gesalem shall pay Angelo Barz and Me[r]linda Barz-Tabasa the amount of Four Million Five Hundred Thousand Pesos (P4,500,000.00) Philippine currency;

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3. Angelo Barz and Me[r]linda Barz-Tabasa hereby undertake to protect Sps. Jose and Rosa Gesalem from any claims whatsoever from any person over the above parcel of land;

4. In consideration of the foregoing, all parties hereby waive and quitclaim all their claims, counterclaims, rights and interests against each other.

PRAYER

WHEREFORE, the parties most respectfully submit and pray to the Honorable Court that their Compromise Agreement be approved not being contrary to law and that a decision on the case be rendered based on the aforesaid Compromise Agreement as final disposition of the case.

Other just and equitable remedies under the law are likewise prayed for.

Cebu City for Manila, Philippines, April 6, 2010.

H[EI]RS OF PEDRO & ME[R]LINDA BARZ:

(Signed)

(Signed)

ANGELO BARZ

MERLINDA-BARZ

Assisted by Counsel:

(Signed)

SISINIO M. ANDALES

x x x x

JOSE GESALEM

ROSA GESALEM

By:
(Signed)
JONATHAN GESALEM

Assisted by Counsel:

(Signed)

REUEL PINTOR

x x x x

The Court notes that respondents spouses Jose and Rosa Gesalem seek the reconveyance of the parcel of land with an area of 400 square meters, which was allegedly sold to them by Panfilo Retuerto. The sale was nullified by the Court in G.R. No. 148180, as it affirmed the decision of the Court of Appeals, which sustained the decision of the RTC of Mandaue City declaring Angelo Barz and Merlinda Barz, petitioners herein, as the absolute owners of Lot 896-A and Lot 896-B, and ordering the spouses Jose and Rosa Gesalem, respondents herein, to vacate the 400-square-meter-lot, allegedly sold to them, that formed part of Lot 896-B, with an area of 2,142 square meters.

In the Compromise Agreement, petitioners have agreed to sell to respondents Lot 896-B, with an area of 2,142

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square meters, for P4.5 million. Petitioners waive their rights and interest over the area of 440 square meters, which is the subject matter of this case, in favor of respondents. It must be pointed out that the 400 square-meter-lot sought to be recovered by respondents is part of Lot 896-B, which is now the subject of sale between petitioners and respondents in the Compromise Agreement. In consideration of the sale, the parties waive their claims against each other, and they pray that a decision be rendered based on the Compromise Agreement as final disposition of the case.

The Court finds that the Compromise Agreement is not contrary to law, morals, good customs and public policy. Moreover, it appears to be freely executed by petitioners and respondents, with the assistance of their respective counsels. The Court finds no reason not to grant the prayer of the parties and hereby bestows judicial approval of their Compromise Agreement.

WHEREFORE, judgment is rendered in accordance with the Compromise Agreement dated April 6, 2010, and the parties are enjoined to abide by its terms and conditions.

SO ORDERED.

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

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[1] Under Rule 45 of the Rules of Court.

[2] Taken from G.R. No. 148180 entitled Catalina Vda. de Retuerto v. Barz, rollo, p. 197, and the Decision of the Court of Appeals in CA-G.R. CEB-SP No. 00767, rollo, p. 51.

[3] CA Decision in CA-G.R. CV No. 59975, rollo, pp. 181-196.

[4] Rollo, pp. 197-209.

[5] Id. at 60-78.

[6] Penned by Associate Justice Isaias P. Dicdican, with Associate Justices Vicente L. Yap and Enrico A. Lanzanas, concurring; id. at 51-57.

[7] Id. at 57.

[8] Id. at 58-59.

[9] Id. at 26.

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