

MAKATI TUSCANY CONDOMINIUM CORPORATION, PETITIONER, VS. MULTI-REALTY DEVELOPMENT CORPORATION, RESPONDENT.

G.R. No. 185530. April 18, 2018

Ponente: LEONEN, J.

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LEONEN, J.:

Reformation of an instrument may be allowed if subsequent and contemporaneous acts of the parties show that their true intention was not accurately reflected in the written instrument.

This resolves the Petition for Review on Certiorari[1] filed by Makati Tuscany Condominium Corporation (Makati Tuscany), assailing the April 28, 2008 Amended Decision[2] and December 4, 2008 Resolution[3] of the Court of Appeals in CA-G.R. CV No. 44696.

In 1974, Multi-Realty Development Corporation (Multi-Realty) built Makati Tuscany, a 26-storey condominium building located at the corner of Ayala Avenue and Fonda Street, Makati City.[4]

Makati Tuscany had a total of 160 units, with 156 ordinary units from the 2nd to the 25th floors and four (4) penthouse units on the 26th floor.[5] It also had 270 parking slots which were apportioned as follows: one (1) parking slot for each ordinary unit; two (2) parking slots for each penthouse unit; and the balance of 106 parking slots were allocated as common areas.[6]

On July 30, 1975, Multi-Realty, through its president Henry Sy, Sr., executed and signed Makati Tuscany's Master Deed and Declaration of Restrictions (Master Deed),[7] which was registered with the Register of Deeds of Makati in 1977.[8]

Sometime in 1977, pursuant to Republic Act No. 4726, or the Condominium Act, Multi-Realty created and incorporated Makati Tuscany Condominium Corporation (MATUSCO) to hold title over and manage Makati Tuscany's common areas. That same year, Multi-Realty executed a Deed of Transfer of ownership of Makati Tuscany's common areas to MATUSCO.[9]

On April 26, 1990, Multi-Realty filed a complaint for damages and/or reformation of instrument with prayer for temporary restraining order and/or preliminary injunction against MATUSCO. This complaint was docketed as Civil Case No. 90-1110 and raffled to Branch 59 of Makati Regional Trial Court.[10]

Multi-Realty alleged in its complaint that of the 106 parking slots designated in the Master Deed as part of the common areas, only eight (8) slots were actually intended to be guest parking slots; thus, it retained ownership of the remaining 98 parking slots.[11]

Multi-Realty claimed that its ownership over the 98 parking slots was mistakenly not reflected in the Master Deed "since the documentation and the terms and conditions therein were all of first impression,"[12] considering that Makati Tuscany was one of the first condominium developments in the Philippines.[13]

On October 29, 1993, the Regional Trial Court[14] dismissed Multi-Realty's complaint. It noted that Multi-Realty

itself prepared the Master Deed and Deed of Transfer; therefore, it was unlikely that it had mistakenly included the 98 parking slots among the common areas transferred to MATUSCO. It also emphasized that Multi-Realty's prayer for the reformation of the Master Deed could not be granted absent proof that MATUSCO acted fraudulently or inequitably towards Multi-Realty. Finally, it ruled that Multi-Realty was guilty of estoppel by deed.[15] The fallo of its Decision read:

Premises considered, this case is dismissed. [MATUSCO's] counterclaim is likewise dismissed the same not being compulsory and no filing fee having been paid. [Multi-Realty] is however ordered to pay [MATUSCO's] attorney's fees in the amount of P50,000.00

Cost against plaintiff.

SO ORDERED.[16]

Both parties appealed the Regional Trial Court Decision to the Court of Appeals. On August 21, 2000, the Court of Appeals[17] dismissed both appeals on the ground of prescription.

In dismissing Multi-Realty's appeal, the Court of Appeals held that an action for reformation of an instrument must be brought within 10 years from the execution of the contract. As to the dismissal of MATUSCO's appeal, the Court of Appeals ruled that its claim was based on a personal right to collect a sum of money, which had a prescriptive period of four (4) years, and not based on a real right, with a prescriptive period of 30 years.[18]

The fallo of the Court of Appeals August 21, 2000 Decision read:

WHEREFORE, foregoing premises considered, no merit in fact and in law is hereby ORDERED DISMISSED, and the judgment of the trial court is MODIFIED by deleting the award of attorney's fees not having been justified but AFFIRMED as to its Order dismissing both the main complaint of [Multi-Realty] and the counterclaim of [MATUSCO]. With costs against both parties.

SO ORDERED.[19]

Multi-Realty moved for reconsideration,[20] but its motion was denied in the Court of Appeals January 18, 2001 Resolution.[21] It then filed a petition for review[22] before this Court.

On June 16, 2006, this Court in *Multi-Realty Development Corporation v. The Makati Tuscany Condominium Corporation*[23] granted Multi-Realty's petition, set aside the assailed Court of Appeals August 21, 2000 Decision, and directed the Court of Appeals to resolve Multi-Realty's appeal.

Multi-Realty Development Corporation ruled that the Court of Appeals should have resolved the appeal on the merits instead of *motu proprio* resolving the issue of whether or not the action had already prescribed, as the issue of prescription was never raised by the parties before the lower courts.[24]

Nonetheless, Multi-Realty Development Corporation held that even if prescription was raised as an issue, the Court of Appeals still erred in dismissing the case because Multi-Realty's right to file an action only accrued in 1989 when MATUSCO denied Multi-Realty's ownership of the 98 parking slots. The Court of Appeals ruled that it was only then that Multi-Realty became aware of the error in the Master Deed, thereafter seeking its reformation to reflect the true agreement of the parties. Thus, prescription had not yet set in when Multi-Realty filed its complaint for reformation of instrument in 1990.[25]

The fallo in *Multi-Realty Development Corporation* read:

IN LIGHT OF ALL THE FOREGOING, the petition is GRANTED. The Decision of the Court of Appeals in CA-G.R. CV No. 44696 is SET ASIDE. The Court of Appeals is directed to resolve [Multi-Realty's] appeal

with reasonable dispatch. No costs.

ORDERED.[26] (Emphasis in the original)

On November 5, 2007, the Court of Appeals[27] denied both appeals.

Regarding Multi-Realty's appeal, the Court of Appeals held that the Master Deed could only be read to mean that the 98 parking slots being claimed by Multi-Realty belonged to MATUSCO. It highlighted that the language of the Master Deed, as prepared by Multi-Realty, was clear and not susceptible to any other interpretation.[28]

The Court of Appeals upheld the Regional Trial Court's finding that Multi-Realty was guilty of estoppel by deed and likewise declared that MATUSCO was not estopped from questioning Multi-Realty's claimed ownership over and sales of the disputed parking slots.[29]

The fallo of the Court of Appeals November 5, 2007 Decision read:

WHEREFORE, the instant appeals are hereby DENIED. The assailed Decision dated October 29, 1993 of the Regional Trial Court (Branch 65), Makati, Metro Manila (now Makati City), in Civil Case No.

90-1110 is MODIFIED-in that: (1) the counterclaim of The Makati Tuscany Condominium Corporation is DISMISSED-not on the ground of non-payment of docket fees but on ground of prescription; and, (2) the award of attorney's fees in favor of The Makati Tuscany Condominium Corporation is DELETED for not having been justified. We however AFFIRM in all other aspects. Costs against both parties.

SO ORDERED.[30] (Emphasis in the original)

Multi-Realty moved for the reconsideration of the Court of Appeals November 5, 2007 Decision and on April 28, 2008, the Court of Appeals promulgated an Amended Decision,[31] reversing its November 5, 2007 Decision and directing the reformation of the Master Deed and Deed of Transfer.

In reversing its November 5, 2007 Decision, the Court of Appeals ruled that the Master Deed and Deed of Transfer did not reflect the true intention of the parties on the ownership of the 98 parking slots.[32]

The Court of Appeals stated that in reformation cases, the party asking for reformation had the burden to overturn the presumption of validity accorded to a written contract. It held that Multi-Realty was able to discharge this burden.[33]

The fallo of the Court of Appeals April 28, 2008 Amended Decision read:

WHEREFORE, premises considered, the present Motion for

Reconsideration is PARTLY GRANTED. Our Decision dated November

05, 2007 is hereby MODIFIED-in that We ORDER the reformation of the Master Deed and Declaration of Restrictions of the Makati Tuscany Condominium Project and the Deed of Transfer-to clearly provide that the ownership over the ninety[-]eight (98) extra parking lots be retained by Multi-Realty Development Corporation. We however DENY the damages and attorney's fees prayed for by Multi-Realty Development Corporation. We AFFIRM in all other respects. No costs.

SO ORDERED.[34] (Emphasis in the original)

MATUSCO moved for the reconsideration[35] of the Amended Decision, but its motion was denied in the Court of Appeals December 4, 2008 Resolution.[36]

On February 5, 2009, MATUSCO filed its Petition for Review[37] on Certiorari before this Court.

In its Petition, petitioner claims that the Court of Appeals erred in granting Multi-Realty's appeal because there was no basis to reform the Master Deed and Deed of Transfer. It asserts that there was no mistake, fraud, inequitable conduct, or accident which led to the execution of an instrument that did not express the true intentions of the parties. It avers that the instruments clearly expressed what the parties agreed upon.[38]

Petitioner also assails the Court of Appeals' ruling that it was estopped from questioning respondent's sales of 26 out of the 98 contested parking slots and from claiming ownership of the remaining unsold parking slots because it was supposedly fully aware of respondent's ownership of them and did not oppose its sales for 9 years.[39]

Petitioner maintains that estoppel cannot apply because the sales made by respondent were patently illegal as they went against the stipulations in the Master Deed. Furthermore, petitioner contends that it never misled respondent regarding ownership of the 98 parking slots since it was respondent itself which drafted the Master Deed and Deed of Transfer that turned over ownership of the common areas, including the 98 parking slots, to MATUSCO.[40]

In its Comment,[41] respondent insists that it never intended to include the 98 parking slots among the common areas transferred to MATUSCO. It avers that due to its then inexperience with the condominium business, with Makati Tuscan being one of the Philippines' first condominium projects, the Master Deed and Deed of Transfer failed to reflect the original intention to exclude the 98 parking slots from Makati Tuscan's common areas.[42]

Respondent points to the parties' subsequent acts that led to the only conclusion that it was always the intention to exclude the 98 parking slots from the common areas, and that this was known and accepted by petitioner from the beginning.[43]

Respondent maintains that the Petition raises factual findings and prays that this Court take a second look at the evidence presented and come up with its own factual findings, in derogation of the purpose of an appeal under Rule 45 of the Rules of Court, which generally limits itself to questions of law.[44]

Respondent also points out that in Multi-Realty Development Corporation, this Court, in its recital of material facts, acknowledged that it retained ownership over the 98 parking slots, but that its ownership over them was not reflected in the Master Deed and Deed of Transfer. Thus, respondent asserts that the issue of ownership can no longer be threshed out on appeal on the ground of res judicata.[45]

In its Reply,[46] petitioner claims that just like respondent, it also committed a mistake in good faith and "also labored under a mistaken appreciation of the nature and ownership of the ninety[-]eight (98) parking slots"[47] when it failed to object to respondent's sales of some of the parking slots from 1977 to 1986 and when it issued Certificates of Management over the sold parking slots. It was only later that petitioner realized the extent of its legal right over the 98 parking slots; consequently, it exerted effort to exercise its dominion over them. Petitioner argues that this cannot be characterized as bad faith on its part.[48]

Petitioner adds that the Master Deed and Deed of Transfer are public documents, being duly registered with the Register of Deeds of Makati City, ergo, their terms, conditions, and restrictions are valid and binding in rem. It opines that for the Court of Appeals to change the clear and categorical wordings of the Master Deed more than 30 years after its registration goes against public policy and the Condominium Act.[49]

Petitioner insists that if respondent merely made a mistake in including the 98 parking slots among the common areas transferred to petitioner, this mistake must be construed in petitioner's favor as respondent is owned by one of the wealthiest family corporations in the country while petitioner is merely an association of innocent purchasers for value.[50]

The issues raised for this Court's resolution are as follows:

First, whether or not there is a need to reform the Master Deed and the Deed of Transfer; and

Second, whether or not this Court is bound by the factual findings in *Multi-Realty Development Corporation v. The Makati Tuscany Condominium Corporation* on the ground of conclusiveness of judgment.

I

Reformation of an instrument is a remedy in equity where a valid existing contract is allowed by law to be revised to express the true intentions of the contracting parties.[51] The rationale is that it would be unjust to enforce a written instrument which does not truly reflect the real agreement of the parties.[52] In reforming an instrument, no new contract is created for the parties, rather, the reformed instrument establishes the real agreement between the parties as intended, but for some reason, was not embodied in the original instrument.[53]

An action for reformation of an instrument finds its basis in Article 1359 of the Civil Code which provides:

Article 1359. When, there having been a meeting of the minds of the parties to a contract, their true intention is not expressed in the instrument purporting to embody the agreement, by reason of mistake, fraud, inequitable conduct or accident, one of the parties may ask for the reformation of the instrument to the end that such true intention may be expressed.

If mistake, fraud, inequitable conduct, or accident has prevented a meeting of the minds of the parties, the proper remedy is not reformation of the instrument but annulment of the contract.

The *National Irrigation Administration v. Gamit*[54] stated that there must be a concurrence of the following requisites for an action for reformation of instrument to prosper:

(1) there must have been a meeting of the minds of the parties to the contract; (2) the instrument does not express the true intention of the parties; and (3) the failure of the instrument to express the true intention of the parties is due to mistake, fraud, inequitable conduct or accident.[55]

The burden of proof then rests upon the party asking for the reformation of the instrument to overturn the presumption that a written instrument already sets out the true intentions of the contracting parties.[56]

It is not disputed that the parties entered into a contract regarding the management of Makati Tuscany's common areas. A Master Deed and a Deed of Transfer were executed to contain all the terms and conditions on the individual ownership of Makati Tuscany's units and the co-ownership over the common areas. The question to be resolved is whether the provisions in the Master Deed and Deed of Transfer over the 98 parking slots, as part of the common areas, expressed the true intentions of the parties, and if not, whether it was due to mistake, fraud, inequitable conduct, or accident.

Sections 5 and 7(d) of the Master Deed provide as follows:

SEC. 5. Accessories to Units. - To be considered as part of each unit and reserved for the exclusive use of its owner are the balconies adjacent thereto and the parking lot or lots which are to be assigned to each unit.

....

SEC. 7. The Common Areas. - The common elements or areas of The Makati Tuscany shall comprise all the parts of the project other than the units, including without limitation the following:

....

(d) All driveways, playgrounds, garden areas and parking areas other than those assigned to each unit under

Sec. 5 above.][57]

A plain and literal reading of Section 7(d) in relation to Section 5 shows that all parking areas which are not assigned to units come under petitioner's authority because they are part of the common areas.

Respondent argues that what was written in the Master Deed and Deed of Transfer failed to fully capture what was actually intended by the parties. However, intentions involve a state of mind, making them difficult to decipher; therefore, the subsequent and contemporaneous acts of the parties must be presented into evidence to reflect the parties' intentions.[58]

To substantiate its claim that there was a difference between the written terms in the Master Deed and Deed of Transfer and the parties' intentions, respondent refers to their prior and subsequent acts.

First, respondent points out that in the color-coded floor plans for the ground floor, upper basement, and lower basement, only eight (8) guest parking slots were indicated as part of the common areas. However, respondent alleges that due to its inexperience with documenting condominium developments, it failed to reflect the correct number of guest parking slots in the Master Deed and Deed of Transfer.[59]

Second, acting under the honest belief that it continued to own the 98 parking slots, respondent sold 26 of them to Makati Tuscany's unit owners from 1977 to 1986, without any hint of a complaint or opposition from petitioner. Respondent also states that petitioner repeatedly cooperated and supported its sales by issuing Certificates of Management for the condominium units and parking slots sold by respondent.[60]

Third, petitioner's Board of Directors made repeated offers to purchase the parking slots from respondent, signifying petitioner's recognition of respondent's retained ownership over the disputed parking slots. This was made evident in an excerpt from the minutes of the June 14, 1979 meeting of MATUSCO's Board of Directors:

UNASSIGNED PARKING SLOTS

Mr. Jovencio Cinco informed the Board of the final proposal of Multi-Realty Development Corp. to sell the condominium corp. all of the unassigned parking lots at a discounted price of P15,000.00 per lot, or some 50% lower than their regular present price of P33,000.00 each.

After discussion, it was agreed to hold in abeyance any decision on the matter for all the members of the Board in attendance to pass upon.[61]

Finally, respondent highlights that it was only in September 1989, when the value of the 72 remaining unallocated parking slots had risen to approximately P250,000.00 each or approximately P18,000,000.00 for the 72 parking slots, that petitioner first claimed ownership of the remaining parking slots.[62]

At this juncture, it must be pointed out that petitioner never rebutted any of respondent's statements regarding the subsequent acts of the parties after the execution and registration of the Master Deed and Deed of Transfer. Petitioner even adopted the narration of facts in Multi-Realty Development Corporation and declared in its Reply that:

1. The Petition does not raise questions of fact because no doubt or difference exists between the parties' appreciation of the truth or falsehood of alleged facts, nor does it require the Honorable Court to evaluate the credibility of witnesses or their testimonies. The resolution of the instant controversy rests solely upon the correct application of principles of law and pertinent jurisprudence, as well as hallowed ideals of fairness and public policy which are specific or germane to the undisputed facts. These facts have already been framed by this Honorable Court in a related case brought before it by the same parties, albeit limited to the sole issue of prescription of the action for reformation of instruments initiated by [Multi--Realty]. For the avoidance of doubt, these facts are reproduced hereunder as follows:

....

1.3 Makati Tuscany consisted of 160 condominium units, with 156 units from the 2nd to the 25th floors, and 4 penthouse units in the 26th floor. Two hundred seventy (270) parking slots were built therein for appointment among its unit owners. One hundred sixty-four (164) of the parking slots were so allotted, with each unit at the 2nd to the 25th floors being allotted one (1) parking slot each, and each penthouse unit with two slots. Eight (8) other parking slots, found on the ground floor of the Makati Tuscany were designated as guest parking slots, while the remaining ninety[-]eight (98) were to be retained by Multi-Realty for sale to unit owners who would want to have additional slots.

....

1.7. The Master Deed was filed with the Register of Deeds in 1977. Multi-Realty executed a Deed of Transfer in favor of Makati Tuscany over these common areas. However, the Master Deed and the Deed of Transfer did not reflect or specify the ownership of the 98 parking slots. Nevertheless, Multi-Realty sold 26 of them in 19 to 1986 to condominium unit buyers who needed additional parking slots. Makati Tuscany did not object, and certificates of title were later issued by the Register of Deeds in favor of the buyers. Makati Tuscany issued Certificates of Management covering the condominium units and parking slots which Multi-Realty has sold.

1.8 At a meeting of Makati Tuscany's Board of Directors on 13 March 1979, a resolution was approved, authorizing its President, Jovencio Cinco, to negotiate terms under which Makati Tuscany would buy 36 of the unallocated parking slots from Multi-Realty. During another meeting of the Board of Directors on 14 June 1979, Cinco informed the Board members of Multi-Realty's proposal to sell all of the unassigned parking lots at a discounted price of P15,000.00 per lot, or some 50% lower than the then prevailing price of P33,000.00 each. The Board agreed to hold in abeyance any decision on the matter to enable all its members to ponder upon the matter.[63] (Emphasis supplied, citations omitted)

Just like respondent, petitioner invokes mistake in good faith to explain its seeming recognition of respondent's ownership of the 72 remaining parking slots, showing its acquiescence to respondent's sale of the 26 parking slots and its issuance of the Certificates of Management for the sold condominium units and parking slots.[64]

Petitioner fails to convince.

The totality of the undisputed evidence proving the parties' acts is consistent with the conclusion that the parties never meant to include the 98 parking slots among the common areas to be transferred to petitioner. The evidence is consistent to support the view that petitioner was aware of this fact.

From 1977 to 1986, respondent sold 26 of the 98 parking lots now under contention without protest from petitioner. Petitioner recognized respondent's ownership of the disputed parking lots on at least two (2) occasions when its Board of Directors made known its intention to purchase them from respondent.

In its Manifestation Ad Cautelam,[65] petitioner asked to be allowed to file a reply to respondent's comment to rectify the "erroneous statements of fact and conclusions of law"[66] contained in it. However, petitioner in its Reply[67] did not contradict any of the subsequent acts of the parties narrated by respondent, showing petitioner's repeated acquiescence to respondent's acts of dominion over the parking slots. Petitioner even adopted this Court's narration of facts in Multi-Realty Development Corporation where this Court stated that "[e]ight (8) other parking slots, found on the ground floor of the Makati Tuscany were designated as guest parking slots, while the remaining 98 were to be retained by Multi-Realty for sale to unit owners who would want to have additional slots." [68]

Petitioner claims that it was confusion and not bad faith that caused its belated assertion of ownership over the parking slots.[69] However, the facts show that it was the intention of the parties all along for Multi-Realty to

retain ownership of the 98 parking slots and then sell them to unit owners who wanted additional parking slots.

Petitioner argues its lack of bad faith in claiming ownership over the 98 parking slots. Whether or not it acted in bad faith was never in issue. Instead, the issue to be resolved was whether or not respondent committed a mistake in drafting and executing the Master Deed and Deed of Transfer, thereby leading to the inadvertent inclusion of the 98 parking slots among the common areas transferred to petitioner.

Further, it is difficult to impute confusion and bad faith, which are states of mind appropriate for a natural individual person, to an entire corporation. The fiction where corporations are granted both legal personality separate from its owners and a capacity to act should not be read as endowing corporations with a single mind. In truth, a corporation is a hierarchical community of groups of persons both in the governing board and in management. Corporations have different minds working together including its lawyers, auditors, and, in some cases, their compliance officers.

To grant the argument that a corporation, like a natural person, was confused or not in bad faith is to extend to it too much analogy and to endow it more of the human characteristics beyond its legal fiction. This Court is not endowed with such god-like qualities of a creator or should allow illicit extensions of legal fiction to cause injustice.

Respondent, through a preponderance of evidence, was able to prove its claim that the Master Deed and Deed of Transfer failed to capture the true intentions of the parties; hence, it is but right that the instruments be reformed to accurately reflect the agreement of the parties.

Petitioner asserts that respondent's admission of committing a mistake in drafting the Master Deed and Deed of Transfer makes it liable to suffer the consequences of its mistake and should be bound by the plain meaning and import of the instruments. It contends that respondent should be estopped from claiming that the Master Deed and Deed of Transfer failed to show the parties' true intentions.

Again, petitioner fails to convince.

In *Philippine National Bank v. Court of Appeals*,^[70] this Court held:

"The doctrine of estoppel is based upon the grounds of public policy, fair dealing, good faith and justice, and its purpose is to forbid one to speak against his own act, representations, or commitments to the injury of one to whom they were directed and who reasonably relied thereon. The doctrine of estoppel springs from equitable principles and the equities in the case. It is designed to aid the law in the administration of justice where without its aid injustice might result." It has been applied by this Court wherever and whenever special circumstances of a case so demand.^[71]

In this case, except for the words in the contract, all of respondent's acts were consistent with its position in the case.

Petitioner does not deny that it stayed silent when respondent sold the parking slots on several occasions or that it offered to buy the parking slots from respondent on at least two (2) occasions. It excuses itself by saying that just like respondent, it "also labored under a mistaken appreciation of the nature and ownership of the ninety[-]eight (98) parking slots in question."^[72]

Both parties recognized respondent's ownership of the parking slots. Petitioner initially respected respondent's ownership despite the Master Deed's and Deed of Transfer's stipulations. It was petitioner that changed its position decades after it acted as if it accepted respondent's ownership.

Petitioner cannot claim the benefits of estoppel. It was never made to rely on any false representations. It knew

from its inception as a corporation that ownership of the parking slots remained with respondent. Its dealings with respondent and the actuations of its Board of Directors convincingly show that it was aware of and respected respondent's ownership. The Court of Appeals ruled as follows:

Not even the registration of the Master Deed with the Makati City Register of Deeds renders Multi-Realty guilty of estoppel by deed. For one, [MATUSCO] was not made to believe that it shall be the owner of the questioned extra parking lots. And for another, [MATUSCO] was not made to rely on any false representation. As we have earlier discussed-evidence is replete that both parties knew at the outset that ownership over the said extra parking lots were to be retained by Multi-Realty. It is sad to note, however, that such fact was not clearly reflected in the Master Deed and the Deed of Transfer. Besides, it was only after the issue of ownership cropped up that Multi-Realty realized that, indeed, there was a mistake in the drafting of the Master Deed.[73]

II

Despite petitioner's adoption of this Court's recital of facts in Multi--Realty Development Corporation, this Court deems it proper to address respondent's claim that this Court upheld its ownership of the disputed parking slots, as Multi-Realty Development Corporation supposedly contained final factual findings on this very issue, which ought to be respected on the ground of res judicata.[74]

Respondent is mistaken.

There is res judicata when the following concur:

a)

the former judgment must be final;

b)

the court which rendered judgment had jurisdiction over the parties and the subject matter;

c)

it must be a judgment on the merits;

d)

and there must be between the first and second actions identity of parties, subject matter, and cause of action.[75] (Emphasis in the original, citation omitted)

Multi-Realty Development Corporation did not take on the merits of the case but only tackled the issue of prescription n.ised to this Court on appeal. After finding that the action had not yet prescribed and was mistakenly dismissed by the Court of Appeals because of a supposedly stale claim, this Court directed that it be remanded to the Court of Appeals for a resolution of the appeal:

Nevertheless, given the factual backdrop of the case, it was inappropriate for the CA, motu proprio, to delve into and resolve the issue of whether [Multi-Realty's] action had already prescribed. The appellate court should have proceeded to resolve [Multi-Realty's] appeal on its merits instead of dismissing the same on a ground not raised by the parties in the RTC and even in their pleadings in the CA.

....

IN LIGHT OF ALL THE FOREGOING, the petition is GRANTED. The Decision of the Court of Appeals in CA-G.R. CV No. 44696 is SET ASIDE. The Court of Appeals is directed to resolve petitioner's appeal with reasonable dispatch. No costs.

ORDERED.[76]

Clearly, res judicata had not yet set in and this Court was not precluded from evaluating all of the evidence vis-a-vis the issues raised by both parties.

WHEREFORE, premises considered, the Petition for Review on Certiorari is DENIED. The Court of Appeals April 28, 2008 Amended Decision and December 4, 2008 Resolution in CA-G.R. CV No. 44696 are AFFIRMED.

SO ORDERED.

Velasco, Jr. (Chairperson), Bersamin, Martires, and Gesmundo, JJ., concur.

[1] Rollo, pp. 59-97.

[2] Id. at 98-111. The Decision was penned by Associate Justice Jose L. Sabio, Jr. and concurred in by Associate Justices Rodrigo V. Cosico and Martin S. Villarama, Jr. of the Special Former Special Eighth Division, Court of Appeals, Manila.

[3] Id. at 112-113. The Resolution was penned by Associate Justice Jose L. Sabio, Jr. and concurred in by Associate Justices Martin S. Villarama, Jr. and Noel G. Tijam of the Special Former Special Eighth Division, Court of Appeals, Manila.

[4] Id. at 200, RTC Decision.

[5] Multi-Realty Development Corporation v. The Makati Tuscany Condominium Corporation, 524 Phil. 318, 325 (2006) [Per J. Callejo, Sr., First Division].

[6] Rollo, p. 200, RTC Decision.

[7] Id. at 131-146.

[8] Multi-Realty Development Corporation v. The Makati Tuscany Condominium Corporation, 524 Phil. 318, 326 (2006) [Per J. Callejo, Sr., First Division].

[9] Rollo, p. 200, RTC Decision.

[10] Multi-Realty Development Corporation v. The Makati Tuscany Condominium Corporation, 524 Phil. 318, 327 (2006) [Per J. Callejo, Sr., First Division].

[11] Id. at 325 and 327.

[12] Id. at 327.

[13] Id. at 324.

[14] Rollo, pp. 200-202. The Decision was penned by Judge Salvador S. Abad Santos of Branch 65, Regional Trial Court, Makati City.

[15] Id. at 201-202.

[16] Id. at 202.

[17] Id. at 293-300. The Decision, docketed as CA-G.R. CV No. 44696, was penned by Associate Justice Jose L. Sabio, Jr. and concurred in by Associate Justices Ramon Mabutas, Jr. and Martin S. Villarama, Jr. of the Special Eighth Division, Court of Appeals, Manila.

[18] Id. at 297-298.

[19] Id. at 299.

[20] Id. at 301-320.

[21] Id. at 353-356. The Resolution was penned by Associate Justice Jose L. Sabio, Jr. and concurred in by Associate Justices Ramon Mabutas, Jr. and Martin S. Villarama, Jr. of the Special Former Eighth Division of the Court of Appeals, Manila.

[22] Id. at 357-401. The case was docketed as G.R. No. 146726.

[23] 524 Phil. 318 (2006) [Per J. Callejo, Sr., First Division].

[24] Id. at 336-337.

[25] Id. at 343-344.

[26] Id. at 346.

[27] Rollo, pp. 460-480. The Decision was penned by Associate Justice Jose L. Sabio, Jr. and concurred in by Associate Justices Rodrigo V. Cosico and Martin S. Villarama, Jr. of the Special Former Special Eighth Division of the Court of Appeals, Manila.

[28] Id. at 470.

[29] Id. at 475-478.

[30] Id. at 478-479.

[31] Id. at 98-111.

[32] Id. at 103.

[33] Id. at 106-107.

[34] Id. at 110.

[35] Id. at 530-538.

[36] Id. at 112-113.

[37] Id. at 59-97.

[38] Id. at 75-80.

[39] Id. at 86-87.

[40] Id. at 88-89.

[41] Id. at 560-594.

[42] Id. at 561 and 563.

[43] Id. at 563-566.

[44] Id. at 573-574.

[45] Id. at 577-579.

[46] Id. at 630-648.

[47] Id. at 635.

[48] Id. at 635-636.

[49] Id. at 638.

[50] Id. at 639.

[51] Rosello-Bentir v. Leanda, 386 Phil. 802, 811 (2000) [Per J. Kapunan, First Division].

[52] Spouses Rosario v. Alvar, G. R. No. 212731, September 6, 2017 <<http://sc.judiciary.gov.ph/pdf/web/viewer.html?file=/jurisprudence/2017/september2017/212731.pdf>> [Per J. Del Castillo, First Division].

[53] Multi-Ventures Capital and Management Corp. v. Stalwart Management Services Corp., 553 Phil. 385, 391 (2007) [Per J. Austria-Martinez, Third Division], citing Quiros v. Arjona, 468 Phil. 1000, 1010 (2004) [Per J. Ynares-Santiago, First Division].

[54] 289 Phil. 914 (1992) [Per J. Padilla, First Division].

[55] Id. at 931.

[56] Multi-Ventures Capital and Management Corp. v. Stalwart Management Services Corp., 553 Phil. 385, 392 (2007) [Per J. Austria-Martinez, Third Division], citing Huibonhoa v. Court of Appeals, 378 Phil. 386, 407 (1999) [Per J. Purisima, Third Division] and BA Finance Corporation v. Intermediate Appellate Court, 291 Phil. 265, 283 (1993) [Per J. Gutierrez, Jr., Third Division].

[57] Rollo, p. 134.

[58] Sarming v. Dy, 432 Phil. 685, 699 (2002) [Per J. Quisumbing, Second Division].

[59] Rollo, p. 563.

[60] Id. at 563-564.

[61] Id. at 565.

[62] Id. at 565-566.

[63] Id. at 630-634.

[64] Id. at 635-636.

[65] Id. at 608-612.

[66] Id. at 608.

[67] Id. at 630-648.

[68] Multi-Realty Development Corporation v. The Makati Tuscany Condominium Corporation, 524 Phil. 318, 325 (2006) [Per J. Callejo, Sr., First Division].

[69] Rollo, pp. 635-636.

[70] 183 Phil. 54 (1979) [Per J. Melencio-Herrera, First Division].

[71] Id. at 63-64, citing 28 Am Jur 2d, Estoppel §28.

[72] Rollo, p. 635.

[73] Id. at 108.

[74] Id. at 577-580.

[75] Heirs of Enrique Diaz v. Virata, 529 Phil. 799, 823-824 (2006) [Per J. Chico-Nazario, First Division].

[76] Multi-Realty Development Corporation v. The Makati Tuscany Condominium Corporation, 524 Phil. 318, 336-337 and 346 (2006) [Per J. Callejo, Sr., First Division].

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