

ARTURO C. CALUBAD, PETITIONER, VS. BILLY M. ACERON AND OLIVER R. SORIANO, RESPONDENTS.*G.R. No. 188029. September 02, 2020*

Ponente: HERNANDO, J.

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Challenged in this Petition [for Review on Certiorari][2] are the September 19, 2007 Resolution[3] and May 29, 2009 Resolution[4] of the Court of Appeals (CA) in CA-G.R. SP No. 100249 dismissing outright the Petition for Annulment of Final Resolution[5] under Rule 47 of the Rules of Court filed by Arturo C. Calubad (Calubad) on the ground that he had other available remedies other than a petition for annulment under Rule 47 and there being no extrinsic fraud committed against him.

The Antecedents

Sometime in April 1992, Billy M. Acheron (Acheron) and Oliver R. Soriano (Oliver) entered into an unnotarized Deed of Conditional Sale[6] for a consideration of P1.6 million over a parcel of land located in Quezon City with an area of 760 square meters and covered by Transfer Certificate of Title (TCT) No. 15860 registered in the name of spouses Francisco R. Soriano and Rosa R. Soriano (Spouses Soriano). The latter had donated the subject property to their son, Oliver. Since the title over the subject property was yet to be reconstituted in the name of Oliver, the parties entered into a Deed of Conditional Sale which provided that Oliver shall cause the reconstitution of title and transfer of ownership to Acheron. Meanwhile, Acheron may take possession of the subject property upon payment of P300,000.00.[7]

In October 1992, the title was reconstituted, prompting Acheron to demand from Oliver the execution of a Deed of Absolute Sale. However, Oliver informed Acheron that he would cancel the Deed of Conditional Sale. Hence, on October 19, 1993, Acheron filed a Complaint[8] before the Regional Trial Court (RTC) of Quezon City, Branch 96 docketed as Civil Case No. Q-93-18011 praying that Oliver execute the Deed of Absolute Sale and pay damages. On the other hand, Oliver claimed that he had to cancel the Deed of Conditional Sale because Acheron failed to pay the total amount of the contract.[9]

On December 26, 1996, the RTC in Civil Case No. Q-93-18011 rendered its Decision[10] in favor of Acheron and ordered Oliver to execute a Deed of Absolute Sale over the subject property and pay P25,000.00 as attorney's fees. Acheron filed an appeal[11] before the CA praying for payment of moral and exemplary damages and additional attorney's fees. However, the appellate court, in its February 18, 2002 Decision[12] denied his appeal and affirmed the RTC's Decision dated December 26, 1996 which became final and executory on August 5, 2003. Thereafter, on July 4, 2003, the trial court granted the motion for writ of execution filed by Oliver.[13]

On August 5, 2003, the Register of Deeds of Quezon City issued TCT No. N-253373[14] in the name of Oliver. Thereafter, on November 5, 2003, Oliver informed Acheron of the notarial rescission of the Deed of Conditional Sale and demanded that he vacate the subject property within five days.[15]

On December 17, 2003, Oliver obtained a loan in the amount of P1.6 million from petitioner Calubad and as a security therefor, he mortgaged the subject property covered by TCT No. N-253373.[16]

Thereafter, on January 9, 2004, Acheron moved for the execution of the RTC's December 26, 1996 Decision which was granted by the trial court in its March 5, 2004 Order.[17] Thus, on April 1, 2004, Acheron deposited the amount of P970,000.00 at the Office of the Clerk of Court.[18] However, Oliver failed to deliver TCT No. N-253373 as ordered.

Hence, Acheron moved that Oliver be divested of his title over the subject property and that it be transferred to him.[19] However, Oliver manifested that he could not surrender the title because it was already mortgaged to petitioner Calubad before the issuance of the RTC's March 5, 2004 Order.[20] On July 23, 2004, Acheron moved that Oliver's title and ownership over the subject property be transferred to his name, free from all liens and encumbrances, pursuant to the CA's Decision dated February 18, 2002.[21]

On October 3, 2004, Acheron filed an Omnibus Motion[22] praying that: (a) petitioner Calubad deliver TCT No. N-253373 in the name of Oliver; (b) Oliver and Calubad refrain from doing acts that would adversely affect the delivery of TCT No. N-253373; (c) Oliver execute a Deed of Absolute Sale in favor of Acheron; (d) Oliver be divested of his title over the subject property; and (e) the ownership over the subject property be transferred to Acheron free from all liens and encumbrances.

On December 13, 2004, the trial court granted[23] Acheron's Omnibus Motion which became final and executory on January 20, 2005, to wit:

WHEREFORE, the motion is GRANTED. The Court hereby declares that:

1. Defendant Oliver Soriano is hereby divested of his ownership over the property covered by TCT No. N-253373. Defendant may withdraw the amount deposited by plaintiff totaling to P970,000.00 as payment of the balance of the purchase price as DIRECTED by this court in its 05 March 2004 Order;
2. The Register of Deeds of Quezon City is hereby DIRECTED to issue a new title in the name of plaintiff BILLY ACERON free from all encumbrances and/or liens which shall have the force and effect of a conveyance in due form of law;
3. The mortgage and consequent foreclosure sale as null and void.

SO ORDERED.[24]

Hence, Calubad filed a petition[25] under Rule 65 before the appellate court docketed as CA-G.R. SP No. 88415, assailing the RTC's Resolution dated December 13, 2004 on the ground that it did not acquire jurisdiction over his person as he was not a party to the case and was not given a day in court. Thus, he could not be subject of the assailed Order.

On March 14, 2006, the appellate court rendered its Decision[26] in CA--G.R. No. SP No. 88415 dismissing Calubad's petition for being an improper remedy. Calubad moved for the reconsideration thereof which was denied by the appellate court in its March 27, 2007 Resolution.[27]

Calubad filed a petition for review on certiorari under Rule 45 before this Court. However, the same was denied in our June 6, 2007 Resolution which became final and executory on August 1, 2007.[28]

Assailed Ruling of the Court of Appeals:

On August 23, 2007, Calubad filed a Petition for Annulment of Final Resolution[29] under Rule 47 of the Rules of Court docketed as CA-G.R. SP No. 100249, which sought to annul the RTC's Resolution dated December 13,

2004 in Civil Case No. Q-93-18011.

However, on September 19, 2007, the appellate court dismissed[30] outright Calubad's petition on the ground that he had been negligent in not pursuing an action or remedy to protect his legal interest upon knowledge of Acheron and Oliver's pending case as per his receipt of a copy of Acheron's Manifestation with Prayer to Reset Hearing on the Omnibus Motion dated October 26, 2004.

Section 1, Rule 47 of the Rules of Court governs the annulment of judgments or final orders and resolutions of the RTC in which ordinary remedies of new trial, appeal, petition for relief or other appropriate remedies are no longer available through no fault of petitioner. The appellate court ruled that petitioner had the opportunity to institute an appropriate legal action rather than the annulment of resolution under Rule 47 of the Rules of Court. In addition, the appellate court held that no extrinsic fraud was committed against petitioner.

Calubad moved for the reconsideration of the CA's September 19, 2007 Resolution. However, it was denied by the appellate court in its May 29, 2009 Resolution.[31] Hence, Calubad filed this Petition for Review on Certiorari under Rule 45.

ISSUES

The issues to be resolved in this case are the following:

- Whether or not the appellate court has jurisdiction to: (a) cancel the annotations of the real estate mortgage and certificate of sale in favor of Calubad on TCT No. N-253373; (b) declare the real estate mortgage and foreclosure sale as null and void; and (c) declare Calubad as mortgagee in bad faith, despite the fact that Calubad is not a party to Civil Case No. Q-93-18011 and there was no notice of lis pendens on TCT No. N-253373.
- Whether or not the appellate court is correct in dismissing the petition for annulment and in finding that Calubad has available remedies other than a petition for annulment of judgment or final resolution under Rule 47 of the Rules of Court.

Petitioner Calubad argues that there was no notice of lis pendens of Civil Case No. Q-93-18011 on TCT No. 15860 registered in the name of the Spouses Soriano nor on TCT No. N-253373 registered in the name of Oliver. He was not informed by Oliver or anyone regarding the existence of Civil Case No. Q-93-18011 before he agreed for the subject property covered by TCT No. N-253373 to be used as a security for the loan he extended to Oliver. Acheron had enough opportunity to file a notice of lis pendens but the latter failed to do so. Hence, petitioner Calubad contends that he cannot be faulted when he relied on TCT No. N-253373.

He further claims that pursuant to the ruling in *Lim v. Chuatoco*,[32] he has the right to rely on the correctness of the certificate of title and he is not obliged to go beyond the certificate to determine the condition of the property. He contends that he is not a party to Civil Case No. Q-93-18011. Although he was furnished a copy of Acheron's Omnibus Motion dated October 3, 2004, he received the same after the scheduled hearing. In fact, Acheron filed a Manifestation with Prayer to Reset Hearing of the Omnibus Motion dated October 26, 2004 as there was no proof of service upon Oliver or his counsel, or petitioner Calubad. However, the trial court did not reset the hearing of Acheron's Omnibus Motion. Instead, it issued the assailed Resolution dated December 13, 2004.

Moreover, even if he received a copy of the said Omnibus Motion, petitioner Calubad opines that he has no personality to submit a comment or an opposition thereto as he was not a party to the said case. He also cannot file a motion for intervention as the case became final and executory in 2002, long before his receipt of Acheron's Omnibus Motion dated October 3, 2004. In addition, he cannot file a petition for relief from judgment under Rule 38 as it is available only to a party to the case where judgment or final order is made through fraud, accident,

mistake or excusable negligence.

Instead, petitioner Calubad explains that he filed a petition for review on certiorari before the CA which was however dismissed on the ground of improper remedy. Hence, he filed this petition for annulment of judgment or resolution under Rule 47. He prayed that the CA's decision declaring the real estate mortgage and foreclosure sale as null and void be reversed and set aside and that the certificate of sale on the new title issued to Acheron be cancelled on the ground that as a party not included in the case, he cannot be bound by the said decision.

On the other hand, Acheron cites *Vda. De Medina v. Cruz*[33] where the petitioner therein acquired the right over the subject property after the original action was commenced and became final and executory. Similarly, herein petitioner Calubad acquired the right of a mortgagee after Civil Case No. Q-93-18011 has attained finality. Hence, having the force of law, it should be enforced against petitioner Calubad even though he is not a party thereto.

Moreover, petitioner Calubad cannot be considered a mortgagee in good faith because during the execution of the mortgage contract, Acheron was in possession of the subject property. Later, Oliver, accompanied by armed men, forcibly took possession of the subject property and Acheron's properties. Clearly, at that time, petitioner Calubad already knew of the trial court's decision in Civil Case No. Q-93-18011. Lastly, Acheron contends that as correctly found by the appellate court, there is no extrinsic fraud perpetrated against petitioner Calubad.

Oliver, on the other hand, opines that he was in good faith when he rescinded the Deed of Conditional Sale because Acheron failed to pay the balance of the purchase price. In fact, Acheron only made payment eleven (11) years after it had become due by depositing the amount with the court. By that time, the value of the subject property had considerably appreciated. Oliver also claims that he filed a motion for execution on May 21, 2003. However, Acheron delayed the execution of the judgment.

He further claims that the mortgage contract was done in good faith because it was executed after the rescission of the Deed of Conditional Sale and before the consignment of the balance of the purchase price. Thus, he cannot be faulted for mortgaging the subject property to petitioner Calubad.

The Court's Ruling

We find the petition without merit.

Annulment of judgment is a recourse equitable in character, allowed only in exceptional cases as where there is no available or other adequate remedy.[34] In addition, it may be invoked only on two grounds, namely, extrinsic fraud and lack of jurisdiction. None of these grounds are present in this case.

First, the RTC acted within its jurisdiction when it resolved the motion for execution filed by Acheron and consequently issued Resolution dated December 13, 2004 which divested Oliver of his ownership over the subject property and directed the Register of Deeds to issue a new title in the name of Acheron. It further declared petitioner Calubad's real estate mortgage and foreclosure sale as null and void.

Jurisdiction is the authority to decide a case, and not the decision rendered therein.[35] Evidently, the RTC acquired jurisdiction over the subject matter and over the persons of Oliver and Acheron. Moreover, the present case has already become final and executory when the court a quo issued its assailed Resolution which justifies its subsequent issuance thereof to put the judgment into effect. In a petition for annulment of judgment based on lack of jurisdiction, petitioner Calubad must show not merely abuse of jurisdictional discretion but an absolute lack of authority to hear and decide the case which he failed to do so.

Neither is there extrinsic fraud in the case at bar which would deprive petitioner Calubad to intervene and present his case in Civil Case No. Q-93-18011. The records show that Oliver, admittedly, mortgaged the subject property

to petitioner Calubad after the decision in Civil Case No. Q-93-18011 had become final and executory. Hence, at the time Oliver mortgaged the subject property to petitioner Calubad, the issue of ownership over the subject property was already settled in favor of Acheron. On these reasons, petitioner Calubad failed to convince this Court that there are valid grounds to grant the petition for annulment of judgment.

Moreover, a judgment that has become final is immutable and unalterable and can no longer be modified in any respect even if the modification is meant to correct an erroneous conclusion of fact or of law, and whether the modification is made by the court that rendered the decision or by the highest court of the land.[36] In addition, controversies cannot drag on indefinitely because fundamental considerations of public policy and sound practice demand that the rights and obligations of every litigant must not hang in suspense for an indefinite period of time.[37] It serves a two-fold purpose, namely: (a) to avoid delay in the administration of justice and thus, procedurally, to make orderly the discharge of judicial business; and (b) to put an end to judicial controversies, at the risk of occasional errors, which is precisely why the courts exist.[38]

Nonetheless, Section 47 (b), Rule 39 of the Rules of Court explicitly provides that a judgment of the court is conclusive and binding only upon the parties and those who are their successors in interest by title after the commencement of the action in court,[39] to wit:

Section 47. Effect of judgments or final orders. — The effect of a judgment or final order rendered by a court of the Philippines, having jurisdiction to pronounce the judgment or final order, may be as follows:

x 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; x x x [Emphases ours.]

While it is true that petitioner Calubad is not a party to Civil Case No. Q-93-18011, the foregoing provision states that the Resolution dated December 13, 2004 is conclusive and binding upon him being the successor-in-interest of Oliver who acquired title to the subject property after Civil Case No. Q-93-18011 has become final and executory. As a general rule, a person not impleaded and given the opportunity to present his or her case cannot be bound by the decision.[40] However, having acquired alleged interest over the subject property only after the finality of Civil Case No. Q-93-18011, he is bound by the judgment and the determination of rights of the original parties therein.

In other words, Calubad, being a privy to the judgment debtor, Oliver, can be reached by an order of execution.[41] Evidently, petitioner Calubad's claim over the subject property is not adverse to that of Oliver as he derived his alleged ownership or interest thereof from Oliver by virtue of a contract of loan and deed of real estate mortgage. Hence, petitioner Calubad cannot enforce his alleged interest or claim over the subject property as against Acheron who is the adjudged owner of the subject property in Civil Case No. Q-93-18011 against his predecessor-in-interest Oliver; nor exempt himself from the execution of Civil Case No. Q-93-18011 on the pretext that he is a purchaser in good faith and for value relying on the indefeasibility of a Torrens title.

Furthermore, petitioner Calubad's resort to the remedy of annulment of judgment under Rule 47 is unnecessary as the same extends only to a party in whose favor the remedies of new trial, reconsideration, appeal, and petition for relief from judgment are no longer available through no fault of said party. As a non-party in Civil Case No. Q-93-18011, petitioner Calubad could not bring the action for annulment of judgment considering that the remedies of new trial, reconsideration, appeal or setting the judgment aside through a petition for relief[42] are not available to him in the first instance.

Moreover, even assuming that petitioner Calubad can avail of the relief under Rule 47, such an action would not finally determine his rights over the subject property as against the competing rights of the original parties. Annulment of judgment is an equitable relief not because a party-litigant thereby gains another opportunity to reopen the already-final judgment but because a party-litigant is enabled to be discharged from the burden of being bound by a judgment that was an absolute nullity to begin with.[43]

Finally, an action for annulment of judgment under Rule 47 of the Rules of Court does not involve the merits of the final order of the trial court. The issues of whether the subsequent mortgage of the subject property by Oliver to petitioner Calubad and the indefeasibility of a Torrens title give petitioner a right of ownership over the subject property superior to that of Aceron are outside the scope of the present petition for review. To resolve such issues requires a review of evidence which this Court obviously cannot do in this petition. An action for annulment of judgment is an independent action where the judgment or resolution sought to be annulled is rendered and is not an appeal of the judgment or resolution therein. Thus, the issue of petitioner Calubad's alleged interest on or ownership of the subject property cannot be addressed in this petition for review.

WHEREFORE, the Petition is DENIED. The assailed September 19, 2007 Resolution and May 29, 2009 Resolution of the Court of Appeals in CA- G.R. SP No. 100249 are hereby AFFIRMED. Costs on petitioner.

SO ORDERED.

Perlas-Bernabe, (Chairperson), Inting, and Delos Santos, JJ., concur.
Baltazar-Padilla, J., on leave.

[1] Hon. Hilario L. Laqui, Presiding Judge of Regional Trial Court of Quezon City, Branch 218, is deleted as party-respondent pursuant to Section 4, Rule 45 of the Rules of Court.

[2] Rollo, pp. 20-49.

[3] CA rollo, pp. 121-126 penned by Associate Justice Edgardo F. Sundiam and concurred in by Associate Justices Conrado M. Vasquez, Jr. and Monina Arevalo-Zenarosa.

[4] Id. at 161-162; penned by Associate Justice Monina Arevalo-Zenarosa and concurred in by Associate Justices Conrado M. Vasquez and Celia C. Librea-Leagogo.

[5] Id. at 22-25.

[6] Records, Vol. 1, pp. 129-131.

[7] Rollo, p. 109.

[8] Records, Vol. 1, pp. 1-8.

[9] Id. at 35-39.

[10] Id. at 186-198; penned by Judge Hilario L. Laqui.

[11] Id. at 199.

[12] Id. at 262-269; penned by Associate Justice Andres B. Reyes, Jr. (retired Associate Justice of the Supreme Court) and concurred in by Associate Justices Conrado M. Vasquez, Jr. and Amelita G. Tolentino.

[13] Id. at 279.

[14] Id. at 301-304.

[15] Id. at 286.

[16] Id. at 331-334.

[17] Id. at 306-307.

[18] Id. at 312.

[19] Id. at 317-318.

[20] Id. at 321.

[21] Id. at 322-323.

[22] Id. at 328-330.

[23] Id. at 342-345.

[24] Id. at 344-345.

[25] Records, Vol. 2, at 359-381.

[26] Id. at 623-631; penned by Associate Justice Arcangelita M. Romilla-Lontok and concurred in by Associate Justices Rodrigo V. Cosico and Martin S. Villarama, Jr. (now retired SC Justice).

[27] Id. at 667.

[28] Rollo, p. 119.

[29] CA rollo, pp. 2-25.

[30] Id. at 86-91.

[31] Id. at 161-162.

[32] 493 Phil. 460, 469 (2005).

[33] 244 Phil. 40, 48 (1988).

[34] Heirs of So v. Obliosca, 566 Phil. 397, 406 (2008) citing Orbeta v. Sendiong, 501 Phil. 478, 489 (2005).

[35] Heirs of So v. Obliosca, id. at 407.

[36] Dare Adventure Farm Corp. v. Court of Appeals, 695 Phil. 681, 689 (2012) citing Peña v. Government Service Insurance System (GSIS), 533 Phil. 670, 689-690 (2006).

[37] Dare Adventure Farm Corp. v. Court of Appeals, id. citing Land Bank of the Philippines v. Arceo, 581 Phil. 77, 86 (2008) and Gallardo-Corro v. Gallardo, 403 Phil. 498, 511 (2001).

[38] Dare Adventure Farm Corp. v. Court of Appeals, id. citing Apo Fruits Corporation v. Court of Appeals, 622 Phil. 215, 231 (2009).

[39] Dare Adventure Farm Corp. v. Court of Appeals, id. citing Villanueva v. Velasco, 399 Phil. 664, 673 (2000); Ayala Corporation v. Ray Burton Development Corporation, 355 Phil. 475, 495 (1998).

[40] Dare Adventure Farm Corp. v. Court of Appeals, id. at 690 citing Munoz v. Yabut, Jr. 665 Phil. 488, 570 (2011).

[41] Church Assistance Program, Inc. v. Sibulo, 253 Phil. 404, 410 (1989).

[42] Dare Adventure Farm Corp. v. Court of Appeals, *supra* note 36 at 691.

[43] Dare Adventure Farm Corp. v. Court of Appeals, *id.* citing Antonio v. The Register of Deeds of Makati, 688 Phil. 527, 537-539 (2012); Barco v. Court of Appeals, 465 Phil. 39, 64 (2004).

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