

NANCY L. TY, PETITIONER, VS. BANCO FILIPINO SAVINGS AND MORTGAGE BANK, RESPONDENT.

G.R. No. 188302. June 27, 2012

Ponente: BRION, J.

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BRION, J.:

We resolve the petition for review on certiorari,[1] filed by Nancy L. Ty (petitioner), to challenge the March 31, 2009 decision[2] and the June 10, 2009 resolution[3] of the Court of Appeals (CA) in CA-G.R. SP No. 107104. The CA decision dismissed the petitioner's petition for certiorari for lack of merit. The CA resolution denied the petitioner's subsequent motion for reconsideration.

THE FACTUAL ANTECEDENTS

Sometime in 1979, the Banco Filipino Savings and Mortgage Bank (respondent) wanted to purchase real properties as new branch sites for its expansion program. Since the General Banking Act[4] limits a bank's real estate holdings to no more than 50% of its capital assets, the respondent's Board of Directors decided to warehouse some of its existing properties and branch sites to allow more flexibility in the opening of branches, and to enable it to acquire new branch sites.[5]

The petitioner, a major stockholder and a director of the respondent, persuaded two other major stockholders, Pedro Aguirre and his brother Tomas Aguirre, to organize and incorporate Tala Realty Services Corporation (Tala Realty) to hold and purchase real properties in trust for the respondent. [6]

Subsequently, Remedios A. Dupasquier prodded her brother Tomas to endorse to her his shares in Tala Realty and she registered them in the name of her controlled corporation, Add International Services, Inc.[7] The petitioner, Remedios, and Pedro controlled Tala Realty through their respective nominees.[8]

In implementing their trust agreement, the respondent sold to Tala Realty some of its properties. Tala Realty simultaneously leased to the respondent the properties for 20 years, renewable for another 20 years at the respondent's option with a right of first refusal in the event Tala Realty decides to sell them.[9] However, in August 1992, Tala Realty repudiated the trust, claimed the titles for itself, and demanded payment of rentals, deposits, and goodwill, with a threat to eject the respondent.[10]

Thus, from 1995 to 1996, the respondent filed 17 complaints against Tala Realty, the petitioner, Pedro, Remedios, and their respective nominees for reconveyance of different properties with 17 Regional Trial Courts (RTCs) nationwide, including Civil Case No. 2506-MN before Branch 170 of the RTC of Malabon (Malabon case), subject of the present case.[11]

The petitioner and her co-defendants moved to dismiss the Malabon case for forum shopping and *litis pendentia*, citing the 16 other civil cases filed in various courts[12] involving the same facts, issues, parties, and reliefs pleaded in the respondent's complaint.[13]

The Malabon RTC denied the motion to dismiss,[14] finding no commonality in the 16 other civil cases since they involved different causes of action. The Malabon RTC also denied[15] the subsequent motions for reconsideration and for suspension of proceedings.[16]

After the petitioner and her co-defendants filed their respective answers ad cautelam,[17] the petitioner filed a motion to hold proceedings in abeyance,[18] citing the pendency with this Court of G.R. No. 127611[19] that assailed the denial of their motion to dismiss Civil Case No. 4521 before the Batangas City RTC (Branch 84), and also prayed for a writ of prohibition to order the 17 RTC branches and the three CA divisions, where the same cases were pending, to desist from further proceeding with the trial of the cases.

The Malabon RTC granted to hold proceedings in abeyance.[20] When the Malabon RTC denied[21] the respondent's motion for reconsideration, the respondent elevated its case to the CA via a Rule 65 petition for certiorari.[22] The CA initially dismissed the petition,[23] but on motion for reconsideration, it modified its ruling, setting aside the RTC's order to hold proceedings in abeyance for mootness, due to this Court's dismissal of G.R. No. 127611 for late filing.[24]

Subsequently, the respondent moved for pre-trial.[25] Tala Realty opposed the motion and filed again a motion to suspend proceedings,[26] citing the pendency with this Court of G.R. No. 132703,[27] a petition for certiorari that assailed the CA's affirmance[28] of the dismissal order of the Iloilo City RTC (Branch 28) in Civil Case No. 22493.[29]

The petitioner filed her separate opposition to the respondent's motion for pre-trial and a motion to hold proceedings in abeyance, stating that after the dismissal of G.R. No. 127611, two other similar petitions have been elevated to this Court: (1) G.R. No. 130184,[30] involving the CA's reversal of the dismissal of Civil Case No. Q-95-24830 in the Quezon City RTC (Branch 91), and (2) G.R. No. 132703.[31]

The Malabon RTC granted the motion, and again ordered to hold proceedings in abeyance.[32] Six years later, the Malabon RTC directed the parties' counsels to inform it of the status of the pending cases.[33]

In her compliance,[34] the petitioner summarized this Court's rulings in the consolidated cases of G.R. Nos. 130184 and 139166,[35] and in G.R. No. 132703,[36] and reported on the other cases involving the same parties decided by this Court, such as G.R. Nos. 129887,[37] 137980,[38] 132051,[39] 137533,[40] 143263,[41] and 142672,[42] as well as the other related cases decided by this Court, i.e., G.R. Nos. 144700,[43] 147997,[44] 167255,[45] and 144705.[46]

On the other hand, the respondent filed its compliance with motion to revive proceedings,[47] citing the Court's consolidated decision in G.R. Nos. 130184 and 139166,[48] and the decisions in G.R. Nos. 144700,[49] 167255,[50] and 144705,[51] commonly holding that there existed no forum shopping, *litis pendentia* and *res judicata* among the respondent's reconveyance cases pending in the other courts of justice.

In her comment to the respondent's motion to revive proceedings,[52] the petitioner argued that the proceedings should not be revived since all the reconveyance cases are grounded on the same theory of implied trust which this Court in G.R. No. 137533[53] found void for being illegal as it was a scheme to circumvent the 50% limitation on real estate holdings under the General Banking Act.

Tala Realty, on the other hand, pointed out that it was the court's prerogative to suspend or not its proceedings pending the resolution of issues by another court, in order to avoid multiplicity of suits and prevent vexatious litigations.[54]

THE RTC RULING

In its May 6, 2008 order, the RTC granted the respondent's motion to revive proceedings, noting that res judicata is not applicable since there are independent causes of action for each of the properties sought to be recovered.[55]

When the RTC denied[56] the petitioner's motion for reconsideration,[57] she elevated her case to the CA via a Rule 65 petition for certiorari, assailing the RTC orders.[58]

THE CA RULING

In its March 31, 2009 decision, the CA affirmed the RTC's orders.[59] It noted that res judicata does not apply since the issue of validity or enforceability of the trust agreement was raised in an ejectment case, not an action involving title or ownership, citing the Court's pronouncement in G.R. No. 144705[60] that G.R. No. 137533[61] does not put to rest all pending litigations involving the issues of ownership between the parties since it involved only an issue of de facto possession.

When the CA denied[62] her motion for reconsideration,[63] the petitioner filed the present petition.

THE PETITION

The petitioner argues that the CA erred in refusing to apply G.R. No. 137533 under the principle of res judicata by conclusiveness of judgment and stare decisis, and ignoring the November 26, 2007 minute resolution in G.R. No. 177865[64] and the April 7, 2009 consolidated decision in G.R. Nos. 130088, 131469, 155171, 155201, and 166608[65] that reiterated the Court's pronouncement in G.R. No. 137533.

THE CASE FOR THE RESPONDENT

The respondent submits that the petitioner is estopped from amending the issues since she never raised the pendency of the consolidated cases of G.R. Nos. 130088, 131469, 155171, 155201 and 166608 in her CA petition, which was based only on the Court's rulings in G.R. No. 137533 and G.R. No. 177865.

THE ISSUE

The core issues boil down to whether the Court's ruling in G.R. No. 137533 applies as stare decisis to the present case.

OUR RULING

We grant the petition.

The case at bar presents the same issue that the Court already resolved on April 7, 2009 in G.R. Nos. 130088, 131469, 155171, 155201 and 166608, wherein we applied the Court's November 22, 2002 decision in G.R. No. 137533, one of several ejectment cases filed by Tala Realty against the respondent arising from the same trust agreement in the reconveyance case subject of the present petition, that the trust agreement is void and cannot thus be enforced. We quoted therein the Court's ruling in G.R. No. 137533, thus:

The Bank alleges that the sale and twenty-year lease of the disputed property were part of a larger implied trust "warehousing agreement." Concomitant with this Court's factual finding that the 20-year contract governs the relations between the parties, we find the Bank's allegation of circumstances surrounding its execution worthy of credence; the Bank and Tala entered into contracts of sale and lease back of the disputed property and created an implied trust "warehousing agreement" for the reconveyance of the property. In the eyes of the law,

however, this implied trust is inexistent and void for being contrary to law.[66]

An implied trust could not have been formed between the Bank and Tala as this Court has held that "where the purchase is made in violation of an existing statute and in evasion of its express provision, no trust can result in favor of the party who is guilty of the fraud." [67]

x x x [T]he bank cannot use the defense of nor seek enforcement of its alleged implied trust with Tala since its purpose was contrary to law. As admitted by the Bank, it "warehoused" its branch site holdings to Tala to enable it to pursue its expansion program and purchase new branch sites including its main branch in Makati, and at the same time avoid the real property holdings limit under Sections 25(a) and 34 of the General Banking Act which it had already reached x x x .

Clearly, the Bank was well aware of the limitations on its real estate holdings under the General Banking Act and that its "warehousing agreement" with Tala was a scheme to circumvent the limitation. Thus, the Bank opted not to put the agreement in writing and call a spade a spade, but instead phrased its right to reconveyance of the subject property at any time as a "first preference to buy" at the "same transfer price". This agreement which the Bank claims to be an implied trust is contrary to law. Thus, while we find the sale and lease of the subject property genuine and binding upon the parties, we cannot enforce the implied trust even assuming the parties intended to create it. In the words of the Court in the Ramos case, "the courts will not assist the payor in achieving his improper purpose by enforcing a resultant trust for him in accordance with the 'clean hands' doctrine." The Bank cannot thus demand reconveyance of the property based on its alleged implied trust relationship with Tala.[68] (*italics supplied*.)

The Bank and Tala are in *pari delicto*, thus, no affirmative relief should be given to one against the other. The Bank should not be allowed to dispute the sale of its lands to Tala nor should Tala be allowed to further collect rent from the Bank. The clean hands doctrine will not allow the creation or the use of a juridical relation such as a trust to subvert, directly or indirectly, the law. Neither the Bank nor Tala came to court with clean hands; neither will obtain relief from the court as the one who seeks equity and justice must come to court with clean hands.[69] (*emphases ours; citation omitted*)

G.R. No. 137533, as reiterated in G.R. Nos. 130088, 131469, 155171, 155201 and 166608, is binding and applicable to the present case following the salutary doctrine of *stare decisis et non quieta movere*, which means "to adhere to precedents, and not to unsettle things which are established." [70] Under the doctrine, when this Court has once laid down a principle of law as applicable to a certain state of facts, it will adhere to that principle, and apply it to all future cases, where facts are substantially the same; regardless of whether the parties and property are the same.[71] The doctrine of *stare decisis* is based upon the legal principle or rule involved and not upon the judgment, which results therefrom. In this particular sense, *stare decisis* differs from *res judicata*, which is based upon the judgment.[72]

The doctrine of *stare decisis* is one of policy grounded on the necessity for securing certainty and stability of judicial decisions, thus:

Time and again, the Court has held that it is a very desirable and necessary judicial practice that when a court has laid down a principle of law as applicable to a certain state of facts, it will adhere to that principle and apply it to all future cases in which the facts are substantially the same. *Stare decisis et non quieta movere*. Stand by the decisions and disturb not what is settled. *Stare decisis* simply means that for the sake of certainty, a conclusion reached in one case should be applied to those that follow if the facts are substantially the same, even though the parties may be different. It proceeds from the first principle of justice that, absent any powerful countervailing considerations, like cases ought to be decided alike. Thus, where the same questions relating to the same event have been put forward by the parties similarly situated as in a previous case litigated and decided by a competent court, the rule of *stare decisis* is a bar to any attempt to relitigate the same [issue].[73] (*italics supplied*)

It bears stressing that the basic facts of the present case and those of G.R. No. 137533 and G.R. Nos. 130088, 131469, 155171, 155201 and 166608 are the same. Clearly, in light of G.R. No. 137533 and G.R. Nos. 130088, 131469, 155171, 155201 and 166608, which the Court follows as precedents, the present action for reconveyance cannot prosper. It is the Court's duty to apply the previous rulings in G.R. No. 137533 and in G.R. Nos. 130088, 131469, 155171, 155201 and 166608 to the present case. Once a case has been decided one way, any other case involving exactly the same point at issue, as in the present case, should be decided in the same manner.[74]

WHEREFORE, the petition is GRANTED. The assailed decision and resolution of the Court of Appeals in CA-G.R. SP No. 107104 are hereby REVERSED and SET ASIDE. Civil Case No. 2506-MN before Branch 170 of the Regional Trial Court of Malabon, Metro Manila is hereby DISMISSED.

SO ORDERED.

Carpio, (Chairperson) Perez, Sereno, and Reyes, JJ., concur.

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

[2] Penned by Associate Justice Martin S. Villarama, Jr. (now a member of this Court), and concurred in by Associate Justices Rosalinda Asuncion-Vicente and Marlene Gonzales-Sison; rollo, pp. 48-67.

[3] Id. at 69.

[4] Republic Act No. 337, Sections 25 (a) and 34 (now Section 51 of the General Banking Law of 2000).

[5] Rollo, p. 661.

[6] Id. at 662.

[7] Id. at 662-663.

[8] The petitioner exercised control through Pilar D. Ongking, then through Cynthia E. Messina, and lastly through Dolly W. Lim. Remedios exercised control through Add International Services, Inc. and Elizabeth H. Palma. Pedro exercised control through Adelito Vergel de Dios, then through Severino S. Banzon, later through Emigdio Tanjuatco, Sr., and lastly through Rubencito M. del Mundo; id. at 663-664.

[9] Id. at 666-669.

[10] Id. at 669.

[11] Id. at 659-679.

[12] The 16 other civil cases and their respective RTC Branches:

- Civil Case No. Q-95-24830 Branch 91, Quezon City
- Civil Case No. 95-127 Branch 57, Lucena
- Civil Case No. 22493 Branch 28, Iloilo
- Civil Case No. 545-M-95 Branch 85, Malolos, Bulacan
- Civil Case No. 4521 Branch 84, Batangas City
- Civil Case No. U-6026 Branch 48, Urdaneta, Pangasinan
- Civil Case No. 4992 Branch 66, La Union
- Civil Case No. 2176-F Branch 86, Cabanatuan City
- Civil Case No. 3036 Branch 13, Cotabato
- Civil Case No. 95-0230 Branch 274, Parañaque

Civil Case No. 95-170-MK Branch 272, Marikina
Civil Case No. 95-75212 Branch 45, Manila
Civil Case No. 95-75213 Branch 46, Manila
Civil Case No. 95-75214 Branch 47, Manila
Civil Case No. 23,821-95 Branch 33, Davao
Civil Case No. 96-0036 Branch 255, Las Piñas (Id. at 204-206).

[13] Id. at 71-80 (the petitioner) and 733-758 (Tala Realty).

[14] May 15, 1996 order; id. at 680-681.

[15] October 10, 1996 order; id. at 688-690.

[16] Id. at 682-687.

[17] Id. at 81-99 (the petitioner) and 100-113 (Tala Realty).

[18] Id. at 114-118.

[19] Tala Realty, et al. v. Hon. Paterno Tac-An and Banco Filipino Savings and Mortgage Bank.

[20] April 3, 1997 resolution; id. at 119-120.

[21] August 11, 1997 resolution; id. at 121.

[22] Docketed as CA-G.R. SP No. 46327; id. at 122-135.

[23] May 14, 1998 decision; id. at 136-141.

[24] August 12, 1998 resolution; id. at 142-143.

[25] Id. at 145-147.

[26] Id. at 151-157.

[27] Banco Filipino v. Court of Appeals.

[28] December 18, 1996 decision and December 19, 1997 resolution in CA-G.R. SP No. 41355; id. at 159-192, 193-194.

[29] Id. at 238-268.

[30] Tala Realty Services Corporation, et al. v. Banco Filipino Savings and Mortgage Bank; id. at 202-237.

[31] Id. at 195-201.

[32] May 19, 1999 order; id. at 269-270.

[33] February 14, 2007 order; id. at 271.

[34] Id. at 272-297.

[35] Nancy L. Ty v. Banco Filipino Savings and Mortgage Bank, November 19, 2001 minute resolution; id. at 355-361.

[36] Banco Filipino v. Court of Appeals, 389 Phil. 644 (2000).

[37] Tala Realty Services Corp. v. Banco Filipino, 382 Phil. 661 (2000).

- [38] Tala Realty Services Corp. v. Banco Filipino, 389 Phil. 455 (2000).
- [39] Tala Realty Services Corp. v. Banco Filipino, 412 Phil. 50 (2001).
- [40] Tala Realty Services Corp. v. Banco Filipino Savings and Mortgage Bank, 441 Phil. 1 (2002).
- [41] Tala Realty Services Corp. v. Banco Fil. Savings & Mortgage Bank, 466 Phil. 164 (2004).
- [42] Banco Filipino Savings and Mortgage Bank v. Tala Realty Services Corporation, September 27, 2006, 503 SCRA 442.
- [43] Tala Realty Services Corporation, et al. v. Banco Filipino Savings and Mortgage Bank, November 22, 2000 minute resolution; id. at 353.
- [44] Tala Realty Services Corp. v. Banco Fil. Savings & Mortgage Bank, 430 Phil. 89 (2002).
- [45] Tala Realty Services Corporation v. Banco Filipino Savings and Mortgage Bank, June 8, 2005 minute resolution; id. at 379.
- [46] Ty v. Banco Filipino Savings & Mortgage Bank, 511 Phil. 510 (2005).
- [47] Rollo, pp. 298-324.
- [48] Supra notes 30 and 35.
- [49] Supra note 43.
- [50] Supra note 45.
- [51] Supra note 46.
- [52] Rollo, pp. 414-427.
- [53] Supra note 40.
- [54] Rollo, pp. 428-441.
- [55] Id. at 450-453.
- [56] October 28, 2008 order; id. at 481-483.
- [57] Id. at 454-461.
- [58] Id. at 484-517.
- [59] Supra note 2.
- [60] June 5, 2006 minute resolution; id. at 396-399.
- [61] Supra note 40.
- [62] Supra note 3.
- [63] Rollo, pp. 560-569.
- [64] Banco Filipino Savings and Mortgage Bank v. Tala Realty Services Corporation, et al.; id. at 442.
- [65] Tala Realty Services Corporation v. Court of Appeals, April 7, 2009, 584 SCRA 63.
- [66] Tala Realty Services Corp. v. Banco Filipino Savings and Mortgage Bank, supra note 40, p. 38.

[67] Id. at 40.

[68] Id. at 41-42.

[69] Id. at 45.

[70] Confederation of Sugar Producers Association, Inc. v. Department of Agrarian Reform (DAR), G.R. No. 169514, March 30, 2007, 519 SCRA 582, 618, citing Black's Law Dictionary, Fifth Edition.

[71] Ibid., citing Horne v. Moody, 146 S.W.2d 505 (1940).

[72] Id. at 618-619.

[73] Id. at 619.

[74] Manila Electric Company, Inc. v. Lualhati, G.R. Nos. 166769 and 166818, December 6, 2006, 510 SCRA 455, 471; and Commissioner of Internal Revenue v. Trustworthy Pawnshop, Inc., 522 Phil. 497, 506 (2006).

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