

**ALFREDO MONTELIBANO AND ALEJANDRO MONTELIBANO,
PETITIONERS, VS. THE HON. COURT OF APPEALS AND
BACOLOD-MURCIA MILLING COMPANY, INC., RESPONDENTS.**

G.R. No. 85757. July 08, 1991

Ponente: GRINO-AQUINO, J.

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GRINO-AQUINO, J.:

The petitioners seek a review of the decision dated October 19, 1988 of the Court of Appeals which reversed the decision in their favor of the Regional Trial Court of Negros Occidental, Branch XLVII in Civil Case No. 8134 entitled, "Alfredo Montelibano and Alejandro Montelibano vs. Bacolod-Murcia Milling Co., Inc."

In 1919, Alfredo and Alejandro Montelibano, together with other planters, entered into contracts with Bacolod-Murcia Milling Co., Inc., for the milling of sugar cane at a sharing ratio of 55% for the planters and 45% for the miller. The contracts were to be in force for thirty (30) years starting with the 1920-21 crop.

In 1936, a proposal was made to amend the milling contracts by increasing the planters' share to 60% of the manufactured sugar and molasses and giving them other concessions besides, but the term of the contracts was extended to 45 years instead of 30. On August 30, 1936, the milling company's Board of Directors adopted a resolution granting further concessions to the planters over and above those contained in the amended milling contract (Contrato de Molienda Enmendado), which reads:

"ACTA NO. 11

"SESION DE LA JUNTA DIRECTIVA

"AGOSTO 20, 1936

"Acuerdo No. 1. - Previa mocion debidamente secundada, la Junta en consideracion a una peticion de los plantadores hecha por un comite nombrado por los mismos, acuerda enmendar el contrato de molienda enmendado mediante las siguientes:

"xxx xxx xxx.

"9.a Que si durante la vigencia de este contrato de Molienda Enmendado, las centrales azucareras, de Negros Occidental, cuya produccion anual de azucar centrifugado sea mas de una tercera parte de la produccion total de todas las centrales azucareras de Negros Occidental, concedieren a sus plantadores mejores condiciones que la estipuladas en el presente contrato, entonces esas mejores condiciones se concederan y por el presente se entenderan concedidas a los plantadores que hayan otorgado este Contrato de Molienda Enmendado."
(Montelibano, et al. vs. Bacolod-Murcia Milling Co., Inc., 5 SCRA 36, 38.)

The Montelibanos signed and executed the printed Amended Milling Contract on September 10, 1936. A copy of the resolution of August 20, 1936 signed by the Central's General Manager was attached to the printed contract on April 27, 1937, with the following notation:

"Las enmiendas arriba transcritas forman parte del contrato de molienda enmendado, otorgado por - y la Bacolod-Murcia Milling Co., Inc." (Montelibano, et al. vs. Bacolod-Murcia Milling Co., Inc., 5 SCRA 36, 38.)

In 1953, the Montelibanos sued the milling company in Civil Case No. 2603 of the Court of First Instance of Occidental Negros, alleging that the three other centrals in the province were granting increased participation to their planters; therefore, pursuant to paragraph 9 of the August 20, 1936 Resolution, Bacolod-Murcia Milling Co., Inc. was obligated to grant similar concessions to the Montelibanos.

The milling company opposed the claim, on the ground that the resolution was null and void for lack of a valid consideration, and that it was, in effect, a donation which was not within the power of the Board of Directors to grant. The trial court dismissed the action, but on appeal to the Supreme Court in G.R. No. L-15092 (Alfredo Montelibano, et al. vs. Bacolod-Murcia Milling Co., Inc., 5 SCRA 36), the Supreme Court, in a decision dated May 18, 1962, reversed the lower court. It held that the August 20, 1936 resolution, passed in good faith by the board of directors, was valid and binding and formed an integral part of the amended milling contracts, the milling company having agreed to give concessions to the planters, precisely to induce them to agree to an extension of their contracts. In that decision, the Supreme Court ordered Bacolod-Murcia to pay the planters the differential or increase in participation in the milled sugar, pursuant to paragraph 9 of the Resolution dated August 20, 1936, over and in addition to their 60% share under the printed Amended Milling Contract, or the value thereof when due, starting with the 1951-52 crop year up to the 1955-56 crop year, with legal rate of interest on the value of such differentials.

The appellee, Bacolod-Murcia Milling Co., Inc., filed two motions for reconsideration urging the Supreme Court to set aside its decision and to refer the factual issues raised in its original answer to appellant's complaints to the court a quo or the Court of Appeals for determination.

In a Resolution dated September 29, 1962 (Montelibano vs. Bacolod-Murcia Milling Co., Inc., 6 SCRA 89), this Court denied the motions for reconsideration. Since the Court of First Instance, in dismissing the complaint, limited itself exclusively to the questions of law posited by the company and disregarded its factual defenses, and the milling company for its part, submitted the case for decision on the legal issue raised by it, without advertent to its factual defenses until the case was decided against it, this Court regarded it as having waived all such factual defenses, its inaction being evidence of its intention to waive.

As a sequel to G.R. No. L-15092, the Montelibanos on June 27, 1972, filed Civil Case No. 8134 in the Regional Trial Court of Bacolod to recover the differentials due them for the crop years 1956-57 up to 1964-65 on the basis of concessions granted by the other sugar centrals whose total production exceeded one-third of the total sugar production in the province. The Montelibanos claimed that their share should have been increased as follows:

CROP YEAR PLAINTIFF'S SHARE

1956-1957 64 %

1957-1958 64 %

1958-1959 63.83 %

1959-1960 64.5 %

1960-1961 64.5 %

1961-1962 64.5 %

1962-1963 64.5 %

1963-1964 64.66 %

1964-1965 64.66 %

Bacolod-Murcia, answering the complaint, alleged that the Montelibanos could not invoke paragraph 9 of the resolution of August 20, 1936 because they had not complied with the mandatory conditions of paragraph 11 thereof, i.e., the registration of contracts with the Register of Deeds and compliance with the "secret agreement" between R. Nolan for the milling company and Montelibano for the planters.

On December 16, 1983, the trial court rendered judgment for the plaintiffs-appellees. It held itself bound by the Supreme Court's decision in the earlier case (G.R. No. L-15092) between the parties and, accordingly, ordered the defendant-appellant to pay the plaintiffs-appellees, jointly and severally, the differential or increase of participation in the milled sugar and molasses in accordance with paragraph 9 of the resolution, over and in addition to the 60% share stipulated in the printed Amended Milling Contract, or the value thereof when due, as follows:

CROP YEAR

SUGAR

MOLLASSES

1956-57

P14,074.24

P 433.09

1957-58

16,077.23

537.59

1958-59

12,916.12

227.70

1959-60

15,047.33

261.72

1960-61

27,251.60

572.64

1961-62

25,867.45

876.99

1962-63

40,083.06

1,680.51

1963-64

32,096.69

1,618.03

1964-65

30,426.61

1,532.57

with interest at the legal rate on the value of the said differentials from the time the same were due until fully paid, and the sum of P10,000 as attorney's fees, plus costs (p. 36, Rollo).

On January 4, 1984, the milling company appealed the lower court's decision to the Court of Appeals in CA-G.R. CV No. 08391, contending that the matter of petitioner's entitlement to the differential is *res judicata*.

In a decision dated October 19, 1988, the Court of Appeals reversed the lower court's judgment and dismissed the complaint against the milling company. It held that the milling company was not barred from proving the defenses raised in its answer to the original complaint since the only matter that was decided in G.R. No. L-15092 was a legal one, i.e., whether the resolution of August 20, 1936 was an integral part of the amended milling contracts. The question of whether sugar planters, like the plaintiffs-appellees, were entitled to the increased benefit under paragraph 9 solely upon proof that other millers (the sugar centrals of La Carlota, Hawaiian Philippines, San Carlos and Binalbagan), whose total production exceeded one-third of the total production of sugar in Occidental Negros, had given increased benefits, or whether they must, in addition, show compliance with the conditions in paragraph 11, was not adjudicated in that case. It held that the Supreme Court decision reserved to the Montelibanos the right to sue not for "additional increases" per se, but only for such additional increases as they may be entitled to for the crop years subsequent to those herein adjudged" (p. 11, Decision).

On November 10, 1988, the petitioners filed a motion for reconsideration of the appellate court's decision, but it was denied.

The petition is impressed with merit.

It is a well-settled principle of remedial law that matters already determined and decided are *res judicata* and are no longer subject to review by any court. The underlying philosophy of the doctrine of *res judicata* is that parties should not be permitted to litigate the same issue more than once and when a right or fact has been judicially tried and determined by a court of competent jurisdiction, so long as it remains unreversed, it should be conclusive upon the parties and those in privity with them in law or estate (*Vencilao vs. Vano*, 182 SCRA 491; *Alvarez vs. IAC and Yanes*, 185 SCRA 8; *Miranda vs. CA*, 141 SCRA 302).

The essential requisites for the application of the bar by judgment are: (1) the former judgment must be final; (2) it must have been rendered by a court having jurisdiction of the subject matter and the parties; (3) it must be a judgment on the merits; and (4) there must be, between the first and second actions: (a) identity of parties; (b) identity of subject matter; and (c) identity of cause of action (*Cruz vs. Mossesgeld*, 24 SCRA 1006; *Maglalang vs. CA*, 175 SCRA 808; *Asuncion vs. Pineda*, 175 SCRA 719).

All the elements of *res judicata* being present, the judgment is, with respect to all matters directly adjudged or

which 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 (Rule 39, Section 49(b), Rules of Court). The decision in G.R. No. L-15092 (*Montelibano vs. Bacolod-Murcia Milling Co., Inc.*, 5 SCRA 36) is therefore binding not only as to matters actually litigated and determined therein, but also as to matters necessarily involved or coming within the legitimate purview of the original action, both in respect to matters of claim and of defense (*Mapa vs. Guanzon*, 77 SCRA 398).

A defendant should not be permitted to split his defenses and present them piecemeal in successive actions growing out of the same transaction, for there must be an end to litigation. Hence, where a party has an opportunity to present his defense and neglects to do so, the law requires that he take the consequences. Having submitted the case on the legal issue or defense without adverting to the factual defenses until the case was decided, despite ample opportunity to do so, the party (in this case *Bacolod-Murcia*) must be regarded as having waived all such factual defenses. Its inaction is evidence of its intention to so waive (*Montelibano vs. Bacolod-Murcia*, 6 SCRA 89). The policy of this Court has always been to discourage piecemeal appeals.

WHEREFORE, the assailed decision of the Court of Appeals is hereby reversed and set aside and that of the trial court is affirmed in toto. Costs against the private respondent.

SO ORDERED.

Narvasa, (Chairman), Cruz, and Medialdea, JJ., concur.
Gancayco, J., on leave.

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