

LUCIO M. CAYABA, PETITIONER, VS. THE HONORABLE COURT OF APPEALS AND SPOUSES RODOLFO AND ROSARIO RAPADAS, RESPONDENTS.

G.R. No. 95918, March 05, 1993

Ponente: NOCON. J.

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NOCON. J.:

Petitioner, about to be ejected from his property by order of the trial court,[1] claims he cannot be so ejected. Although he and the Rural Bank of Olongapo, Inc., which sold him the property in dispute, lost in the trial court, with the latter declaring the sale made by the bank in favor of petitioner as null and void[2] petitioner manifests that said bank has appealed the decision. If the bank will win the appeal, his ownership of the property will necessarily be upheld as he has derived title to this property from the bank.

As found by the trial court, the bare facts of the case are, as follows:

"[T]he plaintiffs (Rapadas, et al) executed a Deed of Real Estate Mortgage over their parcel of land located at Barrio Barretto, Olongapo City together with the improvements thereon to defendant Rural Bank in the amount of P15,000.00. The property is not yet covered by any sales or free patent. The defendant Rural Bank of Olongapo, Inc. extrajudicially foreclosed the property and was issued a Certificate of Sale being the highest bidder in the amount of P17,557.15. Defendant Lucio Cayaba, bought the property from defendant bank under conditional sale on March 19, 1979. Before the expiration of the redemption period of one year plaintiffs tried to repurchase or redeem the property from the defendant but the latter refused so they filed a motion to consignate the amount in Court."[3]

On June 15, 1988 the trial court rendered a decision in favor of private respondents, which states in its dispositive portion, as follows:

"WHEREFORE, and in view of the foregoing, the Real Estate Mortgage executed on August 18, 1971 is hereby declared null and void; declaring the sale made by the bank in favor of Lucio Cayaba is also declared null and void; all other documents relating to the sale of the property is declared no force and effect; and that the plaintiffs are allowed to repurchase the property from the defendants in the amount of P17,557.15 plus legal interest thereon."[4]

From said decision, defendant Rural Bank of Olongapo seasonably appealed to the Court of Appeals while the appeal of petitioner Cayaba was dismissed for having been filed out of time and so with his motion for reconsideration.

Thereafter, the trial court issued an order for the issuance of a writ of execution.[5] Petitioner appealed said order by way of certiorari to the Court of Appeals but said court dismissed the petition.

Hence, this petition where petitioner raises the following issue:

'WHEN THE CO-DEFENDANT RURAL BANK OF OLONGAPO TIMELY APPEALED THE ADVERSE

DECISION OF THE REGIONAL TRIAL COURT TO THE COURT OF APPEALS, DID SUCH APPEAL BENEFIT PETITIONER? CONSEQUENTLY, COULD THE SAME DECISION BE VALIDLY ENFORCED BY EXECUTION AGAINST PETITIONER WHO DID NOT PERFECT AN APPEAL THEREFROM?[6]

The issue raised by petitioner is not exactly novel.

The rule on this matter is that a reversal of a judgment on appeal is binding on the parties to the suit but does not inure to the benefit of parties who did not join in the appeal. The recognized exception is when their rights and liabilities and those of the parties appealing are so interwoven and dependent so as to be inseparable, in which case a reversal as to one operates as a reversal to all.[7]

Petilla vs. Court of Appeals[8] was a case where precisely one of the respondents, Maximiniana Marcella, derived her title from her co-respondent, Evaristo Marcella. The petitioners therein claimed that since Maximiniana did not appeal, she could not benefit from Evaristo's appeal.

The Court found out that she did appeal; it further stated that:

"Even assuming for the sake of argument that said respondent did not appeal from the judgment of the lower court, this Court has held that a defendant may nevertheless be benefited by the judgment in favor of her co--defendants who interposed an appeal.

'As we have already said, whether an appeal by one of several judgment debtors will affect the liability of those who did not appeal must depend upon the facts in each particular case. If the judgment can only be sustained upon the liability of the one who appeals and the liability of the other co-judgment debtors depends solely upon the question whether or not the appellant is liable, and the judgment is revoked as to that appellant, then the result of his appeal will inure to the benefit of all.' (Municipality of Orion vs. Concha. 50 Phil. 482; quoted with approval in Gov't. of the Phil. vs. Tizon, 20 SCRA 1182)"[9]

In the same vein, it is petitioner's position that if the Rural Bank of Olongapo wins the appeal, the victory of the bank inures to his benefit since he derives his title from said bank, thereby upholding his ownership of the property in question. If the bank loses the appeal, it may still elevate the matter to this Court under Rule 45. And if it wins, petitioner is benefited.

Petitioner is correct.

The Court of Appeals' judgment which dismissed petitioner's petition questioning the writ of execution issued by the trial court should be reversed and set aside and the trial court restrained from enforcing the writ of execution pending the outcome of Rural Bank of Olongapo's appeal with the Court of Appeals.

WHEREFORE, premises considered, the questioned Court of Appeals' decision of August 28, 1990 and its Resolution of October 19, 1990 affirming the same are hereby REVERSED and SET ASIDE. The Regional Trial Court, Third Judicial Region Branch 72, seating at Olongapo City, is hereby RESTRAINED from enforcing the Writ of Execution issued by virtue of its Order dated February 27, 1990.
SO ORDERED.

Narvasa, C.J., (Chairman), Padilla, Regalado, and Campos, Jr., JJ., concur.

[1] Civil Case No. 226-0-83, Rapadas vs. Rural Bank of Olongapo, Inc., RTC, III Judicial Region, Branch 72, Order signed February 27, 1990 by Judge Esther Nobles Bans; Rollo. p. 103.

[2] Ibid., Decision penned June 15, 1988 by Judge Esther Nobles Bans; Rollo, pp. 29-32.

[3] Rollo, p. 30.

[4] Ibid., p. 32.

[5] Ibid., p. 34

[6] Ibid., pp. 12-13.

[7] Consolidated Bank and Trust Corporation vs. Court of Appeals, 197 SCRA 663, 674 (1991), citing Petilla v. CA, 151 SCRA 1 (1987), among other cases.

[8] 151 SCRA 1.

[9] Ibid., pp. 12-13.

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