

**VILLA ESPERANZA DEVELOPMENT CORPORATION, PETITIONER, VS.
THE HONORABLE COURT OF APPEALS, ROBERTA RONGAVILLA,
ETC., AND MARGARITA STA. TERESA, RESPONDENTS.**

G.R. No. 97179, February 03, 1993

Ponente: CAMPOS, JR., J.

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CAMPOS, JR., J.:

Not too often, this Court exercises its "power to suspend its own rules, or to except a particular case from its operation, whenever the purposes of justice require it".[1] Herein petitioner invokes Us to discharge such prerogative in this instant petition. Petitioner's self-made predicament does not persuade Us to do so.

The facts, as briefly stated in the decision of the Court of Appeals, are as follows:

"On December 19, 1984, plaintiffs Renato P. Dragon and Villa Esperanza Devt. Corp. instituted a complaint for specific performance and damages against the defendants. This case, docketed as Civil Case No. 9337 before RTC, Branch 137, Makati, was dismissed without prejudice by said court.

Subsequently, another complaint of the same nature as the foregoing was filed by the same plaintiffs against the same defendants. This case, docketed as Civil Case No. 12557 before RTC, Branch 143, Makati was dismissed for failure to prosecute by the plaintiffs. Said order of dismissal has become final and executory as of October 30, 1987 (Appellees' Brief, Annex "B").

On February 16, 1988, a third complaint also for specific performance and damages was filed by plaintiff Villa Esperanza Devt. Corp. alone against the defendants. The other original plaintiff, Renato P. Dragon was not included as party plaintiff as he allegedly divested himself of any interest or participation from said corporation. This third case was docketed as Civil Case No. 88-191, before the lower court. Immediately upon service of summons the defendants filed a motion to dismiss on the ground of res judicata. Plaintiff filed its opposition thereto.

On July 11, 1988, the court a quo issued the questioned Order granting the defendants' motion to dismiss, thus:

"Acting on defendants' motion to dismiss dated April 18, 1988, after considering the ground therein set forth as well as the opposition thereto and the reply to plaintiff's opposition, finding the motion which is based on the ground of res judicata to be meritorious, the same is hereby granted.

"WHEREFORE, the above-entitled complaint is DISMISSED without pronouncement as to costs".[2]

On appeal to the respondent Court, the former upheld the dismissal of the case.

In a Motion for Reconsideration filed by petitioner, it invoked the liberal application of the rule on res judicata to give it an "opportunity to obtain a just determination of its cause in order to promote the ends of justice".[3] This was denied.

Before Us, petitioner faults the respondent Court in not applying to its case the uniform holding in *Republic v. De*

los Angeles,[4] Ronquillo v. Marasigan[5] (and not Manangan, as wrongly cited by petitioner) and Santiago v. Ramirez.[6] In these three cases, this Court ruled that res judicata is to be disregarded if its application would involve the sacrifice of justice to technicality.

Republic v. de los Angeles traces its beginnings from Civil Case No. 653 of the Court of First Instance of Batangas filed on August 2, 1967 entitled: "Republic of the Philippines v. Enrique Zobel and the Register of Deeds of Batangas" for the cancellation of TCT Nos. 3699 and 9262 issued in the name of respondent Enrique Zobel and for the reconveyance of the properties covered in part thereby and for other properties of the public domain. The Republic's position in Civil Case No. 653 was anchored on the 1965 judgment of this Court which affirmed with modification the trial court decision in Civil Case No. 373 (G.R. No. L--20950) declaring as null and void TCT No. T-9550 of the Register of Deeds of Batangas and other subdivision titles issued in favor of Ayala Y Cia, and/or Hacienda Calatagan over the areas outside its private land covered by TCT No. 722 and ordering the lots to be reverted to public dominion. Civil Case No. 653 was captioned "Accion Reivindicatoria with Preliminary Injunction". Instead of granting the prayer for preliminary injunction, the trial court granted Zobel's counter-prayer in his answer to the complaint for the issuance of a mandatory injunction to oust the Republic from the lots in question and restore the former to the possession thereof, notwithstanding the pendency of the suit to accion reivindicatoria. Hence, this action for certiorari was filed on March 3, 1969 (G.R. No. L-30240). On January 12, 1977, Civil Case No. 653 was dismissed on grounds of failure to prosecute for an unreasonable length of time and res judicata. The case terminated with the dismissal of a petition for certiorari in G.R. No. L-46396 for having been filed out of time. Thereafter, Enrique Zobel filed a Motion to Dismiss G.R. No. L-30240. On December 15, 1981, the trial court precipitately rendered in Civil Case No. 653 a decision on the counterclaim of Enrique Zobel, declaring him the true, absolute and registered owner of the lands covered by TCT Nos. 3699, T-7702 and 9262 (now No. 10031). He now claims that under the principle of res judicata, the present petition for certiorari should be dismissed. This Court held Enrique Zobel's argument to be devoid of merit.

“x x x The first case (the 1965 judgment in Case L-20950) decreeing the reversion to public dominion of the public lands and waters usurped by respondent's unlawfully expanded titles and ordering the cancellation of all such titles and their transfers could not possibly be invoked as res judicata in the case at bar on respondent Zobel's untenable submission that his unlawfully expanded titles were not specifically mentioned in the 1965 judgment. The Court in said 1965 judgment had stressed the elementary rule that the generally incontestable and indefeasible character of a Torrens Certificate of Title does not operate when the land covered thereby is not capable of registration, as in this case, being part of the sea, beach, foreshore or navigable water or other public lands incapable of registration. It should be noted further that the doctrine of estoppel or laches does not apply when the Government sues as a Sovereign or asserts governmental rights, nor does estoppel or laches validate an act that contravenes law or public policy, and that res judicata is to be disregarded if its application would involve the sacrifice of justice to technicality.”[7]

With respect to Ronquillo v. Marasigan, Ronquillo filed a complaint (Civil Case No. 80) against Marasigan for reconveyance of a parcel of land which was leased to him by the latter for a period of ten (10) years from December 1, 1941. The Court of First Instance held in his favor and ordered the execution of written lease contract for a ten (10)-year period starting from December 1, 1941 excluding the time spent for litigation. This was affirmed by the Court of Appeals. The judgment became final[8] and on November 10, 1950, the trial court ordered the execution of the judgment with respect to the order of reconveyance of the lot and execution of the contract. The parties, however, wanted to modify the period with respect to the commencement of the 10-year period. This conflict reached the Court of Appeals which held that the contract should run for a period of nine (9) years and three (3) months beginning from November 10, 1950, and not from December 1, 1941 excluding litigation period.

On certiorari filed by Marasigan, the Supreme Court ruled that the Court of Appeals erred in ordering the modification because it was made when the judgment was already being executed despite the reasons cited for the modification: (1) withdrawal of the lessor of P10,922.30 covering the rental for a full 10-year term which was deposited by Ronquillo prior to the execution of the contract; (2) injustice caused the lessee because he was not placed in possession from September 1, 1947 but on November 10, 1950. This Court stated:

"As to the acceptance by the lessor of the full amount of the price of the lease for a full ten-year period, from which acceptance the judgment infers an acquiescence in a lease for fully ten years from November 10, 1950 (the date when lessee was placed in possession after judgment), it must be stated that such act of acceptance was made after the date of the final judgment, it may not be permitted to justify its modification, or change, or correction. Said act of acceptance may create new rights in relation to the judgment, but the remedy to enforce such rights is not a modification of the judgment, or its correction, but a new suit or action in which the new issue of its (acceptance) supposed existence and effects shall be tried and decided." [9] (Underscoring Supplied.)

Because of said observation, Ronquillo filed the second case (Civil Case No. 997) which involves the same defendants and parcel of land. The case was dismissed by the trial court on ground of *res judicata*. In ruling that *res judicata* does not apply to the case, this Court held:

"It is manifest that the complaint instituted by Ronquillo in Civil Case No. 997 was principally based upon the observation of this Court in the Certiorari case, where We stated that the acceptance by Marasigan of the full amount of the rentals of the land for ten (10) years was an acquiescence that the lease should be for the whole period of ten (10) years, which act may have created new rights in relation to the judgment which should be enforced by a new suit. Having accepted the rentals for the full ten (10) years period, Marasigan is now estopped from claiming that Ronquillo should be entitled to the leasehold for less than the said period. Moreover, no one should enrich himself at the expense of another.

x x x. To deny this appeal on the principles of *res judicata* and/or estoppel by judgment would be sacrificing justice to technicality. Their application to the case, under the particular facts obtaining, would amount to denial of justice and/or a bar to a vindication of a legitimate grievance. x x x the present complaint seeks merely the implementation of the judgment in Civil Case No. 80, which ordered appellee Marasigan to deliver the nipa-land to Ronquillo and to execute a deed of lease for ten (10) years in his favor, to commence from December 1, 1941." [10]

In the third case of *Santiago v. Ramirez*, the trial court held that the dismissal of the prior case was due to plaintiffs' failure to prosecute. The dismissal therefore amounted to an adjudication on the merits. Herein defendant-appellee, however, was not a party in the former suit and his supposed vendor-predecessor-in-interest was never within the jurisdiction of the court in the first case for failure to serve summons on him. There was then no identity of parties.

In the case in question, plaintiffs-appellants allege that they were defrauded by the predecessors-in-interest of defendant-appellant and the latter's alleged bad faith in purchasing the property involved therein. The Court thus held: "If, as claimed, appellants had been fraudulently and criminally deprived of their property, a formal trial should be held to ventilate the issues." Citing *Ronquillo v. Marasigan*, "The dispensation of justice and the vindication of legitimate grievance, should not be barred by technicalities."

It is our view that the cases cited by respondent in support of its prayer for the suspension of the application of *res judicata* have their respective peculiar and particular twists which could not be helped but be recognized as legitimate reasons to except them from the operation of the doctrine in question. Such is not the situation in the case at bar. The only reason advanced by petitioner herein is that a dismissal of its case based on *res judicata* would bar it from recovering substantial payments it made to private respondents. But petitioner cannot deny the

fact that the two earlier cases filed by it, together with Renato Dragon against private respondents, were pursued to advance the same cause of action as in this instant suit. Both cases were dismissed for lack of interest or failure to prosecute. The reasons for their dismissal are obvious manifestations of petitioner's lackadaisical attitude in pushing its alleged claim. A party cannot take refuge under the mantle of justice and equity when, from the particular facts obtaining, and by its own inaptitude and complacency, it is obvious that it has lost its cause.

We therefore, hold that notwithstanding the non-inclusion of Renato Dragon, one of the plaintiffs in the previous cases (Civil Cases Nos. 9337 and 12557), as plaintiff in the instant case, there is identity of parties in both this case and Civil Case No. 12557. We have held in the past that for res judicata to apply, what is required is not absolute, but only substantial, identity of parties. Said rule still holds at the present. And so We rule in this case. Herein petitioner and Renato Dragon, as plaintiffs in Civil Case No. 12557, were seeking one and the same relief, that is, specific performance or in the alternative, such identity in interest makes them privy-in-law, one to the other, and meets the substantial requisite of identity of parties.[11] In Republic v. Planas,[12] We held:

"x x x where the one who is offering a judgment as an estoppel and the party against whom it is being offered were both parties to the action, in which such judgment was rendered, it is no objection that the action included some additional parties who are joined in the second case. Conversely, the operation of the final judgment or order in a previous case is not altered by the fact that somebody who was not a party in that first action has been impleaded in the second case."

Corollarily, and with more reason, the fact that one of the parties to a previous case, which has become final and executory, was not impleaded as a party in the second case over the same subject matter and cause of action does not bar the dismissal of the second case on ground of res judicata.

With the finding that res judicata has set in, there is no need to delve on the other issue raised herein.

WHEREFORE, construed in the light of the foregoing analysis based on the facts obtaining in this case and under the plain language of the applicable law and jurisprudence, the instant petition is hereby DENIED for lack of merit.

SO ORDERED.

Narvasa, C.J., (Chairman), Feliciano, Regalado, and Nocon, JJ., concur.

[1] C. Viuda de Ordeveza v. Raymundo, 63 Phil. 275 (1936).

[2] Petition, Annex F, pp. 1-2.

[3] Rollo, p. 62.

[4] 159 SCRA 264 (1988).

[5] 5 SCRA 304 (1962).

[6] 8 SCRA 157 (1963).

[7] Supra, note 4 at pp. 285-286.

[8] Ronquillo deposited rental for 10 years and it was withdrawn by Marasigan on December 4, 1950.

[9] Supra, note 5 at pp. 309-310.

[10] Ibid., p. 312.

[11] Valencia v. RTC of Quezon City, Br. 90, 184 SCRA 80 (1990).

[12] 18 SCRA 132, 140 (1966).

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