

Case Brief: Landbank of the Philippines v. Abellana

Title:

Landbank of the Philippines v. Albrando R. Abellana, G.R. No. 205145

Facts:

1. Property and Mortgage:
Albrando Abellana owned a parcel of land in Barrio San Jose, Puerto Princesa City, which he mortgaged to Landbank of the Philippines to secure a P2,000,000 loan taken by Ernesto V. Villaos.

2. Default and Foreclosure:
Both Abellana and Villaos defaulted on the loan. Landbank extrajudicially foreclosed the Real Estate Mortgage (REM) on February 25, 2004, and emerged as the highest bidder for the property at the public auction for P4,258,520.11. The sale was registered on April 29, 2004.

3. Title Transfer:
After the redemption period lapsed, Landbank consolidated the title under its name (TCT 174178).

4. Repurchase Case (Civil Case No. 4586):
On January 26, 2010, Abellana filed a complaint for repurchase, arguing he was a mere accommodation mortgagor who was unaware of the auction and registration. The RTC dismissed the case; the CA affirmed the dismissal, which was upheld by the Supreme Court on March 18, 2013.

5. Subsequent Sale:
On January 8, 2014, Landbank sold the foreclosed property to Joven P. Arzaga, and TCT 174178 was canceled.

6. Declaration of Nullity Case (Civil Case No. 5144):
On November 26, 2014, Abellana filed a case to declare the extrajudicial foreclosure proceedings and subsequent transactions null and void. The RTC denied Landbank's motion to dismiss, but prevented Abellana from disputing certain already adjudicated facts. The CA affirmed the RTC's decision.

Issues:

1. Whether the declaration of nullity case was barred by prescription or laches.
2. Applicability of the doctrines of res judicata by conclusiveness of judgment and estoppel.
3. Whether the declaration of nullity case constituted a collateral attack on Landbank's title.
4. The entitlement of Landbank to a TRO and/or preliminary injunction to halt the RTC proceedings.

Court's Decision:

1. Prescription:

- The Supreme Court held an action to nullify the extrajudicial foreclosure proceedings is imprescriptible as per Article 1410 of the Civil Code, since it seeks to declare the inexistence of a contract.

2. Laches:

- The Court found laches inapplicable at the motion to dismiss stage since its elements must be proven through evidence, not mere allegations.

3. Res Judicata:

- **Bar by Former Judgment**: Not applicable as the causes of action between the repurchase case and the declaration of nullity case were different.

- **Conclusiveness of Judgment**: Also not applicable as the issues of the two cases were distinct; the earlier case touched on repurchase rights rather than the validity of foreclosure.

4. Estoppel:

- Abellana was estopped from contesting foreclosure validity/practices due to his judicial admissions in the repurchase case, wherein he acknowledged Landbank's ownership of the property.

5. No Collateral Attack:

- Since foreclosure and Landbank's ownership had been judicially admitted by Abellana, any challenge to title regularity was moot.

Doctrine:

- **Imprescriptibility of Nullity Declarations**: Actions to declare contracts void do not prescribe (Art. 1410, Civil Code).

- **Concepts of Res Judicata**: Established underlitigated matters are conclusive on future litigation between the same parties (identity of issues is essential).

- **Judicial Admissions**: Party admissions in judicial proceedings bind them from taking contrary positions in subsequent cases.

Class Notes:

- **Prescription**: Declaration of the inexistence of a contract does not prescribe (Art. 1410, Civil Code).

- **Laches**: Must be positively proven; evidentiary in nature.

- **Res Judicata**:
- **Bar by Former Judgment**: Requires identity in parties, causes of action, subject matter.
- **Conclusiveness of Judgment**: Requires identity in issues.
- **Estoppel by Judicial Admission**: Admissions in judicial pleadings are binding and conclusive.

These principles are crucial for understanding procedural defenses and the finality of judicial actions.

Historical Background:

The case's temporal context places it within the legal and procedural confines of foreclosure laws in the Philippines. The rulings and the legal doctrines established emphasize the permanence of judicial determinations, providing guidance on the finality and binding nature of judicial admissions and decisions.