



Republic of the Philippines
 Supreme Court
 Manila

SUPREME COURT OF THE PHILIPPINES
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THIRD DIVISION

FEDERAL LAND, INC., G.R. No. 238201
 METROPOLITAN BANK &
 TRUST COMPANY,¹ BELLA ANG,
 SERGRE MARIO IYOG, ALFRED
 TY, ROSA P. CHUA, AND
 MICHAEL LUCIANO P. ARANAS,

Petitioners,

Present:

LEONEN, J., Chairperson,
 CARANDANG,
 ZALAMEDA,
 ROSARIO, and
 MARQUEZ, JJ.

-versus-

NORTHLANDER REAL ESTATE
 AND DEVELOPMENT, INC.,
 Respondent.

Promulgated:
November 22, 2021

[Signature]

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DECISION

LEONEN, J.:

There is *litis pendentia* when there is, between the two cases, identity of parties, identity of rights asserted and reliefs prayed for, and identity of cases in such that judgment rendered in the pending case would amount to *res judicata* in the other. Concurrence of these elements is a ground for dismissal of an action.

This Court resolves the Petition for Review² which seeks to annul, reverse, and set aside the Court of Appeals' Decision³ and Resolution⁴

¹ *Rollo*, pp. 1185–1194. On motion, the Regional Trial Court dropped Metrobank as party defendant in an October 3, 2016 Omnibus Order. In its Petition for Review on Certiorari, Metrobank stated that it is filing the present petition on an *ad cautelam* basis.

² *Id.* at 2–32. Filed under Rule 45.

³ *Id.* at 58–78. The April 21, 2017 Decision in CA-G.R. SP No. 129133 and 129625 was penned by Associate Justice Myra V. Garcia-Fernandez with the concurrence of Presiding Justice Andres B.

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dismissing the consolidated petitions for certiorari filed by Federal Land Inc. (Federal Land), Metropolitan Bank and Trust Company (Metrobank), and officers of Central Realty & Development Corporation (Central Realty), namely Bella Ang, Sergre Mario Iyog, Rosa P. Chua, and Michael Luciano P. Aranas (collectively, petitioners) against the Order⁵ which also denied petitioners' Motion to Dismiss the complaint filed by North Lander Real Estate and Development, Inc. (North Lander).⁶

Central Realty is the registered true owner of a parcel of land in Binondo, Manila with an area of about 7,350 square meters and covered by Transfer Certificate of Title (TCT) No. 198996.⁷ It bought the land from Philippine National Bank in 1989 and paid the real estate taxes from 1991 to 2010.⁸

On September 23, 2011, Federal Land entered into a Joint Venture Agreement with Central Realty for the development of the property into a residential and commercial condominium project to be known as "Four Seasons Riviera."⁹ Construction began after the signing of the joint venture agreement.¹⁰

On December 6, 2012, North Lander filed a Complaint¹¹ (North Lander's Complaint) for recovery of ownership and possession against petitioners¹² and the Register of Deeds Manila.¹³ North Lander sought for the cancellation of encumbrance, annotation, and entries, annulment and declaration of nullity of documents, recovery of possession, judicial declaration and confirmation of ownership of land, injunction and temporary restraining order and damages in relation to the property.¹⁴

North Lander alleged that, on September 7, 1993, Central Realty sold the property to Dolores Molina (Molina), who in turn sold the property to

Reyes, Jr. (Chair; retired Member of this Court) and Associate Justice Priscilla J. Baltazar-Padilla (retired Member of this Court) of the First Division, Court of Appeals Manila.

⁴ Id. at 82–84. The February 19, 2018 Resolution was penned by Associate Justice Myra V. Garcia-Fernandez and concurred in by Associate Justices Fernanda Lampas Peralta (Chair) and Priscilla J. Baltazar-Padilla (retired Member of this Court) of the Special Former First Division, Court of Appeals Manila.

⁵ Id. at 494–500. The January 9, 2013 Order in Civil Case No. 12-129163 was penned by Presiding Judge Rosalyn D. Mislos-Loja of the Regional Trial Court of Manila, Branch 41.

⁶ Northlander Real Estate and Development Inc. in some parts of the *rollo*.

⁷ *Rollo*, p. 61.

⁸ Id.

⁹ Id.

¹⁰ Id. at 62.

¹¹ Id. at 220–259.

¹² Id. at 221. The impleaded directors and officers of Central Realty in the complaint are Reynaldo Villar, Bella Ang, Sergre Mario Iyog, Eulogio Mendoza, Adolfo M. Peralta, Teofilo Panguito Sr., Alfred Ty, Rosa P. Chua, Lydia Chua, Rahjini Faith Obra, Melany Lim, Marilou Bautista, Eric Villegas, Cindy Luy, Pamela Magbuya, Michael Luciano P. Aranas and Maria Ann Margaret Ty.

¹³ Id. at 62.

¹⁴ Id. at 60.

North Lander on October 30, 2012.¹⁵ Additionally, it alleged that Central Realty and Federal Land executed the joint venture agreement using a forged owner's duplicate of TCT No. 198996, and together with the Register of Deeds of Manila, annotated fictitious loans and mortgages on the title.¹⁶ Lastly, North Lander claimed that it would suffer irreparable injury unless Federal Land and Central Realty are enjoined from continuing with the project.¹⁷

Petitioners moved to dismiss¹⁸ on the grounds of improper service of summons, *res judicata*, and *litis pendentia*, forum shopping, failure to implead Central Realty which is an indispensable party, violation of Statute of Frauds, prohibition on collateral attack against a certificate of title, and coming to court with unclean hands.¹⁹

On the ground of *res judicata* and *litis pendentia*, petitioners referred to a February 4, 2011 Petition for Cancellation of Adverse Claim²⁰ (Adverse Claim case), filed by Central Realty before the Regional Trial Court of Manila, Branch 4. Central Realty sought to cancel Molina's adverse claim as buyer of the property annotated on TCT No. 198996 on May 7, 2010. According to petitioners, the Adverse Claim case and North Lander's Complaint involved substantially the same property, parties, and interests, and a judgment in the former case may result in *res judicata* in the latter case. Petitioners further contended that North Lander bought the property from Molina knowing that she was neither the registered owner nor possessor thereof.²¹

The Regional Trial Court denied the Motion to Dismiss in its January 9, 2013 Order.²² It held, in part:

Verily, the case for cancellation of adverse claim pending before Branch 4 of this Court is a land registration proceeding where a speedy hearing on the question of the validity of the adverse claim is in issue and thus has to be adjudged. . . . In other words, the land registration court has a limited jurisdiction such that its decision cannot encompass all the other reliefs sought in the present action such as the issuance of a permanent injunction and the determination of the validity of the documents in question, among others.

Further, this court subscribes to the view of the plaintiff that the Statute of Frauds is not applicable to the case at bar. As it is, the Deeds of

¹⁵ Id. at 62.

¹⁶ Id. at 63–64.

¹⁷ Id. at 64.

¹⁸ Id. at 407–432.

¹⁹ Id. at 64–66.

²⁰ Id. at 129–147. The Petition was titled "*In Re: Petition for Cancellation of Adverse Claim on Transfer Certificate of Title No. 198996, Central Realty and Development Corporation v. Dolores V. Molina and the Register of Deeds of Manila.*"

²¹ Id. at 65.

²² Id. at 494–500.



Sale subject of this case could no longer be considered as executory contracts, thus, outside of the ambit of the Statute of Frauds.

Moreover, though a collateral attack on the title is indeed not permitted, this Court is of the considered view that the present action is not geared towards an inquiry into the validity of the defendants' title but of the subject documents, among others. Both the allegations in the Complaint and its prayers confirm such an observation.

As to the last ground, the defendants claim that the plaintiff's claim is based on fraud. Such assertion cannot, however, be determined based on the summary hearing held on the application for temporary restraining order nor based on the allegations of the Complaint. . . . The veracity of the assertions could be asserted at the trial on the merits.²³

On March 25, 2013, petitioners filed a Petition for Certiorari before the Court of Appeals, docketed as CA-G.R. SP No. 129133.²⁴

Meanwhile, on April 10, 2013, the Regional Trial Court issued an Order denying North Lander's application for the issuance of a writ of preliminary injunction.²⁵ North Lander then filed a Petition for Certiorari with the Court of Appeals docketed as CA-G.R. SP No. 129625. This was consolidated with CA-G.R. SP No. 129133 on October 14, 2016.²⁶

Pending the resolution of the petitions, the Regional Trial Court of Manila, Branch 4 rendered its April 11, 2014 Decision²⁷ in the Adverse Claim case. It cancelled Molina's adverse claim, saying that Central Realty's title is "that which is genuine"²⁸ and that Molina's title was "questionable and suspect."²⁹ The Decision attained finality on October 26, 2015.³⁰

On April 21, 2017, the Court of Appeals rendered its Decision in CA-G.R. SP Nos. 129133 and 129625, dismissing the petitions for certiorari. The Court of Appeals upheld the trial court's denial of North Lander's application for injunctive writ. It agreed with the trial court's finding that North Lander failed to show a clear and unmistakable right to be protected and the irreparable injury it would suffer.³¹

With regard to CA-G.R. SP No. 129133, the Court of Appeals did not find grave abuse of discretion on the part of the trial court in denying

²³ Id. at 498-499.

²⁴ Id. at 68.

²⁵ Id. at 68, 71.

²⁶ Id. at 71.

²⁷ Id. at 1172-1174. The Decision was penned by Presiding Judge Jose Lorenzo R. Dela Rosa.

²⁸ Id. at 1173.

²⁹ Id.

³⁰ Id. at 1177.

³¹ Id. at 77.

petitioners' motion to dismiss.³² It agreed with the Regional Trial Court that *litis pendentia* is not present as there was no identity of parties, rights, and interests between North Lander's Complaint and the Adverse Claim case.³³ Moreover, it held that the Adverse Claim case, "being a land registration proceeding, is limited in character and summary in nature. . . Jurisdiction of the [Regional Trial Court] . . . did not extend to other issues" such as North Lander's "right to the injunctive writ prayed for, claims for damages, recovery of possession and confirmation of ownership over the property."³⁴

The Court of Appeals further held that the issues on Molina's authority to sell the property, statute of frauds, and prescription could be best ventilated during trial as they require presentation of evidence.³⁵ The Court of Appeals also found a trial on the merits to be proper considering the ownership of the property was in dispute.³⁶

Petitioners moved for partial reconsideration of the Decision. They argued that the Decision in the Adverse Claim case declaring Molina's supposed title as not genuine constitutes *res judicata* to North Lander's Complaint.³⁷

In a February 19, 2018 Resolution,³⁸ the Court of Appeals denied the motion for partial reconsideration.

Hence, this Petition.

Petitioners contend that there is identity of parties, subject matter and causes of action between respondent's Complaint and the Adverse Claim case,³⁹ hence, respondent's Complaint should have been dismissed on the ground of *res judicata*.⁴⁰ Petitioners assert that there is community of interest between respondent and Molina, the defendant in the Adverse Claim case,⁴¹ and both cases involve the exact same property.⁴² Both respondent and Molina assert their purported right as owner of the property and present the same evidence.⁴³ While respondent claims, among others, a right to an injunctive writ, damages, recovery of possession, petitioners contend that the issue in respondent's Complaint essentially involves the claim of ownership.⁴⁴

³² Id. at 72.

³³ Id. at 73.

³⁴ Id. at 74.

³⁵ Id. at 74-75.

³⁶ Id. at 75.

³⁷ Id. at 86-111.

³⁸ Id. at 82-84.

³⁹ Id. at 8.

⁴⁰ Id. at 9.

⁴¹ Id. at 12.

⁴² Id. at 14.

⁴³ Id.

⁴⁴ Id. at 16.

Assailing the Court of Appeals' ruling, petitioners argue that "the [Regional Trial Court of] Manila, Branch 4's designation as a land registration court in the Adverse Claim Case does not limit its jurisdiction."⁴⁵ They add that the doctrine of limited jurisdiction was abandoned as early as 1995⁴⁶ in *Ligon v. Court of Appeals*,⁴⁷ where the Court held that Section 2 of Presidential Decree No. 1529 or the Property Registration Decree has "simplified registration proceedings" and "eliminated the distinction between the general jurisdiction vested in the regional trial court and the limited jurisdiction conferred upon it by the former law when acting merely as a cadastral court."⁴⁸ Petitioners add that the Regional Trial Court of Manila, Branch 4 did not only rule on whether Molina's adverse claim should be cancelled, but also determined whose title was genuine.⁴⁹ The Decision in the Adverse Claim case, which had attained finality, operates as a bar to respondent's Complaint on the ground of *res judicata*.⁵⁰

Petitioners further aver that respondent's claim is unenforceable under the Statute of Frauds.⁵¹ They argue that no Deed of Sale was ever executed by Central Realty in favor of Molina and the purported Deed of Sale and related documents executed by Molina were fake and falsified.⁵² Moreover, respondent, as a mere successor-in-interest of Molina, is already barred from filing any action on the basis of the so-called September 7, 1993 Deed of Absolute Sale because of prescription.⁵³ These are all apparent from the face of the documents and the pleadings. Hence, petitioners claim that the Court of Appeals erred in ruling that a full-blown trial is necessary to resolve these issues.⁵⁴

Petitioners further contend that respondent's exclusion of Central Realty from the Complaint, despite knowing and admitting that Central Realty is the registered owner of the property, reveals its attempt to escape the consequences of its deliberate forum shopping.⁵⁵ Moreover, petitioners assert that respondent's Complaint and the reliefs prayed for constitute a collateral attack on Central Realty's title, which is prohibited under Section 48 of the Property Registration Decree.⁵⁶

⁴⁵ Id. at 19.

⁴⁶ Id. at 18.

⁴⁷ 314 Phil. 689 (1995) [Per J. Bellosillo, First Division].

⁴⁸ Id. at 697; *rollo*, pp. 18-19.

⁴⁹ *Rollo*, p. 20.

⁵⁰ Id.

⁵¹ Id.

⁵² Id. at 20-21.

⁵³ Id. at 21.

⁵⁴ Id. at 21-22.

⁵⁵ Id. at 23.

⁵⁶ Id. at 24.

Finally, petitioners contend that the Regional Trial Court of Manila, Branch 4, already held that Central Realty is the true owner of the property and that “it has not conveyed ownership to any third part[y].”⁵⁷ This clear pronouncement in the Adverse Claim case must be fully respected pursuant to the doctrine of judicial stability or non-interference.⁵⁸

In its Comment,⁵⁹ respondent counters that petitioners raised the same grounds and arguments, which have already been extensively considered first by the trial court, then the Court of Appeals.⁶⁰ First, the trial court and the Court of Appeals correctly ruled that there is no *litis pendentia* or *res judicata* because there is no identity of parties, rights, and reliefs.⁶¹ Respondent was not a party to the Adverse Claim case, and Central Realty and Molina were not impleaded as parties in the present case.⁶² Moreover, respondent’s complaint is essentially for recovery of title and ownership of the property, while the Adverse Claim case is a summary proceeding for the cancellation of the annotation of adverse claim on the title.⁶³ The determination of ownership in the Adverse Claim case was not conclusive.⁶⁴

Second, respondent claims that the Statute of Frauds is inapplicable because the deeds of sale, upon which respondent relies on its claim of ownership, were in writing and notarized.⁶⁵ With regard to prescription, petitioners did not raise this ground in their motion to dismiss before the trial court. Moreover, this issue involves the ascertainment of factual matters that is best ventilated during trial.⁶⁶

Finally, respondent’s complaint is not a collateral attack on Central Realty’s title. There is no allegation that Central Realty’s title is on its face null and void. Rather, respondent’s claim of ownership is based on the sale of the property by Central Realty to Molina.⁶⁷

The main issue for this Court’s resolution is whether or not *litis pendentia* and *res judicata* applies to the Adverse Claim case filed by Central Realty & Development Corporation and respondent North Lander Real Estate and Development Inc.’s complaint for recovery of ownership and possession.

The Petition is granted.

⁵⁷ Id. at 1174.

⁵⁸ Id. at 27.

⁵⁹ Id. at 1204–1227.

⁶⁰ Id. at 1213.

⁶¹ Id. at 1217.

⁶² Id.

⁶³ Id. at 1217–1218.

⁶⁴ Id. at 1219–1220.

⁶⁵ Id. at 1221–1222.

⁶⁶ Id. at 1223–1224.

⁶⁷ Id. at 1225.

The Court of Appeals agreed with the Regional Trial Court that *litis pendentia* is not present as there was no identity of parties, rights, and interests between respondent's Complaint and the Adverse Claim case.⁶⁸ Moreover, it held that the Adverse Claim case, "being a land registration proceeding, is limited in character" and the jurisdiction of the Regional Trial Court did not extend to resolving respondent's "right to the injunctive writ prayed for, claims for damages, recovery of possession and confirmation of ownership over the property."⁶⁹

The Court of Appeals erred.

Litis pendentia is a ground for dismissal of an action where another action for the same cause of action is pending between the same parties.⁷⁰ The elements of *litis pendentia* are:

(1) identity of parties, or at least such as representing the same interests in both actions; (2) identity of rights asserted and reliefs prayed for, the reliefs being founded on the same facts; and (3) identity in both cases is such that the judgment that may be rendered in the pending case would, regardless of which party is successful, amount to *res judicata* in the other.⁷¹ (Citation omitted)

In turn, *res judicata* precludes parties from re-litigating issues actually litigated and determined by a prior and final judgment.⁷² It applies when the following elements concur:

(1) the judgment sought to bar the new action must be final; (2) the decision must have been rendered by a court having jurisdiction over the subject matter and the parties; (3) the disposition of the case must be a judgment on the merits; and (4) there must be as between the first and second action, identity of parties, subject matter, and causes of action.⁷³ (Citation omitted)

The Court finds concurrence of the elements of *litis pendentia* and *res judicata*.

Respondent filed its Complaint for recovery of ownership and possession on December 6, 2012, after it purportedly bought the property

⁶⁸ Id. at 73.

⁶⁹ Id. at 74.

⁷⁰ *Yap v. Chua*, 687 Phil. 392 (2012) [Per J. Reyes, Second Division].

⁷¹ *Sempio v. Court of Appeals*, 348 Phil. 627, 636 (1998) [Per J. Puno, Second Division].

⁷² *Webb v. Gatdula*, G.R. No. 194469 (Resolution), September 18, 2019 <<https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/65754>> [Per J. Leonen, Third Division].

⁷³ Id.

from Molina on October 30, 2012, and *during the pendency of the Adverse Claim case* filed by Central Realty.

On April 11, 2014, the Regional Trial Court, Branch 4, Manila rendered a Decision ordering the cancellation of Molina's adverse claim for the reason that Central Realty's title is "that which is genuine"⁷⁴ and that Molina's title was "questionable and suspect."⁷⁵ The Decision in the Adverse Claim case attained finality on October 26, 2015.⁷⁶ It was rendered based on the merits, after a consideration of the evidence submitted by the parties.

The Regional Trial Court, Branch 4, Manila had jurisdiction to cancel Molina's adverse claim pursuant to Section 70⁷⁷ of the Property Registration Decree. Under Section 2⁷⁸ of the same Decree, Regional Trial Courts have exclusive jurisdiction over applications for original registration and petitions filed after, with power to resolve all questions arising upon such applications or petitions.⁷⁹

⁷⁴ *Rollo*, p. 1173.

⁷⁵ *Id.*

⁷⁶ *Id.* at 1177.

⁷⁷ SECTION 70. *Adverse Claim.* — Whoever claims any part or interest in registered land adverse to the registered owner, arising subsequent to the date of the original registration, may, if no other provision is made in this Decree for registering the same, make a statement in writing setting forth fully his alleged right or interest, and how or under whom acquired, a reference to the number of the certificate of title of the registered owner, the name of the registered owner, and a description of the land in which the right or interest is claimed.

The statement shall be signed and sworn to, and shall state the adverse claimant's residence, and a place at which all notices may be served upon him. This statement shall be entitled to registration as an adverse claim on the certificate of title. The adverse claim shall be effective for a period of thirty days from the date of registration. After the lapse of said period, the annotation of adverse claim may be cancelled upon filing of a verified petition therefor by the party in interest: *Provided, however*, that after cancellation, no second adverse claim based on the same ground shall be registered by the same claimant.

Before the lapse of thirty days aforesaid, *any party in interest may file a petition in the Court of First Instance where the land is situated for the cancellation of the adverse claim*, and the court shall grant a speedy hearing upon the question of the validity of such adverse claim, and shall render judgment as may be just and equitable. If the adverse claim is adjudged to be invalid, the registration thereof shall be ordered cancelled. If, in any case, the court, after notice and hearing, shall find that the adverse claim thus registered was frivolous, it may fine the claimant in an amount not less than one thousand pesos nor more than five thousand pesos, in its discretion. Before the lapse of thirty days, the claimant may withdraw his adverse claim by filing with the Register of Deeds a sworn petition to that effect.

⁷⁸ SECTION 2. *Nature of registration proceedings; jurisdiction of courts.* — Judicial proceedings for the registration of lands throughout the Philippines shall be *in rem* and shall be based on the generally accepted principles underlying the Torrens system.

Courts of First Instance shall have exclusive jurisdiction over all applications for original registration of title to lands, including improvements and interests therein, and over all petitions filed after original registration of title, with power to hear and determine all questions arising upon such applications or petitions. The court through its clerk of court shall furnish the Land Registration Commission with two certified copies of all pleadings, exhibits, orders, and decisions filed or issued in applications or petitions for land registration, with the exception of stenographic notes, within five days from the filing or issuance thereof.

⁷⁹ *Association of Baptists for World Evangelism, Inc. v. First Baptist Church*, 236 Phil. 424, 429 (1987) [Per J. Padilla, Second Division].

It was clarified in *Santos v. Ganayo*⁸⁰ that the Regional Trial Court, whether sitting as a land registration court or as a court of general jurisdiction, may determine the validity of the adverse claim and resolve issues on ownership raised by the parties. Thus:

Section 110 [of Act No. 496]⁸¹ does not distinguish between a Court sitting as a land registration Court and a Court of general jurisdiction. We are of the considered opinion, therefore, that either Court may determine the validity of an adverse claim and if found to be invalid, order its cancellation. This conclusion found expression in Paz Ty Sin Tei vs. Jose Lee Dy Piao. . . which held:

“The action taken by the lower Court in ordering the cancellation of the adverse claim before its validity could be passed upon, is not sanctioned by law . . . it may be cancelled only in one instance i.e. after the claim is adjudged invalid or unmeritorious by the Court, *acting either as a land registration court or one of general jurisdiction* while passing upon a case before it where the subject of the litigation is the same interest or right which is being secured by the adverse claim.”

The conclusion arrived at is *not altered by the fact that ownership is involved*, and corollarily, the issues of prescription and laches. For in any event, there was, in effect, acquiescence by the parties to the jurisdiction assumed by the Court *a quo*, notwithstanding initial objections thereto, inasmuch as they had presented their respective evidence and were given full opportunity to air their side of the controversy.

“Generally, an issue properly litigable in an ordinary civil action under the general jurisdiction of the Court of First Instance should not be resolved in a land registration proceeding. But since in this jurisdiction the Court of First Instance also functions as a land registration court, if the parties acquiesced in submitting that issue for determination in the land registration proceeding and they were given full opportunity to present their respective sides and their evidence, the land registration court would have jurisdiction to pass upon that issue.”

Again,

“The otherwise rigid rule that the jurisdiction of the Land Registration Court, being special and limited in character and proceedings thereon summary in nature, does not extend to cases involving issues properly litigable in other independent suits or ordinary civil actions, has time and again been relaxed in special and exceptional circumstances It may be gleaned and gathered that the peculiarity of the exceptions is based not alone on the fact that Land Registration Courts are likewise the same Court of First Instance, but also the following premises: 1)

⁸⁰ 202 Phil. 16 (1982) [Per J. Melencio-Herrera, First Division].

⁸¹ Now Section 70 of Presidential Decree 1529.

Mutual consent of the parties or their acquiescence in submitting the aforesaid issues for determination by the court in the registration proceedings; 2) full opportunity given to the parties in the presentation of their respective side of the issues and of the evidence in support thereto; 3) consideration by the court that the evidence already of record is sufficient and adequate for rendering a decision upon these issues.”

Besides, *whether a particular matter should be resolved by the Court of First Instance in the exercise of its general jurisdiction or of its limited jurisdiction as a special court (probate, land registration, etc.) is in reality not a jurisdictional question. It is in essence a procedural question involving a mode of practice ‘which may be waived.’*⁸² (Emphasis supplied, citation omitted)

Finally, there is identity of parties and causes of action between respondent’s Complaint for recovery of ownership and possession and Central Realty’s Adverse Claim case.

Respondent claims that it is the successor-in-interest of Molina based on a purported October 30, 2012 Deed of Sale. Molina is the party against whom the Adverse Claim case was filed. There is, at the very least, a community of interest between respondent and Molina. This Court explained in *Degayo v. Magbanua-Dinglasan*:⁸³

There is identity of parties where the parties in both actions are the same, or there is privity between them, or *they are “successors-in-interest by title subsequent to the commencement of the action, litigating for the same thing and under the same title and in the same capacity. Absolute identity of parties is not required, shared identity of interest is sufficient to invoke the coverage of this principle.* Thus, it is enough that there is a community of interest between a party in the first case and a party in the second case even if the latter was not impleaded in the first case.⁸⁴ (Emphasis supplied, citations omitted)

In *Sempio v. Court of Appeals*,⁸⁵ a parcel of land owned by the Sempio spouses was extrajudicially foreclosed by the Development Bank of the Philippines after it emerged as the highest bidder at the auction sale. Later, the Development Bank of the Philippines filed a Petition for Issuance of Writ of Possession Ex-Parte docketed as Civil Case No. P-1787-89. The Sempio spouses then filed a Complaint for Annulment of Foreclosure, Reconveyance of Title and Damages docketed as Civil Case No. 181-M-90, while Tuazon, the new owner who bought the land from DBP, filed a complaint for Injunction and Damages docketed as Civil Case No. 681-M-

⁸² *Santos v. Ganayo*, 202 Phil. 16, 28-29 (1982) [Per J. Melencio-Herrera, First Division]; *See also Government Service Insurance System v. Court of Appeals*, 310 Phil. 837, 845-846 (1995) [Per J. Romero, Third Division].

⁸³ 757 Phil. 376 (2015) [Per J. Brion, Second Division].

⁸⁴ *Id.* at 386.

⁸⁵ 348 Phil. 627 (1998) [Per J. Puno, Second Division].

90. The trial court nullified the extrajudicial foreclosure proceedings in Civil Case No. 181-M-90, which was later affirmed by this Court, while the writ of possession in Civil Case No. P-1787-89 was denied.

Meanwhile, Civil Case No. 681-M-90 was dismissed on the ground of *litis pendentia*, but the Court of Appeals set aside the order of dismissal and remanded the case to the trial court for further proceedings. The Court of Appeals held that neither identity of parties nor identity of causes of action attends Civil Case No. 681-M-90 *vis-a-vis* Civil Cases Nos. P-1787-89 and 181-M-90, and the issue of whether Tuazon was a purchaser in good faith and for value was never passed upon in both Civil Cases Nos. P-1787-89 and 181-M-90.

This Court, in reversing the Court of Appeals, held:

Well-settled is the rule that only substantial, and not absolute, identity of parties is required for *lis pendens*, or in any case, *res judicata*, to lie. *There is substantial identity of parties when there is a community of interest between a party in the first case and a party in the second case albeit the latter was not impleaded in the first case.*

Respondent Tuazon, concededly, was not impleaded as party-defendant in Civil Case No. 181-M-90. *This court, however, is not oblivious to the fact that she purchased the land from the DBP at a time when the latter, despite non-redemption by the Sempios of the land within the applicable period, had not as yet effectuated the cancellation of TCT No. T-6263 and the issuance of a certificate of title in the name of the DBP. Respondent Tuazon apparently bought the land with the actual knowledge, or at least, she ought to have known, that the DBP was not the registered owner thereof. As such, respondent Tuazon cannot invoke the protection accorded by the law to purchasers of real property in good faith and for value. Moreover, respondent Tuazon should also be taken to task for failing to make inquiry concerning the rights of the Sempios who were then and are until now, in possession of the land. Such failure to take the ordinary precautions which a prudent person would have taken under the circumstances, specially in buying a piece of land in the actual, visible and public possession of persons other than the vendor, constitutes gross negligence amounting to bad faith.*

Considering the foregoing, it cannot be denied that the interests of respondent Tuazon are inextricably intertwined with those of the DBP such that the former's exercise of her rights as purchaser-transferee of the land foreclosed by the DBP, is conditioned on the latter's successful defense of the validity of its foreclosure procedures in Civil Case No. 181-M-90. Thus, a community of interest, and corollarily, substantial identity of parties, exist between respondent Tuazon and the DBP insofar as Civil Cases Nos. 181-M-90 and 681-M-90 are concerned.⁸⁶ (Emphasis supplied, citations omitted)

⁸⁶ *Sempio v. Court of Appeals*, 348 Phil. 627, 636-637 (1998) [Per J. Puno, Second Division].

As in the case above, respondent bought the property from Molina knowing that the latter is not the registered owner⁸⁷ and despite knowledge of the pendency of cases – including the Adverse Claim case – between Central Realty and Molina.⁸⁸ There is community of interests between respondent and Molina because the former's rights are closely intertwined with those of the latter and with the adjudication of Molina's claim of ownership in the Adverse Claim case.

In its Complaint, respondent acknowledged that Central Realty is the former real and original owner of the property.⁸⁹ It claimed, however, that the property was sold to Molina pursuant to a September 7, 1993 Deed of Sale executed by Central Realty, and thereafter sold to it through an October 30, 2012 Deed of Sale executed by Molina.⁹⁰ It further claimed that the sale of the property to Molina was genuine, but the owner's duplicate of title was not immediately surrendered to Molina, so the property could not be registered in her name.⁹¹ Respondent also claimed that the owner's duplicate of TCT No. 198996 in the possession of, and used by, Central Realty's new directors and officers in the joint venture agreement with petitioner Federal Land, and which bears annotations of loan and mortgages, was fictitious and spurious.⁹²

Respondent's cause of action consists of the violation of what it believes to be its right to the exclusive possession and enjoyment of the land. At the core of the reliefs sought by respondent – injunctive writ, damages, recovery of possession, and confirmation of ownership over the property – is the issue of ownership. Therefore, evidence of its exclusive ownership of the land is indispensable. Respondent's rights are inherently contingent on those of Molina's, its predecessor-in-interest. In fact, petitioners contend that the same documents relied upon by Molina in the Adverse Claim case were also alleged and attached in respondent's Complaint. This shows the identity of rights asserted and reliefs prayed for by respondent and Molina.

In *Estate of Sotto v. Palicte*,⁹³ this Court held:

There is identity of causes of action since the issues raised in all the cases essentially involve the claim of ownership over the subject properties. Even if the forms or natures of the actions are different, there is still identity of causes of action when the same facts or evidence support and establish the causes of action in the case at bar and in the previous cases.⁹⁴ (Citation omitted)

⁸⁷ *Rollo*, pp. 226, 236.

⁸⁸ *Id.* at 246.

⁸⁹ *Id.* at 226.

⁹⁰ *Id.* at 227.

⁹¹ *Id.* at 236.

⁹² *Id.* at 239–245.

⁹³ 587 Phil. 586 (2008) [Per J. Carpio, First Division].

⁹⁴ *Id.* at 596.

The Regional Trial Court Manila, Branch 4 ordered the cancellation of Molina's adverse claim after determining that Molina's claim of ownership is unmeritorious because Central Realty is the true owner of the property. The Decision in the Adverse Claim case states:

Section 70 of Presidential Decree No. 1529 and the leading case of Spouses Sajonas vs. Court of Appeals, et al. G.R. No. 102377 (July 5, 1996) dictate that this court make a finding as to the veracity and sufficiency of a given adverse claim. In this case, petitioner Central Realty has aptly proven that the adverse claim made as Entry No. 1515 on the subject title has no leg to stand on. Through documentary evidence presented and the testimony of Atty. Serge Mario C. Iyog, *Central Realty has proven that no Deed of Sale or no conveyance of ownership was made in favor of any third party. Petitioner has consistently, up to the present, exercised acts of ownership and administration over the subject property as readily shown by the payment of real property taxes on the property and entering into a Joint Venture Agreement with Federal Land Inc. (Exhibit "RR").*

While intended intervenor Pedro Yulo and oppositor Dolores V. Molina posses[s] owner's duplicate copies of the title, the examination conducted by the National Bureau of Investigation Questioned Document Division and the testimony of Agent Antonio R. Magbujos, acting as a court-appointed Commissioner, will show that *the owner's duplicate copy of the title in possession of Central Realty is that which is genuine and that those titles held by Dolores V. Molina and Pedro Yulo are questionable and suspect.* The Report of the Land Registration Authority dated 20 February 2014 further supports the determination of the National Bureau of Investigation in that the title held by the petitioner is that which is genuine.

Summarily, petitioner has sufficiently shown that the adverse claim annotated on the title by Dolores V. Molina under Entry No. 1515 has no basis and should be cancelled. The subject entry should not burden the property any further as *it is undisputed that petitioner Central Realty remains to be the owner of the subject property.*⁹⁵ (Emphasis supplied)

Respondent is bound by the Regional Trial Court's Decision declaring that Central Realty remained to be the true owner of the property and that it had not conveyed ownership to any third party; and that Central Realty's title is genuine, while the title held by Molina was questionable and suspect. Respondent's Complaint for recovery of ownership and possession must, therefore, be dismissed on the grounds of *litis pendentia* and *res judicata*. Thus, the Court of Appeals erred in upholding the Regional Trial Court of Manila, Branch 41's denial of petitioners' motion to dismiss.

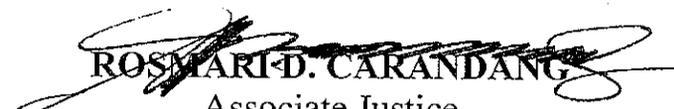
With the above disquisition, this Court finds it unnecessary to discuss and resolve the other issues raised in the Petition.

⁹⁵ *Rollo*, pp. 1173.

WHEREFORE, the Petition is **GRANTED**. The April 21, 2017 Decision and February 19, 2018 Resolution of the Court of Appeals in CA-G.R. SP Nos. 129133 & 129625 are hereby **REVERSED** and **SET ASIDE**. Civil Case No. 12-129163 is **DISMISSED**.

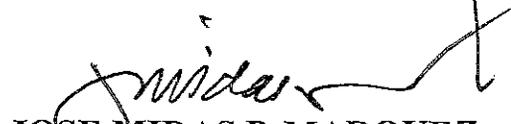

MARVIC M.V.F. LEONEN
Associate Justice

WE CONCUR:


ROSMARI D. CARANDANG
Associate Justice


RODIL N. ZALAMEDA
Associate Justice


RICARDO R. ROSARIO
Associate Justice


JOSE MIDAS P. MARQUEZ
Associate Justice

ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


MARVIC M.V.F. LEONEN
Associate Justice
Chairperson

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


ALEXANDER G. GESMUNDO
Chief Justice