



Republic of the Philippines
 Supreme Court
 Manila

SUPREME COURT OF THE PHILIPPINES
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THIRD DIVISION

RAFAEL A. MANALO,* FREIDA Z. RIVERA-YAP, and GRACE M. OLIVA, in their capacity as the duly elected Assignees of the Assets of Spouses Rosario and Saturnino Baladjay and their companies, **G.R. No. 237826**

Petitioners,

Present:

LEONEN, J., *Chairperson,*
 HERNANDO,
 INTING,
 DELOS SANTOS, and
 LOPEZ, J., *JJ.*

- versus -

HERARC REALTY CORPORATION, ARLENE M. BEDAYO, ANGELO C. GUERRERO, EVANGELINE L. LOPEZ, REAL P. MADRID, BJORN PAOLO M. BEDAYO, STELLA M. SALORSANO, DARWIN FERNANDEZ, and ANTONIO O. MENDOZA, in his capacity as Deputy Sheriff of the Regional Trial Court of Makati City (Branch 56), and the REGISTER OF DEEDS of the Province of Batangas,

Respondents.

Promulgated:

June 28, 2021

X ----- X

RESOLUTION

INTING, J.:

Before the Court is a Petition for Review on *Certiorari*¹ filed pursuant to Rule 45 of the Rules of Court assailing the Decision² dated

* Per the petition, Rafael A. Manalo died on September 1, 2017 and the Motion to Substitute is still pending with the RTC Branch 203 of the RTC Muntinlupa City.

¹ *Rollo*, Vol. I, p. 12-55.

² *Id.* at 56-71; penned by Associate Justice Maria Elisa Sempio Diy with Associate Justices Mariflor P. Punzalan-Castillo and Florito S. Macalino, concurring.

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July 20, 2017 and the Resolution³ dated February 28, 2018 of the Court of Appeals (CA) in CA-G.R. CV No. 102990. The assailed Decision and Resolution affirmed the Orders dated November 4, 2013⁴ and May 2, 2014⁵ of Branch IX, Regional Trial Court, Balayan, Batangas (RTC Batangas) in Civil Case No. 4855.

The Antecedents

The case involves three related complaints filed in three different courts. The focal point of the cases is the Rosegold Resort consisting of 13 parcels of land located in Calatagan, Batangas (Rosegold Resort) formerly registered to RAB Realty Corporation (RAB Realty) under Transfer Certificates of Title (TCT) Nos. T-91172, T-91173, T-91174, T-91175, T-91176, T-91177, T-91178, T-91179, T-91180, T-91181, T-91182, T-91183, and T-91184.⁶

The Makati Complaints: Collection Cases docketed as Civil Case Nos. 03-002 and 03-122.

Two complaints for collection of sum of money and damages were filed by Arlene M. Bedayo, Angelo C. Guerrero, Evangeline L. Lopez, Real P. Madrid, Bjorn Paolo M. Bedayo, Stella M. Salorsano, and Darwin Fernandez (collectively, Bedayo, *et al.*) against Spouses Saturnino and Rosario Baladjay (Spouses Baladjay) and their conduit corporations, namely: Multitel International Holdings, Inc., RAB Realty, and Multinational Telecoms Investors Corporation. The complaints were docketed as Civil Case Nos. 03-002 and 03-122.

In a Joint Partial Decision dated August 28, 2003, Branch 56, RTC, Makati City (RTC Makati) granted the complaints and ordered Spouses Baladjay to pay Bedayo, *et al.* the amount of ₱55,401,610.62.⁷ Upon finality of the Partial Decision, the RTC Makati issued a writ of execution and set the execution sale of the realties of Spouses Baladjay and their conduit corporations, specifically, the Rosegold Resort.

³ *Id.* at 73-77.

⁴ *Rollo*, Vol. II, pp. 617-633; penned by Judge Carolina F. De Jesus.

⁵ *Id.* at 655-665.

⁶ *Rollo*, Vol. I, p. 58.

⁷ *Id.* at 57-58.

Insolvency proceedings (Muntinlupa Petition) before the RTC Muntinlupa docketed as Spec. Proc. No. 03-026.

Two months after the collection cases were filed, the creditors of Spouses Baladjay filed a petition for involuntary insolvency docketed as Spec. Proc. No. 03-026. The case was raffled to Branch 207, RTC, Muntinlupa City (RTC Muntinlupa).⁸

In order to enjoin the conduct of the impending execution sale, petitioner Dr. Rafael A. Manalo (Dr. Manalo) and Leila I. Ira, as joint receivers appointed by the RTC Muntinlupa, moved for its suspension before the latter court. The RTC Muntinlupa acted favorably and issued a Stay Order⁹ against the sale of the properties of Spouses Baladjay. Bedayo, *et al.*, by special appearance before the RTC Muntinlupa, questioned the Stay Order¹⁰, but the RTC Muntinlupa denied it in an Order¹¹ dated July 30, 2004. During the involuntary insolvency proceedings, RAB Realty was impleaded as an additional debtor.¹²

Despite the Stay Order, the RTC Makati proceeded with the execution sale on August 11, 2004 wherein Herarc Realty Corporation (Herarc Realty) was declared as the highest bidder.¹³

Meanwhile, the RTC Muntinlupa declared the involuntary insolvency of Spouses Baladjay on July 22, 2005 and directed Dr. Manalo, as the receiver, to take possession of the properties of Spouses Baladjay and those of the conduit corporations.¹⁴

Writ of possession issued in favor of Herarc Realty after consolidation of title in its name as the purchaser in the execution sale in the RTC Makati.

⁸ *Id.* at 57.

⁹ *Id.* at 117-118.

¹⁰ *Id.* at 119-123.

¹¹ *Id.* at 124-129.

¹² *Rollo*, Vol. II, p. 872.

¹³ *Rollo*, Vol. I, p. 58.

¹⁴ *Id.* at 59.

On March 14, 2006, after the consolidation of ownership over the Rosegold Resort in the name of Herarc Realty for failure of Spouses Baladjay or any of their representatives to redeem it within a year from the execution sale, the RTC Makati issued a Writ of Possession¹⁵ in favor of Herarc Realty.¹⁶ Petitioners moved for intervention and for the quashal of the writ of possession,¹⁷ but they later withdrew the motion.¹⁸ The RTC Makati then issued a break-open order upon Herarc's motion.¹⁹

Petitioners then filed in the RTC Muntinlupa²⁰ a Motion to Declare the Nullity of the following: (1) auction sale conducted on August 11, 2004; (2) consolidated ownership; (3) cancellation of Transfer Certificate of Title Nos. T-91172, T-91173, T-91174, T-91175, T-91176, T-91177, T-91178, T-91179, T-91180, T-91181, T-91182, T-91183, T-91184, T-987719, T-987720, T-987721, T-987722, T-987723, and T-115239 in the Name of RAB Realty; and (4) issuance of Transfer Certificate of Title Nos. T-105907, T-105908, T-105909, T-105910, T-105911, T-105912, T-105913, T-105914, T-105915, T-105916, T-105917, T-105918 and T-105919 in the name of Herarc Realty.²¹

In an Order dated March 24, 2006,²² the RTC Muntinlupa, in conflict with the RTC Makati, issued its Break-Open Order directing Herarc Realty to vacate the Rosegold Resort and turn over its possession to petitioners.

The CA Decision dated October 26, 2006 in CA-G.R. SP No. 93818 filed by Herarc Realty which was consolidated with CA-G.R. SP No. 93823 filed by petitioners wherein the CA ruled for the exclusion of the Rosegold Resort from the ambit of the insolvency proceedings in the RTC Muntinlupa.

¹⁵ *Id.* at 304-305.

¹⁶ *Rollo*, Vol. II, p. 892.

¹⁷ *Rollo*, Vol. I, pp. 385-390.

¹⁸ *Rollo*, Vol. II, p. 874.

¹⁹ *Rollo*, Vol I, p. 59.

²⁰ *Rollo*, Vol. II, p. 874.

²¹ *Rollo*, Vol I, pp. 391-409.

²² *Id.* at 59.

Aggrieved, Herarc Realty filed a Petition for *Certiorari*, Prohibition and *Mandamus* in the CA seeking to annul and set aside the RTC Muntinlupa Break-Open Order. In turn, petitioners filed a petition for prohibition, also before the CA, to enjoin the RTC Makati from further issuing court orders which would affect the properties of Spouses Baladjay subject of the involuntary proceedings. The petitions were subsequently consolidated.

In the Decision²³ dated October 26, 2006, the CA annulled and set aside the RTC Muntinlupa Break-Open Order. It thereby discharged and removed the Rosegold Resort from the ambit of the insolvency case in the Muntinlupa petition. It further ordered petitioners to surrender possession of the Rosegold Resort to Herarc Realty.

The CA found that the RTC Muntinlupa Break-Open Order was a violation of the right to due process of Herarc Realty, which was not a party impleaded therein. It viewed the Break-Open Order as a usurpation of and interference with a co-equal court (RTC Makati) which already issued a Writ of Possession, and thus, tantamount to annulling the latter court's decision.

The CA denied petitioners' Motion for Reconsideration. Hence, petitioners filed before the Court a Petition for Review on *Certiorari* docketed as G.R. Nos. 178112 and 178118.²⁴

In the Resolution dated September 3, 2008, the Court denied the petition and affirmed the CA Decision dated October 26, 2006.²⁵ The Resolution attained finality on February 19, 2009 after the denial of petitioners' Motion for Reconsideration.²⁶ Accordingly, on September 22, 2009, the RTC Muntinlupa issued an Order to discharge and remove the Rosegold Resort from the ambit of the insolvency proceedings.²⁷

*Batangas Complaint: Annulment of
Titles Case docketed as Civil Case
No. 4855.*

²³ *Rollo*, Vol. II, pp. 870-887; penned by Associate Justice Normandie B. Pizarro, with Associate Justices Amelita G. Tolentino and Aurora Santiago-Lagman concurring.

²⁴ *Rollo*, Vol. I, pp. 60-61.

²⁵ *Rollo*, Vol. II, p. 888.

²⁶ *Rollo*, Vol. I, p. 61.

²⁷ *Rollo*, Vol. II, p. 664.

Meanwhile, petitioners filed a Complaint²⁸ for annulment of certificates of title in the RTC Batangas (Batangas Complaint) docketed as Civil Case No. 4855. This time, they sought the cancellation of the titles on the Rosegold Resort issued to Herarc Realty particularly TCT Nos. T-105907, T-105908, T-105909, T-105910, T-105911, T-105912, T-105913, T-105914, T-105915, T-105916, T-105917, T-105918, and T-105919.²⁹ They alleged that the titles of Herarc Realty must be nullified on the following grounds:

(1) execution sale was null and void because it was conducted despite the validity of the stay order which was issued by the insolvency court;

(2) judgment creditor was bound by the stay order as they submitted themselves to the jurisdiction of the insolvency court which issued the Stay Order;

(3) Herarc Realty was a buyer in bad faith with notice that the properties subject of the execution sale were placed under receivership;

(4) the properties were sold on execution at a grossly inadequate price;

(5) execution was tainted with irregularities and was conducted in fraud of the investors/creditors of Spouses Baladjay and their conduit corporations.³⁰

Execution of judgment in G.R. Nos. 178112 and 178118 by the RTC Makati upon motion of Herarc Realty which, inter alia, excluded the Rosegold Resort from the insolvency proceedings.

²⁸ *Id.* at 523-546.

²⁹ *Rollo*, Vol. I, pp. 22-23.

³⁰ *Id.* at 23.

Herarc Realty moved for the execution of the judgment that excluded Rosegold Resort from the insolvency proceedings. In an Order dated July 31, 2009, the RTC Makati issued a writ of execution. It ordered the eviction of the assignees and all persons claiming rights under them and placed Herarc Realty in possession of the disputed property. After the RTC Makati denied the motion for reconsideration of the Order, petitioners elevated the issue to the CA through a petition docketed as CA-G.R. SP No. 110088.³¹

CA-G.R. SP No. 110088 filed by petitioners assailed the July 31, 2009 Order of the RTC Makati which issued a writ of execution on the Court's final and executory judgment in GR Nos. 178112 and 178118.

On June 4, 2010, the CA dismissed the petition and ruled that the Batangas Complaint is not the supervening event contemplated by law to render the execution of judgment as unwarranted.³² The CA ruled that the matters raised in the Batangas Complaint had already been passed upon by the CA and affirmed by the Court in G.R. Nos. 178112 and 178118.³³ The CA elucidated:

Whether the Petitioners-Assignees have a right to the subject properties and that HERARC laid a wrongful claim of ownership over the same are issues which had been resolved in CA-G.R. SP No. 93818 and are the same issues now raised in the Batangas complaint. Evidence which may be adduced by the Petitioners-Assignees in the Batangas complaint would be the same evidence presented before RTC Makati in Civil Cases Nos. 03-002 and 03-122. In fact, the arguments raised in the said complaint bear on matters which have been submitted before the Court of Appeals and already resolved by the said court. Additionally, the matters raised in the Batangas complaint are matters which the parties were NOT not aware of or could not have been aware of prior to or during the trial of Civil Cases Nos. 03-002 and 03-122 nor during the pendency of CA-G.R. SP No. 93818. These matters, and the relief sought by the Petitioners-Assignees are not supervening events which would have justified a suspension or deferment of the execution of the final decision in Civil

³¹ *Rollo*, Vol. II, p. 894.

³² *Id.* at 890-915.

³³ *Id.* at 900-901.

Cases Nos. 03-002 and 03-122 subject of the questioned writ of execution dated 31 July 2009.³⁴

This Decision was affirmed by the Court in a Resolution³⁵ dated February 1, 2012 docketed as G.R. No. 195544 and further affirmed with finality on June 20, 2012.³⁶

Herarc's motions which sought the dismissal of the Batangas Complaint on the ground that the cause of action is barred by prior judgment.

Going back to the Batangas Complaint, Herarc Realty moved for its dismissal on the grounds of *res judicata* and lack of cause of action, but the RTC Batangas denied it in an Order³⁷ dated July 6, 2011.

Subsequently, Herarc Realty filed an Omnibus Motion for judicial notice of the following Court judgments:

(1) Order dated September 22, 2009 of the RTC Muntinlupa which removed the Rosegold Resort from the ambit of the insolvency proceedings;

(2) CA Decision dated June 4, 2010 in CA-G.R. SP No. 110088 which upheld the enforcement of the writ of execution issued by RTC Makati;

(3) Court Resolution dated February 1, 2012 in G.R. No. 195544 which affirmed the CA Decision dated June 4, 2010.³⁸

The Ruling of the RTC Batangas

In an Order³⁹ dated November 4, 2013, the RTC Batangas granted

³⁴ *Id.* at 906-907.

³⁵ *Id.* at 916.

³⁶ *Id.* at 917.

³⁷ *Id.* at 574-589.

³⁸ *Id.* at 604.

³⁹ *Id.* at 617-633.

the Omnibus Motion for judicial notice and simultaneously reconsidered and set aside the denial of the motion to dismiss.⁴⁰ The RTC Batangas dismissed the Batangas Complaint on the ground that the judgment in CA-G.R. SP No. 110088 is conclusive against petitioners, and as such, the matters raised therein could no longer be passed upon in the complaint *a quo*.

The RTC Batangas denied petitioners' motion for reconsideration in an Order⁴¹ dated May 2, 2014.

The Ruling of the CA

In the assailed Decision, the CA denied petitioners' appeal and affirmed *in toto* the Orders dated November 4, 2013 and May 2, 2014. It emphasized that the issues raised, the arguments proffered, the evidence submitted, and the reliefs prayed for in the Batangas Complaint for annulment of titles were the same as or similar to those presented in the Makati Complaints for collection in the CA Decision dated June 4, 2010 in CA-G.R. SP No. 110088. The CA applied *res judicata* to justify the dismissal of the Batangas Complaint, to wit:

Verily, plaintiffs-appellants should stop "beating a dead horse". The instant case for annulment of titles falls under the second concept of *res judicata*, which is known as "conclusiveness of judgment". The higher courts have already passed upon the alleged irregularities surrounding the public auction sale in ruling that Herarc Realty is the lawful owner of the Rosegold Resort. Evidently, plaintiffs-appellants are now precluded from contesting Herarc Realty's titles over the Rosegold Resort. The bar on re-litigating the same causes of action or issues extends to those questions necessarily implied in the final judgment, although no specific finding may have been made in reference thereto, and although those matters were directly referred to in the pleadings and were not actually or formally presented. If the record of the former trial shows that the judgment could not have been rendered without deciding a particular matter, it will be considered as having settled that matter as to all future actions between the parties; and if a judgment necessarily presupposes certain premises, they are as conclusive as the judgment itself.⁴²

Aggrieved by the CA Decision, petitioners elevated the case to the

⁴⁰ *Id.* at 633.

⁴¹ *Id.* at 655-665.

⁴² *Rollo*, Vol. 1, pp. 69-70.

Court *via* a Petition for Review on *Certiorari*.

The Issue

The main issue in this case is whether the CA committed reversible error in affirming the dismissal of the Batangas Complaint on the ground of conclusiveness of judgment.

Our Ruling

The petition is devoid of merit.

For the third time, the issue on the ownership of the Rosegold Resort has reached the Court. Because the issue had been the subject of several proceedings, a closer examination of each proceeding and the issues resolved in each proceeding that took place before the filing of the Batangas Complaint is most necessary. After all, the application of the principle of conclusiveness of judgment which was the basis of the lower courts for the dismissal of the Batangas Complaint calls for the presence of a prior determination by a competent court of an identical issue, or matters necessarily included therein.

Again, for clarity and brevity, the positions of petitioners to support the Batangas Complaint for the annulment of Herarc Realty's titles to the Rosegold Resort are as follows: (1) the execution sale is allegedly a nullity; (2) the Stay Order issued by RTC Muntinlupa purportedly included the Rosegold Resort; (3) Herarc Realty was ostensibly a buyer in bad faith with notice that the properties subject of the execution sale were placed under receivership; (4) the properties were sold on execution at a grossly inadequate price; and (5) the execution sale appeared to be tainted with irregularities and conducted in fraud of the investors/creditors of Spouses Baladjay and their conduit corporations.

Petitioners maintain that the denial of the motion to dismiss by the RTC Batangas was proper because there was no identity of causes of action between the Batangas Complaint and the three CA Petitions (CA-G.R. SP Nos. 93818, 93823, and 110088). They further submit that it was erroneous for the RTC Batangas to reverse itself and conclude that



the Batangas Complaint was dismissible on the ground of conclusiveness of judgment⁴³ despite its earlier assertion that there is no identity of causes of action.

*Under the doctrine of conclusiveness of judgment, facts and issues actually and directly resolved in a former suit cannot again be raised in any future case between the same parties, even if the latter suit may involve a different cause of action.*⁴⁴ In order that a judgment in one action can be conclusive as to a particular matter in another action between the same parties or their privies, it is essential that the issues be identical.⁴⁵ To illustrate, if a particular point or question is in issue in the second action, and the judgment will depend on the determination of that particular point or question, a former judgment between the same parties will be final and conclusive in the second if that same point or question was in issue and adjudicated in the first suit.⁴⁶

The Court agrees that the issues concerning the Stay Order, the validity of the execution sale, and the corresponding issuance of TCTs to Herarc Realty on the Rosegold Resort were continuously raised in several motions and petitions before different courts. Thus, at this point, the issues must now be laid to rest. The matter cannot be relied upon by petitioners again and again as a basis for the annulment of Herarc Realty's titles.

Ownership of Herarc Realty over the Rosegold Resort was already settled when the issue on the validity of the execution sale and the subsequent consolidation of title as a result of the lapse of the redemption period was resolved by the court.

Petitioners repeatedly dispute the legality of the execution sale of the Rosegold Resort and its consequent purchase by Herarc Realty. Aside from their motion to suspend the execution sale, petitioners also

⁴³ *Id.* at 31.

⁴⁴ *Tan v. Court of Appeals*, 415 Phil. 675, 681 (2001).

⁴⁵ *Heirs of Cornelio Miguel v. Heirs of Angel Miguel*, 730 Phil. 79, 95 (2014), citing *Nabus v. Court of Appeals*, 271 Phil. 768, 784 (1991).

⁴⁶ *Id.*

challenged the conduct of the execution sale itself, the cancellation of RAB Realty's titles, and the issuance of new titles in the name of Herarc Realty. Surprisingly, however, petitioners impugned the transactions through motions filed before the *RTC Muntinlupa*, a pattern which they repeatedly exhibited towards the course of the two proceedings. While the execution sale was a matter within the jurisdiction of the RTC Makati, the only motion that the petitioners filed before it was a motion for intervention for the quashal of the writ of possession in which they eventually withdrew.

Before the RTC Muntinlupa, petitioners filed a motion to suspend the RTC Makati execution sale which was followed by a motion to declare the nullity of the execution sale and consolidation of ownership in favor of Herarc Realty.⁴⁷ They even sought to declare as null and void the cancellation of titles of RAB Realty on the Rosegold Resort as well as the subsequent issuance of titles in favor of Herarc Realty.⁴⁸

Initially, the RTC Muntinlupa granted petitioners' motion and issued a Break-Open Order dated March 24, 2006. However, the CA reversed the RTC Muntinlupa in *CA-G.R. SP No. 93818* and *CA-G.R. SP No. 93823*. The CA annulled and set aside the Break-Open Order, and ordered the removal and discharge of the Rosegold Resort from the ambit of the insolvency proceedings. The CA further ordered the petitioners to surrender the possession and enjoyment of the Rosegold Resort in favor of Herarc Realty.⁴⁹ The CA ruling attained finality on February 19, 2009 after the Court denied petitioners' petition for review on *certiorari*.⁵⁰

Veritably, the issue on the validity of the execution sale had been raised by no less than petitioners themselves which led the courts to resolve it in accordance with law and jurisprudence. To allow petitioners to relitigate the issue to support their claim of ownership would only call for the presentation again of the same arguments and evidence which had already been settled by the courts. The matters are not only interrelated but also undeniably identical to the issues which petitioners attempt to resurrect in their Batangas Complaint.

⁴⁷ *Rollo*, Vol 1, pp. 391-409.

⁴⁸ *Id.* at 391-409.

⁴⁹ *Id.* at 59-60.

⁵⁰ *Id.* at 61.

Petitioners' arguments that the Batangas Complaint puts in issue the irregularities in the conduct of the execution sale and that the CA petitions only dealt with issues on jurisdiction and grave abuse of discretion and not of the ownership and acquisition of the Rosegold Resort do not hold water. Considering that petitioners had already previously raised in court the issue on the validity of the execution sale, all the grounds in relation to its proceedings should have already been ventilated therein. With the withdrawal of their motions for the quashal of the writ of possession before the RTC Makati and their subsequent recourse to RTC Muntinlupa to resolve matters which involved not only the issuance of the writ of possession but also the validity of the execution sale, the cancellation of RAB Realty's titles, and the issuance of new titles to Herarc Realty, petitioners had bound themselves to the court's final resolution thereof and allowed *res judicata* to set in.

More importantly, all the issues surrounding the execution sale should have been raised with the RTC Makati as the court with exclusive jurisdiction to set it aside in case of irregularities. As the court of origin, the RTC Makati retained jurisdiction over its judgment in the collection cases which necessarily included the concomitant issuance of a writ for its execution. Such jurisdiction excluded all other coordinate courts from assuming jurisdiction relative to the execution of the judgment of the RTC Makati and all incidents thereof.

In *Darwin, et al. v. Tokonaga, et al.*,⁵¹ the Court had the opportunity to reiterate the doctrine that the court of origin which acquired jurisdiction and rendered judgment that had become final and executory retains jurisdiction over its judgment, to the exclusion of all other coordinate courts for its execution and all incidents thereof, and to control, in furtherance of justice, the conduct of its ministerial officers in connection therewith.⁵² With the execution of judgment having been carried out by the sheriff through the levy and sale of the property of the judgment debtor, a party could not, in the guise of a new and separate second action, ask another court of coordinate jurisdiction, to interfere with the execution proceedings and to set them aside instead of seeking such relief by proper motion and application with the court of origin which had exclusive jurisdiction over the execution proceedings and the properties sold at the execution sale.⁵³ In addition, "[a] case in which an execution has been issued is regarded as still pending so that all

⁵¹ 274 Phil. 726 (1991).

⁵² *Id.* at 734-735.

⁵³ *Id.* at 735.

proceedings on the execution are proceedings in the suit. There is no question that the court which rendered the judgment has a general supervisory control over the processes of execution, and this power carries with it the right to determine every question of fact and law which may be involved in the execution."⁵⁴

As an inevitable consequence of the doctrine, the filing of a separate action for or in connection with a mere incident of a case *pending* before a branch of a court is barred.⁵⁵ Instead, the proper remedy must be obtained in the prior case "by proper motion and application."⁵⁶

Evidently, the judgment in the Makati Complaint had already attained finality. The propriety of its execution was the subject of the CA Decision in the consolidated cases docketed as CA-G.R. SP Nos. 93818 and 93823 which the Court affirmed in G.R. Nos. 178112 and 178118; and the Decision in CA-G.R. SP No. 110088 which the Court also affirmed with finality through the Resolution dated June 20, 2012 in G.R. No. 195544.⁵⁷ With the execution of the final judgment of the RTC Makati being but a mere incident of the case, its finality had the effect of a final adjudication on the merits, thereby barring the relitigation of the same issues in a different proceeding.

The execution of the RTC Makati judgment having been carried out, petitioners could not, in the guise of a new and separate action, ask the RTC Batangas, another court of coordinate jurisdiction, to nullify and set aside the execution sale conducted pursuant to the RTC Makati execution proceedings. Instead of seeking relief by proper motion and application in the RTC Makati, which patently had exclusive jurisdiction over the execution proceedings and the properties sold at the execution sale, petitioners voluntarily jeopardized their course of action under the law by the withdrawal of their motions, to their detriment and prejudice.

Admittedly, at the time when the Batangas Complaint was filed, the RTC Makati had long settled the issue on the validity of the execution sale in favor of Herarc Realty. Indeed, petitioners' motions filed in the RTC Muntinlupa which continued to assail the execution sale are procedural blunders that led the CA to correctly apply laches and

⁵⁴ *Pajarito v. Judge Señeris*, 176 Phil. 592, 601 (1978). Citation omitted.

⁵⁵ *Darwin, et al. v. Tokonaga, et al.*, *supra* note 51 at 736.

⁵⁶ *Id.*

⁵⁷ *Rollo*, Vol. II, p. 917.

estoppel against petitioners barring them from relitigating the issue. As established earlier, it is quite surprising that petitioners filed successive motions, not with the RTC Makati, but with the RTC Muntinlupa to postpone the execution sale, nullify the execution sale conducted thereafter, and insist on the execution of the Stay Order against the sale of the Rosegold Resort. Petitioners' action allowed two coordinate courts to interfere with each others' judgments and resulted in the issuance of confusing and conflicting orders thereby seriously hindering the timely administration of justice.

It is also to be emphasized that petitioners, at this stage, may no longer question the proceedings in relation to the properties sold at the execution sale, including the propriety of the bid of Herarc Realty. A certificate of sale had already been issued which, in effect, is full satisfaction of the partial judgment of the RTC Makati. It had passed beyond review and the RTC Makati already lost its jurisdiction over the case. Hence, the execution sale of the Rosegold Resort could no longer be questioned. There are no more proceedings to speak of inasmuch as these were terminated by the satisfaction of the judgment. When a judgment has been satisfied, it passes beyond review since satisfaction thereof is the last act and the end of the proceedings.⁵⁸ It is axiomatic that after a judgment has been fully satisfied, the case is deemed terminated once and for all.⁵⁹

Petitioners may argue that the RTC Makati had no jurisdiction over their person. Nonetheless, as receivers/appointees in the insolvency proceedings, they are duty-bound to preserve the assets of Spouses Baladjay and protect their interests for the benefit of the latter's creditors in all proceedings in *any* court. As correctly observed by the CA in CA-G.R. Nos. 93818 and 93823:

Secondly, the Assignees in Spec. Proc. Case No. 03-026 were not vigilant in protecting the rights or interests of the creditors in the case. Neither were they faithful in their duties as assignees of the same in that they failed to take any kind of action to manifest before the Makati RTC that the properties of RAB are, or may be, involved in the insolvency proceedings then pending before the Muntinlupa RTC.

⁵⁸ *Spouses Malolos v. Dy*, 382 Phil. 709, 716 (2000), citing Moran, *Comments on the Rules of Court*, 1979 ed. Vol. II, p. 405.

⁵⁹ *Id.*, citing *Freeman, Inc. v. Securities and Exchange Commission*, 304 Phil. 139, 147 (1994).

The Assignees prior knowledge of the case against RAB before the Makati-RTC is proven by the fact that way back April 19, 2004, Assignee Dr. Rafael Manalo, (Assignee Manalo, for brevity) then acting as receiver, sought for the stay of the Makati RTC-decreed execution sale. The catch, however, is that, instead of seeking the aid of Judge Quilala of the Makati RTC to stay the execution sale set by the same, Assignee Manalo and his then co-receiver opted to seek recourse from Judge Guerrero of the Muntinlupa RTC. Through their act, Judge Quilala was kept in the dark and/or was not made aware of the insolvency proceedings. As early as this stage, the Assignees have been guilty of laches or estoppel.

To Our mind, the Assignees could and should have made their challenge and taken action before the proper court, *i.e.*, Makati RTC, to stop the proceedings or, at the very least, to manifest before the same that a stay order was issued by the Muntinlupa RTC. They did not. Instead, they trifled with the ordinary administration of both courts' businesses in that they, in the process, created a situation where two (2) different fora made conflicting issuances. For which reason, Judge Quilala and/or Makati Sheriff, Antonio Mendoza, could not be faulted for proceeding with the levy and, thereafter, sale in execution of RAB's properties.

Moreover, the Assignees allowed the execution sale to take place and the subject realties to be awarded to Herarc as the highest bidder. To make matters worst, they even allowed the proceedings to be completed and, during the one-year period of redemption, wasted anew their opportunity to protest and/or redeem the realties.

x x x x

The Assignees' indifference to the Makati RTC proceedings in Civil Case Nos. 03-002 and 03-122 is quite evident as it was only after the Writ of Possession in favor of Herarc was issued on March 14, 2006, and a notice to vacate was served on them on March 15, 2006 that they intervened, specifically on March 17, 2006, in Civil Case Nos. 03-002 and 03-122 at the Makati RTC to impugn the aforestated writ and the execution proceedings thereon. Clearly, the Assignees' inaction in this case has amounted to laches and/or estoppel.⁶⁰ (Underscoring in the original.)

The exclusion of the Rosegold Resort from the ambit of the insolvency proceedings before the RTC Muntinlupa had already been settled and had attained finality.

⁶⁰ Rollo, Vol. II, pp. 881-883.

The same principle applies to the issue of the Stay Order. To recall, the issue as to whether the Stay Order covered the Rosegold Resort which was made the basis of petitioners in disputing the execution sale had already been resolved by the Court with finality. As a matter of fact, the Break-Open Order of the RTC Muntinlupa which ordered Herarc Realty to turnover the Rosegold Resort to petitioners had been vacated by the CA in its Decision in CA-G.R. SP Nos. 93818 and 93823 which the Court affirmed in G.R. Nos. 178112 and 178118. The case docketed as CA-G.R. SP No. 110088 filed by petitioners even dealt with the execution of the above-mentioned ruling of the Court as to the exclusion of the Rosegold Resort from the insolvency proceedings which the Court also affirmed in a Resolution⁶¹ dated February 1, 2012 docketed as G.R. No. 195544, that was further affirmed with finality on June 20, 2012.⁶²

Conclusiveness of judgment applied to the Batangas Complaint which only aimed to resurrect long resolved and settled issues involving the Stay Order and the execution sale.

Now, was the dismissal of the Batangas Complaint on the ground of conclusiveness of judgment warranted?

For conclusiveness of judgment, the identity of issues means that the right, fact, or matter in issue has previously been either “directly adjudicated or necessarily involved in the determination of an action” by a competent court.⁶³

The concept applies to the present case.

Petitioners again seek refuge in the alleged nullity of the same execution sale which, as earlier discussed, was already ruled upon with finality. In other words, the question of the validity of the execution sale had long been settled. The same question, therefore, cannot be raised

⁶¹ *Id.* at 916.

⁶² *Id.* at 917.

⁶³ *Heirs of Cornelio Miguel v. Heirs of Angel Miguel*, *supra* note 45 at 95.

again in a different proceeding in a different court. Although the action instituted in the Batangas Complaint is technically different from that filed before the RTC Makati for the satisfaction of its final judgment through an execution sale, the concept of conclusiveness of judgment still applies because under this principle, the identity of causes of action is not required, but merely the identity of issues. Simply put, conclusiveness of judgment bars the relitigation of particular facts or issues in another proceeding between the same parties on a different claim or cause of action. It is misleading for petitioners to correlate the nature of the action instituted before the RTC Batangas with the petitions filed in the CA. While it is true that the Batangas Complaint differed in terms of the cause of action with those of the petitions filed in the CA for *certiorari* and prohibition, the issues raised therein were identical and related as they were both rooted in the disputed ownership over the Rosegold Resort.

Corollarily, the issue on the inclusion of the Rosegold Resort in the execution sale, the subsequent execution sale, and the writ of possession issued to Herarc Realty as a consequence of the execution sale had been necessarily resolved in the satisfaction of the final and executory judgment of the RTC Makati. Petitioners are misleading the Court in filing the Batangas Complaint and alleging that none of the issues involved in the execution of the judgment in the Makati Complaints and the Stay Order in the Muntinlupa petition is similar or related to the Batangas Complaint.

At the risk of being repetitive, the Court stresses that the primary issue in the execution proceedings in the RTC Makati which had an effect on the insolvency proceedings before the RTC Muntinlupa was whether the execution sale was valid in relation to the Stay Order. The Batangas Complaint is deeply anchored on this same and exact execution sale and Stay Order. As earlier explained, the final and executory judgment which covered the issuance of the writ of possession to Herarc Realty and the exclusion of the Rosegold Resort from the Stay Order necessarily implied that Herarc Realty, as registered owner thereof, should be respected in its rights as the new owner. Clearly, the judgment in the cases on matters surrounding the Stay Order and the execution sale which already attained finality is conclusive upon the Batangas Complaint, there being a similarity of issues in the cases. Petitioners cannot, therefore, resurrect the issues against Herarc Realty



without violating the principle of *res judicata*, which barred the filing of the Batangas Complaint by conclusiveness of judgment.

Indeed, the CA's earlier pronouncements concerning the Stay Order and execution sale had become conclusive on the parties pursuant to Section 47(c)⁶⁴ of Rule 39 of the Rules of Court. The parties are bound by the matters adjudged and those that are actually and necessarily included therein. Under the doctrine of conclusiveness of judgment, also known as "preclusion of issues" or "collateral estoppel," issues actually and directly resolved in a former suit cannot again be raised in any future case between the same parties involving a different cause of action.⁶⁵

Lastly, petitioners submit that the Omnibus Motion had, in effect, allowed the filing of a motion for reconsideration beyond the reglementary period for questioning the earlier denial by the RTC Batangas of Herarc Realty's motion to dismiss.

The Court is not convinced.

The dismissal of the Batangas Complaint was by reason of the recognition by the RTC Batangas of the Decision of the CA in CA-G.R. SP No. 110088 as affirmed by the Court in G.R. No. 195544. Obviously, these court pronouncements were made in 2012, or a year after the Order dated June 6, 2011 of the RTC Batangas which initially denied the motion to dismiss. Although it could technically be categorized as a motion for reconsideration, the fact that there is a court ruling rendered only after the reglementary period for filing of a motion for reconsideration does not deter the Court from dismissing the Batangas Complaint and applying the principle of conclusiveness of judgment. Thus, the CA did not err in affirming the dismissal by the RTC Batangas of the Batangas Complaint.

⁶⁴ Section 47(c) of Rule 39 of the Rules of Court provides:

Section 47. *Effect of judgments or final orders.* — The effect of a judgment or final order rendered by a court of the Philippines, having jurisdiction to pronounce the judgment or final order, may be as follows:

x x x x

(c) In any other litigation between the same parties or their successors in interest, that only is deemed to have been adjudged in a former judgment or final order which appears upon its face to have been so adjudged, or which was actually and necessarily included therein or necessary thereto.

⁶⁵ *Tan v. Court of Appeals*, *supra* note 44.

WHEREFORE, the petition is **DENIED**. The Decision dated July 20, 2017 and the Resolution dated February 28, 2018 of the Court of Appeals in CA-G.R. CV No. 102990 are hereby **AFFIRMED**.

SO ORDERED.

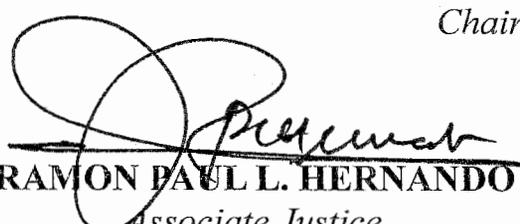


HENRI JEAN PAUL B. INTING
Associate Justice

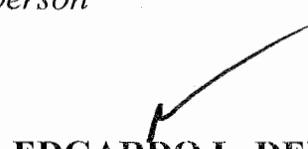
WE CONCUR:



MARVIC M.V.F. LEONEN
Associate Justice
Chairperson



RAMON PAUL L. HERNANDO
Associate Justice



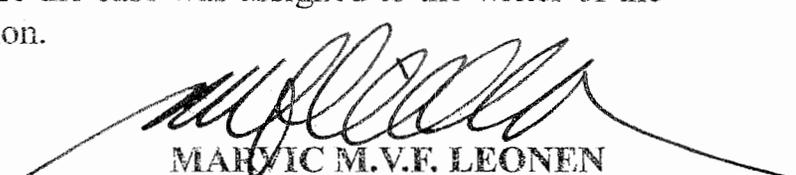
EDGARDO L. DELOS SANTOS
Associate Justice



JHOSEP Y. LOPEZ
Associate Justice

ATTESTATION

I attest that the conclusions in the above Resolution 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 Resolution 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