



Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

NOTICE

Sirs/Mesdames:

Please take notice that the Court, First Division, issued a Resolution dated February 3, 2021 which reads as follows:

“G.R. No. 221521 (Joan N. Padua, Argentina T. Pardilla, Mercedita S. Salaver, et al., Petitioners, v. Heirs of Dominador & Aurora De Guzman, et al., Respondents). – This Petition for Review on Certiorari¹ seeks to reverse and set aside the Decision² dated 24 April 2015 and the Resolution³ dated 24 August 2015 of the Court of Appeals (CA) in CA-G.R. CV No. 03351-MIN, which dismissed the appeal filed by the petitioners assailing the Order⁴ dated 28 August 2012 of Branch 16, Regional Trial Court (RTC) of Davao City in Civil Case Nos. 33,995-11 to 34,005-11.

Antecedents

De Guzman Subdivision is a low-cost subdivision owned by spouses Dominador and Aurora de Guzman (Spouses De Guzman). Allegedly in 1977, Spouses De Guzman sold their property to Antonio Bangoy (Antonio), Aurora's brother and a subdivision developer. The property's title was surrendered to Antonio, who immediately commenced development of the property on the same year. Thereafter, Antonio started to subdivide the property and sell the lots to petitioners.

In 2010, however, the heirs of Spouses De Guzman asserted ownership of the property, including the lots sold to petitioners by Antonio. Consequently, the subdivision homeowners filed 26 actions

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¹ *Rollo*, pp. 18-38.

² *Id.* at 42-54; penned by Associate Justice Henri Jean-Paul B. Inting (now a Member of this Court) and concurred in by Associate Justices Edgardo A. Camello and Maria Filomena D. Singh of the Special Twenty-Second Division, Court of Appeals, Cagayan de Oro City.

³ *Id.* at 58-64.

⁴ *Id.* at 77-83; penned by Presiding Judge Emmanuel C. Carpio.

for Quieting of Title against the heirs of Spouses De Guzman. 13 of the cases were raffled before Branch 16, RTC of Davao City (Branch 16), while the rest were raffled to Branch 15 thereof. Two (2) of the petitioners in the cases before Branch 16, however, failed to pursue their action, leaving only 11 cases. These are the eleven 11 cases herein for review.⁵

The heirs of Spouses De Guzman filed, in both RTC Branches 15 and 16, a motion to dismiss the aforementioned actions alleging, among others, they are barred by *res judicata*. They averred that Doña Caridad and De Guzman Subdivision Home Lot Owners, Inc., composed of homeowners including herein petitioners, have already filed an action against the Estate of Spouses De Guzman before the Housing and Land Use Regulatory Board (HLURB) for Specific Performance praying to compel Spouses De Guzman to issue titles in favor of the homeowners. Spouses De Guzman, however, assailed the deeds of sale to the homeowners for being void as Antonio sold the property without their authority.

Eventually, the HLURB found that Antonio acted without authority and misrepresented himself as the registered owner-seller of the lots. Thus, the sales to the homeowners, including petitioners herein, were declared null and void. The HLURB Decision in HLURB Case No. REM-0292-C-96-LSG-X1-REM-021298-0133 dated 10 May 1999 became final.⁶

Petitioners opposed the motion to dismiss, filed by the heirs of Spouses De Guzman, maintaining that *res judicata* does not apply because the HLURB has no jurisdiction to nullify the deeds of sale nor over issues involving title, possession or any interest in real property. Branch 15 granted petitioner's opposition and denied the motion for reconsideration filed by the heirs of Spouses De Guzman thereon. Presently, the actions therein are subject to mediation.⁷

Meanwhile, Branch 16 rendered an Order finding that *res judicata* had set in. It held that the issues before the HLURB included the validity of the Deeds of Sale and the Contracts to Sell executed by Antonio in favor of the homeowners and the homeowners as buyers in good faith. It underlined the HLURB's ruling that:(1) records are bereft of a written authority of Antonio to sell the property or any showing that he became the owner thereof; (2) Antonio never acquired ownership of the subject property despite delivery of the title to him;

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⁵ *Id.* at 46.

⁶ *Id.*

⁷ *Id.* at 47.

and (3) the homeowners failed to exercise diligent efforts to ascertain the authority of Antonio despite knowing that the land was owned by the Spouses De Guzman. Based thereon, Branch 16 resolved that there is *res judicata* by conclusiveness of judgment. After all, petitioners assert not only the validity of the sale by the Spouses de Guzman to Antonio but also their respective ownership of the property, which were already ruled upon by the HLURB.⁸

Branch 16 further adjudged that if trial on the merits continues, the court will relitigate the very same issues the HLURB ruled upon, including whether or not: (1) petitioners have rights over the property; (2) the Deeds of Sale and Contracts to Sell executed by Antonio in favor of petitioners are valid; and (3) petitioners are buyers in good faith. Hence, Branch 16 ruled that there is identity of parties and of the issues involved in the instant action and in the case before the HLURB; and that to reopen such issues, even if foreclosed by HLURB, would run counter to the doctrine of *res judicata* in the aspect of conclusiveness of judgment.⁹

Petitioners filed a motion for reconsideration which Branch 16 denied on 23 November 2012.¹⁰ Dissatisfied, petitioner filed an appeal with the CA.¹¹

Ruling of the CA

On 24 April 2015, the CA dismissed the appeal, *viz*:

WHEREFORE, the instant appeal is DISMISSED. The August 28, 2012 and November 23, 2012 Orders of the Regional Trial Court, Branch 16, Davao City in Civil Case Nos. 33,995-11 to 34,005-11 are AFFIRMED.

SO ORDERED.¹²

In finding the appeal bereft of merit, the CA found petitioners bereft of the right to compel the heirs of Spouses De Guzman to perform their duties imposed under said law in the absence of a valid sale. According to the CA, the HLURB ruled there was no sale at all since the supposed seller, Antonio, had no authority to represent the owners, Spouses De Guzman, and sell the latter's property. The HLURB found that the essential requisites of a valid contract are wanting in order to sustain the sale to petitioners.¹³

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⁸ *Id.*

⁹ *Id.*

¹⁰ *Id.* at 84-86.

¹¹ *Id.* at 48.

¹² *Id.* at 53.

¹³ *Id.* at 48-49.

The CA likewise emphasized that the HLURB has the jurisdiction to entertain the issue of the seller's authority and the legitimacy of the subject sale on which the petitioners' title rests.¹⁴ To determine the liability of a subdivision owner or developer for violations of PD 957, the HLURB is clothed with power to ascertain primarily the validity of the sale which necessarily includes the capacity of the parties to enter into the contract, among other conditions.¹⁵

Accordingly, the CA affirmed the RTC that *res judicata* by conclusiveness of judgment applies in the instant case as the issues being raised before the RTC for quieting of title and reconveyance have been resolved with finality by the HLURB in the specific performance case. One of the issues posed, and eventually decided by the HLURB, was the validity of the sale to petitioners.¹⁶ Consequently, because the HLURB was in a position to determine the validity of the sale to petitioners, and has in fact made findings thereon in favor of the estate of De Guzman, such conclusion can no longer be disturbed again in the present action lest the doctrine of *res judicata* would be transgressed.¹⁷

Further, the CA underlined that a ruling adverse to petitioners would not result to an inequitable administration of justice as they will be duly refunded of their payments including their costs for the improvements introduced on the lot per HLURB decision.¹⁸ Petitioners' sought a reconsideration of the CA's ruling but the same was denied by Resolution dated 24 August 2015.¹⁹ Hence, this Petition for Review on *Certiorari*.

Issues

Aggrieved by the CA's decision, petitioners now raise the following issues for the Court's discussion:

I.

WHETHER OR NOT THE HLURB HAS COMPETENT JURISDICTION OVER ISSUES OF OWNERSHIP

II.

WHETHER OR NOT RES JUDICATA BY CONCLUSIVENESS OF JUDGMENT IS APPLICABLE.

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¹⁴ *Id.* at 49.

¹⁵ *Id.* at 50.

¹⁶ *Id.* at 51.

¹⁷ *Id.* at 53 and 63.

¹⁸ *Id.*

¹⁹ *Id.* at 58-64.

III.

ASSUMING RES JUDICATA IS APPLICABLE, WHETHER OR NOT THE APPLICATION OF THE RULE ON RES JUDICATA BY CONCLUSIVENESS OF JUDGMENT WOULD RESULT TO INEQUITABLE ADMINISTRATION OF JUSTICE.²⁰

Essentially, the issues are whether or not the CA erred in dismissing petitioners' appeal.

Ruling of the Court

Petitioners assert the inapplicability of the principle of *res judicata* by conclusiveness of judgment premised on the HLURB's lack of jurisdiction to determine issues of ownership. According to petitioners, it is the RTC, and not the HLURB that exercises exclusive original jurisdiction in all civil actions which involve the title to, or possession of, real property, or any interest therein.

We are not persuaded.

The HLURB ruling adverted to by petitioners had long been declared as final and executory; the same having been decided more than 20 years ago in 1999, and the homeowners involved therein, including herein petitioners, having failed to appeal the same. Under the doctrine of immutability of judgment, once a judgment becomes final, it is no longer subject to change, revision, amendment or reversal, except only for correction of clerical errors, or the making of *nunc pro tunc* entries which cause no prejudice to any party, or where the judgment itself is void.²¹

None of the recognized exceptions to the doctrine of immutability of final judgments was raised in the instant case. Moreover, petitioners never questioned the jurisdiction of the HLURB in the specific performance case, and even allowed the same judgment to lapse into finality by failing to file an appeal. It was only when the heirs of Spouses De Guzman raised the issue of *res judicata* that petitioners conveniently proffered the alleged lack of jurisdiction by the HLURB to nullify the deeds of sale. Verily, it is axiomatic that final and executory judgments can no longer be attacked by any of the parties or be modified, directly or indirectly, even by the highest court of the land.²² After all, it is already well settled in our jurisdiction that

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²⁰ *Id.* at 27.

²¹ *Philippine Health Insurance Corp. v. Commission on Audit*, G.R. No. 222710, 24 July 2018 [Per Justice Tijam].

²² *Peralta v. De Leon*, G.R. No. 187978, 24 November 2010, 650 Phil. 592 (2010) [Per Justice Perez].

the decisions and orders of administrative agencies rendered pursuant to their quasi-judicial authority, have, upon their finality, the force and binding effect of a final judgment within the purview of the doctrine of *res judicata*.²³

In any event, the HLURB has jurisdiction over annulment of titles, mortgage, and sale if the same were necessarily entwined and/or intimately related to the issues within its jurisdiction.²⁴ Stated differently, the HLURB may decide on the perfection of contracts of sale when it relates to actions for specific performance to deliver certificates of title necessarily hinged on the enforcement of contractual and statutory obligations by the parties.²⁵ This was reiterated by the Court in *Bank of the Philippines Islands v. ALS Management and Development Corporation*,²⁶ to wit:

[T]he jurisdiction of the HLURB over cases enumerated in Section 1 of PD No. 1344 is exclusive. Thus, we have ruled that the board has sole jurisdiction in a complaint of specific performance for the delivery of a certificate of title to a buyer of a subdivision lot; for claims of refund regardless of whether the sale is perfected or not; and for **determining whether there is a perfected contract of sale**.

Further, in *Osea v. Ambrosio*, this Court held that the provisions of PD 957 were intended to encompass all questions relating to subdivisions. This intention was aimed to provide for an appropriate government agency, which is the HLURB, to which all parties aggrieved in the implementation of provisions and the enforcement of contractual rights with respect to said category of real estate may take recourse.²⁷ When an administrative agency or body is conferred quasi-judicial functions, all controversies relating to the subject matter pertaining to its specialization are deemed to be included within the jurisdiction of said administrative agency or body. Split jurisdiction is

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²³ *Peña v. Government Service Insurance System*, G.R. No. 159520, 19 September 2006, 533 Phil. 670 (2006) [Per Justice Chico-Nazario].

²⁴ See *Amoguis v. Ballado*, G.R. No. 189626, 20 August 2018 [Per Justice Leonen]; *San Miguel Properties, Inc. v. BF Homes, Inc.*, G.R. No. 169343, 05 August 2015 [Per Justice Leonardo-De Castro]; and *Spouses Vargas v. Spouses Caminas*, G.R. Nos. 137869 & 137940, 12 June 2008, 577 Phil. 185 (2008) [Per Justice Carpio].

²⁵ *Geronimo v. Spouses Calderon*, G.R. No. 201781, 10 December 2014, 749 Phil. 871 (2014) [Per Justice Villarama]; *San Miguel Properties, Inc. v. BF Homes, Inc.*, G.R. No. 169343, 05 August 2015 [Per Justice Leonardo-De Castro] citing *Bank of the Philippine Islands v. ALS Management & Development Corp.*, G.R. No. 151821, 14 April 2004, 471 Phil. 544 (2004) [Per Justice Panganiban]; *Calara v. Francisco*, G.R. No. 156439, 29 September 2010, 646 Phil. 122 (2010) [Per Justice Perez].

²⁶ G.R. No. 151821, 14 April 2004, 471 Phil. 544 (2004) [Per Justice Panganiban].

²⁷ G.R. No. 162774, 07 April 2006, 521 Phil. 92 (2006) [Per Justice Carpio-Morales].

not favored.²⁸ Therefore, a complaint raising the issue of ownership and title will not automatically characterize it as a real action as to confer jurisdiction on the RTC.²⁹

Here, the complaint for specific performance filed by petitioners, though involving title to, possession of, or interest in real estate, was well within the jurisdiction of the HLURB for it involves a claim against respondents who are the subdivision owners. The suit is clearly hinged on petitioner's demand to compel the performance of respondents' contractual and statutory obligations. In fine, petitioners were enforcing their statutory and contractual rights against the subdivision owners. The case, without a doubt, falls under the HLURB's exclusive jurisdiction.

Res judicata by conclusiveness of judgment applies in the instant case

Res judicata (meaning, a "matter adjudged") is a fundamental principle of law which precludes parties from re-litigating issues actually litigated and determined by a prior and final judgment. It means that "a final judgment or decree on the merits by a court of competent jurisdiction is conclusive of the rights of the parties or their privies in all later suits on all points and matters determined in the former suit."³⁰ Notably, this doctrine applies to both judicial and quasi-judicial proceedings of public, executive, or administrative officers and boards acting within their jurisdiction.³¹

The principle of *res judicata* lays down two main rules: (1) the judgment or decree of a court of competent jurisdiction on the merits concludes the litigation between the parties and their privies and constitutes a bar to a new action or suit involving the same cause of action either before the same or any other tribunal; and (2) any right, fact, or matter in issue directly adjudicated or necessarily involved in the determination of an action before a competent court in which a judgment or decree is rendered on the merits is conclusively settled by the judgment therein and cannot again be litigated between the parties and their privies whether or not the claims or demands, purposes, or subject matters of the two suits are the same. The first rule which

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²⁸ *Supra* at 23.

²⁹ *Concorde Condominium, Inc. v. Philippine National Bank*, G.R. Nos. 228354 & 228359, 26 November 2018 [Per Justice Gesmundo].

³⁰ *De Leon v. Dela Llana*, G.R. No. 212277, 11 February 2015, 753 Phil. 692 (2015) [Per Justice Perlas-Bernabe].

³¹ *See Commissioner of Internal Revenue v. Pilipinas Shell Petroleum Corp.*, G.R. Nos. 197945 & 204119, 09 July 2018 [Per Justice Leonardo-De Castro]; *Supra* at note 23.

corresponds to paragraph (b) of Section 47 of the Rules of Court, is referred to as "bar by former judgment"; while the second rule, which is embodied in paragraph (c), is known as "conclusiveness of judgment."³²

To recall, petitioners instituted the complaint for specific performance to enforce respondents' obligation allegedly arising from the Deeds of Sale and Contracts to Sell. The same was filed upon respondents' failure to deliver the certificates of title and hinged on respondents' breach of contract. On the other hand, petitioners filed the complaint for quieting of title upon respondents' assertion of ownership in 2010. The same is brought to remove a cloud on title to real property or any interest therein, or to prevent a cloud from being cast upon such title or any interest therein.³³

From the foregoing, there is no identity of causes of action between the two cases. One is an ordinary civil action and the other a special civil action. Moreover, they were instituted due to different, separate acts and/or omission of respondents in violation of petitioners' supposed rights. The first is to enforce the contract and the second is to remove a cloud on and enjoy ownership of the property. Hence, the first kind of *res judicata*, or bar by former judgment is inapplicable in this case.

Notwithstanding, the second kind of *res judicata*, or conclusiveness of judgment, applies. There is *res judicata* by conclusiveness of judgment when all the following elements are present: (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, but not identity of causes of action.³⁴ Therefore, the parties and issues in the two (2) cases must be the same for *res judicata* by conclusiveness of judgment to apply.³⁵

The parties in the two cases are considered the same even when they are not identical if they share substantially the same interest. It is

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³² *Facura v. Court of Appeals*, G.R. Nos. 166495, 184129 & 184263, 16 February 2011, 658 Phil. 554 (2011) [Per Justice Mendoza]; *see also Presidential Decree No. 1271 Committee v. De Guzman*, G.R. Nos. 187291 & 187334, 05 December 2016, 801 Phil. 731 (2016) [Per Justice Leonen].

³³ *See Phil-Ville Development and Housing Corp. v. Bonifacio*, G.R. No. 167391, 08 June 2011, 666 Phil. 325 (2011) [Per Justice Villarama]; *Salvador v. Patricia, Inc.*, G.R. No. 195834, 09 November 2016, 799 Phil. 116 (2016) [Per Justice Bersamin].

³⁴ *Heirs of Elliot v. Corcuera*, G.R. No. 233767, 27 August 2020 [Per Justice Lazaro-Javier].

³⁵ *Id.*

enough that there is privity between the party in the first case and in the second case, as when a successor-in-interest or an heir participates in the second case.³⁶ On the other hand, there is identity of issues when a competent court has adjudicated the fact, matter, or right, or when the fact, matter, or right was "necessarily involved in the determination of the action[.]" To determine whether an issue has been resolved in the first case, it must be ascertained that the evidence needed to resolve the second case "would have authorized a judgment for the same party in the first action." Thus, if the fact or matter litigated in the first case is re-litigated in the second case, it is barred by *res judicata* by conclusiveness of judgment.³⁷

The above-mentioned elements are all present in the instant case. First, the HLURB Decision dated 10 May 1999 had long attained finality. Second, the HLURB has jurisdiction to determine the contractual obligations of petitioners and respondents, as buyers and owners of subdivision lots, respectively, under the terms and conditions of the Deeds of Absolute Sale and Contracts to Sell in relation to the provisions of PD 957. Third, said Decision adjudged with finality petitioners' claim as regards their rights over the property in issue. Fourth, the parties in the HLURB case and here are the same, namely, petitioners and respondents. Certainly, there is privity between petitioners and the Doña Caridad & De Guzman Subd. Home Lot Owners, Inc. in that they substantially share the same interest and petitioners herein are members of the association.

To be sure, the issues passed upon by the HLURB in determining the contractual obligations of the parties, specifically whether or not: (1) petitioners have rights over the property; (2) the Deeds of Sale and Contracts to Sell executed by Antonio in favor of petitioners are valid; and (3) petitioners are buyers in good faith, shall also be adjudged in a complaint for quieting of title. The two cases, although involving different causes of action, have the same underlying issue, that is, whether or not petitioners have rights over the property in issue.

Indeed, quieting of title is a common law remedy grounded on equity. The competent court is tasked to determine the **respective rights of the complainant and other claimants**, not only to put things in their proper place, to make the one who has no rights to said immovable respect and not disturb the other, but also for the benefit of

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³⁶ *Id.*

³⁷ *Id.*; see also *Casa Milan Homeowners Association, Inc. v. The Roman Catholic Archbishop of Manila*, G.R. No. 220042, 05 September 2018 [Per Justice Carpio].

both, so that he who has the right would see every cloud of doubt over the property dissipated, and he could afterwards without fear introduce the improvements he may desire, to use, and even to abuse the property as he deems best.³⁸

Prescinding from the above, the conclusion in HLURB Case No. REM-0292-C-96-LSG-X1-REM-021298-0133 that the Deeds of Absolute Sale and Contracts to Sell by and between petitioners and Antonio are null and void, is conclusive upon this case. Verily, in determining the respective rights of the complainant and other claimants in an action for quieting of title, the validity of the Deeds of Absolute Sale and Contracts to Sell is a material, if not a decisive, factor. The determination of petitioners' right over the property hinges on the validity of the Deeds of Sale and Contracts to Sell. Since the issue of said validity had been resolved in the case for Specific Performance before the HLURB, it cannot again be litigated in the instant case without virtually impeaching the correctness of the decision of the former case.³⁹

As an aside, the Court agrees with the CA that the application of the doctrine of *res judicata* by conclusiveness of judgment in resolving the instant case would not result to an inequitable administration of justice since petitioners will be duly refunded of their payments, including their costs for the improvements, as explicitly ordered in the HLURB Decision.

WHEREFORE, the petition is hereby **DENIED**. Accordingly, the Decision dated 24 April 2015 and the Resolution dated 24 August 2015 of the Court of Appeals in CA-G.R. CV No. 03351-MIN are **AFFIRMED**.

SO ORDERED.”

By authority of the Court:


LIBRADA C. BUENA
Division Clerk of Court
5/26/14

by:

MARIA TERESA B. SIBULO
Deputy Division Clerk of Court

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³⁸ *Filipinas Eslon Manufacturing Corp. v. Heirs of Llanes*, G.R. No. 194114, 27 March 2019 [Per Justice Caguioa].

³⁹ *See Casa Milan Homeowners Association, Inc. v. The Roman Catholic Archbishop of Manila*, G.R. No. 220042, 05 September 2018 [Per Justice Carpio].



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