

SECOND DIVISION

[G.R. NO. 137694, January 17, 2005]

DEVELOPMENT BANK OF THE PHILIPPINES, PETITIONER, VS. LA CAMPANA DEVELOPMENT CORPORATION (FORMERLY KNOWN AS LA CAMPANA FOOD PRODUCTS, INC.), THE REGISTER OF DEEDS OF QUEZON CITY, HON. COURT OF APPEALS, AND REGIONAL TRIAL COURT, BRANCH 225, QUEZON CITY, RESPONDENTS.

D E C I S I O N

CHICO-NAZARIO, J.:

Before us is a petition for review on *certiorari* under Rule 45^[1] filed by the Development Bank of the Philippines (DBP), assailing the Decision^[2] and Resolution^[3] of the Court of Appeals in CA-G.R. SP No. 47097 promulgated on 21 September 1998 and 25 February 1999, respectively.

On 04 March 1997, a Complaint for Annulment of Consolidation of Titles was filed by La Campana Development Corporation (La Campana) against DBP and the Register of Deeds of Quezon City, before the Regional Trial Court (RTC), Quezon City, Branch 225.^[4] The case was docketed as Civil Case No. Q-97-30426.

In the Complaint, La Campana alleged, among other things,

1. It has various real properties located in Quezon City originally covered by T.C.T. Nos. 33035, 33036, 45869, 45870, 45871, 42868 and 23617, and later reconstituted, for which new titles were issued bearing T.C.T. Nos. RT-10009 (45870), RT-10010 (45871), RT-10011 (45869), RT-10012 (42868), RT-10013 (33036), RT-10014 (33035) and RT-10015 (23617);
2. Pursuant to various mortgages which it has constituted over the above-mentioned properties, the same were foreclosed allegedly on 25 March 1976 and on 31 March 1976, for which a **Certificate of Sale was issued and inscribed on 30 April 1976 as PE-9167/T-23617;**
3. Pursuant to the order of the Honorable Court of Appeals, **the said Certificate of Sale inscribed was ordered cancelled on 28 March 1977,** and which was inscribed on 29 March 1977 as PE-1522/T-23617;
4. The said **Certificate of Sale has not been re-annotated after its cancellation even up to the present,** hence, the right of redemption of the plaintiff has not yet expired and accordingly, DBP cannot as yet consolidate in its name the said titles;
5. Despite such lack of right to consolidate the said titles as La

Campana's right of redemption has not yet expired, DBP, in wanton violation of law had caused the consolidation of the titles in its name, and new titles were issued;

6. In a case decided by the Honorable Court of Appeals which was docketed as CA-G.R. CV No. 34856, said court rendered a Decision promulgated on 03 November 1994 in favor of DBP, however, said Decision did not authorize DBP to consolidate the questioned titles in its name and neither did the Decision order the cancellation of the titles in the name of La Campana;

7. The consolidation resorted to by DBP, of the titles in question, was in violation of the express terms of the Decision of the Court of Appeals. (Emphases ours).^[5]

Accordingly, La Campana prayed that the consolidated titles in the name of DBP be declared null and void, and that it be declared to be the registered owner of the same. It likewise prayed that the Register of Deeds of Quezon City be ordered to cancel the consolidated titles in the name of DBP, and to reinstate its cancelled titles.

La Campana filed an Urgent Motion For The Issuance Of A Writ of Preliminary Injunction with prayer for Temporary Restraining Order dated 14 March 1997 before the trial court.

On 18 March 1997, the trial court issued an Order^[6] enjoining DBP from proceeding to oust La Campana and its tenants from possession of the premises involved before the matter of the issuance of a writ of preliminary mandatory injunction can be heard.

DBP then filed an Omnibus Motion to Dismiss, Cite Plaintiff, Ricardo S. Tantongco, and Counsel in Contempt of Court, and to Reconsider Order dated 18 March 1997.^[7] DBP raised the following grounds in support of the motion:

- a. La Campana's right of redemption had already expired per Decision of the Court of Appeals in CA-G.R. CV No. 34856, hence, the case is already barred by the principle of *res judicata*;
- b. La Campana's attempt to revive and to relitigate the case constitutes forum shopping, hence, the case is dismissible pursuant to Supreme Court Circular No. 04-94; and
- c. Plaintiff, Ricardo S. Tantongco, and Counsel are guilty of contempt of court due to forum shopping.

A Manifestation and Supplemental Motion to Dismiss^[8] dated 04 April 1997 was further filed by DBP. Through it, DBP informed the trial court that because of the finality of the Decision of the Court of Appeals in CA-G.R. CV No. 34856, it filed a Motion for the Issuance of Writ of Execution^[9] before the RTC, Quezon City, Branch 76 (the court of origin of CA-G.R. CV No. 34856), which was granted in an Order^[10] dated 31 March 1997.

In a Resolution,^[11] dated 18 April 1997, the trial court dismissed the complaint of La Campana on the ground of *res judicata*. An exchange of pleadings thereafter ensued.^[12] On 28 October 1997, the trial court issued the first assailed Order^[13] reinstating the complaint of La Campana. The decretal portion of said Order is quoted as follows:

WHEREFORE, premises considered, the Court's resolution dated April 18, 1997 is hereby reconsidered and set aside. The instant complaint is hereby reinstated. The hearing on the issue of whether there is still a need for registering and/or re-annotating the allegedly cancelled annotation of the certificate of sale is hereby set on February 9, 1998 at 2:00 o'clock in the afternoon, Hall of Justice, Annex Building, Quezon City.

DBP filed a Motion for Reconsideration^[14] dated 17 November 1997 of the aforementioned Order. An Opposition/Comment^[15] was thereafter filed by La Campana dated 05 December 1997.

On 08 January 1998, the trial court issued the second assailed Order^[16] denying the Motion for Reconsideration of DBP, which is hereunder reproduced:

After a careful review of the arguments raised in the Motion for Reconsideration filed by defendant Development Bank of the Philippines thru counsel on November 21, 1997, and the Opposition/Comment thereto filed by plaintiff thru counsel on December 8, 1997, the Court hereby DENIES the motion for being bereft of merit.

DBP filed its Answer with Compulsory Counterclaim and Pre-Trial Brief on 02 February 1998 and 06 February 1998, respectively, where it made a reservation, thus:

Defendant DBP reserves the right to question in a proper proceeding in due time the incorrectness/impropriety of the issuance of the Order dated October 28, 1997 (which reconsidered and set aside the Resolution dated April 18, 1997 which ordered the dismissal of the instant case) and the Order dated January 8, 1998, which denied DBP's Motion for Reconsideration dated November 17, 1997 (Re: Order dated October 28, 1997).

This Answer With Compulsory Counterclaim is filed as a matter of extreme caution only.^[17]

DBP, thus, filed a petition for *certiorari* pursuant to Rule 65 of the Rules of Court before the Court of Appeals, citing grave abuse of discretion amounting to lack and/or excess of jurisdiction. This petition was docketed as CA-G.R. SP No. 46906. It was later dismissed by the Court of Appeals, Fourteenth Division, on a technicality due to improper affidavit of non-forum shopping and lack of certified true copy of the assailed Order dated 08 January 1998.^[18]

Rather than take issue with the Court of Appeals, DBP filed a Manifestation dated 11 March 1998 stating that it was abiding with the ruling of the Court of Appeals, and

will be re-filing said petition so as not to delay the resolution of the substantive issues raised in the petition.^[19]

Indeed, the petition was re-filed with the Court of Appeals on 16 March 1998, which was docketed as CA-G.R. SP No. 47097.^[20]

On 28 May 1998, the Twelfth Division of the Court of Appeals issued a Resolution^[21] quoted as follows:

Acting on the private respondent's [La Campana's] "Manifestation/Comment Ad Cautelam" and considering the petitioner's [DBP's] Comment filed thereto, the manifestation filed by the private respondent praying for the dismissal with finality of the instant petition is hereby Denied for lack of merit.

Private respondent is hereby given ten (10) days from receipt hereof to file its Comment/Answer to the petition. Petitioner is given a period of five (5) days from receipt of private respondent's Comment/Answer within which to file its Reply.

On 21 September 1998, the Court of Appeals promulgated a Decision,^[22] a part of which reads:

Viewed against the factual backdrop of this case, petitioner failed to clearly show that the respondent Court, in issuing the assailed orders, acted with grave abuse of discretion as defined by the foregoing time-tested legal standards. On the contrary, respondent Court acted cautiously and judiciously in reinstating the complaint of private respondent. Stated differently, the subject orders merely gave the contending parties an opportunity to present their cases with regard to the issues raised in the complaint.

ACCORDINGLY, the instant petition for certiorari and prohibition is hereby DENIED DUE COURSE and consequently DISMISSED.

DBP filed a Motion for Reconsideration.^[23] On 25 February 1999, the Court of Appeals issued a Resolution^[24] denying the Motion for Reconsideration.

The aforementioned Decision and Resolution of the Court of Appeals are now the subjects of the petition for review on *certiorari*^[25] before this Court.

The only issue raised by DBP in the petition, which private respondent also points out as one of its inquiries, is whether or not both respondent courts (RTC Branch 225, Quezon City and the Court of Appeals [Twelfth Division]) committed grave and reversible error and/or abuse of discretion amounting to lack of jurisdiction when said courts did not order the dismissal of Civil Case No. Q-97-30426, on the grounds of *res judicata* and forum shopping.^[26]

Stated another way, did the finality of the decision of the Court of Appeals in CA-G.R. CV No. 34856 dated 03 November 1994, entitled "La Campana Food Products, Inc. v. Development Bank of the Philippines and the Register of Deeds of Quezon

City,” constitute *res judicata* on the filing of Civil Case No. Q-97-30426?

DBP contends that the decision of the Court of Appeals in CA-G.R. CV No. 34856 constitutes a bar to the review/re-litigation of the same issue in this case.

Res judicata refers to the rule 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.^[27]

The elements of *res judicata* are as follows: (1) the former judgment or order must be final; (2) the judgment or order must be on the merits; (3) it must have been rendered by a court having jurisdiction over the subject matter and the parties; (4) there must be, between the first and the second actions, identity of parties, of subject matter and of cause of action.^[28]

All the aforementioned requisites must be present for *res judicata* to apply.

CA-G.R. CV No. 34856 originated from a Complaint for Release of Titles and Cancellation of Mortgages filed before the RTC, Quezon City, Branch 76, docketed as Civil Case No. Q-47948 by La Campana against DBP and the Register of Deeds of Quezon City.

The issues in that case, as outlined by the Court of Appeals, are the following:

1. whether the foreclosure sale was held on June 30, 1975 or on March 25, 1976;
2. whether or not DBP’s right as the purchaser in the foreclosure sale has been extinguished by prescription; and
3. whether or not DBP’s right to deficiency judgment has prescribed.

^[29]

The instant petition is for the Annulment of Consolidation of Titles filed by La Campana against DBP and the Register of Deeds of Quezon City. The issue being raised by La Campana in this case is that fraud, which was never hoisted in the other case, was employed in the consolidation of the subject titles. It contends that the redemption period did not actually run because while the Certificate of Sale was annotated in the titles, the annotations were cancelled, and had not been re-annotated since. Therefore, the requirement that the Sheriff’s Certificate of Sale must be annotated in the titles before the redemption period shall begin to run, was not complied with. As correctly held by the Court of Appeals in the present case:

. . . the Complaint for Annulment of Consolidation of Titles which deals with the issue of the validity of titles, *i.e.*, whether or not they were fraudulently issued, is a question which “[c]an only be raised in an action *expressly instituted for that purpose.*”^[30]

The causes of action, and logically, the issues in the two cases, are crystal clear, very much different, requiring divergent adjudications. In short, while there is identity of parties, there is NO identity of subject matter and cause of action. This being so, different causes of action and circumstances in different cases would make