

## THIRD DIVISION

[ G.R. No. 141209, September 17, 2001 ]

**ANTONIA HUFANA, WILFREDO MANAOIS, CRISTILYN CASTILLA,  
SPOUSES ANDRONICO & MINERVA DE LOS REYES, SPOUSES  
TOMAS VERGARA & MERLINDA LOZANO, SPOUSES CATALINO &  
MARCELINA PIGAO, SPOUSES CRISANTO & CORAZON ROBLES,  
SPOUSES ANTONINO & FEMINA BUCAD, SPOUSES JACK &  
JOSEPHINE RAFAEL, SPOUSES ELY & DIONISIO TEJADA,  
SPOUSES JOHNNY & LETICIA SUNICO, SPOUSES RENATO &  
JESUSA CARRERA, PETITIONERS, VS. WILLIAM ONG GENATO,  
RESPONDENT.**

### D E C I S I O N

**PANGANIBAN, J.:**

A resolution of the trial court granting not only partial execution, but also deciding substantive matters delving on the merits of the parties' claims, may be the subject of an ordinary appeal to the Court of Appeals (CA) because it constitutes a final determination of the substantive issues resolved therein.

#### Statement of the Case

Before this Court is a Petition<sup>[1]</sup> for Review on Certiorari under Rule 45 of the Rules of Court, praying for the nullification and reversal of the July 22, 1999 Decision<sup>[2]</sup> of the Court of Appeals<sup>[3]</sup> in CA-GR CV No. 56750 and its December 3, 1999 Resolution<sup>[4]</sup> denying reconsideration. The dispositive portion of the assailed CA Decision reads as follows:

"WHEREFORE, the Resolution of July 1, 1997 of the trial court, appealed from, is set aside, and another entered, granting and directing the issuance of the alias writ of execution prayed for by plaintiff-appellant [herein respondent]. Cost against the appellees [herein petitioners]."<sup>[5]</sup>

#### The Facts

On October 20, 1989, herein respondent, William Ong Genato, filed before the Regional Trial Court (RTC) of Quezon City a Complaint to foreclose a real estate mortgage over two parcels of land. Originally owned by Oakland Development Corporation ("Oakland"), these lots were covered by Transfer Certificate of Title (TCT) Nos. 356315 and 366380. After trial on the merits in Civil Case No. Q-89-3814, the trial court<sup>[6]</sup> rendered a Decision in favor of Genato. Dated May 21,

1991, the RTC Decision contained the following disposition:

"The claim of the plaintiff having been established and proved by evidence, judgment is hereby rendered ordering the defendant OAKLAND DEVELOPMENT RESOURCES CORPORATION, thru its president PRATER ESPLANA, to pay plaintiff WILLIAM ONG GENATO by *depositing in this court* within 90 days from receipt of a copy of this decision, the sums of:

- a) P2,000,000.00 representing the [principal] obligation;
- b) P100,000.00 representing 5% interest on the principal obligation commencing in October, 1989 until fully paid;
- c) P100,000.00 as and for attorney's fees; and
- d) P9,292.00 as cost of suit.

"Should the defendant fail to pay the principal, interest and costs within the specified time, the Court shall order the sale of the properties covered by Transfer Certificates of Title Nos. 356315 & 366380 of the Registry of Deeds of Quezon City in the manner and under the regulations that govern sales of real estate under execution."<sup>[7]</sup>

Unconvinced, Oakland sought relief from the Court of Appeals which, however, affirmed the trial court on July 28, 1992. When the CA Decision became final and executory on August 27, 1992, Genato filed a Motion for Execution, which was granted by the RTC on December 7, 1992. Pursuant thereto, the branch clerk of court<sup>[8]</sup> issued an "Execution Foreclosing Mortgage" dated December 9, 1992, and scheduled the auction sale of the foreclosed properties on January 14, 1993.

On January 11, 1993, a Petition for Prohibition with a prayer for a temporary restraining order or writ of preliminary injunction was filed before the Supreme Court. Through this Petition, the alleged owners/buyers of the mortgaged properties sought to restrain the trial court from proceeding with the auction on the ground that the mortgage was void. The case was docketed as GR No. 108285 and assigned to this Court's Second Division which subsequently issued on January 13, 1993, a Temporary Restraining Order (TRO) barring the auction sale scheduled on January 14, 1993.

On January 8, 1993, Oakland filed before the Court of Appeals a Petition for Relief from Judgment with Preliminary Injunction and Prayer for Temporary Restraining Order. It likewise filed a Very Urgent Ex Parte Motion to Defer the public auction sale scheduled on January 14, 1993. However, the CA denied the Petition through a Resolution dated January 25, 1993.

Dissatisfied with the CA Resolution, Oakland filed before this Court a Petition for Certiorari and Prohibitory Injunction, docketed as GR No. 109967. In its Resolution dated June 2, 1993, this Court's Second Division dismissed it for having been filed beyond the reglementary period.

With respect to GR No. 108285, this Court's Third Division, to which the case was reassigned, issued a Resolution, dated May 5, 1993, referring the case to the Court of Appeals for disposition. The former Special First Division of the CA subsequently dissolved the Supreme Court's TRO and dismissed the Petition in a Decision dated February 3, 1994. It affirmed the validity of the mortgage and declared Oakland liable to Genato. The separate Motions for Reconsideration filed by Oakland were denied by the CA through a Resolution dated July 21, 1994. For its nonpayment of the prescribed docket fees, its appeal to this Court was likewise denied. Also denied with finality on December 12, 1994 was the Motion for Reconsideration.

Due to the finality of the Resolution dated December 12, 1994, Genato filed before the RTC an Ex Parte Motion for Execution of Judgment. Oakland opposed the Motion, while the intervenors in the case (herein petitioners) filed an Urgent Manifestation with Motion to Intervene and an Opposition to Herein Plaintiff's Ex Parte Motion for Execution. Both Oakland and herein petitioners based their opposition on a Decision dated March 20, 1995 issued by the Housing and Land Use Regulatory Board (HLURB) in HLRC Case No. REM A-940322-0060. This case, entitled "Cristilyn Castilla et al. v. Oakland Development Resources Corporation, Prater Espana & William Ong Genato," declared the mortgage between Genato and Oakland void insofar as third parties were concerned. The dispositive portion of the HLURB Decision reads as follows:

``WHEREFORE, in view of the foregoing premises, judgment is hereby rendered SETTING ASIDE the Judgment Upon Compromise dated 23 June 1993 and a new judgment is hereby set:

"1. Declaring the Mortgage between Oakland Resources Development Corporation and William Ong Genato as null and void at least insofar as third parties are concerned in the absence of the written approval of the Board for the same pursuant to Section 18 of P.D. 957; however, it remains valid as a contract of indebtedness between the parties;

"2. Declaring the buyers to have a superior right over the lots in question as against the mortgage, and enjoining the la[t]ter from foreclosing the properties or consolidating its title or performing x x x any act that would disturb complainants['] rights over the property in question;

"3. Respondents Oakland Development Resources Corporation and Prater Esplana are directed to:

a. Register with the Register of Deeds the Deeds of Absolute Sale executed by and between aforesaid respondents and the following complainants:

- i. Cristilyn Castilla
- ii. Andronico and Minverval<sup>[9]</sup> delos Reyes
- iii. Tomas Vergara and Merlinda Lozana
- iv. Wilfredo and Elizabeth Maneois<sup>[10]</sup>

- v. Catalin and Mercedes Pigao
- vi. Crisanto and Corazon Robles
- vii. Lourdes Yuranasiri & Antonio Hufana
- viii. Vincent and Emiliana Shwalbe

and Contracts to Sell executed by and between aforesaid respondents and complainants:

- i. Antonio and Fermina Bucad
- ii. Ma. Theresa Ong
- iii. Jack and Josephine Rafael
- iv. Ely and Dionisa Tejada
- v. Johnny and Leticia Sunico

b. Surrender to the Register of Deeds TCT No. 366380 for cancellation and issue the corresponding TCT's to the 8 complainants who fully paid the purchase price of their respective houses and lots;

c. Yield to respondent William Ong Genato such portion of property in Prater Village III as would equal the balance of the loan they contracted with Genato;

d. Reimburse complainants for the electrical consumption paid by the latter subject to [the] presentation of proper receipts; and

e. Pay the amount of P10,000.00 as attorney's fees to each of the complainants who incurred expenses for protecting their rights.

"4. Directing the Register of Deeds of Quezon City to cancel TCT No. 366380 and issue the corresponding transfer Certificate Title to:

- b. Cristilyn Castilla
- c. Andronico and Minerva delos Reyes
- d. Tomas Vergara and Merlinda Lozano
- e. Wilfredo and Elizabeth Manaois
- f. Catalin and Mercedes Pigao
- g. Crisanto and Corazon Robles
- h. Lourdes Yivanasiri & Antonio Hufana
- i. Vincent and Emiliana Shwalbe

"5. Respondent Oakland Development Resources Corporation is ordered to pay P10,000.00 as administrative fine to the Board for its wilful violation [of] the provisions of P.D. 957."<sup>[11]</sup>

Citing the HLURB Decision, the trial judge denied Genato's Ex Parte Motion for

Execution of Judgment on August 18, 1995. However, on reconsideration and upon manifestation that he would respect the Deeds of Absolute Sale/Contracts to Sell executed by Oakland in favor of the intervenors/petitioners, the RTC issued a Resolution dated 14 May 1996 allowing execution to proceed, but limited the auction sale to the lot covered by TCT No. 366380, except those portions that had been bought and occupied by the intervenors.

Pursuant to that Resolution, the branch clerk of the trial court subsequently issued an Alias Execution Foreclosing Mortgage, directing the sale at public auction of specific portions of Lot No. 366380. During the auction sale, Genato was able to purchase the property.

Subsequently, an Urgent Motion to Nullify Auction Sale with Prayer for Injunction and/or Restraining Order, alleging irregularities in the issuance of the Alias Writ of Execution, the Notice of the Sheriff's Sale and the auction sale itself was filed. The Motion was, however, denied on December 12, 1996.

Subsequently, Genato submitted a Motion for Issuance of Alias Writ of Execution. Meanwhile, Oakland filed a Motion for Reconsideration of the Resolution dated May 14, 1996 and for Accounting, in order to identify the obligations satisfied by the proceeds of the auction sale. Furthermore, Genato filed two separate Motions -- one for the issuance of an alias writ of execution of the deficiency judgment to foreclose the other parcel covered by TCT No. 356315/PR-10397; and second, for the confirmation of sale.

### **Resolution of the Trial Court**

On July 1, 1997, the RTC issued a Resolution that took special note of the aforesaid HLURB Decision dated March 20, 1995.<sup>[12]</sup> The trial court declared the mortgage between Oakland and Genato null and void insofar as third parties were concerned. It further ruled that the buyers - herein petitioners -- had a superior right thereto. Thus, it enjoined respondent from foreclosing the properties and then resolved that the sale of the lot covered by TCT No. 366380 be confined only to those portions that had not been bought or occupied by herein petitioners/intervenors. Moreover, it precluded respondent from foreclosing the property covered by TCT No. 356315.

### **Ruling of the Court of Appeals**

In the assailed Decision, the Court of Appeals stated that it had already ruled upon the validity of the mortgage. Since validity was the primary issue raised in a previous case filed before it, the said ruling is already conclusive upon the same issue raised by the same parties before the HLURB. The CA Decision cannot be contravened by a subsequent ruling of the HLURB. It was therefore erroneous for the trial court to ignore the Decision of a higher court.

Hence, this recourse.<sup>[13]</sup>

### **The Issues**

In their Memorandum, petitioners raise the following issues for this Court's