

SECOND DIVISION

[G.R. No. 193516, March 24, 2014]

**VILMA MACEDONIO, PETITIONER, VS. CATALINA RAMO,
YOLANDA S. MARQUEZ, SPOUSES ROEL AND OPHELIA PEDRO,
SPOUSES JOEFFRY AND ELIZA BALANAG, AND BPI FAMILY
SAVINGS BANK, INC., RESPONDENTS.**

D E C I S I O N

DEL CASTILLO, J.:

In resolving whether to dismiss a case for violation of the rules covering certifications against forum-shopping, the courts should be mindful of the facts and merits of the case, the extant evidence, the principles of justice, and the rules of fair play. They should not give in to rigidity, indifference, indolence, or lack of depth.

This Petition for Review on *Certiorari*^[1] seeks to set aside the July 20, 2010 Order^[2] of the Regional Trial Court of Baguio City (Baguio RTC), Branch 6, in Civil Case No. 7150-R, entitled "*Vilma Macedonia, Plaintiff, versus Catalina Ramo, Yolanda S Marquez, Sps. Roel and Ophelia Pedro, Sps. Joeffry and Eliza Balanag, and BPI Family Savings Bank, Inc., Defendants,*" which dismissed Civil Case No. 7150-R with prejudice.

Factual Antecedents

Civil Case No. 5703-R

On January 6, 2004, Vilma Macedonio (petitioner) filed with the Baguio RTC a civil case for rescission of contract under Article 1191 of the Civil Code,^[3] with damages, against respondent Catalina Ramo (Ramo). Docketed as Civil Case No. 5703-R and assigned to Branch 3 of the Baguio RTC, the Complaint^[4] alleged that on October 29, 2003, petitioner and Ramo entered into an agreement for the purchase by petitioner of a 240-square meter portion of Ramo's 637-square meter unregistered lot located at Brgy. Sto. Rosario Valley, Baguio City (the subject property); that Ramo assured petitioner that the subject property was free from liens and encumbrances; that of the agreed P1,700,000.00 sale price, petitioner paid P850,000.00 as earnest money; that a "Deed of Sale with Mortgage to Secure Payment of Price" (October 29, 2003 deed of sale) was executed between the parties, and Ramo handed to petitioner a copy of the tax declaration covering the property, which indicated that it was subject to several liens and encumbrances, namely a) levy made in relation to a case before Branch 60 of the Baguio RTC and b) mortgage to ARGEM, a lending institution; that Ramo assured petitioner that she would clear the property of liens and encumbrances before petitioner pays the balance of the price on January 3, 2004 as stipulated in the October 29, 2003 deed of sale; that petitioner failed to clear the property of the ARGEM mortgage. Consequently, petitioner prayed that the October 29, 2003 deed of sale be rescinded

and that she be awarded P850,000.00 actual damages, P50,000.00 moral damages, P25,000.00 exemplary damages, P25,000.00 attorney's fees, and costs.

During the course of the proceedings, the parties mutually agreed to settle. Thus, the trial court set the case for further proceedings on November 11, 2005, but on said date, the parties were unable to submit a compromise agreement. As a result, the trial court in an Order^[5] of even date dismissed Civil Case No. 5703-R for failure to prosecute, to wit:

Although there is a motion to reset filed by Atty. Johnico Alim, the parties are supposed to submit to this Court the terms of settlement before this hearing considering this case is already more than a year and they have promised

in the last hearing that they will submit their compromise agreement. For failure to comply, this case is hereby dismissed for failure to prosecute.

IT IS SO ORDERED.^[6]

Petitioner filed a motion for reconsideration. On June 8, 2006, the trial court issued another Order,^[7] stating that-

Until the parties submit their Compromise Agreement, no incident will be taken up.

IT IS SO ORDERED.^[8]

On August 16, 2006, the trial court issued still another Order,^[9] as follows:

Plaintiff is given until the end of this month of August, 2006 in order to substantiate her Motion for Reconsideration, it appearing that she has been given [since] November 24, 2005 up to the present, or for a period of almost NINE (9) MONTHS to do the same.

A resolution will be issued on September 4, 2006.

IT IS SO ORDERED.^[10]

The September 4, 2006 hearing did not push through, as petitioner's counsel filed a motion to reset which the trial court granted and reset the case for hearing on October 23, 2006.

Meanwhile, it appears that Ramo was able to secure in her name a Sales Patent, and on October 16, 2006, a certificate of title (*Katibayan ng Orihinal na Titulo Blg. P-3535*^[11] or OCT P-3535) over the subject property.

The trial court issued yet another Order^[12] on October 23, 2006, viz:

This case is considered terminated.

IT IS SO ORDERED.^[13]

In June 2007, Ramo caused the subject property to be subdivided into three lots, [14] which she then transferred to herein respondents, spouses Roeland Ophelia Pedro (the Pedros), Yolanda S. Marquez (Marquez), and spouses Joeffry and Elisa Balanag (the Balanags). The transfer to the Pedros and Marquez were through Acknowledgment Trusts, [15] whereby Ramo admitted that she was not the owner of the lots but merely held them in trust for the true owners - the Pedros and Marquez. On the other hand, the transfer of the remaining lot to the Balanags was through a deed of sale. [16] No part of the subject property was transferred to petitioner.

On February 11, 2008, petitioner filed a Motion [17] praying that the trial court issue an order directing the parties to comply with their oral agreement for Ramo to return petitioner's money - or the P850,000.00 advance she made. Ramo opposed the motion, arguing that the subject of the motion has become moot and academic for petitioner's failure to file a motion for reconsideration of the trial court's October 23, 2006 Order, and for failure of petitioner to comply with her obligation to pay the balance of the purchase price even after title to the property was presented in court. On the scheduled hearing of the motion, or on March 24, 2008, the trial court issued an Order [18] stating-

Although this case is already terminated, there is nothing in the law to prevent the lawyers from exhorting their clients to comply with their obligations under an oral settlement.

IT IS SO ORDERED. [19]

On June 22, 2009, it appears that Ramo agreed in open court to pay petitioner and thus settle the case, whereupon the trial court issued an Order, [20] which reads as follows:

The parties have talked to each other in order for the plaintiff to be paid.

IT IS SO ORDERED. [21]

Thereafter, petitioner received a June 29, 2009 letter [22] signed by Ramo and her counsel, admitting that Ramo received the total amount of P850,000.00 as downpayment for the subject property, but proposing to return to petitioner only the amount of P255,000.00 within a period of four years, without interest.

In October 2009, petitioner's new counsel filed a Notice of Appearance with Manifestation and Motion [23] informing the court of Ramo's June 29, 2009 letter and offer, petitioner's refusal of the offer, and praying that the case be set for pre-trial since all efforts to settle the issues between the parties failed. Ramo opposed the same manifestation and motion, insisting that the case has been terminated. [24] The trial court did not act on petitioner's manifestation and motion; instead, it issued another Order [25] dated December 7, 2009, to wit:

Atty. Gregory F. Buhangin appeared on his Formal Manifestation.

IT IS SO ORDERED. [26]

On February 2, 2010, an Entry of Judgment^[27] was issued by the trial court, certifying that the October 23, 2006 Order - which declared that Civil Case No. 5703-R was already terminated - became final and executory on November 17, 2006.

Department of Environment and Natural Resources (DENR) Protest

On December 2, 2009, petitioner filed a written Protest^[28] with the office of the Regional Executive Director of the DENR Cordillera Administrative Region, seeking an investigation into Ramo's acquisition of the subject property, and claiming that Ramo's sales patent was issued despite her having committed multiple violations of the law. Petitioner thus prayed for the DENR to 1) nullify Ramo's sales patent as well as the subsequent original certificate of title and its derivative titles issued in the name of the other individual respondents herein, and 2) allow her to bid and acquire the subject property claiming that she possessed the qualifications that would entitle her to become a beneficiary thereof.

It appears that to this date, no action has been taken on the protest.

Civil Case No. 7150-R

On April 21, 2010, petitioner filed with the Baguio RTC another civil case against respondents for specific performance, annulment of documents and titles, with damages. Docketed as Civil Case No. 7150-R and assigned to Branch 6, petitioner prayed in the Complaint^[29] that the trial court: 1) rescind and nullify the trust and sale agreements between Ramo and the other individual respondents; 2) annul the certificates of title issued in favor of the Pedros, Marquez, and the Balanags; 3) annul the mortgage contract subsequently executed by and between the Balanags and respondent BPI Family Savings Bank, Inc. (BPI Family Bank) covering the portion sold to the former; 4) nullify the subdivision plan covering the property as it did not segregate the portion sold to petitioner, and thereafter order that a new subdivision plan be made to segregate the 240 square meters sold to petitioner; 5) in the alternative, rescind petitioner and Ramo's agreements and order a refund of petitioner's payments with interest; 6) award moral and exemplary damages in the total amount of P100,000.00, and attorney's fees and litigation expenses in the total amount of P100,000.00.

Ramo filed her answer with motion to dismiss the case, claiming that in filing the case, petitioner violated the rule against forum-shopping since there had already been a prior terminated case (Civil Case No. 5703-R) and a pending Protest with the DENR. To this, petitioner filed her comment and opposition, arguing that since Civil Case No. 5703-R was not decided on the merits and no trial was conducted, Civil Case No. 7150-R is not barred.^[30]

On July 20, 2010, the trial court issued the assailed Order dismissing Civil Case No. 7150-R with prejudice due to: a) violation of Section 5, Rule 7 of the 1997 Rules of Civil Procedure^[31] (1997 Rules), that is, for failure to inform the court of the existence of Civil Case No. 5703-R and the DENR Protest; b) forum shopping; and c) *litis pendentia* under Section 1(e), Rule 16 of the 1997 Rules.^[32] The trial court held that petitioner filed multiple cases based on the same cause of action, although with different prayers for relief; that while Civil Case No. 5703-R was for rescission and

Civil Case No. 7150-R was for specific performance and annulment of documents and titles, both cases are premised on the same cause of action-Ramo's purported wrongful conduct in connection with the cancelled sale of the subject property; that rescission and specific performance could not be prayed for in two separate cases without violating the rule against splitting a cause of action; and that the pending DENR Protest which seeks to nullify the sales patent and certificates of title issued to Ramo and the other individual respondents is identical to petitioner's cause of action in Civil Case No. 7150-R for annulment of documents and titles.

Petitioner moved to reconsider, but in an August 16, 2010 Order,^[33] the trial court stood its ground. Thus, petitioner instituted this direct recourse.

In a July 29, 2013 Resolution,^[34] the Court resolved to give due course to the Petition.

Issues

Petitioner raises the following issues coming to this Court:

The decision of the Honorable Regional Trial Court, Branch 6, Baguio City is sought to be reversed because the said court erred in its outright and undiscerning application of the sanction against ~~fonnnn[-]~~shopping in dismissing with prejudice the complaint filed by Petitioner. The court erred in ruling that Civil Case No. 5703-R, Civil Case No. 7150-R and the Protest case is (sic) founded on the same cause of action which is not in accord with the law or with the applicable decisions of the Supreme Court.

xxxx

CIVIL CASE NO. 5703-R AND CML CASE NO. 7150-R DOES
(SIC) NOT INVOLVE THE SAME CAUSE OF ACTION

THE FILING OF CML CASE NO. 7150-R WITH RTC, BRANCH 6
DOES NOT CONSTITUTE FORUM~~[-]~~SHOPPING

THE PROTEST CASE FILED BEFORE THE OFFICE OF THE DENR
CONSTITUTES DIFFERENT CAUSE OF ACTION THUS LITIS
[PENDENTIA] DOES NOT EXIST^[35]

Petitioner's Arguments

In her Petition and Reply,^[36] petitioner maintains that the first case-or Civil Case No. 5703-R - cannot bar the filing of the second case - or Civil Case No. 7150-R, because while the first case was terminated, it was not tried on the merits, and was dismissed solely for failure of the parties to submit their compromise agreement. For this reason, petitioner argues that the dismissal of the first case without prejudice left the parties to freely litigate the matter in the second action as though the first case had not been commenced.^[37]

Next, petitioner concedes that while she failed to inform the trial court of the first case and her DENR Protest, it was not her intention to conceal the existence of