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THIRD DIVISION

[G.R. No. 165697, August 04, 2009]

ANTONIO NAVARRO, PETITIONER, VS. METROPOLITAN BANK & TRUST COMPANY, RESPONDENT,

[G.R. NO. 166481]

CLARITA P. NAVARRO, PETITIONER, VS. ETROPOLITAN BANK & TRUST COMPANY, RESPONDENT.

D E C I S I O N

PERALTA, J.:

The tendency of the law must always be to narrow down the field of uncertainty. Judicial process was conceived in this light to bring about a just termination of legal disputes. Although various mechanisms are in place to realize this fundamental objective, all of them emanate from the essential precept of immutability of final judgments.

These two petitions for review on *certiorari* under Rule 45 separately filed by petitioners Antonio Navarro and Clarita Navarro, respectively docketed as G.R. No. 165697[1] and G.R. No. 166481,[2] assail the July 8, 2004 Decision[3] of the Court of Appeals in CA-G.R. SP No. 76872 which ordered the dismissal of the complaint filed by petitioner Clarita Navarro in Civil Case No. 02-079 -- a case for declaration of nullity of title and for reconveyance and damages.

Petitioners Antonio Navarro and Clarita Navarro were married on December 7, 1968. [4] During their union, they acquired three parcels of land in Alabang, Muntinlupa City on which they built their home. These pieces of land were covered by Transfer Certificate of Title (TCT) Nos. 155256, 155257 and 155258 issued by the Register of Deeds of Makati City. The TCT's, however, are registered in the name of "Antonio N. Navarro... married to Belen B. Navarro." [5] Sometime in 1998, respondent Metropolitan Bank and Trust Company (MBTC) had caused the judicial foreclosure of the real estate mortgage which Antonio had earlier constituted on the subject properties as security for a loan he allegedly obtained from MBTC. In December of that year, the properties were sold at public auction where MBTC, as the lone bidder, [6] was issued a certificate of sale.[7]

Clarita brought before the Regional Trial Court (RTC) of Muntinlupa City, Branch 256 an action for the declaration of nullity of the real estate mortgage and the foreclosure sale. The complaint, docketed as Civil Case No. 99-177, named as defendants Antonio, MBTC, the Sheriff of Makati City and the Register of Deeds of Makati City. In it, Clarita alleged that the properties involved belonged to her and Antonio's conjugal partnership property as the same were acquired during their marriage and that Antonio, with the connivance of a certain Belen G. Belen, had

secured the registration thereof in their names without her knowledge. She pointed out that Antonio and Belen then mortgaged the properties to MBTC in 1993 likewise without her knowledge. She ascribed fault and negligence to MBTC because it failed to consider that the properties given to it as security belonged to her and Antonio's conjugal partnership property. Accordingly, she prayed for reconveyance as well as for payment of damages.[8]

MBTC filed a motion to dismiss the complaint on the ground, *inter alia,* of laches. With the denial of its motion, MBTC filed a petition for *certiorari* before the Court of Appeals which was docketed as CA-G.R. SP No. 55780. The Court of Appeals found merit in the petition and ordered the dismissal of the complaint on the ground that the same was already barred by laches, pointing out that it had taken Clarita 11 long years since the issuance of the TCTs on May 27, 1988 before she actually sought to annul the mortgage contract.[9] The decision had attained finality without a motion for reconsideration being filed or an appeal being taken therefrom.

Subsequently, on April 17, 2002, Clarita instituted another action also before the RTC of Muntinlupa City, Branch 256[10] but this time for the declaration of nullity of the TCTs covering the same properties and for reconveyance and damages. The complaint was docketed as Civil Case No. 02-079 and it impleaded Antonio, Belen, MBTC and the Registers of Deeds of Makati City and Muntinlupa City as defendants. This constitutes the root of the two petitions at bar.

The said complaint was basically a reiteration of Clarita's allegations in Civil Case No. 99-177. Specifically, it alleged that the conjugal properties involved were fraudulently registered in the name "Antonio N. Navarro...married to Belen B. Navarro" and that the mortgage on the properties were likewise fraudulently secured by Antonio and Belen to acquire a loan from MBTC the proceeds of which, however, did not inure to the benefit of the conjugal partnership. Accordingly, she prayed that at least her one-half conjugal share in the properties be reconveyed to her without prejudice to MBTC's rights against Antonio and Belen.[11]

MBTC moved to dismiss the complaint on the ground that it was already barred by the prior judgment in Civil Case No. 99-177, and that Clarita's claim had already been waived, abandoned and extinguished.[12] The trial court denied the motion to dismiss in its November 8, 2002 Order, noting that the dismissal of Civil Case No. 99-177 did not constitute *res judicata* because a dismissal on laches and failure to implead an indispensable party could never be a dismissal on the merits.[13] MBTC filed a motion for reconsideration, but it was denied for lack of merit in the trial court's April 21, 2002 Order.[14]

Aggrieved, MBTC elevated the case to the Court of Appeals via a petition for *certiorari* and prohibition with an application for temporary restraining order and writ of preliminary injunction, attributing grave abuse of discretion to the trial court in denying its motion to dismiss.[15]

In the meantime, a compromise agreement was executed by Antonio and Clarita in which the latter waived and condoned her claims against the former, who in turn acknowledged his wife's share in the properties subject of the case. Antonio likewise stipulated therein that he had not availed of any mortgage loan from MBTC and that

it was the bank manager, Danilo Meneses, who facilitated the manipulation of his account with the bank which led to the constitution of the mortgage and the eventual foreclosure thereof.[16] The trial court approved the compromise on November 5, 2003,[17] thereby leaving the case to proceed against MBTC.

On July 8, 2004, the Court of Appeals, finding merit in MBTC's petition, rendered the assailed Decision.[18] It held that the dismissal of Civil Case No. 99-177 on the ground of laches should preclude the filing of Civil Case No. 02-079 because the former had the effect of an adjudication on the merits. Also, it pointed out that inasmuch as the two cases presented identical issues and causes of action and prayed for the same relief, the second complaint must likewise suffer the effect of laches. Citing Section 3,[19] Rule 17 of the Rules of Court, it emphasized Clarita's neglect to prosecute her claim since it took her another two years since the dismissal of Civil Case No. 99-177 to file Civil Case No. 02-079. In conclusion, it held that the trial court indeed gravely abused its discretion when it denied MBTC's motion to dismiss and, accordingly, it ordered the dismissal of the complaint as follows:

> WHEREFORE, the petition for certiorari and prohibition is hereby GRANTED. The assailed Order dated November 8, 2002 issued by the Regional trial Court of Muntinlupa City, Branch 256 is REVERSED. Civil Case No. 02-079 is ordered DISMISSED.
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> SO ORDERED.[20]

Antonio and Clarita are now before this Court assailing the adverse decision of the Court of Appeals. They believe that the Court of Appeals committed a reversible error in directing the dismissal of the complaint in Civil Case No. 02-079.

Both Antonio and Clarita advance that it was error for the Court of Appeals to direct the dismissal of the complaint in the present cases despite the fact that the prior dismissal of the complaint for declaration of nullity of mortgage and foreclosure in Civil Case No. 99-177 was predicated on Clarita's failure to implead Belen as an indispensable party therein which, in effect, amounted to the court's lack or jurisdiction to act on the parties present and absent.[21] Additionally, Clarita posits that the principle of laches is not applicable because an action to declare the nullity of a mortgage contract is imprescriptible.[22]

MBTC, for its part, argues that because the decision of the Court of Appeals in CA-G.R. SP No. 55780 ordering the dismissal of Civil Case No. 99-177 had already become final, then the same should bar the filing of Civil Case No. 02-079 inasmuch as the two cases raised identical causes of action and issues and prayed for the same relief.[23] In particular, it also notes that Clarita had failed to timely file a motion for reconsideration of the assailed decision and that the motion for reconsideration filed by Antonio himself should not be considered to redound to Clarita's benefit since Antonio, in the complaint filed before the trial court, was impleaded as one of the defendants.[24]

The petitions are utterly unmeritorious.

A perusal of the Court of Appeals decision in CA-G.R. SP No. 55780, which ordered the dismissal of Civil Case No. 99-177, tells that the complaint therein was dismissed not on the ground of non-joinder of Belen as an indispensable party, but rather on the ground of laches. Indeed, what is clear from the said decision is that the dismissal of the case was due to Clarita's unjustifiable neglect to timely initiate the prosecution of her claim in court -- a conduct that warranted the presumption that she, although entitled to assert a right, had resolved to abandon or declined to assert the same.[25]

While the Court agrees that an action to declare the nullity of contracts is not barred by the statute of limitations, the fact that Clarita was barred by laches from bringing such action at the first instance has already been settled by the Court of Appeals in CA-G.R. SP No. 55780. At this point in the proceedings, the Court can no longer rule on the applicability of the principle of laches *vis-à-vis* the imprescriptibility of Clarita's cause of action because the said decision is not the one on appeal before us. But more importantly, the Court takes notice that the decision rendered in that case had already become final without any motion for reconsideration being filed or an appeal being taken therefrom. Thus, we are left with no other recourse than to uphold the immutability of the said decision.

No other procedural law principle is indeed more settled than that 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.[26] The underlying reason for the rule is two-fold: (1) to avoid delay in the administration of justice and thus make orderly the discharge of judicial business, and (2) to put judicial controversies to an end, at the risk of occasional errors, inasmuch as controversies cannot be allowed to drag on indefinitely and the rights and obligations of every litigant must not hang in suspense for an indefinite period of time.[27] As the Court declared in *Yau v. Silverio,*[28]

> Litigation must end and terminate sometime and somewhere, and it is essential to an effective and efficient administration of justice that, once a judgment has become final, the winning party be, not through a mere subterfuge, deprived of the fruits of the verdict. Courts must therefore guard against any scheme calculated to bring about that result. Constituted as they are to put an end to controversies, courts should frown upon any attempt to prolong them.

Indeed, just as a losing party has the right to file an appeal within the prescribed period, the winning party also has the correlative right to enjoy the finality of the resolution of his case by the execution and satisfaction of the judgment. Any attempt to thwart this rigid rule and deny the prevailing litigant his right to savor the fruit of his victory must immediately be struck down.[29] Thus, in *Heirs of Wenceslao Samper v. Reciproco-Noble,*[30] we had occasion to emphasize the significance of this rule, to wit:

> It is an important fundamental principle in our Judicial system that every litigation must come to an end x x x Access to the courts is guaranteed. But there must be a limit thereto. Once a litigant's rights have been adjudicated in a valid final judgment of a competent court, he should not be granted an unbridled license to come back for another try. The prevailing party should not be harassed by subsequent suits. For, if endless litigations were to be encouraged, then unscrupulous litigants will multiply in number to the detriment of the administration of justice.

Moreover, laches, or what is known as the doctrine of stale claim or demand, is the neglect or omission to assert a right, taken in conjunction with lapse of time and other circumstances causing prejudice to an adverse party, as will operate as a bar in equity. It is a delay in the assertion of a right which works disadvantage to another because of the inequity founded on some change in the condition of the property involved or in the relations of the parties.[31] It is based on public policy which, for the peace of society, ordains that relief will be denied to a stale demand which otherwise could be a valid claim.[32]

As a ground for the dismissal of a complaint, the doctrine of laches is embraced in the broad provision in Section 1[33] of Rule 16 of the Rules of Court, which enumerates the various grounds on which a motion to dismiss may be based. Paragraph (h) thereof states that the fact that the claim or demand set forth in the plaintiff's pleading has been paid, waived, abandoned, or otherwise extinguished, may be raised in a motion to dismiss. The language of the rule, particularly on the relation of the words "abandoned" and "otherwise extinguished" to the phrase "claim or demand set forth in the plaintiff's pleading" is broad enough to include within its ambit the defense of bar by laches.[34]

Moreover, what is striking is that a reading of the two complaints filed by Clarita one after the dismissal of the other discloses that apart from the nature of the actions, the allegations in support of the claims and the reliefs prayed for in both complaints were but the same. In her complaint in Civil Case No. 99-177, denominated as an action for "declaration of nullity of mortgage and foreclosure and sale of real property and reconveyance with damages," Clarita principally demanded the reconveyance of at least her conjugal share in the subject property, while claiming that the registration of the properties as well as the mortgage thereof in favor of MBTC had been made without her knowledge and consent.[35] Yet in the complaint in Civil Case No. 02-079, denominated as one for "declaration of nullity of TCT Nos. 155256, 155257, 155258 and for reconveyance with damages," Clarita relied on the same allegations embodied in her first complaint and prayed for the same relief of reconveyance of at least her conjugal share in the property, while additionally seeking the declaration of nullity of the TCTs registered in the name of Antonio and Belen.[36]

Verily, we find no reason not to adhere to the finding of the Court of Appeals that inasmuch as the two cases successively instituted by Clarita were founded on the same claim and would have called for the same set of or similar evidence to support them, then Civil Case No. 02-079 which is the subject of the present petitions may well be deemed already barred by the dismissal of Civil Case No. 99-177.