

THIRD DIVISION

[G.R. NO. 157557, March 10, 2006]

**REPUBLIC OF THE PHILIPPINES (CIVIL AERONAUTICS
ADMINISTRATION), PETITIONER, VS. RAMON YU, TEOFISTA
VILLAMALA, LOURDES YU AND YU SE PENG, RESPONDENTS.**

D E C I S I O N

QUISUMBING, J.

For review on certiorari is the **Decision** ^[1] dated December 2, 2002 of the Court of Appeals in CA-G.R. CV No. 53712 which set aside the dismissal by the Regional Trial Court of Cebu, Branch 11, of Civil Case No. CEB-12968 and remanded the case to the lower court for further proceedings.

This petition relates to this Court's decision in *Valdehueza v. Republic* ^[2] and the final judgment of the Court of Appeals in *Yu v. Republic*. ^[3]

In *Valdehueza v. Republic* (1966), we affirmed the judgment of expropriation of Lot No. 939 in Lahug, Cebu City, and ruled that therein petitioners, Francisca Valdehueza, *et al.*, were not entitled to recover possession of the lot but only to demand its fair market value.

The dispositive portion of the Court's decision reads:

Wherefore, finding no reversible error therein, the judgment appealed from is hereby affirmed, without costs in this instance. So ordered. ^[4]

In *Yu v. Republic* (1986), the Court of Appeals annulled the subsequent sale of the lot by Francisca Valdehueza, *et al.*, to herein respondents, Ramon Yu, *et al.*, and held that the latter were not purchasers in good faith. The parties did not appeal the decision and so, judgment became final and executory. ^[5]

The dispositive portion of the Court of Appeals' decision states:

WHEREFORE, in the view of the foregoing, the decision appealed from is hereby REVERSED. A new one is entered dismissing the complaint. The land in question is owned by the Republic of the Philippines.

SO ORDERED. ^[6]

On October 1, 1992, herein respondents filed a complaint for reversion of the expropriated property. Herein petitioner, the Republic of the Philippines, denied respondents' right to reacquire title and ownership over the lot on the ground of *res judicata*, lack of cause of action and forum-shopping. ^[7]

On November 16, 1995, the trial court dismissed the complaint as follows:

WHEREFORE, in view of all the foregoing premises and considerations, the Court hereby DISMISSES the complaint filed in this case on the ground of *res judicata* or bar by prior or final judgment.

SO ORDERED. [8]

On appeal, the Court of Appeals ruled that there was no *res judicata* and remanded the case to the trial court, thus,

WHEREFORE, in view of the foregoing, the decision dated November 16, 1995 of the Regional Trial Court, Branch 11, Cebu City is hereby REVERSED and SET ASIDE. This case is hereby remanded to the lower court for further proceedings and final determination of the issues on the merit.

SO ORDERED. [9]

The decision of the Court of Appeals is now before us in this petition for review. It raises the following issues, to wit: Whether —

I.

THE TRIAL COURT PROPERLY DISMISSED THE COMPLAINT ON THE GROUND OF *RES JUDICATA*.

II.

THE ABANDONMENT OF LAHUG AIRPORT AND RETURN OF OTHER EXPROPRIATED PROPERTIES DID NOT GIVE RESPONDENTS A NEW CAUSE OF ACTION.

III.

ASSUMING A NEW CAUSE OF ACTION, RESPONDENTS HAVE NO RIGHT TO ASSERT OWNERSHIP IN THE FIRST PLACE. [10]

Simply stated, the threshold issues are: Is the action barred by *res judicata*? Are respondents entitled to reversion of the expropriated property?

Petitioner asserts that the trial court properly dismissed the complaint on the ground of *res judicata* and maintains that respondents are bereft of any right to assert ownership as the sale in their favor was invalidated in *Yu v. Republic*. Petitioner further asserts that the expropriation of Lot No. 939 was absolute and unconditional. Thus, no reversion could be legally claimed despite the subsequent sale or reversion of the other nearby lots.

Respondents counter that the action is not barred by *res judicata* because the abandonment of the government of the public purpose constitutes a new cause of action. Further, respondents contend that the determination of their right to reacquire or repossess the lot necessitates a full blown trial.