

SECOND DIVISION

[G.R. No. 117971, February 01, 2001]

ESTRELLITA S. J. VDA. DE VILLANUEVA, LAURENCE AND JENNIFER, BOTH SURNAMED VILLANUEVA, ROGELIO MILLAMA AND ROLLY DE JESUS, PETITIONERS, VS. HON. COURT OF APPEALS, LINA F. VDA. DE SANTIAGO, EDDIE, ROLANDO, WILLY AND MARILOU, ALL SURNAMED SANTIAGO, RESPONDENTS.

DECISION

QUISUMBING, J.:

This petition assails the decision dated May 24, 1994 of the Court of Appeals in C.A. G.R. CV No. 40735, reversing the judgment of the Regional Trial Court of Iba, Zambales, Branch 71 which dismissed the action for Recovery of Ownership, Possession and Damages brought by respondents against petitioners concerning two registered parcels of land situated in Malabago, Sta. Cruz, Zambales, particularly described as follows:

A parcel of land [Lot 3-A, plan Psu- 132649 Amd., L.R. Case No. N-212, L.R.C. Record No. N-16557], with all the improvements thereon, situated in the Barrio of Malabago, Municipality of Sta. Cruz, Province of Zambales. Bounded on the NE., and SW., from point 2-4, by Lot 1-A; on the SE., from point 4-1, by property of Simeon Maya; and on the S., from point 1-2, by Lot 3-B [Republic of the Philippines].

A parcel of land [Lot 1-A-2, of the subdivision plan (LRC) Psd-285423, being a portion of Lot 1-A, Psu-132649, Amd., LRC Rec. No. N-16557], situated in the Barrio of Malabago, Municipality of Sta. Cruz, Province of Zambales, Island of Luzon. Bounded on the N., points 11-12, & 13 to 1, & 1 to 2, by Lot 1-A-1, of the subdivision plan; on the E., points 2 to 3, by the property of Gavino Roxas; on the SE., points 3 to 4, by the property of Daniel Mercurio, and points 4 to 5, by the property of Pedro Maya; on the SW., & NE., points 5 to 7, by Lot 3-A, Psu-132649, Amd., on the SE., points 7 to 8, by Lot 1-B and the SW & NW., points 8 to 11, by Creek [Lot 1-B, both of PSU-132649, Amd.,].^[1]

On Dec. 20, 1962, the land registration court, in a final decision in LRC Registration Case No. N-212^[2], awarded the disputed lots, measuring 98,800 square meters to the spouses Antonio and Rosario Angeles. The spouses sold the lots to Victorino Santiago on October 9, 1967. Victorino Santiago converted a portion thereof into fishponds and on August 9, 1977, sold the lots to Anacleto Santiago, husband of respondent Lina Santiago.^[3] At the time of the last sale, no decree of registration had yet been issued for the said lots despite the final judgment in the land registration case.

On August 15, 1977, Anacleto engaged the services of Pedro Adona to develop the properties into fishponds. When Adona saw the lots for the first time, there were existing fishponds of about three (3) hectares on the lower portion of the land. Adona leveled the three (3) hectares, placed partitions, constructed dikes and elevated the *pilapil* from one (1) meter to two and one-half (2 1/2) meters. Work halted during the first week of October 1977 due to lack of funds.

Meanwhile, on February 28, 1978, Victorino filed an action for forcible entry docketed as Civil Case No. 309 against Carlos Villanueva and his wife, petitioner Estrellita Villanueva. Since Victorino had already sold the property to Anacleto and Lina Santiago, the lawsuit was dismissed on June 19, 1978.^[4]

Adona and his men resumed work on May 15, 1978 and stayed in a nipa hut near a creek inside the property. However, on Sept. 22, 1978, while Adona was in Alaminos, Pangasinan, some people entered the property and destroyed the nipa hut. Adona reported the matter to Anacleto who advised him to stop work until the problem was solved. By then, Adona had completed work on about six (6) hectares of the entire 9.8-hectare property, including the three (3) hectares which were fully developed.^[5]

A week before the incident, Anacleto's wife, Lina, was warned that Carlos Villanueva would enter the properties and destroy the hut, but Lina dismissed the warning thinking that Carlos would not pursue his plan.^[6] When she saw the hut destroyed, she instructed her nephew, Ereberto Flores, to call a policeman. They took pictures^[7] of the demolished hut which were presented in court. Lina added that they were not able to reclaim the properties since Carlos threatened them with a gun.^[8]

On Dec. 12, 1978, the decrees of registration covering the subject lots were issued and Original Certificates of Title Nos. 0-7125 and 0-7126 were transcribed in the name of Antonio Angeles on December 27, 1978.^[9] On February 22, 1979, Antonio Angeles, as original owner and vendor, executed a Deed of Confirmation of Sale, Waiver and Quitclaim over the lots in favor of Anacleto Santiago who had bought the lots. Transfer Certificates of Title Nos. T-24726 and T-24727 were issued for Lot 3-A and Lot 1-A-2 respectively in the name of Anacleto Santiago. The lots were declared for taxation purposes under Tax Declaration Nos. 28-292, 9109 and 9108 and Anacleto paid the corresponding realty taxes thereon.^[10]

On Feb. 26, 1979, the Santiagos sued the Villanuevas for forcible entry in Civil Case No. 1174-I. On February 14, 1980, Criminal Case No. 1307-I was also filed against the Villanuevas for violation of the Anti-Squatting Law.^[11] During the pendency of these cases, Anacleto discovered that the Ministry of Natural Resources granted to Carlos a Fisheries Lease Agreement^[12] over the said lots on February 28, 1980. Anacleto sought the cancellation of the said agreement, but both the Ministry and the Office of the President dismissed Anacleto's petition.^[13]

On April 21, 1980, Criminal Case No. 1307-I against the Villanuevas was dismissed.^[14] Eventually, the Fisheries Lease Agreement granted to Carlos was nullified upon appeal to the Court of Appeals in CA G.R. No. SP-12493,^[15] which judgment

became final and executory when a petition for review thereof was dismissed on technical grounds by the Supreme Court on February 27, 1991.^[16] Civil Case No. 1174-I was also dismissed on January 28, 1982.^[17] In the meantime, Carlos Villanueva and Anacleto Santiago both passed away. Hence, the present case was brought by Anacleto's heirs against the heirs of Carlos.

In their complaint^[18] filed on July 30, 1991, Lina Vda. de Santiago and her children, Eddie, Rolando, Willy and Marilou, maintained that as successors-in-interest of Anacleto, they were unlawfully deprived of the possession, use and enjoyment of the fishponds for the last twelve (12) years by Carlos and now, by the latter's widow Estrellita Vda. de Villanueva and their children, Laurence and Jennifer. They also impleaded as defendants caretakers employed by the Villanuevas, Rogelio Millama and Roly De Jesus. The Santiagos asked the court to order the Villanuevas to vacate the lots and restore to them possession and ownership of the lots registered in their predecessor's name. They also demanded actual damages in the amount of P135,000.00, lost earnings for every hectare from the time of dispossession until restoration in the amount of P20,000.00 per annum, moral damages in an amount deemed just and reasonable by the court, as well as attorney's fees and costs of suit.

For her part, respondent Estrellita Villanueva countered that as early as the year 1950, her father-in-law, Maximino Villanueva, offered to sell the fishponds situated on the disputed parcels of land to her and her husband, Carlos. According to Estrellita, they bought the fishponds from her father-in-law which was then classified as "swamp land." When they sought to have the properties titled with the Bureau of Fisheries, they were told that this was not possible due to the land's classification. Carlos then instead applied for a Fisheries Lease Agreement which was granted under FLA 3022.^[19] Estrellita added that in all the twenty years that they possessed the subject lots as well as the other twenty or so years that the same was occupied by her father-in-law, they were never disturbed in their possession thereof. She further stated that although she had seen Antonio Angeles enter the fishpond and the latter applied for the issuance of a title, her father-in-law did not receive any summons pertaining to said application and resultantly, title was issued in favor of Angeles. She also claimed that before the instant complaint was filed by Lina Santiago, no proceedings under Presidential Decree No. 1508 or barangay conciliation were ever held.^[20]

In a decision dated Dec. 18, 1992, the trial court dismissed the complaint for lack of cause of action and *res judicata*. Relying on the tax declarations which classified the lots as "swamp land", the trial court disposed:

WHEREFORE, in view of the foregoing, judgment is hereby rendered against the plaintiffs and in favor of the defendants, declaring:

- (a) Dismissing the instant complaint against the defendants, with costs;
- (b) Declaring the tax declarations stated in paragraph 2 of the complaint null and void and (sic) no legal force and effect;
- (c) Declaring Original Certificate of Title No. 0-7125, Original Certificate of Title No. 0-7126, Transfer Certificate of Title No. T- 24726 and Transfer

Certificate of Title No. T- 24727 as null and void and without any force and effect;

(d) Declaring the defendants as the lawful possessors of the lands in litigation.^[21]

The Santiagos elevated the case to the Court of Appeals which rendered judgment as follows:

WHEREFORE, the decision appealed from is hereby REVERSED and another one entered.

1. declaring the validity of OCT Nos. 0-7125; 0-7126, Transfer Certificates of Title No. T- 24726 and T- 24727 as valid (sic);
2. declaring plaintiffs-appellants as lawful owners of the lands described in paragraph 2 of the complaint;
3. ordering defendants-appellants to restore possession of the lands to plaintiffs-appellants.
4. with costs against defendants-appellants.^[22]

Hence, this petition alleging that:

- A. THE PRESENT CASE IS BARRED BY RES JUDICATA BECAUSE OF THE PREVIOUS DISMISSAL OF TWO CASES INVOLVING COMPLAINT FOR RECOVERY OF POSSESSION AND COMPLAINT FOR EJECTMENT WITH PREJUDICE.
- B. SINCE THE LAND IS A SWAMPLAND, IT CAN BE DISPOSED OF BY LEASE AND THE TITLES OVER THE SAME ARE NULL AND VOID.
- C. SINCE THIS CASE INVOLVES REAL PROPERTIES, IT IS INDISPENSABLE THAT THE COMPLAINT MUST FIRST BE REFERRED TO THE BARANGAY FOR CONFRONTATION AND CONCILIATION.^[23]

For our resolution are the following issues: Is the present action barred by *res judicata*? Should respondents' complaint be dismissed for failure to submit to *barangay* conciliation? Did the appellate court err in ruling that respondents' titles constitute valid and indefeasible proof of ownership?

First, the procedural issues. The principle of *res judicata* does not apply in this case. The two earlier actions filed by Anacleto and Victorino were for forcible entry which involved only the issue of physical possession (*possession de facto*) and not ownership.^[24] Meanwhile, the instant case is an *accion reivindicatoria* or a suit to recover possession of a parcel of land as an element of ownership. A judgment rendered in a forcible entry case will not bar an action between the same parties respecting title or ownership^[25] because between a case for forcible entry and an *accion reivindicatoria*, there is no identity of causes of action.

There was also no need to submit to *barangay* conciliation proceedings since the