

THIRTEENTH DIVISION

[CA-G.R. CV No. 97081, March 31, 2014]

**POTENCIANA CALDERON AND VICENTE CALDERON ,
PLAINTIFFS-APPELLANTS, VS. CECILIA TORRES-MARIANO,
DEFENDANT-APPELLEE.**

D E C I S I O N

YBAÑEZ, J.:

Because the Regional Trial Court of Malolos City, Bulacan issued an Order dated 24 March 2011^[1] in Civil Case No. 206-M-2009 granting defendant-appellee's motion to dismiss which consequently dismissed their case for reimbursement of expenses as builders in good faith, plaintiffs-appellants appealed before this Court seeking the reversal of the aforesaid Order.

The Facts

The subject property in this case is a house and lot located at Brgy. Lumbac, Poblacion, Pulilan, Bulacan and covered by Tax Declaration No. 94-19-011-00551, originally owned by Arcadia Torres.^[2]

On 18 March 2009, plaintiffs-appellants filed the instant Complaint for Reimbursement of Expenses as Builders in Good Faith^[3] against defendant-appellee averring that, due to their belief in good faith that they are the owners of the subject property, the latter should return the amount of Three Hundred Twenty Seven Thousand Pesos (P327,000.00) which they spent for improvements (repair and construction of pig pens) thereon in 1998 up to 2001. They introduced improvements on the subject property after the original owner, Arcadia Torres sold it to them for One Hundred Fifty Thousand Pesos (P150,000.00) on 18 August 1997. However, in the suit for annulment of title and declaration of sale to be equitable mortgage filed by herein defendant-appellee against the plaintiffs-appellants on 24 January 2000 and docketed as Civil Case No. 47-M-2000, Branch 82, Regional Trial Court of Malolos, Bulacan declared the sale to be a mere equitable mortgage in its Decision dated 10 February 2003.^[4] Said judgment was consequently affirmed by the Court of Appeals in its Decision dated 21 December 2007^[5] and the Supreme Court in its Resolution dated 13 August 2008.^[6] Thus, plaintiffs-appellants is now praying that defendant-appellee be compelled to return the aforesaid amount which as of the date of filing of the instant complaint already ballooned to Seven Hundred Fifty Thousand Pesos (P750,000.00).

For her part, defendant-appellee argued that plaintiffs-appellants are not entitled to any reimbursement because they acted in bad faith for having introduced improvements on another's land. She further posited that the said claims are now forfeited since the same should have been raised or invoked in Civil Case No. 47-M-2000.^[7]

On 18 October 2010, defendant-appellee filed a Motion to Dismiss^[8] on the ground that the instant case is already barred by *res judicata*. She contended that the decision in Civil Case No. 47-M-2000, which was already final and executory already passed upon the causes of action in the instant case. In fact, the subject matter in the second case, that of reimbursement for the repair of the house and construction of pig pens, was already touched upon in the first case as defendant-appellee was required to pay One Hundred Fifty Thousand Pesos (P150,000.00) for the redemption amount of the mortgage.

Plaintiffs-appellants, on the other hand, countered that their cause of action arose only after the finality of the first case's decision since that is the time that defendant-appellee's ownership reverted back to her. Thus, there can be no identity of cause of action between the instant case and Civil Case No. 47-M-2000 since the present case is anchored on Article 448 in relation to Article 546 of the Civil Code while the latter is annulment of title.^[9]

On 24 March 2011, the court *a quo* issued an Order^[10] granting defendant-appellee's Motion to Dismiss on the ground of *res judicata*. It found that the issues between the two cases are identical such that plaintiffs-appellants should have raised their claims that they are entitled to reimbursement of expenses as builder in good faith in Civil Case No. 47-M-2000 by way of a counterclaim.

Aggrieved with the aforesaid Order, plaintiffs-appellants appealed before this Court interposing the following errors^[11] purportedly committed by the court *a quo*, to wit:

I.

THE TRIAL COURT ERRED IN ACCEPTING DEFENDANT'S SUGGESTION THAT THERE IS IDENTITY OF CAUSE OF ACTION BETWEEN THE INSTANT CASE AND THE EARLIER CASE DOCKETED AS CIVIL CASE NO. 47-M-2000 ENTITLED ARCADIA TORRES, PLAINTIFF VS. POTENCIANA CALDERON AND VICENTE CALDERON , DEFENDANTS;

II.

THE TRIAL COURT ERRED IN APPLYING THE DOCTRINE OF RES JUDICATA IN THE INSTANT CASE.

The Issue

In essence, the issue presented for our resolution is whether or not the instant case of reimbursement of expenses as builder in good faith is already barred by the final and executory decision rendered in Civil Case No. 47-M-2000.

The Ruling of this Court