

SECOND DIVISION

[G.R. No. 221620, September 11, 2017]

TERESA R. IGNACIO, REPRESENTED BY HER ATTORNEY-IN-FACT, ROBERTO R. IGNACIO, PETITIONER, V. OFFICE OF THE CITY TREASURER OF QUEZON CITY, VICTOR B. ENDRIGA, OFFICE OF THE CITY ASSESSOR OF QUEZON CITY, THE REGISTRAR OF DEEDS OF QUEZON CITY, ATTY. FELIXBERTO F. ABAD, AND ALEJANDRO RAMON AND RACQUEL DIMALANTA, RESPONDENTS.

DECISION

PERLAS-BERNABE, J.:

Before the Court is a petition for review on *certiorari*^[1] assailing the Resolutions dated January 26, 2015^[2] and November 24, 2015^[3] of the Court of Appeals (CA) in CA-G.R. CV No. 102111, which affirmed the Resolution^[4] dated June 3, 2013 of the Regional Trial Court of Quezon City (RTC), Branch 85 (RTC-Br. 85) in Civil Case No. Q-12-70759 dismissing the complaint^[5] filed by petitioner Teresa R. Ignacio (Teresa) for annulment of warrant of levy, public auction sale, recovery of ownership and possession, and damages on the ground of *res judicata*.

The Facts

On February 9, 2012, Teresa, represented by her Attorney-in-Fact, Roberto R. Ignacio, filed before the RTC-Br. 85 a Complaint^[6] for Annulment of Warrant of Levy, Public Auction Sale, Sheriffs Certificate of Sale, Recovery of Ownership and Possession, and Damages (Annulment Complaint), docketed as Civil Case No. Q-12-70759 (**Annulment Case**), against the Office of the City Treasurer of Quezon City, Victor B. Endriga (Endriga), the Office of the City Assessor of Quezon City, the Registrar of Deeds (RD) of Quezon City, and Atty. Felixberto F. Abad (Abad; collectively, public respondents), and Spouses Alejandro Ramon and Racquel Dimalanta (Sps. Dimalanta). Teresa alleged that she is the registered co-owner of a real property covered by Transfer Certificate of Title (TCT) No. 60125^[7] which public respondents, with malice and bad faith, sold at a public auction in 2009 to Sps. Dimalanta without notice of the levy and auction sale proceedings, thereby depriving her of said property without due process of law.^[8] She added that public respondents were in bad faith as they did not return to her the difference between the bid price paid by Sps. Dimalanta and her alleged tax liability.^[9]

Accordingly, she prayed that judgment be rendered ordering: (a) the annulment and cancellation of the Warrant of Levy^[10] and Notice of Levy,^[11] as well as of the Certificate of Sale of Delinquent Property to Purchaser^[12] and the public auction sale proceedings; (b) the City Treasurer of Quezon City to allow her to pay real estate taxes for the periods stated in the Statement of Delinquency^[13] and the succeeding tax periods until updated, excluding interest and penalties for the

succeeding periods; (c) the City Treasurer of Quezon City, Endriga and/or Abad to pay jointly and severally actual damages; and (d) Sps. Dimalanta, with the public respondents, to jointly and severally pay moral and exemplary damages, attorney's fees, and litigation expenses.^[14]

In response,^[15] public respondents argued that they had strictly complied with the legal and procedural requirements for the conduct of the public auction sale, particularly pointing out that they sent the auction sale notice^[16] to the address she provided the Office of the City Assessor, *i.e.*, Tandang Sora Avenue, Quezon City, which the City Assessor used in the Tax Declaration^[17] and which Teresa has not changed to date.^[18]

For their part, Sps. Dimalanta moved^[19] to dismiss the complaint, arguing that Teresa's cause of action is barred by the final judgment^[20] in LRC Case No. Q-31505 (11)^[21] (**Cancellation Case**) rendered by the RTC-Branch 83, acting as a land registration court (LRC), which upheld and confirmed the validity of the auction sale, including their ownership of the property, and ordered the issuance of a new title in their name.^[22] They added that the complaint states no cause of action, as Teresa has no interest in the property;^[23] and that she did not comply with Section 267,^[24] Chapter V, Title II, Book II of the Local Government Code,^[25] which requires a deposit with the court of the amount for which the real property was sold so that an action OA assailing the validity of the auction sale may be entertained.^[26]

Public respondents subsequently filed a Manifestation,^[27] similarly moving for the dismissal of the Annulment Complaint on the same ground of *res judicata*.

Meanwhile, on June 14, 2012, Teresa filed a Motion for Leave to File Petition for Relief from Judgment (with Motion to Set Aside Decision and Certificate of Finality)^[28] and the corresponding Petition for Relief^[29] before the LRC in the Cancellation Case, seeking to set aside the Decision dated December 22, 2011^[30] and the Certificate of Finality^[31] dated February 6, 2012 on the ground that the LRC did not make any ruling on the validity of the auction sale of the property covered by TCT No. 60125,^[32] and that she was deprived of her right to due process when she was not notified of the notice/statement of delinquency and the warrant of levy.^[33] In an Order^[34] dated August 7, 2013, the LRC granted the aforesaid motion, allowing the parties to "file additional pleadings or memoranda x x x [a]fter which x x x the Petition for Relief from judgment will be submitted for resolution x x x."^[35]

The RTC-Br. 85 Ruling

In a Resolution^[36] dated June 3, 2013, the RTC-Br. 85 dismissed with prejudice the Annulment Complaint on the ground of *res judicata*, and declared that the LRC's December 22, 2011 Decision in the Cancellation Case, which involved the same property covered by the present complaint, has already attained finality per the February 6, 2012 Certificate of Finality;^[37] thus, it is conclusive on all issues that could be raised in the Annulment Case in relation thereto.^[38]

Teresa moved for reconsideration,^[39] which the RTC-Br. 85 denied in a Resolution^[40] dated December 19, 2013. Aggrieved, Teresa appealed^[41] to the CA which public respondents and Sps. Dimalanta opposed essentially on jurisdictional and procedural grounds.^[42]

The CA Ruling and Subsequent Proceedings

In a Resolution^[43] dated January 26, 2015, the CA upheld the RTC-Br. 85's dismissal of the Annulment Complaint, declaring that the issue involving the subject property in the Annulment Case had already been decided with finality by the LRC Decision in the Cancellation Case; hence, barred by *res judicata*.^[44]

Dissatisfied, Teresa moved^[45] for reconsideration which the CA denied in a Resolution^[46] dated November 24, 2015; hence, this petition.

In the interim, the LRC, in the Cancellation Case, issued a Resolution^[47] dated February 9, 2015 denying Teresa's motion for leave to file the Petition for Relief. However, in a Resolution^[48] dated June 11, 2015, the LRC admitted her motion for reconsideration^[49] and ordered Sps. Dimalanta to comment on Teresa's Petition for Relief.

The Issues Before the Court

The essential issues for the Court's resolution are: (a) whether or not the CA has jurisdiction over Teresa's appeal from the RTC-Br. 85's Decision; (b) assuming the CA has jurisdiction, whether or not it erred in upholding the RTC-Br. 85 's dismissal of the Annulment Case on the ground of *res judicata*; and (c) whether or not Teresa committed forum shopping when she filed the Petition for Relief in the Cancellation Case.

The Court's Ruling

The petition is meritorious.

On the issue of jurisdiction, public respondents argue^[50] that the RTC-Br. 85's Resolution dismissing with prejudice the Annulment Case on the ground of *res judicata* has already become final, maintaining that Teresa should have elevated the case to the Court of Tax Appeals (CTA), and not to the CA,^[51] pursuant to Section 7 (a) (3) of Republic Act (RA) No. 9282,^[52] viz.:

SEC. 7. *Jurisdiction*. - The CTA shall exercise:

a. Exclusive appellate jurisdiction to review by appeal, as herein provided:

3. Decisions, orders or resolutions of the Regional Trial Courts in local tax cases originally decided or resolved by them in the exercise of their original or appellate jurisdiction[.]

The Court disagrees, as the CA properly assumed jurisdiction over Teresa's appeal.

Jurisdiction is defined as the power and authority of a court to hear, try, and decide a case.^[53] In order for the court or an adjudicative body to have authority to

dispose of the case on the merits, it must acquire, among others, jurisdiction over the subject matter. **Case law holds that jurisdiction is conferred by law and determined from the nature of action pleaded as appearing from the material averments in the complaint and the character of the relief sought.**

[54] Once the nature of the action is determined, it remains the same even on appeal until a decision rendered thereon becomes final and executory.

Based on the above-cited provision of law, it is apparent that the CTA's appellate jurisdiction over decisions, orders, or resolutions of the RTCs becomes operative only when the RTC has ruled on a local tax case. Thus, before the case can be raised on appeal to the CTA, the action before the RTC must be in the nature of a tax case, or one which primarily involves a tax issue. In *National Power Corporation v. Municipal Government of Navotas*: [55]

Indeed, the CTA, sitting as Division, has jurisdiction to review by appeal the decisions, rulings and resolutions of the RTC over local tax cases, which includes real property taxes. This is evident from a perusal of the Local Government Code (LGC) which includes the matter of Real Property Taxation under one of its main chapters. Indubitably, the power to impose real property tax is in line with the power vested in the local governments to create their own revenue sources, within the limitations set forth by law. As such, the collection of real property taxes is conferred with the local treasurer rather than the Bureau of Internal Revenue. [56]

Thus, cases decided by the RTC which involve issues relating to the power of the local government to impose real property taxes are considered as local tax cases, which fall under the appellate jurisdiction of the CTA. To note, these issues may, *inter alia*, involve the legality or validity of the real property tax assessment; protests of assessments; disputed assessments, surcharges, or penalties; legality or validity of a tax ordinance; claims for tax refund/credit; claims for tax exemption; actions to collect the tax due; and even prescription of assessments.

In this case, a reading of the Annulment Complaint shows that Teresa's action before the RTC-Br. 85 is **essentially one for recovery of ownership and possession of the property, with damages,** [57] **which is not anchored on a tax issue, but on due process considerations.** Particularly, she alleged that: (a) public respondents sent the Notice of Delinquency in July 2008, and the corresponding Warrant of Levy in May 2009, to a wrong address; [58] (b) they knew her correct address as early as March 2007, or before they sent the Notice and Warrant; [59] (c) she had in fact already filed an action against them involving a different property, for likewise sending the notice to a wrong address; [60] and (d) their willful violation of her right to notice of the levy and auction sale deprived her of her right to take the necessary steps and action to prevent the sale of the property, participate in the auction sale, or otherwise redeem the property from Sps. Dimalanta. [61] In other words, the Annulment Complaint's allegations do not contest the tax assessment on the property, as Teresa only bewails the alleged lack of due process which deprived her of the opportunity to participate in the delinquency sale proceedings. As such, the RTC-Br. 85's ruling thereon could not be characterized as a local tax case over which the CTA could have properly assumed jurisdiction on appeal. In fine, the case was correctly elevated to the CA.

Proceeding to the next issue, the Court finds that the Annulment Case was not barred by *res judicata*.

Res judicata literally means a matter adjudged; a thing judicially acted upon or decided; a thing or matter settled by judgment. It also refers to the rule that an existing final judgment or decree rendered on the merits, and without fraud or collusion, by a court of competent jurisdiction, upon any matter within its jurisdiction, is conclusive of the rights of the parties or their privies, in all other actions or suits in the same or any other judicial tribunal of concurrent jurisdiction on the points and matters in issue in the first suit.^[62]

For *res judicata* to absolutely bar a subsequent action, the following requisites must concur: (a) the former judgment or order must be final; (b) the judgment or order must be on the merits; (c) it must have been rendered by a court having jurisdiction over the subject matter and parties; and **(d) there must be between the first and second actions, identity of parties, of subject matter, and of causes of action**.^[63]

In this case, the Court disagrees with the conclusion reached by the RTC-Br. 85 and the CA that the December 22, 2011 Decision in the Cancellation Case barred the filing of the complaint in the Annulment Case as **there is no identity of causes of action between these two (2) cases**.

To recap, in the Cancellation Case, Sps. Dimalanta, as the petitioners, sought to compel the registered owners to surrender the owner's duplicate certificate of title, or, in the alternative, to cancel or annul TCT No. 60125 issued by the Quezon City-RD in the name of Sps. Krause Ignacio and Teresa Reyes, among others,^[64] and issue new TCTs in their favor on the ground that the one-year redemption period had lapsed without the owners having redeemed the property which they bought during an auction sale held on June 21, 2007 and July 2, 2009, where they emerged as the highest bidders.^[65] At the initial hearing held on September 16, 2011, the LRC noted that the jurisdictional requirements were established with the marking in evidence of the petition, the notice of hearing, the proofs of service on the parties duly required by law to be notified, and the Certificate of Posting.^[66] It then granted the petition after finding, during the *ex-parte* hearing, that Sps. Dimalanta purchased the subject property *via* said auction sale and that Teresa failed to redeem the same within the one-year redemption period therefor;^[67] thus, they were adjudged to be entitled to the issuance of a new TCT in their names and to a writ of possession.^[68]

In contrast, Teresa, in the Annulment Case, sought the annulment of the warrant and notice of levy, the auction sale, the certificate of sale, and the recovery of ownership and possession of the property, with damages^[69] on the ground that she was not given notice of the levy and auction sale thereby depriving her of the property without due process of law. As earlier noted, Teresa alleged and argued in her complaint that public respondents sent the notice of the levy and auction sale proceedings to a vague and unspecified address, i.e., Tandang Sora, Quezon City, even while they knew, as early as March 2007, that her correct address is No. 48 Broadway Street, New Manila, Quezon City;^[70] and thus, effectively depriving her of her right to take the necessary steps to prevent the sale of her property or otherwise redeem it from Sps. Dimalanta.^[71]