

FIRST DIVISION

[G. R. No. 185169, June 15, 2016]

HEIRS OF CATALINO DACANAY, HIS WIFE ERLINDA DACANAY, THEIR CHILDREN AURORA D. CONSTANTINO AND REYNALDO DACANAY; LOLITA DACANAY VDA. DE PARASO; HEIRS OF SOLEDAD APOSTOL, NAMELY: HER HUSBAND LEONARDO CAGUIOA, THEIR CHILDREN AMALIA, DANILO, RONALD, MARLENE, ROBERT, ROLDAN, THELMA AND TERESA, ALL SURNAMED CAGUIOA, PETITIONERS, VS. JUAN SIAPNO, JR., MARIO RILLON, SPOUSES JOSE TAN AND LETICIA DY TAN, RESPONDENTS.

DECISION

SERENO, C.J.:

This is a Petition for Review on *Certiorari* under Rule 45 of the Rules of Court assailing the Resolution^[1] dated 8 September 2008 and the Order^[2] dated 13 October 2008 in Civil Case No. 18857 issued by Regional Trial Court (RTC) Branch 69 in Lingayen, Pangasinan. The trial court dismissed petitioners' Complaint^[3] for Declaration of Nullity of Documents with Partition and Damages and denied^[4] their Motion for Reconsideration.

The sole issue raised by petitioners is whether the RTC committed a grave error of law when it dismissed the Complaint pursuant to a Decision^[5] dated 3 July 2006 rendered by the Department of Agrarian Reform Adjudication Board (DARAB) in DARAB Case No. 9631.

We answer in the affirmative. There is no identity of parties and causes of action between the case before the RTC and the case heard by the DARAB.

FACTS OF THE CASE

Petitioners claim to be the descendants and heirs of Esperanza Espiritu *vda.* de Apostol, who was allegedly the original owner of a parcel of land located at *Barangay* Olo-Cacamposan, Mangatarem, Pangasinan.^[6] It had an area of 13,165 square meters, and was initially covered by Original Certificate of Title (OCT) No. P-13438^[7] registered in the name of "HEIRS OF ESPERANZA ESPIRITU, represented by Antonia Apostol."

Sometime in 1995, OCT No. P-13438 was cancelled and Transfer Certificate of Title (TCT) No. 202765^[8] was issued to Juan C. Siapno, Jr. (Siapno). In April 1996, TCT No. 202765 was likewise cancelled and TCT No. 212328 was issued to Spouses Jose Sy Tan and Leticia Dy Tan (Sps. Tan).

Petitioners allege that Espiritu had three daughters: Feliciana, Juana, and Anastacia. Feliciana married Vicente Dacanay with whom she had a son, Catalino and a daughter, Lolita. Juana died without issue. Anastacia married Roberto Fabros with whom she had a daughter, Soledad. Soledad married Leonardo Caguioa, and their children are now among the petitioners in this case.

According to petitioners, the transfer of title from the heirs of Esperanza Espiritu to Siapno was made possible by a forged Affidavit of Declaration of Heirs^[9] allegedly executed by Feliciana's son, Catalino, on 16 December 1994. In the document, Catalino was represented as single and the only heir and nephew of Espiritu. On the same day, he appeared to have sold the subject parcel of land to Siapno through a Deed of Absolute Sale.^[10]

On 19 March 1996, Siapno sold the subject parcel of land to Sps. Tan. Thereafter, respondent Mario Rillon (Rillon), claiming to be the tenant of Catalino, filed a Complaint before the DARAB.^[11] He alleged that because he had not been notified of the sale between Siapno and Sps. Tan, he failed to exercise his right of redemption provided under Republic Act (R.A.) No. 3844, as amended by R.A. No. 6389.^[12] On 3 July 2006, the DARAB found him to be a *bona fide* tenant of the subject property, hence, entitled to redeem it.

On 7 May 2008, petitioners filed a Complaint before the RTC assailing the series of transfers of ownership over the subject parcel of land. They prayed for the declaration of nullity of the Affidavit of Declaration of Heirs, the Deed of Absolute Sale in favor of Siapno, TCT No. 202765, Tax Declaration No. 8894, the Deed of Absolute Sale in favor of Sps. Tan, and TCT No. 212328.^[13] They also prayed for the reversion of the land to the heirs of Espiritu and the partition thereof among them.^[14] Further, petitioner asked for moral damages, attorney's fees, litigation expenses and appearance fee.^[15] They attached a copy of the Marriage Contract^[16] between Catalino and Erlinda Brudo as proof that in 1994, he was already married. They clarified that Catalino was a grandson, not a nephew, of Espiritu.^[17] Pointing out that the title had already been transferred to the heirs of Espiritu, they likewise argued that Catalino could not have inherited the land from Espiritu.^[18] Petitioners posited that Rillon could not redeem the land, because the purported sales between Catalino and Siapno, and later between Siapno and Sps. Tan, were void *ab initio*.^[19]

Siapno, in his Answer with Compulsory Counterclaim,^[20] prayed that the Complaint be dismissed against him on the ground that venue had been improperly laid. He theorized that the action was *in personam*, and should have been filed in the place where any of the plaintiffs or defendants resided.^[21] He argued that the court had no jurisdiction over the subject of the action considering that 14 years had elapsed since the Deed of Absolute Sale was executed.^[22] He also attached several documents allegedly showing that Lolita and several other plaintiffs had consented to the sale made by Catalino.^[23]

Sps. Tan filed a separate Answer with Compulsory Counterclaim,^[24] in which they denied knowledge of the circumstances surrounding the sale between Catalino and Siapno. The spouses claimed to be buyers in good faith and put up as an affirmative defense the fact that petitioners had no cause of action against them, because they

have already been stripped of their rights to the land by virtue of the DARAB Decision.^[25] Like Siapno, they also argued that the action had prescribed. In addition, they argued that the subject matter was outside the jurisdiction of the RTC since the assessed value of the property was less than P20,000. They further argued that the case was prematurely filed because "there is no showing that there are co-heirs who refuse an extrajudicial partition."^[26]

Rillon likewise filed a separate Answer with Compulsory Counterclaim,^[27] in which he denied knowledge of the series of transfers of the subject parcel of land. He maintained that the plaintiffs had no cause of action against him, because he was the rightful owner of the land by virtue of the DARAB Decision.^[28]

RULING OF THE RTC

The RTC noted that at the time of the filing of the Complaint, the DARAB Decision had become final and executory. The court justified its dismissal of the Complaint as follows:

[W]hen the DARAB adjudicated the parcel of land to defendant Rillon, it, in effect, declared the sales between Catalino Dacanay and defendant Siapno and later between defendant Siapno and defendants-spouses Tan to be inefficacious. This renders the prayer of plaintiffs that the said sales be declared null and void futile.

Relative thereto, since title and ownership over the subject parcel of land have been declared to be vested in defendant Rillon by final and executory judgment, the prayer of plaintiffs that the said property be partitioned among them is likewise futile. Stated simply and as a matter of common sense, there is nothing to partition.

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[A]s pointed out by defendants-spouses Tan, plaintiffs must first establish their status as the rightful heirs, and therefore co-owners, of the estate of the late Esperanza Espiritu before any partition of the latter's estate may be effected. And this may be determined only in a settlement proceeding in accordance with the procedure laid down by the Rules.

Petitioners filed a Motion for Reconsideration,^[29] but it was denied by the RTC. On the theory that the case concerns pure questions of law, they have elevated the case directly to this Court.

Petitioners argue that their cause of action is not barred by the DARAB Decision.^[30] They contend that *res judicata* does not apply because the DARAB case was between Rillon and Sps. Tan only, and that the Decision therein merely upheld the tenant's right to redeem the land. Petitioners emphasize that the DARAB did not pass upon the validity of the documents sought to be declared null and void before the RTC.^[31] They pray that the trial court's Resolution dated 8 September 2008 and Order dated 13 October 2008 be reversed, and that the case be remanded to the

same branch for the continuation of trial on the merits.^[32]

Siapno filed an Opposition to Petition for Review,^[33] which the Court treated as his Comment.^[34] He asserted that the land had been sold to him by the heirs of Espiritu, and that the action to declare the documents void had already prescribed.^[35]

Upon orders of the Court, Sps. Tan filed their Comment^[36] and claimed that the Petition failed to set forth questions of law. Further, they asserted that the complaint stated no cause of action because petitioners did not allege that the decedent left no will and no debts, and that all the heirs could not agree to divide the estate among themselves.^[37] According to the spouses, the action for partition was also outside the jurisdiction of the RTC since the assessed value of the land as shown in the Tax Declaration was only P2,150.^[38]

For his part, Rillon argued that the DARAB Decision had already become final and executory.^[39] And because the lot had been validly transferred to him by virtue of the decision, he viewed the complaint as lacking a cause of action.^[40]

OUR RULING

We rule for petitioners. The trial court committed an error of law when it dismissed the Complaint on the ground of *res judicata*. For the principle to apply, the following requisites must concur:

- 1) There is a final judgment or order.
- 2) The court rendering the judgment has jurisdiction over the parties and subject matter.
- 3) The former judgment is a judgment on the merits.
- 4) There is between the first and the second actions an identity of parties, subject matter, and causes of action.^[41]

The fourth requisite is absent in this case.

There is no identity of parties. It is undisputed that petitioners were not parties to the DARAB case; it was between Rillon and Sps. Tan.

In *Green Acres Holdings, Inc. v. Cabral*,^[42] the petitioner therein was also not made party to the DARAB case. The Court ruled that in conformity with the constitutional guarantee of due process of law, no one shall be affected by any proceeding to which one is a stranger, and strangers to a case are not bound by any judgment rendered by the court.^[43] For the same reason, DARAB Case No. 9631 should not bind petitioners in this case.

There is no identity of cause of action. DARAB Case No. 9631 involved a tenant's right to redeem the land, while the instant case involves the validity of the transfer documents. There is merit in petitioners' argument that the DARAB cannot be