

SECOND DIVISION

[G.R. No. 209535, June 15, 2015]

**TERESITA S. LEE, PETITIONER, VS. LUI MAN CHONG,
RESPONDENT.**

D E C I S I O N

MENDOZA, J.:

Before the Court is a petition for review on *certiorari* under Rule 45 of the Rules of Court assailing the May 24, 2013 Decision^[1] and the October 7, 2013 Resolution^[2] of the Court of Appeals (CA), in CA-G.R. CV No. 98141, which affirmed the August 8, 2011 Order^[3] of the Regional Trial Court of Baguio City, Branch 60, in Civil Case No. 6761-R (*RTC Br. 60*), dismissing a case for recovery of properties.

The Facts:

On January 17, 2006, a certain Conrado P. Romero (*Romero*) died intestate. He left various properties among which were four (4) parcels of land^[4] in Baguio City and 4,600 shares of Pines Commercial Corporation (*PCC*), a real estate development corporation (*subject properties*).

On February 23, 2006, respondent Lui Man Chong (*Chong*), claiming to be Romero's nephew, executed an "*Affidavit of Self-Adjudication*," adjudicating unto himself, as the sole and exclusive heir of Romero, the latter's whole estate. Consequently, the titles over the said properties were transferred to his name.

On April 10, 2006, petitioner Teresita S. Lee (*Lee*), who claimed to be Romero's common-law wife, filed her "*Petition for Letters of Administration of the Estate of Conrado K. Romero*" before the RTC and raffled to Branch 5 (*RTC Br. 5*), docketed as Special Proceedings Case (*SPC*) No. 1646-R (**Special Proceedings Case**). **On August 24, 2006, the RTC Br. 5 dismissed SPC No. 1646-R, which was eventually affirmed by this Court.**

On August 24, 2006, Lee, with a certain Linda Ng-Perido, filed a complaint for "*Declaration of Nullity of Affidavit of Self-Adjudication*" against Chong before the RTC which was raffled to Branch 61 (*RTC Br. 61*), docketed as Civil Case No. 6328-R (**Annulment Case**). Claiming to own half of Romero's estate during their cohabitation as common-law spouses, Lee sought the nullification of Chong's affidavit of self-adjudication and a declaration that she is a co-owner of Romero's properties.

On April 29, 2008, the RTC Br. 61 dismissed the case for lack of cause of action and legal personality to file the said case. It explained that she, not having any matrimonial bond with Romero, did not qualify as an heir of the latter under Article 887^[5] and 1003^[6] of the Civil Code. It also stated that she failed to establish the

fact that she indeed cohabited with Romero. **The dismissal of the annulment case was affirmed by this Court and attained finality on January 12, 2009.**

On September 4, 2008, Lee filed another case for "*Annulment of Title with Damages*" and subsequently amended it to "*Recovery of Ownership*" against Chong before the RTC, which was raffled to Branch 60 (*RTC Br. 60*), docketed as Civil Case No. 6761-R (**Recovery Case**). She alleged, among others, that she was the common-law wife and business partner of Romero and they ran various businesses together. She added that they were co-owners in equal portions *pro indiviso* of the subject properties because they acquired them during their cohabitation using the funds generated from their businesses. She further claimed that Chong illegally transferred the subject properties of Romero and erroneously included her 1/2 share as co-owner of the same. She prayed that the certificates of title in Chong's name be cancelled and new ones be issued naming her as owner of the 1/2 portion of each parcel of land and 50% of Romero's 4,600 PCC shares.

Chong moved for the dismissal of the Recovery Case for lack of jurisdiction and lack of cause of action. Later, he added *res judicata*, as a ground invoking the final and executory judgment in the Special Proceedings Case and the Annulment Case which she had earlier filed against him involving the subject properties. He stressed that the causes of action in the Annulment Case and the Recovery Case were both anchored on her claim that she was Romero's common-law spouse. He added that the final dismissal of the Annulment Case, which sought to declare the nullity of his affidavit of self-adjudication, had effectively settled the issue of its validity including the other consequences of its execution such as the ownership of the subject properties.

On February 28, 2011, the RTC Br. 60 issued an Order,^[7] denying the motion to dismiss filed by Chong for lack of merit.

On August 8, 2011, acting on the motion for reconsideration filed by Chong, the RTC Br. 60 issued an Order,^[8] *granting his motion to dismiss* on the ground of *res judicata*. In dismissing the Recovery Case, the trial court explained that the issues between the parties in the said case which were already settled in the Annulment Case need not be litigated anew. It stated that "[i]n determining whether or not the Plaintiff is entitled to the recovery of her alleged portion of the subject properties, the issue on the validity of the Affidavit of Self-Adjudication will inevitably be tackled. A ruling on the issue of co-ownership would undermine the validity of the Affidavit of Self-Adjudication and its consequences, such as the issuance of the Transfer Certificate of Title in the name of the Defendant [Chong]." The issue on the validity of his Affidavit of Self-Adjudication having been settled with finality, her prayer in the Recovery Case could not be lawfully granted.

Lee moved for reconsideration, but her motion was denied by the RTC Br. 60.

On appeal, in its Decision, dated May 24, 2013, the CA affirmed the ruling of the RTC Br. 60. The CA explained that the doctrine of *res judicata*, more specifically in the concept of bar by prior judgment, had set in. It noted that the Annulment Case had already been dismissed with finality by the RTC Br. 61, a court of competent jurisdiction. Both the Annulment Case and this case involved the same parties and were anchored on Lee's claim of co-ownership over the subject properties which she

claimed to have acquired through her joint effort with Romero during their cohabitation. The CA stated that although the dismissal of the Annulment Case was by virtue of an order pursuant to a motion to dismiss, it did not make the dismissal any less an adjudication on the merits. The appellate court observed that the RTC Br. 61, in the Annulment Case, unequivocally determined the rights and obligations of the parties. It expressly declared that Lee had no legal personality and no cause of action to seek the nullification of the affidavit of self-adjudication, as well as to recover the portion of the subject properties which she claimed to be hers. The CA further stated that it would undertake the same evidence to support and establish both the Annulment Case and the this Recovery Case to obtain affirmative relief. It added that the affirmative relief in the present case against Chong would be inconsistent with the prior judgment. Lastly, it wrote that Lee sought practically the same relief in both cases which was that she be ultimately declared as co-owner, but this was already settled with finality in the Annulment Case.

Lee moved for reconsideration, but her plea was denied by the CA in its October 7, 2013 Resolution.

Hence, the present recourse.

Lee argues that the CA seriously erred in declaring that *res judicata* had set in so as to bar by a prior judgment in the Annulment Case the present Recovery Case. She contends that assuming for the sake of argument that *res judicata* had indeed set in its application would involve the sacrifice of justice to technicality.

The issue to be resolved is whether the CA erred in affirming the ruling of the RTC Br. 60.

The Court's Ruling

The Court finds no reversible error in the subject decision warranting the exercise of its appellate jurisdiction.

Res judicata means "a matter adjudged; a thing judicially acted upon or decided; a thing or matter settled by judgment." It lays the rule that an existing final judgment or decree rendered on the merits, 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.^[9]

The doctrine of *res judicata* embodied in Section 47, Rule 39 of the Rules of Court provides:

Sec. 47. Effect of judgments or final orders.

The effect of a judgment or final order rendered by a court of the Philippines, having jurisdiction to pronounce the judgment or final order, may be as follows:

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