

THIRD DIVISION

[G.R. No. 181723, August 11, 2014]

ELIZABETH DEL CARMEN, PETITIONER, VS. SPOUSES RESTITUTO SABORDO AND MIMA MAHILUM-SABORDO, RESPONDENTS.

D E C I S I O N

PERALTA, J.:

This treats of the petition for review on *certiorari* assailing the Decision^[1] and Resolution^[2] of the Court of Appeals (CA), dated May 25, 2007 and January 24, 2008, respectively, in CA-G.R. CV No. 75013.

The factual and procedural antecedents of the case are as follows:

Sometime in 1961, the spouses Toribio and Eufrocina Suico (*Suico spouses*), along with several business partners, entered into a business venture by establishing a rice and corn mill at Mandaue City, Cebu. As part of their capital, they obtained a loan from the Development Bank of the Philippines (*DBP*), and to secure the said loan, four parcels of land owned by the Suico spouses, denominated as Lots 506, 512, 513 and 514, and another lot owned by their business partner, Juliana Del Rosario, were mortgaged. Subsequently, the Suico spouses and their business partners failed to pay their loan obligations forcing DBP to foreclose the mortgage. After the Suico spouses and their partners failed to redeem the foreclosed properties, DBP consolidated its ownership over the same. Nonetheless, DBP later allowed the Suico spouses and Reginald and Beatriz Flores (*Flores spouses*), as substitutes for Juliana Del Rosario, to repurchase the subject lots by way of a conditional sale for the sum of P240,571.00. The Suico and Flores spouses were able to pay the downpayment and the first monthly amortization, but no monthly installments were made thereafter. Threatened with the cancellation of the conditional sale, the Suico and Flores spouses sold their rights over the said properties to herein respondents Restituto and Mima Sabordo, subject to the condition that the latter shall pay the balance of the sale price. On September 3, 1974, respondents and the Suico and Flores spouses executed a supplemental agreement whereby they affirmed that what was actually sold to respondents were Lots 512 and 513, while Lots 506 and 514 were given to them as usufructuaries. DBP approved the sale of rights of the Suico and Flores spouses in favor of herein respondents. Subsequently, respondents were able to repurchase the foreclosed properties of the Suico and Flores spouses.

On September 13, 1976, respondent Restituto Sabordo (*Restituto*) filed with the then Court of First Instance of Negros Occidental an original action for declaratory relief with damages and prayer for a writ of preliminary injunction raising the issue of whether or not the Suico spouses have the right to recover from respondents Lots 506 and 514.

In its Decision dated December 17, 1986, the Regional Trial Court (RTC) of San Carlos City, Negros Occidental, ruled in favor of the Suico spouses directing that the latter have until August 31, 1987 within which to redeem or buy back from respondents Lots 506 and 514.

On appeal, the CA, in its Decision^[3] in CA-G.R. CV No. 13785, dated April 24, 1990, modified the RTC decision by giving the Suico spouses until October 31, 1990 within which to exercise their option to purchase or redeem the subject lots from respondents by paying the sum of P127,500.00. The dispositive portion of the CA Decision reads as follows:

x x x x

For reasons given, judgment is hereby rendered modifying the dispositive portion of [the] decision of the lower court to read:

1) The defendants-appellees are granted up to October 31, 1990 within which to exercise their option to purchase from the plaintiff-appellant Restituto Sabordo and Mima Mahilum Lot No. 506, covered by Transfer Certificate of Title No. T-102598 and Lot No. 514, covered by Transfer Certificate of Title No. T-102599, both of Escalante Cadastre, Negros Occidental by reimbursing or paying to the plaintiff the sum of ONE HUNDRED TWENTY-SEVEN THOUSAND FIVE HUNDRED PESOS (P127,500.00);

2) Within said period, the defendants-appellees shall continue to have usufructuary rights on the coconut trees on Lots Nos. 506 and 514, Escalante Cadastre, Negros Occidental;

3) The Writ of Preliminary Injunction dated August 12, 1977 shall be effective until defendants-appellees shall have exercised their option to purchase within said period by paying or reimbursing to the plaintiff-appellant the aforesaid amount.

No pronouncement as to costs.

SO ORDERED.^[4]

In a Resolution^[5] dated February 13, 1991, the CA granted the Suico spouses an additional period of 90 days from notice within which to exercise their option to purchase or redeem the disputed lots.

In the meantime, Toribio Suico (*Toribio*) died leaving his widow, Eufrocina, and several others, including herein petitioner, as legal heirs. Later, they discovered that respondents mortgaged Lots 506 and 514 with Republic Planters Bank (*RPB*) as security for a loan which, subsequently, became delinquent.

Thereafter, claiming that they are ready with the payment of P127,500.00, but

alleging that they cannot determine as to whom such payment shall be made, petitioner and her co-heirs filed a Complaint^[6] with the RTC of San Carlos City, Negros Occidental seeking to compel herein respondents and RPB to interplead and litigate between themselves their respective interests on the abovementioned sum of money. The Complaint also prayed that respondents be directed to substitute Lots 506 and 514 with other real estate properties as collateral for their outstanding obligation with RPB and that the latter be ordered to accept the substitute collateral and release the mortgage on Lots 506 and 514. Upon filing of their complaint, the heirs of Toribio deposited the amount of P127,500.00 with the RTC of San Carlos City, Branch 59.

Respondents filed their Answer^[7] with Counterclaim praying for the dismissal of the above Complaint on the grounds that (1) the action for interpleader was improper since RPB is not laying any claim on the sum of P127,500.00; (2) that the period within which the complainants are allowed to purchase Lots 506 and 514 had already expired; (3) that there was no valid consignation, and (4) that the case is barred by *litis pendencia* or *res judicata*.

On the other hand, RPB filed a Motion to Dismiss the subject Complaint on the ground that petitioner and her co-heirs had no valid cause of action and that they have no primary legal right which is enforceable and binding against RPB.

On December 5, 2001, the RTC rendered judgment, dismissing the Complaint of petitioner and her co-heirs for lack of merit.^[8] Respondents' Counterclaim was likewise dismissed.

Petitioner and her co-heirs filed an appeal with the CA contending that the judicial deposit or consignation of the amount of P127,500.00 was valid and binding and produced the effect of payment of the purchase price of the subject lots.

In its assailed Decision, the CA denied the above appeal for lack of merit and affirmed the disputed RTC Decision.

Petitioner and her co-heirs filed a Motion for Reconsideration,^[9] but it was likewise denied by the CA.

Hence, the present petition for review on *certiorari* with a lone Assignment of Error, to wit:

THE COURT OF APPEALS ERRED IN AFFIRMING THE DECISION OF THE LOWER COURT WHICH HELD THAT THE JUDICIAL DEPOSIT OF P127,500.00 MADE BY THE SUICOS WITH THE CLERK OF COURT OF THE RTC, SAN CARLOS CITY, IN COMPLIANCE WITH THE FINAL AND EXECUTORY DECISION OF THE COURT OF APPEALS IN CA-G.R. CV-13785 WAS NOT VALID.^[10]

Petitioner's main contention is that the consignation which she and her co-heirs made was a judicial deposit based on a final judgment and, as such, does not require compliance with the requirements of Articles 1256^[11] and 1257^[12] of the