

THIRD DIVISION

[G.R. No. 151016, August 06, 2008]

**SPOUSES SOFRONIO SANTOS AND NATIVIDAD SANTOS,
FROILAN SANTOS, CECILIA M. MACASPAC, AND R TRANSPORT
CORPORATION, PETITIONERS, VS. HEIRS OF DOMINGA LUSTRE,
NAMELY TARCISIO MANQUIZ, TERESITA BURGOS, FLORITA M.
REYES AND LERMIE MANQUIZ, RESPONDENTS.**

D E C I S I O N

NACHURA, J.:

This petition for review seeks the reversal of the Court of Appeals (CA) Decision^[1] dated August 23, 2001, and Resolution dated December 10, 2001, which denied petitioners' Motion to Dismiss Civil Case No. 2115, an action for Annulment of Transfer Certificate of Title and Deed of Absolute Sale.

The facts, as borne by the records, are as follows:

Dominga Lustre, who died on October 15, 1989, owned a residential lot which is located in San Antonio, Nueva Ecija, with an area of 390 square meters, and covered by Transfer Certificate of Title (TCT) No. NT-50384. On September 20, 1974, Dominga Lustre mortgaged the lot to spouses Sofronio and Natividad Santos (spouses Santos) for P38,000.00.^[2]

On May 16, 1976, Dominga Lustre sold the property to Natividad M. Santos for P15,000.00 through a Deed of Absolute Sale.^[3] The mortgage appears to have been canceled on March 20, 1976.^[4] The cancellation of the mortgage and the sale of the property were both inscribed at the back of TCT No. NT-50384 on April 17, 1984.

As a result of the sale, TCT No. NT-50384 was canceled and TCT No. NT-183029 was issued in the name of the spouses Santos. Subsequently, the latter executed a Deed of Sale transferring the property to their son, Froilan M. Santos (petitioner). By virtue of this deed, TCT No. NT-183029 was canceled and TCT No. 193973^[5] issued in the name of Froilan Santos.

On April 14, 1994, Cecilia Macaspac (also a petitioner) and Tarcisio Maniquiz, both heirs of Dominga Lustre, filed with the Regional Trial Court (RTC) of Gapan, Nueva Ecija, a Complaint for Declaration of the Inexistence of Contract, Annulment of Title, Reconveyance and Damages^[6] against Froilan M. Santos. That case was docketed as Civil Case No. 1330. Later, the plaintiffs sought the amendment of the complaint to include Eusebio Maniquiz as plaintiff and to include a certification against forum shopping. However, the records in this case are bereft of any information as to whether the same was allowed by the trial court.^[7] We note, however, that only Cecilia Macaspac executed a Verification and Certification against Forum Shopping^[8]

in that case.

According to the Amended Complaint in Civil Case No. 1330, plaintiffs Cecilia and Tarcisio are the legitimate children, while Eusebio is the spouse of Dominga Lustre, who allegedly left them the subject property when she died on October 15, 1989. They averred that the sale of the property to Natividad Santos was simulated, spurious or fake, and that they discovered that spouses Santos transferred the property to Froilan Santos when the latter filed an ejectment suit against them. Thereafter, Froilan Santos, through fraud and deceit, succeeded in transferring the property. On the mistaken belief that the sale between Dominga Lustre and Natividad Santos occurred on April 17, 1984, plaintiffs prayed that the trial court issue judgment --

1. Ordering the inexistence of sale dated April 17, 1984 between Dominga Lustre and Natividad Santos and subsequent thereto;
2. Ordering the cancellation of TCT No. NT-193973 in favor of defendant and *reconvey the same to the plaintiff*;
3. Ordering the defendant to pay plaintiffs the sum of P20,000.00 as attorney's fee, P20,000.00 as moral damages; P20,000.00 as litigation expenses; P20,000.00 as exemplary damages;
4. Ordering defendant to pay the cost of the suit;
5. General relief[s] are likewise prayed for in the premises. (Emphasis ours.)^[9]

On September 12, 1994, the RTC, Branch 87, to which Civil Case No. 1330 was raffled, ordered the records of the case to be referred to the municipal trial court for adjudication on the ground that the assessed value of the subject property was below the amount within its jurisdiction.^[10]

On May 14, 1999, while Civil Case No. 1330 was still pending, Dominga Lustre's other heirs, namely, Eusebio Maniquiz, Teresita Burgos, Tarcisio Maniquiz, Florita M. Reyes and Lermie Maniquiz filed a Complaint for Annulment of Transfer Certificate of Title and Deed of Absolute Sale^[11] against spouses Sofronio and Natividad Santos, Froilan Santos, Cecilia M. Macaspac, R Transport Corporation, and the Register of Deeds of Cabanatuan City, with the same RTC. Cecilia Macaspac, plaintiff in Civil Case No. 1330, was impleaded as defendant because she refused to join the other heirs as plaintiffs. The case was docketed as Civil Case No. 2115 and was raffled to Branch 34.

The complaint alleged that the spouses Santos simulated the Deed of Sale dated May 16, 1976 by forging Dominga Lustre's signature; that thereafter, the spouses Santos simulated another Deed of Sale transferring the property to Froilan Santos, which led to the issuance of TCT No. 193973 in his name; that this title became the basis of Froilan's ejectment suit against them; and that R Transport Corporation (also a petitioner), was claiming that it bought the property from Froilan but there was no evidence to prove such claim. According to the plaintiffs (herein respondents), they had been residing in the property since birth and the house standing on the lot was built by their ancestors. They posited that the transferees of

the property could not be considered as buyers in good faith. The complaint prayed that judgment be rendered:

- a. Annulling and declaring null and void the Deed of Absolute Sale, Annex C hereof; that between spouses Santos and their son Froilan; and that purportedly between defendant Froilan and defendant corporation;
- b. Annulling and declaring null and void Transfer Certificate of Title No. NT-183029 appearing to be in the name of defendant spouses; TCT No. NT-193973 in the name of defendant Froilan M. Santos and Transfer Certificate of Title, if any, in the name of defendant corporation;
- c. *Reinstating Transfer Certificate of Title No. NT-50384 in the name of Dominga Lustre* and directing the Register of Deeds to do so or to issue [a] new one in the name of the deceased Dominga Lustre and canceling all titles mentioned in the immediately preceding paragraph which [were] made to cancel Lustre's title;
- d. Ordering defendants, jointly and severally, to pay plaintiffs the following:
 - 1.) Moral damages of P200,000.00;
 - 2.) Exemplary damages of P100,000.00;
 - 3.) Attorney's fee of P50,000.00, plus cost of suit.

Plaintiffs further pray for such other affirmative reliefs as are deemed just and equitable in the premises. ^[12]

Alleging that the plaintiffs' right of action for annulment of the Deed of Sale and TCT Nos. 183029 and 193973 had long prescribed and was barred by laches, petitioners filed a Motion to Dismiss Civil Case No. 2115.^[13] They later filed an Omnibus/Supplemental Motion to Dismiss on the ground of *litis pendentia*.^[14]

On January 11, 2000, the RTC denied the Motion to Dismiss as well as the Supplemental Motion to Dismiss for lack of merit.^[15] On April 5, 2000, the RTC denied the Joint Motion for Reconsideration filed by petitioners.^[16]

They then filed a petition for *certiorari* with the Court of Appeals (CA), assailing the denial of their motion to dismiss. On August 23, 2001, the CA dismissed the petition for lack of merit based on its finding that the RTC did not commit grave abuse of discretion in denying the motion to dismiss.^[17] On December 10, 2001, the CA denied petitioners' motion for reconsideration.^[18]

In the assailed decision, the CA pronounced that the respondents were not guilty of forum shopping. There was no identity of parties because Cecilia Macaspac, who was a plaintiff in Civil Case No. 1330, was a defendant in Civil Case No. 2115; and there was only one defendant in Civil Case No. 1330, while there were several additional

defendants in Civil Case No. 2115. Moreover, the reliefs demanded in the two cases differed. In Civil Case No. 1330, plaintiffs were seeking the declaration of the inexistence of a sale dated April 17, 1984, cancellation of Froilan M. Santos' certificate of title, and the reconveyance of the property to plaintiffs. On the other hand, plaintiffs in Civil Case No. 2115 were praying for the annulment of the Deed of Absolute Sale dated May 16, 1976, cancellation of TCT No. NT-183029 and the succeeding TCTs, and reinstatement of TCT No. NT-50384 in the name of Dominga Lustre.^[19]

On the issue of prescription and laches, the CA declared that an action for the declaration of the inexistence of a contract does not prescribe, and laches could not have set in since there was no unreasonable delay in the filing of the case.^[20]

In this petition for review, the sole issue submitted for resolution is whether the RTC committed grave abuse of discretion in not dismissing the case based on forum shopping and prescription or laches.^[21]

The petition has no merit. The RTC did not commit grave abuse of discretion in denying petitioners' motion to dismiss.

Forum shopping exists when the elements of *litis pendentia* are present or when a final judgment in one case will amount to *res judicata* in the other.^[22] Among its elements are identity of the parties, identity of the subject matter and identity of the causes of action in the two cases.^[23]

The dispute in this case centers on whether there exist identity of causes of action and identity of parties between Civil Case No. 1330 and Civil Case No. 2115.

Concededly, the causes of action in Civil Case No. 1330 and Civil Case No. 2115 are identical. There is identity of causes of action if the same evidence needed in the first case will sustain the second action, and this principle applies even if the reliefs sought in the two cases are different.^[24] Without a doubt, the same evidence will be necessary to sustain the causes of action in these two cases which are substantially based on the same series of transactions. In fact, similar reliefs are prayed for in the two cases. Both complaints ultimately seek the cancellation of the title of the alleged transferees and the recovery of the subject property.

Despite this similarity, however, we hold that respondents are not guilty of forum shopping because the element of identity of parties is not present.

In insisting that the parties are identical, petitioners stress that all the plaintiffs are heirs of Dominga Lustre, while the defendants are past and present holders of the certificates of title covering the subject property. They argue that Cecilia Macaspac's being a defendant in the second case does not change whatever interest she has in the former case, considering that she is an indispensable party in both cases. They posit that additional parties will not prevent the application of the rule on *res judicata*.^[25]

While we agree with the CA that there is no identity of parties in the two cases, we do not agree with the rationale behind its conclusion. To recall, the CA ratiocinated