503 Phil. 751

THIRD DIVISION

[G.R. NO. 146823, August 09, 2005]

SPOUSES RAMON AND ESTRELLA RAGUDO, PETITIONERS, VS. FABELLA ESTATE TENANTS ASSOCIATION, INC., RESPONDENT.

D E C I S I O N

GARCIA, J.:

Under consideration is this petition for review on *certiorari* under Rule 45 of the Rules of Court to nullify and set aside the following issuances of the Court of Appeals in **CA-G.R. CV No. 51230**, to wit:

1. **Decision dated 19 July 2000**,[1] affirming with modification an earlier decision of the Regional Trial Court at Pasig City, Branch 155, in an action for recovery of possession thereat commenced by the herein respondent against the petitioners; and

2. **Resolution dated 29 January 2001**,[2] denying petitioners' motion for reconsideration.

The facts may be briefly stated, as follows:

Earlier, the tenants of a parcel of land at Mandaluyong City with an area of 6,825 square meters (hereinafter referred to as the Fabella Estate), which formed part of the estate of the late Don Dionisio M. Fabella, organized themselves and formed the Fabella Estate Tenants Association, Inc. (FETA), for the purpose of acquiring said property and distributing it to its members.

Unable to raise the amount sufficient to buy the property from the heirs of Don Dionisio M. Fabella, FETA applied for a loan from the National Home Mortgage Finance Corporation (NHMFC) under the latter's Community Mortgage Program.

However, as a pre-condition for the loan, and in order that specific portions of the property could be allotted to each tenant who will have to pay the corresponding price therefor, NHMFC required all tenants to become members of FETA.

Accordingly, all the tenants occupying portions of the Fabella Estate were asked to join FETA. While the rest did, the spouses Ramon Ragudo and Estrella Ragudo who were occupying the lot subject matter of this controversy, consisting of about 105 square meters of the Fabella Estate, refused to join the Association. Consequently, the portion occupied by them was awarded to Mrs. Miriam De Guzman, a qualified FETA member.

Later, and with the help of the city government of Mandaluyong, FETA became the registered owner of the entire Fabella Estate, as evidenced by Transfer Certificate of

Title No. 2902 issued in its name by the Register of Deeds of Mandaluyong in 1989.

To effect the ejectment of the spouses Ragudo from the portion in question which they continued to occupy despite the earlier award thereof to Mrs. Miriam de Guzman, FETA filed against them a complaint for unlawful detainer before the Metropolitan Trial Court (MeTC) of Mandaluyong City.

In a decision dated 6 August 1990, the MeTC dismissed the unlawful detainer case on the ground that it was an improper remedy because the Ragudos had been occupying the subject portion for more than one (1) year prior to the filing of the complaint, hence the proper action should have been one for recovery of possession before the proper regional trial court. FETA appealed the dismissal to the Regional Trial Court at Pasig City, which affirmed the same.

FETA then filed with the RTC-Pasig a complaint for recovery of possession against the Ragudos. In their Answer, the spouses interposed the defense that they have already acquired ownership of the disputed portion since they have been in occupation thereof in the concept of an owner for more than forty (40) years. They further argued that FETA's title over the entire Fabella Estate is fake because as appearing on TCT No. 2902, it was originally registered as OCT No. 13, a title which has been previously adjudged null and void by RTC-Pasig in a much earlier case involving different parties. Finally, they insist that FETA's right to recover has been barred by laches in view of their more than 40-year occupancy of the portion in question.

Eventually, in a decision dated 29 July 1994,[3] the trial court rendered judgment in FETA's favor, thus:

> WHEREFORE, premises considered, judgment is hereby rendered:
>
> 1) ordering [spouses Ragudo] to vacate the premises in question and to turn over possession thereof to [FETA];
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> 2) to pay [FETA] rent in the amount of P500.00 for the month of November 1981 and every month thereafter until they vacate the premises;
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> 3) to pay [FETA] attorney's fees in the amount of P20,000.00;
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> 4) to pay [FETA] the amount of P50,000.00 as exemplary damages; and
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> 5) to pay the costs of suit.
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> SO ORDERED.

Therefrom, the spouses Ragudo went on appeal to the Court of Appeals, whereat their appellate recourse was docketed as CA-G.R. CV No. 51230.

Meanwhile, pending resolution by the appellate court of the Ragudos' appeal, FETA filed with the trial court a motion for the issuance of a writ of execution pending appeal, to which the Ragudos interposed an Opposition, followed by FETA's Reply to Opposition. Then, on 11 October 1994, the Ragudos filed with the trial court a

Rejoinder to Reply With Counter-Motion to Admit Attached Documentary Evidence Relevant to the Pending Incident.[4] Attached thereto and sought to be admitted therein were the following documents and photographs, to wit:

1. Letter dated 21 November 1989[5] of the spouses Ragudo's son, Engr. Aurelio Ragudo, addressed to FETA, stating therein that the Ragudos were willing to become FETA members;

2. Joint Affidavit, dated 07 October 1994, of three (3) residents of the Fabella Estate;[6]

3. Photos of three (3) alleged houses of Miriam de Guzman located at the Fabella Estate;[7]

4. Photos of two (2) alleged houses of the sons of Miriam de Guzman located at the Fabella Estate;[8]

5. Photo of a lot allegedly awarded by FETA to its president, Amparo Nobleza, located at the Fabella Estate;[9] and

6. Photo of a three (3)-storey house of Nobleza's relative named Architect Fernandez located at the Fabella Estate.[10]

In an order dated 25 November 1994, the trial court admitted in evidence the attachments to the Ragudos' aforementioned *Rejoinder With Counter-Motion, etc.*, and ultimately denied FETA's motion for execution pending appeal.

Later, in CA-G.R. CV No. 51230, the Ragudos filed with the appellate court a *Motion To Admit Certain Documentary Evidence by Way of Partial New Trial, In the Interest of Justice*,[11] thereunder seeking the admission in evidence of the very documents earlier admitted by the trial court in connection with the then pending incident of execution pending appeal, and praying that said documents be made part of the records and considered in the resolution of their appeal in CA-G.R. CV No. 51230.

This time, however, the Ragudos were not as lucky. For, in a Resolution dated 19 May 1997,[12] the appellate court denied their aforesaid motion and ordered expunged from the records of the appealed case the documents they sought admission of, on the ground that they could not be considered as newly discovered evidence under Rule 37 of the Rules of Court. Dispositively, the Resolution reads:

> WHEREFORE, the instant motion to admit certain documentary evidence by way of partial new trial is DENIED for lack of merit.
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> ACCORDINGLY, the Joint Affidavit dated October 7, 1994 of Honesto Garcia III and Miguela L. Balbino and the latter of Aurelio Raguo to Atty. Cesar G. Untalan dated November 21, 1989 are ordered EXPUNGED from the records of this case.
>
> SO ORDERED.

The Ragudos moved for a reconsideration, invoking "liberality in the exercise of judicial discretion" and the "interest of equity and substantial justice". Unmoved, the appellate court denied their motion in its subsequent Resolution of 24 September 1997.[13]

Eventually, in the herein assailed decision dated 19 July 2000, the Court of Appeals dismissed the Ragudos' appeal in CA-G.R. CV No. 51230 and affirmed with modification the RTC decision in the main case, thus:

> **WHEREFORE**, premises considered, the appealed decision is hereby **AFFIRMED**, except for the second clause of the dispositive portion which should be **MODIFIED**, as follows:
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> "2) to pay [FETA] rent in the amount of P500.00 for the month of November, 1989 and every month thereafter until they vacate the premises."
>
> **SO ORDERED.**

With their motion for reconsideration having been denied by the appellate court in its equally challenged Resolution of 29 January 2001, the Ragudos are now with us via the instant recourse, commending for our resolution the following issues:

1. WHETHER OR NOT THE COURT OF APPEALS ERRED IN NOT ADMITTING IN EVIDENCE THE DOCUMENTS SOUGHT TO BE INTRODUCED BY RAGUDO AT THE APPELLATE LEVEL ON THE GROUND OF "LIBERALITY OF PROCEDURAL RULES", "EQUITY AND SUBSTANTIAL JUSTICE", THE "MISTAKE AND EXCUSABLE NEGLIGENCE" ON THE PART OF THEIR FORMER COUNSEL, AND THE "SOCIAL JUSTICE AND PARENS PATRIAE CLAUSE" OF THE 1987 CONSTITUTION.

2. WHETHER OR NOT "ACQUISITIVE PRESCRIPTION AND EQUITABLE LACHES" HAD SET IN TO WARRANT THE CONTINUED POSSESSION OF THE SUBJECT LOT BY RAGUDO AND WHETHER THE SAME PRINCIPLES HAD CREATED A "VESTED RIGHT" IN FAVOR OF RAGUDO TO CONTINUE TO POSSESS AND OWN THE SUBJECT LOT.[14]

Informed of Mr. Ramon Ragudo's death on 26 March 2001, the Court, in a resolution dated 14 January 2002,[15] allowed his substitution by his other heirs.

The recourse must fall.

Relative to the first issue, it is petitioners' submission that the appellate court committed an error when it refused admission as evidence in the main case the documents earlier admitted by the trial court in connection with FETA's motion for execution pending appeal. Appealing to this Court's sense of judicial discretion in the interest of equity and substantial justice, petitioners explain that the documents in question were not presented and offered in evidence during the trial of the main case before the RTC due to the honest mistake and excusable negligence of their former counsel, Atty. Celso A. Tabobo, Jr.

We are not persuaded.

In this jurisdiction, well-entrenched is the rule that the mistake and negligence of counsel to introduce, during the trial of a case, certain pieces of evidence bind his client.[16] For sure, in *Aguila vs. Court of First Instance of Batangas*,[17] we even ruled that the omitted evidence by reason of counsel's mistake or negligence, cannot be invoked as a ground for new trial:

> On the effects of counsel's acts upon his client, this Court has categorically declared:
>
> > It has been repeatedly enunciated that "a client is bound by the action of his counsel in the conduct of a case and cannot be heard to complain that the result might have been different had he proceeded differently. A client is bound by the mistakes of his lawyer. If such grounds were to be admitted and reasons for reopening cases, there would never be an end to a suit so long as new counsel could be employed who could allege and show that prior counsel had not been sufficiently diligent or experienced or learned. x x x Mistakes of attorneys as to the competency of a witness, the sufficiency, relevancy or irrelevancy of certain evidence, the proper defense, or the burden of proof, x x x **failure to introduce certain evidence**, to summon witnesses and to argue the case are **not proper grounds for a new trial**, unless the incompetency of counsel is so great that his client is prejudiced and prevented from properly presenting his case." (Vol. 2, Moran, Comments on the Rules of Court, pp. 218, 219-220, citing Rivero v. Santos, et al., 98 Phil. 500, 503-504; Isaac v. Mendoza, 89 Phil. 279; Montes v. Court, 48 Phil. 64; People v. Manzanilla, 43 Phil. 167; U.S. v. Umali, 15 Phil. 33; see also People v. Ner, 28 SCRA 1151, 1164). In the 1988 case of Palanca v. American Food, etc. (24 SCRA 819, 828), this principle was reiterated. (Tesoro v. Court of Appeals, 54 SCRA 296, 304). [Citations in the original; Emphasis supplied].

This is, as it should be, because a counsel has the implied authority to do all acts which are necessary or, at least, incidental to the prosecution and management of the suit in behalf of his client.[18] And, any act performed by counsel within the scope of his general and implied authority is, in the eyes of the law, regarded as the act of the client himself and consequently, the mistake or negligence of the client's counsel may result in the rendition of an unfavorable judgment against him.[19]

A contrary rule would be inimical to the greater interest of dispensing justice. For, all that a losing party will do is to invoke the mistake or negligence of his counsel as a ground for reversing or setting aside a judgment adverse to him, thereby putting no end to litigation. Again, to quote from our decision in *Aguila*:

> Now petitioner wants us to nullify all of the antecedent proceedings and recognize his earlier claims to the disputed property on the justification that his counsel was grossly inept. Such a reason is hardly plausible as the petitioner's new counsel should know. **Otherwise, all a defeated**