

THIRD DIVISION

[G.R. No. 133841, August 15, 2003]

CAROLINA P. RAMIREZ, FERDINAND P. RAMIREZ, FRANCIS P. RAMIREZ, FREDERIC P. RAMIREZ, AND THE INTESTATE ESTATE OF FRANCISCO RAMIREZ, JR., PETITIONERS, VS. HON. COURT OF APPEALS, HON. JUAN A. BIGORNIA, JR., IN HIS CAPACITY AS PRESIDING JUDGE OF THE REGIONAL TRIAL COURT OF ILAGAN, ISABELA, BRANCH 18 AND SPOUSES LORETO CLARAVALL AND VICTORIA H. CLARAVALL, RESPONDENTS.

D E C I S I O N

CARPIO MORALES, J.:

It appears that on December 29, 1965, private respondents spouses Loreto Claravall and Victoria Claravall executed a deed of sale in favor of the spouses Francisco Ramirez, Jr. and Carolina Ramirez covering a parcel of land, including improvements thereon, situated in Ilagan, Isabela. On even date, another instrument was executed granting the spouses Claravall an option to repurchase the property within a period of two years from December 29, 1965 but not earlier nor later than the month of December, 1967.^[1]

At the expiration of the two-year period, the Claravalls failed to redeem the property, prompting them to file a complaint against the spouses Francisco Ramirez, Jr. and Carolina Ramirez to compel the latter to sell the property back to them.^[2]

The complaint of Claravall and his wife, herein private respondents, against the spouses Ramirez was docketed as Civil Case No. 2043 at the Ilagan, Isabela Regional Trial Court (RTC).^[3]

After trial, judgment was rendered in favor of the spouses Ramirez which was, on appeal, affirmed by the Court of Appeals. On review, however, this Court, finding that the Deed of Absolute Sale with option to repurchase executed by private respondents in favor of the spouses Ramirez was one of equitable mortgage, reversed the decision of the appellate court by Decision of October 15, 1990^[4] the dispositive portion of which reads:

WHEREFORE, the decision of respondent Court promulgated on April 22, 1976 and its resolution of June 22, 1977 are hereby reversed and set aside. **The Deed of Absolute Sale between the parties with the option to repurchase is declared an equitable mortgage** and, petitioners [Claravalls] are declared entitled to redeem the mortgaged property which shall be effected upon the payment of their mortgage debt to private respondents [Ramirezes] in the amount of P85,000.00 with legal rate of interest from December 31, 1967, the time the loan matured until it is fully paid.^[5] (Emphasis supplied)

The decision of this Court having become final and executory,^[6] possession of the property was turned over to private respondents after they settled their obligation to the spouses Ramirez.

Following the death of Francisco Ramirez, Jr. or on November 21, 1994, private respondents filed a complaint^[7] before the RTC of Ilagan for accounting and damages against herein petitioners, namely, Ramirez's Intestate Estate, his widow Carolina P. Ramirez, and their children Ferdinand P. Ramirez, Francis P. Ramirez and Frederic P. Ramirez. The complaint, docketed as Civil Case No. 834, alleged, *inter alia*, that:

- (1) the spouses Ramirez acted fraudulently and in bad faith in refusing and obstructing the redemption of the property by private respondents from January 1, 1968 up to December 31, 1993 during which petitioners were receiving rentals from the tenants of the property which must be accounted for and returned to private respondents;
- (2) before the possession of the property was turned over to private respondents, petitioners "vandalized, destroyed and carried away many portion[s]/parts" of the improvements on the property, causing damages amounting to Five Hundred Thousand (P500,000.00) Pesos which petitioners must pay and be liable for; and
- (3) private respondents were forced to litigate in order to protect their rights and interests over the property, hence, petitioners must be held liable for actual damages and expenses of litigation.^[8]

Petitioners filed a motion^[9] to dismiss private respondents' complaint, alleging that "since the issue of rentals [was] raised in [Civil Case No. 2043], but not favorably acted upon in favor of [private respondents], the latter are barred from raising anew the same issue in another litigation."^[10] Further, petitioners alleged that the complaint does not state a cause of action since prior to the date when redemption was to be effected, the registered owners of the property were the spouses Ramirez who were entitled to the rentals and fruits thereof, and "under our law on succession, debt or liability is not passed to the heirs of a decedent."^[11]

By Order of June 7, 1995,^[12] Branch 18 of the Ilagan RTC deferred the resolution of petitioners' Motion to Dismiss upon a finding that the grounds raised therein did not appear indubitable. Petitioners' motion^[13] for reconsideration of said order having been denied,^[14] they filed a petition^[15] for certiorari before this Court, which referred it to the Court of Appeals,^[16] imputing grave abuse of discretion amounting to lack of jurisdiction on the part of the trial court in not dismissing private respondents' complaint.

Finding that the trial court's order denying the motion to dismiss cannot be the basis of a petition for certiorari and that private respondents' complaint is not barred by prior judgment, the appellate court dismissed the petition by Decision^[17] of October 21, 1997. Their Motion for Reconsideration^[18] having been denied by Resolution^[19]

of May 13, 1998, petitioners filed the present Petition^[20] for Review on Certiorari under Rule 45 faulting the appellate court with

I.

GRAVE ABUSE OF DISCRETION . . . IN NOT DISMISSING THE PRESENT COMPLAINT INsofar AS IT SEEKS TO RE-LITIGATE THE ISSUES OF RENTALS BECAUSE IT IS CRYSTAL CLEAR THAT THE PRESENT ACTION FOR RECOVERY OF RENTALS IS BARRED BY PRIOR JUDGMENT BETWEEN THE SAME PARTIES ON THE SAME MATTER IN CIVIL CASE NO. 2043^[21] [AND]

II.

GRAVE ABUSE OF DISCRETION . . . IN NOT DISMISSING THE COMPLAINT FOR LACK OF CAUSE OF ACTION. CONSIDERING (1) THAT PRIOR TO REDEMPTION THE REGISTERED OWNERS OF THE PROPERTY WAS THE LATE FRANCISCO RAMIREZ, JR. AND PETITIONER CAROLINA RAMIREZ WHO WERE ENTITLED TO THE FRUITS AND (2) THAT THE CLAIMS OF PRIVATE RESPONDENTS, IF ANY, SHOULD BE FILED IN THE SPECIAL PROCEEDINGS FOR THE SETTLEMENT OF THE ESTATE OF THE LATE FRANCISCO RAMIREZ, JR., AND NOT IN AN ORDINARY CIVIL ACTION FOR DAMAGES AGAINST HIS HEIRS BECAUSE THE LIABILITY FOR DAMAGES MAY NOT BE PASSED ON TO THE HEIRS BY INHERITANCE.^[22] (Underscoring supplied)

At the outset, it must be stressed that only questions of law may be raised in petitions for review before this Court under Rule 45 of the Rules of Court.^[23] It was thus error for petitioners to ascribe to the appellate court grave abuse of discretion. This procedural lapse notwithstanding, in the interest of justice, this Court shall treat the issues as cases of reversible error.^[24]

Petitioners insist that the complaint in Civil Case No. 834 is barred by prior judgment insofar as it seeks to re-litigate the issue of rentals, it having already been put in issue in Civil Case No. 2043 which was not favorably acted upon in favor of private respondents.^[25]

In their complaint in Civil Case No. 834, aside from the recovery of rentals, private respondents raised the issue of damages arising from petitioners' alleged destruction of some improvements on the property, which latter issue was not touched upon in petitioners' Motion to Dismiss.

The issue of damages arising from the alleged destruction of improvements on the property could not of course have been raised in Civil Case No. 2043 for such issue arose only upon the execution of this Court's final decision in said case. Thus, private respondents' complaint in Civil Case No 834 alleges:

x x x

[W]hen [petitioners] abandoned the commercial property abovedescribed for the sheriff to turn over the possession thereof to [private