

SIXTEENTH DIVISION

[CA-G.R. CV No. 99395, June 30, 2014]

**FLORITA A. GARCIA AND ANGELO A. GARCIA, PLAINTIFFS-
APPELLANTS, VS. PILAR ALARCON[*] ; THE SHERIFF OF THE RTC
OF SAN JOSE, OCCIDENTAL MINDORO; AND THE REGISTER OF
DEEDS OF OCCIDENTAL MINDORO, DEFENDANTS-APPELLEES. D
E C I S I O N**

MACALINO, J:

The Case

In this appeal under Rule 41 of the Rules of Court, Plaintiffs-Appellants Florita A. Garcia and Angelo A. Garcia ("Plaintiffs-Appellants") assail the Orders dated July 25, 2012^[1] ("First Assailed Order") and August 29, 2012^[2] ("Second Assailed Order") of the Regional Trial Court ("RTC") of San Jose, Occidental Mindoro, Branch 45, in Civil Case No. R-1698. The dispositive portions of the Assailed Orders provide:

First Assailed Order

"**WHEREFORE**, premises considered, this Court hereby **GRANTS** the affirmative defense of Res Judicata and the Manifestation dated May 28, 2012 and hereby **DISMISSES** this instant case on the legal ground of Res Judicata.

No pronouncement as to costs.

SO ORDERED."^[3]

Second Assailed Order

"*WHEREFORE*, this Court hereby *DENIES* the Motion for Reconsideration for want of merit.

SO ORDERED."^[4]

The Facts

Plaintiff-Appellant Florita A. Garcia ("Florita") was the former registered owner of a 601-square meter parcel of land ("the subject lot") situated in Magsaysay St., Poblacion, San Jose, Occidental Mindoro, for which she was issued Original Certificate of Title ("OCT") No. S-360 of the Registry of Deeds of Occidental Mindoro.^[5] Sometime in 1985, Florita took out a loan from a certain Iluminada Biglete ("Iluminada"). To secure the payment of the said loan, Florita transferred the subject lot in favor of Iluminada's husband, Pio Biglete ("Pio"). Hence, OCT No. S-360 was canceled and Transfer Certificate of Title ("TCT") No. T-4660^[6] covering the subject lot was issued in the name of Pio.

However, to ensure that the property will revert to Florita after the settlement of her loan obligation to Iluminada, a Deed of Absolute Sale^[7] dated January 3, 1985 was executed to make it appear that Plaintiff-Appellant Angelo A. Garcia ("Angelo") purchased the subject lot from Pio.

Despite Florita's settlement of her loan obligation to Iluminada, title over the subject lot remained in Pio's name.

In 1996, Florita obtained another loan from Danilo Padiernos ("Danilo") in the amount of PhP106,208.70 with an interest of 5% compounded monthly. Upon her failure to pay the said loan, Danilo instituted a suit for sum of money with damages, docketed as Civil Case Nos. R-1012-1015^[8], against Florita and Danilo's other debtors before the RTC of Pinamalayan, Oriental Mindoro, Branch 42. In the course of the proceedings, Defendant-Appellee Pilar Alarcon ("Pilar") substituted Danilo by virtue of a Deed of Assignment^[9] of the latter's personal account receivables in favor of the former.

On January 6, 2000, Florita executed an Affidavit of Adverse Claim^[10] asserting ownership over the subject lot and discrediting the Deed of Absolute Sale dated January 3, 1985 in favor of Angelo for having been forged only to mislead her creditors.

In a Joint Decision^[11] dated September 5, 2001, the RTC of Pinalamalayan, Oriental Mindoro, Branch 42, favored Pilar and disposed the case against Florita as follows:

"ACCORDINGLY, judgment is hereby rendered:

1) In civil case No. R-1012, ordering defendant Florita Aguirre Garcia to pay Pilar Alarcon whom Danilo Padiernos had assigned his receivable accounts from said defendant in the amount of P106,208.70 with 5% interest compounded monthly from December 15, 1996 until fully paid, and the amount of P20,000.00 Attorney's fees;

x x x

5) In all the above-entitled cases, the defendants are ordered to pay costs of the suit.

SO ORDERED."^[12]

The above decision eventually became final and executory.

To facilitate the levy of the subject lot in satisfaction of the judgment award in Civil Case No. R-1012, the RTC of Pinamalayan, Oriental Mindoro, Branch 42, issued an Order^[13] dated July 18, 2002 directing the Register of Deeds of Occidental Mindoro to cancel TCT No. T-4660 in the name of Pio and issue a new one in the name of Florita. Incidentally, the Land Registration Authority ("LRA") issued on September 11, 2002 a Resolution in Consulta No. 3477 declaring that Florita is the true owner of the subject lot.^[14] Consequently, TCT No. T-18079^[15] was issued to Florita by the Register of Deeds of Occidental Mindoro on May 26, 2003.

On June 24, 2003, the subject lot was sold at an execution sale wherein Pilar emerged as the highest bidder for PhP1,500,000.00.^[16] Upon Florita's failure to

redeem the subject lot within the one-year period provided by law, the Sheriff of the RTC of San Jose, Occidental Mindoro, Branch 45 issued a Deed of Final Conveyance^[17] of the subject lot to Pilar.

Plaintiffs-Appellants then filed a complaint for "Declaration of Nullity of Levy and Sale at Public Auction with Prayer for a Writ of Preliminary Injunction/Restraining Order and Damages" against Defendants-Appellees Pilar Alarcon, the Sheriff of the RTC of San Jose, Occidental Mindoro and the Register of Deeds of Occidental Mindoro ("Defendants-Appellees"), docketed as Civil Case No. R-1416 and assigned to Branch 45 of the RTC of San Jose, Occidental Mindoro.^[18]

Civil Case No. R-1416 was however dismissed for lack of merit on August 8, 2005, which dismissal became final and executory on November 29, 2005 as shown in an Entry of Judgment dated November 30, 2005.^[19]

On February 3, 2012, Plaintiffs-Appellants filed before the RTC of San Jose, Occidental Mindoro a Complaint^[20] for "Equitable Redemption, Cancellation of Memorandum of Encumbrance on TCT No. T-18079, Nullification of Certificate of Sale and Damages with Prayer for Issuance of TRO/and or Preliminary Injunction." The Complaint, which impleaded Defendants-Appellees, was docketed as Civil Case No. R-1698 and raffled to Branch 45 of the RTC of San Jose, Occidental Mindoro.

In their Complaint, Plaintiffs-Appellants insisted that Florita's loan obligation to Danilo is only Php59,000.00. Allegedly however in January 2000, Pilar, who is also Angelo's godmother, employed insidious machination to convince Florita, who was already old and had poor eyesight, to sign the Affidavit of Adverse Claim and an acknowledgment^[21] of her total obligation in the amount of Php106,208.70 with an interest of 5% compounded monthly. Hence, among others, Plaintiffs-Appellants prayed that they be allowed to redeem the subject lot at a reasonable price, and not at the bid amount of Php1,500,000.00 which is unconscionable.

Pilar countered in her Answer with Counterclaim^[22] that she did not employ any insidious machination to induce Florita to sign the acknowledgement and the Affidavit of Adverse Claim; and that her bid amount of Php1,500,000.00 was reasonable. She likewise raised as an affirmative defense Plaintiffs-Appellants' prior filing of Civil Case No. R-1416 before the same RTC.

After the parties' filing of their respective pre-trial briefs, Pilar filed a Manifestation^[23] praying that Civil Case No. R-1698 be dismissed by reason of res judicata. Since the parties, subject matter and cause of action in Civil Case Nos. R-1416 and R-1698 are identical, Pilar contended that the latter case is already barred by the final and executory judgment in Civil Case No. R-1416.

Plaintiffs-Appellants opposed^[24] the Manifestation by arguing that although the parties and the subject matter are the same in Civil Case Nos. R-1416 and R-1698, the latter case involves a different cause of action – the equitable reduction of the redemption price of the subject lot.

In the First Assailed Order dated July 25, 2012, the RTC dismissed Civil Case No. R-1698, reasoning as follows:

"This Court finds similarity not only of the parties, the subject matter or the causes of action involved in the former case and

that of the instant case but also in the relief/s prayed for. It does not matter if the amount of their previous and original obligation was so minimal at that time. As stated above, the instruction and rule on auction sale is to obtain the highest bid. The herein plaintiffs do not only claim for equitable reduction of the redemption price, but notably, they likewise pursue the nullification of the Certificate of Sale, an action which is inconsistent with the former prayer, considering that the latter is the basis of the repurchase. It is also immaterial that this instant case is captioned for Equitable Reduction of Redemption Price among other reliefs that it be considered a different cause of action for clearly, **the evidence used in the former case is the same evidence that will be utilized in this instant case.** Even granting for the sake of argument that there is variance of causes of action, the principle remains relevant and applicable to the extent that **the particular facts or issues are to be relitigated between the same parties on a different claim or cause of action. Under the Rule of Res Judicata, conclusiveness of judgment undoubtedly bars the relitigation of the issues proffered by herein plaintiffs.**^[25] (Boldfacing supplied)

When Plaintiffs-Appellants sought reconsideration^[26] of the First Assailed Order, the RTC issued the Second Assailed Order dated August 29, 2012 denying their motion for reconsideration.

Aggrieved, Plaintiffs-Appellants filed their Notice of Appeal^[27], which was given due course by the RTC through an Order^[28] dated September 5, 2012.

The Issues

In their Brief^[29] before this Court, Plaintiffs-Appellants present the following issues for Our consideration:

"A. WHETHER OR NOT THE HONORABLE COURT A QUO GRAVELY ERRED IN DISMISSING THIS CASE ON GROUND OF RES JUDICATA DESPITE A CLEAR EVIDENCE THAT THE PROCEEDING IN THE EXECUTION SALE ON JUNE 24, 2003 WAS NULL AND VOID BECAUSE THE AMOUNT FOR THE REDEMPTION OF THE AUCTIONED PROPERTY IS OVER BLOATED, INEQUITIOUS (SIC) AND UNCONSCIONABLE.

B. WHETHER OR NOT THE COURT A QUO GRAVELY ERRED IN DISMISSING THIS CASE ON GROUND OF RES ADJUDICATA (SIC) WHEN THE EXECUTION SALE IS NULL AND VOID, SINCE A NULL AND VOID PROCEEDING CREATES NO OBLIGATION (AND) CONFERS NO RIGHT. THEREFORE, THERE WILL BE NO BASIS TO COVER THIS CASE WITHIN THE AMBIT OF RES JUDICATA."^[30]

Citing *Castro v. Tan*^[31], Plaintiffs-Appellants posit that since the interest of 5% compounded monthly is unreasonable and the bid amount of PhP1,500,000.00 is far greater than Florita's original loan obligation to Danilo or Pilar, they were deprived of the opportunity to redeem the subject lot. Thus, the entire auction sale is null and void and the principle of *res judicata* cannot be applied. They also add that