



Republic of the Philippines
Supreme Court
Manila

CERTIFIED TRUE COPY
[Signature]
VILLASOR, CLAYTON
Division Clerk

FEB 17 2016

THIRD DIVISION

HEIRS OF JOSE MA. GEPUELA, G.R. No. 173636
Petitioners,

-versus-

HERNITA MEÑEZ-ANDRES, ET
AL.,
Respondents.

X -----X

HERNITA MEÑEZ-ANDRES and
NELIA MEÑEZ CAYETANO,
represented by their duly-
appointed Attorney-In-Fact
ANGELITO MEÑEZ,
Petitioners,

G.R. No. 173770

Present:
SERENO,* C.J.,
VELASCO, JR., J., Chairperson,
VILLARAMA, JR.,
REYES, and
JARDELEZA, JJ.

-versus-

HEIRS OF JOSE MA. GEPUELA,
Respondents.

Promulgated:

January 13, 2016

X -----X
[Signature]

DECISION

JARDELEZA, J.:

These are consolidated petitions for review on *certiorari* assailing the Decision¹ dated January 31, 2005 and the Amended Decision² dated July 21, 2006 of the Court of Appeals (CA) which denied the appeals of both parties and affirmed with modification the Decision³ dated May 25, 1999 of Branch

* As per Raffle dated October 10, 2011.

¹ *Rollo* (G.R. No. 173636), pp. 45-61. Penned by Associate Justice Fernanda Lampas-Peralta, with Associate Justice Conrado M. Vasquez Jr. and Associate Justice Josefina Guevara-Salonga as members.

² *Id.* at 64-76.

³ *Id.* at 121-125

[Signature]

67 of the Regional Trial Court of Pasig City. The assailed Amended Decision upheld the redemption made by the late Jose Ma. Gepuela of the 36/72 *pro indiviso* share of the late Basilia Austria Vda. de Cruz over the property covered by Transfer Certificate of Title (TCT) No. 95524, except for the two and a half percent (2.5%) share of Hernita Meñez-Andres and her co-heirs.

The Facts

The controversy arose from the redemption made by the late Jose Ma. Gepuela (Gepuela), petitioner in G.R. No. 173636, and transferee of an aliquot portion of the property covered by TCT No. 95524, of the 36/72 *pro indiviso* share of Basilia Austria Vda. de Cruz (Basilia). Hernita Meñez-Andres and Nelia Meñez-Cayetano (Hernita, et al.), petitioners in G.R. No. 173770, assailed the redemption on the ground that Gepuela had no legal personality to make the redemption.

Basilia was the widow of Pedro Cruz, with whom she had five children, namely, Perfecto, Alberto, Luz, Benita and Isagani. Basilia executed a *Huling Habilin*,⁴ where she named her daughter Benita's children Hernita, Nelia, Rosemarie, Angel and Gracita as voluntary heirs to ten percent (10%) of the free portion of her estate. Basilia's *Huling Habilin* was admitted into ante-mortem probate on March 1, 1957.⁵ Her daughter Luz Cruz Salonga (Luz) was appointed Administratrix of Basilia's estate on August 18, 1976.⁶

When Basilia died, she left behind considerable properties, including a 36/72 *pro indiviso* share in a 5,492 square meter property in San Juan, then province of Rizal. This property was covered by TCT No. 95524 and co-owned with some of Basilia's children and grandchildren, as follows:

Basilia Austria Vda. de Cruz, widow—36/72; Perfecto Cruz, married to Flavia Jorge—12/72; Luz Cruz, married to Feliciano Salonga—12/72; Isagani Cruz, married to Milagros Villareal—4/72; Flavia Jorge, married to Perfecto Cruz—2/72; Pedrito Cruz, single—2/72; Perfecto Cruz, Jr., single—2/72; Vito Cruz, 20 years of age, single—2/72.⁷

Perfecto and Flavia sold their interests (14/72 *pro indiviso* share) in the property to Severino Etorma (Etorma), who later on sold the same to Gepuela and one Antonio Cinco (Cinco). These transactions were annotated on TCT No. 95524 as Entry Nos. 12640 and 73035, dated November 13, 1964 and November 18, 1971, respectively.⁸ In 1978, Cinco sold his share to Gepuela.⁹ This was likewise annotated in the title as Entry No. 3904 dated

⁴ Records, pp. 17-23.

⁵ *Id.* at 66-67. (Case was docketed as SP. PROC. No. 2457 with the then Court of First Instance of Rizal.)

⁶ *Id.* at 68.

⁷ *Id.* at 196.

⁸ *Id.* at 28.

⁹ *Id.*

May 20, 1988.¹⁰ Luz also disposed, by way of a Sale of Rights with Mortgage, her 12/72 *pro indiviso* share in the property to Gepuela in another transaction registered as Entry No. 8536 dated May 8, 1989 on TCT No. 95524.¹¹

On July 29, 1986, Basilia's 36/72 *pro indiviso* share was sold in a public auction to satisfy the judgment in Civil Case No. 32824, entitled "*Benita Me[ñ]ez v. Luz Cruz Salonga as Administratrix of the Estate of Basilia Austria Vda. [d]e Cruz.*" Benita, as judgment creditor in the case, emerged as the highest bidder.¹²

On May 14, 1987, Gepuela redeemed Basilia's 36/72 *pro indiviso* share from Benita by paying the auction price of Four Hundred Seventy-Four Thousand Nine Hundred Seventy-Seven Pesos (₱474,977.00), inclusive of interest and other legal fees.¹³ This was inscribed on the title as Entry No. 022 dated May 14, 1987. Accordingly, Basilia's estate, through Administratrix Luz, executed a Deed of Sale¹⁴ and Waiver of Redemption¹⁵ over the share, subject to the following conditions: 1) Gepuela should obtain court approval of the sale; and 2) Gepuela should inform all heirs of the sale formally in writing.

After the expiration of the periods to redeem, Gepuela filed an action to consolidate his ownership over the 36/72 *pro indiviso* share he acquired by way of redemption from Basilia's estate. This was docketed as **LRC Case No. R-3855** and assigned to Branch 166 of the Regional Trial Court of Pasig. The other registered co-owners Isagani, Perfecto, Jr., Pedrito, and Vito (Isagani, et al.) opposed this action, raising Gepuela's lack of standing to redeem given that he is not a co-owner of Basilia's one-half portion. In a Decision¹⁶ dated December 6, 1989, the trial court granted Gepuela's petition, declared him the owner of Basilia's 36/72 *pro indiviso* share in the parcel of land covered by TCT No. 95524 and ordered the issuance of a new certificate of title to reflect this change in ownership.¹⁷

Aggrieved, oppositors Isagani, Perfecto, Jr., Pedrito, Vito and Alberto appealed the trial court's Decision to the CA, docketed as CA-G.R. CV No. 25605. In a Decision¹⁸ dated January 31, 1992, the CA, however, affirmed the trial court's findings. **The CA's Decision in CA G.R. CV No. 25605 was not appealed and became final and executory on February 26, 1992.**¹⁹ TCT No. 5033-R was issued that same year, reflecting Gepuela's ownership

¹⁰ *Id.*

¹¹ *Id.* at 31.

¹² *Id.* at 3.

¹³ *Id.* at 30.

¹⁴ *Id.* at 32-33

¹⁵ *Id.* at 34.

¹⁶ *Id.* at 101-103.

¹⁷ *Id.* at 103.

¹⁸ *Id.* at 105-110.

¹⁹ *Rollo* (G.R. No. 173636), p. 48.

of the 36/72 *pro indiviso* share previously owned by Basilia.²⁰

The proceedings covering Basilia's estate were, per motion of her heirs, ordered closed on February 15, 1996.²¹ The record also shows that Gepuela filed a case, docketed as **SCA No. 302** with Branch 159 of the Regional Trial Court of Pasig, for the partition of the property covered by TCT No. 5033-R.²² The lower court rendered a decision ordering the partition of the property. TCT No. 5033-R was cancelled and several titles were issued covering the respective shares of Gepuela, Isagani, Perfecto and Pedrito, and Vito Cruz in the property.²³

In the meantime, or on October 10, 1995, Basilia's grandchildren Hernita and Nelia filed a Complaint for Redemption and Consignation with Damages²⁴ and a subsequent Amended Complaint for Declaration of Nullity of Redemption, Cancellation of Notation in Title, and Consignation with Damages²⁵ against Gepuela. This was docketed as **Civil Case No. 65327** and raffled to Branch 67 of the Regional Trial Court of Pasig City.

In their complaint, Hernita and Nelia alleged, among others, that: 1) Gepuela's redemption was null and void as he (not being an heir, legatee/devisee, co-owner or creditor) did not have the legal personality to redeem the share;²⁶ and 2) Hernita and Nelia sent notices to Gepuela informing him of their intent to recover their interest in Basilia's 36/72 *pro indiviso* share and to tender payment of the redemption price paid by him, plus interest, which Gepuela refused.²⁷

In his Answer with Compulsory Counterclaim²⁸ dated December 28, 1995, Gepuela denied Hernita and Nelia's allegations and alleged that his redemption had already been adjudicated by the trial court in LRC Case No. R-3855. This ruling has, in turn, been affirmed by the Seventh Division of the CA in CA G.R. CV No. 25605. No further appeal having been made, Gepuela asserts that the CA's Decision became final and executory on February 26, 1992.²⁹

Ruling of the Regional Trial Court

In its Decision³⁰ dated May 25, 1999, the trial court upheld Gepuela's redemption of Basilia's 36/72 *pro indiviso* share. It, however, ruled that because Gepuela failed to formally notify Hernita, Nelia and Rosemarie of

²⁰ Records, p. 78.

²¹ *Id.* at 231-232.

²² CA *rollo*, p. 358. See also *rollo* (G.R. No. 173636), p. 211.

²³ *Id.*

²⁴ Records, pp. 1-10.

²⁵ *Id.* at 44-52.

²⁶ *Id.* at 46.

²⁷ *Id.* at 47-48.

²⁸ *Id.* at 95-100.

²⁹ *Id.* at 97.

³⁰ *Rollo* (G.R. No. 173636), p. 121-125.

the redemption, the same was null and void insofar as it affected the latter's six percent (6%) share in the property. The dispositive portion of the trial court's Decision reads:

WHEREFORE, in view of the foregoing, the Court hereby renders judgment in favor of plaintiffs **HERNITA ME[Ñ]EZ ANDRES, NELIA ME[Ñ]EZ CAYETANO, ROSEMARIE ME[Ñ]EZ PRONSTROLLER**, all represented herein by their duly-appointed Attorney-in-fact, ANGELINO ME[Ñ]EZ and against defendant JOSE MA. GEPUELA, declaring that:

1. [T]he redemption made by defendant GEPUELA of the 36/72 portion of the Estate of Basilia Austria Vda. [d]e Cruz as covered previously by TCT No. 95524 and at present by TCT No. 5033-R is NULL AND VOID only insofar as to the shares of plaintiffs which corresponds to Six Percent (6%) thereof;
2. [P]laintiffs are allowed to consign with the Court the redemption price of that portion which is their share of the 36/72 *pro indiviso* share of the Estate of Basilia Austria Vda. [d]e Cruz with interest at Twelve Percent 12% per annum from the institution of this action until fully paid;
3. [U]pon payment of the redemption price, and finality of this Decision the Register of Deeds of San Juan, Metro Manila is ordered to cancel Transfer Certificate of Title No. 5033-R and to issue another Transfer Certificate of Title reflecting therein the names of plaintiffs as owners of the *pro indiviso* share corresponding to six percent (6%) of the 36/72 *pro indiviso* share of defendant Jose Ma. Gepuela;
4. [D]efendant is ordered to pay the amount of Two Hundred Thousand Pesos (P200,000.00) for and as attorney's fees;
5. [T]o pay the cost of suit.

SO ORDERED.³¹

Both parties filed their respective appeals before the CA.³²

³¹ *Id.* at 124-125.

³² Gepuela died on July 30, 2000 and was substituted by his heirs. *Id.* at 146.

Ruling of the Court of Appeals

The CA rejected both appeals and affirmed the trial court's Decision, with certain modifications. **At the outset, the CA noted that the validity of Gepuela's redemption has already been settled in LRC Case No. R-3855 and affirmed by the CA in CA G.R. CV No. 25605.** Since the Decision in said case had already become final and executory per entry of judgment dated February 26, 1992, the CA declared that Hernita, et al. are barred from assailing it again under the principle of *res judicata*.³³

Despite this, the CA still proceeded to resolve the case on the merits. Rejecting Hernita, et al.'s claim that Gepuela had no personality to redeem Basilia's 36/72 *pro indiviso* share, the appellate court held that Gepuela was not a stranger to, but rather a co-owner of, the entire communal property "x x x because the two estates are not separate and distinct properties but actually constitute one and the same property owned in community and covered by the same TCT No. 95524."³⁴ Since redemption inures to the benefit of the other co-owners, the CA affirmed the trial court's decision insofar as it nullified the redemption *in proportion to Hernita, et al.'s respective shares*.³⁵

The CA thereafter recomputed the corresponding shares as follows: Hernita, Nelia, and Rosemarie, with their siblings Angel and Granito, are instituted heirs entitled to ten percent (10%) of the free portion of Basilia's estate, equivalent to two and a half percent (2.5%) share in the property. They are likewise entitled to the five percent (5%) share corresponding to the legitime of their deceased mother Benita, to which they are entitled to, by right of representation, as the latter's heirs. The dispositive portion of the CA's Decision dated January 31, 2005 thus reads:

WHEREFORE, both appeals of plaintiffs-appellants and defendant-appellant are dismissed and the trial court's Decision dated May 25, 1999 is affirmed, with certain modification. The award of attorney's fees is deleted and paragraphs 1, 2 and 3 of the dispositive portion thereof are modified to read as follows:

"1. [T]he redemption made by defendant GEPUELA of the 36/72 portion of the Estate of Basilia Austria Vda. [d]e Cruz as covered previously by TCT No. 95524 and at present by TCT No. 5033-R is NULL AND VOID only insofar as to the shares of plaintiffs (and their siblings Angel and Gracito Me[ñ]ez) which correspond[] to 7.5% thereof;

³³ *Id.* at 49-51.

³⁴ *Id.* at 53.

³⁵ *Id.* at 56.

2. [P]laintiffs are allowed to consign with the Court the redemption price of that portion which is their share of the 36/72 *pro indiviso* share of the Estate of Basilia Austria Vda. de Cruz with interest at Twelve Percent 12% per annum from finality of this Decision until fully paid;

3. [U]pon payment of the redemption price[]and finality of this Decision[,], the Register of Deeds of San Juan, Metro Manila is ordered to cancel Transfer Certificate of Title No. 5033-R and to issue another Transfer Certificate of Title reflecting therein the names of plaintiffs as owners of the *pro indiviso* share corresponding to 7.5% of the 36/72 *pro indiviso* share of defendant Jose Ma. Gepuela.

The trial court's Decision is affirmed in all other respects.

SO ORDERED.³⁶

Both parties filed their respective motions for reconsideration.

In denying these motions, the CA held that: (1) under the principle of *res judicata*, Hernita, et al. are barred from assailing the redemption made by Gepuela, the validity of which had long been settled in LRC Case No. R-3855 and CA G.R. CV No. 25605;³⁷ (2) the nullification of the redemption over Hernita, et al.'s proportionate share does not serve to disturb the final ruling in LRC Case No. R-3855 and CA G.R. CV No. 25605 because Hernita, et al.'s rights as co-owners were not resolved in said cases;³⁸ (3) the one year period provided under the Rules of Court to redeem applies to redemption of properties sold on execution whereas Hernita, et al.'s right to recover their share is premised on the fact that they are co-owners of the subject property;³⁹ (4) the lapse of about nine years from the auction sale cannot be equated with laches because of the equitable considerations that Hernita, et al. were neither shown to have been notified of the auction sale in 1986, nor impleaded as parties in the petition for consolidation subsequently filed by defendant Gepuela;⁴⁰ (5) the imposition of 12% interest per annum from finality of Decision until fully paid is consistent with the guidelines laid down in *Eastern Shipping Lines* case.⁴¹

The CA, however, modified its ruling with respect to the computation of Hernita, et al.'s shares in Basilia's estate. According to the CA, since both parties attested to the fact that Benita Cruz was still alive, Hernita et al.'s right to inherit by representation has not accrued as yet.⁴² Thus, they shall

³⁶ *Id.* at 60.

³⁷ *Id.* at 70.

³⁸ *Id.* at 71-72.

³⁹ *Id.* at 73.

⁴⁰ *Id.*

⁴¹ *Id.* at 74.

⁴² *Id.* at 74-75.

inherit from Basilia's estate only to the extent of their right as devisees or voluntary heirs as per the *Huling Habilin* executed by the deceased Basilia.⁴³

The dispositive portion of the CA's Decision, *as amended*, now reads:

WHEREFORE, the motions for reconsideration filed by both parties are denied. The Decision dated January 31, 2005 is modified to read as follows:

1. [T]he redemption made by defendant GEPUELA of the 36/72 portion of the Estate of Basilia Austria Vda. [d]e Cruz as covered previously by TCT No. 95524 and at present by TCT No. 5033-R is NULL AND VOID only insofar as to the shares of plaintiffs (and their siblings Angel and Gracito Me[n]ez) which corresponds to 2.5% thereof;
2. [P]laintiffs are allowed to consign with the Court the redemption price of that portion which is their share of the 36/72 *pro indiviso* share of the Estate of Basilia Austria Vda. de Cruz with interest at Twelve Percent 12% per annum from finality of judgment until fully paid;
3. [U]pon payment of the redemption price[] and finality of this Decision[,] the Register of Deeds of San Juan, Metro Manila is ordered to cancel Transfer Certificate of Title No. 5033-R and to issue another Transfer Certificate of Title reflecting therein the names of plaintiffs as owners of the *pro indiviso* share corresponding to 2.5% of the 36/72 *pro indiviso* share in the name of defendant Jose Ma. Gepuela.

SO ORDERED.⁴⁴

Hence, these petitions.

G.R. No. 173636

The Heirs of Gepuela maintain that the CA erred in nullifying his redemption of the 36/72 *pro indiviso* share of Basilia. They argue that:

- (1) By issuing the assailed Decisions, the CA indirectly disturbed and altered the judgment rendered in LRC Case. No. R-3855 which had long attained finality;⁴⁵
- (2) Even assuming *arguendo* that the redemption inured to the benefit of the other co-owners, the latter should have timely opposed the

⁴³ *Id.* at 75.

⁴⁴ *Id.* at 75-76.

⁴⁵ *Id.* at 23-26.

action for consolidation of ownership or filed an annulment of the resulting judgment to protect their interest;⁴⁶

- (3) There is nothing more for Hernita, et al. to inherit as the 36/72 share was sold at auction and the estate failed to redeem the same within the period provided by law;⁴⁷
- (4) The *Mariano* case cited by the CA is inapplicable as there is no community of interest (for the redemption to inure to the benefit of all co-owners) Gepuela not being a co-owner of the 36/72 share which was the subject of the execution sale;⁴⁸
- (5) Hernita et al. cannot feign ignorance of the sale in Gepuela's favor as the same was duly annotated in the title;⁴⁹ and
- (6) Interest should be reckoned not from the finality of decision but from the time the redemption was made.⁵⁰

G.R. No. 173770

Hernita et al., on the other hand, insist that Gepuela's redemption is null and void for the following reasons:

- 1) Benita Meñez, who purchased the property, was a co-owner thereof and under Article 1620, when a co-owner purchases the property, no stranger may redeem the same;
- 2) Gepuela is a complete stranger who could not redeem;
- 3) The portions of the property purchased by Gepuela were in *custodia legis* by a probate court and could not have been purchased without court approval;
- 4) Gepuela will lose nothing if he is not able to redeem, his act was nothing but an illegitimate act of expansion;
- 5) Gepuela is conclusively estopped from claiming that he became a co-owner of the property because he admitted otherwise. He claimed that he was a co-owner in the estate of Pedro Cruz and not in the estate of Basilia;
- 6) Gepuela deceived the other heirs and co-owners by not informing the latter about the court proceedings initiated by him; and
- 7) As instituted heirs of Basilia, Hernita et al. had every right to redeem the property for themselves and their co-heirs.⁵¹

Hernita, et al. also challenge the jurisdiction of the CA claiming that since Gepuela did not present any evidence in the trial court, he and his successors-in-interest can only raise pure questions of law, over which the appellate court has no jurisdiction.⁵²

⁴⁶ *Id.* at 27-29.

⁴⁷ *Id.* at 28.

⁴⁸ *Id.* at 28-29.

⁴⁹ *Id.* at 31.

⁵⁰ *Id.* at 34-36.

⁵¹ *Rollo* (G.R. No. 173770), p. 16.

⁵² *Id.* at 16.

The Issues

The main issues presented for our consideration in this case are (1) whether Gepuela's redemption of Basilia's 36/72 *pro indiviso* share in the subject property was valid; and (2) whether Hernita et al. could still redeem the 36/72 *pro indiviso* share. Before these issues can be resolved, however, we must determine whether the issues raised herein are already barred under the principle of *res judicata*.

The Court's Ruling

We rule in favor of the heirs of Gepuela, petitioners in G.R. No. 173636.

Under the rule of *res judicata*, a final judgment or decree on the merits by a court of competent jurisdiction is conclusive as to the rights of the parties or their privies in all later suits, and on all points and matters determined in the former suit.⁵³

In the case of *Degayo v. Magbanua-Dinglasan*, we held that:

Res judicata literally means "a matter adjudged; a thing judicially acted upon or decided; a thing or matter settled by judgment." It also refers to the "rule that a final judgment or decree on the merits by a court of competent jurisdiction is conclusive of the rights of the parties or their privies in all later suits on points and matters determined in the former suit. It rests on the principle that parties should not to be permitted to litigate the same issue more than once; that, when a right or fact has been judicially tried and determined by a court of competent jurisdiction, or an opportunity for such trial has been given, the judgment of the court, so long as it remains unreversed, should be conclusive upon the parties and those in privity with them in law or estate.

This judicially created doctrine exists as an obvious rule of reason, justice, fairness, expediency, practical necessity, and public tranquility. Moreover, public policy, judicial orderliness, economy of judicial time, and the interest of litigants, as well as the peace and order of society, all require that stability should be accorded judgments, that controversies once decided on their merits shall remain in repose, that inconsistent judicial decision shall not be made on the same set of facts, and that there be an end to litigation which, without the doctrine of *res judicata*, would be endless. (Citations omitted.)⁵⁴

It is embodied in Section 47, Rule 39 of the Rules of Court which

⁵³ *Riviera Golf Club, Inc. v. CCA Holdings, B.V.*, G.R. No. 173783, June 17, 2015, p.16 citing *Chu v. Cunanan*, G.R. No. 156185, September 12, 2011, 657 SCRA 379, 391.

⁵⁴ G.R. No. 173148, April 6, 2015, pp. 4-5.

provides:

SEC. 47. *Effect of judgments or final orders.* — The effect of a judgment or final order rendered by a court of the Philippines, having jurisdiction to pronounce the judgment or final order, may be as follows:

(a) In case of a judgment or final order against a specific thing, or in respect to the probate of a will, or the administration of the estate of a deceased person, or in respect to the personal, political, or legal condition or status of a particular person or his relationship to another, the judgment or final order is conclusive upon the title to the thing, the will or administration, or the condition, status or relationship of the person; however, the probate of a will or granting of letters of administration shall only be *prima facie* evidence of the death of the testator or intestate;

(b) In other cases, the judgment or final order is, with respect to the matter directly adjudged or as to any other matter that could have been raised in relation thereto, conclusive between the parties and their successors in interest, by title subsequent to the commencement of the action or special proceeding, litigating for the same thing and under the same title and in the same capacity; and

(c) In any other litigation between the same parties or their successors in interest, that only is deemed to have been adjudged in a former judgment or final order which appears upon its face to have been so adjudged, or which was actually and necessarily included therein or necessary thereto.

There are two distinct concepts of *res judicata*: (1) bar by former judgment and (2) conclusiveness of judgment:

The first aspect is the effect of a judgment as a bar to the prosecution of a second action upon the same claim, demand or cause of action. In traditional terminology, this aspect is known as merger or bar; in modern terminology, it is called claim preclusion.

The second aspect precludes the relitigation of a particular fact or issue in another action between the same parties on a different claim or cause of action. This is traditionally known as collateral estoppel; in modern terminology, it is called issue preclusion.

Conclusiveness of judgment finds application when a fact or question has been squarely put in issue, judicially passed upon, and adjudged in a former suit by a court of competent jurisdiction. The fact or question settled by final judgment or order binds the parties to that action (and persons in privity with them or their successors-in-interest), and continues to bind them while the judgment or order

remains standing and unreversed by proper authority on a timely motion or petition; the conclusively settled fact or question furthermore cannot again be litigated in any future or other action between the same parties or their privies and successors-in-interest, in the same or in any other court of concurrent jurisdiction, either for the same or for a different cause of action. Thus, only the identities of *parties and issues* are required for the operation of the principle of conclusiveness of judgment.

While *conclusiveness of judgment* does not have the same barring effect as that of a *bar by former judgment* that proscribes subsequent actions, the former nonetheless estops the parties from raising in a later case the issues or points that were raised and controverted, and were determinative of the ruling in the earlier case. In other words, the dictum laid down in the earlier final judgment or order becomes conclusive and continues to be binding between the same parties, their privies and successors-in-interest, as long as the facts on which that judgment was predicated continue to be the facts of the case or incident before the court in a later case; the binding effect and enforceability of that earlier dictum can no longer be re-litigated in a later case since the issue has already been resolved and finally laid to rest in the earlier case.⁵⁵ (Citations omitted; emphasis in the original)

The former concept of *res judicata*, that is, bar by prior judgment, applies in this case. The following requisites must concur in order that a prior judgment may bar a subsequent action, *viz.*: (1) the former judgment or order must be final; (2) it must be a judgment or order on the merits, that is, it was rendered after a consideration of the evidence or stipulations submitted by the parties at the trial of the case; (3) it must have been rendered by a court having jurisdiction over the subject matter and the parties; and (4) there must be, between the first and second actions, identity of parties, of subject matter and of cause of action.⁵⁶

We find that all of the foregoing elements are present in this case.

There is no question that the Decision rendered in LRC Case No. R-3855 and affirmed by the CA in CA G.R. CV No. 25605 had already become final for failure of the parties to appeal the same. The Decision was rendered by the Regional Trial Court which had jurisdiction over the action (for consolidation of ownership filed by Gepuela) and the parties thereto. It was a judgment on the merits, with the trial court rejecting the claims of the oppositors and declaring Gepuela as the owner of the disputed one-half portion of the property covered by TCT No. 95524.⁵⁷

Furthermore, as between LRC Case No. R-3855 and Civil Case No.

⁵⁵ *Degayo v. Magbanua-Dinglasan*, *supra* at 6-7.

⁵⁶ *Vda. de Cruz v. Carriaga, Jr.*, G.R. Nos. 75109-10, June 28, 1989, 174 SCRA 330, 340.

⁵⁷ Records (Civil Case No. 65327), p. 103.

65327 (the action for nullity of the redemption filed by Hernita, et al.), there is identity of parties, of subject matter, and of causes of action.

*Identity of subject matter,
parties and causes of action*

It is not disputed that both LRC Case No. R-3855 and Civil Case No. 65327 involved the same subject matter, that is, the 36/72 *pro indiviso* share of Basilia in the land covered by TCT No. 95524.

LRC Case No. R-3855, on the one hand, was filed by Gepuela **to consolidate his ownership** over Basilia's one-half portion of the parcel of land covered by TCT No. 95524. Isagani, Perfecto, Jr., Pedrito, and Vito, all registered co-owners of the whole property, appeared as oppositors. In Civil Case No. 65327, on the other hand, Hernita, et al. sought **to nullify the earlier redemption** made by Gepuela over Basilia's portion and redeem the same for their own account as Basilia's instituted heirs.

Thus, while there appears to be a lack of identity between the concerned parties and the causes of action involved in the two actions, it must be recalled that absolute identity is not required for *res judicata* to apply; substantial identity of parties and causes of actions is sufficient.⁵⁸ The court articulated this principle in *Cruz v. Court of Appeals*,⁵⁹ to wit:

x x x Only substantial identity is necessary to warrant the application of *res judicata*. The addition or elimination of some parties does not alter the situation. **There is substantial identity of parties when there is a community of interest between a party in the first case and a party in the second case albeit the latter was not impleaded in the first case.**

In the case at bar, it is apparent that from the face of the complaint for Quieting of Title, private respondent Rolando Bunag was not a party therein as his name does not appear in the title. This, notwithstanding, his claim and that of the plaintiffs therein, which included private respondent Mariano Bunag, are the same—to be declared the true owners of the parcel of land covered by Original Certificate of Title (OCT) No. 22262 and Transfer Certificate of Title (TCT) No. 67161 of the Registry of Deeds of Nueva Ecija. **Private respondent Rolando Bunag and the plaintiffs are all heirs of the alleged owners of the parcel of land covered by OCT No. 22262.** Private respondent Rolando Bunag, though not a party therein, shared an identity of interest from which flowed an identity of relief sought, namely, to declare them the true owners of the parcel of land covered by OCT No. 22262 and TCT No. 67161. **Such**

⁵⁸ *Cruz v. Court of Appeals*, G.R. No. 164797, February 13, 2006, 482 SCRA 379, 393. See also *P.L. Uy Realty Corp. v. ALS Management and Development Corporation*, G.R. No. 166462, October 24, 2012, 684 SCRA 453.

⁵⁹ *Supra*.

identity of interest is sufficient to make them privy-in-law, thereby satisfying the requisite of substantial identity of parties.⁶⁰ (Emphasis supplied; citations omitted.)

In this case, Hernita, et al., though not a party to LRC Case No. R-3855, share an identity of interest with Isagani, et al., in that they (1) are heirs of Basilia, the owner of the disputed 36/72 portion of the land covered by TCT No. 95524, and (2) both sought to challenge the redemption made by Gepuela of the said portion of property. Following the ruling in *Cruz*, both Hernita, et al. and Isagani, et al. can be considered to share “an identity of interest from which flowed an identity of relief sought,”⁶¹ that is, to be eventually declared owners of the portion being contested.

Similarly, we find that there is identity in the causes of action involved in LRC Case No. R-3855 and Civil Case No. 65327. To reiterate, for the doctrine of *res judicata* to apply, identity of causes of action does **not** mean absolute identity. Otherwise, a party could easily escape the operation of the doctrine by simply changing the form of the action or the relief sought.⁶²

In *Benedicto v. Lacson*,⁶³ we held:

The test to determine identity of causes of action is to ascertain whether the same evidence necessary to sustain the second cause of action is sufficient to authorize a recovery in the first, even if the forms or the nature of the two (2) actions are different from each other. **If the same facts or evidence would sustain both, the two (2) actions are considered the same within the rule that the judgment in the former is a bar to the subsequent action;** otherwise, it is not. This method has been considered the most accurate test as to whether a former judgment is a bar in subsequent proceedings between the same parties. It has even been designated as infallible.⁶⁴ (Emphasis supplied)

The allegations in Civil Case No. 65327 show that Hernita, et al. are seeking exactly the same relief sought by the oppositors in LRC Case No. R-3855, that is, the denial of the consolidation of Gepuela’s ownership over Basilia’s 36/72 *pro indiviso* share. In fact, the issues presented against Gepuela’s redemption over the disputed portion had already been thoroughly ventilated in LRC Case No. R-3855. Thus, although ostensibly styled in different forms, the complaints in Civil Case No. 65327 and LRC Case No. R-3855 are really litigating for the same thing and seeking the same relief, that is, to remove from Gepuela ownership over the disputed 36/72 portion.

⁶⁰ *Id.* at 392-393.

⁶¹ *Id.* at 393.

⁶² *Id.*

⁶³ G.R. No. 141508, May 5, 2010, 620 SCRA 82.

⁶⁴ *Id.* at 103 citing *Vda. de Cruz v. Carriaga, Jr supra* at 342.

In fact, Civil Case No. 65327 was filed specifically seeking to declare the nullity of Gepuela's redemption of the one-half share previously owned by Basilia.⁶⁵ This issue, however, has already been conclusively settled in LRC Case No. R-3855, where the trial court upheld Gepuela's redemption of the share and declared him absolute owner of the same.

Hernita, et al. are not indispensable parties to LRC Case No. R-3855; their non-participation does not affect the validity of the decision rendered

Hernita, et al., in their comment to Gepuela's petition, argue that the doctrine of *res judicata* "does not at all attach, because the judgment in LRC Case No. [R-3855] is not valid for lack of due process and in the absence of indispensable parties."⁶⁶ As indispensable parties who were not made part of the proceedings, Hernita, et al. claim that they cannot be bound by the decision in LRC Case No. R-3855 or the appeal in CA-G.R. No. 25605.⁶⁷

We reject this contention.

An indispensable party is defined as a party in interest without whom no final determination can be had of an action.⁶⁸ Hernita, et al. are voluntary heirs to ten percent of the **free portion** of Basilia's estate.⁶⁹ In fact, the complaint filed by Hernita, et al. in Civil Case No. 65327 reads:

III. Causes of Action

3.1 As **instituted heirs** in the "Huling Habilin" of Basilia Austria Vda. [d]e Cruz, it is indubitable that the plaintiffs are co-owners of the 36/72 *pro-indiviso* share of the estate of said decedent in the property formerly covered by [TCT] No. 95524 and now covered by [TCT] No. 5033-R and they are legally entitled to redeem the same pursuant to Article 1620 of the Civil Code[.]⁷⁰ (Emphasis and underscoring supplied)

Given their limited participation in the estate, this Court is at a loss as to how Hernita, et al. can be considered indispensable parties for purposes of LRC Case No. R-3855, an action to consolidate Gepuela's title over the property covered by TCT No. 95524. The claim all the more fails to

⁶⁵ Records (Civil Case No. 65327), pp. 50-51.

⁶⁶ *Rollo* (G.R. No. 173636), pp. 275-276.

⁶⁷ *Id.* at 276.

⁶⁸ *Heirs of Faustino Mesina v. Heirs of Domingo Fian, Sr.*, G.R. No. 201816, April 8, 2013, 695 SCRA 345, 352.

⁶⁹ Records (Civil Case No. 65327), pp. 19-20.

⁷⁰ *Id.* at 6.

persuade especially when one considers that the estate itself, through its Administratrix, and all the other **registered** co-owners of aliquot portions of the property (namely, Isagani, Perfecto Jr., Pedrito, Vito and Alberto Cruz) appear to have been properly notified of and, in fact, actively participated in, the proceedings in LRC Case No. R-3855.

We further note from Hernita, et al.'s comment that the decision in LRC Case No. R-3855 was subject of a petition for annulment of judgment (docketed as CA G.R. SP No. 50424) filed by their mother Benita.⁷¹ In that case, Benita alleged nullity of the proceedings on grounds of extrinsic fraud, want of jurisdiction and denial of due process. We take judicial notice,⁷² however, of the Decision rendered by the CA denying the petition for lack of merit.⁷³ The CA's finding was later on affirmed by this Court which denied with finality Benita's petition for the annulment of the decision in LRC Case No. R-3855.⁷⁴

In sum, inasmuch as both LRC Case No. R-3855 and Civil Case No. 65327 are anchored on the same cause of action, based on identical facts, and even claim the same reliefs, we hold that the latter case is barred by the decision in the former case. The CA therefore erred when, after declaring that the Decision in LRC Case No. R-3855 had become final, executory and unappealable, it still modified the terms of the case and awarded Hernita, et al. with portions of the property allegedly corresponding to their shares as instituted heirs of Basilia's estate.

Hernita, et al. cannot claim a stake over a specific property of the decedent.

Even assuming that *res judicata* would not bar Civil Case No. 65327, Hernita, et al.'s claim of a right to redeem Basilia's disputed share would still not prosper.

First. As instituted heirs only to a part of the **free** portion of Basilia's estate, Hernita, et al. are entitled to receive their share of the same, **if any**, only after payment of all debts, funeral charges, expenses of administration,

⁷¹ Rollo (G.R. No. 173636), p. 276

⁷² See *Lee v. Land Bank of the Philippines*, G.R. No. 170422, March 7, 2008, 548 SCRA 52, 58:

x x x It has been said that courts may take judicial notice of a decision or the facts involved in another case tried by the same court if the parties introduce the same in evidence or the court, as a matter of convenience, decides to do so. x x x

⁷³ CA Decision in CA G.R. SP No. 50424 dated August 29, 2008.

⁷⁴ SC Resolution dated September 9, 2009 in G.R. No. 187015, entitled *Benita C. Meñez v. The Heirs of Jose Ma. Gepuela*.

allowance to the widow and inheritance tax.⁷⁵ Otherwise stated, their share would be dependent on whether anything is left of the estate after payment of all its obligations.

In this case, the disputed 36/72 *pro indiviso* share was sold at public auction to satisfy the judgment claim of a creditor (Benita) of the estate. When it was redeemed by Gepuela, no further redemption was made. Upon expiration of the periods to redeem, Gepuela became entitled, as a matter of right, to the consolidation of the ownership of the share in his name. The share no longer formed part of the estate which can theoretically be distributed to Hernita, et al. as Basilia's voluntary heirs.

Second, and more importantly, as voluntary heirs to the free portion, Hernita, et al. have no right to claim any specific property of the estate, such as the contested 36/72 *pro indiviso* share in the property, until after the estate had been settled and distributed in accordance with law.

WHEREFORE, premises considered, the Petition in G.R. No. 173636 is **GRANTED**. The assailed Decisions of the CA affirming with modification the Regional Trial Court's Decision are **SET ASIDE**. The Petition in G.R. No. 173770 is **DENIED** for lack of merit.

SO ORDERED.

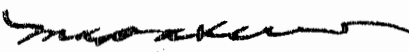

FRANCIS H. JARDELEZA
Associate Justice

⁷⁵ Section 1, Rule 90 of the Rules of Court provides:

SEC. 1. *When order for distribution of residue made.* — When the debts, funeral charges, and expenses of administration, the allowance to the widow, and inheritance tax, if any, chargeable to the estate in accordance with law, have been paid, the court, on the application of the executor or administrator, or of a person interested in the estate, and after hearing upon notice, shall assign the residue of the estate to the persons entitled to the same, naming them and the proportions, or parts, to which each is entitled, and such persons may demand and recover their respective shares from the executor or administrator, or any other person having the same in his possession. If there is a controversy before the court as to who are the lawful heirs of the deceased person or as to the distributive shares to which each person is entitled under the law, the controversy shall be heard and decided as in ordinary cases.


No distribution shall be allowed until the payment of the obligations above mentioned has been made or provided for, unless the distributees, or any of them, give a bond, in a sum to be fixed by the court, conditioned for the payment of said obligations within such time as the court directs. (Emphasis supplied)

WE CONCUR:


MARIA LOURDES P. A. SERENO
Chief Justice



PRESBITERO J. VELASCO, JR.
Associate Justice
Chairperson


MARTIN S. VILLARAMA, JR.
Associate Justice


BIENVENIDO L. REYES
Associate Justice


ATTESTATION

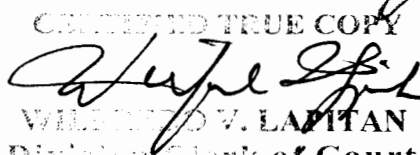
I attest that the conclusions in the above Decision had been reached in consultation before the cases were assigned to the writer of the opinion of the Court's Division.


PRESBITERO J. VELASCO, JR.
Associate Justice
Chairperson, Third Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, and the Division Chairperson's attestation, it is hereby certified that the conclusions in the above Decision had been reached in consultation before the cases were assigned to the writer of the opinion of the Court's Division.


MARIA LOURDES P. A. SERENO
Chief Justice


WILFREDO V. LAPID
 Division Clerk of Court
 Third Division

FEB 17 2016