



Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

TERESITA R. GABUCAN,
EUSEBIA R. ARNAN, RAFAEL
S. RALLOS, EMMANUEL S.
RALLOS, RAMON S. RALLOS,
RENATO S. RALLOS,
VICENTE R. SY, SARAH S. PO,
HERMENIGILDA S. YBAÑEZ,
CLETA R. NAVARES,
VICENTE B. RALLOS,
NESTOR B. RALLOS, ELENA
R. ROJAS, LYDIA B. RALLOS,
CECILIA R. TARRIMAN,
MAGDALENO B. RALLOS,
LAMBERTO R. RALLOS, JR.,
CARINA B. RALLOS,
THERESA B. RALLOS, and
MAURILLO B. RALLOS,

Petitioners,

G.R. No. 219978

Present:

CAGUIOA, *J.*, Chairperson,
INTING,
GAERLAN
DIMAAMPAO, and
SINGH, *JJ.*

- versus -

HONORABLE COURT OF
APPEALS FORMER SPECIAL
EIGHTEENTH (18TH)
DIVISION and CEBU CITY,
CORAZON R. NIEVES,
EVANGELINA R. SANTOS,
AMADO R. SY, EDUARDO R.
SY, CARMELINO R. ADARNA,
CONSUELO ADARNA, and
VICTORIA ADARNA,

Respondents.

Promulgated:

February 13, 2023

MisDcBatt

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DECISION

SINGH, J.:

Before the Court is a Petition for *Certiorari*, Prohibition, and Mandamus¹ under Rule 65 of the Rules of Court, seeking to set aside the Resolutions, dated July 16, 2012 (**First Assailed Resolution**)² and July 20, 2015 (**Second Assailed Resolution**)³ of the Court of Appeals (CA) in CA-G.R. SP No. 06676. The assailed Resolutions denied Teresita R. Gabucan, *et al.*'s (**petitioners**) Motion to Dismiss and admitted the same as their Answer to the Cebu City's (**City**) Petition for Annulment (of Final Decision/s and Order/s) with Prayer for Preliminary Injunction before the Regional Trial Court (**RTC**) of Cebu City, Branch 9 in Civil Case No. CEB-20388.

The Facts

This case originated from a June 11, 1997 Complaint, which the petitioners filed against the City for forfeiture of improvements and other reliefs before the RTC for the City's occupation of Lot Nos. 485-D and 485-E (**subject lots**). On the basis of the admissions and stipulations of the parties, the RTC deemed the case to be one for expropriation and issued an order to the effect that it shall decide on the issue of the petitioners' entitlement to just compensation for the City's use of the subject lots as a public road.⁴

In the course of the proceedings, the petitioners formally offered exhibits pertaining to the probate of the will of Rev. Fr. Vicente Rallos (**Fr. Rallos**), their predecessor-in-interest over the subject lots, which was initiated in the 1950s and re-opened in 1988 when the administrator died prior to the complete discharge of his duties as such.⁵ Among these documents are the Supplemental Inventory⁶ of Fr. Rallos' estate filed by the new administratrix and the Order, dated October 13, 1998 (**Probate Order**),⁷ which directed assets, including the subject lots, to be transferred to Lucena B. Rallos, Cleta Navares, Vicente B. Rallos, Nestor B. Rallos, Cecilia B. Tarrima, Magdalino B. Rallos, Theresa B. Rallos, Lamberto B. Rallos, Jr., Lydia B. Rallos, Carina B. Rallos, and Maurillo B. Rallos in equal *pro indiviso* shares. Except for

¹ *Rollo*, pp. 3-148.

² *Id.* at 153-154. Penned by Associate Justice Gabriel T. Ingles and concurred in by Associate Justices Pamela Ann Abella Maxino and Carmelita S. Manahan.

³ *Id.* at 155-164. Penned by Associate Justice Renato C. Francisco and concurred in by Associate Justices Marie Christine Azcarraga-Jacob and Edward B. Contreras.

⁴ *Id.* at 13-14.

⁵ *Id.* at 196.

⁶ *Id.* at 249-250.

⁷ *Id.* at 251.



Lucena B. Rallos who died, the rest of the persons named in the Probate Order are among the petitioners.⁸

On January 14, 2000, the RTC rendered a Decision (**Expropriation Decision**),⁹ which found the petitioners the owners of the subject lots and directed the City to pay them just compensation for appropriating the same for public use without the benefit of expropriation. Consequently, on July 24, 2001, the RTC issued a Decision (**Just Compensation Decision**),¹⁰ which ordered the City to pay the petitioners the amount of PHP 34,905,000.00 plus interest at the rate of 12% per annum within 40 days from the date of the Just Compensation Decision until full payment. The City was likewise ordered to pay attorney's fees, litigation expenses, and costs of suit. Thus, the petitioners moved for execution pending appeal, which the RTC granted in the Order,¹¹ dated October 22, 2001 (**EPA Order**).¹²

Assailing the EPA Order

The City moved for reconsideration of the EPA Order, which the RTC denied in the Order,¹³ dated November 16, 2001. As a result thereof, the Just Compensation Decision was implemented and the deposit accounts of the City in the Philippine Postal Savings Bank, Inc., the Philippine National Bank, Equitable PCI Bank, and the Development Bank of the Philippines were garnished.¹⁴

The City and the garnishees opposed the garnishment, contending that: (a) disbursements of public funds must be covered by corresponding appropriations; (b) money claims against the government must first be filed with the Commission on Audit, as required under Presidential Decree No. 1445;¹⁵ and (c) government funds deposited in banks by an instrumentality of the government are not subject to garnishment or levy.¹⁶ The RTC rejected these arguments in three Orders,¹⁷ all dated December 21, 2001. It explained that patrimonial funds and cash savings of local government units may be the subject of execution and garnishment.¹⁸

Thus, the City filed with the Court a Petition for *Certiorari* under Rule 65 to assail the EPA Order, which the Court referred to the CA for disposition.

⁸ *Id.* at 13-14.

⁹ *Id.* at 253-269. Penned by Presiding Judge Benigno G. Gaviola.

¹⁰ *Id.* at 276-280. Penned by Presiding Judge Benigno G. Gaviola.

¹¹ *Id.* at 281-286.

¹² *Id.* at 261-286.

¹³ *Id.* at 287-290.

¹⁴ *Id.* at 15-16.

¹⁵ AUDIT CODE. Approved on June 11, 1978.

¹⁶ *Rollo*, p. 16.

¹⁷ *Id.* at 293-294 & 297-302.

¹⁸ *Id.*

In the Resolution,¹⁹ dated June 28, 2002, the CA dismissed the petition. This dismissal lapsed into finality due to the City's inaction. The RTC then caused the delivery of the amount of PHP 34,905,000.00 to the petitioners, pursuant to the Just Compensation Decision.²⁰

Assailing the Expropriation and Just Compensation Decisions

In the intervening period, both parties moved for the reconsideration of the Just Compensation Decision. On March 21, 2002, the RTC issued a Consolidated Order (**Modified Award**),²¹ which modified the award in favor of the petitioners from PHP 7,500.00 per square meter to PHP 9,500.00 per square meter. Both parties appealed to the CA. However, the City's appeal also assailed the Expropriation Decision.²²

In the Decision,²³ dated May 29, 2007, the CA denied the City's appeal and affirmed the Expropriation and Just Compensation Decisions and the Modified Award in favor of the petitioners. While the CA ruled on the substantive issues of the case, it also noted that the City failed to perfect its appeal as it merely filed a Notice of Appeal. The City moved for reconsideration, which the CA denied.²⁴

Hence, the City appealed to the Court, which was dismissed in a Resolution,²⁵ dated December 5, 2007. Subsequently, an Entry of Judgment²⁶ was issued on April 21, 2008.²⁷

Execution of the Expropriation and Just Compensation Decisions

Acting upon the petitioners' Motion for Execution, the RTC issued the Order, dated November 17, 2008, which did not grant execution, but declared:

[T]he payment of Php34,905,000.00 shall be applied to the amount rendered by the court as just compensation and it is only the interest of 12% per annum which was not paid by defendant-judgment debtor City of Cebu. Therefore, the amount of 12% per annum shall start to run on the 40th day

¹⁹ *Id.* at 291-292.

²⁰ *Id.* at 16-17.

²¹ *Id.* at 306-311.

²² *Id.* at 17-18.

²³ *Id.* at 312-330.

²⁴ *Id.* at 18-19.

²⁵ *Id.* at 331-332.

²⁶ *Id.* at 333-334.

²⁷ *Id.*

from the date this decision was rendered until the same interest has been paid.²⁸

Upon the petitioners' subsequent motion, the RTC granted execution. Consequently, a writ of execution with the following dispositive portion was issued:

NOW, THEREFORE, you are hereby commanded to serve a copy hereof to judgment obligor City of Cebu and demand for the immediate payment of Php44,213,000.00, less the partial payment of Php34,905,000.00, plus interest at 12% per annum to start 40 days from the date of the July 24, 2001 Decision and to continue until the whole amount has been fully paid; Php50,000.00 as attorney's fees; and Php50,000.00 as litigation expenses.²⁹

Thus, the Sheriff demanded payment from the City through a letter, dated December 4, 2008, and an Amended Demand for payment, dated January 26, 2009.³⁰

The City filed a motion to issue an order reiterating the writ of execution and setting aside the Sheriff's amended demand. This was denied by the RTC in the Order, dated March 16, 2009, which also upheld the Modified Award:

This therefore means that the entire amount of Php44,213,000.00 shall be subjected to a 12% interest per annum to start 40 days from the date of the decision on July 24, 2001 until the amount of Php34,905,000.00 was partially paid by the City of Cebu. After the payment by the City of Cebu of a partial amount, the balance shall again be subjected to 12% interest per annum until the same shall have been fully paid.³¹

The petitioners sought reconsideration of the above Order to obtain legal interest on the interest due on the Modified Award, which the RTC denied in the Order, dated May 20, 2009. Hence, the petitioners filed a Petition for *Certiorari*, Prohibition, and Mandamus before the CA.³²

The CA ruled in favor of the petitioners in the Decision,³³ dated June 11, 2010, and denied the City's motion for reconsideration. Thus, the City appealed to the Court.³⁴

²⁸ *Id.* at 19.

²⁹ *Id.* at 19-20.

³⁰ *Id.* at 20.

³¹ *Id.* at 21.

³² *Id.*

³³ *Id.* at 335-346.

³⁴ *Id.* at 22.



The Court denied the City's appeal in the Resolution,³⁵ dated December 6, 2010, and the City's Motion for Reconsideration in the Resolution,³⁶ dated March 28, 2011. Subsequently, an Entry of Judgment³⁷ was issued on June 16, 2011.³⁸

As a result of the finality of the Court's Decision, the petitioners moved for the execution of the Just Compensation Decision with the Modified Award. In the Order,³⁹ dated September 23, 2011, the RTC ruled in their favor and, accordingly, directed the issuance of a writ of execution. The City did not move for the reconsideration of this Order.⁴⁰

Thus, a writ of execution was issued and implemented by the Sheriff, resulting in the garnishment of the City's deposit accounts in the Philippine Postal Savings Bank, Inc., the Philippine Veterans Bank, and the Land Bank of the Philippines, and receivables from SM Prime Holdings, Inc. and Filinvest Land from the sale of some patrimonial real properties.⁴¹

Alleged discovery of a convenio

The City filed motions to quash the writ of execution and set aside the notice of garnishment based on a *convenio* allegedly executed in 1940, with a stipulation *pour autrui*, bestowing ownership of the subject lots in its favor. These motions were denied by the RTC in the Order,⁴² dated October 26, 2011. It found that the alleged newly discovered *convenio* is not a supervening event which transpired after the judgment in the instant case had become final and executory. The RTC explained that the *convenio* was already in existence in 1940 and bears the judicial imprimatur of the Court of First Instance for the Province of Cebu, but was not brought to light by the City while the case was still in the process of litigation.⁴³

The City moved for reconsideration, but the same was denied in the Order,⁴⁴ dated January 26, 2012.

In the Order,⁴⁵ dated February 27, 2012, the RTC: (a) required garnishees Philippine Veterans Bank and Philippine Postal Savings Bank, Inc. to release a certification to the Sheriff stating the actual account numbers

³⁵ *Id.* at 347.

³⁶ *Id.* at 348.

³⁷ *Id.* at 349.

³⁸ *Id.*

³⁹ *Id.* at 350-351.

⁴⁰ *Id.* at 22.


⁴¹ *Id.* at 23.

⁴² *Id.* at 352-353.

⁴³ *Id.* at 25.

⁴⁴ *Id.* at 354.

⁴⁵ *Id.* at 358-359.



under the name of the City to cater to the final judgment in favor of the petitioners; (b) directed the petitioners to demand of the *Sangguniang Panlungsod* of the City to enact an appropriation ordinance; and (c) ordered the said banks to release the amount for the satisfaction of the judgment upon enactment of the appropriation ordinance.⁴⁶

The City filed a Motion for Reconsideration of the Order, dated February 27, 2012. Without waiting for the resolution of the same, it filed a Petition (for Annulment of Final Decisions and Orders) (**Petition for Annulment**),⁴⁷ before the CA, seeking to annul the Expropriation and Just Compensation Decisions and the Modified Award. It also sought the issuance of temporary restraining order (**TRO**) and/or writ of preliminary injunction (**WPI**) to prevent the release of funds pursuant to the above Order. The Petition for Annulment is grounded on the *convenio*, which the City claims to have been fraudulently concealed by the petitioners.⁴⁸

The CA granted the City's prayer for a TRO and summoned the petitioners. In response thereto, on May 4, 2012, the petitioners moved for the dismissal of the Petition for Annulment (**Motion to Dismiss**) and lifting of the TRO and concomitantly filed an *ad cautelam* Answer.⁴⁹

On June 26, 2012, the CA issued a Resolution for the issuance of a WPI, enjoining the execution of the Expropriation and Just Compensation Decisions and from causing the release of any funds, or the auction of the City's properties in satisfaction thereof.⁵⁰

The petitioners further moved: (a) for the dissolution of the WPI upon learning that the same was issued without the requisite bond; and (b) for the CA's conformity with the Decisions of the Court pertaining to the Expropriation and Just Compensation Decisions and the rulings of the Court to the effect that a party who availed of an appeal may no longer avail of an annulment of judgment.⁵¹

The Ruling of the CA

In the First Assailed Resolution,⁵² the CA denied the Motion to Dismiss and treated the same as the petitioners' Answer. The petitioners moved for reconsideration, which the CA denied in the Second Assailed Resolution⁵³

⁴⁶ *Id.*

⁴⁷ *Id.* at 187-208.

⁴⁸ *Id.* at 201-205.

⁴⁹ *Id.* at 27.

⁵⁰ *Id.* at 28.

⁵¹ *Id.* at 29.

⁵² *Id.* at 153-154.

⁵³ *Id.* at 155-164.



only after setting the Petition for Annulment for hearing and requiring the parties to submit judicial affidavits.⁵⁴

The CA ruled that to expedite proceedings, it shall consider the Motion to Dismiss as the petitioners' Answer to the Petition for Annulment. It explained that the case has been pending for so long and the Motion to Dismiss exhaustively discussed the petitioners' case.⁵⁵

Aggrieved, the petitioners filed the present Petition.⁵⁶

The Issue

Did the CA gravely abuse its discretion in denying the Motion to Dismiss and treating the same as the petitioners' Answer to the Petition for Annulment?

The petitioners argue that the CA should have dismissed the Petition for Annulment, because: (a) the City already availed of the remedy of ordinary appeal and lost; (b) the Petition for Annulment insufficiently specifies the RTC Order it is assailing; (c) the City failed to allege in the Petition for Annulment that other ordinary remedies are no longer available through no fault of its own and that its failure to avail of such remedies is justified; (d) the allegations in the Petition for Annulment do not constitute fraud, as they pertain to newly discovered evidence which is not a ground for a petition under Rule 47; (e) the Petition for Annulment interferes with the final and executory Decisions of the CA and the Court; (f) the Petition for Annulment interferes with court orders and proceedings which are binding on the City; (g) the *convenio* or compromise agreement is actually an unsigned paper purporting to be a Compromise Judgment in civil cases in which the City and the petitioners are not parties and is barred by prescription; (h) even assuming that the *convenio* is valid and not yet barred by prescription, a Rule 47 Petition is not the proper remedy to enforce the same; (i) the City is guilty of forum shopping; (j) the filing of the Petition for Annulment is not authorized by the City's *Sangguniang Panlungsod*; and (k) the City is deemed to have known of the *convenio*, as the probate of the will of Fr. Rallos is a proceeding *in rem*.⁵⁷

In its Comment,⁵⁸ dated January 22, 2018, the City contends that the present Petition has been rendered moot and academic by supervening events. It cited favorable rulings of the Court in an indirect contempt case and an

⁵⁴ *Id.* at 154 & 160.

⁵⁵ *Id.* at 160.

⁵⁶ *Id.* at 13-42.

⁵⁷ *Id.* at 39-80.

⁵⁸ *Id.* at 460-470.



administrative case (collectively, the **SC Cases**) against City officials for preventing the execution of the Expropriation and Just Compensation Decisions and CA Justices who ruled in favor of the City. The City avers that the SC Cases settled the issue in this case because the Court ruled that the City officials acted within lawful bounds in refusing the execution of the Expropriation and Just Compensation Decisions in the absence of an appropriation ordinance.⁵⁹

In the Reply,⁶⁰ dated May 25, 2018, the petitioners assert that the SC Cases did not render the present Petition moot and academic, as they pertain to distinct issues and are irrelevant to this case. They also maintain that the City is deemed to have admitted the material allegations in the present Petition due to their failure to deny the same.⁶¹

The Ruling of the Court

The Petition is meritorious.

A petition for annulment of judgment is a remedy in equity so exceptional in nature that may be availed of only when other remedies are wanting, and only if the judgment, final order, or final resolution sought to be annulled was rendered by a court lacking jurisdiction or through extrinsic fraud. Given its nature, it is not allowed to be so easily and readily abused by parties aggrieved by final judgments, orders, or resolutions. Thus, the Court has instituted safeguards by limiting the grounds for the annulment to lack of jurisdiction and extrinsic fraud, and by prescribing in Section 1 of Rule 47 of the Rules of Court that the petitioner should show that the ordinary remedies of new trial, appeal, petition for relief, or other appropriate remedies are no longer available through no fault of the petitioner. A petition for annulment that ignores or disregards any of the safeguards cannot prosper.⁶²

The judicial reluctance towards the annulment of a judgment, final order, or final resolution is understandable, as the remedy disregards the time-honored doctrine of immutability of final judgments, a corner stone in the dispensation of justice by the courts. This doctrine serves a two-fold purpose: (a) to avoid delay in the administration of justice and thus, procedurally, to make orderly the discharge of judicial business; and (b) to put an end to judicial controversies, at the risk of occasional errors, which is precisely why the courts exist. As to the first, a judgment that has acquired finality becomes immutable and unalterable and is no longer to be modified in any respect even if the modification is meant to correct an erroneous conclusion of fact or of

⁵⁹ *Id.* at 461-469.

⁶⁰ *Id.* at 473-489.

⁶¹ *Id.* at 475-482.

⁶² *Spouses Teaño v. Municipality of Navotas*, 781 Phil. 1, 12 (2016), citing *Dare Adventure Farm Corporation v. Court of Appeals*, 695 Phil. 681, 688-689 (2012).



law, and whether the modification is made by the court that rendered the decision or by the highest court of the land. As to the latter, controversies cannot drag on indefinitely because fundamental considerations of public policy and sound practice demand that the rights and obligations of every litigant must not hang in suspense for an indefinite period of time.⁶³

In consideration of the foregoing, litigants must comply with statutory requirements set forth in Rule 47 of the Rules of Court, as explained in *Pinausukan Seafood House, Roxas Boulevard, Inc. v. Far East Bank & Trust Co.*⁶⁴

The first requirement prescribes that a petition for annulment is available only when the petitioner can no longer resort to the ordinary remedies of new trial, appeal, petition for relief, or other appropriate remedies through no fault of the petitioner. Thus, **the petition, when grounded on extrinsic fraud, must aver that the petitioner failed to move for a new trial, or to appeal, or to file a petition for relief without fault on his part.** This requirement is not imposed when the petition is based on lack of jurisdiction because the judgment or final order, being void, may be assailed at any time either collaterally or by direct action or by resisting such judgment or final order in any action or proceeding whenever it is invoked, unless the ground of lack of jurisdiction is barred by laches.⁶⁵

The second requirement limits the ground for the action of annulment of judgment to either extrinsic fraud or lack of jurisdiction. **Fraud is extrinsic where the unsuccessful party has been prevented from exhibiting fully his case, by fraud or deception by his opponent,** as by keeping him away from court; or where the defendant never had knowledge of the suit; or where an attorney fraudulently or without authority connives at his defeat; and other similar cases which show that there has never been a real contest in the trial or hearing of the case. The overriding consideration when extrinsic fraud is alleged in a Rule 47 Petition is that the fraudulent scheme of the prevailing litigant prevented the petitioner from having his day in court. Nonetheless, **extrinsic fraud shall not be a valid ground if it was availed of, or could have been availed of, in a motion for new trial or petition for relief.**

On the other hand, lack of jurisdiction on the part of the trial court in rendering the judgment or final order pertains to either the subject matter or nature of the action, or over the person of the petitioner. The former is a matter of substantive law because statutory law defines the jurisdiction of the courts over the subject matter or nature of the action. The latter is a matter of procedural law, for it involves the service of summons or other process on the petitioner. A judgment or final order issued by the trial court without

⁶³ *Spouses Sanchez v. De Aguilar*, 840 Phil. 197, 210-211 (2018).

⁶⁴ 725 Phil. 19 (2014).

⁶⁵ *Id.* at 33.



jurisdiction over the subject matter or nature of the action is always void, but the defect of lack of jurisdiction over the person, being a matter of procedural law, may be waived by the party concerned.⁶⁶

The third requirement sets the time for the filing of a Rule 47 Petition. The action, if based on extrinsic fraud, must be filed within four years from the discovery of the extrinsic fraud; and if based on lack of jurisdiction, must be brought before it is barred by laches or estoppel.⁶⁷

Lastly, the fourth requirement demands that the petition should be verified and should **allege with particularity the facts and the law relied upon for annulment, as well as those supporting the petitioner's good and substantial cause of action or defense, as the case may be.** The need for averring the circumstances constituting fraud with particularity is essential as a universal requirement in the rules of pleading. The petition is to be filed in seven clearly legible copies, together with sufficient copies corresponding to the number of respondents, and shall contain required submissions, specifically: (a) the certified true copy of the judgment or final order or resolution, to be attached to the original copy of the petition intended for the court and indicated as such by the petitioner; (b) the affidavits of witnesses or documents supporting the cause of action or defense; and (c) the sworn certification that the petitioner has not commenced any other action involving the same issues in the Court, the CA, or any other tribunal or agency; if there is such other action or proceeding, he must state the status of the same, and if he should thereafter learn that a similar action or proceeding has been filed or is pending, he undertakes to promptly inform the said courts and other tribunal or agency thereof within five days therefrom.⁶⁸

The purpose of the requirements of the sworn verification and the particularization of the allegations of the extrinsic fraud in the petition, of the submission of the certified true copy of the judgment or final order or resolution, and of the attachment of the affidavits of witnesses and documents supporting the cause of action or defense is to bring all the relevant facts to the CA's cognizance to enable the determination of the petition's substantial merits. Should it find *prima facie* merit in the petition, the CA shall give the petition due course and direct the service of summons on the respondent; otherwise, the CA may outrightly dismiss the petition for annulment.⁶⁹

In this case, the Petition for Annulment is defective for failure to comply with the first, second, and fourth requirements.

⁶⁶ *Id.* at 34-36.

⁶⁷ *Id.* at 36.

⁶⁸ *Id.* at 37-38.

⁶⁹ *Id.* at 38.



The City maintains that the petitioners deliberately suppressed the *convenio* which supposedly embodies the donation of the subject lots in its favor. However, the Petition for Annulment does not include the mandatory averment that it failed to avail of the remedies of new trial, appeal, or petition for relief without fault on its part. This alone warrants the dismissal of the Petition for Annulment.⁷⁰

Further, the City's allegation of extrinsic fraud against the petitioners is unsubstantiated. The Petition for Annulment states that the City only learned of the *convenio* when a city councilor was informed and furnished a copy thereof and other related records by some of Fr. Rallos' heirs.⁷¹ On this score, it should be noted that the probate of a will is a proceeding in *rem*, binding on the City despite not being a named party therein.⁷² Besides the sworn statement of the city councilor and the relevant portions of records of the case in the probate of Fr. Rallos' will, the City offered no other evidence to support its claim that the petitioners deliberately suppressed the *convenio* or that they otherwise deprived it of an opportunity to present its case before the RTC. Such affidavit can hardly be considered as that of a witness who had competence about the circumstances constituting the extrinsic fraud relied upon as the ground for the Petition for Annulment. On the contrary, the petitioners submitted documents from the probate case to support their claim to the subject lots to the RTC. Prudence should have prompted the City to obtain the complete records of the probate case to properly refute the petitioners' assertions and protect its own interest in the litigation. Had it exercised due diligence, the City would have discovered the *convenio* and availed of the appropriate remedies while the present case was still pending before the RTC. The City's negligence cannot be equated to extrinsic fraud on the part of the petitioners.

The SC Cases which the City invoked in its Comment are likewise irrelevant, as they involve issues different from those in this case. These pertain to an indirect contempt case against City officials for preventing the execution of the Expropriation and Just Compensation Decisions and an administrative case against CA Justices who ruled in favor of the City. While the SC cases held that the City officials acted within lawful bounds in refusing the execution of the Expropriation and Just Compensation Decisions in the absence of an appropriation ordinance, they do not touch upon the issue of the validity of the Expropriation and Just Compensation Decisions and the Modified Award – the RTC issuances subject of the Petition for Annulment.⁷³

This case was initiated on June 11, 1997 and the Expropriation and Just Compensation Decisions and the Modified Award have attained finality on

⁷⁰ See *Spouses Alvarez v. Court of Appeals (Former 12th Division)*, G.R. No. 192472, June 3, 2019, 902 SCRA 191.

⁷¹ *Rollo*, p. 202.

⁷² See *Tolentino v. Leviste*, 485 Phil. 661 (2004).

⁷³ *Rollo*, pp. 461-469.



April 21, 2008. It also bears stressing that this case has previously reached the Court twice – when the City assailed the Expropriation and Just Compensation Decisions and the Modified Award and the execution thereof – and the Court ruled in favor of the petitioners in both instances. Clearly, the City was given every opportunity to ventilate its case against the petitioners. Thus, it can no longer resort to the remedy of annulment of judgment.⁷⁴ Ruling otherwise would allow the City to benefit from its own inaction and negligence.⁷⁵

The Court will not sanction such brazen abuse of remedies and disrespect of judicial stability. It is evident that the City is feebly attempting to disturb the effects of a judgment that, by its own fault and negligence, had long become final and been the subject of execution. This cannot be allowed without running afoul of the settled doctrine of finality of judgment, *i.e.*, a final and executory judgment may no longer be modified in any respect, even if the modification is meant to correct what is perceived to be an erroneous conclusion of fact or law, and regardless of whether the modification is attempted to be made by the court rendering it or by the highest court of the land. Litigation must end sometime, and it is essential to an effective administration of justice that once a judgment has become final, the issue or cause involved therein should be laid to rest.⁷⁶

In all, the City is precluded from availing of a petition for annulment as it is not a recourse to obtain relief from a judgment that has long attained finality after having been passed upon and affirmed by higher courts on appeals taken in due course.⁷⁷

In view of the foregoing, the CA acted arbitrarily and gravely abused its discretion in denying the Motion to Dismiss and entertaining the Petition for Annulment despite the latter's apparent failure to comply with the above jurisprudential requirements.⁷⁸ All the more so when the First Assailed Resolution did not state clearly and distinctly the reasons for the denial, providing only that “to expedite proceedings, [the CA] shall consider the [petitioners]’ verified Motion to Dismiss Petition as the [petitioners]’ Answer to the Petition,” and concurrently admitted the Motion to Dismiss as the petitioner’s Answer to the Petition for Annulment, in contravention of Section 3, Rule 16 of the Rules of Court.⁷⁹

⁷⁴ See *Estrellado v. Presiding Judge of the Municipal Trial Court in Cities, 11th Judicial Region, Branch 3, Davao City*, 820 Phil. 556 (2017).

⁷⁵ See *Tolentino v. Leviste*, *supra*.

⁷⁶ See *Tiu v. First Plywood Corp.*, 629 Phil. 120, 134 (2010).

⁷⁷ *Estrellado v. Presiding Judge of the Municipal Trial Court in Cities, 11th Judicial Region, Branch 3, Davao City*, *supra* at 560.

⁷⁸ See *Spouses Balanguan v. Court of Appeals*, 584 Phil. 183 (2008).

⁷⁹ *Rollo*, p. 154.

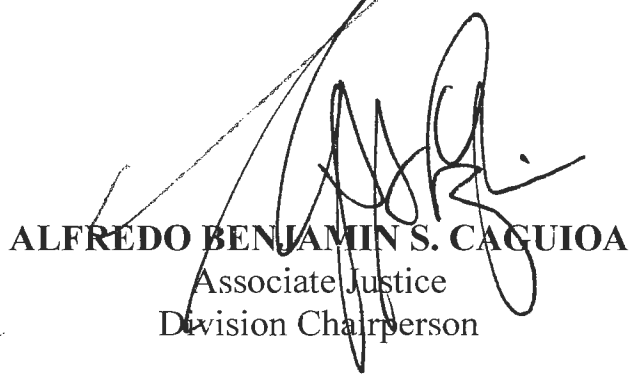


WHEREFORE, the Petition is **GRANTED**. The Resolutions, dated July 16, 2012 and July 20, 2015 of the Court of Appeals in CA-G.R. SP No. 06676 are **REVERSED**. The Petition (for Annulment of Final Decision/s and Order/s), dated March 22, 2012, of Cebu City is **DISMISSED**.

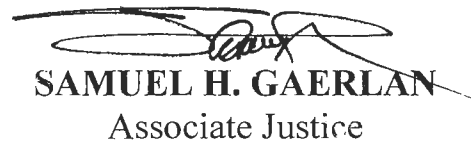
SO ORDERED.

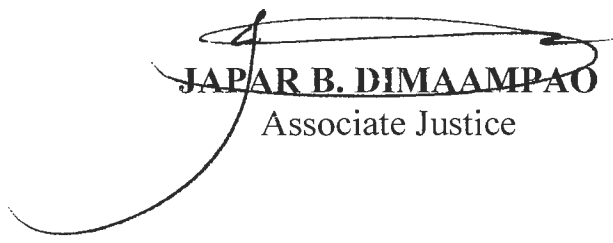

MARIA FILOMENA D. SINGH
Associate Justice

WE CONCUR:


ALFREDO BENJAMIN S. CAGUIOA
Associate Justice
Division Chairperson

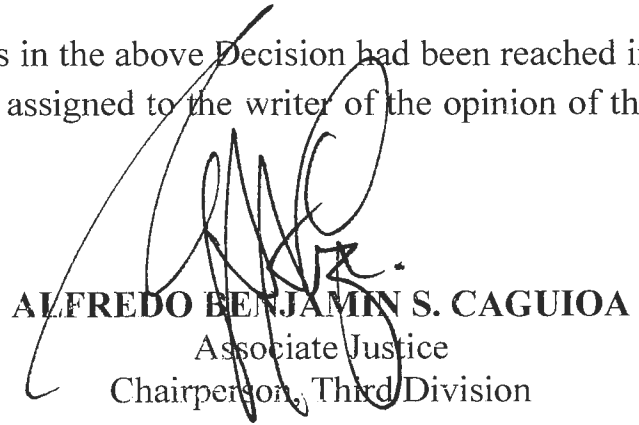

HENRI JEAN PAUL B. INTING
Associate Justice


SAMUEL H. GAERLAN
Associate Justice


JAPAR B. DIMAAMPAO
Associate Justice

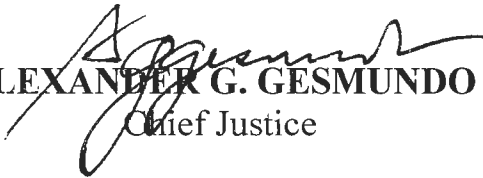
ATTESTATION

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


ALFREDO BENJAMIN S. CAGUIOA
Associate Justice
Chairperson, Third Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


ALEXANDER G. GESMUNDO
Chief Justice

