



Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

**DARE ADVENTURE FARM
CORPORATION,**

Petitioner,

- *versus* -

**HON. COURT OF APPEALS,
MANILA, HON. AUGUSTINE
VESTIL, as Presiding Judge of
RTC-CEBU, Br. 56, MANDAUE
CITY, SPS. FELIX NG AND
NENITA NG, and SPS.
MARTIN T. NG AND
AZUCENA S. NG AND
AGRIPINA R. GOC-ONG,**
Respondents.

G.R. No. 161122

Present:

SERENO, C.J.,
LEONARDO-DE CASTRO,
BRION,*
BERSAMIN, and
REYES, JJ.

Promulgated:

24 SEP 2012

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DECISION

BERSAMIN, J.:

A decision rendered on a complaint in a civil action or proceeding does not bind or prejudice a person not impleaded therein, for no person shall be adversely affected by the outcome of a civil action or proceeding in which he is not a party.¹ Hence, such person cannot bring an action for the annulment of the judgment under Rule 47 of the 1997 *Rules of Civil Procedure*, except if he has been a successor in interest by title subsequent

* Vice Justice Martin S. Villarama, Jr., who is on leave per Special Order No. 1305 dated September 10, 2012.

¹ *Filamer Christian Institute v. Court of Appeals*, G.R. No. 75112, October 16, 1990, 190 SCRA 485, 492.

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to the commencement of the action, or the action or proceeding is *in rem* the judgment in which is binding against him.

Antecedents

The petitioner acquired a parcel of land with an area of 65,100 square meters situated in San Roque, Lilo-an, Metro Cebu known as lot 7531-part (the property) through a deed of absolute sale executed on July 28, 1994 between the petitioner, as vendee, and Agripina R. Goc-ong (a respondent herein), Porferio Goc-ong, Diosdado Goc-ong, Crisostomo Goc-ong, Tranquilino Goc-ong, Naciancena Goc-ong and Avelino Goc-ong (collectively, the Goc-ons), as vendors.²

The petitioner later on discovered the joint affidavit executed on June 19, 1990 by the Goc-ons, whereby the Goc-ons declared that they were the owners of the property, and that they were mortgaging the property to Felix Ng, married to Nenita N. Ng, and Martin T. Ng, married to Azucena S. Ng (collectively, the Ngs) to secure their obligation amounting to ₱648,000.00, subject to the condition that should they not pay the stipulated 36-monthly installments, the Ngs would automatically become the owners of the property.³

With the Goc-ons apparently failing to pay their obligation to the Ngs as stipulated, the latter brought on January 16, 1997 a complaint for the recovery of a sum of money, or, in the alternative, for the foreclosure of mortgage in the Regional Trial Court, Branch 56, in Mandaue City (RTC) only against respondent Agripina R. Goc-ong.⁴ The action was docketed as Civil Case No. MAN-2838.

² *Rollo*, pp. 92-94.

³ *Id.* at 95.

⁴ *Id.* at 96-98.

With Agripina R. Goc-ong being declared in default for failing to file her answer in Civil Case No. MAN-2838,⁵ the RTC rendered its Decision on October 16, 1997, disposing:

In the light of the foregoing, judgment is hereby rendered:

1) Declaring herein Plaintiffs the owners of lot 7531-part, situated at San Roque, Liloan, Cebu containing an area of Sixty Five Thousand One Hundred (65,100) square meters and assessed for ₱ 22,240.00 and

2) Directing Defendant to pay Plaintiff the sum of ₱ 10,000.00 as attorney's fees and

3) ₱10,000.00 as litigation expenses[.]

SO ORDERED.⁶

Ruling of the Court of Appeals

In 2001, the petitioner commenced in the Court of Appeals (CA) an action for the annulment of the October 16, 1997 decision of the RTC.

On June 19, 2001, however, the CA dismissed the petition for annulment of judgment, *viz*:

We are constrained to DISMISS OUTRIGHT the present petition for annulment of judgment under Rule 47 of the 1997 Rules of Civil Procedure, as amended, considering that nowhere therein is there an allegation on why “the ordinary remedies of new trial, appeal, petition for relief or other appropriate remedies are no longer available through no fault of the petitioner.[”]⁷

The petitioner moved for the reconsideration of the outright dismissal, but the CA denied its motion for reconsideration on October 24, 2003 on the basis that petitioner did not show why it had not availed itself of the ordinary remedies of new trial, appeal, petition for relief or other appropriate remedies as provided in Section 1, Rule 47 of the *Rules of Court*.

⁵ Id. at 103.

⁶ Id. at 89.

⁷ Id. at 54-55.

Issues

Hence, the petitioner ascribes to the CA the following errors, to wit:

I.

THE RESPONDENT COURT OF APPEALS SERIOUSLY ERRED IN RULING THAT PETITIONER FAILED TO EXPLAIN WHY IT DID NOT AVAIL OF THE OTHER REMEDIES ENUMERATED UNDER SECTION 1 RULE 47 OF THE 1997 RULES ON CIVIL PROCEDURE.

II.

THE RESPONDENT COURT OF APPEALS SERIOUSLY ERRED IN RULING THAT PETITIONER COULD HAVE ASSAILED THE DEED OF SALE AND QUESTIONED THE FORECLOSURE PROCEEDINGS OR SOUGHT THE QUIETING OF TITLE TO THE SUBJECT PROPERTY.

The decisive query is whether the action for annulment of judgment under Rule 47 was a proper recourse for the petitioner to set aside the decision rendered in Civil Case No. MAN-2838.

Ruling

We deny the petition for review.

I.

A petition for annulment of judgment is a remedy in equity so exceptional in nature that it 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.⁸ Yet, the remedy, being exceptional in character, is not allowed to be so easily and readily abused by parties aggrieved by the final judgments, orders or resolutions.⁹ The Court has thus instituted safeguards by limiting the grounds for the annulment to lack of jurisdiction and extrinsic fraud, and

⁸ *People v. Bitanga*, G.R. No. 159222, June 26, 2007, 525 SCRA 623, 629.

⁹ *Fraginal v. Heirs of Toribia Belmonte Parañal*, G.R. No. 150207, February 23, 2007, 516 SCRA 530, 537.

by prescribing in Section 1¹⁰ 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.¹¹ A petition for annulment that ignores or disregards any of the safeguards cannot prosper.

The attitude of judicial reluctance towards the annulment of a judgment, final order or final resolution is understandable, for the remedy disregards the time-honored doctrine of immutability and unalterability of final judgments, a solid corner stone in the dispensation of justice by the courts. The doctrine of immutability and unalterability serves a two-fold purpose, namely: (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.¹² 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 law, and whether the modification is made by the court that rendered the decision or by the highest court of the land.¹³ 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.¹⁴

¹⁰ Section 1. *Coverage*. – This Rule shall govern the annulment by the Court of Appeals of judgments or final orders and resolutions in civil actions of Regional Trial Courts for which the ordinary remedies of new trial, appeal, petition for relief or other appropriate remedies are no longer available through no fault of the petitioner. (n)

¹¹ *Macalalag v. Ombudsman*, G.R. No. 147995, March 4, 2004, 424 SCRA 741, 744-745.

¹² *Apo Fruits Corporation v. Court of Appeals*, G.R. No. 164195, December 4, 2009, 607 SCRA 200, 213.

¹³ *Peña v. Government Service Insurance System (GSIS)*, G.R. No. 159520, September 19, 2006, 520 SCRA 383, 581.

¹⁴ *Land Bank of the Philippines v. Arceo*, G.R. No. 158270, July 21, 2008, 559 SCRA 85, 94; *Gallardo-Corro v. Gallardo*, G.R. No. 136228, January 30, 2001, 350 SCRA 568, 578.

II.

We uphold the CA's dismissal of the petitioner's action for annulment of judgment based on the foregoing considerations.

It is elementary that a judgment of a court is conclusive and binding only upon the parties and those who are their successors in interest by title after the commencement of the action in court.¹⁵ Section 47(b) of Rule 39 of the *Rules of Court* explicitly so provides, to wit:

Section 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:

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(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; xxx.

The principle that a person cannot be prejudiced by a ruling rendered in an action or proceeding in which he has not been made a party conforms to the constitutional guarantee of due process of law. The operation of this principle was illustrated in *Muñoz v. Yabut, Jr.*,¹⁶ where the Court declared that a person not impleaded and given the opportunity to take part in the proceedings was not bound by the decision declaring as null and void the title from which his title to the property had been derived. We said there that the effect of a judgment could not be extended to non-parties by simply issuing an *alias* writ of execution against them, for no man should be prejudiced by any proceeding to which he was a stranger. In the same manner, a writ of execution could be issued only against a party, not against a person who did not have his day in court.¹⁷

¹⁵ *Villanueva v. Velasco*, G.R. No. 130845, November 27, 2000, 346 SCRA 99, 107; *Ayala Corporation v. Ray Burton Development Corporation*, G.R. No. 126699, August 7, 1998, 294 SCRA 48, 65.

¹⁶ G.R. No. 142676, June 6, 2011, 650 SCRA 344.

¹⁷ *Id.* at 367-368.

Accordingly, the petitioner's resort to annulment of judgment under Rule 47 was unnecessary if, after all, the judgment rendered in Civil Case No. MAN-2838 did not prejudice it.

Moreover, Section 1 of Rule 47 extends the remedy of annulment only to a party in whose favor the remedies of new trial, reconsideration, appeal, and petition for relief from judgment are no longer available through no fault of said party. As such, the petitioner, being a non-party in Civil Case No. MAN-2838, could not bring the action for annulment of judgment due to unavailability to it of the remedies of new trial, reconsideration, appeal, or setting the judgment aside through a petition for relief.

The petitioner probably brought the action for annulment upon its honest belief that the action was its remaining recourse from a perceived commission of extrinsic fraud against it. It is worthwhile for the petitioner to ponder, however, that permitting it despite its being a non-party in Civil Case No. MAN-2838 to avail itself of the remedy of annulment of judgment would not help it in any substantial way. Although Rule 47 would initially grant relief to it from the effects of the annulled judgment, the decision of the CA would not really and finally determine the rights of the petitioner in the property as against the competing rights of the original parties. To be borne in mind is that the annulment of judgment is an equitable relief not because a party-litigant thereby gains another opportunity to reopen the already-final judgment but because a party-litigant is enabled to be discharged from the burden of being bound by a judgment that was an absolute nullity to begin with.¹⁸

We agree with the CA's suggestion that the petitioner's proper recourse was either an action for quieting of title or an action for reconveyance of the property. It is timely for the Court to remind that the petitioner will be better off if it should go to the courts to obtain relief

¹⁸ *Antonio v. The Register of Deeds of Makati*, G.R. No. 185663, June 20, 2012; *Barco v. Court of Appeals*, G.R. No. 120587, January 20, 2004, 420 SCRA 162, 180.

through the proper recourse; otherwise, it would waste its own time and effort, aside from thereby unduly burdening the dockets of the courts.

The petitioner may vindicate its rights in the property through an action for quieting of title, a common law remedy designed for the removal of any cloud upon, or doubt, or uncertainty affecting title to real property. The action for quieting of title may be brought whenever there is a cloud on title to real property or any interest in real property by reason of any instrument, record, claim, encumbrance, or proceeding that is apparently valid or effective, but is, in truth and in fact, invalid, ineffective, voidable, or unenforceable, and may be prejudicial to said title. In the action, the competent court is tasked to determine the respective rights of the plaintiff and the other claimants, not only to put things in their proper places, and make the claimant, who has no rights to the immovable, respect and not disturb the one so entitled, but also for the benefit of both, so that whoever has the right will see every cloud of doubt over the property dissipated, and he can thereafter fearlessly introduce any desired improvements, as well as use, and even abuse the property.¹⁹

The other proper remedy the CA suggested was an action for reconveyance of property. According to *Vda. de Recinto v. Inciong*,²⁰ the remedy belongs to the landowner whose property has been wrongfully or erroneously registered in another person's name, and such landowner demands the reconveyance of the property in the proper court of justice. If the property has meanwhile passed into the hands of an innocent purchaser for value, the landowner may seek damages. In either situation, the landowner respects the decree as incontrovertible and no longer open to review provided the one-year period from the land coming under the operation of the Torrens System of land registration already passed.

¹⁹ *Heirs of Enrique Toring v. Heirs of Teodosia Boquilaga*, G.R. No. 163610, September 27, 2010, 631 SCRA 278, 293-294.

²⁰ G.R. No. L-26083, May 31, 1977, 77 SCRA 196, 201.

WHEREFORE, the Court **AFFIRMS** the decision of the Court of Appeals promulgated on June 19, 2001; and **DIRECTS** the petitioner to pay the costs of suit.

SO ORDERED.



LUCAS P. BERSAMIN
Associate Justice

WE CONCUR:



MARIA LOURDES P. A. SERENO
Chief Justice



TERESITA J. LEONARDO-DE CASTRO
Associate Justice



ARTURO D. BRION
Associate Justice



BIENVENIDO L. REYES
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, 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.



MARIA LOURDES P. A. SERENO
Chief Justice