Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

NORMA M. BALEARES and HEIRS OF SANTOS BALEARES, *Petitioners,*	**G.R. No. 247844**
	Present:
- *versus* -	CAGUIOA, *J.*,* INTING, *Acting Chairperson*,** GAERLAN, DIMAAMPAO,*** and SINGH, *JJ.*
FELIPE B. ESPANTO, HEIRS OF ARNOLD V. MARANAN, REGISTER OF DEEDS MAKATI, and CITY ASSESSOR OF MAKATI, *Respondents.*	Promulgated: July 26, 2023

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DECISION

INTING, *J.*:

Before the Court is a Petition for Review[1] on *Certiorari* under Rule 45 of the Rules of Court assailing the Decision[2] dated December 21, 2018, and the Resolution[3] dated June 14, 2019, of the Court of Appeals (CA) in CA-G.R. CV No. 109382.

The assailed Decision and Resolution dismissed the appeal of

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* On Leave.

** Per Special Order No. 3004 dated July 10, 2023.

*** On Official Business.

1 *Rollo*, pp. 10-42.

2 Id. at 47-58. Penned by Associate Justice Geraldine C. Fiel-Macaraig and concurred in by Associate Justices Apolinario D. Bruselas, Jr. and Myra V. Garcia-Fernandez.

3 Id. at 61-63.

Norma Baleares (Norma) and the Heirs of Santos Baleares (Santos) (collectively, petitioners) from the Orders dated April 25, 2017,[4] and June 19, 2017,[5] issued by Branch 138, Regional Trial Court (RTC), Makati City in Civil Case No. 15-1229 for annulment of title and related documents and damages.[6]

The Antecedents

Petitioners—the widow and the heirs of Santos—are the occupants and possessors of a parcel of land covered by Transfer Certificate of Title (TCT) No. RT-57 (9482)[7] (subject property) registered in the name of Santos, his siblings[8] and his nephew[9] as co-owners. Sometime in 1988, the Baleares siblings mortgaged the subject property to Arnold V. Maranan (Arnold).[10] On February 19, 1988, the mortgage was registered and annotated as Entry No. 47847[11] on the title to the property.[12]

On June 17, 1998, petitioners filed a Complaint[13] with the RTC of Makati City for cancellation of Entry No. 47847 on TCT No. RT-57 (9482) grounded on Arnolds's failure to enforce his mortgage right over the subject property within the 10-year prescriptive period; the case was raffled to Branch 134 and docketed as Civil Case No. 98-1360.[14]

In the meantime, Arnold was able to foreclose on the mortgage and, as the highest bidder in the public auction, was issued a Certificate of Sale dated March 2, 1999.[15]

Sometime in April 2000, Felipe B. Espanto (Felipe) and his mother Margarita Espanto (Margarita) – sister of Santos, also filed a Complaint[16] against Arnold for nullification of the mortgage and/or foreclosure likewise premised on prescription of the latter's mortgage right; the case

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4 Id. at 64-66. Penned by Presiding Judge Josefino A. Subia.

5 Id. at 68-69.

6 Id. at 88-95.

7 Id. at 96-97.

8 Gloria Baleares, Tomasa Baleares, Julia Baleares, Matilde Baleares, and Marcela Baleares.

9 Fausto Nonisa, Jr.

10 See *Baleares v. Espanto*, 832 Phil. 963 (2018). Penned by Associate Justice Presbitero J. Velasco, Jr. (retired Member of the Court) and concurred in by Associate Justices Lucas P. Bersamin (retired Chief Justice), Marvic M.V.F. Leonen, Samuel R. Martires (retired Member of the Court) and Alexander G. Gesmundo (now Chief Justice).

11 *Rollo*, p. 97.

12 Id. at 48.

13 Id. and records, pp. 128-132.

14 *Rollo*, pp. 89-90.

15 Id. at 48-49 and records, p. 133.

16 Records, pp. 255-262.

was filed before Branch 135, RTC, Makati City and docketed as Civil Case No. 00-523. Purportedly, Felipe and Margarita, in their own right, were also claiming to be co-owners of the subject property.

On July 18, 2003, the RTC rendered a judgment ordering the cancellation of Entry No. 47847 annotated on TCT No. RT-57 (9482) on the ground that Arnold's right to foreclose the mortgage had already prescribed.[17] It also declared void Arnold's extrajudicial foreclosure of the mortgage and the auction sale for noncompliance with the requirements of notice and publication required under Act No. 3135,[18] as amended.[19] The Decision of the RTC was affirmed by the CA[20] and became final and executory on February 1, 2008.[21]

On September 9, 2008, Arnold was able to consolidate the title over the subject property. TCT No. RT-57 (9482) was cancelled and in lieu thereof, TCT No. 225363[22] was issued in his name. Subsequently, Arnold sold the subject property to Felipe.[23] As a consequence, TCT No. 225363 was cancelled and TCT No. 225428[24] was issued in the name of Felipe on September 25, 2008.[25]

On August 17, 2009, Felipe, as the new registered owner of the subject property, initiated an action[26] for ejectment against petitioners before the Metropolitan Trial Court (MeTC) of Makati City; the case was docketed as Civil Case No. 98995 (Espanto's ejectment suit).

On May 10, 2012, pending proceedings in the ejectment suit before the MeTC, petitioners filed an Amended Complaint[27] for the nullification of Arnold's extra-judicial foreclosure sale and all subsequent acts executed relative thereto including the cancellation of TCT No. 225428 in Felipe's name. The case was raffled to Branch 58 of the RTC of Makati

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17 *Rollo*, pp. 98-105, see Decision dated July 18, 2003. Penned by Pairing Judge Rebecca R. Mariano.

18 Entitled "*An Act to Regulate the Sale of Property under Special Powers Inserted in or Annexed to Real Estate Mortgages*," approved on March 6, 1924.

19 *Rollo*, pp. 48-49.

20 See Decision dated November 27, 2007. Penned by Associate Justice Myrna Dimaranan-Vidal and concurred in by Associate Justices Jose L. Sabio, Jr., and Jose C. Reyes, Jr. (a retired Member of the Court), id. at 107-117.

21 See Entry of Judgment dated August 12, 2008. Signed by Executive Clerk of Court III Caroline G. Ocampo Peralta, id. at 118.

22 Id. at 119.

23 See Deed of Absolute Sale of Real Property dated September 17, 2008, id. at 120-121.

24 Id. at 122-125.

25 Id. at 49-50.

26 Id. at 156-157.

27 Id. at 140-143.

City (RTC-Br. 58) and was docketed as Civil Case No. 09-746 (the First Case). The RTC, however, dismissed the First Case on October 22, 2013, for failure of petitioners and their counsel to appear during the mandatory pre-trial conference (First Dismissal Order).[28] Petitioners failed to appeal the order of dismissal.[29]

On August 11, 2014, the MeTC granted Felipe's ejectment suit and ordered petitioners to vacate the premises.[30] The Decision of the MeTC was affirmed *in toto* by the RTC[31] and the CA.[32] In a petition for review on *certiorari* subsequently interposed by petitioners, the Court reversed the CA's Decision and accordingly dismissed[33] Felipe's ejectment suit. The Court ruled against Felipe's better right to possess the subject property as against that of petitioners; at the time Felipe bought the property from Arnold, he was well aware that TCT No. 225363 in the name of Arnold was void and inexistent in view of the final and executory Decision of the RTC in Civil Case No. 98-1360 which established that the mortgage right of Arnold inscribed in TCT No. RT-57 (9482) as Entry No. 47847 had already prescribed and could no longer be enforced.

On October 29, 2015, shortly after the RTC rendered judgment affirming the Decision of the MeTC in Felipe's ejectment suit, petitioners filed before Branch 138, RTC, Makati City (RTC-Br. 138) the present Complaint[34] for Annulment of Title and Related Documents and Damages against Arnold and Felipe, the Register of Deeds of Makati, and the City Assessor of Makati; petitioners sought the annulment of TCT Nos. 225363 and 225428 and the corollary reinstatement of TCT No. RT-57 (9482).[35] The Complaint was docketed as Civil Case No. 15-1229 (the Present Case).

On September 8, 2016, petitioners amended their complaint in the Present Case to implead the heirs of Arnold.[36] Meanwhile, instead of filing an Answer, Felipe filed a Motion to Dismiss[37] on the ground of *res judicata.*

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28 See Order dated October 22, 2013. Penned by Presiding Judge Eugene C. Paras, id. at 265.

29 See Certification dated October 29, 2015, id. at 144-145.

30 Records, pp. 86-93. Penned by Assisting Judge Carolina J. Esguerra.

31 See Decision dated July 24, 2015. Penned by Presiding Judge Ethel V. Mercado-Gutay, id. at 76-83.

32 See *rollo*, p. 81.

33 *Baleares v. Espanto*, supra note 10.

34 *Rollo*, pp. 88-95.

35 Id. at 92.

36 See Motion to Admit Amended Complaint with Motion for Service by Publication upon Defendant Felipe Espanto, records, pp. 408-411.

37 Id. at 457-461.

The Ruling of the RTC

On April 25, 2017, the RTC-Br. 138 issued an Order[38] (the Second Dismissal Order) dismissing the Present Case on the ground that its filing was barred by a previous judgment of dismissal in the First Case which involved the same causes of action in the Present Case.[39] The RTC denied petitioners' motion for reconsideration in an Order[40] dated June 19, 2017.

Petitioners filed before the CA an appeal[41] docketed as CA-G.R. CV No. 109382. They assailed both orders of the RTC dismissing the Present Case and denying their motion for reconsideration.[42]

The Ruling of the CA

In its Decision[43] dated December 21, 2018, the CA dismissed the appeal. It held that the issues posed by petitioners involved pure questions of law that should have been raised *via* a petition for review under Rule 45 of the Rules of Court before the Court.[44] Petitioners sought reconsideration, but the CA denied the motion in its Resolution[45] dated June 14, 2019.

The Present Petition

Petitioners are now before the Court proffering as grounds the following:

I. The Hon. Court of Appeals erred in dismissing the PETITIONERS' Appeal filed therewith on the ground of being improper.

II. Under the peculiar facts and circumstances obtaining in the case at bar, Civil Case No. 15-1229 is not barred by the prior dismissal of Civil Case

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38 *Rollo*, pp. 64-66.

39 Id. at 65.

40 Id. at 68-69.

41 See Appellants' Brief; CA *rollo*, pp. 29-48.

42 The appeal set forth the following assigned errors:
I. This Hon. Court should defer judgment on the present appeal in view of the Status Quo Ante Order issued by the Hon. Supreme Court in the related Ejectment case and considering further that the resolution of the same shall decide with finality the ownership of the subject property.
II. The Lower Court erred in not finding that the prior Dismissal of Appellants' Complaint should be construed as WITHOUT PREJUDICE. Id. at 34.

43 *Rollo*, pp. 47-58

44 Id. at 55-57.

45 Id. at 61-63.

No. 09-746.[46]

The Issues

The pivotal issues for resolution before the Court are the following: (1) whether the CA erred in dismissing the appeal for lack of jurisdiction; (2) whether the filing of the Present Case is barred by the prior dismissal of the First Case; and (3) whether the petition should be given due course.

Our Ruling

While the CA's dismissal of petitioner's appeal is justified under the factual milieu of the case, the Court is disposed to grant the petition in the greater interest of substantial justice.

The petition in the CA raised pure questions of law.

Pursuant to Section 2, Rule 50 of the Rules of Court, the CA did not err in outrightly dismissing petitioners' appeal. The Court in *Park Developers, Inc. v. Daclan*[47] held that:

> Under the Rules of Court, there are two modes of appeal from a decision or final order of the trial court in the exercise of its original jurisdiction: (1) by writ of error under Section 2(a), Rule 41 if questions of fact or questions of fact and law are raised or involved; or (2) appeal by *certiorari* under Section 2(c), Rule 41, in relation to Rule 45, where only questions of law are raised or involved. This is glaringly clear from the provisions of Section 2, Rule 41, *viz.*:
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> Sec. 2. Modes of appeal. –
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> (a) *Ordinary appeal.* -- The appeal to the Court of Appeals in cases decided by the Regional Trial Court in the exercise of its original jurisdiction shall be taken by filing a notice of appeal with the court which rendered the judgment or final order appealed from and serving a copy thereof upon the adverse party. x x x.
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> x x x x
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> (c) *Appeal by certiorari.* – **In all cases where only**

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[46] Id. at 22.
[47] 866 Phil. 602 (2019).

> **questions of law are raised or involved, the appeal shall be to the Supreme Court by petition for review on *certiorari* in accordance with Rule 45.**
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> Thus, this Court finds that the CA did not err in dismissing petitioners' appeal. Since what petitioners raised in their appeal was a pure question of law, their proper recourse was to file before this Court a petition for review on *certiorari* under Rule 45 of the Rules of Court. In fact, the CA's dismissal of petitioners' appeal was the only proper and unavoidable outcome as Section 2, Rule 50 of the Rules of Court provides:
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> > Sec. 2. *Dismissal of improper appeal to the Court of Appeals*. – An appeal under Rule 41 taken from the Regional Trial Court to the Court of Appeals raising only questions of law shall be dismissed, issues purely of law not being reviewable by said court. Similarly, an appeal by notice of appeal instead of by petition for review from the appellate judgment of a Regional Trial Court shall be dismissed.
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> > **An appeal erroneously taken to the Court of Appeals shall not be transferred to the appropriate court but shall be dismissed outright.**[48] (Emphasis supplied; citations omitted)

"A question of law arises when there is doubt as to what the law is on a certain state of facts, while there is a question of fact when the doubt arises as to the truth or falsity of the alleged facts."[49]

Irrefutably, the issue in the appeal below concerns only a question of law. In its April 25, 2017 Order[50] dismissing the Present Case on the ground of *res judicata*, the RTC did not make any findings of fact but merely applied various provisions under the Rules of Court.[51] As correctly ruled by the CA, the question of whether or not *res judicata* serves as a bar to the filing of a case is unquestionably one of law.[52] The CA thus did not err when it dismissed petitioners' appeal outright. The Rules of Court, using mandatory language, clearly and unequivocally establish the rule that an appeal raising pure questions of law and erroneously taken to the CA "shall not be transferred to the appropriate court but shall be dismissed outright."[53]

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48 Id. at 612-613.

49 *Republic v. Espina & Madarang, Co.*, G.R. No. 226138, March 23, 2022.

50 *Rollo*, pp. 64-66.

51 Id. at 65, citing Sec. 3, Rule 17 and Sec. 5, Rule 18 of the 1997 Rules of Civil Procedure.

52 Id. at 63, citing *James, v. Eurem Realty Dev't. Corp.*, 719 Phil. 501 (2013). See also *Heirs of Dionisio-Galian v. Dionisio*, G.R. No. 247856 (Notice), June 16, 2021.

53 Sec. 2, Rule 50, Rules of Court. See also *Pfleider v. CA-Cebu City*, 843 Phil. 1, 11 (2018).

Despite the absence of error on the part of the CA in dismissing petitioners' appeal for being the wrong mode, the Court finds it imperative nonetheless to write *finis* to the issue at fore – the propriety of the dismissal of the Present Case by the RTC-Br. 138 on the ground of *res judicata*.

The filing of the Present Case should not be construed as barred by res judicata.

The focal issue in the present recourse centers on the effect of the First Dismissal Order issued by the RTC-Br. 138 on the continuance of the proceedings in the Present Case – whether it operated as *res judicata* warranting the dismissal of the Present Case.

Res judicata in its concept as "bar by prior judgment" under Section 47(b)[54] of Rule 39 of the Rules of Court requires the concurrence of the following requisites: "(1) the former judgment is final; (2) it is rendered by a court having jurisdiction over the subject matter and the parties; (3) it is a judgment or an order on the merits; and (4) there is, between the first and the second actions, identity of parties, subject matter, and causes of action."[55]

Anent the *first, second, and fourth requisites*, the parties do not dispute the fact that RTC-Br. 58 has jurisdiction over the First Case, and the First Dismissal Order has long become final and executory for petitioners' failure to appeal it. There is also, between the First Case and the Present Case, identity of parties, subject matter, and causes of action, *viz.*: the parties in the Present Case are the same parties in the First Case;[56] the real property formerly covered by TCT No. RT-57 (9482) is also the same property subject of the controversy in both cases;[57] and the causes of action in the two cases are also the same —that is, the declaration of nullity

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[54] Section 47 (b) Rule 39 of the Rules of Court 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:

x x x x

(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[.]

[55] *Republic v. Espina & Madarang, Co.*, supra note 49

[56] *Rollo*, pp. 88, 140.

[57] Id. at 89-91, 141-142.

of the deed of sale between Arnold and Felipe covering the subject property, the consequent annulment of TCT Nos. 225363 and 225428 respectively issued in the names of Arnold and Felipe, and the claim for damages.[58]

With the peculiar factual circumstances obtaining in the case, however, the Court resolves that the First Dismissal Order, which respondents claim constitutes a bar to the filing of the Present Case, does not comply with the third requisite above – that the order must be on the merits.

In dismissing the Present Case, the RTC-Br. 138 subscribed to the contention of respondents that the cause of action in the Present Case was barred by the First Dismissal Order for failure of the petitioners and their counsel to appear during the scheduled pre-trial hearing dates in the First Case. The RTC-Br. 138 ruled that the dismissal, which was a dismissal *with prejudice*, amounted to an adjudication on the merits of the case in consonance with Sections 4[59] and 5,[60] Rule 18 of the 1997 Rules of Civil Procedure (the Rules).

In the present recourse, petitioners aver that the First Dismissal Order should be deemed to be one *without prejudice* and should not be considered as an adjudication on the merits because they were deprived of their family home without due process of law.[61] Petitioners assert that their failure to attend the mandatory pre-trial hearing was due to the gross and palpable negligence amounting to bad faith on the part of their counsel therein, who failed to attend the pre-trial hearings and notify them of the hearings despite due notice from the court; neither did their counsel inform them of the First Dismissal Order nor appeal therefrom.[62] They plead that they should not be bound by the gross negligence of their counsel who practically abandoned their case. Petitioners, therefore, pray that the Rules of Court be liberally interpreted in their favor; that their

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58 Id. at 92-93, 142-143.

59 Section 4, Rule 18 of the 1997 Rules of Civil Procedure Provides:

Section 4. *Appearance of parties.* — It shall be the duty of the parties and their counsel to appear at the pre-trial. The non-appearance of a party may be excused only if a valid cause is shown therefor or if a representative shall appear in his behalf fully authorized in writing to enter into an amicable settlement, to submit to alternative modes of dispute resolution, and to enter into stipulations or admissions of facts and of documents.

60 Section 5, Rule 18 of the 1997 Rules of Civil Procedure Provides:

Section 5. *Effect of failure to appear.* — The failure of the plaintiff to appear when so required pursuant to the next preceding section shall be cause for dismissal of the action. **The dismissal shall be with prejudice, unless otherwise ordered by the court.** A similar failure on the part of the defendant shall be cause to allow the plaintiff to present his evidence *ex parte* and the court to render judgment on the basis thereof. (Emphasis supplied)

61 *Rollo*, pp. 31, 35-36.

62 Id. at 26-27.

instant petition for review be given due course as to allow them an opportunity to defend and protect their property through a full-blown trial on the merits rather than lose their home to technicalities.

Petitioners' supplication holds water and is worthy of solace. Considering the factual milieu of the case, it behooves the Court to negate the application of *res judicata* on the ground that the First Dismissal Order did not operate as an adjudication on the merits or determination of the rights of the parties in the First Case. The First Case was dismissed by the RTC-Br. 58 not on the merits but on a technicality – that is, the failure of the petitioners and their counsel to attend the pre-trial hearing.

While it has been settled that the consequence of the plaintiff's non-appearance in the pre-trial is the dismissal of the case *with prejudice*,[63] the Court deems the dismissal *with prejudice* as harsh considering respondents' apparent lack of legal title to the subject property and their patent indefensible attempt to obtain, in utter bad faith, registration of the title to the subject property in their names.

From the allegations in petitioners' complaint in the First Case, it bears to note that after petitioners learned of the mortgage of the subject property to Arnold, they immediately filed Civil Case No. 98-1360 for the cancellation of the mortgage entry in the title to the subject property. The RTC in said case nullified Arnold's extrajudicial foreclosure on the ground of prescription and for noncompliance with the requirements of notice and publication under Act No. 3135; the Decision was affirmed by the CA and became final and executory for Arnold's failure to appeal it. Despite the final and immutable judgment declaring the foreclosure void, Arnold, as the buyer of the subject property at the auction sale, caused the issuance in his name of TCT No. 225363 on September 9, 2008. Eight days later, Arnold sold the property to Felipe, who was well aware of Arnold's lack of legal title. In fact, the records show that, in a separate complaint filed by Felipe and his mother, they claimed to be owners of the subject property in their own right and questioned Felipe's title thereto likewise subscribing to petitioners' position in Civil Case No. 98-1360 that Arnold's mortgage right had already prescribed.

Against this background, the Court deems that the First Dismissal Order did not effectively amount to a prior judgment which would bar the re-litigation of petitioners' causes of action in the Present Case in view of the fact that petitioners were deprived of the opportunity to be heard on

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[63] Sec. 5, Rule 18, 1997 Rules of Civil Procedure, *Dela Cruz v. Victa Realty & Development Corp.*, G.R. No. 218627 (Notice), June 14, 2021

their cause of action. As it should have been, the said dismissal should be construed as *without prejudice* for violating petitioners' right to due process if only to grant them the opportunity to refile the case to ventilate their cause of action. Stated thus, the First Dismissal Order did not substantially amount to *res judicata* which would warrant the dismissal of the Present Case.

The doctrine of *res judicata is a rule of justice and cannot be rigidly applied where it will result in injustice.*[64] As aptly held by the Court in *Salud v. Court of Appeals*,[65]

> There is universal agreement on the principles underlying *res judicata, viz.*:
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> "x x x Two maxims of the English common law best summarize the general policies underlying this doctrine. They are: first, that no person should be twice vexed by the same claim; and second, that it is in the interest of the state that there be an end to litigation. Thus, principles of *res judicata* serve both private and public interests.
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> The interest of the judicial system in preventing relitigation of the same dispute recognizes that judicial resources are finite and the number of cases that can be heard by the court is limited. Every dispute that is reheard means that another will be delayed. In modern times when court dockets are filled to overflowing, this concern is of critical importance. *Res judicata* thus conserves scarce judicial resources and promotes efficiency in the interest of the public at large.
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> Once a final judgment has been rendered, the prevailing party also has an interest in the stability of that judgment. Parties come to the courts in order to resolve controversies; a judgment would be of little use in resolving disputes if the parties were free to ignore it and to litigate the same claims again and again. Although judicial determinations are not infallible, judicial error should be corrected through appeals procedures, not through repeated suits on the same claim. Further, to allow relitigation creates the risk of inconsistent results and presents the embarrassing problem of determining which of two conflicting decisions is to be preferred. Since there is no reason to suppose that the second or third determination of a claim necessarily is more accurate than the first, the first should be left undisturbed.
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> In some cases the public at large also has an interest in seeing that rights and liabilities once established remain fixed.

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[64] *Salud v. Court of Appeals*, 303 Phil. 397, 408 (1994).

[65] Supra.

> If a court quiets title to land, for example, everyone should be able to rely on the finality of that determination. Otherwise, many business transactions would be clouded by uncertainty. Thus, the most important purpose of *res judicata* is to provide repose for both the party litigants and the public. As the Supreme Court has observed, '*res judicata* thus encourages reliance on judicial decision, bars vexatious litigation, and frees the courts to resolve other disputes.'"

In our age, where courts are harassed by crowded dockets and complaints against slow foot justice, frequent technical reliance on the preclusive breadth of *res judicata is understandable.* The importance of judicial economy and avoidance of repetitive suits are strong norms i[n] a society in need of swift justice. Be that as it may, **there should not be a mechanical and uncaring reliance on *res judicata* where more important societal values deserve protection.** So we held in *Suarez vs. Court of Appeals, et al.*,

> **Assuming *in gratia argumenti* that the prior judgment of dismissal with prejudice was validly rendered within the lawful discretion of the court and could be considered as an adjudication on the merits, nonetheless, the principle of *res judicata* should be disregarded if its application would involve the sacrifice of justice to technicality** x x x. **The application of the said principle, under the particular facts obtaining, would amount to denial of justice and/or bar to a vindication of a legitimate grievance** x x x.

The case at bench presents an exceptional instance where an inflexible application of the doctrine of *res judicata* will not serve our constitutional policy favoring fairness, the heart of due process. x x x.

x x x. **The demands of due process present a weightier consideration than the need to bring an end to the parties' litigation. For more important than the need to write finis to litigation is to finish it justly, and there can be no justice that satisfies unless the litigants are given the opportunity to be heard.** x x x.[66] (Emphases supplied; citations omitted)

Petitioners' case merits the relaxation of procedural rules.

Given the circumstances, the Court cannot but spare a thought for the desperate plight of petitioners who stand to lose their home to a technicality and to respondents' elusive schemes. Respondents' repulsive disregard of a final and executory decision and their unscrupulous manipulation of the technical rules of procedure to suit their ignoble ends demonstrates a flagrant denigration of justice.

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[66] Id. at 405-407.

Substantial justice begs that the merits of petitioners' cause be passed upon considering that no prejudice will result to Felipe who does not stand to lose the subject property over which he never had title in the first instance. If petitioners' allegations in their complaint are established during the trial, Arnold and Felipe will have no right to claim a better title to the subject property as against petitioners. Besides, because the registration of respondents' titles was done in bad faith, it is as if there was no registration at all.[67] Registration does not vest title; it is merely the evidence of such title for our land registration laws do not give the holder any better title than what he actually has.[68]

The Court applauds the zealousness of the RTC-Br. 138 in upholding the Rules and in consequently dismissing the Present Case on the ground of *res judicata*; however, the application of this principle cannot be made the basis to deny petitioners the opportunity to a fair trial to prove their claim as against respondents.

Indeed, while procedural rules "are not to be belittled or dismissed simply because their non-observance may have resulted in prejudice to a party's substantive rights,"[69] the Court has nonetheless been consistent in its rulings that the law abhors the technicalities that impede the cause of action.[70] If the application of the Rules would tend to frustrate rather than promote justice, it is always within our power to suspend the Rules, or except a particular case from its operation.[71] Thus, in *Commissioner of Customs v. PTT Philippines Trading Corp.*,[72] the Court held that:

> Rules of Procedure should not be rigidly applied if it will tend to obstruct rather than serve the broader interests of justice. Depending on the prevailing circumstances of the case, such as where strong considerations of substantive justice are manifest in the petition, the Court may relax the strict application of the rules of procedure in the exercise of its equity jurisdiction.[73]

In *Heirs of Lagon v. Ultramax Healthcare Supplies, Inc.*,[74] the Court emphasized that rules of procedure are not so rigid as to frustrate

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67 *Rosaroso v. Soria*, 711 Phil. 644, 658 (2013).

68 *Gatmaytan v. Misibis Land, Inc.*, G.R. No. 222166, June 10, 2020.

69 *Asian Spirit Airlines (Airline Employees Cooperative) v. Sps. Bautista*, 491 Phil. 476, 483 (2005). See also *Rivera-Avante v. Rivera*, 851 Phil. 154, 166 (2019).

70 *Montejo v. People*, G.R. Nos. 248086-93 & 248702-09, June 28, 2021.

71 *Maria De Leon Transportation, Inc. v. Macaraig*, 832 Phil. 554, 571 (2018).

72 G.R. Nos. 203138-40, February 15, 2021.

73 Id.

74 G.R. No. 246989, December 7, 2020.

the full adjudication of cases:

> x x x. Procedural rules are designed to aid the courts in resolving cases. They neither create nor take away vested rights, but merely facilitate the trial court's reception and evaluation of all evidence given the facts and circumstances presented by the parties. They give litigants the opportunity to establish the merits of their complaint or defense rather than lose life, liberty, or property on mere technicalities. This Court should not demand a strict application of these rules when such would exacerbate the situation rather than promote substantial justice.[75] (Citations omitted)

From a consideration of the events that transpired in the case, the Court finds good reason to support petitioners' assertion that the First Dismissal Order should not be construed as tantamount to an adjudication on the merits considering that, on top of respondents' wily scheme to mask their lack of legal title over the subject property, petitioners were denied their right to present their case ostensibly due to the gross negligence of their counsel whose failure to apprise them of the developments in the case eventually led to the dismissal of the First Case to the extreme prejudice and damage of the petitioners. This being so, said dismissal cannot be the basis of *res judicata*; it cannot be a bar to a lawful claim. If at all, the first dismissal order may be considered as one *without prejudice*.[76]

While as a general rule the negligence of the counsel binds the client, one of the exceptions is when the counsel's actuations are gross or palpable, resulting in serious injustice to the client.[77] A lawyer is deemed to be grossly negligent when he or she fails to exercise even the slightest degree of care or diligence, or entirely omits the same. Gross negligence examines a thoughtless disregard of consequences without exerting any effort to avoid them.[78]

As borne by the records, the RTC-Br. 58 finally dismissed[79] the First Case after both petitioners and their counsel failed to attend the pre-trial hearing dates set by the trial court four times despite due notice. Petitioners' counsel explicated that while the notices were received by his office staff, they were misplaced and he was not informed about them. In its Order[80] dated May 2, 2014, the RTC-Br. 58 admonished petitioners'

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75 Id.

76 Section 2, Rule 17, 2019 Rules of Civil Procedure.

77 *Bagaporo v. People of the Philippines*, 846 Phil. 302, 310 (2019); cited in *Barayuga v. People*, G.R. No. 248382, July 28, 2020.

78 *Barayuga v. People*, supra.

79 *Rollo*, p. 265.

80 Id. at 270.

counsel for his apparent neglect in keeping an orderly system for the receipt of judicial notices, but nonetheless denied petitioners' motion for reconsideration of the First Dismissal Order.

Indeed, a lawyer owes it to himself or herself and to his or her clients to adopt an efficient and orderly system of receiving and attending promptly to all judicial notices lest he or she and his or her clients suffer the consequences of one's failure to do so.

However, when the incompetence, ignorance or inexperience of counsel is so great and the result is so serious that the client, who otherwise has a good cause, is prejudiced and denied his or her day in court, the client deserves another chance to present his or her case.[81] Apparently, petitioners were prevented from fully and fairly presenting their First Case and ran the risk of losing their home because of the professional delinquency or infidelity of their counsel. Moreover, where a case was not tried on the merits and was dismissed due to the negligence of counsel rather than the plaintiff, in the interest of justice, the dismissal of the case should be decreed to be without prejudice to the filing of a new action;[82] thus, negating the applicability of *res judicata.*

The Court cannot hold to technicalities at the expense of frustrating substantive rights. The resolve to reinstate the instant complaint and allow petitioners the opportunity to present their case in court will be more in accord with the Court's duty to effectively dispense justice. The Court accedes to petitioners' asseveration that their case falls under the exception to the rule that the negligence of counsel binds the client. In *Tamboa v. People*,[83] the Court ruled:

> x x x. What should guide judicial action is the principle that a party-litigant should be given the fullest opportunity to establish the merits of his complaint or defense rather than for him to lose life, liberty, honor or property on technicalities. Corollarily, the rule, which states that the mistakes of counsel bind the client, may not be strictly followed where observance of it would result in the outright deprivation of the client's liberty or property, or where the interest of justice so requires.[84]

The Court reiterates that it is the avowed policy of the law to accord both parties every opportunity to pursue and defend their cases in the open and relegate technicality to the background in the interest of substantial

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81 *Mortel v. Kerr*, 698 Phil. 228, 239 (2012).
82 *Producers Bank of the Phils. v. Court of Appeals*, 396 Phil. 497, 508 (2000).
83 G.R. No. 248264, July 27, 2020.
84 Id.

justice.[85] Respondents herein cannot be allowed to engage in a game of technicalities as a convenient subterfuge for causes which are unjustified and fraudulent; lest the Court tolerate the prostitution of the rules of procedure to breed injustice.

WHEREFORE, in view of the foregoing pronouncements, the Petition for Review on *Certiorari* is hereby **GRANTED**. The Decision dated December 21, 2018 and the Resolution dated June 14, 2019 of the Court of Appeals in CA-G.R. CV No. 109382 are hereby **REVERSED** and **SET ASIDE.**

The Order dated April 25, 2017 and the Order dated June 19, 2017 of Branch 138, Regional Trial Court, Makati City in Civil Case No. 15-1229 dismissing the complaint for annulment of title and related documents and damages of Norma Baleares and the Heirs of Santos Baleares are hereby **REVERSED** and **SET ASIDE**. In the interest of substantial justice, the instant case is hereby **REMANDED** to Branch 138, Regional Trial Court, Makati City for trial on the merits.

SO ORDERED.

HENRI JEAN PAUL B. INTING
Associate Justice

WE CONCUR:

Justice Caguioa left his vote in advance
(On Leave)
ALFREDO BENJAMIN S. CAGUIOA
Associate Justice

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[85] *Perez v. Philippine National Bank*, G.R. No. 218775 (Notice), September 29, 2021; citing *Republic of the Philippines v. Sandiganbayan*, 309 Phil. 488, 493 (1994).

SAMUEL H. GAERLAN
Associate Justice

(On Official Business)
JAPAR B. DIMAAMPAO
Associate Justice

MARIA FILOMENA D. SINGH
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.

HENRI JEAN PAUL B. INTING
Associate Justice
Acting Chairperson, Third Division
Per Special Order No. 3004 dated July 10, 2023

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Acting 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