



Republic of the Philippines  
Supreme Court  
Manila  
FIRST DIVISION  
NOTICE

SUPREME COURT OF THE PHILIPPINES  
PUBLIC INFORMATION OFFICE  
**RECEIVED**  
MAR 03 2015  
BY: COA  
TIME: 8:23

Sirs/Mesdames:

*Please take notice that the Court, First Division, issued a Resolution dated January 21, 2015, which reads as follows:*

**“G.R. No. 164145 – CALIXTO CHUA and STEWARD LIM, Petitioners, v. PHILIPPINE COLLEGE OF TECHNOLOGICAL RESOURCES, and PHILIPPINE NATIONAL BANK, Respondents.**

This appeal seeks to undo the decision promulgated on May 30, 2003,<sup>1</sup> whereby the Court of Appeals (CA) affirmed the judgment rendered on October 7, 1996 by the Regional Trial Court (RTC), Branch 172, in Valenzuela, Metro Manila dismissing the complaint and the counterclaim for damages.

The antecedents, as found by the RTC and adopted by the CA, follow:

Defendant PNB was the registered owner of a parcel of land with an area of 1,195 sq. meters located along Maysan Road, Maysan, Valenzuela, Metro Manila covered by TCT No. 184007 of the Registry of Deeds of Valenzuela.

Having decided to sell the property, defendant PNB caused to be published on April 16, 1989 in newspapers of general circulation an Invitation to Bid in connection with the sale at public auction of said parcel of land. The salient terms and conditions of said invitation to bid are as follows:

<sup>1</sup> *Rollo*, p. 25-33; penned by Associate Justice Bienvenido L. Reyes (now a Member of the Court), with Associate Justice Salvador J. Valdez, Jr. (retired/deceased) and Associate Justice Danilo B. Pine (retired) concurring.

The bank reserves the right to reject any or all bids, to waive any formalities therein or to accept such bids as may be advantageous to the Bank.

X X X X

All acceptable bids are subject to approval by the Bank's approving authority.

Responding to the published invitation to bid, the plaintiffs participated in the public bidding of said land on May 3, 1989 and submitted a sealed bid. Simultaneously with the bid, and as required by the defendant PNB, the plaintiffs deposited with defendant PNB the amount of ₱100,000.00 which represented about 10% of the "floor price" of the property. The plaintiffs turned out to be the highest bidders, staking a bid of ₱1,500,000.00.

On May 18, 1989, defendant PCTR filed Civil Case No. 3098-V-89 with the RTC for injunction or annulment of bidding and/or reconveyance of title against herein defendant PNB, the Register of Deeds of Valenzuela and herein plaintiffs-appellants. It is alleged in the petition that prior to the said public bidding, PCTR had made representations with PNB of its interest to buy the parcel of land, being contiguous to its lot, having the right of pre-emption to buy the said property pursuant to Art. 1622 of the Civil Code.

On June 21, 1989, a restraining order was issued enjoining or restraining PNB from awarding or transferring the title to the property to plaintiffs-appellants. PNB filed a motion to dismiss PCTR's petition and an opposition to PCTR's application for preliminary injunction. On July 10, 1989, the application for preliminary injunction of PCTR was granted. PNB file a motion for reconsideration and a motion to dismiss, but both were denied. PNB questioned the issuance of the injunctive writ and its related orders by filing a petition for certiorari, prohibition and mandamus with the Court of Appeals and the same was denied for lack of merit. On appeal to the Supreme Court, the petition was likewise dismissed.

In the meantime, PNB filed its answer to the complaint. Since the other defendants were not served with summons and complaint, they did not file their answer thereto and the Court never acquired jurisdiction over them. The case was set for pre-trial with respect to PNB. For failure of the counsel and representative of the PNB to appear at the scheduled pre-trial, it was considered as in default and PCTR was allowed to present its evidence ex-parte. On November 12, 1990, a decision was rendered in favour of PCTR, the dispositive portion of which reads:

WHEREFORE, judgment is hereby rendered in favor of plaintiff and against defendant PNB, ordering:

1. Defendant Philippine National Bank to award and/or transfer the lot to petitioner upon payment of the latter of a reasonable price which the Court considers as P810.00 per sq. meter. If the same has already been sold/transferred in the name of respondents Chua and Lim, the said award or transfer to respondents Chua and Lim is hereby cancelled, annulled and declared void. Considering that respondents Chua and Lim have not been served with summons and jurisdiction over them

has not been acquired, the right of plaintiff to redeem the property from them cannot be enforced against them.

2. Defendant PNB to pay the costs.

SO ORDERED.

On February 18, 1991, upon motion of PCTR, a writ of execution was issued. On February 25, 1991, again upon motion of PCTR, the Court issued an Order divesting PNB of its title – TCT No. 185007 – over the parcel of land, and as a consequence TCT No. V-18939 was issued in the name of PCTR by the Registry of Deeds of Valenzuela.

Again, PNB challenged the validity of said decision and related orders in a Petition for Certiorari before the Court of Appeals, docketed as CA-G.R. SP No. 24270. On May 22, 1991, the Court of Appeals dismissed the petition. The same was appealed to the Supreme Court by PNB, which appeal was likewise denied in its Resolution dated October 2, 1991.

In the meantime, herein plaintiff-appellants filed on March 2, 1991 a Manifestation and Answer in said Civil Case No. 3098-V-89, and on March 15, 1991 they filed a Motion for Pre-Trial. PCTR moved to dismiss and/or expunge from the record the answer and motion for pre-trial, claiming that they were filed after the case had already been decided and judgment had been fully implemented. On April 15, 1991, an Order was issued granting the motion to dismiss and the answer and the motion for pre-trial were deemed expunged from the records.

Herein plaintiff-appellants having failed to secure a reconsideration of said Orders, filed a Petition for Certiorari with the Court of Appeals docketed as CA-G.R. SP No. 25914. In its Resolution promulgated on November 16, 1992, the Court of Appeals dismissed the said petition on the ground that it is not the proper remedy to declare the judgment of November 12, 1990 as null and void. The said judgment did not include plaintiff-appellants for not having been served summons, and by reason thereof, the court had not acquired jurisdiction over their persons. Plaintiff-appellants were not considered as parties from the very beginning. It is the considered opinion of the Court that, since the decision had already become final and that the same may not be enforced against petitioner who were not parties, the proper remedy for the petitioners-appellants was to file a suit to recover the property.<sup>2</sup> (citation omitted)

Accordingly, petitioners filed a complaint for recovery of the property before the RTC, which it dismissed on October 7, 1996, to wit:

WHEREFORE, the above-entitled [sic] case as well as defendant PNB's counterclaim for damages are hereby dismissed. No pronouncement as to costs.

SO ORDERED.<sup>3</sup> (citation omitted)

---

<sup>2</sup> Id. at 25-28.

<sup>3</sup> Id.

On May 30, 2003,<sup>4</sup> the CA promulgated its assailed decision affirming the RTC by holding that petitioners did not have the better right to possess or to recover ownership of the property. On May 28, 2004, the CA denied the petitioners' motion for reconsideration.<sup>5</sup>

In this appeal, therefore, the petitioners submit the following errors for consideration, namely:

## I

WHETHER OR NOT, AS THE **HIGHEST AND WINNING BIDDER**, PETITIONERS HAVE A BETTER RIGHT THAN RESPONDENT PCTR (WHO DID NOT EVEN BID) – AND AS SUCH, MAY RECOVER THE REAL PROPERTY SUBJECT-MATTER FROM RESPONDENTS;

## II

WHETHER OR NOT, RESPONDENT PCTR HAS A **PREEMPTIVE RIGHT** OVER THE 1,194 SQUARE METERS OF URBAN LAND ON MAYSAN ROAD, VALENZUELA CITY UNDER ARTICLE 1622 OF THE CIVIL CODE;<sup>6</sup>

### Ruling of the Court

The appeal lacks merit.

Anent the first issue, the petitioners contend that the decision of the CA was a “double somersault” because the CA thereby reversed two earlier rulings on the same subject-matter between the same parties, specifically, the ruling promulgated on November 16, 1992 in C.A.-G.R. SP No. 25914 entitled *Calixto Chua and Steward Lim v. Hon. Teresita Dizon-Capulong, Presiding Judge of the RTC-Valenzuela, Metro Manila, Br. 172, and Philippine College of Technological Resources (PCTR) rep. by its President, Agnes Luciano* (1992 decision) and the ruling promulgated on September 9, 1994 in CA-G.R. SP. No. 33311 entitled *Philippine College of Technological Resources vs. Hon. Adriano R. Osorio, in his capacity as Presiding Judge, Branch 171, Valenzuela, Metro Manila, Calixto Chua and Steward Lim* (1994 decision).<sup>7</sup>

The petitioners' use of the term “reverse” is misleading. The CA, by its presently assailed decision, was not reversing itself. The confusion emanated from their misconception of what the CA had meant by its pronouncement in the 1992 decision that “*the proper remedy for the*

---

<sup>4</sup> Supra note 1.

<sup>5</sup> *Rollo*, pp. 36-37.

<sup>6</sup> *Id.* at 12.

<sup>7</sup> *Id.*

*petitioners was to file a suit to recover the property.*<sup>8</sup> They claimed that conformably with the pronouncement they had brought the recovery suit in the RTC in Valenzuela (Civil Case No. 4094-V-93 entitled *Calixto Chua, et al. v. Philippine College of Technological Resources, et al.*). The RTC denied the respondent's Motion to Dismiss, and the denial was affirmed in the 1994 decision, seemingly confirming their right to bring the action for recovery.

In the 1992 decision, the CA dismissed the petition because the petitioners had thereby wrongly resorted to the petition for *certiorari* to annul the judgment in their bid to seek a cancellation of title, recover property and damages. In the 1994 decision, the respondent's petition was denied simply because although the petitioners had a cause of action to pursue their case, they did not necessarily have the right to recover the property. Obviously, the CA did not vest in the petitioners or recognize in their favor any right to recover the property now the subject of this case. Instead, they were only instructed to pursue a claim but without any guarantee of a favorable judgment. In that respect, the RTC denied their claim by declaring that their being the highest bidder did not automatically entitle them to recover the property. In its presently assailed decision, the CA affirmed the RTC's ruling. Clearly, there was no reversal or flip-flopping on the part of the CA.

Did the petitioners have the right to recover the property in question? The answer is in the negative, and the following explanation by the CA is adopted, to wit:

A recovery suit may be filed by one who has a better right to possess or to recover ownership over the property. In the case at bar plaintiff-appellants did not have such right. What was held in CA-G.R. SP No. 25914 regarding the filing of a recovery suit, pertained to the right to recover the property. The plaintiff-appellants may exercise such right if they were entitled to it. It appears that plaintiff-appellants were not. Reconveyance is a remedy granted only to the owner of the property alleged to be erroneously titled in another's name (*Dela Pena vs. Court of Appeals*, 231 SCRA 456).<sup>9</sup>

By definition, an action for reconveyance is a legal and equitable remedy granted to the rightful landowner, whose land was wrongfully or erroneously registered in the name of another, to compel the registered owner to transfer or reconvey the land to him. The plaintiff must allege and prove his ownership of the land in dispute and the defendant's erroneous,

---

<sup>8</sup> Id. at 45.

<sup>9</sup> Id. at 31.

fraudulent or wrongful registration of the property.<sup>10</sup> As can be seen, reconveyance is the remedy of the rightful owner only.<sup>11</sup>

Considering that the petitioners were not even prior owners of the property in question, there was no factual and legal bases for them to bring an action for reconveyance. Accordingly, their action for cancellation of title, recovery of property and damages was improper.

At best, the petitioners were the highest or winning bidders, subject to PNB's reservation to reject the bid.<sup>12</sup> This fact did not grant to them the right to purchase the property, for, in reality, they were one step away from the right to demand the transfer by purchase of the property. In fact, even had PNB accepted their highest or winning bid by sending to them the notice of award, all that they would have then was the right to commence a judicial demand for specific performance, which was wholly different from the action for reconveyance. It is relevant to note that the records show that even the notice of award was not transmitted.

As to the second issue, the petitioners challenge the propriety of the application of the right of pre-emption under Article 1622 of the *Civil Code*. The CA shied away from ruling thereon in its May 30, 2003 decision because:

The issue of pre-emption has already been settled in Civil Case No. 3098-V-89. It being final and un-appealable (sic) will no longer require further discussion.<sup>13</sup>

By the nature of the action to recover, the CA was correct in not ruling on the issue because it had no jurisdictional competence over it. The issue was instead to be competently determined in another case (Civil Case No. 3098-V-89), which had already been resolved and determined and the judgment in which had attained finality. Had they so desired, the petitioners should have intervened in Civil Case No. 3098-V-89 to object to the application of the right of pre-emption on the part of the respondent. Nonetheless, we will not also dwell on their failure to intervene.

Decisions or judgments that have attained finality cannot be disturbed. This is the doctrine of the immutability of judgments, which is defined and explained as follows:

<sup>10</sup> *Leoveras v. Valdez*, G.R. No. 169985, June 15, 2011, 652 SCRA 61, 71.

<sup>11</sup> *Id.* at 79.

<sup>12</sup> The reservation of PNB reads:

The bank reserves the right to reject any or all bids, to waive any formalities therein or to accept such bids as may be advantageous to the Bank.

x x x x

All acceptable bids are subject to approval by the Bank's approving authority.

<sup>13</sup> *Rollo*, p. 33.


x x x It is a hornbook rule that once a judgment has become final and executory, it may no longer be modified in any respect, even if the modification is meant to correct 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, as what remains to be done is the purely ministerial enforcement or execution of the judgment.

The doctrine of finality of judgment is grounded on fundamental considerations of public policy and sound practice that at the risk of occasional errors, the judgment of adjudicating bodies must become final and executory on some definite date fixed by law. [x x x], the Supreme Court reiterated that the doctrine of immutability of final judgment is adhered to by necessity notwithstanding occasional errors that may result thereby, since litigations must somehow come to an end for otherwise, it would "be even more intolerable than the wrong and injustice it is designed to correct."<sup>14</sup>

**WHEREFORE**, the Court **AFFIRMS** the judgment promulgated on May 30, 2003; and **ORDERS** the petitioners to pay the costs of suit.

**SO ORDERED."**

Very truly yours,

  
**EDGAR O. ARICHETA**  
Division Clerk of Court  
82

QUIJANO & PADILLA  
Counsel for Petitioners  
320 Natividad Building  
Escolta, 1000 Manila

Court of Appeals (x)  
Manila  
(CA-G.R. CV No. 56954)

Public Information Office (x)  
Library Services (x)  
Supreme Court  
(For uploading pursuant to A.M.  
No. 12-7-1-SC)

SIAZON SIAZON & SALINAS  
LAW OFFICES  
Counsel for Respondent PCTR  
Suite 20-A, One Burgundy Plaza  
No. 307 Katipunan Road  
Loyola Heights, 1108 Quezon City

Hon. Presiding Judge  
Regional Trial Court, Br. 172  
1440 Valenzuela City  
(Civil Case No. 4094-V-93)

The Chief Legal Counsel  
9<sup>th</sup> Flr., Legal Department  
PNB Financial Center  
Roxas Blvd., 1300 Pasay City

Judgment Division (x)  
Supreme Court

SR

<sup>14</sup> *Coca-Cola Bottlers Philippines, Inc., Sales Force Union-PTGWO-BALAIS v. Coca-Cola Bottlers, Philippines, Inc.*, G.R. No. 155651. July 28, 2005, 464 SCRA 507, 513-514.