



Republic of the Philippines  
**Supreme Court**  
Manila

SECOND DIVISION

**DOMINGA B. QUITO,**  
Petitioner,

G.R. No. 186657

Present:

- versus -

CARPIO, J., Chairperson,  
BRION,  
DEL CASTILLO,  
PEREZ, and  
PERLAS-BERNABE, JJ.

**STOP & SAVE CORPORATION, as  
represented by GREGORY DAVID  
DICKENSON, as its Chairman, and JULIETA  
BUAN-DICKENSON, as its President,  
ROBERTO BUAN, HENRY CO, ANGELINA  
LUMOTAN, RODEL PINEDA and ROSE  
CALMA,**

Promulgated:

JUN 11 2014 *Marabales/Ortega*

Respondents.

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**DECISION**

**BRION, J.:**

We review in this petition for review on *certiorari*<sup>1</sup> the decision<sup>2</sup> dated June 30, 2008 and the resolution<sup>3</sup> dated February 16, 2009 of the Court of Appeals (CA) in CA-G.R. SP No. 101774. The CA dismissed for lack of merit the petition for review filed by petitioner Dominga B. Quito on the decision dated April 22, 2007<sup>4</sup> of the Regional Trial Court (RTC), Branch 66, Capas, Tarlac, which set aside, on the ground of *litis pendentia*, the decision<sup>5</sup> dated September 1, 2006 of the Municipal Circuit Trial Court (MCTC) of Capas-Bamban-Concepcion, Capas, Tarlac, in the unlawful detainer case filed by Dominga against respondent Stop & Save Corporation (*Stop & Save*).

**Factual Antecedents**

On March 11, 2005, Dominga filed before the MCTC a complaint for unlawful detainer<sup>6</sup> against Stop & Save and its sub-lessees/co-respondents

<sup>1</sup> Under Rule 45 of the Rules of Court; *rollo*, pp. 9-31.

<sup>2</sup> Penned by Associate Justice Rodrigo V. Cosico, with the concurrence of Associate Justices Hakim S. Abdulwahid and Mariflor P. Punzalan-Castillo; *id.* at 32-43.

<sup>3</sup> *Id.* at 44-45.

<sup>4</sup> Penned by Judge Alipio Yumul; *id.* at 85-94.

<sup>5</sup> Penned by Presiding Judge Antonio Pangan; *id.* at 198-205.

<sup>6</sup> Docketed as Civil Case No. 2406-05.

*M*

Roberto Buan, Henry Co, Angelina Lumotan, Rodel Pineda and Rose Calma. She alleged that Stop & Save failed to pay the agreed monthly rentals since June 2003 and, despite repeated verbal and written demands, refused to pay and vacate the leased building, in violation of their April 4, 2002 Lease Agreement.

In its answer to the complaint, Stop & Save denied that it committed a violation of the lease contract, but merely *suspended* its payment of rent because of Dominga's failure to comply with their subsequent agreement dated November 15, 2003; they had agreed that rent payments for the months of June, July, August, September and October 2003 shall be deferred and paid on or before January 15, 2004 - the deadline given to Dominga to complete the necessary repairs on the 2<sup>nd</sup> floor of the leased building. Stop & Save anchored its right to suspend rental payments on Article 1658 of the Civil Code, which provides that "[t]he lessee may suspend the payment of the rent in case the lessor fails to make the necessary repairs or to maintain the lessee in peaceful and adequate enjoyment of the property leased."

In a decision<sup>7</sup> dated September 1, 2006, the MCTC disposed of the unlawful detainer case in this wise:

WHEREFORE, judgment is hereby rendered ordering:

a. The plaintiff to respect the defendant corporation's right to peaceful and adequate possession and enjoyment of the subject premises in accordance with the Contract of Lease dated April 4, 2003 (sic), unless the same be subsequently annulled, reformed or rescinded.

b. The defendant corporation and all persons acting in its behalf to pay the plaintiff all the rentals in arrears as of January 31, 2006, amounting to **One Million Seven Hundred Ninety Thousand Pesos (₱1,790,000.00)** and the succeeding rent until fully paid computed on the basis of the stipulated amount of Fifty Thousand Pesos (₱50,000.00) per month, with ten percent (10%) increase per annum starting April 1, 2003, without prejudice to the right of the defendant to reimbursement for the amount incurred in effecting necessary repairs of the leased premises as may be determined by the competent court.<sup>8</sup>

On appeal, the RTC set aside the MCTC's decision and ordered the dismissal of Dominga's unlawful detainer complaint due to the pending case for annulment of lease contract filed by Stop & Save with the same RTC, docketed as Civil Case No. 695. It appeared that Stop & Save had earlier filed, on January 13, 2005, a case to annul its April 4, 2002 Lease Agreement with Dominga allegedly due to her misrepresentations on the leased building's condition and ownership; that some parts of the building were condemned and required major repairs, and that the building was not owned exclusively by Dominga. Stop & Save claimed that it tried to

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<sup>7</sup> *Supra* note 5.

<sup>8</sup> *Id* at 205; emphasis supplied.

negotiate for a reduction in the monthly rentals but Dominga refused to renegotiate and, instead, filed the subject complaint for unlawful detainer against the respondents.

Dominga filed a petition for review with the CA upon the denial of her motion for reconsideration with the RTC.

In its June 30, 2008 decision, the CA dismissed Dominga's petition for review for lack of merit, which, in effect, affirmed the RTC's decision dismissing Dominga's unlawful detainer complaint. It ruled that the RTC correctly abated the unlawful detainer case because Stop & Save's annulment case was filed first in time and was the more appropriate vehicle in litigating the issues between the parties, *since both their claims were anchored on the same lease contract*.<sup>9</sup>

Dominga moved to reconsider the CA's decision, but the CA denied her motion in a resolution<sup>10</sup> dated February 16, 2009; hence, the filing of the present petition for review on *certiorari* raising the main issue of whether the CA correctly dismissed the subject unlawful detainer case on the ground of *litis pendentia*.

### **Our Ruling**

**We GRANT the petition. We find that *litis pendentia* as a ground for the dismissal of a civil action does not apply in the present case.**

*Litis pendentia* refers to the situation where another action is pending between the same parties for the same cause of action so that one of these actions is unnecessary and vexatious.<sup>11</sup> The dismissal of a civil action on the ground of *litis pendentia* is based on the policy that a party is not allowed to vex another more than once regarding the same subject matter and for the same cause of action in order that possible conflicting judgments may be avoided for the sake of the stability of the rights and statuses of persons.<sup>12</sup>

To constitute *litis pendentia*, the following requisites must be present: (1) identity of the parties in the two actions; (2) substantial identity in the causes of action and in the reliefs sought by the parties; (3) and the identity between the two actions should be such that any judgment that may be rendered in one case, regardless of which party is successful, would amount to *res judicata* in the other.<sup>13</sup>

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<sup>9</sup> Rollo, pp. 42-43

<sup>10</sup> *Supra* note 3.

<sup>11</sup> *Proton Pilipinas Corp. v. Republic of the Philippines*, 535 Phil. 521, 536-637 (2006); and *Guaranteed Hotels, Inc. v. Baltao*, 489 Phil. 702, 707 (2005).

<sup>12</sup> *Yap v. Chua*, G.R. No. 186730, June 13, 2012, 672 SCRA 419, 429.

<sup>13</sup> See *Coca-Cola Bottlers (Phils.), Inc., et al. v. Social Security Commission, et al.*, 582 Phil. 686, 701 (2008); *Dayot v. Shell Chemical Company (Phils.), Inc.*, 552 Phil. 602, 614 (2007); and *Spouses Abines v. Bank of the Philippine Islands*, 517 Phil. 609, 616-617 (2006).

Indisputably, the requisite identity of parties is met in the present case. The disputed point is whether there is substantial identity in the causes of action and in the reliefs sought in the cases for annulment of lease contract filed by Stop and Save and for unlawful detainer filed by Dominga.

**We find that no substantial identity exists.**

“The test to determine whether the causes of action are identical is to ascertain whether the same evidence will sustain both actions, or whether there is an identity in the facts essential to the maintenance of the two actions. If the same facts or evidence would sustain both, the two actions are considered the same, and a judgment in the first case is a bar to the subsequent action.”<sup>14</sup>

In the present case, while there is an identity in the facts between the two actions, involving as they do the same lease contract, the issues and the relief prayed for are different so that the causes of action remain entirely distinct from each other.

In the unlawful detainer suit, the issue is who between the parties has a better right to *physical possession* over the property or possession *de facto* and the principal relief prayed for is for Stop and Save to vacate the property for failure to pay the rent. In contrast, in the annulment of lease contract, the issue is the validity of the lease contract, where Stop and Save puts in issue Dominga’s *ownership*.

In other words, the issue of physical possession in the action for unlawful detainer cannot be identical with the issues of ownership and validity of contract in the action for annulment. From these essential differences, the lack of required identity in the causes of action for *litis pendentia* to exist cannot be denied.

Since the causes of action in the subject case for unlawful detainer and annulment of lease contract are entirely different, a judgment in one case would not amount to *res judicata* in the other. “[F]or *res judicata* to bar the institution of a subsequent action[,] the following requisites must concur: (1) the former judgment must be final; (2) it must have been rendered by a court having jurisdiction of the subject matter and the parties; (3) it must be a judgment on the merits; and (4) **there must be[,] between the first and second actions[,] (a) identity of parties; (b) identity of subject matter; and (c) identity of cause of action.**”<sup>15</sup>

In these lights, we see no reason to prevent the subject unlawful detainer case and annulment of lease contract from proceeding separately and independently from one another.

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<sup>14</sup> *Yap v. Chua*, *supra* note 12, at 430.

<sup>15</sup> *Serdoncillo v. Spouses Benolirao*, 358 Phil. 83, 102 (1998); emphases ours.

**WHEREFORE**, premises considered, we hereby **GRANT** the present petition and **REVERSE** and **SET ASIDE** the decision dated June 30, 2008 and the resolution dated February 16, 2009 of the Court of Appeals in CA-G.R. SP No. 101774.


Costs against the respondent Stop and Save Corporation.

**SO ORDERED.**



**ARTURO D. BRION**  
Associate Justice

**WE CONCUR:**



**ANTONIO T. CARPIO**  
Associate Justice  
Chairperson



**MARIANO C. DEL CASTILLO**  
Associate Justice



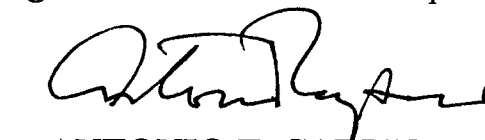
**JOSE PORTUGAL PEREZ**  
Associate Justice



**ESTELA M. PERLAS-BERNABE**  
Associate Justice

#### **ATTESTATION**

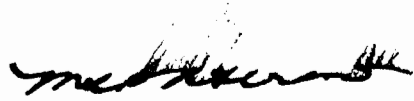
I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



**ANTONIO T. CARPIO**  
Associate Justice  
Chairperson, Second 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.



**MARIA LOURDES P. A. SERENO**  
Chief Justice