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Trial Court of Quezon City, docketed as SP No. Q-12-71275, is hereby **DISMISSED.**

SO ORDERED.

Sereno, C.J. (Chairperson), Velasco, Jr.,[*] *Leonardo-de Castro,* and *Bersamin, JJ.,* concur.

SECOND DIVISION

[G.R. No. 213197. October 21, 2015]

REMEGIO A. CHING, *petitioner*, *vs*. **SAN PEDRO COLLEGE OF BUSINESS ADMINISTRATION,** *respondent*.

SYLLABUS

1. REMEDIAL LAW; JUDGMENTS; PRINCIPLE OF *RES JUDICATA*, DEFINED AND EXPLAINED.— The principle of *res judicata,* which literally means "a matter adjudged; a thing judicially acted upon or decided; a thing or matter settled by judgment," is of common law in origin. It has developed through time from court decisions as a method to protect a person from being vexed twice for the same cause. Its importance cannot be overemphasized for it also forwards the interest of the State in putting an end to litigation *republicae ut sit litium*. It conserves scarce judicial resources and promotes efficiency in the interest of the public at large. That once a final judgment has been rendered, the same becomes conclusive and binding. *Res judicata* is commonly understood as a bar to the prosecution of a second action upon the same claim, demand or cause of action. In traditional terminology, this is known as merger or

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[*] Designated Acting Member per Special Order No. 2253 dated October 14, 2015.

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bar; in modern terminology, it is called claim preclusion. In jurisprudence, it is referred to as bar by former judgment. It requires that a former judgment or order must be final; that the judgment or order must be on the merits; that it must have been rendered by a court having jurisdiction over the subject matter and the parties; and that there must be, between the first and the second action, identity of parties, of subject matter and cause of action.

2. ID.; ID.; ID.; CONCEPT OF COLLATERAL ESTOPPEL OR ISSUE PRECLUSION, EXPLAINED; REQUISITES TO BE APPLICABLE.— In *Degayo v. Magbanua-Dinglasan*, it was reiterated that *res judicata,* as preserved in the Rules of Court, comprehends not only the concept of bar by former judgment or claim preclusion (the non-existence of which is relied upon by SPCBA), but also includes the concept of conclusiveness of judgment. This concept precludes the relitigation only of a particular fact or issue necessary to the outcome of a prior action between the same parties on a different claim or cause of action. Traditionally known as collateral estoppel, it is contemporarily termed as issue preclusion. It finds application when a fact or question has been squarely put in issue, judicially passed upon, and adjudged in a former suit by a court of competent jurisdiction. The fact or question settled by final judgment or order binds the parties to that action (and persons in privity with them or their successors-in-interest), and continues to bind them while the judgment or order remains standing and unreversed by proper authority on a timely motion or petition. The conclusively settled fact or question furthermore cannot again be litigated in any future or other action between the same parties or their privies and successors-in-interest, in the same or in any other court of concurrent jurisdiction, either for the same or for a different cause of action. In short, for issue preclusion to be applicable, (1) the issue or fact sought to be precluded must be identical to the issue or fact actually determined in a former suit, (2) the party to be precluded must be party to or was in privity with a party to the former proceeding; (3) there was final judgment on the merits in the former proceedings, and (4) in compliance with the basic tenet of due process, that the party against whom the principle is asserted must have had full and fair opportunity to litigate issues in the prior proceedings.

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3. ID.; ID.; ID.; ID.; *RES JUDICATA* IN THE CONCEPT OF ISSUE PRECLUSION, APPLICABLE; THE ISSUE OF PETITIONER'S MEMBERSHIP IN THE RESPONDENT CORPORATION HAS BEEN FINALLY SETTLED IN A PRIOR CASE AND THEREFORE BARS RESPONDENT FROM RELITIGATING THE SAME ISSUE IN THE PRESENT CASE.— The Court agrees with petitioner Remegio that the issue on his membership was fully determined or disposed of by the RTC in SEC Case No. 86-2010-C, in a decision which became final and executory on April 4, 2012. The parties are the same and the issues are essentially the same. The RTC in SEC Case No. 86-2010-C stated that "[SPCBA] failed to present sufficient documents to show that Remegio ceased to be a member of SPCBA in the manner and for causes provided in the articles of incorporation or the by-laws." Further, it was written that "[a]nent the allegation that Remegio was paid in the amount of Twenty Million pesos (₱20,000,000.00) in settlement of his proprietary interest in SPCBA, [SPCBA] failed to support such contention. No documentary evidence was presented to prove such fact. Neither was there any evidence presented to show that such alleged receipt was for plaintiff to relinquish his membership in SPCBA." With these ratiocinations, SPCBA cannot claim that the membership issue of Remegio was not touched upon. The issue of Remegio's membership was indispensable in SEC Case No. 86-2010-C because his prayer to be permitted to inspect the books of SPCBA depended on its resolution. The rule was that only to those who were part of the corporation either as director, trustee, stockholder or member were granted such right to inspect the records of all business transactions of the corporation and the minutes of any of its meetings. This indispensability of factual determination in a prior case supports the conclusion that *res judicata* in the concept of issue preclusion is applicable. Settled is the rule that "if the record of the former trial shows that the judgment could not have been rendered without deciding the particular matter, it will be considered as having settled that matter as to all future actions between the parties and if a judgment necessarily presupposes certain premises, they are as conclusive as the judgment itself." This is true for the matter of the indispensability of resolving Remegio's membership in the SEC Case No. 86-2010-C. x x x In sum, the confluence of all the elements of *res judicata* in the concept of conclusiveness of judgment or issue preclusion

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bars SPCBA from relitigating the same issue of Remegio's membership.

4. ID.; ID.; ID.; RESPONDENT'S ISSUANCE OF A NEW BOARD RESOLUTION IS NOT A SUPERVENING EVENT THAT CAN BE THE BASIS OF A NEW CAUSE OF ACTION.— In an attempt to thwart the legal effects of the first decision, SPCBA argues that the issuance of a board resolution affirming or confirming the removal of Remegio is a fact that changed the relations of the parties. It cited the explanation of the CA that "[t]he issuance of a Joint Resolution of the board of trustee and members of SPCBA on February 16, 2012 declaring the expulsion of [Remegio] from SPCBA arose only after SEC Case No. 86-2010-C. It did not and could not have occurred in the first case, and this gave SPCBA a new cause of action under Section 91 of the Corporation Code pertaining to termination of membership or expulsion of a member from a non-stock corporation." The Court cannot agree. SPCBA's contention springs from desperation. A perusal of the board resolution reveals that it merely echoed the events that led to the earlier illegal termination of his membership in SPCBA. It was nothing new as the resolution merely affirmed or confirmed their claim that Remegio was already removed as a member, something that the RTC in SEC Case No. 86-2010-C rejected. No new basis for the removal of Remegio was forwarded in that resolution. Thus, it cannot be said that SPCBA had a new cause of action that was not adjudged upon in SEC Case No. 86-2010-C. There was simply no supervening event.

APPEARANCES OF COUNSEL

Erlando A. Abrenica and *Jose Mari S. Velez* for petitioner.
Marasigan & Dangazo Law Offices for respondent.

D E C I S I O N

MENDOZA, *J.*:

This petition for review on *certiorari*[1] under Rule 45 of the Rules of Court seeks the review of the January 27, 2014

[1] *Rollo,* pp. 9-26.

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Decision[2] and the June 27, 2014 Resolution[3] of the Court of Appeals *(CA)* in CA-G.R. SP No. 128243 which reversed the December 11, 2012 Omnibus Order[4] of the Regional Trial Court, Branch 34, Calamba City, Laguna *(RTC)*, in RTC SEC Case No. 92-2012-C, dismissing the complaint for Prohibition Against Nuisance and Harassment Suits filed by San Pedro College of Business Administration *(SPCBA)* on the ground of *res judicata*.

Factual Antecedents

Respondent SPCBA is a domestic non-stock and non-profit corporation, formerly known as the Laguna College of Business Administration. Its original incorporators and members were petitioner Remegio A. Ching *(Remegio)*, Edgardo A. Ching, Elmer A. Ching, Leoncia A. Ching, and Jolanda A. Apostol. In a letter, dated September 19, 2001, Remegio tendered his irrevocable resignation stating as follows:

> This [is] to tender my irrevocable resignation from San Pedro College of Business Administration effective immediately.
>
> As can be verified since the Board of Trustees has taken over the functions of undersigned, as well as my duties as Treasurer of SPCBA since February, 2002, there is no existing property or money accountability that may be attributable to me.
>
> Very truly yours,
>
> REMEGIO A. CHING
> National Highway
> San Pedro, Laguna[5]

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[2] *Id*. at 29-45. Penned by Associate Justice Myra V. Garcia-Fernandez, with Associate Justices Fernanda Lampas-Peralta and Francisco P. Acosta, concurring.

[3] *Id*. at 46-47. Penned by Associate Justice Myra V. Garcia-Fernandez, with Associate Justices Fernanda Lampas-Peralta and Francisco P. Acosta, concurring.

[4] *Id*. at 95-117. Penned by Judge Maria Florencia B. Formes-Baculo.

[5] *Id*. at 133.

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To SPCBA, the tenor of Remegio's resignation was not only as a trustee and treasurer, but also as its member. For said reason, he was paid the amount of ₱20,000,000.00 representing the buy-out price of his interest in SPCBA.

The First Case

On June 10, 2010, Remegio filed an intra-corporate case[6] docketed as SEC Case No. 86-2010-C before the RTC for the inspection of corporate books under Rule I, Section 1(a)(5) of A.M. No. 01-2-04-SC, otherwise known as the Interim Rules of Procedure for Intra-Corporate Controversies.[7] He sought the recognition of his right to inspect the corporate books of SPCBA as its member, alleging that his resignation letter covered his trusteeship and treasurership positions only and not his membership in SPCBA.

After the trial, the RTC agreed with Remegio. In the February 14, 2011 Decision,[8] the RTC explained and thus disposed:

After a judicious examination of the grounds relied upon and the answer thereto, as well as the supporting documents, this Court

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[6] See Complaint, *id*. at 268-270.

[7] SECTION 1. *(a) Cases covered.* – These Rules shall govern the procedure to be observed in civil cases involving the following:

1. Devices or schemes employed by, or any act of, the board of directors, business associates, officers or partners, amounting to fraud or misrepresentation which may be detrimental to the interest of the public and/or of the stockholders, partners, or members of any corporation, partnership, or association;

2. Controversies arising out of intra-corporate, partnership, or association relations, between and among stockholders, members, or associates; and between, any or all of them and the corporation, partnership, or association of which they are stockholders, members, or associates, respectively;

3. Controversies in the election or appointment of directors, trustees, officers, or managers of corporations, partnerships, or associations;

4. Derivative suits; and

5. Inspection of corporate books.

[8] *Rollo,* pp. 159-162. Penned by Judge Wilhelmina B. Jorge-Wagan.

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finds that plaintiff (Remegio) is **entitled to the right of inspection as a member of SPCBA**. It was not shown that plaintiff is motivated by ill motives in exercising the said right nor the demand is for an illegitimate purpose, he merely seeks to know the present financial condition of SPCBA.

As to defendant's contention that plaintiff ceased to be a member of SPCBA, this Court finds otherwise. xxx

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Defendant failed to present sufficient documents to show that plaintiff ceased to be a member of SPCBA in the manner and for causes provided in the articles of incorporation or the by-laws.

Anent the allegation that plaintiff was paid in the amount of Twenty Million pesos (₱20,000,000.00) in settlement of his proprietary interest in SPCBA, the defendant failed to support such contention. No documentary evidence was presented to prove such fact. Neither was there any evidence presented to show that such alleged receipt was for plaintiff to relinquish his member ship in SPCBA.

ACCORDINGLY, defendant San Pedro College of Business Administration, Inc. is ordered to make the following books and documents available for inspection and copying by plaintiff:

a. All books of account;
b. Latest financial statements;
c. Minutes of stockholders' and directors' meeting;
d. All board resolutions from 2008 up to present;
e. All deeds of sale of land by or to the corporation from 2008 to present.

during office hours, from 8:00 o'clock in the morning to 5:00 o'clock in the afternoon, on business days from Monday to Friday at its principal place of business in San Pedro, Laguna.

The costs for copying shall be at the expense of the plaintiff.

No costs.

SO ORDERED.[9]

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[9] *Id.* at 161-162.

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SPCBA then went to the CA seeking the reversal of the aforecited disposition. On March 1, 2011, SPCBA filed a "notice of appeal,"[10] which was docketed as CA-GR CV No. 96608. Pursuant to A.M. No. 04-9-07-SC (Re: Mode of Appeal in Cases Formerly Cognizable by the Securities and Exchange Commission), however, the correct mode of appeal was through a petition for review under Rule 43 of the Rules of Court. For taking the wrong mode, the CA dismissed the appeal and directed the RTC to issue a writ of execution in its September 29, 2011 Resolution.[11]

Aggrieved, SPCBA came to this Court in a case docketed as G.R. No. 198807. In Its November 16, 2011 Resolution, the Court denied the petition for its failure to show any reversible error on the part of the CA. The Court likewise denied with finality its motion for reconsideration in the February 29, 2012 minute resolution.

Earlier, on February 16, 2012, SPCBA's Board of Trustees held a joint meeting. Through its Board Resolution,[12] issued on the same date, it resolved to "affirm and/or confirm the previous removal of Mr. Remigio A. Ching, not only as Trustee and Treasurer, but also as a Member of the Corporation, primarily due to the payment unto said Mr. Remegio A. Ching, the buy out of sum of Twenty Million Pesos, for all his rights as Trustee, Treasurer and Member of the Corporation."[13]

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[10] *Id*. at 163-164.

[11] *Id*. at 172-175.

WHEREFORE, the Motion to Dismiss and Motion for Issuance of Writ of Execution filed by plaintiff-appellee is **GRANTED**. The instant case is **DISMISSED** for being an erroneous mode of appeal.

The Regional Trial Court (RTC) of Calamba, Laguna, Branch 34 is directed to issue a Writ of Execution in RTC SEC Case No. 86-2010-C dated February 14, 2011, the same having attained finality on March 16, 2011.

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[12] *Id*. at 245.

[13] *Id*.

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On April 4, 2012, the judgment of the Court, which effectively affirmed the conclusions of the RTC in SEC Case No. 86-2010-C, became final and executory per the Entry of Judgment[14] issued by the Deputy Clerk of the Court.

The Present Case

On April 26, 2012, SPCBA filed a complaint,[15] docketed as RTC-SEC Case No. 92-2012-C, against Remegio. It asked that he be declared legally and/or validly removed as trustee, treasurer and member pursuant to the February 16, 2012 Joint Resolution of its Board of Trustees, with no more right to demand an inspection or get copies of the books of accounts, financial statements, minutes of meetings, and resolutions of the board; and that he be ordered to refrain from filing a nuisance and/or harassment suit against SPCBA.

In essence, through its complaint, SPCBA sought to prevent Remegio from filing a nuisance and/or harassment suits against it and for the RTC to affirm/confirm his removal as a member on the basis of the February 16, 2012 Board Resolution.

On the matter of his membership in SPCBA, Remegio countered that *res judicata* had already set in following the decision rendered by the RTC in Case No. 86-2010-C. Accordingly, he espoused the theory that the issue on his membership could not be made an issue again in SEC Case No. 92-2012-C.

The RTC agreed with Remegio on this point. Thus, in its December 11, 2012 Omnibus Order,[16] the RTC ruled that the principle of *res judicata* already barred SPCBA from claiming that he was not a member of SPCBA, to wit:

WHEREFORE, foregoing premises considered, the Court hereby RESOLVES that:

(1)The defendant Rem[i]gio A. Ching's affirmative defense of *res judicata* is GRANTED as regards the subject matter of the

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[14] *Id*. at 418-419.

[15] *Id*. at 246-253.

[16] *Id*. at 95-117. Penned by Judge Maria Florencia B. Formes-Baculo.

purported buy-out and his membership in plaintiff San Pedro Colleges of Business Administration. Accordingly, only the action for its protection against harassment and/or nuisance suits under Section 1 (b) of the Interim Rules of Procedure of Intra-Corporate Controversies shall remain in the Complaint and the prayer for relief in the prayer of the Complaint of "(a) declaring that defendant Remigio A. Ching a.k.a. Remigio A. Ching has been legally and/or validly removed not only as Trustee, Treasurer but also as member of plaintiff SPCBA and, therefore, said defendant Remigio Ching has no more right to demand an inspection nor get copies of the books of accounts, financial statements, minutes of meetings and resolutions of the board and members of SPCBA" is DENIED and ORDERED stricken off the Complaint.

(2) The Opposition (Re: Notice to Take Deposition) dated September 3, 2012 filed by the defendant Remigio A. Ching is OVERRULED but the proposed questions marked numbers 8 to 14 are DISALLOWED as they pertain to matters already barred by *res judicata.* Accordingly, the deposition pending action upon oral examination of the defendant can proceed. The taking of the deposition upon oral examination of the defendant on the remaining questions (marked numbers 1 to 7 and 15 to 14) shall be conducted in Court on February 12, 2013. Let a subpoena *ad testificandum* be issued to require defendant to be present for his deposition upon oral examination at 8:30 in the morning on said date.

SO ORDERED.[17]

In a petition for *certiorari* filed by SPCBA under Rule 65 of the Rules of Court, the CA reversed the RTC order. In ruling for SPCBA, the CA reasoned out that there was a marked difference in the causes of action between SEC Case No. 92-2012-C and SEC Case No. 86-2010-C, which rendered the principle of *res judicata* inapplicable. It stated that SPCBA introduced in SEC Case No. 92-2012-C a fact which did not exist at the time the prior case was filed and terminated; that the issuance of the February 16, 2012 Board Resolution declaring the expulsion of Remegio from SPCBA arose only after the filing of Case No. 86-2010-C; and that the said fact did not

[17] *Id*. at 117.

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occur and could not have occurred in the first case. This gave SPCBA a new cause of action under Section 91 of the Corporation Code pertaining to termination of membership or expulsion of a member from a non-stock corporation. Following the rule that *res judicata* only applied to facts and conditions as they existed at the time judgment was rendered and to the legal rights and relations of the parties fixed by the facts so determined, the CA granted SPCBA's prayer to deny Remegio his affirmative defense of *res judicata*. Thus, in its January 27, 2014 Decision,[18] the CA disposed:

> Wherefore, the petition is Granted. The first paragraph of the Omnibus Order dated December 11, 2012, insofar as the statement therein that *res judicata* applies and a bar to the complaint in SEC Case No. 92-2012-C is Annulled and Set Aside. The Regional Trial Court of Calamba City, Branch 34 is directed to reinstate the whole complaint in SEC Case No. 92-2012-C in its docket and conduct further proceedings thereon with dispatch.
>
> **SO ORDERED**.[19]

Aggrieved, Remegio moved for reconsideration, but was denied by the CA.

Hence, this petition.

ISSUE:

The question before this Court is whether or not the CA erred in not affirming the application by the RTC in SEC Case No. 92-2012-C of the principle of *res judicata*.

Petitioner Remegio rejects the reasoning of the CA and invokes the applicability of *res judicata* principle considering that in both cases, the same parties were involved and the issue on his membership in SPCBA, as presented in SEC Case

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[18] *Id*. at 29-45. Penned by Associate Justice Mura V. Garcia-Fernandez, with Associate Justices Fernanda Lampas-Peralta and Francisco P. Acosta, concurring.

[19] *Id*. at 44.

No. 92-2012-C, had already been litigated and fully disposed of in SEC Case No. 86-2010-C.[20] Further, Remegio assigned as error the opinion of the CA that the execution of the Board Resolution on February 16, 2012 constituted a supervening event which barred the application of the *res judicata* rule, and argued that the board merely affirmed or confirmed an event which had already happened before the finality of SEC Case No. 86-2010-C.[21] Lastly, the petitioner charged that SPCBA was guilty of forum shopping.[22]

In response, SPCBA averred that the CA carefully and cautiously evaluated SEC Case No. 92-2012-C *vis-a-vis* SEC Case No. 86-2010-C and correctly ruled that *res judicata* did not lie. In addition, it submitted that the petition failed to raise any issue which involved a pure question of law; that following the business judgment rule and the doctrine of centralized management, SPCBA's Board Resolution, dated February 16, 2012, could not be proscribed by the Court; that under Section 91 of the Corporation Code of the Philippines, it was within the powers of SPCBA to remove any member even if they were members of the Board of Trustees; that SPCBA's Board Resolution could not be collaterally attacked for it remained valid until annulled by the proper court; and that the same resolution materially changed the relations between the parties as it effectively cut all juridical ties between SPCBA and Remegio.[23]

In his Reply,[24] Remegio reiterated his arguments.

The Court's Ruling

At the onset, it must be stressed that, contrary to the claim of SPCBA, the question essentially raised by Remegio was clearly

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[20] See Petition, *id*. at 15-16.

[21] See Petition, *id*. at 21-23.

[22] See Petition, *id*. at 18.

[23] *See Comment*, *id*. at 528-555.

[24] *Id*. at 626-635.

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one of law. The issue does not refer to factual matters. Rather, it concerns the interpretation and application of the legal principle of *res judicata.* This is a legal question, which this Court has jurisdiction to pass upon in a Rule 45 petition.

On the merits, the Court finds that *res judicata* exists and should bar SPCBA from raising the question of Remegio's membership in SEC Case No. 92-2012-C.

The issue on Remegio's membership, as finally settled in Case No. 86-2010-C, is res judicata

The principle of *res judicata,* which literally means "a matter adjudged; a thing judicially acted upon or decided; a thing or matter settled by judgment,"[25] is of common law in origin.[26] It has developed through time from court decisions as a method to protect a person from being vexed twice for the same cause.[27] Its importance cannot be overemphasized for it also forwards the interest of the State in putting an end to litigation *republicae ut sit litium*.[28] It conserves scarce judicial resources and promotes efficiency in the interest of the public at large.[29] That once a final judgment has been rendered, the same becomes conclusive and binding.

Res judicata is commonly understood as a bar to the prosecution of a second action upon the same claim, demand or

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[25] *Chu v. Cunanan,* 673 Phil. 12, 22 (2011), citing, *Manila Electric Company v. Philippine Consumers Foundation, Inc*., 425 Phil. 65, 78 (2002).

[26] *Salud v. Court of Appeals,* G.R. No. 100156, June 27, 1994, 233 SCRA 384, 387, citing AM JUR 2nd ed., Vol. 46, p. 568.

[27] *Agustin v. Delos Santos,* 596 Phil. 630, 648 (2009).

[28] *Selga v. Brar*, 673 Phil. 581, 591 (2011), citing *La Campana Development Corp. v. Development Bank of the Philippines*, 598 Phil. 612, 633 (2009).

[29] *Salud v. Court of Appeals, supra* note 26, citing Friedenthal, Kane, Miller, *Civil Procedure*, Hornbook Series, West Publishing Co., 1985 ed., pp. 614-615, Moran, *op. cit*., pp. 349-351.

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cause of action. In traditional terminology, this is known as merger or bar; in modern terminology, it is called claim preclusion.[30] In jurisprudence, it is referred to as bar by former judgment. It requires that a former judgment or order must be final; that the judgment or order must be on the merits; that it must have been rendered by a court having jurisdiction over the subject matter and the parties; and that there must be, between the first and the second action, identity of parties, of subject matter and cause of action.[31]

In this case, SPCBA's rejection of the claim that *res judicata* exists is based on the lack of one of the aforementioned requisites, that is, the lack of similarity between the causes of action of the first and second cases. While SEC Case No. 92-2012-C was based on the invocation of its right to be protected against harassment suit and its right to remove members, SEC Case No. 86-2010-C was based on the claim of Remegio to exercise his right to inspect the books of the corporation. Thus, to SPCBA, without that similarity, no *res judicata* can set in.

SPCBA is mistaken.

The doctrine of *res judicata* was incorporated initially as Section 306 and Section 307 of Act No. 190. Later, it became Section 44 and Section 45 of former Rule 39. Under the present Rules of Court, it appears in Section 47 of Rule 39 as follows:

> Sec. 47. Effect of judgments or final orders. — The effect of a judgment or final order rendered by a court or judge of the Philippines, having jurisdiction to pronounce the judgment or final order, may be as follows:
>
> x x x x x 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

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[30] *Salud v. Court of Appeals, supra* note 26, citing James and Hazard, *Civil Procedure*, Little, Brown & Company 2nd ed., p. 532.

[31] *Taganas v. Emuslan,* 457 Phil. 305, 311 (2003), citing, *Mirpuri v. Court of Appeals*, 376 Phil. 628 (1999).

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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; and

(c) In any other litigation between the same parties or their successors-in-interest, that only is deemed to have been adjudged in a former judgment or final order which appears upon its face to have been so adjudged, or which was actually and necessarily included therein or necessary thereto.[32]

In *Degayo v. Magbanua-Dinglasan*,[33] it was reiterated that *res judicata,* as preserved in the Rules of Court, comprehends not only the concept of bar by former judgment or claim preclusion (the non-existence of which is relied upon by SPCBA), but also includes the concept of conclusiveness of judgment.

This concept precludes the relitigation only of a particular fact or issue necessary to the outcome of a prior action between the same parties on a different claim or cause of action.[34] Traditionally known as collateral estoppel, it is contemporarily termed as issue preclusion.[35] It finds application when a fact or question has been squarely put in issue, judicially passed upon, and adjudged in a former suit by a court of competent jurisdiction. The fact or question settled by final judgment or order binds the parties to that action (and persons in privity with them or their successors-in-interest), and continues to bind them while the judgment or order remains standing and unreversed by proper authority on a timely motion or petition. The conclusively settled fact or question furthermore cannot again be litigated in any future or other action between the same parties or their privies and successors-in-interest, in the same or in any other court of

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[32] The 1997 Rules of Court.

[33] G.R. No. 173148, April 6, 2015, <http:// sc.judiciary. gov.ph/pdf/web/viewer.html?file=jurisprudence/ 2015/173148.pdf>. Last visited September 29, 2015.

[34] *Id*., citing *Salud v. Court of Appeals*, 233 SCRA 384, 388 (1994).

[35] *Id*., citing *Salud v. Court of Appeals,* 233 SCRA 384, 388 (1994), further citing James and Hazard, *Civil Procedure*, Little, Brown & Company 2nd ed., p. 532.

concurrent jurisdiction, either for the same or for a different cause of action.[36]

In short, for issue preclusion to be applicable, (1) the issue or fact sought to be precluded must be identical to the issue or fact actually determined in a former suit, (2) the party to be precluded must be party to or was in privity with a party to the former proceeding; (3) there was final judgment on the merits in the former proceedings, and (4) in compliance with the basic tenet of due process, that the party against whom the principle is asserted must have had full and fair opportunity to litigate issues in the prior proceedings.[37]

The Court agrees with petitioner Remegio that the issue on his membership was fully determined or disposed of by the RTC in SEC Case No. 86-2010-C, in a decision which became final and executory on April 4, 2012. The parties are the same and the issues are essentially the same. The RTC in SEC Case No. 86-2010-C stated that "[SPCBA] failed to present sufficient documents to show that Remegio ceased to be a member of SPCBA in the manner and for causes provided in the articles of incorporation or the by-laws." Further, it was written that "[a]nent the allegation that Remegio was paid in the amount of Twenty Million pesos (₱20,000,000.00) in settlement of his proprietary interest in SPCBA, [SPCBA] failed to support such contention. No documentary evidence was presented to prove such fact. Neither was there any evidence presented to show that such alleged receipt was for plaintiff to relinquish his membership in SPCBA."[38] With these ratiocinations, SPCBA

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[36] *Id*., citing *Hacienda Bigaa v. Chavez*, 632 Phil. 574, 595 (2010).

[37] These elements are based on Restatement (Second) of Judgments §27, *i.e.*, [w]hen an issue of fact or law is actually litigated and determined by a valid and final judgment, and the determination is essential to the judgment, the determination is conclusive in a subsequent action between the parties, whether on the same or a different claim. In *B&B Hardware, Inc. v. Hargis Indus.*, 135 S. Ct. 1293 (U.S. 2015), the US Supreme Court held that in implementing the principle of issue preclusion, reference is regularly made to "the Restatement (Second) of Judgments for a statement of the ordinary elements of issue preclusion."

[38] *Rollo,* p. 162.

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cannot claim that the membership issue of Remegio was not touched upon.

The issue of Remegio's membership was indispensable in SEC Case No. 86-2010-C because his prayer to be permitted to inspect the books of SPCBA depended on its resolution. The rule was that only to those who were part of the corporation either as director, trustee, stockholder or member were granted such right to inspect the records of all business transactions of the corporation and the minutes of any of its meetings. This indispensability of factual determination in a prior case supports the conclusion that *res judicata* in the concept of issue preclusion is applicable. Settled is the rule that "if the record of the former trial shows that the judgment could not have been rendered without deciding the particular matter, it will be considered as having settled that matter as to all future actions between the parties and if a judgment necessarily presupposes certain premises, they are as conclusive as the judgment itself."[39] This is true for the matter of the indispensability of resolving Remegio's membership in the SEC Case No. 86-2010-C.

"Reasons for the rule are that a judgment is an adjudication on all the matters which are essential to support it, and that every proposition assumed or decided by the court leading up to the final conclusion and upon which such conclusion is based is as effectually passed upon as the ultimate question which is finally solved."[40] To borrow the words of the US Supreme Court, "when an issue of fact or law is actually litigated and determined by a valid and final judgment, and the determination is essential to the judgment, the determination is conclusive in a subsequent action between the parties, whether on the same or a different claim."[41]

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[39] *Lopez v. Reyes,* 166 Phil. 641, 650 (1997); and *Concepcion v. Agana*, 335 Phil. 773, 783 (1997).

[40] *Concepcion v. Agana*, 335 Phil. 773, 783 (1997), citing *Lopez v. Reyes*, 166 Phil. 641, 650 (1977); *Smith Bell and Company (Phils.), Inc. v. Court of Appeals*, 274 Phil. 472, 482 (1991).

[41] *B&B Hardware, Inc. v. Hargis Indus*., 135 S. Ct. 1293 (U.S. 2015), citing Restatement (Second) of Judgments § 27.

It cannot be said either that SPCBA was not given a fair opportunity to litigate the issues in SEC Case No. 86-2010-C. Such opportunity is essential before *res judicata* in the concept of issue preclusion can be considered pursuant to the requirements of due process. Even then, SPCBA erred in filing a notice of appeal of this case before the CA which was docketed as CA G.R. CV No. 96608. Being erroneous, the appeal was correctly dismissed in the September 29, 2011 Resolution of the CA because the proper remedy was to file a petition for review pursuant to the rules issued by this Court in A.M. No. 04-9-07-SC.

Also, the Court cannot help but notice that SPCBA let the prescriptive period for the filing of a petition for review to lapse. Under the Rules, it had 15 days from receipt of the decision or final order of the RTC within which to file the petition. Records show that it received the challenged decision on February 28, 2011, which meant that it only had until March 15, 2011 to file it. Yet, its petition for review was filed only on September 8, 2011, or **177 days late.** Thus, the CA resolved the matter in favor of Remegio and held that the ruling of the RTC in SEC Case No. 86-2010-C had attained finality.

There can be no question that all the opportunities were available to SPCBA, but for some reasons not attributable to Remegio or the courts, it did not avail of these opportunities. If at all, the failure to take the issue of his membership further in the echelons of judicial hierarchy was the fault of SPCBA and no one else.

In sum, the confluence of all the elements of *res judicata* in the concept of conclusiveness of judgment or issue preclusion bars SPCBA from relitigating the same issue of Remegio's membership.

It must be reiterated and stressed that SPCBA cannot even argue that the issue barred by *res judicata* in RTC SEC- 86-2010-C was erroneously settled. "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

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through appeals procedures, not through repeated suits on the same claim. 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."[42]

Besides, "judgments which are merely voidable cannot be collaterally attacked, and until set aside in a proper proceeding for the purpose, possess all the attributes of valid judgments. The reason for the rule prohibiting the making of a collateral attack on a judgment of a court having jurisdiction is that public policy forbids an indirect collateral contradiction or impeachment of such a judgment."[43] It is not a mere technicality. Instead, it is a rule of fundamental and substantial justice which should be followed by all courts.

Joint Resolution, dated February 16, 2012, is not a supervening event

In an attempt to thwart the legal effects of the first decision, SPCBA argues that the issuance of a board resolution affirming or confirming the removal of Remegio is a fact that changed the relations of the parties. It cited the explanation of the CA that "[t]he issuance of a Joint Resolution of the board of trustee and members of SPCBA on February 16, 2012 declaring the expulsion of [Remegio] from SPCBA arose only after SEC Case No. 86-2010-C. It did not and could not have occurred in the first case, and this gave SPCBA a new cause of action under Section 91 of the Corporation Code pertaining to termination of membership or expulsion of a member from a non-stock corporation."[44]

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[42] *Degayo v. Magbanua-Dinglasan*, *supra* note 33.

[43] *Alviar v. CFI of La Union*, 64 Phil. 301, 310 (1937), citing 34 C, J, 511-513.

[44] *Rollo,* p. 43.

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The Court cannot agree.

SPCBA's contention springs from desperation. A perusal of the board resolution reveals that it merely echoed the events that led to the earlier illegal termination of his membership in SPCBA. It was nothing new as the resolution merely affirmed or confirmed their claim that Remegio was already removed as a member, something that the RTC in SEC Case No. 86-2010-C rejected. No new basis for the removal of Remegio was forwarded in that resolution. Thus, it cannot be said that SPCBA had a new cause of action that was not adjudged upon in SEC Case No. 86-2010-C. There was simply no supervening event.

WHEREFORE, the petition is **GRANTED.** Accordingly, the January 27, 2014 Decision and the June 27, 2014 Resolution of the Court of Appeals are **REVERSED** and **SET ASIDE**. The December 11, 2012 Omnibus Order of the Regional Trial Court, Branch 34, Calamba City, Laguna, in RTC SEC Case No. 92-2012-C, is **REINSTATED**.

SO ORDERED.

Leonardo-de Castro,[*] *Brion*[**] *(Acting Chairperson), Villarama, Jr.,*[***] and *Leonen, JJ.,* concur.

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[*] Per Special Order No. 2250, dated October 14, 2015.

[**] Per Special Order No. 2222, dated September 29, 2015.

[***] Per Special Order No. 2223-B, dated September 29, 2015.