FIRST DIVISION

[G.R. No. 243211. December 01, 2025]

WINLUCK STAR ESTATE CORPORATION, PETITIONER, VS. MOMENTUM CONSTRUCTION & DEVELOPMENT CORPORATION, RESPONDENT.

D E C I S I O N

MARQUEZ, J.:

This Court will not allow a creditor to use protracted legal machinations for over two decades to foreclose properties worth more than 10 times the debt, and later be the winning bidder in the foreclosure sale by paying less than 10 times the actual value of the properties. This is not only unjust enrichment. It also reeks of bad faith.

This case involves two parcels of land: the Malate property which has an area of 1,154.30 square meters, covered by Transfer Certificate of Title (TCT) No. 122725 (Malate lot), and the Sta. Ana property which has an area of 354.90 square meters, covered by TCT No. 99977 (Sta. Ana lot). Both were originally owned and registered in the name of Edgardo Ramirez (Ramirez).[1]

In September 2001, Ramirez obtained a PHP 30 million loan from Malayan Savings and Loan Bank (Malayan Bank) and mortgaged the Malate lot as security.[2] The mortgage was annotated in Ramirez's title.[3]

Sometime in 2003, Winluck Star Estate Corporation (Winluck) discovered that the Malate lot was about to be foreclosed by Malayan Bank due to Ramirez's failure to pay his loan. Upon verifying that the title of the Malate lot was clean and free from all liens and encumbrances, except the mortgage in favor of Malayan Bank, Winluck offered to pay off the loan and buy the Malate lot.

On October 3, 2003, Winluck paid a reservation fee of PHP 500,000.00 for the Malate lot.[4] Ramirez and Winluck then agreed that the total purchase price would be PHP 51,943,500.00, including the payment of taxes, fees, and Ramirez's loan to Malayan Bank which by then amounted to PHP 43.8 million.[5]

On October 6, 2003, Winluck made a partial payment of Ramirez's loan to Malayan Bank in the amount of PHP 20 million to prevent the foreclosure of the Malate lot.[6] On October 15, 2003, it paid an additional PHP 23.8 million as full payment of

Ramirez's loan to Malayan Bank.[7] Then on October 15, 2003, Winluck paid Ramirez a total of PHP 3,183,089.31 as full payment to him.[8] On the same date, Winluck and Ramirez executed a Deed of Absolute Sale over the Malate lot but failed to have it notarized that same day.[9]

Meanwhile, on October 8, 2003, unknown to Winluck, Momentum Construction & Development Corporation (Momentum) filed a Complaint for Sum of Money and Damages with Urgent Prayer for Issuance of a Writ of Preliminary Attachment[10] against Ramirez before the Regional Trial Court (RTC) of Manila. Momentum prayed, among others, that it be paid the sum of PHP 3,650,385.41 plus legal interest until it is fully paid.

On October 16, 2003, Branch 11 of the RTC of Manila issued a Writ of Preliminary Attachment[11] directing the court sheriff to attach Ramirez's real and personal properties as security for the satisfaction of any judgment as may be sufficient to satisfy Momentum's demands. Thus, on October 17, 2003, the sheriff caused the annotation of a Notice of Levy on the certificates of title of the Malate and Sta. Ana lots.[12]

On November 3, 2003, Ramirez filed a Motion to Discharge the Attachment on a Counterbond but failed to post the required bond. Thus, the attachment on both properties was not discharged.[13]

On November 27, 2003, TCT No. 122725 covering the Malate lot was cancelled and TCT No. 261777 was registered and issued in the name of Winluck.[14] However, since the Notice of Levy on the Malate lot was annotated prior to the registration of the Deed of Absolute Sale, the Notice of Levy was carried into the new title issued to Winluck.[15]

On January 13, 2004, upon discovery of the annotation of the Notice of Levy on its newly-issued TCT, Winluck filed an Urgent *Ex-Parte* Motion to Lift Levy on Realty on the ground that it had already become the absolute, legal, and registered owner of the Malate lot after Ramirez sold the same property to it. Winluck averred that the delay in the registration of the Deed of Absolute Sale was just due to the payment of the capital gains tax with the Bureau of Internal Revenue. Winluck further pointed out that there was another property, the Sta. Ana lot, levied upon to secure Momentum's claim and that its fair market value alone was already more than enough to answer for Ramirez's debt to Momentum.[16]

On June 29, 2005, Ramirez died. His sisters and only heirs, Azucena R. Palaganas (Azucena) and Violeta R. Abad (Violeta), substituted him as defendants in the collection case filed by Momentum.[17]

In its September 9, 2005 Order, the trial court denied Winluck's motion to lift the levy.[18] It held that the prior lien created by the attachment afforded Momentum sufficient

security for the satisfaction of the debt while awaiting judgment. It further held that Winluck merely stepped into the shoes of Ramirez, thus its right over the Malate lot was subordinate and subject to the annotated levy on attachment, and there was no need for Momentum to post an indemnity bond.[19] On October 28, 2005, Winluck moved for reconsideration.

After almost three years, on April 28, 2008, the trial court denied Winluck's Motion for Reconsideration for lack of merit.[20] It maintained that Winluck purchased the Malate lot on November 11, 2003 or almost a month after the levy was made, and therefore Winluck had no prior right over the Malate lot as it was already levied by the court.[21]

On September 19, 2008, Momentum filed an Omnibus Motion to bar Winluck from further participating in the collection case as it claimed that Winluck had no legal personality or standing to appear in any proceedings, considering that the trial court had already ruled that it merely stepped into the shoes of Ramirez.[22]

Thereafter, on August 27, 2009, Momentum and the Ramirez heirs, Azucena and Violeta, entered into a Compromise Agreernent[23] where the Ramirez heirs agreed to pay Momentum PHP 2.2 million. Once the Ramirez heirs are able to pay Momentum PHP 1 million, out of the PHP 2.2 million payable, Momentum shall cause the lifting of the Notice of Levy over the TCT covering the Malate lot within 30 days from payment. In addition, as security for the full payment of the obligation, a Deed of Assignment over the Sta. Ana lot was executed in favor of Momentum.[24]

On September 8, 2009, having found that the Compromise Agreement was validly entered into by the parties, the RTC approved the same.[25]

However, Azucena and Violeta defaulted in their undertaking in violation of the terms of the Compromise Agreement.[26] Thus, on March 12, 2010, Momentum filed a Motion for Execution pursuant to paragraph 8 of the Compromise Agreement which provided that all payments previously made shall be forfeited, and all the amortizations and installment payments shall become immediately due and payable.[27]

On September 17, 2010, a Writ of Execution was issued.[28] On the same day, the sheriff of the RTC sold at public auction both the Malate and Sta. Ann lots, together with the commercial building built on the Malate lot, to Momentum, being the highest and sole bidder, for the total sum of PHP 7,566,580.00.[29] On November 6, 2012, Momentum filed an Omnibus Motion for the Issuance of a Final Deed of Sale and Writ of Possession.

On November 12, 2012, Winluck was directed to file its comment as a third-party defendant.[30] Winluck, however, in its December 3, 2012 Comment,[31] claimed that before it could comply with the directive to file its comment, the RTC already issued the November 26, 2012 Order partially granting the issuance of the Sheriff Final Deed

of Sale and directed the issuance of a new TCT in favor of Momentum.[32] Winluck asserted that by issuing the November 26, 2012 Order without waiting for its comment, the RTC denied it of its right to due process of law. Winluck further claimed that its right to due process of law was violated as it never received copies of important documents pertinent to the subject case and that it only found out about the incidents for the first time upon its counsel's verification.

Meanwhile, on November 27, 2012 and December 22, 2012, the Sheriff's Certificate of Sale[33] and Final Deed of Sale[34] were issued, respectively. Consequently, on May 3, 2013, Winluck's TCT was cancelled and a new TCT covering the Malate lot was registered and issued in the name of Momentum.[35]

Thus, on December 14, 2012, Winluck filed an Omnibus Motion for the invalidation of the: (a) Writ of Execution, (b) Sheriff's Sale, (c) Certificate of Sale, and (d) Final Deed of Sale, as well as its Opposition to Momentum's November 6, 2012 Omnibus Motion.[36] Winluck argued that it did not receive a copy of the writ of execution as a certain Gary Latonero who allegedly received the Writ of Execution was not even its employee, thus, unauthorized to receive anything for and on its behalf.[37] Winluck further alleged that it was not bound by the Compromise Agreement because it was not a party, and that the Malate lot covered by TCT No. 261777 could never be part of the Compromise Agreement, hence, it cannot be the subject of the public auction.[38] However, in its April 10, 2013 Order,[39] the RTC denied Winluck's Omnibus Motion for lack of legal personality to file the same. Winluck's Motion for Reconsideration was likewise denied on June 20, 2013.[40]

On June 25, 2013, the RTC granted Momentum's Urgent *Ex-Parte* Motion for the Issuance of a Writ of Possession.[41] On the same date, the Writ of Possession[42] and the Notice to Vacate[43] addressed to Winluck and the Ramirez heirs were issued.

Aggrieved, on July 1, 2013, Winluck filed a Petition for Annulment of Final Orders and Resolutions before the Court of Appeals (CA).[44]

On September 25, 2013, the CA resolved to temporarily enjoin Momentum from implementing the Writ of Possession upon the posting of an injunction bond in the amount of PHP 500,000.00.[45] Momentum filed an Omnibus Motion to Lift and Discharge the Temporary Restraining Order. It likewise filed a Motion to Inhibit the members of the Fifth Division which was denied.[46]

On December 10, 2013, the CA, finding Winluck to be the registered owner of the disputed Malate lot, issued a Writ of Preliminary Injunction conditioned upon the posting of a PHP 4 million injunction bond, and enjoined Momentum to vacate the subject property, pending complete resolution of the Petition for Annulment.[47]

However, on September 21, 2016, the appellate court denied Winluck's Petition for Annulment of the April 10, 2013 and June 20, 2013 RTC Orders:[48]

> **WHEREFORE**, the petition is **DENIED**. The orders of the Regional Trial Court of the City of Manila, Branch 11 dated [April 10, 2013] and [June 20, 2013] are **AFFIRMED**.
>
> **ACCORDINGLY**, the Writ of Preliminary Injunction issued by this Court on [December 10, 2013] is **LIFTED**.
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> **SO ORDERED.**[49] (Emphasis in the original)

The appellate court eventually found that the RTC validly exercised jurisdiction over the case *a quo*, and that Azucena and Violeta validly substituted deceased Ramirez.[50] Neither was Winluck deprived of due process of law.[51]

The appellate court likewise held that the duly-registered levy on attachment of Momentum of the Malate lot enjoys preference over Winluck's unregistered sale.[52] While Winluck fully paid the purchase price on October 15, 2003, the formal Deed of Absolute Sale was executed and registered only on November 11, 2003.[53] On the other hand, the Notice of Levy on attachment was annotated on TCT No. 122725 on October 17, 2003.[54] Further, the CA held that: (a) Winluck was not entitled to be furnished with a copy of the Writ of Execution as it was not a party to the case;[55] (b) the gross inadequacy of the price will not nullify an auction sale;[56] (c) Winluck, being a successor-in-interest of Ramirez, had the right to redeem the Malate lot, however, it failed to do so within the one-year redemption period;[57] and (d) the Ramirez heirs likewise failed to redeem the property within the one-year redemption period, thus making Momentum the absolute owner of the Malate lot.[58]

On November 15, 2018, Winluck's Motion for Reconsideration was denied in a Resolution penned by then CA Associate Justice Ricardo R. Rosario, now a member of this Court, and concurred in by Associate Justices Sesinando E. Villon and Ma. Luisa C. Quijano-Padilla. Then then CA Associate Justice Maria Filomena D. Singh (Justice Singh), now a member of this Court, submitted a separate concurring opinion, while then CA Associate Justice Rosmari D. Carandang (Justice Carandang), now a retired member of this Court, turned in a dissenting opinion.[59]

Thus, the instant Petition for Review on *Certiorari*[60] (with Urgent Application for a Temporary Restraining Order and a Writ of Preliminary Injunction) filed by petitioner assailing and seeking to set aside the September 21, 2016 Decision[61] and November 15, 2018 Resolution[62] of the CA, which denied its Petition for Annulment of the April 10, 2013[63] and June 20, 2013[64] RTC Orders, respectively.[65]

Petitioner argues that the ownership of the Malate lot was already transferred to it prior to the annotation of the levy on attachment, thus, the Malate lot should not have been included in the execution sale anymore as it was no longer owned by Ramirez, and in fact it was already registered in petitioner's name. Petitioner insists that by including the Malate lot in the execution sale, it was deprived of its right to due process of law as it was neither a party to the collection case nor a party to the Compromise Agreement. On the other band, respondent maintains that, as held by the appellate court, the prior registration of levy on attachment creates a preference in favor of the registrant over unregistered sale as the act of registration is the operative act that conveys or affects the property.

The Court's Ruling

The Petition is impressed with merit.

At the outset, We note that, as a rule, petitions for review under Rule 45 should raise only pure questions of law. Factual findings of the appellate courts will not be reviewed nor disturbed on appeal as this Court is not a trier of facts. However, the rule admits of exceptions, such as in this case, when the judgment of the CA is based on a misapprehension of facts.[66] Thus, We shall delve into the records of the case to resolve the issues at hand.

A petition for annulment of judgment under Rule 47 of the Rules of Court is a remedy granted only under exceptional circumstances, where a party, without fault on their part, failed to avail of the ordinary remedies of new trial, appeal, petition for relief, or other appropriate remedies.[67] A person need not be a party to the judgment sought to be annulled, and it is only essential that he can prove their allegation that the judgment was obtained by the use of fraud and collusion and they would be adversely affected hereby.[68] Annulment of judgment is a remedy in law independent of the case where the judgment sought to be annulled was rendered.[69] The purpose of such action is to have the final and executory judgment set aside so that there will be a renewal of litigation.

An action for annulment of judgment is based on specific grounds: extrinsic fraud and lack of jurisdiction.[70] Jurisprudence, however, recognizes denial of due process as a third ground for a petition for annulment of judgment.[71] This is because the violation of one's due process rights is, after all, a defect in jurisdiction.[72]

In *Spouses Alvarez v. Court of Appeals*,[73] the Court ruled that availing of the remedies of new trial, appeal, petition for relief from judgment, or other appropriate remedies is required only when the ground for the petition for annulment of judgment is extrinsic fraud. Hence, if the petition is based on other grounds such as lack of jurisdiction or denial of due process, petitioners need not allege that the ordinary remedies of new trial, reconsideration, or appeal were no longer available through no fault on their part. This is so because a judgment rendered or final order issued by the RTC without

jurisdiction is null and void and may be assailed *any time* either collaterally or in a direct action or by resisting such judgment or final order in any action or proceeding whenever it is invoked, unless barred by laches.[74]

Further, pursuant to Rule 3, Section 2 of the Rules of Court, every action must be prosecuted or defended in the name of the real party in interest. In *Chico v. Ciudadano*,[75] the Court provided a comprehensive discussion on the concept of interest and clarified the identity of the real party in interest:

> A real party in interest is the party who stands to be benefited or injured by the judgment in the suit, or the party entitled to the avails of the suit. There is no clearly defined rule by which one may determine who is or is not [a] real party .in interest, nor has there been found any concise definition of the term. Who is the real party in interest depends on the peculiar facts of each separate case, and one may be a party in interest and yet not be the sole real party in interest. It has been explained that a real party in interest plaintiff is one who has a legal right, while a real party in interest defendant is one who has a correlative legal obligation whose act or omission violates the legal right of the former.
>
> On the other hand, "interest" means material interest, an interest in issue and to be affected by the decree, as distinguished from mere interest in the question involved, or a mere incidental interest. It is settled in this jurisdiction that one having no right or interest to protect cannot invoke the jurisdiction of the court as a party-plaintiff in an action. To determine who is the real party in interest, the nature or character of the subject property and who has present ownership thereof have to be inquired into.[76]

In connection with the concept of interest, the mandatory rule on joinder of indispensable parties is set forth in Rule 3, Section 7 of the Rules of Court, to wit:

> SEC. 7. *Compulsory joinder of indispensable parties*. – Parties in interest without whom no final determination can be had of an action shall be joined either as plaintiffs or defendants.

In *Corpuz v. Republic*,[77] the Court discussed that the inclusion of indispensable parties is essential for the court to acquire jurisdiction. When a court determines during a proceeding that an indispensable party has not been joined, it must order that the party be included.[78]

In *Macawadib v. The Philippine National Police Directorate for Personnel and Records Management*,[79] the Court held that when an indispensable party is not impleaded, the judgment rendered by the trial court is void. The absence of an indispensable party renders all subsequent actions of the court null and void for want of authority to act, not only as to the absent parties but even as to those present.[80]

In *National Transmission Corp. v. Untiveros*,[81] the Court reiterated:

> An indispensable party is a party who has such an interest in the controversy or subject matter that a final adjudication cannot be made, in his absence, without injuring or affecting that interest, a party who has not only an interest in the subject matter of the controversy, but also has an interest of such nature that a final decree cannot be made without affecting his interest or leaving the controversy in such a condition that its final determination may be wholly inconsistent with equity and good conscience. It has also been considered that an indispensable party is a person in whose absence there cannot be a determination between the parties already before the court which is effective, complete, or equitable. Further, an indispensable party is one who must be included in an action before it may property go forward. [82]

In the present case, the Court finds that the ground of denial of due process for an action of annulment of judgment is present. There is no dispute that petitioner is the registered owner of the Malate lot after Ramirez sold the same on October 15, 2003. As such, petitioner is an indispensable party as its interest in the subject matter of the controversy is inextricably intertwined with the other parties, and a final adjudication cannot be made in petitioner's absence without injuring or affecting its interest. Respondent very well knew of the sale of the Malate lot to petitioner as in fact the Notice of Levy was carried into the new title, TCT No. 261777, issued in the name of petitioner. Petitioner also filed a Motion to Discharge Attachment, Motion to Lift Levy on Realty, and a Third-Party Claim—all grounded on the fact that the Malate lot was already sold to it by Ramirez and that TCT No. 261777 had already been issued in its name.

Such being the case, the very existence of TCT No. 261777 issued in the name of petitioner should have impelled respondent and the trial court to implead petitioner in the subject case. Petitioner's presence as a party to the proceedings, as the registered owner of the Malate lot and thus an indispensable party, is an absolute necessity. However, despite this knowledge, the trial court failed to implead petitioner as defendant or to order respondent to do so, contrary to the clear mandate of Rule 3, Section 11 of the Rules of Court.[83] Without petitioner's participation, there could be no effective and complete resolution of the case. Clearly, the failure to implead petitioner in the subject case has resulted in the denial of an opportunity to be heard in the proceedings, thus, petitioner's right to procedural due process was consequently and clearly violated.

In *Orlina v. Ventura*,[84] the Court emphasized that when a clear violation of the fundamental right to due process occurs, any decision made in disregard of this right is void due to lack of jurisdiction. This stems from the fundamental principle that courts lose their jurisdiction when basic constitutional rights are violated, creating a significant jurisdictional issue that cannot be overlooked or dismissed arbitrarily.[85]

Further, the joinder of indispensable parties is not a mere technicality.[86] This Court has already ruled that the joinder of indispensable parties is mandatory and the responsibility of impleading all the indispensable parties rests on the plaintiff.[87] The absence of an indispensable party renders all subsequent actuations of the court null and void for want of authority to act, not only as to the absent parties but even as to those present.[88] A void judgment, for want of jurisdiction, is no judgment at all. It cannot be the source of any right nor the creator of any obligation. All acts performed pursuant to it and all claims emanating from it have no legal effect.[89] The judgment is vulnerable to attack even when no appeal has been taken, and does not become final in the sense of depriving a party of his right to question its validity.[90] Hence, it can never become final and any writ of execution based on it is void.

Moreover, petitioner was not made a party to the Compromise Agreement entered into by respondent and the Ramirez heirs, Azucena and Violeta, which was later approved by the trial court. Thus, petitioner was deprived of its day in court when it was not made a party to the Compromise Agreement and was not impleaded in the case.

Without due notice to petitioner, the RTC Orders for the writ of execution, cancellation, and the issuance of new certificates of title are void for lack of jurisdiction. *Res inter alios judicatae nullum aliis praejudicarium faciunt*[91]—a person who was not impleaded in the complaint cannot be bound by the decision rendered therein, for no person shall be affected by a proceeding in which they are a stranger.[92] Petitioner has thus properly availed of the present petition for review on *certiorari* to annul and set aside for want of jurisdiction the decision and all proceedings before the RTC, as the lack of jurisdiction is a sufficient ground to annul the September 17, 2010 Writ of Execution which prompted the issuance of a new title in favor of respondent and the cancellation of petitioner's TCT No. 261777. These orders must be annulled and set aside as the RTC which rendered them had no jurisdiction over petitioner, an indispensable party, which was not impleaded. As a consequence, the certificate of title issued in respondent's name for the Malate lot, pursuant to the assailed orders, is likewise void, as it is a well-settled rule that a void title cannot give rise to a valid one. [93]

Respondent's lien over and execution against the Malate lot are simply an excessive attachment and execution

The Notice of Levy on attachment over the Malate lot and the subsequent execution against the same cannot be upheld for being patently excessive.

In *Spouses Buan v. Court of Appeals*,[94] where two parcels of land were levied and the public auction of merely one would have sufficed to satisfy the judgment award in full, the Court ruled that this rendered the levy and attempted execution upon the second

parcel an impermissible overreach beyond the creditor's rightful entitlement, and the execution should not exceed the measure of the judgment it fulfills.[95]

Similarly, in *Republic v. National Labor Relations Commission*,[96] even though therein petitioner could not prove that therein respondent sheriffs had made an excessive levy, the Court held that it would not permit therein petitioner to lose properties worth PHP 4.5 billion when therein private respondent had purchased the subject properties for only PHP 11 million and had posted an indemnity bond of only PHP 60 million. Accordingly, the Court ruled that, in the interest of fairness, therein private respondent should be granted possession of no more than PHP 60 million worth only of the levied properties.[97]

In the present case, it bears emphasis that Ramirez's indebtedness to respondent in 2003 amounted to a mere PHP 3,650,385.41. Yet, when the sheriff annotated the Notice of Levy on the certificates of title covering both the Malate and Sta. Ana lots, the recorded zonal valuation of the Sta. Ana lot already stood at PHP 6,920,550.00,[98] while that of the Malate lot already stood at PHP 45,017,700.00.[99] In fact, it is on record that petitioner in 2003 paid a total of PHP 51,943,500.00 for the Malate lot alone.[100] Thus, by encumbering the titles of both the Malate and Sta. Ana lots, the sheriff effectively attached properties with a combined zonal value of PHP 51,938,250.00 to secure a debt of only PHP 3,650,385.41, representing an attachment ***14 times*** greater than the obligation.

By 2010, at the time of the execution sale, records show that the combined values of the Malate and Sta. Ana lots had increased to PHP 99,467,029.00.[101] As such, it is simply fundamentally unjust to allow respondent to foreclose on properties—the Malate and Sta. Ana lots—to settle a trifling PHP 3,650,385.41 debt, a staggering ***33-fold*** disparity in value. Such a striking disproportion is patently unconscionable and cannot be sanctioned by the Court.

Respondent was unjustly enriched to the detriment of petitioner

The Separate Concurring Opinion of Justice Singh and the Dissenting Opinion of Justice Carandang to the November 15, 2018 CA Resolution are worth noting.

Indeed, as both Justice Singh and Justice Carandang opined, a perusal of the records shows that the principle of unjust enrichment should apply in this case, considering that the value of the subject properties with their improvements has significantly appreciated.

As insightfully noted by Justice Singh in her Separate Concurring Opinion to the November 15, 2018 CA Resolution:

> That Momentum was able to acquire the foregoing properties for so much less but in gross excess of the original amount of [Ramirez's] obligation amounting to only [PHP 3,650,385.41] is unjust enrichment detrimental to Winluck (at least, with respect to the Malate [lot]). Article 22 of the Civil Code provides that "every person who through an act [or] performance by another, or any other means, acquires or comes into possession of something at the expense of the latter without just or legal ground, shall return the same to him."[102]

On the other hand, Justice Carandang clearly articulated in her Dissenting Opinion that:

> Not only was there an overlevy. The foregoing established facts clearly show that there was excessive execution done by the Sheriff in satisfying the judgment debt of Ramirez in favor of [Momentum]. Since the value of the [Sta. Ana lot] was more than sufficient to cover the judgment debt of Ramirez, the Sheriff should not have sold on execution the [Malate lot] and the building.[103]

In fine, in *Spouses Bulaong v. Gonzales*,[104] the Court ruled that while the general policy of the law is to sustain execution sales, the sale may be set aside where there is a resulting injury based on fraud, mistake and irregularity:

> Where the property to be sold consists of distinct lots, tracts or parcels, or is susceptible of division without injury, it should be offered for sale in parcels and not *en masse*, for the reason that a sale in that manner will generally realize the best price, and will not result in taking from the debtor any more property than is necessary to satisfy the judgment. It will also enable the defendant to redeem any one or more of the parcels without being compelled to redeem all the land sold. A sale of additional land or personal properly after enough has been sold to satisfy the judgment is unauthorized.
>
> While the general policy of the law is to sustain execution sales, the sale may be set aside where there is a resulting injury based on fraud, mistake and irregularity. Where the properties were sold together when the sale of less than the whole would have been sufficient to satisfy the judgment debt, the sale may be set aside.
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> . . . .
>
> From this premise, we can logically assume that the sale of just one of the lots would have been sufficient to satisfy the judgment debt. Yet no explanation was provided as to why the sheriff sold both parcels of land at the execution sale for the paltry sum of [PHP 640,354.14]. This act undoubtedly resulted in great prejudice to the Bulaongs. To our minds, this renders the execution sale defective, and provides sufficient ground for us to set the sale aside.[105] (Citations omitted)

Further, in *Caja vs. Nanquil*,[106] the Court ruled that the sheriff must ascertain the amount of real properties levied to prevent an overlevy, and may look into the tax declaration, among others, to determine their value.[107]

In view of the foregoing, in the interest of fairness and equity, and for the expeditious administration of justice, this Court upholds the validity of the RTC Decision based on the Compromise Agreement but only insofar as the Sta. Ana lot is concerned. Insofar as the Malate lot is concerned, the following are declared void for being issued without jurisdiction:

(1) the September 17, 2010 Writ of Execution;
(2) the December 10, 2010 Sheriff's Sale;
(3) the December 22, 2010 Sheriff's Certificate of Sale;
(4) the November 27, 2012 Sheriff's Final Deed; and
(5) the June 25, 2013 Writ of Possession.

Pursuant to the annulment of the execution sale with respect to the Malate lot and building, respondent is ordered to return the rental income it collected from the tenants of the Malate building for the period spanning July to December 2013, along with the applicable legal interest. Furthermore, given that respondent paid PHP 4,719.301.00 for the Malate lot during the execution sale, the said amount shall be returned to respondent in view of the cancellation of the execution sale.

ACCORDINGLY, the Petition is **GRANTED**. The September 21, 2016 Decision and the November 15, 2018 Resolution of the Court of Appeals in CA-G.R. SP No. 130580 are **REVERSED**. The Compromise Agreement approved by the Regional Trial Court on September 8, 2009 is **VALID** only insofar as the Sta. Ana lot is concerned, and **VOID** as to the Malate lot and the commercial building situated on the lot. The execution sale on the Malate lot and commercial building is likewise **VOID**. Respondent Momentum Construction & Development Corporation is ordered to **RETURN** to petitioner Winluck Star Estate Corporation all rentals received from the lessees of the building during the time respondent was in possession plus legal interest of 6% per annum until full payment.

The Registry of Deeds for the City of Manila is ordered to **CANCEL** Transfer Certificate of Title No. 002-2013001422 issued in the name of respondent Momentum Construction & Development Corporation and **RE-ISSUE** Transfer Certificate of Title No. 261777 in the name of petitioner Winluck Star Estate Corporation.

All orders, rulings, resolutions, and decisions issued by the lower courts inconsistent with this Decision are likewise **SET ASIDE**.

SO ORDERED.

Gesmundo, C.J. (Chairperson), Hernando, Zalameda, and *Dimaampao*,* *JJ.*, concur.

[*] Designated additional member per Raffle dated August 17, 2022.

[1] *Rollo*, pp. 97-98.

[2] *Id.* at 98.

[3] *Id.*

[4] *Id.*

[5] *Id.* at 11.

[6] *Id.* at 98.

[7] *Id.* at 99.

[8] CA *rollo*, p. 40.

[9] *Rollo*, p. 99.

[10] *Id.* at 96.

[11] The October 16, 2003 Writ of Preliminary Attachment was issued by Judge Luis J. Arranz of Branch 11, Regional Trial Court, Manila.

[12] *Rollo*, pp. 97-98.

[13] *Id.* at 98.

[14] *Id.* at 99.

[15] *Id.*

[16] *Id.*

[17] *Id.* at 99-100.

[18] *Id.* at 100. The September 9, 2005 Order was issued by Judge Luis J. Arranz of Branch 11, Regional Trial Court, Manila.

[19] *Id.*

[20] *Id.* at 683. The April 28, 2008 Order was issued by Presiding Judge Cicero D. Jurado, Jr. of Branch 11, Regional Trial Court, Manila.

[21] *Id.*

[22] *Id.* at 684.

[23] *Id.* at 100.

[24] *Id.* at 102.

[25] *Id.* The September 8, 2009 Decision in Civil Case No. 03-108069 was penned by Presiding Judge Cicero D. Jurado, Jr. of Branch 11, Regional Trial Court, Manila.

[26] *Id.*

[27] CA *rollo*, pp. 701-705.

[28] *Rollo*, pp. 211-212. The September 17, 2010 Writ of Execution was issued by Presiding Judge Cicero D. Jurado, Jr. of Branch 11, Regional Trial Court, Manila.

[29] *Id.* at 103.

[30] *Id.* at 402. The November 12, 2012 Order was issued by Presiding Judge Cicero D. Jurado, Jr. of Branch 11, Regional Trial Court, Manila.

[31] *Id.* at 396-400.

[32] *Id.* at 403-404. The November 26, 2012 Order was issued by Presiding Judge Cicero D. Jurado, Jr. of Branch 11, Regional Trial Court, Manila.

[33] CA *rollo*, pp. 708-710.

[34] *Id.* at 711-713.

[35] *Rollo*, p. 104.

[36] *Id.*

[37] *Id.* at 412.

[38] *Id.*

[39] *Id.* at 420-421.

[40] *Id.* at 422-423. The June 20, 2013 Order was issued by Presiding Judge Cicero D. Jurado, Jr. of Branch 11, Regional Trial Court, Manila.

[41] *Id.* at 424. The June 25, 2013 Order was issued by Presiding Judge Cicero D. Jurado, of Branch 11, Regional Trial Court, Manila.

[42] CA *rollo*, pp. 32-33.

[43] *Id.* at 34-35.

[44] *Rollo*, p. 104. The Petition pursuant to Rule 47 of the Revised Rules of Court, was filed with an Application for Temporary Restraining Order and/or Writ of Preliminary Injunction.

[45] *Id.* at 104-105.

[46] *Id.* at 105.

[47] *Id.*

[48] *Id.* at 95-127. The September 21, 2016 Decision in CA-G.R. SP. No. 130580 was penned by Associate Justice Leoncia Real-Dimagiba and concurred in by Associate Justices Ricardo R. Rosario (now a Member of this Court) and Rosmari D. Carandang (now a retired Member of this Court).

[49] *Id.* at 126-127.

[50] *Id.* at 113-114.

[51] *Id.* at 115.

[52] *Id.* at 118.

[53] *Id.* at 117.

[54] *Id.*

[55] *Id.* at 122.

[56] *Id.* at 124.

[57] *Id.* at 125.

[58] *Id.* at 126.

[59] *Id.* at 129-134.

[60] *Id.* at 6-93.

[61] *Id.* at 95-127.

[62] *Id.* at 129-134.

[63] CA *rollo*, pp. 28-29.

[64] *Id.* at 30-31.

[65] The present Petition likewise seeks to reverse and nullify the following:

(1) The August 27, 2009 Compromise Agreement insofar as it stipulates on the Malate lot and building;
(2) The August 27, 2009 CA Decision insofar as it affirms the validity of the stipulation in the Compromise Agreement pertaining to the Malate lot and building;
(3) The September 17, 2010 Writ of Execution as to the Malate lot and building;
(4) The Sheriff's Sale conducted on December 10, 2010 as to the Malate lot and building;
(5) The December 22, 2010 Sheriffs Certificate of Sale as to the Malate lot and building;
(6) The November 27, 2012 Sheriffs Final Deed as to the Malate lot and building;
(7) The April 10, 2013 and June 20, 2013 Orders issued by the RTC;
(8) The June 25, 2013 Writ of Possession issued by the RTC; and
(9) The June 25, 2013 Sheriff's Notice to Vacate;

and to declare the new TCT No. 002-2013001422 issued in the name of respondent Momentum as null and void; direct the re-issuance of petitioner Winluck's TCT No. 261777; and to order respondent Momentum to return the rental payments it collected from petitioner Winluck's lessees from July to December 2013 in the total amount of PHP 4,260,000.00 including interest of 6% per annum until fully paid.

[66] **Cu v. Ventura**, 840 Phil. 650, 657 (2018) [Per J. Peralta, Third Division].

[67] **Genato Investments, Inc. v. Judge Barrientos**, 739 Phil. 642, 650 (2014) [Per J. Perez, Second Division].

[68] **Alaban v. Court of Appeals**, 507 Phil. 682, 694 (2005) [Per J. Tinga, Second Division].

[69] *Id.*

[70] **Frias v. Alcayde**, 826 Phil. 713, 731 (2018) [Per J. Tijam, First Division].

[71] *Id.*

[72] **Arrieta v. Arrieta**, 843 Phil. 488, 496 (2018) [Per J. Perlas-Bernabe, Second Division]. (Citation omitted)

[73] 852 Phil. 163, 171 (2019) [Per J. Reyes, J., Jr., Second Division].

[74] *Id.* (Emphasis supplied)

[75] 924 Phil. 562 (2022) [Per C.J. Gesmundo, First Division].

[76] *Id.* at 571.

[77] **G.R. No. 272308**, February 24, 2025 [Per J. Singh, Third Division].

[78] *Id.* at 10-11. This pinpoint citation refers to the copy of the Decision uploaded to the Supreme Court website.

[79] 715 Phil. 484 (2013) [Per J. Peralta, Third Division].

[80] *Id.* at 494.

[81] 954 Phil. 220 (2024) [Per J. Lopez, J., Second Division].

[82] *Id.* at 229, *citing* **Heirs of Dela Corla, Sr. v. Alag-Pitogo**, 871 Phil. 356, 369 (2020) [Per J. Inting, Second Division].

[83] RULES OF COURT, Rule 3, sec. 11 states:

Sec. 11. Misjoinder and non-joinder of parties. — Neither misjoinder nor non-joinder of parties is ground for dismissal of an action. Parties may be dropped or added by order of the court on motion of any party or on its own initiative at any stage of the action and on such terms as are just. Any claim against a party may be severed and proceeded with separately.

[84] 844 Phil. 334 (2018) [Per J. Peralta, Third Division].

[85] *Id.* at 346-347.

[86] **Tumagan v. Kairuz**, 840 Phil. 58, 66 (2018) [Per J. Jardeleza, First Division].

[87] *Id.*

[88] **Heirs of Manzano v. Kinsonic Philippines, Inc.**, 936 Phil. 1053, 1061 (2023) [Per J. Gaerlan, Third Division].

[89] **Uy v. Commission on Elections**, 945 Phil. 446, 513 (2023) [Per J. Lopez, *En Banc*], *citing* **Zacarias v. Anacay**, 744 Phil. 201, 213-214 (2014) [Per J. Villarama, Jr., Third Division].

[90] **Technical Education and Skills Development Authority v. Abragar**, 898 Phil. 682, 696 (2021) [Per J. Hernando, Third Division].

[91] Matters adjudged in a cause do not prejudice those who were not parties to it. (BLACK's LAW DICTIONARY 1178 [5th ed.]).

[92] **Arcelona v. Court of Appeals**, 345 Phil. 250, 270 (1997) [Per J. Panganiban, Third Division].

[93] **Spouses Yu Hwa Ping v. Ayala Land Inc.**, 851 Phil. 421, 453 (2019) [Per J. Peralta, Special Second Division].

[94] 305 Phil. 458 (1994) [Per J. Bidin, Third Division].

[95] *Id.* at 467.

[96] 314 Phil. 507 (1995) [Per J. Puno, Second Division].

[97] *Id.* at 538-539.

[98] *Rollo*, p. 64.

[99] *Id.* at 66.

[100] CA *rollo*, p. 40.

[101] *Rollo*, p. 68.

[102] *Id.* at 138.

[103] *Id.* at 179.

[104] 672 Phil. 315 (2011) [Per J. Brion, Second Division].

[105] *Id.* at 340-341.

[106] 481 Phil.188 (2004) [Per J. Chico-Nazario, *En Banc*].

[107] *Id.* at 511.

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