Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

CAMARINES SUR IV ELECTRIC COOPERATIVE, INC. and ATTY. VERONICA T. BRIONES,	**G.R. No. 204641**
Petitioners,	Present:
	CARPIO, *J., Chairperson,*
	BERSAMIN,*
	DEL CASTILLO,
- versus -	MENDOZA, and
	LEONEN, *JJ.*
	Promulgated:
EXPEDITA L. AQUINO,	
Respondent.	29 JUN 2015

x ---------- x

DECISION

MENDOZA, *J.*:

This is a petition for review on *certiorari* under Rule 45 of the 1997 Rules of Civil Procedure assailing the July 10, 2012 Decision[1] and the November 26, 2012 Resolution[2] of the Court of Appeals *(CA),* in CA-G.R. CV No. 95416, which reversed the January 29, 2010 Order[3] of the Regional Trial Court *(RTC)*, Branch 27, Naga City, dismissing the complaint[4] filed by herein respondent Expedita L. Aquino *(Aquino)* against the petitioners, Camarines Sur IV Electric Cooperative, Inc. *(CASURECO)* and Atty. Veronica T. Briones *(Atty. Briones),* in Civil Case No. 2009-0040.

---

* Designated Acting Member in lieu of Associate Justice Arturo D. Brion, per Special Order No. 2079, dated June 29, 2015.

[1] *Rollo*, pp. 18-26. Penned by Associate Justice Jose C. Reyes, Jr. with Associate Justice Mario V. Lopez and Associate Justice Socorro B. Inting, concurring.

[2] Id. at 28.

[3] Id. at 69-71.

[4] Id. at 43-49.

The Factual Antecedents

Petitioner CASURECO was an electric cooperative engaged in the distribution of electricity within the Partido area of Camarines Sur and Atty. Briones was its General Manager.[5] Aquino, on the other hand, was a former employee of CASURECO who was then intending to put up a computer-gaming shop. She leased a commercial building situated in Poblacion, Tigaon, Camarines Sur. Considering that the electrical service of the eased premises was not connected, she paid the reconnection fee using the registered electrical account of the previous tenant, a certain Angelina Paglinawan.

On December 20, 2002, while renovation was ongoing at the leased premises for Aquino's computer-gaming shop, CASURECO discovered evidence of electricity pilferage in the said property. After the parties tried a conciliation, no settlement was reached. CASURECO gave Aquino options to avoid permanent disconnection of her electricity and criminal prosecution which the latter found to be tantamount to an admission of guilt. On January 23, 2003, the electricity in Aquino's leased property was permanently disconnected.

The First Case

On January 30, 2003, Aquino filed a complaint for damages against CASURECO before the RTC-Branch 62 *(RTC-Br. 62)*, docketed as Civil Case No. 2003-023. She sought to recover damages from CASURECO in connection with the disconnection of electricity in her leased commercial space. CASURECO, in its Answer, set up an affirmative defense stating that the complaint failed to state a cause of action alleging that there was no contract between the parties to supply electricity. Aquino amended her complaint, but CASURECO maintained its prayer for the dismissal of the case. After treating it as a motion to dismiss, RTC-Br. 62, at first, denied the same in an order, dated July 10, 2003.[6]

On December 22, 2003, upon CASURECO's motion for reconsideration, RTC-Br. 62 issued an order granting the motion to dismiis the complaint, holding that the reconnection fee did not create a new contract between the parties as it was paid in the name of its previous lessee, whose contract ceased upon the disconnection of the electrical service.

---

[5] Id. at 174.
[6] Lifted from *Camarines Sur IV Electric Cooperative, Inc. v. Aquino*, 587 Phil. 705, 708 (2008).

On January 5, 2004, Aquino filed her motion for reconsideration with notice of hearing setting the hearing on the said motion on January 9, 2004. Aquino, however, mailed a copy of her motion to opponent's counsel on the same date. CASURECO opposed the motion arguing that it did not comply with the 3-day notice rule of the Rules of Court. The motion was eventually denied for lack of merit.

Aquino appealed to the CA. CASURECO argued that Aquino's motion for reconsideration was flawed and, thus, it did not bar the running of the reglementary period to file an appeal. The CA ruled in Aquino's favor stating that RTC-Br. 62 erred in dismissing her complaint because there was a cause of action.

Thereafter, CASURECO questioned that CA ruling before this Court. On September 23, 2008, the Court, in G.R. No. 167691, granted CASURECO's petition. The Court observed that Aquino's motion for reconsideration was defective as it did not comply with the 3-day rule under Section 4, Rule 15 of the Rules of Court. Resultantly, the defective motion did not stop the running of her period to appeal. For this reason, her appeal to the CA should have been dismissed outright because the decision of RTC-Br. 62 in Civil Case No. 2003-02, had, by then, already become final and executory.[7] The Court, however, opined that Aquino had a valid cause of action. Relevant portions are herein quoted:

> Based on the allegations in the amended complaint, we hold that respondent stated a cause of action for damages. Respondent was in possession of the property supplied with electricity by petitioner when the electric service was disconnected. This resulted in the alleged injury complained of which can be threshed out in a trial on the merits. Whether one is a party or not in a contract is not determinative of the existence of a cause of action because even a third party outside the contract can have a cause of action against either or both contracting parties.[8]

The Present Case

On March 20, 2009, Aquino filed another complaint for damages against CASURECO, this time impleading Atty. Briones as co-defendant claiming that the latter, with the implied consent of CASURECO, deliberately and maliciously executed acts which tarnished her reputation

---

[7] Id. at 37-39.
[8] *Camarines Sur IV Electric Cooperative, Inc. v. Aquino*, supra note 6, at 710.

and caused her financial losses.[9] The case was raffled to RTC-Br. 27 of Naga City and docketed as Civil Case No. 2009-0040.

In their Answer with Compulsory Counterclaim,[10] CASURECO and Atty. Briones countered that some allegations in Aquino's complaint pertained to employer-employee relationship, which was outside the jurisdiction of the RTC.[11] They likewise set up *res judicata*, failure to exhaust administrative remedies, lack of cause of action, prescription, and forum shopping, as grounds for the dismissal of the said complaint.

On January 29, 2010, RTC-Br. 27 dismissed the complaint explaining that *res judicata* had already set in because of the earlier case, Civil Case No. 2003-023, which was filed between the same parties with the same cause of action and dismissed by the trial court on the ground that Aquino had no cause of action. The dismissal of the case was affirmed by the Court in G.R. No. 167691,[12] thus, making the said ruling final and executory. Furthermore, RTC-Br. 62 held that Aquino failed to exhaust administrative remedies as she did not initially file her complaint with the Energy Regulatory Board (*ERB*), the mandatory agency tasked to handle consumer complaints.

On February 12, 2010, CASURECO and Atty. Briones filed their Motion to Set Defendant's Presentation of Evidence with RTC-Br. 27, which the latter, however, denied as it had already lost jurisdiction over the case when Aquino perfected her appeal.

Aggrieved by the March 18, 2010 Order of RTC-Br. 27, CASURECO and Atty. Briones elevated their case before the CA, while Aquino had already appealed the trial court's January 29, 2010 Order.

In advocacy of her position, Aquino argued that there was no *res judicata* because the earlier decision rendered in Civil Case No. 2003-023 was not a judgment on the merits. With respect to the issue that she failed to exhaust administrative remedies, she contended that the provision of Republic Act *(R.A.)* No. 9136, otherwise known as the Electric Power Reform Act of 2001, merely directed the ERC to handle consumer complaints but it did not mean that the ERC was vested with original and exclusive jurisdiction over said matters.

---

[9] *Rollo*, pp. 43-49.
[10] Id. at 50-64.
[11] Id. at 51.
[12] Id. at 29-40.

CASURECO and Atty. Briones, on the other hand, asserted that the perfection of an appeal was insufficient to cause a trial court to lose its jurisdiction over a case. It added that it was also necessary that the period of the other party to appeal must have expired.

On July 10, 2012, the CA granted both appeals.

The CA agreed with Aquino that her Second complaint before the RTC was barred by *res judicata.* It explained that the judgment dismissing Aquino's first complaint was not one on the merits. Hence, there was no presentation yet of the respective evidence of the parties and no determination of the rights and obligations with respect to the causes of action and subject matter of the case. The CA likewise held that Aquino's supposed failure to exhaust administrative remedies was not applicable in the case as there was nothing in R.A. No. 9136 which provided that the ERC had exclusive jurisdiction to hear and decide complaints for damages filed by consumers against power companies. Finally, the CA, in granting Aquino's prayer that the case be remanded to the RTC for trial on the merits, also accorded CASURECO and Atty. Briones the opportunity to present their evidence in the said trial to support their counterclaim. The *fallo* of the CA decision reads:

> **WHEREFORE**, THE APPEALS OF EXPEDITA L. AQUINO, ATTY. VERONICA T. BRIONES AND THE CAMARINES SUR IV ELECTRIC COOPERATIVE, INC., ARE HEREBY **GRANTED**. THE ORDERS DATED JANUARY 29, 2010 AND MARCH 18, 2010 ISSUED BY THE REGIONAL TRIAL COURT, BRANCH 27 OF NAGA CITY IN CIVIL CASE NO. RTC 2009-0040 ARE HEREBY **REMANDED** TO THE REGIONAL TRIAL COURT FOR TRIAL ON THE MERITS.
>
> **SO ORDERED**.[13]

Subsequently, CASURECO and Atty. Briones filed their Motion for partial reconsideration, but it was denied by the CA in its November 26, 2012 Resolution[14] for lack of merit.

Hence, the present petition.

ISSUES

I. WHETHER OR NOT THE DISMISSAL OF CIVIL CASE NO. 2003-023 OPERATES AS A BAR TO CIVIL CASE RTC 2009-0040 UNDER THE PRINCIPLE OF RES JUDICATA; and

---

[13] Id. at 25.
[14] Id. at 28.

II. WHETHER OR NOT RESPONDENT'S CAUSE OF ACTION HAS PRESCRIBED.[15]

Petitioners CASURECO and Atty. Briones argue that Civil Case No. 2003-023 was dismissed based on undisputed facts and not on mere technicalities. In the said case, it was held by the RTC that Aquino's complaint stated no cause of action. Therefore, Aquino had no right to pursue the claim against CASURECO, and the latter, in turn, had no obligation to Aquino. The petitioners insist that the judgment made by the trial court was one on the merits, notwithstanding the absence of a full-blown trial.[16]

Furthermore, the petitioners stress that the Court declared in no uncertain terms that the December 22, 2003 Order of the RTC was already final and executory because the period within which to file an appeal had already prescribed. As such, the said order could no longer be altered even it be erroneous.[17] Besides, as the petitioners asserted, if it was the intention of the Court to grant Aquino the opportunity to ventilate her case further, the petition for review should have been denied and the case should have been remanded to the court of origin.[18]

Finally, even assuming that *res judicata* was not applicable, the petitioners argue that Civil Case No. RTC 2009-0040 should have been dismissed by the RTC on the ground of prescription. The electric disconnection for which Aquino was suing was implemented on January 23, 2003, or six (6) years before the filing of the second complaint. Even if the period of pendency of Civil Case No. 2003-023 were to be excluded, and the running of prescription were to be reckoned from January 2004, five (5) years had already elapsed when the second complaint was filed, which is a violation of Article 1146[19] of the Civil Code.[20]

Respondent's Position

Respondent Aquino, on the other hand, insists that the rule on *res judicata* does not apply in the present case as the third element for *res judicata* to set in, that the disposition of the case must be a judgment on the merits, is not attendant. She reiterates that the dismissal of the first case,

---

[15] Id. at 177.
[16] Id. at 8.
[17] Id. at 10.
[18] Id. at 180.
[19] The following must be instituted within **four years**:
(1) Upon an injury to the rights of the plaintiff
(2) Upon a quasi-contract
[20] *Rollo*, p. 181.

Civil Case No. 2003-023, was not a judgment on the merits.[21] Citing the decision of the Court in G.R. No. 167691 holding that she was able to state a cause of action for damages which could be threshed out in a trial on the merits, Aquino claims that she filed the second complaint to ventilate her cause of action against the petitioners[22] in order to give life to this Court's ruling.

Regarding the issue of prescription, Aquino counters that prescription should be reckoned from the date when the decision of the Court in G.R. No. 167691 became final and executory on February 23, 2009. Thus, her filing of the complaint for damages against the petitioners on March 20, 2009, was well within the prescriptive period.

The Court's Ruling

After a careful examination of the records of this case, the Court finds no merit in the petition.

Section 47 of Rule 39 of the Rules of Court discusses the concept of *res judicata*, to wit:

> Sec. 47. Effect of judgments or final orders. - The effect of a judgment or final order rendered by a court of the Philippines, having jurisdiction to pronounce the judgment or final order, may be as follows:
>
> x x x
>
> (b) In other cases, the judgment or final order is, with respect to the matter directly adjudged or as to any other matter that could have been raised in relation thereto, conclusive between the parties and their successors in interest by title subsequent to the commencement of the action or special proceeding, litigating for the same thing and under the same title and in the same capacity; 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 actually and necessarily included therein or necessary thereto.

The principle of *res judicata* lays down two main rules: (1) the judgment or decree of a court of competent jurisdiction on the merits concludes the litigation between the parties and their privies and constitutes

---

[21] Id. at 194.
[22] Id. at 195.

a bar to a new action or suit involving the same cause of action either before the same or any other tribunal, it is also commonly called as "*bar by prior judgment*" enunciated in Rule 39, Section 47 (b)[23] of the Rules of Civil Procedure and (2) any right, fact, or matter in issue directly adjudicated or necessarily involved in the determination of an action before a competent court in which a judgment or decree is rendered on the merits is conclusively settled by the judgment therein and cannot again be litigated between the parties and their privies whether or not the claims or demands, purposes, or subject matters of the two suits are the same or known as "*conclusiveness of judgment*" in Rule 39, Section 47 (c).[24]

"Bar by prior judgment" arises when, as between the first case where the judgment was rendered, and the second case that is sought to be barred, there is identity of parties, subject matter, and causes of action. But where there is identity of parties and subject matter in the first and second cases, but no identity of causes of action, the first judgment is conclusive only as to those matters actually and directly controverted and determined and not as to matters merely involved therein. This is "conclusiveness of judgment."[25] Under the doctrine of conclusiveness of judgment, the facts and issues actually and directly resolved in a former suit cannot again be raised in any future case between the same parties, even if the latter suit may involve a different claim or cause of action.[26] The identity of causes of action is not required but merely identity of issues.[27]

A case is barred by prior judgment or *res judicata* when the following requisites concur: (1) the former judgment is *final*; (2) it is rendered by a court having *jurisdiction* over the subject matter and the parties; (3) it is a judgment or an order *on the merits*; (4) there is -- between the first and the second actions -- *identity* of parties, of subject matter, and of causes of action.[28]

---

[23] RULE 39, SEC. 47. *Effect of judgments or final orders.* – …

x x x

(b) In other cases , the judgment or final order is, with respect to the matter directly adjudged or as to any other matter that could have been raised in relation thereto, conclusive between the parties and their successors in interest by title subsequent to the commencement of the action or special proceeding, litigating for the same thing and under the same title and in the same capacity; . . .

[24] RULE 39, SEC. 47. *Effect of judgments or final orders.* – …

x x x

(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.

[25] *Padillo v. Court of Appeals*, 422 Phil. 334, 349 (2001), citing *Islamic Directorate of the Phils. v. Court of Appeals*, 338 Phil. 956, 980 (1997).

[26] *Rizal Surety and Insurance Company v. Court of Appeals*, 390 Phil. 1126, 1138 (2000), citing *Smith Bell and Company (Phils.), Inc. v. Court of Appeals*, 274 Phil. 472, 481-482 (1991).

[27] *Tan v. Court of Appeals*, 415 Phil. 675, 681 (2001).

[28] *Allied Banking Corporation v. CA*, G.R. No. 108089, January 10, 1994, 229 SCRA 252, 258.

There is no dispute that the RTC of Naga City had jurisdiction over the first case. Its December 22, 2003 Order dismissing the case for failure to state a cause of action had become final and executory as affirmed by the Court in its September 23, 2008 Decision in G.R. No. 167691. Although the parties in this case are not strictly alike, jurisprudence does not dictate absolute identity but only substantial identity.[29] There is substantial identity of parties when there is a community of interest between a party in the first case and a party in the second case, even if the latter was not impleaded in the first case.[30] Thus, there is identity of parties between the first and second cases. In fact, it can be said that there are identical subject matter and causes of action between the two cases.

The crux of the controversy is whether the first case was a judgment or order rendered on the merits. A judgment or order is said to be on the merits of the case when it determines the rights and liabilities of the parties based on the ultimate facts as disclosed by the pleadings or issues presented for trial. It is not required that a trial, actual hearing, or argument on the facts of the case ensued, for as long as the parties had the full legal opportunity to be heard on their respective claims and contentions.[31] On this point, the Court holds that the first case was not a judgment or order based on the merits.

In *Luzon Development Bank vs. Conquilla*,[32] the Court ruled that even a dismissal on the ground of "failure to state a cause of action" may operate as *res judicata* on a subsequent case involving the same parties, subject matter, and causes of action, *provided* that the order of dismissal *actually ruled on the issues raised*. What appears to be essential to a judgment on the merits is that it be a reasoned decision, which clearly states the facts and the law on which it is based.[33]

In this case, however, the RTC order of dismissal in the first case *did not actually rule on the issues raised in the complaint* as it did not squarely discuss the rights and liabilities of the parties based on the ultimate facts as disclosed by the pleadings, but merely skirted around the lack of a source of obligation between the parties. Thus, the ruling thereon cannot operate as a bar on a subsequent re-filing. Stated otherwise, although the December 22,

---

[29] *Development Bank of the Philippines v. Court of Appeals*, 409 Phil. 717, 731 (2001), citing *Republic v. Court of Appeals*, 381 Phil. 558, 566 (2000).
[30] *Santos v. Heirs of Dominga Lustre*, 583 Phil. 118, 127 (2008), citing *Sendon v. Ruiz*, 415 Phil. 376, 385 (2001).
[31] *Perez v. Court of Appeals*, 502 Phil. 346, 364 (2005).
[32] 507 Phil. 509 (2005).
[33] Id. at 524.

2003 Order of the RTC granting the motion to dismiss the first case had already become final and executory, *res judicata* will not apply to the present case, for the first case is not a judgment on the merits.

As to the issue of whether the action has already prescribed, the Court answers in the negative.

An action for damages predicated "upon an injury to the rights of the plaintiff" must be instituted within four (4) years.[34] As in other causes of action, however, the prescriptive period for money claims is subject to interruption, Article 1155 of the Civil Code expressly provides:

> Article 1155. The prescription of actions is interrupted when they are filed before the Court, when there is written extra-judicial demand by the creditors, and when there is any written acknowledgment of the debt by the debtor.

When respondent Aquino instituted an action for damages in 2003, the filing of the said case legally interrupted its prescription in accordance with Article 1155 of the Civil Code. As Article 1155 does not qualify, the interruption subsisted during the pendency of the action until its final resolution, which in this case, lasted until the entry of the final judgment in 2009. Thus, when she filed the second case in 2010, the statute of limitations had not yet expired.

WHEREFORE, the petition is **DENIED**. The July 10, 2012 Decision and the November 26, 2012 Resolution of the Court of Appeals, in CA-G.R. CV No. 95416, are **AFFIRMED.**

SO ORDERED.

JOSE CATRAL MENDOZA
Associate Justice

---

[34] Art. 1146 of the New Civil Code states:
Art. 1146. The following actions must be instituted within four years:
(1) Upon an injury to the rights of the plaintiff;
(2) Upon a quasi-delict;

WE CONCUR:

ANTONIO T. CARPIO
Associate Justice
Chairperson

LUCAS P. BERSAMIN
Associate Justice

MARIANO C. DEL CASTILLO
Associate Justice

MARVIC M.V.F. LEONEN
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