

CALIFORNIA COURT OF APPEAL, SECOND DISTRICT, DIVISION FOUR

Gonzales v. Gem Properties, Inc.

37 Cal. App. 3d 1029, 112 Cal. Rptr. 884 (Cal. Ct. App. 1974) · No. 42065 · Decided March 18, 1974

SUMMARY

The California Court of Appeal considered whether res judicata barred Gonzales's superior court action challenging a trustee's sale after an unlawful detainer judgment had been entered against him. The court held that the summary unlawful detainer proceeding did not provide a full adversary hearing on alleged fraudulent conduct affecting title, so the subsequent action was not barred. It affirmed the judgment declaring the trustee's sale and deed void, reversed insofar as the judgment failed to provide for return of the property or compensation, and remanded for further proceedings.

CASE DETAILS

COURT	California Court of Appeal, Second District, Division Four
WRITING FOR THE COURT	Jefferson, Acting P.J.; Kingsley, J.; Dunn, J.
JURISDICTION	California
DECIDED	March 18, 1974
DOCKET	42065
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Defendants appealed from a superior court judgment declaring a trustee's sale void and the trustee's deed invalid, awarding punitive damages, and failing to order redemption or compensation.
STANDARD OF REVIEW	Because the appeal was based on a partial clerk's transcript containing the judgment roll, the sufficiency of the evidence to support the trial court's factual findings was not at issue. The appellate court reviewed the legal effect of the prior unlawful detainer judgment and the propriety of the relief granted.
PRECEDENTIAL VALUE	published opinion
PARTIES	Gem Properties, Inc., Max D. Kessler, other defendants v. Joseph Gonzales

TOPICS

- foreclosure
- title disputes
- res judicata
- remedies
- appellate procedure

PRACTICE AREAS

real estate

civil procedure

appellate procedure

remedies

torts

QUESTIONS PRESENTED

1. Whether the prior unlawful detainer judgment barred Gonzales's subsequent action seeking equitable relief and damages to invalidate a trustee's sale allegedly procured by fraud.
2. Whether the superior court's judgment declaring the trustee's sale and deed void was deficient because it did not order either return of the property or compensation for its loss.
3. Whether the court needed to decide the challenge to punitive damages where compensatory damages had not yet been determined.

HOLDINGS

1. The subsequent action was not barred by res judicata because the summary unlawful detainer proceeding did not provide Gonzales a full and fair opportunity to litigate an equitable attack based on fraud in the acquisition of title.
2. The judgment had to be reversed insofar as it failed to award either return of the property or compensation for its loss.
3. The court did not decide whether punitive damages were properly assessed without a compensatory-damages award because the case had to be remanded for determination of compensatory relief.

KEY QUOTATIONS

“We believe that the Legislature did not intend, by the passage of section 1161a, to require a defendant to litigate the elements of an action for affirmative equitable relief in such summary proceedings or to be forever barred from suit.” (1036-1037)

“We conclude that the subsequent suit was not barred by the doctrine of res judicata.” (1037)

FACTUAL BACKGROUND

Joseph Gonzales owned a residence securing a \$3,100 second deed of trust. After a dispute concerning payments, foreclosure proceedings were initiated, and Gem Properties purchased the delinquent note and deed of trust before acquiring the property at a trustee's sale for \$691.88 plus foreclosure costs. Gem then obtained an unlawful detainer judgment and possession, while Gonzales separately challenged the sale, alleging fraud, collusion, efforts to discourage competitive bidding, and an inadequate sale price. The superior court found that defendants had acted collusively, deliberately, oppressively, fraudulently, recklessly, and maliciously to acquire the property for their own gain.

PROCEDURAL HISTORY

Gem Properties obtained the property at a trustee's sale and then prevailed in an unlawful detainer action in municipal court; that judgment was affirmed by the superior court's appellate department. Gonzales thereafter obtained superior court judgment in an action seeking to invalidate the trustee's sale, redeem the property, and

recover punitive damages based on defendants' fraudulent conduct. The Court of Appeal held that the unlawful detainer judgment did not bar the subsequent equitable action, affirmed the invalidity determination, and remanded for the superior court to award return of the property or compensation if return was impossible.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

The judgment was affirmed insofar as it declared the trustee's sale void and the trustee's deed invalid. It was reversed insofar as it failed to award either return of the property or compensation for its loss. The superior court was directed to modify the judgment to grant the proper relief and to take testimony, if necessary, concerning those matters.

CASES CITED

- In re Crow, 4 Cal. 3d 613, 622, 94 Cal. Rptr. 254, 483 P.2d 1206 (1971)
- Francis v. West Virginia Oil Co., 174 Cal. 168, 162 P. 394 (1917)
- Knowles v. Robinson, 60 Cal. 2d 620, 36 Cal. Rptr. 33, 387 P.2d 833 (1963)
- Lindsey v. Normet, 405 U.S. 56, 31 L. Ed. 2d 36, 92 S. Ct. 862 (1972)
- Cheney v. Trauzettel, 9 Cal. 2d 158, 69 P.2d 832 (1937)
- MCA, Inc. v. Universal Diversified Enterprises Corp., 27 Cal. App. 3d 170, 176, 103 Cal. Rptr. 522 (1972)
- Abrahamer v. Parks, 141 Cal. App. 2d 82, 296 P.2d 341 (1956)
- Kartheiser v. Superior Court, 174 Cal. App. 2d 617, 345 P.2d 135 (1959)
- Altman v. McCollum, 107 Cal. App. 2d Supp. 847, 236 P.2d 914 (1951)
- Kessler v. Bridge, 161 Cal. App. 2d Supp. 837, 327 P.2d 241 (1958)
- Cruce v. Stein, 146 Cal. App. 2d 688, 304 P.2d 118 (1957)
- Seidell v. Anglo-California Trust Co., 55 Cal. App. 2d 913, 132 P.2d 12 (1942)
- Bliss v. Security-First National Bank, 81 Cal. App. 2d 50, 183 P.2d 312 (1947)
- Freeze v. Salot, 122 Cal. App. 2d 561, 266 P.2d 140 (1954)
- High v. Cavanaugh, 205 Cal. App. 2d 495, 23 Cal. Rptr. 121 (1962)
- Byrne v. Baker, 221 Cal. App. 2d 1, 7, 34 Cal. Rptr. 178 (1963)
- Patapoff v. Reliable Escrow Service Corp., 201 Cal. App. 2d 484, 19 Cal. Rptr. 886 (1962)
- Haase v. Lamia, 229 Cal. App. 2d 654, 40 Cal. Rptr. 518 (1964)
- Strutt v. Ontario Savings & Loan Assn., 11 Cal. App. 3d 547, 90 Cal. Rptr. 69 (1970)