

****Title:****

Aurelio P. Alonzo and Teresita A. Sison vs. Jaime and Perlita San Juan, G.R. No. 491 Phil. 233

****Facts:****

Aurelio P. Alonzo and Teresita A. Sison (petitioners) filed a complaint for recovery of possession against Jaime and Perlita San Juan (respondents) before the Regional Trial Court (RTC) of Quezon City, alleging that respondents occupied a portion of their land without consent. During the trial, the parties entered into a Compromise Agreement, which was approved by the RTC. Under the agreement, the respondents agreed to purchase the disputed land through installment payments.

The respondents defaulted on payments due on July 31, 1997, and August 31, 1997. As stipulated in the agreement, should two installments not be paid, the contract would be nullified and initial payments forfeited. Petitioners moved for the issuance of a writ of execution to enforce the agreement and eject respondents from the property, which the RTC denied, declaring the Compromise Agreement null and void due to non-payment.

Petitioners filed for reconsideration, which was denied by the RTC. Aggrieved, petitioners filed a petition for review on certiorari to the Supreme Court.

****Issues:****

1. Whether the trial court erred in interpreting the Compromise Agreement and declaring it null and void due to non-payment.
2. Whether the respondents provided sufficient proof of payment under the Compromise Agreement.

****Court's Decision:****

1. ****Interpretation of the Compromise Agreement:****

- The Supreme Court ruled that the trial court erred in its interpretation. The Compromise Agreement, as a binding contract, should be interpreted in its entirety, harmonizing all provisions. Notably, the provisions stipulated that default by respondents resulted in the right of petitioners to ask for a writ of execution to eject respondents from the property. The trial court's interpretation rendered the agreement futile as it allowed respondents to benefit from their default, a scenario against the principle of compromisory agreements.

2. ****Proof of Payment:****

- The respondents failed to provide sufficient proof of payment. The checks presented as

evidence did not coincide with the payment schedule stipulated in the Compromise Agreement and were issued by an unrelated party, Cirila Cruz. Furthermore, no satisfactory explanation was provided regarding the checks' issuance, the disbursement discrepancies, and the absence of direct payments as specified. The law requires the debtor to prove full payment with receipts or equivalent documentation, which was not met by respondents.

****Doctrine:****

1. ****Contract Interpretation:**** Contracts, including Compromise Agreements, must be interpreted holistically, considering all stipulations together.
2. ****Burden of Proof in Payments:**** In civil cases, the debtor must prove payment with the requisite legal certainty. Receipts are the best evidence of payment.
3. ****Finality of Compromise Agreements:**** Once judicially approved, Compromise Agreements are immediately final and executory and can only be disturbed for proven vices of consent or forgery.

****Class Notes:****

- ****Contract Principles:**** Parties undertake reciprocal obligations; courts must interpret all provisions jointly (Article 1374, Civil Code).
- ****Burden of Proof:**** Section 1, Rule 131, Rules of Court; the debtor has the burden to show payment with the most credible evidence, typically receipts.
- ****Execution of Compromise Agreements:**** Article 2028, Civil Code; Compromise Agreements avoid litigation and once judicially approved, are immediately final and executory.
- ****Doctrine of Mandamus:**** Mandamus can compel the execution of a Compromise Agreement judicially approved.

****Historical Background:****

This case reflects the Philippine judiciary's tendency to respect and enforce judicially approved Compromise Agreements, maintaining their finality unless substantial legal flaws exist. The robust examination and interpretation practices outlined in this case underscore the critical nature of comprehensive contract review, ensuring equitable judicial outcomes and upholding legal certainty. This case also highlights the critical importance of proper and timely payment documentation in civil disputes regarding financial obligations.