

JULIA DE LA MERCED, ET AL., PLAINTIFFS-APPELLANTS, VS. THE ROMAN CATHOLIC ARCHBISHOP OF MANILA, ET AL., DEFENDANTS-APPELLEES.

G.R. No. L-24614. August 17, 1967

Ponente: REYES, J.B.L., Acting C.J.

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REYES, J.B.L., Acting C.J.:

Appeal from an order of the Court of First Instance of Manila (in its Civil Case No. 49768) ordering execution of a judgment based on a compromise approved by the Court.

The appellants initiated these proceedings in February, 1962, by a complaint in a purportedly representative suit against appellees herein, the Roman Catholic Archbishop of Manila and Manuel Uy & Sons, Inc. They claimed to be representing numerous lessees of a parcel of land in Paco, Manila, belonging to the Archbishop as corporation sole, and known as Lot 3, Block 829 of the Manila cadastre; and alleged that they had occupied the leased premises for many years, under oral agreements for indefinite terms, and had introduced improvements therein; that on January 18, 1962, with-out their knowledge, the defendants had entered into a lease agree-ment "embracing the very premises leased to plaintiffs," and the latter had been served notices terminating their occupancy and requiring them to vacate. They prayed the Court to order defendants to respect their individual leases, to fix the duration thereof, to be preferred in the lease of the premises and, if evicted, to be indemnified for the value of their improvements, plus damages, at-torney's fees and costs.

After defendants had filed answers, traversing the allegations of the complaint, the parties executed and submitted to the trial Court a compromise agreement reading as follows:

"COMPROMISE AGREEMENT"

"COME now the parties, through their respective undersigned counsel, and to this Honorable Court respectfully manifest that they have compromised this case in the sense that they are submitting to the sound discretion of this Honorable Court the determination of the length of time within which plaintiffs may remain on the land of defendant Roman Catholic Archbishop of Manila described in the com-plaint, after which period said plaintiffs shall vol-untarily vacate the land and remove whatever im-provements they may have thereon. Failure on the part of said plaintiffs, or any of them, to vacate the land and remove their improvements thereon within the period so fixed by this Honorable Court, shall authorize defendants to immediately apply for a writ of execution and an order for the forcible ejectment of the defaulting plaintiffs, who shall furthermore forfeit in favor of defendants the said improvements.

"In connection with the period to be fixed, de-fendants submit that said period should be from six (6) months to one (1) year from date of judgment, considering that this case has already been pend-ing for a year. Plaintiffs on their part, respectfully submit that said period should at least be two (2) to four (4) years from date of judgment, in view of the circumstances of having constructed in good faith their respective improvements and of having stayed in the premises for not less than 15 to 20 years.

"Plaintiffs shall pay to defendant the rentals in arrears from the filing of the complaint and those accruing during the period fixed by this Honorable Court at the rate they had been paying to the heirs of the late Justice Felicisimo Feria, who was formerly leasing the land from the defendant Roman Catholic Archbishop of Manila and sub-leasing it to the plaintiffs. The rentals in arrears from the filing of the complaint shall be paid by the plaintiffs to the defendants from the date of the judgment at double the monthly rate until such time as the rentals in arrears shall have been paid completely and the monthly payment has become up to date.

"The rentals in arrears, if any, corresponding to the period before the execution of the lease agreement between the defendants Manuel Uy & Sons, Inc. and the Roman Catholic Archbishop of Manila, shall be subject to future negotiations between the plaintiffs and the said Roman Arch-bishop of Manila.

"Parties stipulate that this a class suit as alleged in complaint.

"WHEREFORE, it is respectfully prayed that judgment be rendered in accordance with this Com-promise Agreement, without pronouncement as to costs.

"Manila, Philippines, July 6, 1963.

"JALANDONI & JAMIR

By:

(Sgd.) Rodegelio Jalandoni

RODEGELIO JALANDONI

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"VILLENNA & ASSOCIATES

By:

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The Court of First Instance, on July 31, 19 63, rendered its decision. After quoting the compromise submitted, it adjudged (Rec. on App., pp. 31-33) the following:

"WHEREFORE, judgment is hereby rendered as follows:

"1. That the plaintiffs shall continue to remain on the land of the defendant, Roman Catholic Arch-bishop of Manila, described in the complaint, for a period of eighteen (18) months from the date of this judgment upon the condition that should they fail to leave at the end of said period, the corresponding writ of execution shall be issued forth-with in order to forcibly eject any of the defaulting plaintiffs, thereby forfeiting in favor of the defend-ants the improvements constructed by them on said land;

"2. That the plaintiffs shall pay to the defend-ants the rentals in arrears from February, 1962 and those

accruing during the said period of eighteen (18) months when they are allowed to continue to stay on said land at the same rate that they had been paying to the heirs of the late Justice Felicisimo Feria, who was formerly leasing said land from the defendant, Roman Catholic Archbishop of Manila, and sub-leasing it to the plaintiffs; but the rentals in arrears from February 1, 1962, up to the date of the judgment, shall be paid by the plaintiffs to the defendants at double the monthly rates until said rentals in arrears shall have been fully paid and the monthly payment has become up to date;

"3. That the rentals in arrears, if any, corresponding to the period before the execution of the lease agreement between the defendants, Manuel Uy & Sons, Inc., and the Roman Catholic Arch-bishop of Manila, shall be the subject of further negotiations between the plaintiffs and the said Roman Catholic Archbishop of Manila, without pronouncement as to costs.

"SO ORDERED."

Almost six months thereafter, defendants moved for execution of the Judgment, averring that plaintiffs had failed to pay the rentals stipulated in the compromise. Plaintiffs (appellants herein) then changed counsel, and through the new attorneys opposed the execution, claiming that the compromise had not been authorized by them and that they would not have agreed to it had they been informed of its terms, and prayed that the judgment be set aside, but the Court of First Instance on March 10, 1964, after considering the arguments adduced by the parties, overruled the objection of the plaintiffs (now appellants) as without merit and ordered execution to issue. Whereupon, plaintiffs appealed directly to this Court.

The appeal is squarely planted on the validity of the alleged-ly unauthorized compromise, and whether as a result thereof, the judgment should have been set aside.

A review of the terms of the decision, and of the parties' agreement therein quoted, reveals that, contrary to the contention of appellants, the decision of the Court a quo was not wholly a result of the pretended compromise. The first part of the latter, concerning the length of time that the appellants should be allowed to stay on the leased premises, was not settled by the parties at all, but only submitted by them to the discretion of the Court. The lessors contended that the Court should give the lessees appellants one year at the most; the renters submitted that they should be permitted to remain from two to four years. The trial Judge adopted neither proposal, and gave the lessees appellants eighteen (18) months within which to vacate. Obviously, this was an independent judgment in the exercise of the Court's power under Article 1687 of the Civil Code and if became final for lack of appeal. No reason is seen why it should not be executed. Paren-thetically, it may be observed that, by now, the appellant lessees have managed to stay in the leased land over four years since the original judgment, and that the period was the maximum demanded by them. Nowhere in the record is it shown that the writ of execution was carried out during the pendency of the present appeal.

True it is that the appellants' counsel agreed that by their failure to vacate and remove their improvements within the period fixed by the court, appellants would "forfeit" their improvements in favor of defendants. But in effect this is what the law provides, when Article 1678 of the Civil Code authorized a lessee to remove the improvements he has made should the lessor refuse to pay one-half of their value at the termination of the lease. If, notwithstanding such refusal of the lessor, the lessee should fail to remove his improvements, the only legal conclusion possible is that he abandons them, and the lessor may deal with them as he chooses. Hence, neither does this portion of the agreement constitute a concession or a compromise of the appellants' claims in the court below.

The same can be said of paragraph 2 of the "Compromise Agreement." That the appellants should pay the rentals since February 1962, when their complaint was filed, is no more and no less than their legal obligation as lessees, or sub-lessees. Such obligation did not originate from the compromise, but from law; it was the consideration for

the use of the land, and the filing of a complaint to fix the term of their stay and to give them preference over appellee Manuel A. Uy could not stop appellants' obligation to pay rent, their character as lessees being averred in their own complaint.

Further, that the appellants should pay the same rentals they were paying to the late Justice Felicisimo Feria as his sublessees, he being the original lessee of defendant Archbishop, was no innovation either. A comparison of the monthly rents that appellants alleged they had been paying, as listed in paragraph 4 of their complaint below, with the arrears claimed by defendants in their motion for execution, paragraph 3, shows that they are identical.

Nor can it be denied that the last portion of paragraph 2, to the effect that the rentals in arrears shall be paid from the date of the judgment at double the monthly rate until completely paid, is more of a concession of the lessor than a compromise of the claims of plaintiffs-appellants. Normally, after judgment, a lessee should pay all arrears in a lump sum, and may not compel the lessor to accept payment in installments.

The last paragraph of the agreement, providing that "the rentals in arrears, if any, corresponding to the period before the execution of the lease agreement between the defendants Manuel Uy & Sons, Inc. and the Roman Catholic Archbishop of Manila shall be subject to future negotiations between plaintiffs (now appellants) and the said Roman Catholic Archbishop of Manila" settles nothing by itself, and can in no way be deemed a compromise or waiver of their rights.

Thus, analysis plainly shows that the "compromise agreement" submitted to the Court and incorporated in its decision of July 31, 1963, contained nothing more than a recognition of the obligations of appellants lessees under the facts disclosed in their pleadings, in conformity with existing law. The agreement, therefore, was not a true compromise, the essence of which resides in reciprocal concessions (Civ. Code of the Philippines, art. 2028), since it has been shown that any concessions here were solely on the part of the defendant lessor. Consequently, the rules invoked by the appellants as to the necessity of special authority for an attorney to effectuate a compromise are not opposite and are totally inapplicable. That the stipulation was labeled "compromise" does not make it one in fact.

We find no error in the lower Court's refusal to set aside the judgment, the same having become final and executory, by lapse of the appeal period. The order to issue execution is, therefore, affirmed. Costs in this instance shall be solidarily paid by the appellants, Julia de la Merced, Antonia B. Cervantes, Damian Chua See, Patrocinia Lumbong, Pastora Javier, Honorata Galang, Francisco Ponseca, Librado Royo, Marcelo Ramirez, and Chua Bing.

SO ORDERED.

Makalintal, Bengzon, Zaldivar, Sanchez, Castro, Angeles, and Fernando, JJ., concur.
Concepcion, C.J., and Dizon, J., on official leave.

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