

SPOUSES ROLLY YU & BELLAFLOR RIVERA-YU AND MARILYN YU-TUTAAN, PLAINTIFFS-APPELLANTS, VS. LILIAN P. YU, SPOUSES CHARLEY P. YU AND AURORA C. YU AND SPOUSES HOWARD CO AND MARIA EVI...

Ponente: GONZALES-SISON, M., J.

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GONZALES-SISON, M., J.:

In this Resolution, this Court resolves the Manifestation and Urgent Motion filed by plaintiffs-appellants, received on 25 November 2014.

We briefly state the antecedents:

On 6 October 2011, appellants filed with the Regional Trial Court (“RTC”), Branch 19, of Cauayan City, Isabela, a Complaint for Specific Performance, Annulment of Sale, Partition, Damages with Prayer for the Issuance of a Temporary Restraining Order and/or Preliminary Injunction and/or Preliminary Mandatory Injunction[1] against herein appellees. The case was docketed as Civil Case No. 19-3068.

In their Complaint, appellants alleged that appellee Lilian Yu was the registered owner of a parcel of land, covered by Transfer Certificate of Title (“TCT”) No. T-349868,[2] and situated in Poblacion, San Mateo, Isabela (the “subject property”). A commercial building had been built on the land, with stalls being rented out for commercial purposes.

Appellants alleged that the land came to be registered to appellee Lilian Yu following an oral agreement in 2005 to purchase the same from the Bank of the Philippine Islands (“BPI”) for Php3,000,000.00, payable for five years at Php46,457.00 per month; that appellees Lilian Yu and Charley Yu agreed with their siblings, herein appellants, that all of them shall co-own the property; that they shall each contribute 25% of the monthly amortization; that appellant co-owner Rolly Yu was assigned the role of administrator of the building; and that only for the sake of convenience, the subject property was registered in the name of appellee Lilian Yu.

Allegedly, they also agreed that after the purchase price had been paid, and the mortgage over the subject property had been discharged, all the co-owners-siblings would execute a Memorandum of Agreement, stipulating that the land was co-owned by all of them; that they had all contributed to purchase it; that all transactions involving the same must be with the knowledge and consent of all co-owners; that the TCT shall be deposited in a bank; and that the TCT can be accessed only with the participation of at least two co-owners.

Appellants alleged that in July 2010, the obligations concerning the property had all been paid and the TCT for the same was released to the co-owners; that pursuant to their agreement, the co-owners drafted a Memorandum;[3] that while the same was about to be notarized, appellee Lilian Yu refused to sign the same due to a misunderstanding with appellant Marilyn Yu-Tutaan; and that, despite pleas from her siblings, she maintained her refusal.

Appellee Lilian Yu then sold the property to appellees Howard Co and Maria Evita Co without the consent of

appellants. Appellants then allegedly informed the vendees that they (appellants) are also co-owners of the subject property; the vendees, however, proceeded with the purchase. Appellants then annotated their adverse claim on the TCT. Meanwhile, a Deed,[4] evidencing the sale from Lilian Yu to the Co spouses was executed on 5 September 2011, with the knowledge of appellee Charley Yu.

Appellants continued that in September 2011, appellant Rolly Yu learned that appellee Howard Co, asserting his ownership, instructed the tenants of the building on the subject property to give the rental payments to him, instead of to appellant Rolly Yu. In that same month, appellants averred, appellee Howard Co, with the aid of armed men, proceeded to appellant Marilyn Yu-Tutaan's stall located in the building and tried to eject her; a heated argument ensued and a shot was fired. Allegedly upon the instruction of appellee Howard Co, one of the armed men padlocked one of Marilyn's stalls.

The encounter thus propelled appellants to sue the appellees.

On 18 November 2011, appellee Charley Yu filed his Answer.[5] He denied the existence of the co-ownership over the subject property and that he and his siblings agreed to share in the purchase of the same. He averred that appellee Lilian Yu paid for the property herself, as well as the mortgage thereon; and that appellant Rolly Yu helped Lilian from time to time, but these loans were unconditional, and inspired only by appellant's brotherly generosity. Appellee Charley Yu added that when the subject property was sold, appellee Lilian Yu fully paid the loans she obtained from Rolly Yu.

He prayed for the dismissal of the complaint against him as well as for damages.

On the same date, appellee Lilian Yu filed her Answer. She also denied that she co-owned the subject property; alleged that she never held it in trust for anyone, but owned the same exclusively, as indicated in the TCT; that her siblings contributed to its purchase and release from mortgage, and that they had agreed to execute a Memorandum to acknowledge their co-ownership.

She denied that appellant Rolly Yu had been designated as administrator of the building on her property and alleged that he was a mere occupant of two stalls on the same.

By way of counterstatement of facts, she alleged that she bought the subject property from BPI in 2005, the transaction having been documented in an Absolute Deed of Sale, for Php3,000,000.00; that the same was registered in her name; that the property was mortgaged to BPI, the amortizations for which would be deducted monthly from her BPI account, and which were all accounted for in the passbook;and that, eventually, she had fully paid the loan and the mortgage was cancelled in 2010.

She argued that appellants' claims of co-ownership and or a trust was unsupported by any evidence, written note or memorandum, and hence unenforceable under the Statute of Frauds, being "an agreement that by its terms is not to be performed within a year from the making thereof", under Art. 1403 of the Civil Code. She added that the Memorandum of Agreement tendered by appellants was of no value and only self-serving.

Moreover, she urged that appellants' claims were barred by laches and estoppel.

She then admitted selling the subject property to the appellees Co spouses, to whom a TCT had also been issued.

She prayed for damages and for the dismissal of the Complaint.

Appellees Howard and Maria Evita Co subsequently filed their Answer. They admitted that appellee Lilian Yu was the registered owner of the subject property, and denied that the same was subject to a trust or co-ownership, as indicated by its TCT. They also highlighted that the release of mortgage states that only Lilian Yu was the mortgagor, and averred that the Memorandum of Agreement relied on by appellants was unsigned, and merely

self-serving.

The spouses Co also alleged that their transaction with appellee Lilian Yu was lawful, and pursuant only to regular negotiations.

The spouses prayed for damages and for the dismissal of the Complaint. Subsequently, on 25 July 2012, appellees Lilian and Charley Yu filed a Motion for Summary Judgment,[6] arguing that appellants' Complaint failed to raise genuine issues of fact, the allegations being unsupported by evidence. Appellants opposed the Motion.

In an Order dated 4 October 2012, the RTC granted the Motion, disposing:

“WHEREFORE, summary judgment is hereby rendered in favor of the defendants and against plaintiffs as follows:

1. DISMISSING the complaint for lack of cause of action;
2. DECLARING the defendant LILIAN P. YU the exclusive owner of the property in question, including all improvements thereon, before she sold the same to defendants spouses Howard and Maria Evita Co;
3. DECLARING the sale between Lilian P. Yu and spouses Howard and Maria Evito Co legal and valid;
4. ORDERING plaintiffs, jointly and severally, to pay defendant Lilian P. Yu, Charley Yu, attorney's fees in the amount of P30,000.00 each, and another P30,000.00 to spouses Howard and Maria Evita Co;
5. ORDERING the Register of Deeds of Isabela to cancel the Joint Affidavit of Adverse Claim annotated at the back of TCT No. 349868 issued in the name of Lilian P. Yu.

SO ORDERED.”

Appellant subsequently appealed,[7] alleging errors on the part of the RTC in granting the Motion for Summary Judgment, in finding that the Memorandum of Agreement was unenforceable under the Statute of Frauds, in ruling that appellee Lilian Yu was the true owner of the property and that the sale between Lilian Yu and Co spouses was valid, and in ordering appellants to pay damages to the appellees.

On 20 December 2013, counsel for appellees Lilian Yu and Charley and Aurora Yu, through a second motion for extension to file an appellee's brief,[8] informed Us that appellee Lilian P. Yu had been fatally shot on 27 November 2013.

On 9 February 2014, appellees filed their Brief[9], refuting appellants' arguments.

On 4 July 2014, We required appellants to show cause within ten days from notice why the case should not be deemed submitted for decision sans reply brief.[10] Despite receipt by appellants' counsel of this Order, appellants did not comply, hence the appeal was deemed submitted for decision.

On 25 November 2014, We received the aforesaid Manifestation and Urgent Motion from the appellants. The Manifestation was forwarded to the ponente on 9 January 2015 for consideration.

In their Manifestation, appellants averred that they have reached a Compromise Agreement with the appellees Howard and Maria Evita Co.

According to the Compromise Agreement signed by appellants and appellees Howard and Maria Evita Co, appellants are waiving their rights and withdrawing their claims against the subject property; that upon the execution of the Compromise, appellants shall cause the dismissal of the appeal; and that upon dismissal, appellees Howard and Maria Evita Co shall pay appellants Rolly and Bellaflor Rivera Yu Php 2,500,000.00 plus the amount of Php1,000,000.00, and appellant Marilyn Tutaan-Yu the amount of Php500,000.00.

The Compromise Agreement further states that the aggregate amount of Php4,000,000.00 serves as a full and final consideration of the claims of appellants on the subject property.

In the same Agreement, the signatories also agreed that upon receipt of the Php4,000,000.00, appellants shall vacate the subject property without need of demand, and without removing or demolishing the improvements on the building erected on the land. It is further stipulated that appellees Spouses Co shall be entitled to receive the rentals on the subject property, from the “date of registration of the parcel of land subject matter of the case in the name of DEFENDANTS-APPELLEES up to the present”, and that all future rentals shall accrue to them.

It is also stipulated that the parties release each other from all rights and claims that they may have arising from their current dispute.

A compromise agreement is a contract whereby the parties make reciprocal concessions, avoid litigation, or put an end to one already commenced. It is an accepted, even desirable and encouraged, practice in courts of law and administrative tribunals.[11]

An examination of the Complaint and the appeal shows that appellants' causes of action are directed particularly at the deceased Lilian Yu and the Spouses Howard and Maria Evita Co. The appellants pray for Lilian Yu to honor their alleged agreement of co-ownership, and for the property to revert back to them and their siblings, despite the purchase by appellees-spouses Co. With this observation, it is apparent that the lack of signatures of co-appellees Charley Yu and Aurora C. Yu is not fatal to the validity of the Compromise. Appellants have not alleged a cause of action against them. Furthermore, the lack of Charley's and Aurora's signatures does not invalidate the Compromise Agreement; it only renders them third parties to the same, but leaves the Agreement binding on the signatories to it.[12]

Given that the appellee Lilian Yu has passed away, it appears that the compromise between appellants and appellees Spouses Co suffices to terminate this case. The signatories appear to have signed the same voluntarily, and were even assisted by counsel. Neither does the same involve any of those prohibited to the subject of compromise under Art. 2305 of the Civil Code.[13]

This being the case, in the interest of putting an end to this litigation, as is the objective of the parties' compromise, this Court approves the parties' Compromise Agreement. Consequently, given that the parties assented to the Agreement, which includes the proviso regarding the dismissal of the case they have filed before this Court, the instant appeal is therefore dismissed.

WHEREFORE, premises considered, the appellants' Manifestation and Urgent Motion is hereby GRANTED. The Compromise Agreement signed by appellants Rolly and Bellaflor Rivera-Yu and Marilyn Yu-Tutaan, and appellees Howard and Maria Evita Co is hereby APPROVED.

Pursuant to the approval of the parties' Compromise Agreement, this appeal is hereby DISMISSED.

SO ORDERED.

Guia-Salvador, R., Chairperson and Gonzales-Sison, M., JJ., concur.

[1] Records, pp. 3-11.

[2] Records, p. 14.

[3] Records, pp. 15-16.

[4] Records, p.17.

[5] Records, pp. 22-28.

[6] Records, pp. 90-92.

[7] Rollo, pp. 22-39.

[8] Rollo, p. 82.

[9] Rollo, pp. 84-95.

[10] Rollo, p. 98.

[11] Villaluz v. Ligon, G.R. No. 143721, 31 August 2005.

[12] See Agustin, et. al. v. Cruz-Herrera, G.R. No. 174564, 12 February 2014; Domingo Realty Inc. and Ayala Steel Manufacturing Co., Inc. v. Court of Appeals and Acero, G.R. No. 126236, 26 January 2007.

[13] These are as follows: the civil status of persons; the validity of a marriage or legal separation; any ground for legal separation; future support; the jurisdiction of courts; and future legitimate.

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