

REPUBLIC OF THE PHILIPPINES, PLAINTIFF-APPELLEE, VS. PHILIPPINE AIR LINES, INC., DEFENDANT-APPELLANT.

G.R. No. L-22481. June 30, 1969

Ponente: FERNANDO, J.

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FERNANDO, J.:

In this appeal from a decision of the Court of First Instance of Manila of December 23, 1963, in Civil Case No. 47365, plaintiff-appellee, Republic of the Philippines, and defendant-appellant, Philippine Air Lines, Inc. submitted, on June 14, 1969, a compromise agreement in a pleading entitled Joint Petition for Judgment in Accordance with Agreement.

The Joint Petition reads thus:

"COME NOW the plaintiff-appellee Republic of the Philippines and the defendant-appellant Philippine Air Lines, Inc., by undersigned Counsel, and to this Honorable Court respectfully state that:

1. The parties have arrived at an amicable settle-ment of their dispute in the above-numbered case and have executed a Compromise Agreement, a copy of which (signed by the parties and their respective counsel) is hereto attached as Annex "A."
2. It is the mutual agreement of the parties that the attached Compromise Agreement shall supersede and novate the judgment of the Court of First Instance of Manila in Civil Case No. 47365 dated December 23, 1963 from which the defendant-appellant appealed.
3. The attached Compromise Agreement is fair to all concerned and is not contrary to law, morals, public order or public policy.
4. The parties, therefore, respectfully submit herewith the Compromise Agreement (Annex "A" hereof) for the approval of this Honorable Court.

PREMISES CONSIDERED, it is respectfully prayed that the Compromise Agreement embodied in Annex "A" hereof be approved and that an order issue setting aside the judgment of the lower court and dismissing plaintiff's complaint and defendant's counterclaim, without costs.

The parties pray for such other relief as may be deemed just and proper in the premises.

Manila/Makati, Rizal, Philippines, June 9, 1969.

REPUBLIC OF THE PHILIPPINES PHILIPPINE AIR LINES, INC.

[Plaintiff-Appellee] [Defendant-Appellant]

By By

(Sgd) FEDERICO B. ABLAN, JR. (Sgd) BUENAVENTURA M. VELOSO

Acting Director of Civil Aviation Senior Vice President"

The Compromise Agreement, Annex A of the above joint petition, is worded in the following manner:

"WHEREAS, on June 23, 1961, the Republic of the Philippines filed a complaint against the Philippine Air Lines, Inc. for the recovery of the principal sum of P1,357,686.14 representing the unpaid balance of take-off, terminal, landing, parking fees and rents due from the latter for the use of government air navigation facilities during the period September 2, 1947 to June 30, 1950, which case was docketed as Civil Case No. 47365 of the Court of First Instance of Manila;

WHEREAS, Philippine Air Lines, Inc. filed an answer alleging that (a) the demand of the plaintiff had been fully and completely released by virtue of a compromise agreement entered into on September 13, 1950 with the National Airports Corporation under which Philippine Air Lines, Inc. paid the amount of P587,641.36; (c) Philippine Air Lines, Inc. is exempt from payment of landing charges or fees under the provisions of its franchise and (d) the rates charged were unreasonable, confiscatory and had been fixed arbitrarily;

WHEREAS, Philippine Air Lines, Inc. asserted a counterclaim on the ground that the plaintiff had failed to provide for and maintain radio communications systems for inter-island service, airport buildings and navigation facilities, facilities and equipment which Philippine Air Lines, Inc. had to acquire, operate and maintain on its own account, and which expenses should be properly charged against the Republic of the Philippines and paid to Philippine Air Lines, Inc.;

WHEREAS, on December 23, 1963 the Court of First Instance of Manila decided the case against Philippine Air Lines, directing the latter to pay the amount of P1,357,686.14 with legal interest from August 10, 1960 until paid;

WHEREAS, Philippine Air Lines promptly appealed the decision to the Supreme Court where the case is now docketed as Case G. R. No. L-22481, with the Republic of the Philippines as plaintiff-appellee and the Philippine Air Lines, Inc. as defendant-appellant;

WHEREAS, the parties have agreed to settle the disputes and claims being litigated in the above-numbered case under the terms and conditions hereinafter set forth:

NOW, THEREFORE, in consideration of the pre-mises, the parties have agreed and covenanted, each with the other, as follows:

1. For and in consideration of the sum of ONE MILLION THREE HUNDRED FIFTY SEVEN THOUSAND SIX HUNDRED EIGHTY SIX AND 14/100 PESOS (P1,357,686.14), Philippine Currency, to be paid and delivered in the following manner:

(a) TWO HUNDRED FIFTY SEVEN THOUSAND SIX HUNDRED EIGHTY SIX AND 14/100 PESOS (P257,686.14) upon the approval of this Compromise Agreement by the Supreme Court;

(b) The balance of ONE MILLION ONE HUNDRED THOUSAND PESOS (P1,100,000.00), in eleven (11) monthly installments at ONE HUNDRED THOUSAND PESOS (P100,000.00) per installment commencing thirty (30) days from the approval of this Compromise Agreement by the Supreme Court,

as full and complete payment, settlement and discharge of any and all claims or causes of action of the Republic of the Philippines which are involved or being litigated in G. R. No. L-22481, the Republic of the Philippines hereby relinquishes and waives any and all rights arising out of the award in Civil Case No. 47365 of the Court of First Instance of Manila entitled "Republic of the Philippines, plaintiff vs. Philippine Air Lines, Inc., defendant."

2. It is expressly understood that this Compromise Agreement novates and supersedes the judgment rendered by the Court of First Instance of Manila in the said Civil Case No. 47365 of the court, and that upon complete payment of the total amount of ONE MILLION THREE HUNDRED FIFTY SEVEN THOUSAND SIX

HUNDRED EIGHTY SIX AND 14/100 PESOS (P1,357,686.14) aforesaid, all disputes and claims between the parties hereto in G. R. No. L-22481 of the Supreme Court shall stand released, discharged and fully settled.

3. Upon the failure of Philippine Air Lines, Inc. to pay any installment, the judgment approving this compromise shall become immediately executory.

4. The parties hereto agree and undertake to file with the Supreme Court a joint petition for the approval of this Compromise Agreement.

5. The parties hereto further agree to bear their respective attorney's fees and costs of the proceedings before the Court of First Instance and the Supreme Court.

IN WITNESS WHEREOF, the parties hereto, on their own behalf, assisted by their duly authorized attorneys, have signed this Compromise Agreement on the 9th day of June 1969 at Manila/Makati, Philippines.

REPUBLIC OF THE PHILIPPINES PHILIPPINE AIR LINES, INC.

By By

(Sgd) FEDERICO B. ABLAN, JR. (Sgd) BUENAVENTURA M. VELOSO

Acting Director of Civil Aviation Senior Vice President"

WHEREFORE, the compromise agreement as embodied in the joint petition for judgment is approved, and the parties en-joined to comply strictly with the terms thereof. With this disposition of this appeal, the decision of the Court of First Instance of Manila in Civil case No. 47365 dated December 23, 1963 is deemed superseded and of no further force and effect. Without costs.

Concepcion, C.J., Reyes, J.B.L., Makalintal, Zaldivar, Sanchez, Ruiz Castro, Capistrano, Teehankee, and Barredo, JJ., concur.

Dizon, J., did not take part.

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