

MARIANO ALEJANDRO L. BALTAO, PETITIONER, VS. ROCIO PRATS BALTAO, AND HONORABLE JUDGE RALPH S. LEE, PRESIDING JUDGE OF REGIONAL TRIAL COURT OF QUEZON CITY, BRANCH 83, RESPONDENTS.

Ponente: ELBINIAS, J.

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ELBINIAS, J.:

Subject of this Petition for Certiorari[1] filed under Rule 65 of the Rules of Court are the following Orders of the Regional Trial Court of Quezon City, Branch 83 (“respondent court” for brevity): the Order[2] dated December 18, 2009; the Order[3] dated March 31, 2010, and; the Order[4] dated June 28, 2010.

The salient facts are as follows:

On June 13, 2008, the heirs of Eugenio S. Baltao (“Eugenio” for brevity), namely - Urma B. Chiongbian (“Urma” for brevity), private respondent Rocio P. Baltao (“private respondent Rocio” for brevity), Jaime L. Baltao, Eugenio L. Baltao III (“Eugenio III” for brevity), Heirs of Eugenia B. Felix, Heirs of Elizabeth Del Rosario, Gino A. Baltao (“Gino” for brevity), Gary C. Baltao (“Gary” for brevity), Aif Gino A. Baltao as Attorney-in-Fact of Teresa L. Baltao, and Genevieve Baltao - executed a “COMPROMISE AGREEMENT”[5] in the case entitled “IN THE MATTER OF THE TESTATE ESTATE OF EUGENIO S. BALTAO”, docketed as SP. PROC. NO. Q-9525401, which was pending before the Regional Trial Court of Quezon City, Branch 76 (“RTC-Branch 76” for brevity).

On the same day, private respondent Rocio, Urma, Eugenio III and petitioner Mariano Alejandro L. Baltao (“petitioner Mariano” for brevity) filed a “MANIFESTATION AND OMNIBUS MOTION TO APPROVE COMPROMISE AGREEMENT AND TO DISMISS WITH PREJUDICE.”[6]

The RTC-Branch 76 rendered a Judgment[7] dated July 4, 2008, which approved the Compromise Agreement executed by the heirs of the late Eugenio on June 13, 2008.

On August 6, 2008, the heirs, except private respondent Rocio, filed a “MOTION”[8] praying that:

- “1. The Heirs of Eugenio S. Baltao are hereby ordered, empowered and authorized to divide one-tenth share each all stocks, dividends, monies and/or assets owing to or belonging to the Estate of Eugenio S. Baltao as of 31 July 2008 as well as the shares listed in the Judgment of 4 July 2008 as well as those listed in the Return of the Inventory in the possession of or those that will come into the possession of the Heirs of Eugenio S. Baltao;
2. Ordering all persons and entities and all the Baltao-family owned Corporations to deliver and surrender to the Heirs of Eugenio S. Baltao all stocks, dividends, monies and/or assets owing to or belonging to the Estate of Eugenio S. Baltao as of 31 July 2008;”[9]

The RTC-Branch 76 granted such Motion in its Order[10] dated September 17, 2008.

However, Urma failed to comply with her commitment in the Compromise Agreement that she would withdraw

the case which she filed against the Philippine National Bank (“PNB” for brevity), where private respondent Rocio was a third-party defendant.[11]

Because of this, private respondent Rocio filed on October 14, 2008 a “MOTION (a) TO COMPEL URMA BALTAO CHIONGBIAN TO ABIDE BY THE COMPROMISE AGREEMENT DATED June 13, 2008 AND THE COURT ORDER DATED July 4, 2008 SPECIFICALLY TO WITHDRAW PENDING CASES AGAINST ROCIO P. BALTAO; and (b) TO DEFER IMPLEMENTATION OF COURT ORDER DATED 17 SEPTEMBER 2008 PENDING COMPLIANCE BY URMA BALTAO CHIONGBIAN WITH THE TERMS OF THE COMPROMISE AGREEMENT”[12].

On November 17, 2008, Urma filed her Opposition[13] to private respondent Rocio's Motion.

On November 18, 2008, petitioner Mariano and the other heirs of the late Eugenio, except private respondent Rocio, filed an “OMNIBUS MOTION”[14] praying that the “Honorable Court affirm the heirs' designation of Mariano Alejandro L. Baltao, Gino A. Baltao, and Gary C. Baltao to: (a) jointly act as the new bank signatories for the existing bank accounts in any and all branches of the Bank of the Philippine Islands, Metrobank, Banco de Oro, and/or any and all other banking institutions wherein the late Eugenio S. Baltao kept and/or maintained bank accounts; (b) jointly act as the authorized representatives of the heirs for purposes of closing the Estate's existing bank accounts and/or for purposes of opening new bank accounts in the name of the Estate in any and all branches of the Bank of the Philippine Islands and/or Banco de Oro[,] and[:]; (c) jointly act as the authorized representatives of the heirs for purposes of receiving any and all documents, titles, monies, and properties that may be due to the Estate”[15].

Petitioner Mariano and the other heirs of the late Eugenio, except private respondent Rocio, filed another “MOTION” dated November 24, 2008 praying that “the Honorable Court issue an Order directing Josefina S. Baltao and any and all persons who purportedly act on [her] behalf, as well as any and all other persons and entities concerned, to deliver and surrender to the Heirs of Eugenio S. Baltao, within 10 (ten) days from receipt of the Order, all stocks, dividends, monies and/or assets owing to or belonging to the Estate of Eugenio S. Baltao as of July 31, 2008, for division in accordance with the Court's Judgment approving the Compromise Agreement”[16].

Private respondent Rocio filed her “CONSOLIDATED OPPOSITION WITH MOTION TO DEFER RESOLUTION OF THE TWO (2) MOTIONS [1) OMNIBUS MOTION dated 18 November 2008 and 2) MOTION dated 24 November 2008]”[17].

On March 3, 2009, RTC-Branch 76 issued its Order[18], which among others: granted petitioner Mariano's “OMNIBUS MOTION”[19] dated November 18, 2008; granted petitioner Mariano's “MOTION”[20] dated November 24, 2008, and; denied private respondent Rocio's “MOTION” dated October 14, 2008.

On December 5, 2008, the heirs of Eugenio, with the exception of private respondent Rocio, filed a “MOTION FOR EXECUTION”[21] of the Judgment dated July 4, 2008 and Order dated September 17, 2008.

On March 27, 2009, private respondent Rocio filed a “MOTION FOR RECONSIDERATION (Of the Order dated March 3, 2009) With OPPOSITION (To: Motion for Execution dated December 5, 2008)”[22].

Special Co-Administratrix Josefina Baltao filed a “MOTION TO DECLARE NULLITY OF JUDGMENT DATED 4 JULY 2008 AND TO EXECUTE THE LAST WILL AND TESTAMENT OF TESTATOR EUGENIO S. BALTAO”[23] dated March 27, 2009. To such Motion, Urma filed an “OPPOSITION”[24] dated June 24, 2009.

On August 12, 2009, private respondent Rocio filed a “MOTION TO SET ASIDE THE COMPROMISE AGREEMENT DATED JUNE 13, 2008 AND TO ANNUL JUDGMENT APPROVING THE SAME DATED 4 JULY 2008”[25].

In an Order[26] dated September 2, 2009, Hon. Judge Alexander Balut of RTC-Branch 76 inhibited himself from the proceedings in SP PROC. CASE No. Q-05-25401, and ordered for the re-raffle of the case.[27] As a result, the case was assigned to the presiding judge of respondent court.[28]

On November 4, 2009, private respondent Rocio filed an “URGENT MOTION FOR A SHOW-CAUSE ORDER AND FOR THE ISSUANCE OF A CEASE AND DESIST ORDER”[29]. In such Motion, private respondent Rocio prayed for the following:

- “a. For all the heirs, except for Rocio P. Baltao, to show cause why they should not be cited for contempt of court;
- b. For all the heirs, except for Rocio P. Baltao, to cease and desist from further dividing and/or liquidating any estate asset;
- c. For all the heirs, except for Rocio P. Baltao, to account for and return any monies, properties, etc. received pursuant to these unauthorized division or liquidation of estate's assets; and
- d. For Heirs Gino A. Baltao, Gary C. Baltao and Alejandro L. Baltao to desist from acting as the estate's joint administrators and from exercising the powers and functions as such.”[30]

The other heirs of the late Eugenio filed their Opposition[31] to private respondent Rocio's Urgent Motion.

On December 18, 2009, respondent court issued its first assailed Order[32]. The dispositive portion of the Order stated:

“WHEREFORE, premises considered, this Court resolves in the following manner:

- (1) DENYING Josefina S. Baltao's Motion to Declare Nullity of Judgment dated 4 July 2008 and to Execute the Last Will and Testament of Testator Eugenio S. Baltao dated March 27, 2009;
- (2) DENYING Rocio P. Baltao's Motion to Set Aside the Compromise Agreement dated June 13, 2008 and to Annul Judgment Approving the Same dated 4 July 2008 dated August 12, 2009;
- (3) DENYING Rocio P. Baltao's Urgent Motion for a Show-Cause Order and for the Issuance of a Cease and Desist Order [d]ated November 4, 2009;
- (4) DENYING all the other heirs' Omnibus Motion dated August 25, 2009;
- (5) ORDERING all the heirs to abide by the terms and conditions of their Compromise Agreement dated June 13, 2008 with a view to end all litigations between and among them in whatever capacity they have filed it or they are being sued; and
- (6) GRANTING Rocio P. Baltao's Motion for Reconsideration dated March 26, 2009, and REVERSING the Order dated March 3, 2009 and hereby:
 - (i) ORDERS heir Urma Baltao Chiongbian to withdraw the case entitled 'Urma B. Chiongbian vs. Narciso S. Capito, et. al.,' Civil Case No. 96-238, pending before the Regional Trial Court of Makati, Branch 60, within fifteen (15) days from receipt of this Order;
 - (ii) ORDERS the heirs Mariano Alejandro L. Baltao, Gino A. Baltao and Gary C. Baltao to refrain from further acting as the heirs' representatives in receiving any and all documents, titles, monies and properties that may be due the Estate until further Orders from this Court;

(iii) ORDERS that no further disposition, transfer, etc. shall be made among the heirs until further Orders from this Court;

(iv) ORDERS all the other heirs to make a report as to shares in money or otherwise from the dispositions in Dainty Hankies, Inc. and Quality Plastics, Inc. they have received and other dispositions which they have made after the execution of the Compromise Agreement within thirty (30) days from receipt hereof.

SO ORDERED.”[33] (*Italics was made in the original*)

Private respondent Rocio filed a “MOTION TO SUSPEND ALL ACTIONS ON THE ESTATE'S ASSETS”[34] dated February 22, 2010.

Petitioner Mariano filed his “OMNIBUS MOTION (on the Order dated December 18, 2009 and Motion to Compel Rocio P. Baltao and to Comply with the July 4, 2008 Judgment)”[35] dated March 1, 2010.

On March 31, 2010, respondent court issued the second assailed Order[36], which stated:

“Before this Court will act on all pending incidents and the urgent manifestation of all the heirs for the immediate implementation of the Compromise Agreement, the parties are hereby required to submit a manifestation under oath within thirty (30) days from receipt of this Order as to what properties comprising the estate of Eugenio Baltao have already been received, divided and/or disposed by each of them in order for this Court to be apprised of what has been the extent of the implementation of the Compromise Agreement.

Pending submission of their respective verified manifestations and resolution of all pending incidents, all parties are ordered not to further receive, divide or dispose any of the assets and properties until a writ of execution is issued and/or until further orders from this Court.

SO ORDERED.”[37]

On June 8, 2010, petitioner Mariano filed his “MOTION FOR RECONSIDERATION”[38] of respondent court's second assailed Order dated March 31, 2010, raising grounds similar to those he had raised in his Omnibus Motion[39] dated March 1, 2010, but which Motion[40] had not been ruled upon by respondent court.

On June 28, 2010, respondent court issued the third assailed Order[41], the dispositive portion of which decreed:

“WHEREFORE, premises considered, this Court affirms its Order dated December 18, 2009 and resolves to:

- (1) DENY the Motion for Inhibition filed by Eugenio L. Baltao III dated April 30, 2010;
- (2) DENY Eugenio L. Baltao III's Motion for Reconsideration dated January 26, 2010;
- (3) DENY Gary C. Baltao's Motion for Issuance of Writ of Execution of the Final and Executory July 4, 2008 Judgment Based on the Compromise Agreement dated June 13, 2008, dated February 22, 2010;
- (4) DENY Urma B. Chiongbian's Motion for Reconsideration dated February 23, 2010;
- (5) DENY Mariano Alejandro L. Baltao's Omnibus Motion (on the Order dated December 18, 2009 and Motion to Compel Rocio P. Baltao and to Comply with the July 24, 2008 Judgment) dated March 1, 2010;
- (6) GRANTING Rocio P. Baltao Motion to Suspend all Actions on the Estate's Assets dated February 22, 2010 in so far as it conforms with the December 18, 2009 Order of this Court;
- (7) Heir Rocio P. Baltao's Manifestations dated March 22, 2010 and April 6, 2010 are NOTED.
- (8) DENY Heir Urma B. Chiongbian's Motion for Reconsideration (of the Order dated 31 March 2010) dated May 27, 2010, and

(9) DENY Heir Mariano Alejandro L. Baltao's Motion for Reconsideration dated June 8, 2010.

SO ORDERED.”[42] (Emphasis was made in the original)

Because of this, petitioner Mariano, as an heir of the late Eugenio, filed the Petition[43] at bench, praying for the following:

“WHEREFORE, premises considered, petitioner respectfully pray[s], that this Honorable Court:

1. Upon filing of the instant Petition:

a. Issue a Temporary Restraining Order, directing the respondent RTC to hold in abeyance proceedings before it;

b. Give due course to the instant Petition;

2. After due hearing with notice to all parties:

a. Issue a writ of preliminary injunction to enjoin the respondent judge from further proceeding with the hearing of the Petition filed by the private respondent upon the filing of a bond conditioned in favour of respondent for any damages she may suffer or result of the injunctive relief;

b. Issue an Order:

1. Setting aside and declaring as null and void the Orders dated December 18, 2009 and June 28, 2010 in so far as the following dispositions:

a. December 18, 2009 Order in so far as the respondent Court:

1. Ordered the Heirs Mariano Alejandro L. Baltao, Gino A. Baltao and Gary C. Baltao to refrain from further acting as the heirs' representatives in receiving any and all documents, titles, monies and properties that may be due the Estate until further Orders from this Court;

2. Ordered that no further disposition, transfer, etc. shall be made among the heirs until further Order from this Court;

3. Ordered all the other heirs to make a report as to shares in money or otherwise from the dispositions in Dainty Hankies, Inc. and Quality Plastics, Inc. they have received and other dispositions which they have made after the execution of the Compromise Agreement within thirty (30) days from receipt hereof;

4. Denied Gary C. Baltao's Motion for Issuance of Writ of Execution of Final and Executory July 4, 2008 Judgment Based on the Compromise Agreement dated July 13, 2008, dated February 22, 2010.

b. 28 June 2010 Order in so far as the respondent Court:

1. Granted Rocio P. Baltao[s] Motion to Suspend all Actions on the Estate's Asset dated February 22, 2010, in so far as it conforms with 18 December 2009 Order;

2. Denied petitioner's Motion for Reconsideration dated 8 June 2010.

3. Ordering the immediate execution and implementation of the Judgment 4 July 2008 and the Order 17 September 2008.

Petitioner likewise prays for such relief and remedies as may be just and equitable under the premises.”[44] (Emphasis was made in the original)

Petitioner Mariano, in imputing grave abuse of discretion on the part of respondent court for issuing the assailed Orders, raised the following grounds:

“GROUNDS

I

EXECUTION OF JUDGMENT IS A MATTER OF RIGHT AFTER THE LAPSE OF PERIOD TO APPEAL AND NO APPEAL OR MOTION FOR RECONSIDERATION HAS BEEN PERFECTED.

A. Execution is a matter of right when a Judgment is final and executory.

B. Court or Tribunal should execute and implement as a matter of right a final and executory Judgment or Order and the parties should not be enjoined or restrained in implementing the said Judgment or Order.

C. The requirements set forth in Rule 58 of the Rules of Court for the application of restraining order or preliminary injunction are mandatory and non-compliance thereof is fatal to the application.

D. Acts sought to be enjoined by the Orders dated 18 December 2009 and 28 June 2010 have been executed and implemented.

E. The final and executory judgment has been affirmed by the Respondent RTC and implemented by the Heirs pursuant to its September 18, 2008 and March 3, 2009 [O]rders yet the respondent RTC has enjoined its implementation.

II

THERE IS NO LEGAL BASIS FOR THE RESPONDENT TO ORDER THE HEIR TO MAKE A REPORT AS TO THE SHARES IN MONEY OR OTHERWISE FROM THE DISPOSITIONS IN DAINTY HANKIES, INC. AND QUALITY PLASTIC, INC.

A. Sale of the assets of Dainty Hankies, Inc. and Quality Plastic Products, Inc. is a corporate acts (sic) separate from that of the heirs as shareholders and are (sic) beyond the jurisdiction of the respondent Court.

B. Respondent Rocio Baltao has relinquished all of her interests over Dainty Hankies, Inc. and Quality Plastic Products, Inc., [h]ence, she has no cause of action to question the dispositions made of the assets of the said corporations.

III

RESPONDENT ROCIO BALTAO HAS RELINQUISHED HER RIGHTS AND INTERESTS OVER NATALIA REALTY, INC.”[45] (Emphasis and Italics were made in the original)

All the assailed Orders[46] will be discussed jointly here, since they are all interrelated.

Contrary to petitioner Mariano's arguments in his assigned ground I, respondent court properly denied, in its Order[47] of June 28, 2010, the “MOTION FOR EXECUTION”[48] of the Judgment[49] of July 4, 2008 based on a Compromise Agreement (“Judgment[50] by Compromise Agreement” for brevity), which Motion was filed by the heirs of the late Eugenio, except by private respondent Rocio.

Petitioner Mariano had argued that:

“34. On June 4, 2008, Honorable RTC Branch 76, rendered a Judgment based on the Compromise Agreement entered into by the parties on June 13, 2008 xxx.

35. None of the parties filed any Motion for Reconsideration, Motion for New Trial nor Notice of Appeal or Record on Appeal. Hence, fifteen (15) or thirty (30) days, as the case may be, from the receipts of the respective counsels of each parties, the said Judgment is considered Final and Executory.

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38. By virtue thereof, several Motions for Execution have been filed by several of the heirs of Eugenio S.

Baltao for the enforcement of the Judgment, one is dated December 5, 2008 xxx and the other one is dated February 22, 2010 filed by heir Gary Baltao xxx. However, respondent Court has refused to grant the execution. Basic is the principle that execution of final and executory judgments or orders are a matter of right.

39. Under Section 1 Rule 39 of the Rules of Court, Execution shall issue as a matter of right, on motion, upon a judgment or order that disposes of the action or proceeding upon the expiration of the period to appeal therefrom if no appeal has been duly perfected. xxx

40. It is elementary that Judgment based on Compromise is immediately final and executory. xxx

xxx

42. The Judgment dated July 4, 2008 based on Compromise Agreement dated June 13, 2008 as well as the Order dated September 17, 2008 have not been the subject of any appeal, motion for reconsideration or motion for new trial. Such Judgment and Order are already final and executory. Execution thereof is a matter of right. Respondent RTC gravely abused its discretion when it refused to act on the two (2) Motion[s] for Executions (sic) filed before it.

43. The respondent RTC gravely abused its discretion in enjoining the partially completed distribution of the Estate of Eugenio Baltao's property as well as in ordering Heirs Mariano Alejandro L. Baltao, Gino A. Baltao and Gary C. Baltao to refrain from further acting as the heirs' representatives in receiving any and all documents, titles, monies and properties that may be due the Estate.

44. The Judgment dated July 4, 2008 based on Compromise Agreement among the Heirs of Eugenio S. Baltao has attained finality. It is res judicata between the parties and is the law between the parties.

45. Yet the respondent RTC has refused to issue the writs of execution prayed for.”[51] (Emphasis supplied)

Defeating petitioner Mariano's arguments however, is that while the Compromise Agreement[52] was executed, and was approved by the RTC-Branch 76 in its Judgment[53] dated July 4, 2008, a supervening event existed that prevented the full implementation of such Judgment by Compromise Agreement. This supervening event was the failure by one of the heirs of the late Eugenio, Urma, to comply with the provision of the Compromise Agreement[54] requiring all the heirs of the late Eugenio, including Urma, to waive their claims and counterclaims against another heir or heirs.[55] Such waiver of claims and counterclaims in turn, was one of the conditions in order for the Compromise Agreement[56] to be effective.

In violation of the terms and conditions of the Compromise Agreement[57], Urma failed to withdraw the case entitled “Urma Chiongbian v. Philippine National Bank, et al.” that she had filed before the RTC of Makati City, Branch 60, where private respondent Rocio, her co-heir, was a third-party defendant. Although private respondent Rocio was only a third-party defendant in such case, private respondent Rocio could still be made directly liable to Urma in the event that the Philippine National Bank (“PNB” for brevity) would be declared liable to Urma, and if PNB would be able to properly establish its Third-party Complaint against private respondent Rocio. This would then result to a situation where an heir of the late Eugenio, Urma, would have a claim against another heir, private respondent Rocio.

Such failure of Urma to withdraw the case against PNB, where private respondent Rocio was a third-party defendant, prevented the full implementation of the Compromise Agreement[58], as was similarly found by respondent court in its assailed Order[59] dated December 18, 2009, as follows:

“Going now to the interpretation of the said Compromise Agreement considering the real intention of the parties to end their controversies when they signed it, this Court rules that reading the withdrawal of the PNB case in the provision providing for the parties' withdrawal of all cases conforms more with its spirit than with its letter. To hold otherwise would give rise to an absurd situation where the parties will still be facing each

other in other courts despite the source of animosity having already been settled. It should be noted that such provision did not contain a specific enumeration of what cases will be withdrawn xxx.

Hence, it cannot be interpreted to exclude other cases where they are party-litigants, be it main complaint/action or a third-party complaint. What cannot be denied is that it still remains a conflict and a pending action between heirs.”[60] (Emphasis supplied)

Moreover, the existence of such supervening event would not end the litigation between the parties. Here, the heirs of the late Eugenio continued to raise issues or controversies between them, which issues or controversies could have been settled if all of the heirs had complied with the terms and conditions of the Judgment by Compromise Agreement[61]. The existence of such supervening event therefore justified respondent court's Order holding in abeyance the full implementation of the Compromise Agreement[62], even if such Judgment by Compromise Agreement had already been partially implemented by the heirs - contrary to petitioner Mariano's allegations in his assigned grounds I-D and I-E. All of these were as also found by the respondent court in its assailed Order[63] dated December 18, 2009, to wit:

“It is on record that while all these questions were unresolved, all the other heirs, except Rocio P. Baltao, were already implementing the terms and conditions of the Compromise Agreement by dividing the assets of Dainty Hankies, Inc., Quality Plastics, Inc. and by meeting as shareholders of Natalia Realty, a company ceded by Rocio P. Baltao in the agreement. This court believes that their partial implementation of the agreement when some of the terms thereof are still in question is premature. It should be cleared-out first if they are willing to abide by it, its spirit necessarily included therein, or not, short of that, they cannot enjoy the benefits on one hand and rebuke it on the other.”[64] (Emphasis supplied)

Supervening events creating substantial change in the relations of the parties which would render the execution of a judgment unjust, impossible or inequitable, as was the situation here, would stay the implementation of a Judgment by Compromise Agreement. That this is the consequence is as had been declared by the Supreme Court in *Spouses Cachopero v. Celestial*, G.R. No. 146754, March 21, 2010, to wit:

“Unless the spouses Cachopero can show this Court that there is a supervening event, which occurred after the judgment of the MTC, and which brought about a material change in their situation vis-a-vis that of Celestial, the latter has the right to have the compromise agreement executed, according to its terms

This Court's pronouncements in *Silverio, Jr. v. Filipino Business Consultants, Inc.*, are instructive, and we quote as follows:

To justify the stay of immediate execution, the supervening events must have a direct effect on the matter already litigated and settled. Or, the supervening events must create a substantial change in the rights or relations of the parties which would render execution of a final judgment unjust, impossible or inequitable making it imperative to stay immediate execution in the interest of justice.” (Emphasis supplied; italics was made in the original)

In fact, when a supervening event prevents the full implementation of a Judgment by Compromise Agreement, such that the issues and controversies between the parties are prolonged, the court is mandated to assist the parties to settle the issues and to ensure the end of litigation between them. This was what respondent court had done. That respondent court is mandated to assist the parties to settle their issues and to ensure the end of the litigation between them is pursuant to the following pronouncement of the Supreme Court in *Viesca v. Gilinsky*, G.R. No. 171698, July 4, 2007:

“Nevertheless, we cannot totally blame the trial court for having granted respondent's Very Urgent Motion to Enforce and Enjoy Visitorial Rights. Perhaps, in its desire to finally put to rest the bothersome issue concerning Clause II(b) of the Compromise Judgment and to prevent future disagreements between the parties,

the trial court saw the wisdom, as this Court does, in providing the specifics in the said indefinite portion of the Compromise Judgment. As we previously held in the case of *Hernandez v. Colayco* –

This is not the first unfortunate instance that a compromise judgment of a trial court has given rise to subsequent prolonged controversy, only because the trial judge failed to exercise the required degree of care in seeing to it that neither ambiguity nor incompleteness of details should characterize the agreement, much less the judgment rendered on the basis thereof. The expressed desire of the parties to end their judicial travails by submitting to a compromise deserves the utmost attention from the court, and no effort should be spared in helping them arrive at a definite and unequivocal termination of their problems and differences. It is high time that the matter-of-fact treatment usually accorded by trial courts to motions to approve compromises were abandoned in favor of the more positive activist attitude the situation demands. In acting in such a situation, the judge should bear in mind that the objective is to end the disagreement between the parties, not to begin a new one. Thus, if the parties and their counsel are unable to do it, the judge is expected to assist them in attaining precision and accuracy of language that would more or less make it certain that any disputes as to the matters being settled would not recur, much less give rise to a new controversy.” (Emphasis supplied; italics was made in the original)

Given that respondent court had the duty of ensuring that controversies between the parties were terminated,[65] then, respondent court had the authority to, on its own, order for the suspension of all actions and proceedings pertaining to the estate of the late Eugenio. This, notwithstanding petitioner Mariano's allegations in his assigned ground I-C, particularly that private respondent Rocio should have complied with the requirements for the application of Temporary Restraining Order or Injunction under Rule 58 of the Rules of Court. Respondent court's authority to do so is in accordance with the following pronouncement of the Supreme Court in *SM Systems Corporation v. Camerino, et al.*, G.R. No. 178591, July 26, 2010:

“The court in which an action is pending may, in the exercise of sound discretion, hold the action in abeyance to abide by the outcome of another case pending in another court. Undeniably, the power to stay proceedings is an incident to the power inherent in every court to control the disposition of the cases on its dockets, considering its time and effort, and those of counsel and litigants. Every order suspending proceedings must be guided by the following precepts: it shall be done in order to avoid multiplicity of suits and to prevent vexatious litigations, conflicting judgments, confusion between litigants and courts, or when the rights of parties to the second action cannot be properly determined until the questions raised in the first action are settled.” (Emphasis supplied)

Because of all these, then, contrary to petitioner Mariano's allegations in his assigned grounds I-A and I-B, the execution of the Judgment by Compromise Agreement did not become a matter of right.

Considering that the heirs of the late Eugenio had already partially implemented the Judgment by Compromise, respondent court therefore properly ordered the heirs to account for and to make a report of the shares and assets of Dainty Hankies, Inc. and of Quality Plastic, Inc. - contrary to petitioner Mariano's allegations in his assigned grounds II and II-A.

On these matters, petitioner Mariano had argued that:

“73. Since the Heirs' takeover of the shares of Eugenio S. Baltao in Dainty Hankies and Quality Plastic Product, Inc. were properly premised on a valid Judgment and a specific Order of this same Court, there is NO legal basis to compel heirs to account for actions made in compliance with the Judgment and the Order. Moreover, acts of the corporations are independent of and separate from the acts of the Heirs as shareholders of the corporation.

It is respectfully submitted that respondent RTC has no jurisdiction to delve into the corporate affairs of Dainty Hankies, Inc. and Quality Plastic Products, Inc. Dainty Hankies, Inc. and Quality Plastic Products, Inc. have

separate personalities from its shareholders, among whom are the Heirs. The two corporations are not even wholly controlled by the Heirs. The Heirs together hold only fifty-four percent of Dainty Hankies, Inc.'s shareholdings and only forty-seven percent (47%) of Quality Plastic Products, Inc.'s shareholdings. Intra-Corporate controversies are beyond the jurisdiction of the respondent RTC.”[66] (Emphasis supplied)

Negating petitioner Mariano's allegations however, is that the act of respondent court in ordering the heirs of the late Eugenio to account for and to make a report of the shares and assets of Dainty Hankies, Inc. and of Quality Plastic, Inc. was pursuant to the court's duty to determine if indeed the litigation between the heirs had been ended through the Compromise Agreement[67], and if the provisions of the Compromise Agreement[68] had been fully complied with. This, given especially the circumstances showing that Urma failed to comply with the provisions of the Compromise Agreement. All of these were as likewise explained by respondent court in its assailed Order[69] dated December 18, 2009, to wit:

“As the new Court hearing the case, it cannot help but feel regretful that the heirs' personal interests prevailed upon them instead of choosing the road of peace and contentment. This Court even tried to mediate and asked for the best possible solution for everybody when it held a hearing for oral arguments on their respective motions last December 2, 2009 but, to no avail. This Court is, thus, constrained to rule on [the] pending issues.

All the heirs seem to agree that a compromise agreement has the force of law and is conclusive on the parties. xxx. With that in mind, the court is now duty-bound to remind the parties of the true essence of a Compromise Agreement because each tend to interpret its provisions understatingly to suit his/her personal convenience, forgetting altogether what a Compromise Agreement is all about or what it is there for.

xxx

With the parties' execution of a Compromise Agreement out of their own free will and initiative, this Court cannot let it pass that their differences will again be confronting them. It should then exercise its mandate to make sure further litigation is avoided. This is the Court's role in this situation which should not be abandoned.”[70] (Emphasis supplied)

Respondent court's act of requiring the heirs of the late Eugenio to account for and to make a report of the shares and assets of Dainty Hankies, Inc. and of Quality Plastic, Inc. also rendered immaterial petitioner Mariano's allegations in his assigned ground II-B that private respondent Rocio had no cause of action to question the dispositions of the assets of Dainty Hankies, Inc. and Quality Plastic Products, Inc. on ground that private respondent Rocio had already relinquished her rights in such corporations. Such act of respondent court was pursuant to its duty precisely to settle the issues between the parties and to ensure the end of litigation between them.

Petitioner could not also properly insist in his assigned ground III that respondent court should have required private respondent Rocio to account for the alleged dispositions of her rights and interests over Natalia Realty, Inc. The reason is that petitioner's allegation that private respondent Rocio had already disposed of her rights and interests over Natalia Realty, Inc., which dispositions would have obligated private respondent Rocio to account for these dispositions was, apart from having been disputed by private respondent Rocio, also not supported by any evidence.

Given all these, no cogent or compelling reason was therefore shown to justify any deviation from the following conclusions of the respondent court in its Order[71] dated June 28, 2010, which were in accordance with the facts and the law:

“While all the parties agree that their compromise agreement has the force of law and is conclusive on them, they, nevertheless, somehow wiggle-out of their respective obligations under the agreement which leads this

Court to cast doubt as to their individual commitments and sincerities to end their squabbles and let their compromise agreement play its role.

This Court shall deemed (sic) it best, therefore do it (sic) for the parties what they cannot do for themselves – of making sure that further litigation is avoided.

xxx

To clarify all the issues now being presented by the parties, this Court shall, nevertheless, answer the following material questions poised in the said motions which are quoted hereunder:

(a) If the Compromise Agreement is valid and should be adhered to by the parties, why are the Heirs being enjoined from further implementing the Judgment? Temporarily because one party now is questioning the acts of the other group. Thus, this Court has decided to issue Orders so that the parties concerned after deliberation will conform to the terms and conditions of the Compromise Agreement.

(b) If the Compromise Agreement is valid and should be adhered to why the Heirs' Motion for Execution has not been acted upon? Temporarily because, after the other parties evidently implemented the agreement in accordance with their own interpretations, the other group claims that the agreement was violated to suit the other groups' own needs. Further, the Court ordered the parties to make an inventory or to report the status of the properties already in their possession. Again they failed to comply with this directive xxx.

Thus, this Court had to set the so called 'ground rules' before it can proceed to grant the Heirs' Motion.

(c) Why is it that only the Heirs are being enjoined and made to account when Rocio P. Baltao has not been enjoined or made to account for her dispositions? The pertinent portion of the Order dated December 18, 2009, in relation to above-cited issue was addressed to all the 'Heirs' including Rocio Baltao. The relevant portion of the said Order is hereby cited, to wit:

'ORDERS that no further disposition, transfer, etc. shall be made among the heirs until further Orders from this Court.'

What this Court ordered the Heirs to account for are their dispositions of what they have received or still to receive under the Compromise Agreement and not what they received already prior to the execution of the said agreement. Primarily to enable this Court to know and determine the extent of the implementation of the Compromise Agreement so that, pending their compliance with the Order dated December 18, 2009, the Heirs should not make any further dispositions or divisions until all parties fulfilled their obligations under their very agreement. 'Heirs' was used in this Order in general terms. To date, the Court has no clear idea as to what specific properties were already transferred or are in the possession of the heirs.

(d) Why have the Heirs been deprived of their representation and denied additional authority to their representatives? The Court has to step in because the issue of qualification and competency are now being raised by the side or group of Rocio Baltao. All must note that there is an Administrator appointed by the Court.”[72] (Emphasis supplied)

After careful consideration of all the facts, arguments, and issues appearing on the records as well as of the pertinent laws and jurisprudence, and, in accordance with what is best determined to be proper under the circumstances, the following disposition is therefore made on these matters.

GIVEN ALL THESE, the Petition is DENIED. Accordingly, respondent court is DIRECTED to conduct further proceedings in order to ensure strict compliance by the parties of the terms and conditions of the Judgment by Compromise Agreement.

SO ORDERED.

Didican, and Paredes, JJ., concur.

[1] Rollo, pp. 3-39

[2] Rollo, pp. 151-161

[3] Rollo, p. 204

[4] Rollo, pp. 225-235

[5] Rollo, pp. 479-481

[6] Rollo, pp. 473-478

[7] Rollo, pp. 41-43

[8] Rollo, pp. 68-76

[9] Rollo, p. 73

[10] Rollo, p. 44

[11] Rollo, p. 437; *Urma Chiongbian v. Philippine National Bank, et al.*, Civil Case No. 96-238, RTC of Makati City, Branch 60

[12] Rollo, pp. 45-49

[13] Rollo, pp. 50-57; “OPPOSITION (TO MOTION: A) TO COMPEL URMA BALTAO CHIONGBIAN AND B) TO DEFER IMPLEMENTATION OF COURT ORDER DATED 17 SEPTEMBER 2008 dated 14 October 2008)”

[14] Rollo, p. 7

[15] Rollo, pp. 437-438

[16] Rollo, p. 7

[17] Rollo, pp. 77-82

[18] Rollo, pp. 83-85

[19] Rollo, p. 7

[20] Rollo, p. 7

[21] Rollo, pp. 86-91

[22] Rollo, pp. 92-97

[23] Rollo, pp. 98-103

[24] Rollo, pp. 104-117

[25] Rollo, pp. 119-122

[26] Rollo, p. 123

- [27] Rollo, p. 123
- [28] Rollo, p. 9
- [29] Rollo, pp. 124-130.
- [30] Rollo, pp. 128-129
- [31] Rollo, pp. 131-138; Rollo, pp. 139-150
- [32] Rollo, pp. 151-161
- [33] Rollo, pp. 160-161.
- [34] Rollo, pp. 185-191
- [35] Rollo, pp. 165-184
- [36] Rollo, p. 204-205
- [37] Rollo, p. 204
- [38] Rollo, pp. 206-224
- [39] Rollo, pp. 165-184
- [40] Rollo, pp. 165-184
- [41] Rollo, pp. 225-235
- [42] Rollo, pp. 234-235.
- [43] Rollo, pp. 3-39.
- [44] Rollo, pp. 36-38
- [45] Rollo, pp. 15-16.
- [46] Rollo, pp. 151-161; Rollo, p. 204; Rollo, pp. 225-235
- [47] Rollo, pp. 225-235
- [48] Rollo, pp. 86-91, pp. 615-618.
- [49] Rollo, pp. 41-43
- [50] Rollo, pp. 41-43
- [51] Rollo, pp. 16-20.
- [52] Rollo, pp. 479-481
- [53] Rollo, pp. 41-43
- [54] Rollo, pp. 479-481
- [55] Rollo, p. 480.
- [56] Rollo, pp. 479-481
- [57] Rollo, pp. 479-481

[58] Rollo, pp. 479-481

[59] Rollo, pp. 151-161.

[60] Rollo, pp. 158-159.

[61] Rollo, pp. 41-43

[62] Rollo, pp. 41-43

[63] Rollo, pp. 151-161.

[64] Rollo, p. 159.

[65] Viesca v. Gilinsky, G.R. No. 171698, July 4, 2007.

[66] Rollo, p. 30.

[67] Rollo, pp. 479-481

[68] Rollo, pp. 479-481

[69] Rollo, pp. 151-161.

[70] Rollo, pp. 157-158.

[71] Rollo, pp. 225-235.

[72] Rollo, 228-234.

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