

ISIDRO MIRANDA, PLAINTIFF AND APPELLANT, VS. LUCIO M. TIANGCO, AS JUDGE OF THE MUNICIPAL COURT OF RIZAL CITY, THE SHERIFF OF RIZAL CITY, AND MANUEL P. DOMINGUEZ, DEFENDANTS AND ...

G.R. No. L-7044. January 31, 1955

Ponente: LABRADOR, J.

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LABRADOR, J.:

Isidro Miranda was the sublessee of three contiguous lots leased by Manuel Dominguez from the Hospicio de San Jose. The sublease began in the years 1945 and 1946, during the liberation. As Miranda defaulted in the payment of the agreed monthly rentals, Dominguez filed an action of ejectment (Civil Case No. 14) in the Municipal Court of Pasay City. When the case was called for trial, on October 10, 1947, the parties submitted a compromise agreement in writing, which they called a "stipulation of facts" in which the sublessee admitted an arrears in rental of P940 of which amount he paid P200 and agreed to pay later the balance of P740, together with current rentals at the rate of P330 every month (Record on Appeal, p. 11). On the same day this agreement was approved by the court, which enjoined the parties to comply with it. As Miranda did not live up to his agreement, an order for the execution of said judgment was entered on November 28, 1947 (Id., p. 20). But on June 23, 1948 the parties again submitted another agreement. In this new agreement the back rentals amounting to P1,585 were to be paid at the rate of P170 per month, beginning July, 1948. The sum was to be applied to the current as well as back rentals until the whole amount of indebtedness shall have been paid (Exhibit A). It was expressly agreed also that upon failure of defendant to comply with the agreement the defendant could be compelled to be ejected at his expense upon notice by plaintiff, and that upon failure to vacate the plaintiff would revive the judgment (or order) of October 10, 1947 (Id., pp. 12-14 and Exhibit A). The new agreement was also approved by the court. Again the defendant failed to comply therewith. He was also given again until December 20, 1948 within which to comply with the compromise. Defendant once more failed to comply with this agreement and so on December 22, 1948 plaintiff filed a motion for execution, which the court granted on January 8, 1949. On February 18, 1949, upon petition of plaintiff, the court issued an order for the demolition of Miranda's house.

On April 7, 1949 Miranda filed the present action in the Court of First Instance of Rizal (Civil Case No. 813) to annul the agreement of June 23, 1948, which is the agreement being enforced in the order of execution, on the following grounds: that the agreement does not represent the true intent of the parties; that the trial court had no jurisdiction to approve and enforce it, as the order modifies another order or judgment which had become final and executory; that the stipulated rentals is contrary to the provisions of Republic Act No. 66. The court of first instance dismissed the complaint and plaintiff Miranda appealed to the Court of Appeals, which forwarded the case to this Court as nothing but questions of law are raised in the appeal.

It is claimed in this appeal (1) that the trial Court erred in holding that the propriety of the rentals agreed upon in Civil Case No. 14 can not be raised in the present action; (2) that the municipal court had no jurisdiction to approve the agreement (Exhibit A) as its decision in the case had already become final, and consequently the writ

of execution finally issued in said Civil Case No. 14 of the Municipal Court of Pasay City is null and void.

It should be noted that the judgment rendered in said Civil Case No. 14 of the Municipal Court of Pasay City was a judgment by consent. The nature and effect of the judgment was explained by this Court in *Manila Railroad Company vs. Arzadon*, 20 Phil., 452 thus:

"A judgment by consent of the parties is more than a mere contract in pais; having the sanction of the court and entered as its determination of the controversy, it has all the force and effect of any other judgment, being conclusive as an estoppel upon the parties and their privies.

"A judgment rendered upon an admission of fact or by consent is conclusive on the parties to the same extent as though rendered upon a contest. (Black on Judgments, sec. 705; *Railway Co. vs. U.S.*, 113 U.S., 261; *Burgess vs. Seligman*, 107 U.S., 20; *Thomson vs. Wooster*, 114 U.S., 104; *Bank vs. Higginbottom*, 9 Peters, 48; *U.S. vs. Parker*, 120 U.S., 89.)"

The basis of the judgment was the stipulation of facts submitted by the parties and their agreement fixing the liability of the defendant therein for rentals and the manner in which the same was to be paid by him. It was a final judgment on the merits, and said judgment, under the express provisions of section 44, paragraph (6) of Rule 39 of the Rules of Court, is conclusive between the parties, not only as to the question on which the parties made stipulation but also as to any other possible issue which the parties could have raised in the case. The fact that the defendant in that action, plaintiff-appellant in this, did not raise that issue in the previous case is no reason for allowing him to raise the same issue in the action he has instituted to annul the said judgment. The principle of *res judicata* applicable is what is known as estoppel by judgment and in the language of Mr. Justice Field in the case of *Crowmwell vs. Sac County*, 94 U.S., 351, cited in *Penaloza vs. Tuason*, 22 Phil., 303, "It is a finality as to the claim or demand in controversy, concluding parties and those in privity with them, not only as to every matter which was offered and received to sustain or defeat the claim or demand, but as to any other admissible matter which might have been offered for that purpose."

It must be remembered that there is no claim in the present action that the Municipal Court of Pasay had no jurisdiction over the ejectment action Civil Case No. 14, or of the parties therein. The plaintiff-appellant herein is absolutely barred from raising the issue of legality of the agreement that he has entered into in said Civil Case No. 14. This is a case where the rules expressly provide that the previous judgment shall be conclusive upon the parties. Under the provisions of section 68, paragraph (d) of Rule 123 of the Rules of Court, said judgment is conclusively presumed and may not be impugned by any of the parties to the case.

Considered from a different angle, the present action instituted by the plaintiff-appellant is one for the annulment of a final judgment rendered by a court of competent jurisdiction, after a trial on the merits, in which both parties were under the jurisdiction of the court. The judgment can only be set aside under any one of the grounds mentioned in section 45 of Rule 123, Rules of Court, which provides:

"Any judicial record may be impeached by evidence of a want of jurisdiction in the court or judicial officer, of collusion between the parties, or of fraud in the party offering the record, in respect to the proceedings."

None of the grounds above mentioned is claimed as basis of the action and the judgment sought to be annulled can not, therefore, be impeached or attacked.

As to the second ground of the appeal, it is true that the first judgment was entered on November 28, 1947. But it is also true that on June 23, 1948 the parties voluntarily submitted another agreement, under the terms of which defendant agreed that upon his failure to pay the amount and in the manner specified, he could be compelled to be ejected at his expense and upon notice by the plaintiff. This subsequent agreement was also approved by the court. Plaintiff-appellant's contention is that as the first judgment of November 28, 1947 had already become final and

executory, it may not again be changed by the court as the court no longer retains jurisdiction. The other contention against the court's later order is that the new compromise may not be enforceable by execution, because the original judgment had become final about seven months before the new compromise was entered into.

The above contentions seem to be valid at first glance, but they are based on a failure to distinguish between two concepts in the law of procedure, the jurisdiction of the court over its judgment, to change, alter or modify it, and its jurisdiction over the case to enforce said judgment. The former terminates when the judgment becomes final; the latter continues even after the judgment has become final, for the purpose of the execution and enforcement of the judgment. The former is governed by Rule 39, section 1 of the Rules of Court; the latter by Rule 39, section 6, which provides that within five years from the entry of the judgment, execution may be made in the same case upon motion. The contention that after the judgment has become final the parties may not enter another agreement in relation thereto is induced by a confusion between jurisdiction over the judgment and jurisdiction over the case. In the case at bar, the original judgment of November 28, 1947 was not disturbed or modified by the court in its subsequent order of June 23, 1948. What was actually done was to consolidate the rents remaining unpaid in accordance with the former judgment, with those that had fallen due thereafter and up to the time of the new compromise agreement, and provide a method of payment thereof. In so far as the rents unpaid at the time of the new compromise agreement, the new order purports to execute the original judgment, and the power of the court to issue it is embraced in its power to execute its judgments within five years; in so far as the new rents that have become due, its power over the same arises from the submission of the new compromise agreement by the parties to the court. There is, therefore, no modification of the original judgment that had become final; there is only provision for the payment of the rents due in accordance therewith, which provision is included in the new judgment.

The other question is, can the parties enter into the new compromise agreement as to the rents falling due after the original judgment, and is the court empowered to act on such compromise agreement? As the case was still under the jurisdiction of the court, for the execution of the original judgment, the plaintiff may not institute a new action to recover the rents that had fallen due pending the complete payment of the judgment. He is prohibited from doing so by the principle of multiplicity of suits, which requires that all questions arising from a case should be ventilated in one single action. In any case, the parties already before the court, may not be prevented from submitting the new compromise agreement because it (the new agreement) embraces the subject of the original judgment—the rents that had been ordered to be paid in the former judgment. So the new agreement may be said to be in execution of the original judgment, over which the court's jurisdiction can not be denied.

Another supposed error assigned by the plaintiff appellant is the alleged invalidity of the agreement that he himself had entered into, because its provisions were contrary to the House Rental Law. As already explained, he can not raise the issue in this case because of the absolute prohibition enjoined by the principle, of conclusiveness of judgment. It is, therefore, unnecessary for us to pass upon the validity of his contention.

We find that the errors assigned on his appeal have not been committed by the court a quo, and the judgment appealed from is hereby affirmed, with costs against appellant.

Paras, C.J., Pablo, Bengzon, Padilla, Montemayor, Reyes, A., Jugo, Bautista Angela, Concepcion and Reyes, J.B.L., JJ., concur.

Judgment affirmed.

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