DOLORES D. LOYOLA, PETITIONER-APPELLANT,VERSUSHON. JACOB M. MONTESA II, PRESIDING JUDGE OF THE METROPOLITAN TRIAL COURT OF MUNTINLUPA CITY, BRANCH 80, AND EVERFIT MANUFACTURING ...

Ponente: SALAZAR-FERNANDO, J.

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SALAZAR-FERNANDO, J.:

Before this Court is an appeal from the Decision dated November 15, 2013[1] and the Order dated January 30, 2014[2] of the Regional Trial Court (RTC), National Capital Judicial Region, Branch 206, Muntinlupa City, in Special Civil Action No. 13-414 entitled "Dolores D. Loyola, Petitioner, vs. Hon. Jacob M. Montesa II, Presiding Judge of the Metropolitan Trial Court of Muntinlupa City, Branch 80, and Everfit Manufacturing Corporation, represented by its General Manager and Treasurer, Ms. Leticia P. Ligon, Respondents.", the dispositive portions of which read:

Decision dated November 15, 2013:

> "WHEREFORE, the instant petition is hereby DISMISSED for lack of merit.
>
> SO ORDERED.[3]"

Order dated January 30, 2014:

> "WHEREFORE, the instant Motion for Reconsideration is DENIED for lack of merit.
>
> SO ORDERED.[4]"

The facts are:

In 2005, petitioner-appellant Dolores D. Loyola (Loyola for brevity) was charged with twelve (12) counts of Falsification of Commercial Documents under Article 171(2) of the Revised Penal Code (RPC) before the Metropolitan Trial Court of Muntinlupa (MeTC for brevity), docketed as Criminal Cases Nos. 45954 to 45965, entitled "People of the Philippines vs. Dolores Loyola. [5]" In the Informations,[6] she was accused of falsifying several promissory notes of varying amounts by forging the signature of respondent-appellee Leticia P. Ligon (Ligon for brevity), the only authorized corporate officer of respondent-appellee Everfit Manufacturing Corporation (Everfit), making it appear that respondent-appellee Ligon affixed her signature and participated in the issuance/execution thereof when in fact she did not sign because at the time of the alleged commission of the offense she was under medical treatment and as such she was not reporting for work or was out of the country. As a remedy, she moved to quash these Informations. This motion to quash was denied by the MeTC, the RTC of Muntinlupa and as well as this Court.[7]

In 2007, the prosecution of the criminal cases was interrupted when the records of the City Hall of Muntinlupa was gutted by fire, thus necessitating the reconstitution of the judicial records thereof.[8] In 2008, the reconstitution of the records of these criminal cases was granted and were docketed anew as Criminal Cases Nos.

10419-10430.[9]

In 2011, petitioner-appellant Loyola filed an Omnibus Motion[10] asking, among others, for the dismissal of these criminal cases, citing the Partial Decision[11] of the Regional Trial Court, Branch 139, Makati City (RTC-Makati) in Civil Case No. 00-1032, for Nullification or Cancellation of Promissory Notes, Damages and Injunction entitled “Everfit Manufacturing Corporation and Leticia P. Ligon, Plaintiffs, vs. Opal Portfolio Investments (SPV-AMC), Inc., et al. Defendants.” Initially, said civil case was filed by respondents-appellees against Philippine National Bank (PNB), until Opal Portfolio Investments (SPV-AMC), Inc. (Opal for brevity) acquired the loan account of respondent-appellee Everfit and Opal became a defendant by substitution in the civil case.[12] In 2009, respondents-appellees and Opal amicably settled the civil case and executed a Compromise Agreement which was embodied in the Partial Decision of the RTC-Makati.[13] It was the contention of petitioner-appellant Loyola that the settlement of the civil case would result to the dismissal of the criminal cases filed against her because when respondents-appellees entered into a compromise agreement, they allegedly admitted the due execution and authenticity of the forged promissory notes, thus, they are estopped from questioning the genuineness and due execution thereof in the criminal cases.[14] Petitioner-appellant Loyola also asked that respondents-appellees' counsel, the Law Office of Chato & Vinzons-Chato, be barred from representing them as private prosecutors on the ground that their institution of the aforementioned separate civil action disqualified them from intervening in the criminal cases.[15]

In their Opposition and/or Comment,[16] respondents-appellees argued that the motion seeking the dismissal of the criminal cases due to the approval of the compromise agreement in a separate civil case is premature. They claimed that the compromise agreement, being an evidentiary matter, may be offered as evidence during the trial as part of the defense of petitioner-appellant Loyola. However, it is not enough to cause the dismissal of the criminal cases at its early stages. They also maintained that there is no basis to disqualify their counsel from representing them because the civil action instituted against PNB is separate and distinct from the prosecution of petitioner-appellant Loyola's act of falsification, and the separate civil liabilities arising from these actions justified their intervention in the criminal cases.[17]

On November 3, 2011, the MeTC denied[18] petitioner-appellant Loyola's omnibus motion. The latter's Motion for Reconsideration[19] was also denied.[20] Aggrieved, she filed a Petition for Certiorari[21] before the Regional Trial Court. On November 15, 2013, the lower court rendered the assailed decision.[22] Petitioner-appellant Loyola moved for its reconsideration[23] but the same was denied.[24]

Hence, this appeal raising this lone assignment of error:[25]

> THE COURT A QUO ACTED WITHOUT OR IN EXCESS OF JURISDICTION OR WITH GRAVE ABUSE OF DISCRETION WHEN IT DID NOT DISMISS CRIMINAL CASES NOS. 10420R TO 10430R FILED AGAINST PETITIONER-APPELLANT LOYOLA AND WHEN THE PRIVATE PROSECUTOR WAS NOT DISQUALIFIED FROM HANDLING THE PROSECUTION OF THE SAID CRIMINAL CASES.

The appeal is without merit.

Petitioner-appellant Loyola's contention that the criminal cases filed against her should be dismissed by reason of the approved compromise agreement executed between respondents-appellees and Opal in Civil Case No. 00-1032 is misplaced. It is a settled rule that a compromise agreement, when not contrary to law, public order, public policy, morals, or good customs, is a valid contract which is the law between the parties.[26] Like any other contract, a compromise agreement takes effect only between the parties, their assigns and heirs, to the

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exclusion of all other persons who are not parties thereto.[27] The case of Spouses Segundo Ramos and Feliza Valdez vs. Hon. Court of Appeals, et al.,[28] is instructive:

> "xxx The main issue in this case is whether or not petitioner can enforce a compromise agreement to which she was not a party.
>
> This issue has already been squarely settled by this Court in the negative in J.M. Tuason & Co., Inc. v. Cadampog (7 SCRA 808 [1963]) where it was ruled that appellant is not entitled to enforce a compromise agreement to which he was not a party and that as to its effect and scope, it has been determined in the sense that its effectivity if at all, is limited to the parties thereto and those mentioned in the exhibits (J.M. Tuason & Co., Inc. v. Aguirre, 7 SCRA 112 [1963]). It was reiterated later that a compromise agreement cannot bind persons who are not parties thereto (Guerrero v. C.A., 29 SCRA 791 [1969]). xxx"

The lower court echoed this ruling in its assailed decision, to wit:

> "It is basic in law that a compromise agreement, as a contract, is binding only upon the parties to the compromise, and not upon non-parties. This is the doctrine of relativity of contracts. Consistent with this principle, a judgment based entirely on a compromise agreement is binding only on the parties to the compromise the court approved, and not upon the parties who did not take part in the compromise agreement and in the proceeding leading to its submission and approval by the court. Otherwise stated, a court judgment made solely on the basis of a compromise agreement binds only the parties to the compromise, and cannot bind a party litigant who did not take part in the compromise agreement.[29] xxx"

Using this as a guiding principle, the Partial Decision which quoted the terms and conditions of the Compromise Agreement clearly shows that the same was executed only between Opal and respondents-appellees Everfit and Ligon. As such, they are the only ones bound by it. As a non-party to the compromise agreement, petitioner-appellant Loyola is neither benefited nor bound by said agreement.

In the same vein, petitioner-appellant Loyola's argument that respondents-appellees' counsel is disqualified from participating in the prosecution of the criminal cases after the institution of a separate civil case for the nullification of the forged promissory notes, lacks basis. To note, the law expressly allows the filing of a separate civil action which can proceed independently of the criminal action.[30] The case of Lily Lim vs. Kou Co Ping a.k.a Charlie Co[31] and Kou Co Ping a.k.a Charlie Co vs. Lily Lim,[32] explains this doctrine to wit:

> "xxx A single act or omission that causes damage to an offended party may give rise to two separate civil liabilities on the part of the offender — (1) civil liability ex delicto, that is, civil liability arising from the criminal offense under Article 100 of the Revised Penal Code, and (2) independent civil liability, that is, civil liability that may be pursued independently of the criminal proceedings. The independent civil liability may be based on "an obligation not arising from the act or omission complained of as a felony," as provided in Article 31 of the Civil Code (such as for breach of contract or for tort). It may also be based on an act or omission that may constitute felony but, nevertheless, treated independently from the criminal action by specific provision of Article 33 of the Civil Code ("in cases of defamation, fraud and physical injuries").
>
> The civil liability arising from the offense or ex delicto is based on the acts or omissions that constitute the criminal offense; hence, its trial is inherently intertwined with the criminal action. For this reason, the civil liability ex delicto is impliedly instituted with the criminal offense. If the action for the civil liability ex delicto is instituted prior to or subsequent to the filing of the criminal action, its proceedings are suspended until the final outcome of the criminal action. The civil liability based on delict is extinguished when the court hearing the criminal action declares that "the act or omission from which the civil liability may arise did not exist."
>
> On the other hand, the independent civil liabilities are separate from the criminal action and may be pursued independently, as provided in Articles 31 and 33 of the Civil Code, which state that:

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> ART. 31. When the civil action is based on an obligation not arising from the act or omission complained of as a felony, such civil action may proceed independently of the criminal proceedings and regardless of the result of the latter. (Emphasis supplied.)
>
> ART. 33. In cases of defamation, fraud, and physical injuries a civil action for damages, entirely separate and distinct from the criminal action, may be brought by the injured party. Such civil action shall proceed independently of the criminal prosecution, and shall require only a preponderance of evidence. xxx"

In this case, there is no conflict in allowing respondents-appellees' counsel to participate in the prosecution of the criminal cases because the independent civil action previously instituted by respondents-appellees against PNB involved a civil liability arising from a loan obligation (a contract) which is different from the civil liability impliedly instituted in criminal cases for falsification. As these cases arose from different sources of obligations, they can proceed and be prosecuted independently of each other.

WHEREFORE, premises considered, the appeal is DENIED. The Decision dated November 15, 2013 and the Order dated January 30, 2014 of the Regional Trial Court, Branch 206, Muntinlupa City in Special Civil Action No. 13-414 are hereby AFFIRMED.

SO ORDERED.

(signed)

REMEDIOS A. SALAZAR-FERNANDO

Associate Justice

Chairperson

WE CONCUR:

(signed)
APOLINARIO D. BRUSELAS, JR.
Associate Justice

(signed)
SAMUEL H. GAERLAN
Associate Justice

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution, it is hereby certified that the conclusions in the above decision were reached in consultation before the case was assigned to the writer of the opinion of the Court.

(signed)
REMEDIOS A. SALAZAR-FERNANDO
Associate Justice
Chairperson, Second Division

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