

PAZ BAYOT VDA. DE CORPUS, PLAINTIFF-APPELLEE, VS. JOSEFINA PHODACA-AMBROSIO, ETC., AND SOLEDAD G. COLLAS, ETC., DEFENDANTS-APPELLANTS.

G.R. No. L-30206. March 30, 1970

Ponente: CONCEPCION, C.J.

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CONCEPCION, C.J.:

Appeal, taken by the defendants, from an order of the Court of First Instance of Manila granting plaintiff's motion for execution of the judgment in the case at bar, which appeal was certified to us by the Court of Appeals, purely questions of law being raised therein.

As owner and lessor of a real estate located at No. 801 Tennessee St., Manila, on July 16, 1962, plaintiff Paz Bayot Vda. de Corpus filed, with the Municipal Court of Manila, a complaint, for unlawful detainer, against Dominador B. Ambrosio and Soledad G. Collas, the latter in her capacity as administratrix of the Intestate Estate of the late Damiana D. Ambrosio, as lessees and occupants of said property, for the purpose of ousting them therefrom and re-covering unpaid rentals and the corresponding compensation for the use and occupation thereof, as well as attorney's fees. It would seem that, decision having been rendered in favor of the plaintiff, the defendants appealed to the Court of First Instance of Manila, which, based upon a compromise agreement reached by the parties rendered on February 12, 1963, the following:

"D E C I S I O N

"When this case was called for hearing today, the plaintiff and defendant, assisted by their respective counsels, submitted an amicable settlement which reads as follows:

"COME NOW the plaintiff and the defendant and to this Honorable Court respectfully submit the following AMICABLE AGREEMENT:

- '1. That the defendants admit that they are bound to pay the plaintiff, jointly and severally the amount of P4,070.00, or FOUR THOUSAND AND SEVENTY and xx/100 pesos , as of January 31, 1963, by way of rents in arrears, of the pro-perty they leased from plaintiff at 801 Tennessee, Manila, at the rate of P350.00 a month;
- '2. That the defendants will pay the plaintiff in partial satisfaction of these rents the amount of Two Thousand Pesos (P2,000.00) on or before the 21st day of this month of February, 1963;
- '3. That they furthermore bind themselves to pay the plaintiff, jointly and severally, the sum of P500.00, within the first ten days of every succeeding month, commencing March, 1963, of which the amount of P350.00 shall be in payment of the rent for the preceding month and P150.00 in payment of the balance of the rentals in arrears, and after their full satisfaction, the monthly payments shall be reduced to P350.00;
- '4. That no payments shall be recognized unless evidenced by a receipt signed by the plain-tiff or her attorney-in-fact, Jose Echevarria, and that her or his acceptance of any sum less than that, or beyond the period,

fixed therein shall not be deemed a waiver of any of the rights granted the plaintiff by this compromise;

'5. That the terms of the lease shall be one (1) year beginning the first day of this month, renewable from year to year by agreement in writing among the plaintiff and the defendants, provided that they pay the accrued and current rents as herein above provided;

'6. That should the defendants fail to comply with paragraphs 2 and 3 hereof, or to vacate the leased premises upon termination, for any other cause, of the lease or any extension there-of, execution shall immediately issue in this case, for their eviction from the premises and the satisfaction of all unpaid rents;

'7. That the defendants warrant that the following pieces of property belong to them, free from any liens, encumbrances, or claims of third persons, and may be levied upon, aside from any other property belonging to them, in satisfaction of the judgment to be rendered in accordance therewith:

'(1) Freezer and (2) Oven Gas Range

"WHEREFORE, it is respectfully prayed and requested that the foregoing agreement be approved, and that judgment be rendered in accordance therewith.

"Manila, Philippines, February 12, 1963.

"PAZ BAYOT VDA. DE CORPUS

Plaintiff

By:

(Sgd.) JOSE ECHEVARRIA

Attorney-in-Fact

"(Sgd.) DOMINADOR B. AMBROSIO

In His own Representation as

Defendant, 801 Tennessee,

"Assisted by:

"JOAQUIN AND ZALDARRIAGA

"By:

(Sgd.) LUIS ZALDARRIAGA

Counsel for the Plaintiff

480 Borja Bldg., Manila

Rizal Avenue

"(Sgd.) SOLEDAD G. COLLAS

"Defendant in her capacity as

Administratrix of the Intestate Estate

of MRS. DAMIANA D. AMBROSIO

"Assisted by:

"TIRONA, NAVARRO and AMBROSIO

"By:

"(Sgd.) ILLEGIBLE

"Counsel for the Defendant

"1720 Piy Margal, Manila

"WHEREFORE, the above-quoted amicable agree-ment is hereby approved and judgment is rendered in accordance with the terms and conditions set forth therein. No pronouncement is made as to costs.

"SO ORDERED."

Having died sometime in January, 1964, Dominador B. Ambro-sio was, by an order dated July 21, 1964, substituted by his widow, Josefina Phodaca-Ambrosio, as one of the defendants in the case.

On August 14, 1964, plaintiff moved for the execution of said decision of February 12, 1963, and, despite defendants' opposition thereto, the motion was granted by the Court of First Instance, in an order dated November 28, 1964. A writ of execution was, accordingly, issued, the enforcement of which was suspended by a restraining order of the same court, dated December 5, 1964. The latter was, however, reconsidered and lifted on January 27, 1965, and, a re-consideration of the order to this effect having been denied, on Feb-ruary 17, 1965, the defendants interposed the present appeal from the aforementioned orders of November 28, 1964 and February 17, 1965, to the Court of Appeals, which certified the appeal to the Supreme Court, by resolution dated January 31, 1969.

Defendants maintain that the trial court has erred in not holding that:

I. "x x x the compromise agreement of February 12, 1963 is void ab initio.

II. "x x x even if we assume the validity of the compromise agreement, the only matters deemed ad-judicated by it are the matter of 'unpaid rentals' alleged in the complaint upon which the compromise was based, and since all such unpaid rentals have been paid, the compromise has been completed.

III. "x x x the plaintiff is estopped from attempting to enforce the alleged amicable agreement by execution.

IV. "x x x as shown by the subsequent facts and circumstances, there is in truth and in fact a lease contract that is valid, in force and in effect between the parties which cannot be disturbed by means of execution.

V. "x x x there are new matters and new con-troversies which have never been submitted to the trial court which have never been decided in the decision of February 12, 1963. And necessitate the filing of a new action by plaintiff, thereby rendering irregular, illegal, and anomalous, the execution or-der in question."

1. Relying upon Art. 2032 of the Civil Code, reading:

"The court's approval is necessary in compro-mises entered into by guardians, parents, absentee's representatives, and administrators or executors of decedents' estates."

defendants maintain that the compromise agreement incorporated into the decision of February 12, 1963, is void, insofar as defen-dant Soledad Collas is concerned, she being the administratrix of the estate of Damiana D. Ambrosio, deceased. This pretense is, however, untenable, said compromise having been approved by the Court of First Instance of Manila, in the case at bar. Besides, having complied, although somewhat irregularly, with the provisions of the compromise agreement and availed of the benefits thereof, from February 12, 1963 to February

12, 1964, as well as invoked it in support of their alleged right to renew their contract of lease thereafter, the defendants are now barred or estopped from assailing the validity of said agreement and of the decision based thereon.[1] At any rate, since the validity of the compromise agreement was not assailed in the lower court, such question may not be raised for the first time in this appeal.[2]

2. It is urged by the defendants that the compromise agreement merely settled the issue as regards "unpaid rentals" and that, the same having already been satisfied, "the compromise has been completed, " meaning, perhaps, that their obligations under said agreement must be deemed fully discharged.

This pretense is devoid of merit. It is true that defendants' default in the payment of rentals had led to the filing of the unlawful detainer case, and that the desire to settle that case had induced both parties to enter into said agreement. It is not true, however, that the same is limited in its scope to the collection of the rentals overdue and that the obligations arising from said agreement were completely extinguished upon the satisfaction of the rentals in arrears. The agreement clearly and explicitly covered other subjects, such as: (a) the granting to the defendants of a new lease contract for one year, from February 1, 1963; (b) the sums of money to be paid monthly beginning from March, 1963; (c) the possibility of renewing said contract of lease from year to year, subject to certain conditions; and (d) the provision to the effect that "execution shall immediately issue" in case "the defendants fail x x x to vacate the leased premises upon termination, for any other cause, of the lease or any extension thereof." As a matter of fact, being mainly for the benefit of the defendants, there is every reason to believe that the foregoing stipulations must have been entered into at their behest.

3. In support of the third assignment of error, defendants allege that (a) the decision of February 12, 1963 "is not a judgment" that can "acquire the character of an executory judgment"; (b) owing to an act of the plaintiff, later to be discussed, she is deemed to have "renounced her rights to said decision"; (c) plaintiff is bound, under the compromise agreement, to renew the contract of lease with the defendants, from year to year; and (d) plaintiff had sought to increase the rental without judicial approval.

The first ground is premised upon the theory that, according to *Saminiada v. Mata*,[3] a decision based on a compromise agreement is not a judgment. The only question involved in that case was whether the court could grant a "petition for relief" from said decision, considering that the petition had been filed on May 26, 1950, or over 120 days from the rendition of the decision on January 18, 1950, and more than 90 days after the denial, on February 18, 1950, of a motion for reconsideration thereof.

Although a majority of the members of the Court voted to decide the issue in the affirmative, there was no majority as regards the reasons therefor. Four (4) justices opined that a decision based upon a compromise agreement is merely a "judgment by consent", and that, as such, it does not, like any other decision, become final and executory until the expiration of the period to appeal. They, moreover, held that, since the agreement and the decision merely provided for the segregation, by a qualified surveyor, of a portion of the land sought to be partitioned, the agreement was not complete until judicial approval of the report of the commissioner charged with the duty of effecting the partition, and that, meanwhile, the decision approving the compromise partook of the nature of an "interlocutory" order. Three (3) justices merely concurred "in the result" or "dispositive part" of the decision of the Supreme Court granting the petition for relief. One member of the Court dissented.

The *Saminiada* case does not bear out defendants' pretense, for: (a) the view to the effect that a decision based upon a compromise agreement does not become immediately final and executory, was that of only four (4) members of the Court, who did not even constitute a majority of those who participated in the decision, apart from being less than the six (6) votes required by law for a decision of the Supreme Court; (b) said view is inconsistent with that adhered to in subsequent cases[4] and the explicit provision of Art. 2037 of the Civil Code;[5] (c) the

Saminiada case involved a question of partition, which does not end with a decision decree-ing the same, and requires an order - unnecessary in cases like the one at bar - approving the actual partition effected subsequently to said decision; (d) even the aforementioned four (4) members of the Supreme Court acknowledged, in the Saminiada case, that a decision based upon a compromise is a judgment; and (e) the decision in the present case has actually been executed, although partly, so that, its final character is beyond question.

As regards the second ground, it appears that on August 5, 1963, plaintiff filed a motion for execution because of defen-dants' default in the payment of rentals, and that such motion was withdrawn by the plaintiff, on September 21, 1963, upon pay-ment of the rentals overdue. Defendants now allege that this withdrawal implied a renunciation of plaintiff's rights under the decision of February 12, 1963, and that she is now in no better position than an ordinary lessor, who must file a new action to eject the defendants herein.

The case of *Dimayuga vs. Raymundo*[6] has been cited in support of this stand. That case involved a writ of execution directing defendants' ejectment as ordered in the decision. Yet, plaintiff did not enforce said writ against defendant Gaspara Raymundo, not only because she had subsequently satisfied the rents in arrears, as well as made a payment in advance, but, also, because she had a subsequent agreement with the plaintiff, pursuant to which the latter would receive as rental more than double the amount awarded in said decision. Still later, however, plaintiff moved for an alias writ of execution, which was issued, but later cancelled, owing to the aforesaid payment. The Supreme Court denied plaintiff's petition for a writ of certiorari to annul said order of cancellation of the writ of execution.

Manifestly, the *Dimayuga* case is not in point. The de-cision rendered in the ejectment case contemplated the immediate ouster of the defendant, not the continuance of her possession, much less a new contract of lease. However, by accepting, sub-sequent to said decision, an advance payment, and, especially, in agreeing to allow the defendant to continue in possession of the leased premises at a much higher rental, there had been a new contract of lease between them, and, accordingly, a renun-ciation of plaintiff's right under said decision, which was incon-sistent with said contract. In the case at bar, the decision of February 12, 1963, in accordance with the compromise agreement, explicitly granted the defendants the right to hold the property in question, as lessees thereof, for a term extending to almost one (1) year beyond said date, or up to February 1, 1964, which, moreover, was "renewable from year to year", by agreement among the parties. None of the terms of said compromise agreement had been modified or altered by plaintiff's acceptance of the rentals overdue up to August, 1963. What is more, said acceptance was made subject to the understanding that "the judgment rendered by the Court on February 12, 1963, shall remain in full force and effect." [7] Such understanding was confirmed by the fact that, thereafter and up to now, defendants maintain that they are entitled to a yearly renewal of their contract of lease, begin from February 1, 1964, pursuant to said agreement and decision. Indeed, paragraph 4 of the compromise agreement provides that acceptance by the plaintiff or her representative "of any sum less than that or beyond the period fixed" therein "shall not be deemed a waiver of any of the rights granted the plaintiff" by said agreement.

The last two grounds are clearly untenable. The stipulation, in the compromise agreement, to the effect that the term of the lease, in favor of the defendants, shall be "renewable from year to year by agreement in writing among the plaintiff and the defendants," refutes the theory of automatic renewal. Indeed, had the parties contem-plate a compulsory renewal, under the very same terms and condi-tions stipulated in the compromise, said "agreement in writing" would have been absolutely unnecessary and utterly useless. The need therefor clearly indicates that the renewal would require another contract, under such terms and conditions as may be agreed upon.

4. The fourth assignment of error is anchored upon a deed executed on December 14, 1966 by one of the original defendants, the late Dominador B. Ambrosio, and his wife, now widow, Josefina Phodaca-Ambrosio - who, later, substituted him as such defendant -with the conformity of plaintiff herein.

It is alleged that by virtue of said deed, "there was in effect a continuation and reaffirmation of the compromise and lease contract contained therein" and that, having withdrawn, in December 1964, the judicial deposit made by the defendants for rentals due prior thereto, plaintiff must be deemed to have recognized the contractual relations that they now claim to have with her, and, accordingly, confirmed the existence of a lease contract with them. This conclusion is disproved by the terms of said deed of December 14, 1966, paragraph 4 of which explicitly declares, not only that the decision of February 12, 1963 "remains in full force and effect, " but, also, that the relation between them shall be "subject to the motion filed x x x by the parties thereto, dated September 21, 1963," paragraph 3 of which states "that the judgment rendered by this Court on February 12, 1963, shall remain in full force and effect."

Pursuant to said decision, there is indeed a contractual relation between the parties herein, namely, that established by their compromise agreement; but, pursuant thereto, their lease contract expired on February 1, 1964, no "agreement in writing" having been made by the parties renewing or extending the lease beyond said date, and plaintiff's right to a writ of execution accrued "immediately" thereafter. Needless to say, the theory to the effect that, by withdrawing the rentals deposited by the defendants in the Court of First Instance, the plaintiff had admitted or acknowledged said renewal or extension, is manifestly devoid of merit, for section 8 of Rule 70 of the Rules of Court explicitly authorizes such withdrawal, without the effect imputed thereto by the defendants herein.

5. Under the last assignment of error, it is urged that the following are "new questions and new controversies" that have never been submitted to the trial court and require a new action, namely:

- a. Whether withdrawal of plaintiff's motion for execution implied a renunciation or novation of the judgment of February 12, 1963.
- b. Whether by refusing to renew the contract of lease and demanding a higher rate of rental, plaintiff had converted her obligation under said judgment into a po-testative one and terminated it unilaterally.
- c. What is the effect of the agreement of December 14, 1964?
- d. What is the effect of the withdrawal by the plaintiff of the rentals deposited by the defendants prior thereto.

and that, accordingly, the writ of execution issued by the lower court is irregular, illegal and anomalous.

Suffice it to say that, except as regards the penultimate question (c), all others have already been disposed of. It may be added, however, as regards question (b), that there was absolutely no "obligation", on the part of either party, to renew the contract of lease upon expiration of the term stipulated in the compromise agreement. The "agreement in writing" therein required for a renewal necessarily implied "freedom" of both parties not to enter into such agreement.

As regards question (c), Mr. & Mrs. Ambrosio stated, in said deed of December 14, 1964:

"1. That we are presently making repairs on the improvements introduced by Dominador and his first wife on the house of Paz Bayot Vda. de Corpus located at 801 Tennessee, Malate, Manila, as well as other works therein.

"2. That these repairs and works we are making or will make shall be at our expense and we will secure the permit and comply with the other requisites necessary for their execution.

"3. That in the event we vacate the aforesaid house belonging to Paz Bayot, Vda. de Corpus on the termination for any cause of the contract of lease thereover, we will not demand the reimbursement for improvements provided in Article 1678 of the Civil Code of the Philippines for the reason that the value of the repairs,

improvements, and other works above-mentioned shall be deemed to be in substitution for and patent of the walls and other parts of the house which Dominador B. Ambrosio as lessee removed and which he promised to restore on the termination of the lease.

“4. And that the making of the repairs and other works above referred to and this document shall not in any way be understood to modify or change the judgment rendered by the Court of First Instance of Manila in Civil Case No. 52981, which we hereby affirm remains in full force and effect, subject to the motion filed therein by the parties thereto, dated September 21, 1963.

"xxx xxx xxx." [8]

Contrary to the theory now advanced by the defendants, they had explicitly declared and agreed that "the making of the repairs and other works" referred to in said deed of December 14, 1964, and the execution thereof did not "in any way modify" the aforementioned decision of February 12, 1963, and the same "remains in full force and effect." Pursuant thereto, the writ complained of is in order.

Being in accordance with law, the orders appealed from are, accordingly, affirmed, with costs against the defendants.

IT IS SO ORDERED.

Reyes, J.B.L., Dizon, Makalintal, Zaldivar, Ruiz Castro, Fernando, Teehankee, and Villamor, JJ., concur.
Barredo, J., took no part.

[1] Llacer v. Muñoz, 12 Phil. 328; Mirasol v. Municipality of Tabaco, 43 Phil. 610, 614-615; NAMARCO v. Tan, L-17074, March 31, 1964; Castrillo v. Court of Appeals, L-18046, March 31, 1964.

[2] Nielson & Co., Inc. vs. Lepanto Consolidated Mining Co., L-21601, Dec. 28, 1968; Universal Motors Corporation v. Dy Hian Tat, L-23788, May 16, 1969; Yturralde v. Azurin, L-22158, May 30, 1969.

[3] 92 Phil. 426, decided January 2, 1953.

[4] Republic v. Estenzo, L-24656, Sept. 25, 1968; Guilas v. David, L-24280, May 27, 1968; Sabino v. Cuba, L-18328, Dec. 17, 1966; Serrano v. Miave, L-14678, March 31, 1965; Sotto v. Reyes, L-18439, Aug. 21, 1963; Araneta v. Perez, L-16187, April 30, 1963; Piano v. Cayanong, L-18603, Feb. 28, 1963; Tria v. Lirag, L-13994, April 29, 1961.

[5] "Art. 2037. A compromise has upon the parties the effect and authority of res judicata; but there shall be no execution except in compliance with a judicial compromise."

[6] 76 Phil. 143.

[7] Record on Appeal, p. 19.

[8] Underscoring supplied.

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