

EDWARD LITTON, PETITIONER, HONORABLE COURT OF APPEALS AND ENRIQUE SYQUIA, RESPONDENT.

G.R. No. 102713. October 09, 1996

Ponente: TORRES, JR., J.

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TORRES, JR., J.:

The validity of a compromise hinges on consent, while its sinew is compliance without which, litigation may be the only seeming reprise.

In this petition for review on certiorari, petitioner Edward Litton challenges the decision of the Court of Appeals dated September 9, 1991, the dispositive portion of which reads:

"WHEREFORE, the petition for certiorari and mandamus is GRANTED, the orders of November 14, 1990 and March 12, 1991 are SET ASIDE and the respondent judge is hereby ORDERED to give due course to petitioner's appeal from the orders dated June 4, 1990 and October 19, 1990. Costs against private respondent.

SO ORDERED."[1]

The following are the undisputed facts:

On December 21, 1988, Judge Wilfredo Reyes of the Regional Trial Court, Branch 36, Manila, approved the Compromise Agreement dated December 19, 1988 in Civil Case No. 132250 executed by herein petitioner Edward Litton and Enrique Syquia in lieu of the judgment rendered by this Court in G.R. No. 1-61932 on June 30, 1987. The Compromise Agreement contains the following stipulations:

"1. That defendant shall no longer present evidence in support of the value of improvements on the subject leased building known and designated as the Dutch Inn Building, 1034 Roxas Boulevard, Manila;

2. That plaintiff shall allow the defendant to stay in the premises designated for an inextendible period expiring on 31 December 1989, by paying the following monthly rental:

I. P28,000.00 up to and inclusive of 31 December 1988; payable upon the signing hereof;

II. P50,000.00 from January 1, 1989 up to and inclusive of December 31, 1989;

The rate of monthly rentals above-stated shall be paid directly by the defendant to the plaintiff within the first ten(10) days of each calendar month without need of demand, however, rental due for January 1989 shall be paid upon the signing of this Agreement;

3. That at the end of the term, that is, on or before 31 December 1989, defendant shall fully vacate and surrender the leased building to the plaintiff;

4. That likewise, upon vacating the premises, the defendant shall be allowed to remove all movables and improvements introduced by defendant except those which are considered permanent structures and provided further that the removal of said improvements shall not deface the building, or cause unusual damages thereto.

The list of movables and improvements that may be allowed is herewith attached as Annex "A" and made an integral part hereof;

5. That the plaintiff shall reimburse the defendant the cost of any of the movables and improvements introduced in the building; and all other improvements left on the premises shall ipso facto belong to the plaintiff;

6. That the parties further agree that in case of default in the payment of any monthly rental on the stipulated due date as well as the failure of the defendant to vacate the leased building on or before 31 December 1989 shall entitle plaintiff to an immediate writ of execution to enforce compliance with this Compromise Agreement and all costs and charges of execution shall be for the account of the defendant."[2]

On January 4, 1990, petitioner Litton filed a Motion for Immediate Writ of Execution to enforce compliance with the aforesaid Agreement. Then on February 19, 1990, petitioner filed a Supplemental Motion for Execution praying that defendant (herein private respondent) Enrique Syquia pay the rental for 18 days of January 1989 based on the 1989 monthly rental of P50,000.00 and that the latter also pay MERALCO for the electric services for December 1989 to January 18, 1990. Private respondent Syquia filed his Opposition to the said Motion on February 19, 1990.

On June 4, 1990, the trial court issued the following order:

"Let therefore another writ of execution issue ordering defendant to pay unto plaintiff the following sums:

1. to pay plaintiff the rental from January 1 to 18, 1990 (18 days) based on the 1989 rental of P50,000.00;
2. to reimburse plaintiff for its payment of MERALCO of electric services from December 2, to January 2, 1990 in the sum of P51,424.10;
3. to pay plaintiff for defendant's proportionate share of the electric billing from January 2, 1990 to February 2, 1990 in the sum of P25,275.80;
4. to pay NAWASA and/or reimburse plaintiff for the water bill from June 1989 to December 1989 in the sum of P94,518.20; and
5. to reimburse plaintiff for the properties removed by defendant from the leased building (Dutch Inn), par. 4, Supplemental Motion for Execution."[3]

Private respondent Syquia filed his motion for reconsideration of the above order which was opposed by the petitioner. Then on July 10, 1990, a Supplemental Motion for Reconsideration was filed by private respondent Syquia. Another opposition was filed by herein petitioner. The motion for reconsideration and supplemental motion for reconsideration were subsequently denied by the trial court in its order dated October 19, 1990.

Private respondent Enrique Syquia filed his notice of appeal on November 3, 1990 but the trial court denied the same in its order dated November 14, 1990. Thus, private respondent filed his Motion for Reconsideration and it was again denied by the trial court.

A petition for certiorari and mandamus with prayer for writs of preliminary injunction and mandamus was filed by private respondent Enrique Syquia with the Court of Appeals with the prayer that a preliminary writ of injunction be issued to enjoin the enforcement of the court's orders dated June 4, 1990 and October 19, 1990 and also a writ of mandamus be issued so that the notice of appeal would be given due course and the records of the case be elevated for purposes of the appeal.

The Court of Appeals granted the petition in the assailed order dated September 9, 1991. It resolved that the orders dated June 4, 1990 and October 19, 1990 were not mere orders of execution but judgment on the merits of

certain questions arising after the original decision. The orders dealt with matters foreign or no longer covered by the compromise Agreement and therefore, not included in the judgment sought to be executed. Since the orders raised questions of fact, necessarily the resolution of these questions was subject to appeal.

Petitioner Edward Litton filed this petition for review on certiorari. The petition was first denied in the resolution dated January 29, 1992 for insufficiency in form and substance having failed to comply with the Rules of Court and paragraph 2 of Circular No.28-91. On reconsideration, the petition was ordered reinstated in the resolution dated March 16, 1992.

Petitioner contends that the matters dealt with in the questioned orders did not vary the terms of the decision based on the Compromise Agreement. Moreover, the said matters were already existing prior to the execution of the Compromise Agreement.

It is a rule that a judgment rendered in accordance with a compromise agreement is immediately executory as there is no appeal from such judgment.[4] The reason for the rule is that when both parties enter into an agreement to end a pending litigation and request that a decision be rendered approving said agreement, it is only natural to presume that such action constitutes an implicit, as undeniable as an express, waiver of the right to appeal against said decision.[5]

While the compromise agreement was no longer appealable, the subject orders, which supposedly involved only a supplemental motion for execution can still be appealed. We are reproducing the relevant findings of the respondent Court of Appeals for Clarity, viz:

"What is disputed by the petitioner are the orders dated June 4, 1990 and October 19, 1990 of the trial court, granting the private respondent's supplemental motion for execution. Indeed, these orders are not mere orders of execution but judgments on the merits of certain questions arising after the original decision. They concern matters which were not dealt with in the Compromise Agreement and, therefore, were not covered by the judgment sought to be ostensibly executed. Thus, the June 4, 1990 order dealt with the following matters:

i. It required the petitioner to pay his proportionate share of the rental from January 1 to 18, 1990, at the rate of P50,000.00. However, the parties had agreed on a monthly rental of P50,000.00 only from January 1, 1989 up to December 31, 1989. Whether the same rule should be applied and if so, whether petitioner is entitled to a proportionate reduction because of his allegation that from January 1 to 18, 1990, he occupied only the third and fourth floors of the building -- a point disputed by the private respondent -- require a new decision. So also does the other claim that petitioner is not liable for the unpaid rentals for January 1990 of petitioner's sub-lessees who already paid directly to the private respondent require adjudication because this question is not covered by the original decision.

ii. The trial court ordered the petitioner to reimburse the private respondent for electric services from December 2 to January 2, 1990 and from January 2 to February 2, 1990. But there is no provision in the agreement regarding payments of the electric bills. Petitioner claims that his former sub-lessees paid their proportionate share of electric bills to the private respondent, while he (petitioner) ceased operation of the disputed building after January 2, 1990.

iii. the trial court ordered the petitioner to pay NAWASA and/or to reimburse the private respondent for the amount paid for the water bills from June 1989, but petitioner contends that he has a pending complaint regarding this amount to the NAWASA.

iv. The trial court ruled that the water pumps, water pressure pump, telephone switchboard and telephone lines were immovable properties and thus could not be removed by petitioner. But petitioner disputes this and argues that he had a right to remove these items under par. 4 in relation to Annex A of the Agreement which states:

4. That likewise, upon vacating the premises, the defendant shall be allowed to remove all movables and improvements introduced by the defendant except those which are considered permanent structures and provided further that the removal of said improvements shall not deface the building, or caused unusual damages thereto. The list of movables that may be allowed removed is herewith attached as Annex "A" and made integral part hereof;

Annex "A" listed the following movable properties: air-conditioners, clocks, curtains, furnitures (including beds, chairs, desks, dividers, tables, etc.), lamps, mattresses, paintings, radios, refrigerators, rugs, stereos, stoves, television sets, typewriters, venetian blinds.

These matters, which are dealt with in the two orders of June 4, 1990 and October 19, 1990, raise questions of fact. In accordance with the ruling in *De Guzman v. Court of Appeals*, supra, the resolution of these questions is subject to appeal. In *De Guzman*, under the compromise agreement approved by the trial court, defendant must pay on or before January 27, 1978 the sum of P250,000.00 in order to be entitled to the execution of a deed of sale. It was held that whether she had complied with this condition so as to be entitled to a writ of execution compelling the plaintiff to execute a deed of sale in her favor was a question of fact which was appealable.

Undoubtedly, the order dated June 4, 1990 disclosed that it imposed upon private respondent additional obligations which were not included or contemplated in the compromise agreement. The supplement involved payments which could be questioned by the private respondent since they were not among the stipulations embraced in the compromise agreement. Thus, what is only unappealable is the original compromise agreement itself and not the supplement thereto. Any modification or supplement thereto necessarily involves facts which were not agreed or covered by the compromise agreement by the parties. Consequently, the consent of both parties are needed and when one as in this case is not in conformity with it, the matter can be the subject of appeal.

Considering the attendant circumstances of the case at bar, this is a good time as any to re-echo the fact that "reciprocal concessions, is the very heart and life of every compromise" (Report of the Code Commission, pp. 154). By the nature of a compromise agreement brings the parties to agree to something which neither of them may actually want, but for the peace it will bring them without a protracted litigation. Essentially, the parties to it have to bend a little or else break in the process. It is for this and similar reasons, that in *Raneses vs. Teves*, it was stated that--

"xxx.

"It is the trial court's duty to examine and study the compromise agreement with utmost attention and caution and to assure itself that the stipulations thereof are valid and proper so as to avoid misunderstanding and controversies. A casual or superficial perusal of the compromise agreement should be eschewed." (No. L-26354., March 4, 1976)

A watchful fidelity to the foregoing doctrinal yardstick will go a long way towards a peaceful settlement of an otherwise mired justiciable issue.

ACCORDINGLY, the decision appealed from dated September 9, 1991 is hereby **AFFIRMED** and the petition for review is **DENIED** for lack of merit.

SO ORDERED.

Regalado (Chairman), Romero, and Puno, JJ., concur.

Mendoza, J., no part.

[1] CA Rollo, pp. 145-157. Decision penned by Justice Vicente V. Mendoza and concurred in by Justice Oscar Herrera and Justice Alicia Sempio Diy.

[2] CA Rollo, Annex "B", pp. 21-23.

[3] CA Rollo, Annex "K", p. 54.

[4] Prudence Realty and Development Corp. vs. Court of Appeals, G.R. No. 110274, March 21, 1994.

[5] World Machine Enterprises vs. Intermediate Appellate Court, G.R. No. 72019, December 20, 1990.

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