

**PHILIPPINE NATIONAL CONSTRUCTION CORPORATION,
PETITIONER, VS. THE HONORABLE COURT OF APPEALS, THE HON.
SANTIAGO RANADA, JR., JUDGE RTC OF MAKATI METRO MANILA,
BR. 137; CEFERINO ...**

G.R. No. 104437. December 17, 1993

Ponente: VITUG, J.

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VITUG, J.:

This Petition for Review on Certiorari seeks to annul and set aside the decision of 25 November 1991 and Resolution of 2 March 1992 of the respondent Court of Appeals, upholding the writ of execution issued by the Regional Trial Court of Makati in Civil Case No. 16699.

The antecedent events that led to the present petition might be culled, thus -

The Republic of the Philippines filed in 1987, with the Regional Trial Court a petition for quo warranto, docketed as Civil Case No. 16699, seeking to exclude from the franchise of the Philippine National Construction Corporation ("PNCC") certain segments of the Northern Luzon Expressway and Southern Luzon Expressway. The court denied the Republic's prayer for a writ of preliminary injunction. Its motion for reconsideration having likewise been denied, the Republic filed with the Court of Appeals a petition, docketed as CA-G.R. SP No. 13235, for certiorari, prohibition and injunction. On 04 August 1989, the appellate court issued a decision granting the writ prayed for.

PNCC forthwith filed with this Court a petition for certiorari and prohibition, docketed as G.R. No. 89557, questioning the decision of the appellate court. Before final action could be taken by this Court, the parties entered into a compromise agreement, expressing, after a recital of the mutual covenants of the parties, that -

"Should PNCC fail to comply with any of its commitments under this Compromise Agreement set forth in paragraph 2 (c) hereof, the Court of Appeals Decision dated August 4, 1989 in CA-G.R. SP No. 13235, entitled 'Republic of the Philippines versus Hon. Jesus Guerrero, RTC Br. 148, Makati, Metro Manila, and Philippine National Construction Corporation (PNCC) formerly CDCP; Federation of Parañaque Homeowners' Associations and Ceferino P. Padua, Intervenors; Amelito Mutuc, Intervenor; Fernando A. Gaite, Intervenor' shall become immediately final and executory. This sanction becomes without force and effect upon PNCC's compliance with such commitments except its other commitments under this Agreement and the maintenance of the questioned portions of the expressways which PNCC shall continue pursuant to paragraph 2 (b) hereof."

Finding the compromise agreement not to be contrary to law, morals, public order, good customs or public policy, this Court, in its decision, dated 20 August 1990, gave its imprimatur thereto and thus enjoined the parties to faithfully comply with the terms and conditions thereof.

Several months later, on the contention that PNCC had violated the compromise agreement, a writ of execution was applied for with the Regional Trial Court ("RTC") in Civil Case No. 16699, thus resuscitating the judicial

controversy. The issue of whether the compromise agreement had in truth been observed or breached by PNCC had well preoccupied the parties and the trial court, until, finally, the latter issued the writ applied for in its Orders of 17 June 1991 and 19 August 1991.

A petition for certiorari was filed by PNCC with the Court of Appeals, this time docketed as CA-G.R. 25859, questioning the jurisdiction of the RTC and its findings. The Court of Appeals, in its decision of 25 November 1991, denied the petition and sustained the validity of the writ of execution issued by the RTC.

Hence, the instant petition (G.R. No. 104437).

The petitioner, which we find to have been ably represented by the Office of the Government Counsel, insists that the challenged writ of execution has been improperly issued. Such writ, the petitioner maintains, can only be issued by the court which has rendered the judgment. The petitioner, in main, relies on Section 8, Rule 39, of the Rules of Court providing that "the writ of execution must issue in the name of the Republic of the Philippines from the court in which the judgment or order is entered; x x x." The petitioner points out that the decision of this Court in G.R. No. 89557, which has approved the compromise, is upon an original action, that has sought to nullify the decision of the Court of Appeals in CA-G.R. No. 13235. Observe, however, that the latter case, in turn, has been occasioned by RTC's denial of the Republic's prayer for a writ of preliminary injunction in Civil Case No. 16699.

In any case, the rule invoked by the petitioner is not without exceptions. Even the petitioner itself concedes that one such exception is when "the records of the case had been transferred to another court," in which event the latter may issue the writ. In practice, in the case of the appellate courts, this Court included, rarely would the court by itself execute its own decision, whether the petition is brought up to it under Rule 45 or under Rule 65 of the Rules of Court. Almost invariably, the appellate records, including the judgment, are forwarded to the court whose decision or order has been questioned or put to issue. Thus, our decision and other records in G.R. No. 89557, have been, upon entry of judgment, transmitted to the Court of Appeals, the latter's decision being the subject of the petition in G.R. No. 89557. In the same vein, the Court of Appeals, in turn, has returned the records to the RTC, the latter being the court, as we have earlier said, where the judicial controversy on the subject matter involved in the case had, in the first place, originated. This we can do, and in so doing, the Court is not thereby conferring jurisdiction on a court where none theretofore has altogether existed.

But in the same way that it can allow the lower court to issue the writ of execution, it is also within this Court's prerogative to itself consider the application for such a writ.

The Rules of Court, Section 8 of Rule 39 included, are rules of procedure, and, whenever called for, they should be so construed as to give effect, rather than to defeat, their essence. The Rules are designed to facilitate, rather than hinder, the expeditious settlement of controversies and, with it, the prompt dispensation of justice.

While the matter of estoppel, given the above conclusion, no longer is an issue still required to be resolved, we, nonetheless, deem it appropriate to express our agreement with the petitioner that, under the circumstances which has put it to task, it has indeed, only been constrained, as it is entitled, to make its own submissions which, in our view, fall short of seeking its own affirmative relief that might have warranted estoppel to set in against it.

Instead of a peremptory resolution of the case solely predicted on the purely legal issues that have been raised, the Court has thought it to be imperative, nonetheless, to have the parties address with greater paramount concern the "safety and convenience of an innumerable number of commuters" than just the "legal niceties, occupying, so to speak, the forefront of the scenario." Thus, in its deliberations on 25 August 1993, this Court has instead resolved to require the parties to appear before it for hearing on 27 September 1993, with these words:

"One overriding matter. The Government Corporate Counsel has asked us to consider the following point, which we here reproduce; viz:

"x x x x x x x x.

‘(c) Further, the continued implementation of the said Writ greatly inconveniences the estimated 200,000 motorists availing of the facilities on a daily basis inasmuch as the absence of road maintenance and upkeep will cause rapid deterioration of the road facilities. Petitioner, as operator thereof, stands to also incur tremendous expenses just to bring the condition of the facilities back to order, without benefit of security or relief therefrom;

'x x x x x x x x.'

"Seconding the petitioner's above apprehensions are the Toll Regulatory Board and the Department of Public Works and Highways, which have both expounded, in their Joint Comment, their own position on the matter, as follows:

""That as a result of the parties squabbles, the contested segments of the expressways have been left without prior preparation to the care of the Government, which with all of its budgetary limitations, cannot be expected to devote its full energy and resources thereto. The operation of a road as a toll facility is a multi-faceted undertaking, which does not merely connote a routinary maintenance of road surfaces, shoulders, ditches, drainage structures but also includes traffic services, traffic enforcement, motorist assistance, fences, removal of debris, roadside cleaning, security, grass cutting, and providing ambulances and towing services. In fact, for a complete maintenance of the expressways three more government agencies should be directly involved, and they are: Traffic Engineering Center of the Department of Transportation and Communication, for traffic engineering facilities, lane markings, signs, other traffic control devices; Philippine National Police, for security traffic enforcement and motorist assistance; and the Metro Manila Authority, for maintenance of cleanliness of non-road side facilities, such as plants, lights and phones. Thus, all these other agencies shall be needing additional funding for such services. Besides, at present, the questioned segments need major rehabilitation works and not a mere routinary maintenance works.'

"We are not unmoved. It is enough that one reads daily newspaper reports and hears broadcast accounts or, perhaps even better, simply negotiates the entire length of each expressway - both the franchised and the so-called disenfranchised portions - to appreciate why this Court cannot close its eyes to the above concerns. This case undeniably is impressed with public interest, affecting, as it does, no less than the safety and convenience of an innumerable number of commuters. Yet, we are puzzled by what seems to be a finical to legal niceties, occupying, so to speak, the forefront of the scenario. With all due respect, should not the welfare of the riding public be considered more paramount than the legal intricacies posed in this case?

"The Office of the Solicitor General, the Office of Government Corporate Counsel, and, but not least, the Toll Regulatory Board, as well as the Department of Public Works and Highways, all governmental entities themselves, posit conflicting views. Lest it be misunderstood, our approval of the compromise agreement in G.R. No. 89557 notwithstanding, the real parties thereto are certainly not precluded from re-examining their respective positions, if truly desirable, and from accordingly reacting in consonance therewith. A compromise agreement, although judicially approved, is still basically an agreement, and it is precisely for this reason that a court is not, as a general rule, free to impose on the parties a judgment different from the terms and conditions thereof (*Philippine Bank of Communications vs. Echiverri*, G.R. L-41795, 99 SCRA 508/1980/). Like any other contract, so long as the obligation remains out-standing, a compromise agreement can be the subject of change or modification, freely entered into, that would thereby have effects no different from those arising from novation (*Gatchalian vs. Arlegui*, G.R. No. L-35615, 75 SCRA 234/1977/; *Dormitorio vs. Fernandez*, G.R. No. L-25897, 72 SCRA 388/1976/). It is also hardly debatable that agreements may be affected by the interposition of important public policy."

During the hearing held on 27 September 1993, the parties appeared; on even date, following the oral submissions made, the Court issued the following resolution:

"In today's hearing, petitioner Philippine National Construction Corporation was represented by Asst. Government Corporate Counsel Ramiro Madarang and State Corporate Attorney Jesus Clariza, both of the Office of the Government Corporate Counsel. Asst. Solicitor General Mariano Martinez appeared and argued for respondent Republic. Attys. Ceferino Padua and Fernando Gaite appeared and argued as intervenors.

"After hearing the arguments of the parties, the court Resolved to require them to SUBMIT simultaneous MEMORANDA, and to discuss therein the points brought out during the hearing, within ten (10) days from today, September 27, 1993.

"Considering that public interest, including the interest of the public in safe, secure and modern highways which must be continuously and effectively maintained and policed, is or has become heavily engaged in this case; and considering further that the principal parties, that is, petitioner PNCC and respondent Republic of the Philippines (which owns 93% of the stock of petitioner and therefore controls petitioner), have both announced during the oral hearing their mutual intent to arrive at a practical and operable agreement that would not only re-solve the issues of this case but also take adequate account of the paramount interest of the public, while consulting with herein intervenors, the court also Resolved to REQUIRE said petitioner and respondent to SUBMIT to this Court the agreement that they shall have reached, within thirty (30) days from today, 27 September 1993."

Since then, other pleadings have been filed with this Court by the parties and others, including by some concerned local officials, which are all hereby NOTED.

On 26 November 1993, a Joint Manifestation and Motion was filed with this Court. Its full text:

"JOINT MANIFESTATION AND MOTION

"Petitioner Philippine National Construction Corporation (PNCC) and respondents Republic of the Philippines, Department of Public Works and Highways (DPWH) and the Toll Regulatory Board (TRB), by their respective undersigned counsel, unto this Honorable Tribunal respectfully jointly manifest:

"1. That petitioner and the respondents aforementioned, all government agencies, affirm that the instant case is impressed with public interest which require, no less, an efficient, comfortable and safe passage along the expressways;

"2. Cognizant of this pressing and paramount consideration, petitioner and public respondents agree to set aside the legal differences which characterized their previous conflicting stands and to adopt a common approach which will best serve the interest of the public;

"3. Petitioner and public respondents recognize that the disputed portions of the North and South Luzon expressways have deteriorated badly and are in a sad state today. There is, in fact, an urgent need not only to arrest the continuing deterioration, but to restore and improve both the physical facilities and the requisite services within the said portions of the expressways;

"4. The required immediate restoration and improvement of the said disputed portions of the expressways can be best undertaken, and petitioner and public respondents agree, as follows:

"4.1. The disputed segments of the expressways (Nichols to Alabang in the South and Balintawak to Tabang in the North) shall be recognized as part of the franchise of, or otherwise restored as toll facilities to be operated by, petitioner PNCC;

'4.2. Should this Honorable Court agree with this arrangement, PNCC shall thence be allowed to regain control of

the disputed segments and to resume toll collection thereon based on 1983-approved TRB rates within seven (7) calendar days from the finality of this Honorable Court's judgment and after PNCC shall have been placed in actual control of the disputed segments;

'4.3. Within three (3) months from the finality of this Honorable Court's judgment and from the time PNCC is placed in full control of the disputed segments, PNCC will restore the following thereon, to wit:

- a) Traffic management, to include traffic control, security, and safety services;
- b) Damaged pavements and shoulders;
- c) Right-of-way fences;
- d) Operation of toll booths; and
- e) Tollways lights; call boxes in the North Luzon Expressway and, where required by the TRB, call boxes in the South Luzon Expressway;

'4.4. PNCC will prepare a program for major rehabilitation and initiate pre-construction activities thereon within four (4) months from the finality of this Honorable Court's judgment giving full control of the disputed segments back to PNCC;

'4.5. Thereafter, PNCC will pursue the pre-construction activities on the disputed segments as determined by DPWH/TRB and, once the results of the pre-construction activities are approved by DPWH and TRB, will embark on extensive rehabilitation works and improvement of facilities thereon under the supervision of the DPWH and TRB.'

"5. Premises considered, petitioner and public respondents respectfully entreat and move this Honorable Court to approve the afore-delineated agreement and to render judgment on the basis thereof.

"Other and/or further relief or remedy just and equitable in the premises, including the nullification of the writ of execution issued by the respondent RTC Judge and the questioned decision/resolution of the Court of Appeals, are likewise prayed for.

"SO RESPECTFULLY MOVED AND PRAYED FOR.

Manila, September 27, 1993.

PHILIPPINE NATIONAL REPUBLIC OF THE
CONSTRUCTION CORPORATION PHILIPPINES

represented by the

Solicitor General

Petitioner Respondent

By:

(Sgd.) (Sgd.)

RAMONCITO C. ABAD RAUL I. GOCO

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Assisted by:

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We take note that the conformity to the compromise agreement has not been given by all the parties who have intervened in this case; indeed, some of them have heretofore expressed strong reservations on, if not outright opposition to, said agreement. Being merely nominal parties, however, their consent to the agreement, although preferable, is not indispensable. Let it be said, in any event, that the Court has taken due consideration of their respective positions and views on the matter.

All given, we find the compromise agreement not to be contrary to law, morals, good customs, public order and public policy, and, therefore, the same is accepted as sufficient COMPLIANCE by the parties thereto with our

resolution of 27 September 1993.

One observation, nonetheless, on an item that may have been overlooked is that the Compromise Agreement has not made explicit provisions on the appropriate measures that can be adopted regarding the openings along the fence on South Superhighway leading to various subdivisions in the vicinity. We take judicial notice of the great hazard to life and limb posed by such approaches.

In closing, we express appreciation for the time and effort given by well meaning persons and groups, notably Attorney Ceferino P. Padua and Attorney Fernando Gaité, on a matter so imbued with public interest as in this instance.

WHEREFORE, the compromise agreement referred to above is hereby APPROVED, and the parties are ENJOINED to faithfully comply with the covenants, terms and conditions therein expressed. This resolution is immediately executory. No costs.

SO ORDERED.

Feliciano, (Chairman), Bidin, Romero, and Melo, JJ., concur.

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